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Financial Policies

Christchurch City Three Year Plan

Christchurch Ōtautahi

Photo: Ice Fest display – Rolleston Ave, Christchurch

Revenue and Financing Policy

Introduction

The Local Government Act 2002 requires the Council to adopt a Revenue and Financing Policy that sets out how operating and capital expenditure will be funded. It is an important policy because it identifies which parts of the community contribute to paying for Council activities and services.

In setting this Revenue and Financing Policy, the Council's aim is to fund activities from the most appropriate source, according to who benefits from the service, and to promote sustainable financial management.

The financial tables that form part of this policy show how the Council will ensure that the Three Year Plan for the period 2013–2016 is financially sustainable (i.e. that operating revenue is sufficient to meet projected operating expenses, and that funding is sufficient to meet planned capital expenditure).

This policy covers two areas: financing capital expenditure and financing operating expenses.

Financing capital expenditure

The Council's capital expenditure covers:

- the purchase, construction or replacement of assets, and
- new investments in CCOs and CCTOs.

In developing its capital programme the Council has considered, on both an individual asset and an activity basis, the following issues:

1. the community outcomes to which the capital expenditure will contribute
2. who creates the need for that capital expenditure
3. who benefits from the asset, and
4. the period over which the benefit will occur

Following these considerations Council has considered a variety of funding options and sought that which best addresses the issues while minimising funding costs.

On that basis Council will fund the capital expenditure programme in the following way:

- where revenues are available to fund a specific capital expenditure project, such as insurance proceeds, Crown funding or New Zealand Transport Agency subsidies, these revenues will be the first source of funding for that project.
- where capital expenditure provides a direct benefit to the growth community Council will collect development contributions in accordance with the Development Contributions Policy which will be used towards funding that expenditure.
- where reserve or special funds are available to fund a specific capital expenditure project, such as financial contributions, or bequests, these reserves will be the second source of funding for that project.
- any funds received from the sale of assets will go to the remaining unfunded portion of the capital programme as a whole.
- funding sources for the balance of the capital programme as a whole will be as follows:

Capital expenditure type	Funding source
strategic property investments	Interest-only borrowing
equity investments in CCOs / CCTOs	Interest-only borrowing
investment property	borrowing
new short-life assets	borrowing
other assets	borrowing
housing assets	housing revenue (this includes borrowing which is 'ring-fenced' from other Council debt and serviced through housing revenue)
renewal and replacement assets	rates

The following definitions are used in this policy:

- A strategic property investment is real estate which is purchased in advance of its requirement and held by the Council until required to support the Council's strategic objectives or Community Outcomes (e.g. a drainage basin purchased to support anticipated future development).
- Short-life assets are items of property, plant and equipment with an expected life of 10 years or less, and all non-financial intangible assets.

Council has determined that any borrowing to fund the capital programme will be done on a programme wide basis rather than activity by activity. The reasons for this decision are that:

- the capital expenditure programme is developed on a city-wide basis.
- the majority of capital expenditure is on assets which form part of a city-wide network.

- city-wide funding of the capital programme reduces overall cost, whereas linking sources of funds to individual projects fragments funding sources, which increases costs and reduces operational flexibility and transparency.

Overall Council considers that this funding method allocates liability for funding needs in a manner which minimises the impact on the community while maximising the wellbeing of the current and future communities. In particular:

- the funding methodology adopted ensures that the infrastructure necessary to support the economic, social, cultural and environmental interests of current and future communities is available and affordable.
- the funding of renewal and replacement assets through rates, and most new assets through development contributions and borrowing, ensures a balance between the economic interests of current and future ratepayers (intergenerational equity).

When borrowing is undertaken to fund new intergenerational assets, the debt will be repaid within 30 years to ensure both intergenerational equity and the best possible debt terms for the Council.

Throughout the period of the Three Year Plan 2013–2016, the Council will collect rates to cover the cost of asset renewals. The money collected, combined with other funding sources such as NZ Transport Agency subsidies will fund the replacement and renewal of Council's existing assets.

Rating for the renewal and replacement of existing assets:

- provides a direct link between planned expenditure (based on condition of assets) and the rates levied, rather than a theoretical link to the non-cash expense of depreciation
- eliminates potential volatility in annual rates caused by fluctuations in asset valuations

Financing operational expenditure

The Council organises its services into 13 groups of activities which are further divided into activities. (See the Activities and Services section in this Three Year Plan). These services are funded by operating expenditure.

The full description of each Activity, its service description and objectives is contained within the Council Activities and Services section of this document. That section also outlines the costs of the activities and the revenue sources associated with them.

The table at the end of this policy is a summary of the analysis undertaken by Council when determining the most appropriate sources of funding for each activity.

In determining sources of funding the Council has considered the following:

- Community Outcomes to which the activity contributes
- the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals;
- the period in which those benefits are expected to occur
- the extent to which actions or inaction by the community contribute to the need to undertake the activity
- the costs and benefits, including consequences for transparency and accountability, of funding the activity
- the overall impact of allocating liability for revenue on the social, economic, environmental and cultural interests of the community.

Determining how activities should be funded

The activities and services undertaken by the Council are analysed as being either for public good or private good. Public good provides general benefits to the community as a whole, while private good yields direct benefits to specific individuals and community groups. The majority of services provided by the Council have some public good characteristics and lie on a continuum between the two. For example, parks activities provide direct benefits to the individual users, and general benefits to the community, who have public parks and open spaces in their neighbourhood.

The distinction between general and direct benefits is largely based on the nature of the service, who they are produced for, the customers of the service, and why the Council provides them.

The following bases are used to determine the appropriate funding mechanism for each activity:

User charges are used for services where there is a benefit to an individual. If it is possible to efficiently impose a charge the Council does so, on the basis of recovering either the full cost of the service, the marginal cost added by users, or a rate that the market will pay. Consideration is also given to the impact that a charge may have on the use of a service or facility by the community. The general benefit provided to the City as whole makes some rates funding appropriate. Where there is a shortfall between fees and charges and the direct benefits they fund, rates are the best source of funding.

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General rates are used to fund those services where the Council believes there is a public benefit even though it may not be to the whole community. They typically fund those activities where there is no practical method for charging individual users and the benefit is wider than just specific users.

Targeted rates are used to provide funding for specific Council activities and are set based on the net operating cost (including depreciation) of those activities. They apply where a property is within a serviced area, and the service is provided directly to ratepayers properties. Examples are the water supply and waste minimisation targeted rates. Variances in earthquake related maintenance has led to greater year-on-year fluctuations over the past two years than is normally the case. This will phase out over time.

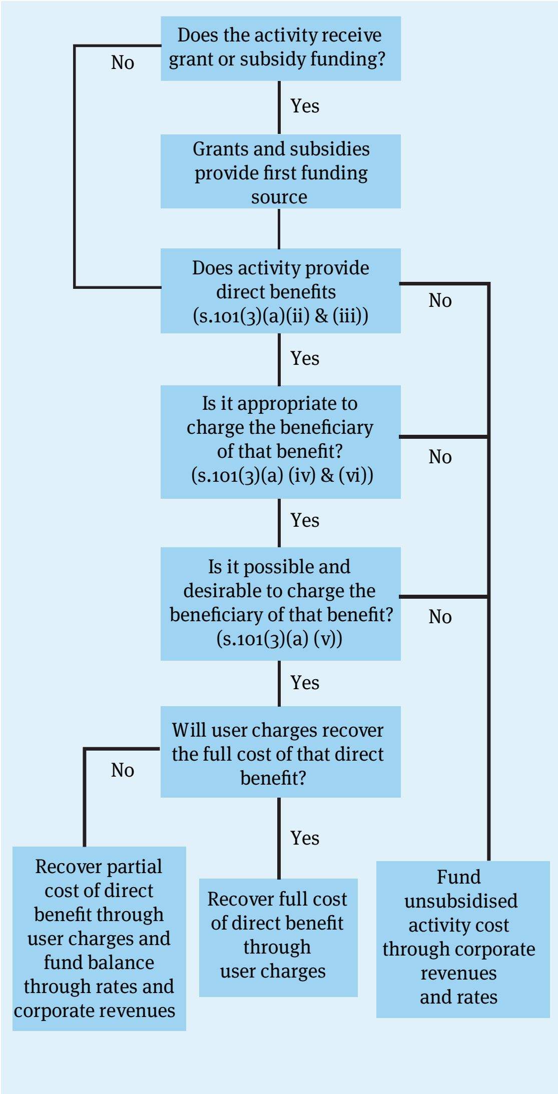
Grants and subsidies are used as the initial source of funding where they are available.

Interest costs are part of corporate operating expenditure and are funded from operating revenue.

Corporate revenues, made up of interest on funds, dividends and petroleum tax are assumed to accrue to ratepayers who pay General rates. They do not offset activity costs, but reduce the total rates.

Provision of funding, in some instances operational expenditure which is provided by the Council to trusts to fund capital assets may be funded by the Council through borrowing (for example, funding provided to the Canterbury Museum Trust Board for additions to the museum buildings).

On the basis of these general conclusions, the Council determines the appropriate sources of funding for individual activities by undertaking the following analysis:



The result of this analysis for each activity is shown in the table at the end of this policy.

Determining the level of rates to be set

In essence the amount of funding collected through rates is the difference between the total cost of Council activities and the revenue collected by the Council from other 'non-rate' sources. The amount of rates collected from ratepayers is therefore determined by the revenue and expenditure planned for each of the activities. Any shortfall is funded through General rates.

Determining which rating tools to use

Capital value as the primary basis for rates

Council funds general benefits by rates, generally on a straight capital value basis, as the benefit applies to the community as a whole. The community is represented by the capital values of rating units and therefore capital values are the rating base, because:

- Capital value reflects the relative value of utilisation of services.
- The Local Authority Rates Inquiry in 2007 showed that in general, capital value reflects relative ability to pay rates.
- Conceptually, the ownership of property reflects an acceptance of the holding costs of a property, including rates.
- Rates are a property-based tax, and sound taxation principles should be applied such as transparency, neutrality and fairness of allocation.
- There is an underlying assumption that all Council services add to the quality of life in the city and are therefore of value to all sectors of the community.

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The basis of the exception to straight capital value rating

The exceptions that have been identified by the Council are:

- Streets and Transport: analysis by the Council shows that the majority of expenditure on maintaining streets and roadways is due to the movement of heavy vehicles. Cars cause comparatively little damage. The business sector is the primary cause of, and beneficiary of, heavy traffic movements. Therefore, 57 per cent of the cost of maintaining streets and roads is allocated to the business sector. As a result the business sector pays more General rates per dollar of capital value than residential ratepayers.
  - land classed as Rural (Farming and Forestry) for differential rating purposes: the Council has concluded that the Rural (Farming and Forestry) sector should be charged less General rates than Residential ratepayers because of the low level of demand for Council services, per dollar of capital value. A property in the Rural (Farming and Forestry) sector will be charged 67% of the General rate (excluding Uniform Annual General Charges) that a residential property is charged.

Detailed information regarding the rating tools selected is provided in the Funding Impact Statement and Rating Policy within this Three Year Plan. The rating tools selected for each activity are detailed in the tables below.

Capital Endowment Fund

In April 2001, the Council set up a Capital Endowment Fund of $75 million, using a share of the proceeds from the sale of Orion's investment in a gas company. It is intended that this fund will be maintained by the Council in perpetuity. The income is available to the Council to provide for civic, community and economic development projects. In determining how Council activities should be funded, income generated by the Fund will be treated in the same way as external grant or subsidy funding.

The Capital Endowment Fund is managed in accordance with the Council's Investment Policy.

Application of the Council's Revenue and Financing Policy to Council activities

The following information summarises Council's consideration of section 101(3) matters.

The table below outlines the funding mechanisms used for individual activities. These mechanisms fall under four headings: User charges, other revenue, targeted rate and General rates. In addition to these sources, the Council receives revenue from Investments. Within this plan the net revenue from investment is used to reduce the requirement for General rates.

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Activity Area	Activity	Funding Sources – Operating cost			
		User charges	Other revenue	Targeted rate	General rate
City Planning and Development	City and community long-term policy and planning	Some			Full
	District planning	Marginal			Majority
	Heritage protection	Some			Full
Community Support	Community facilities	Availability			Residual
	Community grants		Some		Full
	Social housing	Market	Residual – Housing Fund		
	Build stronger communities	Some	Grants / subsidies		Majority
	Civil defence emergency management				Full
	Customer services				Full
Cultural and learning services	Art gallery and museums	Availability	Some		Residual
	Libraries	Availability			Residual
	Transport and Environmental Education		Grants / subsidies		Residual
Democracy and governance	City governance and decision-making				Full
	Public participation in democratic processes				Full
Economic development	Civic and international relations				Full
	Christchurch Economic Development Leadership and Coordination				Full
	City Promotions	Some			Full

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Activity Area	Activity	Funding Sources – Operating cost			
		User charges	Other revenue	Targeted rate	General rate
Parks, open spaces and waterways	Neighbourhood parks	Availability			Residual
	Sports parks	Availability			Majority
	Garden and heritage parks	Availability			Majority
	Regional parks	Availability			Majority
	Cemeteries	Marginal / Market			Residual
	Harbours and marine structures	Market			Residual
	Rural fire Management	Availability			Residual
Recreation and leisure	Recreation and sports services	Availability			Residual
	Events and festivals	Availability	Grants / subsidies		Majority
Refuse minimisation and disposal	Recyclable materials collection and processing	Market		Residual	
	Residual waste collection and disposal	Availability		Residual	
	Organic material collection and composting	Availability		Residual	
	Commercial and industrial waste minimisation				Full
Regulatory services	Licensing and Enforcement	Majority			Residual
	Building Consenting and inspections	Full			Residual benefit
	Resource consenting	Majority			Residual
	Building policy	Marginal			Residual
	Land and property information services	Majority			Residual

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Activity Area	Activity	User charges	Other revenue	Targeted rate	General rate
		Funding Sources – Operating cost			
Provision of roads and footpaths	Road network	Some	NZTA subsidy		Residual
	Active travel		NZTA subsidy	Some	Majority
	Parking	Majority			Residual
	Public transport infrastructure		NZTA Subsidy		Residual
Sewerage and the treatment and disposal of Sewage	Wastewater collection			Full	-
	Wastewater treatment and disposal	Availability		Majority	
Water supply	Water conservation			Full	
	Water supply	Availability		Majority	

Explanation of notations made in the table

Full means all or almost all the cost is funded from that source. If the comment is made in the General or targeted rate columns it does not preclude making minor charges for the service but indicates that the charges are a negligible part of the fund.

Some indicates some revenue is derived from this source. Where it is used for user charges it indicates that where a user charge can be used it will be.

Marginal reflects that the service has a level of public benefit but recognises that the level of service required is influenced by the actions or inactions of others. The revenue recognises a contribution to the cost of those parties.

Majority means the majority of the activity is funded from this source. When used in the user charges column it reflects that services should be recovered from users but there are constraints that prevent the full cost being recovered.

Availability means there is some direct benefit to the provision of the service however, the imposition of charges reflecting the level of direct benefit would reduce the utilisation of the service and the public benefit derived would be reduced.

Residual indicates that the remainder of funding comes from this service. It reflects that in some circumstances there are constraints on Council charges or an alternative revenue source is available, or user charges may not always cover the full cost of the provision of the service.

Residual – benefit indicates that where other funding sources more than fully recover the cost of the activity the residual funding will offset the demands made on this funding form.

Market indicates where Council attempts to set a user charge at a level that is affordable for users and competitive with similar services.

Grants / subsidies indicate that these sources are potentially available and will be used where possible. In most cases they supplement other funding sources and reduce the General rate requirement.

NZTA subsidy indicates where grants and subsidies are available from NZTA.

Liability Management Policy

Introduction

The Council's Liability Management Policy focuses on borrowings as this is the most significant component of its liabilities and exposes the Council to the most significant risks. Other liabilities are generally non-interest bearing. Cash flows associated with other liabilities are incorporated in cash flow forecasts for liquidity management purposes and determining future borrowing requirements. The Council also holds $650 million in uncalled redeemable preference shares in CCHL. While this holding is a contingent liability to the Council, the Council manages this through its objective of maintaining its Standard and Poor's credit rating for the Council and CCHL at AA- or better.

Christchurch City Council borrows money for a number of different reasons. In general the Council borrows to:

- fund the purchase of assets:
  When the Council borrows to fund the purchase or construction of assets the repayment of that debt over a number of years ensures that the ratepayers benefiting from the assets are the ones that pay for it through their rates. This is in line with the Council's policy on intergenerational equity.
- fund investment in the CCOs:
  The Council uses debt to fund its equity investments in CCOs thereby improving the financial efficiency of the group. Ultimately this benefit flows back through to ratepayers in the form of increased dividends.
- fund capital grants made to trusts within Christchurch to assist them with the purchase or refurbishment of assets:
  For example, the Council may borrow to provide funding to the Canterbury Museum Trust Board for extensions to Museum buildings. Use of debt in these instances is designed to spread the cost over the same period of time as the benefits provided.
- provide funding to CCOs:
  From time to time the Council resolves to provide debt funding to CCOs and CCTOs. This assistance generally involves the Council borrowing at commercial rates and then on-lending to provide them with debt funding on better terms than they could achieve if they went direct to the market.
  When the Council borrows to on-lend to CCOs and CCTOs that on-lending will be on terms no better than the Council has agreed in the associated borrowing. The interest rate on the on-lending will be at that being paid by the Council plus a margin for its increased administration and exposure to risk. In general this funding is provided to the smaller companies only. Those managed by CCHL arrange their own borrowing facilities.
- provide liquidity:
  The Council collects rates in four instalments throughout the year. However, Council's costs are generally spread evenly throughout the year. This mismatch in timing means that the Council sometimes needs to borrow money to meet its capital requirements.

Generally when the Council borrows money the debt is not linked to a specific activity – the debt is considered to be part of the overall cost of operating the Council. This general rule is not followed in relation to debt which is linked to a service covered by a targeted rate, for example the Water Supply Targeted Rate. In such cases the debt repayment cost is recovered within the targeted rate.

As well as borrowing from external sources to fund some of its capital expenditure, the Council also has a significant level of funds invested externally. Where possible the Council will reduce its level of external borrowing by borrowing from funds managed by the Council where there are no relevant restrictions on the investment of those funds. The net effect of this will be to lower both external borrowing and external investment, reduce borrowing costs, and maintain investment income for reserve funds.

Purpose

This Policy establishes the framework within which the treasury function of Christchurch City Council will operate, be monitored, and be reported upon. In particular this Policy sets guidelines for the Council on its level of exposure to borrowing limits, debt repayment, interest rate risk and credit risk, liquidity requirements, and the giving of security.

This policy has been established in compliance with section 104 of the Local Government Act 2002.

Objectives

Christchurch City Council's liability management objectives, in order of priority, are:

1. to limit the Council's exposure to risk
2. to maintain a prudent level of liquidity to meet both planned and unforeseen cash requirements
3. to minimise the cost of borrowing
4. to maintain the Standard and Poor's credit rating of the Council and CCHL at AA- (long-term) and A1+ (short term), or better.

The statutory objective of this policy is to ensure that all borrowing and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet the requirements of the Local Government Act 2002.

Christchurch City Council

Liability Management Policy

Policy

Responsibility and delegations

	Responsibility
Council	• approve the Liability Management Policy and review it, at least three yearly • approve new debt through the adoption of the LTP, Annual Plan, or specific resolution and the approval of this policy • approve the appointment of the Trustee to the Debenture Trust Deed • delegate responsibility for day to day management to the Chief Executive and other officers
Corporate and Financial Committee	• oversee the implementation of this policy and monitor and review the effective management of the treasury function • receive regular information from management on risk exposure and financial instrument usage
Chief Executive	• ensure compliance with this policy • appoint a Treasury Review Team • maintain a register of delegations made by the Council in relation to this policy • execute charge instruments charging rates revenue for the benefit of lenders to Council

Liquidity and funding risk

The Council's financial forecasts show ongoing cashflow deficits. Liquidity risk management focuses on the ability to borrow to fund those cashflow deficits. Funding risk management centres on the ability to refinance or raise new debt at a future time, and on the ability to obtain the same or more favourable pricing (fees and borrowing margins).

A key factor of liquidity and funding risk management is to spread and control the risk to reduce the concentration of risk at any point in time so, that when any of the above events occur the overall borrowing cost is not unnecessarily increased and desired maturity profile compromised due to market conditions.

Liquidity and funding risk management

To manage and mitigate its liquidity and funding risk the Council has imposed the following controls:

- the Council must approve all new loans and borrowing facilities.
- alternative funding mechanisms such as leasing must be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration ownership, redemption value and effective cost of funds.
- debt and committed debt facilities together with liquid investments must be maintained at an amount that exceeds existing external debt.

The General Manager Corporate Services has the discretionary authority to refinance existing debt on more favourable terms.

The maturity profile of the total committed funding in respect of all loans and committed facilities, is to be controlled by the following system with percentages calculated off existing external debt:

Period	Minimum	Maximum
0–3 years	10%	60%
3–5 years	20%	60%
5 years plus	15%	60%

A maturity schedule outside these limits requires specific Council approval.

Borrowing mechanisms and limits

The Council's ability to readily attract cost-effective borrowing is largely driven by its ability to rate, maintain a strong credit rating, and manage its relationships with its investors and financial institutions.

The Council is able to borrow through a variety of market mechanisms including issuing stock and debentures, direct bank borrowing, accessing the short and long-term capital markets directly, or internal borrowing of reserve and special funds. In evaluating strategies for new borrowing (in relation to source, term, size and pricing) the Council will take into account the following:

- available terms from banks, capital markets and loan stock issuance
- the Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time
- prevailing interest rates and margins relative to term for loan stock issuance, capital markets and bank borrowing
- the market's outlook on future interest rate movements as well as its own
- legal documentation and financial covenants together with credit rating considerations

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Debt will be managed within the following macro limits:

Ratio	
net debt as a percentage of equity	<20%
net debt as a percentage of total revenue*	<250%
net interest as a percentage of total revenue*	<20%
net interest as a percentage of annual rates income (debt secured under debenture)	<30%
liquidity (term debt + committed loan facilities + liquid investments to current external debt)	>110%
*excludes non-government capital contributions	

Revenue is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue. Revenue excludes development contributions and vested assets.

Net debt is defined as total consolidated debt less liquid financial assets/investments.

Rates income excludes regional levies.

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

Disaster recovery requirements are met through the liquidity ratio..

Interest rate exposure

Exposure to interest rate risk is managed and mitigated through the controls below. These risk control limits will only be activated once 24-month forecast net debt exceeds $25 million.

Master fixed/floating risk control limit	
Minimum fixed rate	Maximum fixed rate
50%	95%

Fixed rate is defined as an interest rate re-pricing date beyond 12 months forward on a continuous rolling basis.

Floating rate is defined as an interest rate re-pricing within 12 months.

The percentages are calculated on the rolling 36-month projected net debt level calculated by management and reviewed monthly by the Treasury Review Team. Net debt is the amount of total debt net of liquid financial assets/ investments. This allows for pre-hedging in advance of projected physical drawdown of new debt. When approved forecasts are changed, the amount of fixed rate cover in place is adjusted as necessary to comply with the policy minimums and maximums.

At any time, the total of the fixed rate debt should be within the following maturity bands:

Fixed rate maturity profile limit		
Period	Minimum cover	Maximum cover
1–3 years	15%	60%
3–5 years	15%	60%
5 years plus	10%	60%

- floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months.
- Forward Rate Agreement, (FRAs) outstanding at any one time must not exceed 75% of the total floating rate debt. FRAs may be closed out before their maturity date by entering an equal and opposite FRA to the same maturity date or, alternatively, by purchasing an option on an FRA for the equal and opposite amount to the same date.
- interest rate options must not be sold outright. However, 1:1 collar option structures are allowable whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, one side of the collar cannot be closed out by itself, both must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate “in-the-money”.
- purchased borrower swaptions must mature within 12 months.
- interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 1.00% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation.

Internal borrowing

When Council borrows from reserve funds the interest income credited to those reserve funds will be determined by the General Manager Corporate Services and will generally be at the rate which could be achieved for an investment in financial markets at the time the loan is made. Notwithstanding, the minimum rate will be that which could be achieved in investing via financial markets at the time the loan is made, and the maximum rate will be that which could be achieved by borrowing from financial markets at the time the loan is made.

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Risk management

Instruments

Dealing in interest rate products must be limited to financial instruments approved by the Council.

Current approved interest rate instruments are as follows:

Category	Instrument
Cash management and borrowing	• bank overdraft • committed cash advance and bank accepted bill facilities (short term and long term loan facilities) • uncommitted money market facilities • wholesale bond and Floating Rate Note (FRN) • commercial paper (CP) • New Zealand dollar denominated private placements • retail bond and FRN

Interest rate risk management	• forward rate agreements (FRAs) on:
	  • bank bills
	  • government bonds
	• interest rate swaps including:
	  • forward start swaps (start date less than 24 months)
	  • amortising swaps (whereby notional principal amount reduces)
	  • swap extensions and shortenings
	• interest rate options on:
	  • bank bills (purchased caps and one-for-one collars)
	  • government bonds
	  • interest rate swaptions (purchased only)

Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved. Credit exposure on these financial instruments is restricted by specified counterparty credit limits.

Counterparty credit risk

In using Interest Rate Risk Management instruments the Council can be exposed to counterparty credit risk. This is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. The credit risk to the Council in a default event will be weighted differently depending on the type of instrument entered into.

Credit risk will be regularly reviewed by the Council. Treasury-related transactions would only be entered into with organisations specifically approved by the Council.

Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure.

The following matrix guide will determine limits.

Counterparty/ issuer	Minimum long- term / credit rating	Interest rate risk management instrument maximum per counterparty ($m)
NZ Registered Bank (per bank)	AA-	200.0

In determining the usage of the above gross limits, the following product weightings will be used:

interest rate risk management (e.g. swaps, FRAs): transaction notional x maturity (years) x3%

To avoid undue concentration of exposures, financial instruments must be used with as wide a range of counterparties as possible. Where possible, transaction notional sizes and maturities should also be well spread. The approval process to allow the use of individual financial instruments must take into account the liquidity of the market the instrument is traded in and re-priced from.

Debt repayment

The funds from all asset sales and operating surpluses will be applied to the reduction of debt and/or a reduction in borrowing requirements, unless the Council specifically directs that the funds will be put to another use.

The Council will manage debt on a net portfolio basis and will only externally borrow when it is commercially prudent to do so.

In accordance with Council's Revenue and Financing Policy, debt acquired to fund strategic land purchases and equity investments in CCTOs will be interest-only borrowing and will not be repaid until the underlying asset is disposed of. Other debt will have a term no greater than 30 years.

In the case of other debt that is raised for the acquisition of a specific asset, the term of the debt may not exceed the lesser of: the economic life of the underlying asset; or thirty years. A loan may be raised in several tranches for terms less than the economic life of the asset being funded. Repayments at maturity of a tranche and the refinancing of that tranche may be carried out without further Council resolution. However, these refinancing loans may not exceed the lesser of: the economic life of the underlying asset; or thirty years.

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Debt may be repaid by one or a combination of the following:

- annual contributions to a Loan Repayment Reserve held by the Council for the sole purpose of repayment or reduction of loans;
- annual table repayment instalments providing for full repayment over the term of a loan being 30 years or less;
- repayment from revenue or other sources.

Performance measurement

The effectiveness of the Council's liability management and related interest rate management activities will be measured by:

- adherence to policy
- comparison of actual monthly and year-to-date borrowing margins against the rate budgeted in annual plans and, for public issued securities, similar new Zealand rates entities issuing into the New Zealand securities market
- comparison of the Council's debt and interest rate management instrument portfolio against limits set in this policy

Monitoring and reporting

Primary responsibility for monitoring the performance of the Council against this Liability Management Policy rests with the Treasury Review Team.

The Treasury Review Team will meet monthly to review the following:

- cash and debt position: the tracking of cash-flow and debt levels against plan, the reasons for variances, and updated cash and debt projections
- risk exposure position: the Council's current interest rate position including underlying physical exposures, hedges in place, and the actual net risk position compared to the risk control limits of the policy
- policy compliance: conformity with policy limits and requirements
- funding facility report: actual loans against limits, and projected debt levels against facility limits
- cost of funds: actual cost against plan

The Treasury Review Team will report quarterly to the Corporate and Financial Committee. The Corporate and Financial Committee will report to the Council as it deems necessary.

Investment Policy

Introduction

The Council's investments are made up of bank deposits, interest bearing financial instruments, shareholdings in CCOs and CCTOs, other shareholdings, investment property, and loans. All of these investment types are explained in more detail below.

The Council invests money for a number of reasons. In general this is to:

- **manage liquidity**
  The sources of Council revenue provide the Council with funds in a different pattern to the timing of Council expenditure. This means that, from time to time, the Council has an excess of funds built up from revenue and not yet spent. This mismatch in timing means that the Council can sometimes invest surplus funds.
- **provide a return on reserve and trust funds**
  The Council maintains a number of reserves, where funds are set aside for a specific purpose, and trust funds, where money has been provided to the Council for a specific use.
- **invest in Council-controlled organisations**
  When the Council establishes new CCOs and CCTOs, it purchases shares in those organisations as a means of providing them with the resources necessary to start operations. From time to time the Council also increases its investment in existing CCOs by purchasing additional shares.

Generally when the Council invests money the return on that investment, interest or dividends, is not linked to a specific activity – the return is considered to benefit all ratepayers who pay the general rate.

Purpose

This Policy establishes the framework within which the Treasury function of the Council will operate, be monitored, and be reported upon. In particular, this will set guidelines for the Council on its level of exposure to investment limits, interest rate risk, liquidity risk, and counterparty risk.

This policy has been established in compliance with section 105 of the Local Government Act 2002.

Objectives

The Council's investment objectives in order of priority, are to:

1. limit the Council's exposure to risk
2. maintain a prudent level of liquidity to meet both planned and unforeseen cash requirements
3. maximise returns on investments
4. maintain the Standard and Poor's credit rating of the Council and Christchurch City Holdings Limited at AA- (long-term) and A1+ (short term), or better.

The statutory objective of this policy is to ensure that all investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet the requirements of the Local Government Act 2002.

Policy

Responsibility and Delegations

	Responsibility
Council	• approve the Investment Policy and review it, at least three yearly. • authorise acquisition and disposal of investments other than financial investments. • delegate responsibility to the Chief Executive and other officers.
Corporate and Financial Committee	• oversee the implementation of this policy and monitor and review the effective management of the treasury function. • receive regular information from management on risk exposure and financial instrument usage.
Chief Executive	• ensure compliance with this policy. • appoint a Treasury Review Team. • maintain a register of delegations made by the Council in relation to this policy.

General Policy

Investments are maintained to meet specified business reasons. Such reasons can be:

- for strategic purposes consistent with Council's long-term strategic plan.
- holding short-term investments for working capital requirements.
- holding investments that are necessary to carry out Council operations consistent with annual plans.

The Council recognises that as a responsible public authority any investments that it does hold should be low risk. It also recognises that lower risk generally means lower returns.

In its financial investment activity, the Council's primary objective is the protection of its investment. Accordingly, only credit worthy counterparties are acceptable.

Investment Mix

Council maintains investments in the following assets from time to time:

- equity investments, including CCOs and CCTOs and other shareholdings.
- property investments incorporating land, buildings, a portfolio of ground leases and land held for development.
- financial instruments incorporating longer-term and liquidity investments.

Equity Investments

The Council maintains equity investments in CCOs and CCTOs, and other minor shareholdings.

The Council's equity investments fulfil various strategic, economic development and financial objectives as outlined in this Three Year Plan.

The Council seeks to achieve an acceptable rate of return on all its equity investments consistent with the nature of the investment and with this policy.

Any purchase or disposition of equity investments requires Council approval.

The Council recognises that there are risks associated with holding equity investments. To minimise these risks the Council monitors the performance of its equity investments on a regular basis to ensure that the stated objectives are being achieved. The Council seeks professional advice regarding its equity investments when it considers this appropriate.

Property Investments

The Council's primary objective is to only own property investments (including land and building, ground leases and land held for development) that are necessary to achieve its strategic objectives as stated in this Three Year Plan. Council may also maintain property investments which have been vested in it.

The Council seeks to achieve an acceptable commercial rate of return from all property investments consistent with the nature of the property and Council's stated investment objectives.

Any purchase or disposition of property investments requires Council approval.

The Council recognises that there are risks associated with holding investment property. To minimise these risks the Council reviews the property portfolio on a regular basis to ensure that the stated objectives are being achieved. The Council seeks professional advice regarding its property investments when it considers this appropriate.

Land and Buildings

The Council owns land and buildings for the purposes of providing services and parks and reserves. In addition other land is held for strategic and commercial purposes. These holdings of land and buildings are not considered to be investments for the purpose of this policy.

Financial Instruments

Liquid investment funds will be prudently invested as follows:

- any liquid investments must be restricted to a term that meets future cash flow and capital expenditure projections.
- interest income from financial investments is credited to general funds, except for income from investments for special funds, reserve funds and other funds where interest is credited to the particular fund.
- internal borrowing may be used for the investment of funds managed by the Council where there are no relevant restrictions on the investment of those funds.

Financial Investment Objectives

- the Council's primary objective when investing is the protection of its investment capital and then to maximise returns. Accordingly, only creditworthy counterparties as defined by this policy are acceptable.
- the Council may invest in acceptable short term debt instruments such as Commercial Paper or Floating Rate Notes (FRNS) and make interest rate duration positions using investor swaps. This will further meet Council's objectives in meeting objectives in investing in high credit quality and highly liquid assets yet allow for optimal interest rate decisions.
- The use of funds received or invested by the Council for any other purpose is subject to the Council resolving to repay the funds used (section 112(b)(iii) Local Government Act 2002).

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Special Funds and Reserve Funds

- liquid assets will not be required to be held against special funds and reserve funds. Liquid assets will not be required to be held against trust funds unless that is a specific condition of the trust. Instead the Council should internally utilise or borrow these funds wherever possible.
- through adopting this Treasury Risk Management Policy, the Council supersedes any previous Council resolutions pertaining to the continued funding or internal borrowing of specific special funds and reserve funds.
- accounting entries representing monthly interest accrual allocations will be made using the Council's average weighted financial investment portfolio return for that period.

Trust Funds

- where the Council hold funds as a trustee then such funds must be invested on the terms provided within the trust. If such terms are not clearly defined Council may internally borrow such funds.

Risk Management

Instruments

Dealing in interest rate products must be limited to financial instruments approved by the Council. Current approved interest rate instruments are as follows:

Category	Instrument
Investments	• short term bank deposits • bank bills • bank certificates of deposit (CDs) • treasury bills • Local Authority stock, FRNs and Bonds • State Owned Enterprise (SOE) bonds and FRNs • corporate bonds • Floating Rate Notes • promissory notes/commercial paper • Redeemable Preference Shares (RPS)
Interest rate risk management	• forward rate agreements (FRAs) on: • Bank bills • Government bonds • interest rate swaps including: • forward start swaps (start date <24 months) • amortising swaps (whereby notional principal amount reduces) • swap extensions and shortenings (i.e. changes to swap duration) • interest rate options on: • bank bills (purchased caps and one for one collars) • government bonds • interest rate swaptions (purchased only)

Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved. Credit exposure on these financial instruments is restricted by specified counterparty credit limits.

Interest Rate Risk

Interest rate risk is the risk that Investment returns or funding costs will materially exceed or fall short of adopted annual plans and strategic ten year plan interest returns or cost projections, due to adverse movements in market interest rates, so as to adversely impact cost control, capital investment decisions, returns and feasibilities.

The primary objective of interest rate risk management is to reduce uncertainty to interest rate movements through fixing of investment returns or funding costs. Both objectives are to be achieved through the active management of underlying interest rate exposures.

Financial investments should be restricted to a term that meets future cash flow projections and be mindful of forecast debt associated with future capital expenditure programmes as outlined within the Three Year Plan. Financial investments will match off against external debt in terms of interest rate risk and duration (gap risk) with the balance being defined as the Net Financial Investment Portfolio (NFIP).

The following interest rate re-pricing percentages are calculated on the projected 24-month rolling NFIP total. This allows for pre-hedging in advance of projected physical receipt of new funds. When cash flow projections are changed, the interest rate re-pricing risk profile may have to be adjusted to comply with the policy limits. Forecast cash flow projections will be reviewed monthly by the Treasury Review Team:

Interest Rate Re-pricing Period	Minimum Limit	Maximum Limit
0 to 1 year	40%	100% of NFIP
1 to 3 years	0%	60% of NFIP
3 to 5 years	0%	40% of NFIP
5 to 10 years*	0%	20% of NFIP

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- to ensure maximum liquidity interest rate positions beyond five years may also be made with acceptable financial instruments such as Investor Swaps;
- the re-pricing risk mix can be changed, within the above limits through sale/purchase of fixed income investments and/or using approved financial instruments such as swaps.

Exchange Rate Risk

The Council has minor foreign exchange exposure through the occasional purchase of foreign exchange denominated services, plant and equipment, and the on-going purchase of items such as library books.

Generally, all significant commitments for foreign exchange are hedged, using foreign exchange contracts, once expenditure is approved. Both spot and forward foreign exchange contracts can be used by the Council.

The Council shall not borrow or enter into incidental arrangements, within or outside New Zealand, in currency other than New Zealand currency.

Counterparty Credit Risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. The credit risk to the Council in a default event will be weighted differently depending on the type of instrument entered into.

Credit risk will be regularly reviewed by the Council. Treasury-related transactions would only be entered into with organisations specifically approved by the Council.

Counterparties and limits can only be approved on the basis of long-term credit ratings (Standard & Poor's or Moody's) being BBB+ and above or short-term rating of A2 or above; with the exception of New Zealand Local Authorities.

Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure.

This matrix guide outlines the minimum rating requirements for investments under this policy:

Counterparty/ Issuer	Minimum long term / short term credit rating	Investments maximum per counterparty ($m)	Interest rate risk management instrument maximum per counterparty ($m)	Total maximum per counterparty ($m)
NZ Government	A-/ A2	unlimited	none	unlimited
LGFA	A-	100.0	none	100.0
NZD Registered Supranationals	AAA	70.0	none	70.0
State Owned Enterprises [name]	A-/ A2	20.0	none	20.0
NZ Registered Bank [name]	A-/ A2	100.0	none	100.0
Corporate Bonds/ CP [names]*	A-/ A2	10.0	none	10.0
Local Government Stock/ Bonds/ FRN/ CP [name]**	A-/ A2 (if rated) Unrated	40.0 25.0	none none	40.0 25.0

* Subject to a maximum exposure no greater than 20% of the NFIP being invested in corporate debt at any one point in time.

** Subject to a maximum exposure no greater than 60% of the NFIP being invested in Local Government debt at any one point in time.

This summary list will be expanded on a counterparty named basis which will be authorised by the Chief Executive.

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This matrix guide outlines the proposed change in limits:

Counterparty/ Issuer	**Minimum long term / short term credit rating**	**Investments maximum per counterparty ($m)**	**Interest rate risk management instrument maximum per counterparty ($m)**	**Total maximum per counterparty ($m)**
NZ Government	A-/ A2	unlimited	none	unlimited
LGFA	A-	100.0	150.0	150.0
NZD Registered Supranationals	AAA	70.0	none	70.0
State Owned Enterprises [name]	BBB+/ A2	20.0	none	20.0
NZ Registered Bank [name]	BBB+/ A2	100.0	150.0	150.0
Corporate Bonds/ CP [names]*	BBB+/ A2	10.0	none	10.0
Local Government Stock/ Bonds/ FRN/ CP [name]**	BBB+/ A2 (if rated) Unrated	40.0 25.0	none none	40.0 25.0

* Subject to a maximum exposure no greater than 20% of the NFIP being invested in corporate debt at any one point in time.

** Subject to a maximum exposure no greater than 60% of the NFIP being invested in Local Government debt at any one point in time.

This summary list will be expanded on a counterparty named basis which will be authorised by the Chief Executive.

In determining the counterparty credit limits, the following product weightings will be used:

- investments (e.g. bank deposits) – transaction notional weighting 100% (unless a legal right of set-off over corresponding borrowings exit whereupon a 0% weighting may apply);
- interest rate risk management (e.g. swaps, FRAs) – transaction notional maturity (years) 3%;
- foreign exchange – transactional principal amount x the square root of the maturity (years) x 15%.

To avoid undue concentration of exposures, financial instruments should be used with as wide a range of counterparties as possible. Where possible, transaction notional sizes and maturities should also be well spread. The approval process to allow the use of individual financial instruments must take into account the liquidity of the market the instrument is traded in and re-priced from.

Performance Measurement

The effectiveness of the Council's investment management and related interest rate management activities will be measured by:

- adherence with policy;
- comparison of actual monthly and year-to-date investment return compared to budget, and comparable fund and financial market indices.

Monitoring and Reporting

Role of Christchurch City Holdings Limited

CCHL is an infrastructure investment and monitoring company established by the Council to hold its significant CCTOs and other subsidiary companies on behalf of the Council.

Each company which is held directly by the Council or CCHL is required to prepare a Statement of Intent annually that sets out its activities and strategic direction, and to report in accordance with the Statement of Intent to CCHL.

Regular monitoring will be carried out by CCHL on the operational performance, and periodically CCHL will review the ownership options, business strategy and operating plans, capital structure and risk management affecting both the CCHL and Council-owned CCTOs, and other subsidiary companies.

Investment performance of CCTOs and other subsidiary companies will be assessed in comparison to the performance of similar companies in the same industry taking account of the objectives established in the Statements of Intent.

The CCHL Board will report directly to the Council at least six times a year on issues arising from its monitoring role. Ad hoc briefing sessions and seminars for Councillors will also be arranged.

The Council is responsible for the approval of Statements of Intent and the appointment of directors for all CCTOs and other subsidiaries held directly by the Council and CCHL.

Directors of all CCTOs and other subsidiary companies will be selected according to the policy established by the Council.

Ownership of shares in CCTOs and other subsidiaries may be transferred to CCHL when a subsidiary has an established record of financial performance and it is Council policy to retain the investment in the long term.

This policy does not apply to non-trading companies or companies which are subsidiary to companies which report directly to Council or CCHL.

Primary responsibility for the monitoring the performance of the Council against this Investment Policy rests with the Treasury Review Team.

Role of the Treasury Review Team

- The Treasury Review Team will meet monthly to review the following:
- risk exposure position: the Council's current interest rate position including underlying physical exposures, hedges in place and the actual net risk position, compared to the risk control limits of the policy.
- policy compliance: conformity with policy limits and requirements in the areas of portfolio composition, counterparty credit risk, and operational risk.
- return on the portfolio and the relevant market return.
- cost of funds: actual cost against plan.

The Treasury Review Team will report quarterly to the Corporate and Financial Committee. The Corporate and Financial Committee will report to Council as it deems necessary.

Development Contributions Policy 2013

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Development Contributions Policy 2013

Part 1: Introduction

The 2013 Development Contributions Policy (DCP) was prepared in conjunction with the Christchurch City Council's Three Year Plan. This policy applies within the territorial boundaries of Christchurch City Council (Council), including Christchurch City and Banks Peninsula.

1.1 Background

Christchurch district has experienced, and will continue to experience, significant growth pressures. The planned Urban Development Strategy (UDS) growth is evident on the northern and south-western periphery of Christchurch city, and in the small residential and rural-residential settlements of Banks Peninsula. Following the earthquakes of 2010 and 2011, 'additional' growth in the district now comes in the form of further new subdivisions being created. This 'additional' growth is being driven mainly by both the building of new housing for those displaced from the residential red-zones as well as demand from new residents in Christchurch for the rebuild. On top of this, the Christchurch Central Recovery Plan reaffirms the substantial new residential development (up to 25,000 people) within the area of the four avenues. This development-related growth places a strain on existing reserves, network infrastructure and community infrastructure and raises legitimate questions about how the Council should fund such new infrastructure.

To help fund community facilities, the Local Government Act 2002 (LGA) allows a council to require development contributions if the effect of a development or developments requires the council to provide new or upgraded infrastructure. A development contribution is a contribution from developers of cash, or in some cases land, to fund the additional demand for reserves, network infrastructure and community infrastructure created as a result of growth.[1]

The Council has historically required those whose developments place demands on infrastructure due to growth to make a fair and reasonable contribution toward the provision of those infrastructure services.[2] The Council is required to use development contributions only for the activity for which they are collected. In calculating development contributions, the Council also includes capital expenditure that has already been incurred by the Council in anticipation of developments that accommodate growth.

Development contributions can be charged in relation to the following twelve activities to meet the growth component of the Council's capital programme over the nine years to 30 June 2022:

Reserves

- Regional parks
- Garden and heritage parks
- Sports parks
- Neighbourhood parks

Network infrastructure

- Water supply
- Wastewater collection
- Wastewater, treatment and disposal
- Stormwater and flood protection
- Road network
- Active travel
- Public transport infrastructure

Community infrastructure

- Cemeteries.

Although progress is being made on the substantial rebuild of major community facilities across all of Christchurch, including Banks Peninsula and the central city, there still remains, at the time of the development of the 2013 DCP, a significant amount of uncertainty about the cost, timing and location of key community infrastructure such as parking, leisure facilities and libraries. As a result, the 2013 DCP does not require development contribution charges for parking, leisure facilities and libraries as no growth-related capital expenditure for these three activities has been included in the capital plan for development contributions (See Tables A3.1, A3.2 and A3.3). However, the Council reserves the right to charge development contributions for these three activities in a future DCP if growth-related capital expenditure for these activities is required. The possible re-introduction of these activities will occur through an SCP as part of a future LTP.

1.2 The Development Contributions Policy and the earthquakes

The Development Contributions Policy (DCP) is an important tool in allowing the city of Christchurch and the wider environs within the district to grow effectively and efficiently. Growth can only be accommodated when infrastructure is provided to the right standards, in the right place and at the right time. The infrastructure also needs to be at the right level and it is only fair and reasonable that those who require the infrastructure make a contribution towards these substantial costs. The Council has worked hard to ensure that the development contributions charges are at the right level so that the policy does not act in such a way that development is deterred. However, this must be balanced against the need to ensure that additional costs are not borne

1 *This includes developments that create additional lots (other than the unit and strata titling of existing development), additional residential units, additional or changed non-residential ratepayer development, additional accommodation and additional community services development (such as sporting, educational, religious and charitable activities).*

2 *Funding for reserves, network infrastructure and community infrastructure may also come from other sources such as third-party funding (i.e. New Zealand Transport Agency (NZTA)), and rates, which recognises that growth in the district is not the sole driver for infrastructure.*

Development Contributions Policy 2013

Part 1: Introduction

unfairly by the current rate-paying community, many of whom have already contributed their fair share to growth in the past.

This DCP has the development context brought about by the earthquakes very much in mind. The Council is extremely constrained in the Three Year Plan (TYP) in terms of its ability to fund the infrastructure required for growth. The Council already has significant calls on its funds to replace a substantial amount of earthquake-damaged community and network infrastructure. In addition it has a strong desire to open up new development sites to support those thousands of households displaced from the residential red zone and accommodate the workforce arriving for the rebuild. It needs to balance these competing demands to ensure that Christchurch is a great place to work, live, visit, invest and do business.

Significant efforts have been made to ensure that the growth costs attributable to activities have been appropriately reflected in this policy and the charges. The policy is consistent with the intent of the Christchurch Central Recovery Plan as well as other recovery and rebuild programmes across the city. The Council is also mindful of the need to ensure intergenerational equity. The burden of the growth development costs is thus spread across time (over which benefits from the initial capital expenditure will continue to flow) so as not to impose the full financial cost on the current growth community.

1.3 Requirement for development contributions

The Council will require a development contribution, in accordance with Sections 197, 198(2) and 199 of the LGA where:

a. a particular subdivision or development proposal generates a demand for reserves, network infrastructure or community infrastructure.

b. the subdivision or development (either alone or in combination with another development) requires new or additional assets or assets of increased capacity (reserves or infrastructure) which causes the Council to incur capital expenditure.[3]

c. this policy provides for the payment of a contribution in the circumstances of the development.

The Council's policy is that applications lodged and granted on or after 1 July 2004 (the date on which the Council's inaugural DCP came into force) will be subject to development contributions (see section 3.7.1 for details on the applicable policy). For such developments, the Council will require that a development contribution be paid under Section 198(1) of the LGA when:

- A resource consent (including a certificate of compliance) is granted under the Resource Management Act 1991 (RMA) for a development; or
- A building consent (including a certificate of acceptance) is granted under the Building Act 2004 (BA) for building work; or
- An authorisation for a service connection is granted.

1.4 Limitations to the application of development contributions

The Council will not require a development contribution to the extent that:

- it has, under Section 108(2)(a) of the RMA, imposed a condition on a resource consent in relation to the same development for the same purpose; or
- where agreed with the Council, the developer will fund or otherwise provide for the same reserve, network infrastructure or community infrastructure; [4] or
- the Council has received, or will receive, funding from a third party for those works.

Development that does not either in itself or in combination with other developments generate additional demand for community facilities will not be liable to pay a development contribution. An example of such development could include the unit or strata titling of an existing development. The rebuild of a residential home destroyed by earthquakes or fire is also likely to have a development credit on the land and as such, would not be liable for development contributions (see section 2.3).

1.5 Relationship with financial contributions and works and services in the City Plan

This DCP is distinct from the City Plan provisions that allow the Council to require financial contributions under the RMA. Financial contributions are contributions that can be imposed under the RMA where provided for by the City Plan and as a condition of resource consent. The Council will continue to impose financial contributions in accordance with the City Plan (refer to Appendix 7, section A7.2 of this policy).

Development contributions and the DCP are based on provisions within the LGA, not the RMA. The Council cannot collect development contributions and financial contributions in relation to the same development for the same purpose.

Development contributions for network and community infrastructure are for the acquisition, installation

3 The level of costs allocated to growth for major projects has been independently reviewed to ensure that cost allocations are robust and consistent across projects.

4 Fund in this sense excludes the cost of community facilities funded by the developer in the short term, but recovered from the Council in the long term.

Development Contributions Policy 2013

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or expansion of assets over and above the works and services required in respect of a subdivision or development, and are usually located beyond the development boundaries.

1.6 Effective date of the 2013 policy

The inaugural version of the Council's DCP was adopted as part of the 2004-14 LTCCP, effective as of 1 July 2004. Subsequent DCPs were adopted as part of the 2006-16 LTCCP, effective as of 1 July 2006, as an amendment to the 2006-16 LTCCP, effective as of 1 July 2007 and to the 2009-19 LTCCP, effective as of 1 July 2009. This DCP, adopted as part of the 2013 Three Year Plan (TYP), is effective as of 1 July 2013.

1.7 Changes from the 2009-19 DCP

The 2013-22 DCP builds on earlier DCPs. Substantive changes made to the 2009-19 DCP include:

- Direction on the basis for the valuation of reserve land that is to be vested.
- Establishment of an independent valuation panel in those rare cases where mediation of reserves land valuation is required.
- Clarification about the treatment of credits in the case of properties classified as residential red zone by CERA.
- Minor amendments to the boundaries for the 10 catchments for stormwater and flood protection.
- Addressing development contributions that arise in relation to temporary buildings.
- Clarification that interest and costs may be charged by the Council when a development contribution becomes a debt.
- Reduction in the time that the Council will refund development contributions for land, if the development does not proceed, from 20 years to 10 years.
- The ability to transfer credits between titles owned by the one developer and transferred within a contiguous development site.
- Significant reconfiguration of the underlying capital programme resulting from the earthquakes.
- Significant revisions of the growth models resulting from the earthquakes.

On 27 June 2013 the Council made final resolutions in relation to the Three Year Plan, including to the 2013-22 DCP. A number of changes were made to the 2013-22 DCP following the consultation on the draft policy. The following resolution, related to development contributions, was also made. The Council resolved to:

- Make provision for rebates on Development Contributions within the 4 Avenues for the purpose of incentivising residential components of mixed use development and medium/high density living ("residential developments").
- Approve that the rebate be capped at $10 million.
- Approve that the rebate be available to "residential developments" under construction before July 2015 that have been reviewed by the Urban Design Panel.

The detail as to how this resolution will be put into effect will be developed further by the Council. The proposed rebate sits outside the 2013-22 DCP and does not directly affect the operation of the DCP.

1.8 How to find your way around this policy

The Development Contributions Policy is in four parts:

- **Part 1: Introduction** - provides a brief background to this policy.
- **Part 2: Calculating development contributions** - sets out the seven steps to calculating the specific development contribution charge based on the location of the intended development.
- **Part 3: Additional information** - includes information on the development contribution payable, detail on development contributions for reserves, private development agreements, use of encumbrance instruments, works and services fees, situations where development contributions are not payable, assessments and development contribution payment requirements.
- **Part 4: Appendices 1 to 8** - contains more detailed information on the basis for, and calculation of, development contributions:
  - Appendix 1: Basis for the policy
  - Appendix 2: Planning for growth
  - Appendix 3: Capital expenditure in response to growth
  - Appendix 4: Methodology to establish non-residential HUE equivalences
  - Appendix 5: The LGA requirements and other considerations in the calculation of development contributions
  - Appendix 6: Catchment maps for development contribution activities
  - Appendix 7: Additional information
  - Appendix 8: Glossary of terms

Development Contributions Policy 2013

Part 2: Calculating Development Contributions

2.1 Introduction

Under Section 199 of the LGA, development contributions can be sought where the effect of the development requires new or additional assets or assets of increased capacity and, as a consequence, the Council incurs capital expenditure to provide appropriately for reserves, network infrastructure and community infrastructure. These effects include the cumulative effects that a development may have in combination with another development.

Development for the purposes of requiring development contribution means:

a. any subdivision, construction of a building, change in land use 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.

Examples include residential development, such as the creation of additional lots and/or household units, and non-residential development, the creation of additional lots and/or an increase in gross floor area (GFA), water usage, impervious surface area (ISA) and traffic movements (VKD), including through a change in land or building use.

The Council has affirmed that the calculation of the development contribution charge is designed to be a simple process, while also being fair and reasonable and compliant with the legislation.

Table 2.1 summarises the seven steps required to calculate the charge. Further detail is outlined in the following sections.

Table 2.1 Process for determining development contribution charge

Step 1 – Determine the number of HUEs per activity	Determine the number of HUEs applicable to the development (refer to section 2.2).
Step 2 – Determine HUE credits per activity	Determine any credits applicable (refer to section 2.3 and Tables 2.5 and 2.6).
Step 3 – Calculate the net increase in demand per activity arising from the development	Calculate the increase in HUEs (Step 1 minus Step 2) (refer to section 2.4 and Appendix 4).
Step 4 – Identify the development contribution catchment for each activity	Check what (geographical) development contribution catchment the development lies within (refer to section 2.5 and Appendix 6).
Step 5 – Check schedule of development contribution charges	Refer to section 2.6 and the schedule of development contributions (Table 2.7) and identify the development contributions payable per HUE for the catchment for each activity.
Step 6 – Calculate the development contribution charge per activity	For each activity multiply the net increase in the number of HUEs (Step 3) by the charges payable for that activity for the relevant catchment (from Steps 4 and 5). Sum the results for each activity to achieve the total charge.
Step 7 – Calculate the total development contribution charge	Add Goods and Services Tax (GST).

2.2 Step 1 - Determining the number of HUEs per activity

Where development requires growth-related infrastructure, the first step is to determine the Household Unit Equivalent (HUE) based on whether the development is residential or non-residential.[5]

Where the site being developed will not be within the areas of service for water supply, wastewater collection, treatment and disposal or stormwater and flood protection no HUE assessment will be made for those activities when the development is completed. If a development is also providing its own infrastructure, and as a result places no demand on Council infrastructure, no HUE assessment will be made for that activity. If areas of service later expand and the site is able to use such services, it may attract a development contribution for those activities at that time.

2.2.1 - Residential development

For resource consent (subdivision) applications where the Council has determined that the likely development will be residential, it is assumed that every lot created will contain one household unit. A development contribution at the rate of 1 HUE per lot for each activity will therefore be assessed. For any application for resource consent, building consent or service connection for residential activity, a development contribution will be assessed at the rate of 1 HUE per household for each activity. A lot will be assessed as more than one household unit if it contains more than one kitchen (other than a kitchen in a family flat). In these cases, the lot will be assessed at a rate of 1 HUE per kitchen.

5 *For resource consent (subdivision) applications, the Council will determine (based on zoning and site-specific factors) whether the likely development on the lot will be residential.*

Development Contributions Policy 2013

Part 2: Calculating Development Contributions

Where the development includes two or more additional residential units, a small residential unit adjustment will apply for residential units less than 100m2 each (inclusive of a 17.05m² parking allowance per unit). The adjustment reduces the HUE calculation on a sliding scale from 100% to 60% for residential units less than 100m² each. For example, if the average size of the units is 80m² the small residential unit adjustment reduces the HUE assessment to 0.8 HUEs per unit (80%).

Where two or more residential units are attached in a configuration that does not increase the impervious surface area (ISA) over the average HUE demand, then the charge will be the greater of 1 HUE or the actual demand on ISA determined by the area to be drained to the reticulated surface water network.

If an existing residential unit has received a small residential unit adjustment and is later the subject of a consent application to enlarge the gross floor area (GFA), the Council will assess a development contribution. The Council will not assess a development contribution in respect of any other consent applications to replace or enlarge the GFA of an existing residential unit that has already been assessed at 1 HUE. (Note that replacement of an existing residential unit receives 1 HUE credit for each activity under section 2.3)[6].

2.2.2 - Non-residential development

For resource consent (subdivision) applications where the Council determines that the likely development is non-residential, HUEs will be assessed for each activity at 1 HUE per additional lot. In these cases it should be noted that additional development contributions are likely to be required on subsequent resource consents and/or building consents.

For non-residential applications for resource consent (land use), building consent or for service connection, HUEs will be assessed for each activity either based on known demand or determined by zone and site-specific factors, including the gross floor area of the building.

For retirement homes, the residential units will be assessed as per Table 2.3. Non-residential elements of a rest home, such as a hospital, day care units or administration units, will be assessed as non-residential.

All non-residential development will be assessed at zero HUEs for cemeteries.

Non-residential buildings accessory to rural activities that do not place additional demand on infrastructural services, will be assessed at zero HUEs for each activity.

For reserves a HUE assessment is only undertaken on an application for resource consent (subdivision). Demand is assessed at 1 HUE per additional lot.

2.2.2.1 HUEs when non-residential demand is known

Where the Council is satisfied that demand for an activity is known, the HUE for each activity is calculated from the base units in Table 2.2.

Table 2.2. Base unit measures for assessment of non-residential development

Activity	Base unit measure	Demand per HUE	Comments
Water supply	Litres per day	645	See A4.2. Design demand from Infrastructure Design Standard
Wastewater collection, treatment and disposal	Litres per day	572	See A4.3 Design demand from Infrastructure Design Standard
Stormwater and flood protection	Impervious area m²	427	See A4.4 Assessed average impervious area per household
Transport-related	Vehicles per day	13.21	See A4.5. Assessed as average vehicle kilometres travelled per day (VKD)

2.2.2.2 HUEs when non-residential demand is unknown

Where the Council is not satisfied that demand for an activity is known, the HUE for each activity is calculated from the following Table 2.3.

6 *Except where the residential unit is less than 100m², then the credit will be reduced by the small residential unit adjustmnent described in this section, if a small unit adjustment was previously applied.*

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Table 2.3 Summary of Residential and Non-residential (Business) HUE equivalents by land use and activity

Land use classification	Measure	Reserves	Water supply	Wastewater collection	Wastewater treatment and disposal	Stormwater and flood protection	Transport-related	Cemeteries
Retirement villages (1)	Per residential unit	0.2500	0.5000	0.5000	0.5000		0.3000	1.000
Commercial premises/offices	m^2 GFA						0.0043	
Shopping centres >10,000m^2							0.0151	
Shopping centres <10,000m^2							0.0278	
Supermarkets							0.0184	
Service Stations with retail facilities							0.0356	
Markets							0.0010	
Bulk goods/ Home improvement stores							0.0098	
Drive-in fast food restaurants							0.0241	
Restaurants							0.0155	
Manufacturing industries							0.0044	
Warehouses/storage							0.0013	
Accommodation in the central city and central city edges							0.0001	
Accommodation not in the central city and central city edges							0.0010	
All land uses	m^2 ISA					0.0038		
All land uses	Lot	1.0000 (2)						
Business 1 – local shopping areas	m^2 GFA		0.0034	0.0039	0.0039		0.0209	
Business 2 – large retail areas	m^2 GFA		0.0035	0.0039	0.0039		0.0320	
Business 3 – light industry	m^2 GFA		0.0036	0.0041	0.0041		0.0062	
Business 4 – industry	m^2 GFA		0.0036	0.0041	0.0041		0.0078	
Business 5 – general industrial	m^2 GFA		0.0036	0.0040	0.0040		0.0042	
Business 6 – rural industrial	m^2 GFA		0.0040	0.0045	0.0045		0.0021	
Business Retail Park	m^2 GFA		0.0035	0.0039	0.0039		0.0224	
Central City & Central City Edge	m^2 GFA		0.0035	0.0040	0.0040		0.0099	
Special Purpose (Airport)	m^2 GFA		0.0036	0.0041	0.0041		Spec A	
Other non-residential	m^2 GFA		0.0038	0.0047	0.0047		Spec A	
Holiday home (residential)	Per residential unit	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Household (residential)	Per residential unit	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Notes:
1 – This applies to residential units only. Non-residential elements such as hospitals, day care units or administration areas will be charged at business rates as applicable.
2 – Subdivision only
3 –Developments in Business 7 and Business 8 zones will be assessed at Business 4 equivalents
Spec A – Special assessment required

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2.2.3 Extraordinary circumstances and special assessment

The Council may undertake a special assessment if a development has a significantly different impact than that envisaged in the above methodology. A special assessment will be undertaken in the following circumstances:

- For transport, where the type of development proposed is not adequately covered by the standard classes of land or activity use (refer to Table 2.3) This would include, for example, applications such as education, wet industries, hospitals, medical centres, gymnasia, sports stadia, airports, courier depots and any other land uses for which an equivalent is not provided.
- Where the demand for an activity from the development is expected to be greater than double the value identified as average for that type or location of development (refer to Tables 2.2 and 2.3).

In other situations, a special assessment will be at the Council's discretion.

For stormwater and flood protection development contributions, a special assessment may be warranted if a developer is undertaking all or some portion of Council's intended capital works, at the developer's cost, for growth-related stormwater mitigation facilities. The works will be required to meet Council standards, and must be designed and implemented in accordance with the relevant Integrated Catchment Management Plan or resource consent in effect. Land used for this purpose would not be considered as part of the reserve (neighbourhood parks) requirements for development contributions.

For all special assessments, the developer will be required to provide detailed calculations of their development's present and future demand on community facilities. Using the base unit/HUE conversions, these will be converted to HUEs in the same manner as defined in Table 2.2 and charged accordingly on the net increase in HUEs. This additional information could be requested or provided at the pre-application stage, or as part of a further information request under Section 92 of the Resource Management Act 1991 (RMA) or Sections 33 or 48 of the Building Act 2004 (BA).

2.2.4 Summary

The following table summarises the HUE assessment process.

Table 2.4 Summary of HUE assessments

Activity	Subdivision	Other Development
Residential	1 HUE per activity per additional lot.	1 HUE per activity per additional household unit, including units in strata title type developments, subject to the small residential unit adjustment.
Non-residential		Standard table of HUEs per activity in units of 1m² GFA/ISA (Tables 2.2 and 2.3).
Mixed		To be assessed as applicable based on the proportions of the type of development that are proposed.
Extraordinary circumstances	At the discretion of, and on demand by, the Council. The developer is to provide detailed assessments of the development's water supply, wastewater, stormwater and transport-related demands utilising the mechanism in Table 2.2. Using the standard base unit/HUE conversions, these estimates will then be converted into HUEs and charged accordingly.	

2.3 Step 2 - Determining HUE credits

Development contributions are only payable in respect of the additional demand on community facilities required by the development. Credits recognise that a development may replace an existing demand and thus place no (or limited) additional demand on the community facilities.

Credits towards the assessment of a development contribution for any activity will be calculated for the development in accordance with the principles in Table 2.5. Credits cannot be used to reduce the level of development contribution for any activity below zero.

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Part 2: Calculating Development Contributions

Table 2.5 Principles for determining credits

<table>
<tr><th>Residential</th><th>Non-residential</th></tr>
<tr><td>
• Credits will be assessed for any application for consent or authorisation to replace an existing residential unit or to subdivide land containing an existing residential unit (including the unit and strata titling of existing development).
• The credit will be assessed on the basis of 1 HUE per activity per existing residential unit and/or lot, unless an encumbrance instrument or memorandum of agreement exists on the title/s that recognises any credits or arrangements associated with amalgamation or amalgamation reversal.
• Where the average size of any existing residential units, where more than one on a lot, is less than $100m^2$ each, the credit will be reduced by the small residential unit adjustment described in section 2.2.1.
• For any undeveloped residential lot a credit of 1 HUE per lot per activity will apply.
</td><td>
• On any application for resource consent, building consent or authorisation for service connection in respect of non-residential development which will replace any existing non-residential development, or for subdivision of a site containing existing non-residential development, credits will be assessed for each activity by applying the equivalences in Table 2.3 to the GFA/ISA of the existing development.
• On any application for resource consent, building consent or authorisation for service connection in respect of a non-residential development on any undeveloped lot which was created after 1 July 2004, the development will receive a credit for the greater of 1 HUE per lot or the HUE's which were assessed at time of subdivision (under the 2006-07 DCP).
• On any application for resource consent (subdivision) on any undeveloped non residential lot which was created prior to 1 July 2004. the development will receive a credit of 1 HUE per lot per activity.
• On application for building consent for development on any undeveloped non-residential lot which:
– was created prior to 1 July 2004; and,
– has been vacant and unused before 1 July 2004 (i.e. not including sites where demolition or other destruction has occurred after 30 June 2004)
the development may receive a credit per activity of the greater of 1 HUE or HUEs calculated as:
– the average 2004 GFA or ISA ratio for the zone of the development (Table 2.6); multiplied by
– lot size multiplied by the non-residential land use equivalences for that zone (refer to Table 2.3 Summary of Residential and Non-residential (Business) HUE Equivalents by land use and activity).
For example, an average 2004 GFA ratio of 31% in the Business 4 Zone x a $2,000m^2$ lot x the 0.0078 Transport equivalence would result in a credit of 4.8 HUEs for transport.
• For any other application in respect of an undeveloped non-residential lot, a credit to the value of 1 HUE per activity will apply. No credit will be given for a utility site, stopped road or similar site.
</td></tr>
<tr><th colspan="2">Both residential and non-residential</th></tr>
<tr><td colspan="2">
• For any existing development demolished or destroyed by fire, earthquakes or some other cause after 30 June 2004, the above principles will only apply if the application to rebuild is received within 10 years from the date of demolition or destruction. In the case of red-zone properties, the above principles will apply within the 10 years from the date of the land being classified as in the red zone by CERA. Where there is any doubt as to the date of demolition or destruction the date will be determined at the Council's discretion. If more than 10 years has passed, the lot will revert to an undeveloped lot and receive a credit of 1 HUE per lot. Any additional residential units or non-residential development above that demolished will be assessed for development contributions pursuant to this policy.
• The Council will assess credits available to existing developments on building consent application for demolition from 1 July 2007. Where demolition or destruction has occurred before this date, or if, for any reason, credits were not calculated before the demolition or destruction, the onus is on the developer to establish the land use and extent of development that has been demolished or destroyed. In the absence of such information a credit of 1 HUE per lot per activity will be applied.
• An undeveloped lot will be a vacant lot that has not had any development, as defined in this policy, for a period of at least 10 years before the application for resource or building consent or service connection.
• No transfer of credits between titles can occur, except where the titles relate to the same development site (e.g. new titles created on subdivision or titles owned by one developer and transferred within a contiguous development site). Any such transfer of credits will only be at the agreement of the Council. Where a proposal to amalgamate existing titles will result in a lesser number of allotments, credits will be held for the difference. These credits will be made available for any future development of the amalgamated titles, provided any such future development is carried out within 10 years of the date of issue of the amalgamated titles. Where an amalgamation occurs, a memorandum of agreement will be registered on the title/s associated with the amalgamation. Where an amalgamation is reversed, an encumbrance instrument will be registered on the title/s associated with the amalgamation reversal.
• An historical credit will not be given for a lot that is redeveloped if the original activity on the lot was non-residential and did not pay, or was unlikely to have paid, a contribution towards reserves and network and community infrastructure when originally developed, except at the Councils discretion.
• Lots that have been or are being used by a network utility operator for utility purposes will not be given any credit.
</td></tr>
</table>

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Part 2: Calculating Development Contributions

Table 2.6 Average 2004 GFA/ISA ratio by zone

Zone	GFA	ISA
Business 1	37%	87%
Business 2	44%	87%
Business 3	43%	97%
Business 4	31%	75%
Business 5	24%	83%
Business 6	7%	56%
Business Retail Park	39%	79%
Central City & Central City Edge	1.14%	97%
Other non-residential	30%	66%

Residential and non-residential lots within an area classified by CERA as red zone that are subsequently demolished will retain the assessed credit with the lot. No red zone credits can be transferred or sold but will remain with the land until they are used on that site or they expire.[7]

2.4 Step 3 - Calculate net increase in HUEs (demand) from the development

The net increase in HUEs is calculated by subtracting Step 2 (credits) from Step 1 (HUEs). This represents the increased demand from a development (refer to Appendix 4 for more detail on HUEs).

2.5 Step 4 - Identify the development contribution catchment

The Council has considered a number of different catchment options, ranging from a single district-wide catchment to location-specific catchments based on individual infrastructural schemes. After deliberation on the merits of the different options the Council has adopted a single district-wide catchment for all activities with the exception of neighbourhood parks and stormwater and flood protection activities (See section A1.8).

For neighbourhood parks the four catchments are based on the following boundaries:

- *Central city* - the area within the four avenues.
- *Inner city* - the medium density zoned areas (Living 2 and 3) surrounding the four avenues and around key activity areas.
- *Suburban* - the remaining urbanised part of the city (predominantly Living 1 zoned areas as well as much of the existing business zoned land).
- *Rural* - the remaining areas within the district boundaries (generally including the unserviced part of the district and Banks Peninsula).

Ten stormwater and flood protection catchments have been identified based on physical surface water hydrological boundaries (drainage basins) with catchment boundaries mapped to the closest meshblock boundary.[8] Minor changes have been made to the 2009-19 waterways and land drainage catchments to align these with other activity catchment areas.

The catchment maps for all twelve activities on which development contributions are charged are contained in Appendix 6. Council Development Contribution Assessors are also able to help developers identify which activity catchments their development falls in.

2.6 Step 5 – Check schedule of development contributions for reserves, network and community infrastructure

Identify the charges per HUE payable within the relevant catchments (identified from Step 4) for each activity. Table 2.7 - Schedule of development contribution charges by catchment outlines these individual activity charges.

2.7 Step 6 – Calculate the development contributions for reserves and network and community infrastructure

For each activity, multiply the net increase in the number of HUEs (as calculated at Step 3) by the charge payable for that activity for the relevant catchment (from Steps 4 and 5).

The total fixed development contribution charge per HUE for reserves is applied:

- on both residential and non-residential subdivision, being 1 HUE charge for every additional lot created.
- on residential building, being 1 HUE charge for every additional household unit created.

The charge will also be subject to the statutory maximums under Section 203(1) of the LGA. In this case, development contributions for reserves must not exceed the greater of:

- 7.5% of the value of the additional lots created by subdivision; and
- the value equivalent of 20m^2 of land for each additional household unit created by the development.

The HUE charge will be reduced for small household units as provided for in section 2.2.1.

7 *Expire in this case means 10 years from the date of the land being classified as in the red zone by CERA (see Table 2.5).*

8 *Meshblocks are geographic boundaries defined by Statistics New Zealand and are used by the Council as the building block for the Council's TYP Growth Model from which the Council develops its capital expenditure programme and development contributions charges (refer to Appendix 2).*

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Part 2: Calculating Development Contributions

2.8 Step 7 - Calculate total development contribution

The total end-to-end process for assessment of development contributions is exclusive of GST. Development contributions calculations are quoted exclusive of GST and do not constitute an invoice for the purposes of the Goods and Services Act 1985. Once all the assessments are complete, GST will be added to the final invoice and charged in accordance with the Goods and Services Act 1985. GST will be calculated in accordance with the GST rate applicable at the date of the final invoice. The GST rate as at 1 July 2013 is 15%.

2.9 Schedule of development contribution charges

Table 2.7 identifies the individual development contribution charges for each activity*. The charge for neighbourhood parks and stormwater & flood protection is dependent on the location of the development. Council Development Contribution Assessors will be able to confirm the catchment for the development.

These development contribution charges may be updated annually (1 July) to account for any changes in construction and land costs (see section A7.3). The payment of any development contribution is made in accordance with the schedule of development contribution charges (plus any inflation adjustments) that is applicable at the time of assessment or reassessment.

**The development contribution charges for neighbourhood parks have changed from those consulted on in the draft 2013-22 DCP because of a data entry error in the original calculation. Numbers were incorrectly transposed into the model that calculates the charges.*

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Part 2: Calculating Development Contributions

Table 2.7 Schedule of development contributions by catchment (as at 1 July 2013)

Activity		Catchment	Development contribution per HUE (excluding GST)	Development contribution per HUE (including GST)
Reserves	Regional parks	District-wide	$2,220.80	$2,553.92
	Garden and heritage parks	District-wide	$126.00	$144.90
	Sports parks	District-wide	$2,163.53	$2,488.06
	Neighbourhood parks	Central city	$2,011.28	$2,312.97
		Inner city	$2,783.52	$3,201.05
		Suburban	$10,360.87	$11,914.92
		Rural	$1,244.40	$1,431.06
Network infrastructure	Water supply	District-wide	$2,470.54	$2,841.12
	Wastewater collection	District-wide	$4,702.35	$5,407.70
	Wastewater treatment and disposal	District-wide	$2,477.13	$2,848.70
	Stormwater and flood protection	Avon	$1,881.73	$2,163.99
		Heathcote	$9,043.34	$10,399.84
		Estuary	$4,700.65	$5,405.75
		Halswell	$1,192.09	$1,370.90
		Otukaikino	$1,192.09	$1,370.90
		Styx	$9,035.38	$10,390.69
		Akaroa	$1,192.09	$1,370.90
		Lyttelton	$1,192.09	$1,370.90
		Northern Bays	$1,192.09	$1,370.90
		Southern Bays	$1,192.09	$1,370.90
	Road network	District-wide	$1,979.04	$2,275.90
	Active travel	District-wide	$82.39	$94.75
	Public transport	District-wide	$90.58	$104.17
Community infrastructure	Cemeteries	District-wide	$236.00	$271.40

Note:

The schedule of development contribution charges may be adjusted annually (1 July) to account for any increase in construction cost inflation. Any such adjustments will be made using the BERL Local Government Inflation Indices (see section A7.3). The payment of any development contribution is made in accordance with the schedule of development contribution charges (plus any inflation adjustments) that is applicable at the time of payment.

Although progress is being made on the substantial rebuild of major community facilities across all of Christchurch, there remains a significant amount of uncertainty about the cost, timing and location of key infrastructure such as libraries and leisure facilities. As a result, the 2013 DCP does not require development contribution charges for parking, leisure facilities and libraries as no growth-related capital expenditure for these three activities has been included in the capital plan for development contributions. However, the Council reserves the right to charge development contributions for these three activities in a future DCP if growth-related capital expenditure for these activities is required. The possible re-introduction of these activities will occur through an SCP as part of a future LTP.

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Part 3: Additional Information on Assessing the Development Contributions Payable

3.1 Development contributions for reserves

3.1.1 Background

The basis for development contributions for reserves is the additional actual or potential demand anticipated for open space and recreational land, and associated facilities, as a result of subdivision and/or development. As the district grows, there is a continuing need for more land to satisfy open space and recreational needs, new areas of which will inevitably become more difficult and more expensive to acquire in appropriate locations as the urban areas become more intensively developed.

In addition to the immediate open space requirements for infill and brownfields developments or greenfields subdivisions, the future occupants of such developments will also place pressure on the Council's other open space and recreation resources. The Council must therefore, aim to ensure that it obtains sufficient development contributions to fund the acquisition and development of regional, garden and heritage, sports and neighbourhood parks to meet its required levels of service across the whole district.

To meet this full range of obligations, the Council will generally take development contributions towards providing reserves for open space and recreation in money, particularly for infill development. In setting out the plan for reserve acquisitions, the Council has adopted a fiscally neutral position with the development contribution charges required from developers meeting the cost for Council in providing the reserves. This is entirely consistent with the intention of the LGA in terms of community infrastructure provision. This position was also agreed as appropriate by the joint Council / development community working group in 2007 when the basis of reserves development contributions moved from a percentage – based to a cost-based approach.

The Council has also reaffirmed this fiscally neutral position in its DCP principles ensuring that the development contribution charges are a cost – recovery mechanism only (see section A1.2). It is also a requirement under Section 203 of the LGA 2002 that the Council's development contributions for reserves must not exceed the greater of

a. 7.5% of the value of the additional allotments created by a subdivision and;

b. the value equivalent of 20 square metres of land for each additional household unit created by the development.

In some circumstances the Council may, at its sole discretion, consider taking land in lieu of, or in addition to, money where provision is practicable, particularly in larger greenfields sites. The Council acknowledges that, in designing a subdivision, the developer has a very good understanding of the needs of the potential occupiers and has a financial stake in ensuring that the subdivision is attractive and satisfies those needs. The Council also has very clear expectations in its Public Open Spaces Strategy 2010-2040 about the levels of service that the community have agreed to in the provision of open spaces, particularly neighbourhood parks, sports parks and regional parks. The resource consent process provides an early opportunity for the Council to work with the developer as to how land for reserves should be acquired. The Council will make an early indication as to whether there is appropriate land within a subdivision plan that could be vested or whether cash development contributions will be payable.

In considering the potential for vesting of land for reserves, the Council's view is simple – there is a mutual benefit to acquire land for reserve purposes for both the developer and the Council. For the developer, the benefit is twofold. Instead of paying cash they are able to vest land to the Council for use as reserves. The benefit in terms of cash flow in this case is significant. In addition to the amenity value that open spaces create, the reserves also provide a premium on those properties that are adjacent to these areas. The Council also benefits in this approach by being able to create open space areas in accordance with its levels of service requirements. It also does so without having to outlay large amounts of cash.

The following are some examples to provide a guide as to when the Council may accept land in lieu of money:

- A flat, usable area of land for a sports park, accessible with full road frontage and a size (at least 4 ha.) adequate to accommodate at least two sports fields, tree planting and other open space.
- A relatively flat area of land for a neighbourhood park, accessible to the user population and of a size (at least 2,000-3,000m^2) adequate to accommodate children's play equipment, substantial tree plantings and open space.
- A linkage, or potential linkage, along or to significant natural features, or between other areas of public open space and community facilities (excludes linkages between roads).
- Land for the protection or enhancement of significant mature trees, significant areas of indigenous vegetation, indigenous wildlife habitat, margins of waterways or other significant natural features.
- Land for the protection or enhancement of historic or cultural features of significance to the population of the district.
- A usable area of open space for planting as visual relief from a built or highly developed environment.

To avoid doubt, the above examples do not in any way limit the Council's discretion on whether development contributions for reserves should be paid in the form of cash or land. In all respects, the Council will retain the right to decide on the appropriate level of money and/ or land contribution in accordance with this policy. In addition, where land is proposed to be vested, the Council retains the right to make decisions on the appropriateness of land needed for open space and recreation purposes. Land that is offered for vesting must be appropriate in terms of quality and size in accordance with the Council's Public Open Spaces Strategy 2010-2040 and Biodiversity Strategy 2008. Land that does not meet these requirements (such as road linkages or gully's) will not

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Part 3: Additional Information on Assessing the Development Contributions Payable

be considered for vesting and a cash contribution will continue to be sought.

In summary, development contribution charges are a cost-recovery mechanism only and are set so as to be fiscally neutral. Where it is mutually beneficial to do so, the Council may accept the vesting of land for reserves. In line with the intent of the LGA, the vesting of reserve land reinforces this fiscally neutral position where neither party should be seen to be exploiting its position. To ensure transparency, consistency, fairness and equity in this approach, this DCP provides guidance on the treatment of additional reserve developments over and above any required by the Council and the valuation of reserve land to be vested.

3.1.2 Additional development of reserves over and above Council's requirements

As mentioned in the previous section, the Council accepts that there are benefits for the future occupants of subdivisions in having plenty of local open space and recreation areas. However, the Council is often asked to take over and maintain larger open space and recreation areas within a new subdivision than that required under the development contribution provisions. While the Council may be prepared to accept the vesting and future maintenance of such land where it is of benefit to all ratepayers, it will not accept, as a credit towards the development contribution required, land provided for open space and recreation where it is only or substantially for the sole benefit of the future occupants of the subdivision.

Likewise, the Council will not accept, as a credit towards the development contribution required, unnecessary levels of development on this land, such as the provision of entrance gateways and fountains, etc. If developers choose to provide such features for the benefit of the subdivision, its future occupants and its competitiveness within the market, it is appropriate that they do so at their own expense (including on-going maintenance requirements).

3.1.3 Land valuation for vesting reserve land

Land valuation for the purpose of assessing a purchase price for land to be vested as reserves will be determined by the Council on the basis of the market value of the land at the time the consent is lodged. A request for a reserve land valuation will be made by the Council to a Council-appointed valuer within 20 working days from the date the resource consent is lodged with the Council. It will be based on the date of lodgement for the purposes of valuation. The cost of the valuation will be met equally by the Council and the developer. The Council is not required to provide an updated valuation before the issue of Section 224 (c) certificate.

In order for the reserve land to be valued in a fair and reasonable manner and for consistency and certainty in valuation, the following additional guidance is provided:

3.1.3.1 Basis of land valuation

The valuation of reserve land for vesting must be carried out according to the following:

a. where there are different density zonings within a subdivision or Outline Development Plan (ODP), the value will be based on the lowest density zoning.

b. the value will include any rights and configuration given by the consents already granted.

c. in line with valuation principles, the value will be based on the highest and best use for the particular parcel of land valued (based on the lowest density zoning).

In calculating the value of the reserve land for the purposes of vesting, the Council will ensure that land purchase cost estimates are based on property valuation evidence in a manner consistent with the Public Works Act 1981, any relevant case law and any other relevant statutory or regulatory regime governing the acquisition of land by local and central government in New Zealand. This includes both betterment and injurious effects.

The only exception to this is where agreement has been reached with a landowner to a specific dollar amount or to an alternative valuation methodology.

3.1.3.2 Resolution of valuation disputes

Where the developer and the Council cannot agree on the valuation of the land to be vested, the matter will be referred to an independent valuation arbitrator engaged by both the Council and developer for resolution. The onus on the arbitrator will be to seek the correct valuation rather than to mediate a mid-point answer. The findings of the independent arbitrator as to the value of the land will be the final determination of value for the purposes of this policy.

The cost of the arbitrator will be met equally by the developer and the Council.

If having received the final determination of the value of the land proposed to be vested, the Council determines that, at that price the land does not represent a prudent acquisition for the wider community and the Council's broader portfolio of open spaces, it may, at its sole discretion, choose to take the development contribution for reserves in money rather than in land.

To avoid doubt, a developer retains the ability to refuse the voluntary vesting of reserve land to the Council based on the final determination of the independent arbitrator. Any compulsory acquisition of reserve land by the Council will occur pursuant to the relevant legislative requirements such as those in the Public Works Act 1981.

3.1.3.3 Revaluation of land for vesting

If for any reason the relevant land is not vested in the Council as a reserve within 12 months of assessment of the associated development contributions, then a revised valuation may (at the Council's discretion) be required by the Council. Any such revised valuation will be at the developers cost.

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3.1.4 Development contributions payable by private development on reserves

Where the Council permits private developments on reserves, such as clubrooms, these will be subject to development contributions as non-residential developments. [9]

3.1.5 Valuation of land for the purposes of calculating development contributions

Section 203 of the LGA imposes a limit on the maximum development contributions that may be required on reserves. In these cases, the cash payment of development contributions for reserves must not exceed the greater of 7.5% of the value of the additional allotments created by a subdivisions and, the value equivalent of 20 square metres of land for each additional household created by the development. The Council will use its own valuers for the purpose of ensuring that these LGA limits are not exceeded. The valuation of the land for this purposes will also be consistent with the methodology to be used in the consideration of the vesting of land for reserves.

3. 2 Private development agreements

A private development agreement (PDA) is an agreement, between the developer and the Council governing the payment of development contributions, which can be used for special developments. It is not a case by case bargaining tool. Under a PDA, land or works may be provided instead of, or in partial fulfilment of, a development contribution of money, as assessed under this policy, for reserves, network infrastructure and community infrastructure. Alternatively land or works may be deferred, reallocated or used as compensation for additional demand placed on infrastructure resulting from development.

A PDA will be a contractual agreement in writing and will identify the terms of the agreement, the extent to which they depart from the standard process and assessment for development contributions and the reasons for entering into the agreement. The terms of a PDA may include the treatment of HUEs and/or the funding arrangements, statements regarding the impacts of the development on the Council's capital works programme and agreement on the timing of payments and other transactional matters.

A PDA cannot be entered into if the relevant resource consent (subdivision or land use) or building consent has already been granted.

The Council may initiate or enter into a PDA with a developer before, or as part of, the consent application process for the development. Representatives of the developer, the Council and, if the Council considers it appropriate in relation to its decision-making obligations under the LGA, any other interested parties, will be consulted before the implementation of any PDA. The Council requires a minimum of two General Managers of the Council to approve the terms of the PDA.

PDAs may be pursued where the Council considers the best interests of the developer, the Council and the community will be met by using a PDA, rather than requiring the payment of a development contribution under the standard provisions of this policy. The following examples describe situations in which a PDA may be used:

1. Where additional reserve and/or network and community infrastructure requirements for a development are supplied by the developer that will benefit the current and future requirements of growth and/or levels of service. Where the cost of the works exceeds the total development contributions assessed and payable for that development, the Council may, at its discretion, reimburse the developer.
2. Where land offered by the developer is accepted by the Council as environmental compensation for development opportunities, generally in addition to, and not instead of, development contributions of cash and/or land for reserves. It is the Council's policy to apply the concept of 'environmental compensation' where land of high landscape or natural value is protected or made available for public use and/or significant public benefit will be gained from hazard mitigation measures which would substantially enhance amenity values, e.g. planting and wetland protection.
3. Where a major infrastructure development project is being undertaken, e.g. some types of project carried out by Christchurch International Airport Limited or by the New Zealand Transport Agency (NZTA).

Subject to the approval of at least two General Managers of the Council, the Council may also enter into other agreements with a developer for infrastructure provision, such as in the following situations. These will not necessarily lead to an adjustment of the development contributions payable:

4. Where the developer of a residential or non-residential subdivision applies a reserve development contribution of money and/or land for reserves to provide immediate landscaping and other amenities on a neighbouring or other local reserve outside the subdivision area from which it was derived.
5. Where the developer will meet the additional costs of providing above normal levels of service for reserves or infrastructure, provided the Council agrees to the above normal levels of service for that particular reserve or infrastructure.
6. Where reserves or network infrastructure are funded or supplied by a developer to meet levels of service and the infrastructure requirements of rezoning. Deferred reimbursement may be required if the current capital programme at the time of consent does not reflect the requirements of the rezoning.

9 *This includes developments undertaken by charitable trusts and non-profit organisations.*

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3.3 The use of an encumbrance instrument

3.3.1 Situations where an encumbrance instrument could be used

The Council may choose to work with a developer through the use of an encumbrance instrument registered against the developer's land, including without limitation, the following situations:

- To postpone or carry forward the development contributions payable for a subdivision stage. This may be appropriate where, for example, no reserve land is required at an early stage, but there is land (and possibly improvements) identified in a later stage that the reserve development contributions can be credited against. The encumbrance instrument is registered against the relevant balance of lot(s) of the development.

  The encumbrance instrument effectively 'locks in' the reserve land and/or reserve improvements for an agreed monetary amount. This encumbrance instrument will provide that the reserve land and/ or reserve improvements will be credited against the reserve development contributions at the time the relevant stage of the subdivision is undertaken or a subdivision consent for the relevant stage is issued.

  The encumbrance instrument may operate over multiple stages of the development or more than one resource consent application for the same developer on the same area of development. The encumbrance instrument must be finalised and an acceptable undertaking to register received from the developer's solicitor before the Section 224 (c) certificate for the relevant stage is issued.
- To secure any development contributions payable when a postponement is otherwise agreed by the Council (refer to section 3.6.1).
- To document and/or secure a PDA.

The encumbrance instrument will be prepared by the Council's solicitors at the cost of the developer and will be on terms satisfactory to the Council and may, without limitation, provide for the payment of interest by the developer and/or the reassessment of the development contributions (which may include revaluation of reserve land and/or reserve improvements where applicable).

The Council requires at least two General Managers of the Council to approve the use of an encumbrance instrument.

Although the Council's preference in the above situations is to use an encumbrance instrument the Council may consider the use of a memorandum of agreement where appropriate security to support the agreement is available.

3.3.2 Bank Bonds as security

When, in the situations such as those set out in section 3.3.1 above, the value of the development contribution is equal to, or exceeds $1,000,000, or the Council is otherwise of the view that such security is required, the Council may require a Bank Bond as security for the development contributions payable. This may be in addition to a memorandum of agreement, an encumbrance instrument or PDA.

3.4 When the Council will not require a development contribution

3.4.1 Development contributions payable by the Council

The Council is exempt from paying any assessed development contributions for each activity if the development itself is a capital expenditure project for which development contributions are required. This avoids the possibility of, for example, collecting development contributions on network or community infrastructure to pay for network or community infrastructure. The Council is otherwise required to pay development contributions on the same basis as other developers.

3.4.2 Development contributions exemption for the Crown

Where the Crown is the landowner, it is exempt from paying development contributions by statute, but it is invited to pay development contributions as appropriate on any activities that consume infrastructural capacity. The invitation to pay will not be a condition of the issue of a property information memorandum (PIM) or consent, Section 224(c) certificate, code compliance certificate or service connection.

Not all government bodies can be defined as the "Crown", including entities such as District Health Boards and charter or integrated schools. Development undertaken by these bodies may require a development contribution. The Council's Development Contribution Assessors are able to advise on whether or not development contributions will be required of any organisation.

3.4.3 Boundary adjustments

Where a resource consent (subdivision) is granted for a boundary adjustment and no additional lots are created, development contributions will not be assessed or payable on the resource consent.

3.5 Other charges

3.5.1 Works and services

Nothing in this policy will prevent the Council from requiring, as a condition of resource consent, the provision of works and services usually, but not exclusively, internal to or adjacent to the boundaries of the development site required to service that development, to connect it to existing infrastructural services and to avoid, remedy or mitigate the environmental effects of the development, except where such works are provided for in the Three Year Plan.

The City Plan defines the nature and standard of the works and services that are to be provided (refer to Part 14: Subdivisions in Volume 3 of the Christchurch City Plan and Chapter 31: Subdivision in the former Banks

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Peninsula Proposed District Plan) and these works and services standards also apply to development fronting existing legal roads. These works and services are provided by the developer at their cost and, where the asset created is normally owned and maintained by the Council, transferred without charge into Council ownership.

Nothing in this policy will prevent the Council from requiring, at its request and cost, the provision of additional extra-over works by the developer, such as installing a larger pipe and/or constructing a wider road through their development, in anticipation of future demand on those services beyond the boundaries of the development.

Where additional extra-over works for a development are supplied by the developer that will benefit the current and future requirements of growth and/or levels of service, and where the cost of the extra-over part of the works exceeds the development contribution assessed and payable for that development, the Council may, at its discretion, reimburse the developer. The reimbursement will be via a contractual agreement entered into by both parties, being the developer and the Council. The payment terms of any monies will be negotiated in the terms of the contractual agreement.

3.5.2 Service connection fees

In addition to development contributions payable at the time of any applicable service connection, the Council may continue to collect service connection fees in accordance with current practice and the LGA for the following assets:

- Water supply connection.
- Wastewater connection.
- Surface water connection.
- Vehicle crossings.

3.5.3 Construction demand

The demand on infrastructure of any activity will be assessed based on the demand that will exist once the activity is established and operational, not on the demand during construction.

3.6 Postponement, review, remission, reduction and refund of development contributions

3.6.1 Postponement of development contributions

With the exception of temporary buildings (section 3.7.6), there are very few specific situations where payment of a development contribution will be postponed. However, in some limited circumstances the Council may, at its discretion, agree to postpone the payment of development contributions by entering into an encumbrance instrument or memorandum of agreement (as described in section 3.3) to document the terms of a mutually agreed delay in any development contribution payable under this policy (such as in the situations outlined in section 3.3.1).

The terms of any such postponement as set out in the encumbrance instrument or memorandum of agreement shall be at the discretion of the Council and may, without limitation, provide for the payment of interest by the developer and/or the reassessment of the development contributions (which may include revaluation of reserve land and/ reserve improvements where applicable)

This decision to delay payment will only be made with the approval of at least two General Managers of the Council.

3.6.2 Review of development contributions

The Council does not consider it appropriate to provide any formal review process in the establishment of the development contributions payable Sufficient opportunities exist for any developer to discuss all matters relating to this policy with Council staff, to outline any extraordinary circumstances and for matters to be brought before the Council for a decision (see Appendix 7 section A7.1). Where appropriate, special assessments may be available for those developments that do not fit neatly within the land use categories in this policy. Council's Development Contribution Assessors are available for further clarification and explanation on the process of development contributions, the amounts payable and the payment terms.

3.6.3 Remission and reduction of development contributions

This policy does not provide for any specified remissions or reductions to be applied for or granted, other than the credits (section 2.3) and the temporary building delayed payment or waiver provision (section 3.7.6) that are described elsewhere in the policy. The Council does not consider development contribution remissions to be an appropriate means of advancing strategic objectives unrelated to growth-related capital cost recovery (such as the retention of heritage buildings, or the provision of social housing), for the following reasons:

- The introduction, and a large number or range, of remissions leads to less transparency and more complexity in the administration of development contributions. If the Council wishes to advance particular strategic objectives, it is considered more appropriate to do so outside of the DCP.
- It may be considered unfair that developers, rather than the district as a whole, should pay to achieve such strategic objectives.
- The availability of relevant remissions is likely to be capitalised into and increase the land value of development sites. Remissions may not advantage the developers of developments that remissions seek to encourage.

The Council may consider introducing incentives-based policies where appropriate to advance strategic objectives. However, any such policy will sit outside this development contributions policy.

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This DCP does provide for the Council, at its sole discretion, to consider and grant remissions and/or reductions in unique and compelling circumstances.

3.6.4 Refund of development contributions

The refund of cash and return of land will occur in accordance with Sections 209 and 210 of the LGA, in the following circumstances:

- If the development does not proceed.
- If a consent lapses or is surrendered.
- If the Council does not provide any reserves, network infrastructure or community infrastructure for which a development contribution was required.
- If the Council does not apply money within 10 years, or use land within 10 years, or any relevant agreed period, of that contribution being received for any specified reserve purpose.

For the avoidance of doubt, and except in relation to any money or land taken for a specified reserves purpose, the Council will not refund a development contribution where any specific project does not proceed, unless the activity for which the development contribution was taken is not provided.

Any refunds will be issued to the current consent holder and/or title holder for the development to which they apply. The amount of any refund will be the development contribution paid, less any costs already incurred by the Council in relation to the development and its discontinuance, but may include any interest earned depending on the circumstances of the case.

3.7 Timing of assessment and payment

3.7.1 Applicable policy

The Council's policy is that only applications for building or resource consents and authorisation for service connections lodged and granted on or after 1 July 2004 (the date on which the Council's inaugural DCP came into force) will be subject to development contributions.

All complete development applications received by the Council prior to 1 July 2013 will be assessed under the effective DCP at the time the complete consent application was received by the Council. Any such consents and authorisations assessed and approved under the previous DCP's (2004-14, 2006-16, 2007-09 and 2009-19) will not attract any additional development contributions beyond those applicable under the relevant DCP. However, as outlined in section 3.7.3, any reassessment of the development contributions payable will occur if payment for all activities is not made within 12 months of issuing the initial assessment. Any such reassessment will be carried out under the DCP which is current at the time of the reassessment.

On any application for further consent or authorisation in relation to a development after 1 July 2013, credit will be given for any development contributions previously paid or the pre-existing lawful status of the development in accordance with section 2.3. The additional development will however, be subject to the terms and conditions of the 2013 DCP.

If a complete application for resource consent, building consent, or service connection authorisation is received by the Council before the effective date for this or any previous policy then, subject to section 3.7.3 below, even if the relevant consent or authorisation is not granted before the effective date, the development contribution will be assessed in accordance with the DCP that applied at the time the complete application was received by the Council.

If a complete application is received by the Council on or after 1 July 2013 then the development contribution will be assessed in accordance with this policy.

3.7.2 Assessment

The Council will assess whether development contributions are payable before granting:

- A resource consent (subdivision or land use).
- A building consent.
- An authorisation for a service connection that is not part of a resource consent or building consent.

As a general rule, development contributions will be assessed and advised at the earliest opportunity. This is generally at the resource consent (subdivision) and building consent stages. Resource consent (land use) and service connection applications provide an opportunity for the Council to assess any development which is independent of subdivision or building activity. As with any assessment, only the additional demand on community facilities being created by a development will be assessed for development contributions.

Where previous development contributions have been assessed and paid on earlier stages of a development, a development contribution is sought only in relation to the additional demand created by each further stage. Generally, the Council considers that the resource consent (subdivision) stage is the most appropriate time to take a development contribution, for the following reasons:

- It creates the legal framework for the development of the lots and buildings which cause the demand for additional reserves, network infrastructure and community infrastructure.
- Economies of scale in implementation cost (most of the work will have been done at this stage).
- Fairness.
- Provides the best available knowledge for the forecasting and allocating of capital budgets.

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Large subdivisions may be developed in stages, where one resource consent (land use) may be granted for the entire development prior to any resource consents (subdivision) being granted. In such situations, the Council may invoice the initial development contribution at the time of issuing the land use consent or, at its discretion, may defer this collection until the subsequent subdivision consents are issued.

Similarly, development contributions will be sought at resource consent (land use) or building consent stage, or on application for a service connection, where intensification for residential or non-residential purposes takes place independently of subdivision, although credits under section 2.3 may be available to ensure only additional demand is assessed at each stage.

An assessment advises the amount of the development contribution but is not a request for payment. An invoice will be issued by the Council when it requires payment of the development contribution, or is issued at the request of the developer if they want to pay the development contribution earlier (see section 3.7.4)

3.7.3 Reassessment

Reassessment of the development contribution payable will occur if payment for all activities assessed is not made within 12 months of issuing the assessment or reassessment. Any such reassessment will be carried out under the DCP which is current at the time of the reassessment. Following any such reassessment, and after an invoice is issued, any appropriate enforcement action under section 3.8 will proceed in accordance with the reassessed amount.

Where development contributions have been postponed under section 3.6.1, and an encumbrance instrument or memorandum of agreement has been entered into, reassessment will take place in accordance with the terms of that document.

3.7.4 Invoicing and Payment

Development contributions must be paid within 30 days of the invoice being issued (or such further time as may be specified in the invoice). An invoice will be issued when requested by the applicant, or for:

- Resource consents (subdivision) – prior to release of the Section 224(c) certificate (including, in the event of a staged subdivision consent, prior to the release of the Section 224 (c) certificate for each stage).
- Resource consent (land use) – prior to commencement of the consented development
- Building consents – prior to issue of the code compliance certificate.
- Service connection – prior to authorisation for connection.

“Prior to” in the above situations means any time between the consent or service connection being granted and the final approval step. The Council may issue an invoice, at its discretion, if it considers the development is utilising Council infrastructure for which development contributions are being required.

3.7.5 Applications to vary consents or the conditions of consents

Applications to vary consents or the conditions of consents, may result in a change to HUEs, GFA, ISA or actual demand calculated for special assessments. In these situations, revised or new assessments of the development contributions payable will be issued. The receipt of applications for new development will not limit the Council’s ability to collect any development contribution already owing in relation to existing development under Section 208 of the LGA.

3.7.6 Payment of development contributions for temporary buildings

In response to the Canterbury earthquakes temporary buildings are being constructed that are intended to be removed after a certain period. In most cases, these buildings will be erected on a site where there are development contribution credits available and no development contributions would be required. However, in some situations, the demand for community facilities from the temporary building is greater than the underlying HUE credits and a development contribution will be required under this policy.

To assist the earthquake recovery, the Council considers it appropriate to recognise the temporary nature of such buildings. An assessment of development contributions will be made (and reassessed every twelve months as provided for in this policy) but invoicing and payment of the development contribution will be deferred until such time as the Council is satisfied that the building is no longer temporary. The Council will waive payment of any development contribution where the temporary building is removed within 5 years from the date the temporary activity consent or building consent was granted (whichever is the later in time).

Extensions in time for this situation may be considered through the use of an encumbrance instrument or memorandum of agreement.

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3.8 Enforcement powers of the Council if a development contribution is not paid

If payment of the development contribution is not made as provided for in this DCP and on invoice (including without limitation a reassessed development contribution), the Council may use the powers outlined in Section 208 of the LGA. The Council may also commence debt recovery action.

Section 208 states that, until a development contribution required in relation to a development has been paid, the Council may:

a. in the case of a development contribution required under Section 198(1)(a) of the LGA:
   - withhold a certificate under Section 224(c) of the RMA.
   - prevent commencement of a resource consent under the RMA.

b. in the case of a development contribution required under Section 198(1)(b) of the LGA, withhold a code compliance certificate under Section 95 of the Building Act (BA);

c. in the case of a development contribution required under Section 198(1)(c) of the LGA, withhold a service connection to the development; and

d. in each case, the Council may register the development contribution under the Statutory Land Charges Registration Act 1928, as a charge on the title of the land in respect of which the development contribution is required.

If the Council commences debt recovery action in respect of an unpaid development contribution, interest will be charged, and is payable from the date the debt became due, at the prescribed rate that applies in Section 62b of the District Court Act 1947. The Council also reserves its right to recover the costs incurred in pursuing recovery of the debt on a solicitor/client basis.

Where an encumbrance instrument or memorandum of agreement is entered into and payment is not made as required, the Council may pursue recovery under and on the terms of that document

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Appendix 1: Basis for the policy

A1.1 Introduction

Development contributions are an accepted way for Councils to fund growth-related demand for additional reserves, network and community infrastructure or for increasing the capacity of existing infrastructure to meet growth-related demand. This appendix outlines the principles used in the development and application of the development contributions policy and the steps that the Council goes through to determine what constitutes an appropriate charge for growth-related development.

A1.2 Principles of the DCP charges

The development contributions policy seeks to establish a transparent, consistent and equitable basis for requiring development contributions based on the following principles (in no particular order):

- Transparency – there should be transparency about how the development contribution charges are calculated and set and how they are applied to individual developments.
- Certainty – there should be certainty to developers about the level of development contributions payable. Charges should be applied consistently to all developments.
- Fair and reasonable charges – the level of development contribution charges should reflect the costs of growth and generally not act to deter development.
- Simplicity – the policy should be relatively simple to understand and administer.
- Beneficiary/causer pays – the costs of growth-related infrastructure should be met, as far as possible, by those who benefit from, or create the demand for, the infrastructure.
- Cost-recovery mechanism only – the charging mechanism should remain 'pure' and relate only to the costs of providing new growth-related infrastructure or to increase the capacity of existing infrastructure.
- Compliance with the law – the DCP shall comply with the LGA which provides the statutory basis for development contributions. In addition, the DCP shall be consistent with established case law.
- Intergenerational equity – the cost recovery period for the development contribution charges should be equitable and consistent to ensure that each generation pays its fair share and that economic efficiency is sustained by signalling the true costs of growth at different points in time.

A1.3 Steps in funding growth through development contributions

In determining whether development contributions are an appropriate funding source to fund growth-related activities, the LGA 2002 requires the Council to consider s. 101 (3) for each of the activities. These questions include, for each activity:

- how they relate to community outcomes - s. 101 (3) (a) (i)
- who benefits from that activity - s. 101 (3) (a) (ii)
- the period over which those benefits are expected to occur – s. 101 (3) (a) (iii)
- who created the need for that activity to be undertaken – s. 101 (3) (a) (iv)
- the costs and benefits, including consequences for transparency and accountability, of funding that activity – s. 101 (3) (a) (v)
- how any decision about funding this activity will impact on the community – s. 101 (3) (b).

In practice, this consideration can be summarised into four steps:

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Step 1:
How does the development impact on community outcomes?

Step 2:
Who creates the demand and over what period do the benefits occur?

Step 3:
How should the activity be funded?

Step 4:
How does the funding for this activity impact on the community?

Figure A1.1: Steps in determining whether development contributions are an appropriate funding source for different activities

A1.4 Step 1 – How does the development impact on community outcomes?

Community outcomes are the outcomes that the Council aims to achieve in meeting the current and future needs of the community for good quality local infrastructure, local public services and the performance of regulatory functions. On a district-wide basis, the Council considers how groups of activities that it needs to undertake contribute to achieving these community outcomes. For example, the Council has determined that water supply infrastructure projects are required to contribute to the community outcomes of 'a safe and reliable water supply' and 'water quality and quantity are protected and restored'.

Using development contributions as one of the funding sources ensures new developments make an appropriate contribution for additional or increased capacity of community facilities. The Council considers that capital expenditure being incurred to meet the increased demand for community facilities contributes to achievement of the following community outcomes:

Table A1.1 Contribution to achievement of community outcomes

Community outcomes	Reserves	Network infrastructure projects	Community infrastructure projects
Liveable City			
• Christchurch has a strong central city	✓	✓	✓
• An attractive and well-designed urban environment	✓	✓	✓
• The transport system meets the needs of the community		✓	✓
• Development is focussed on well-defined urban areas	✓	✓	✓
• Christchurch has a range and choice of housing		✓	
• A safe and reliable water supply		✓	
Strong Communities			
• Christchurch's culture and heritage are valued	✓		✓
• People have a sense of connection to and participate in their community	✓		✓
• People participate in a wide range of recreational activities	✓		✓
• Communities are safe	✓	✓	✓
Healthy Environment			
• Christchurch's unique landscapes and indigenous biodiversity are protected and enhanced	✓	✓	
• Water quality and quantity are protected and restored		✓	
• The community values natural resources and uses them sustainably		✓	
Prosperous Economy			
• Christchurch is a good place to do business	✓	✓	✓
• Christchurch has a strong economic base		✓	

The list above summarises 15 of the high-level community outcomes. The full set of 64 lower-level dimensions of these high-level outcomes are listed in Volume 1 of the TYP.

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A1.5 Step 2 – Who creates the demand and over what period do the benefits occur?

As described in Appendix 2, the Council has estimated the extent of growth within the district. The Council has also identified its capital expenditure necessary to meet the demands of the growth community (see Appendix 3).

Where the existing capacity of community facilities is insufficient to provide the levels of service to new residential and non-residential users specified by the Council in the TYP, those new users (i.e. the growth community) therefore create the need for new community facilities. This, in turn, requires the Council to incur capital expenditure to meet the level of service.

The Council also recognises that capital expenditure may be necessary to increase the level of service for the whole community, due to:

- ratepayers who want increased levels of service.
- obligations on the Council to raise the levels of service to meet resource consent or statutory obligations and conditions.
- visitors to this city using the facilities.

The allocation of the benefits and the costs of the capital expenditure take all these other factors into account.

For each of the community outcomes and the activities required to achieve these outcomes, the Council has developed a programme of network and community infrastructural capital works and planned reserves purchases. For each capital project on that programme, the Council makes an informed judgement about whether the asset being created will provide capacity to, and therefore benefit, the existing community (which includes visitors to the city), the growth community, or both of those groups. The capital expenditure and benefit allocation in this policy is analysed as follows:

- renewal expenditure – this benefits the existing community only and replaces the existing asset base (no cost allocation to the growth community).
- backlog expenditure – new asset capacity is of benefit to the existing community only, to meet the shortfall in the current level of service (no cost allocation to the growth community).
- changed (increased) levels of service - capital expenditure that benefits all of the community. The pro-rata portion that benefits the growth community is allocated to them and is potentially recoverable by development contributions.
- growth expenditure – this is the estimated expenditure needed by, and which benefits, the growth community over the next 9 years of this DCP. Asset capacity that provides benefits beyond that period may be allocated to future growth communities and may form part of future development contributions.
- Unallocated expenditure – this is any cost that cannot be allocated to any of the categories above.

This process of cost and benefit allocation is carried out by the Council using a proprietary model which assists it to make and record judgements about whether the need for a particular project is driven by the district's existing community, the growth community or both. The model also assists the Council to make and record judgements about the various beneficiaries of the infrastructure projects.

Based on this information, the model apportions the cost of infrastructure that can be attributed to either the existing (i.e. renewal, backlog, changed (increased) level of service or unallocated) or to the growth community. It also enables the Council to calculate how this cost of growth is spread both across the district and across time. The cost of growth in each part of the district over the DCP is thus the amount that could potentially be recovered from that community via development contributions.

It is important to note that the existing network of community facilities includes some excess capacity, which will benefit the growth community. Some components with excess capacity are included in development contributions, but many are not. The growth community therefore benefits from some existing assets and past capital expenditure without any additional charge made to them. Both existing and growth communities share proportionately in the benefits of excess capacity until consumed by the expanding community.

For each of the individual projects that require capital expenditure, the Council also determines the length of time over which the asset created by that expenditure will provide a benefit to the whole community.

A1.6 Step 3 – How should the activity be funded?

The benefits of additional community infrastructure capacity accrue to the improved or new properties generating demand for that capacity. The Council's view is that the use of development contributions to partially fund the cost of growth in community facilities is best done in proportion to the benefit received by the growth community.

The benefits of funding additional infrastructure capacity to meet demand from development include greater transparency and efficiency by requiring an appropriate share of the actual costs to be paid by developers. An additional benefit also arises, because the use of development contributions ensures that existing ratepayers are not paying for infrastructural capacity that they do not require. This also ensures intergenerational equity by not repeatedly charging existing ratepayers for new infrastructure.

For some activities, the use of catchments, or areas in which there are common service delivery characteristics, also aids transparency and efficiency by identifying the variations in the cost of providing infrastructure according to the characteristics of the particular locality and the nature of the works required. Although development contributions do not incur significant administrative costs once systems are established, the use of small local catchments to collect development

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contributions may not be cost effective because of the requirement to collect and maintain detailed data at a localised level. For some activities, the cost of provision will not vary across the district. This is typical for activities with a larger number of widely located projects, projects that benefit a wide geographic area or where there are no differences in the cost of provision between locations. In these cases, a district-wide charge may be more efficient (see section A1.8 below).

A1.7 Step 4 – How does the funding for this activity impact on the community?

Finally, the Council considers how funding each activity will impact on the community. In general, the Council believes that the majority of the cost of assets being created or enhanced for the growth community should be paid for by the growth community through development contributions. This is consistent with the underlying principles outlined in the relevant sections of the LGA 2002. Failing to fund growth in this manner would impose an unfair burden on the existing ratepayer community.

Where existing residents do gain a benefit from new infrastructure that is created to meet the needs of the growth community, the value of this benefit is not included within development contributions.

Ensuring adequate levels and balance between the various sources of funding to provide appropriate infrastructure is central to the Council's management and development of the city. Development contributions are set so as to be fair and reasonable without deterring development. In line with the principles in section A1.2, development contribution calculations are also transparent and consistent and are a cost recovery mechanism only.

A1.8 The Council's use of catchments

A1.8.1 What are catchments and why use them?

The Council uses catchments to define geographic areas of the district for each of the activities for which development contributions are required. Catchments have been determined with reference to the specific characteristics of each activity. These include possible differences in the demand placed on the infrastructure, the differences in physical geography and topography across the district, the nature and level of service delivery associated with each activity, the need to protect environmental and human health and differences in the drivers and behaviours of those benefitting from the activities across the district. Using this type of information, and considering the level of possible development contribution charges, capital works projects are allocated to either district-wide or location-specific catchments depending on the nature of the project and the community it is required to serve (see Appendix 3). Developments lying within a catchment will be charged a development contribution for that catchment.

For modelling purposes, future and present demand in a catchment will be estimated on the basis of an analysis of:

- The current residential and non-residential distribution and forecast growth (for residential, growth in households and for non-residential, growth in floor space);
- The existing zoning in the catchment and the implied likely development based on existing and planned guidance, such as the City Plan and the UDS;
- The likely development of localities within the catchment where the City Plan has indicated deferred zoning or identified areas for future growth, or the Council has signalled a proposed variation to the City Plan; and
- Other potential development within the district where there is pressure for re-zoning to more intensive land uses.

In general the Council favours the use of district-wide catchments where:

- The impact of growth is independent of where the growth occurs. For example, the additional development creates pressure on the wastewater treatment system, but the increased capacity required is the same regardless of where in the district the development occurs. This effect is also seen on network-based infrastructure, such as roads, public transport infrastructure and active travel, where the impact of growth is on the entire network and is not localised;
- It is not feasible nor practical to seperately identify or disaggregate capital costs on an area by area basis

A1.8.2 What catchments are in this DCP?

As mentioned in section 2.5, the Council has considered a number of catchment options, ranging from single district-wide catchments to catchments based on individual infrastructure schemes. After careful deliberation on the merits of different options, the Council has maintained single district-wide catchments for all reserves (with the exception of neighbourhood parks), water supply, wastewater and transport-related works (see catchment maps in Appendix 6). Location-specific catchments have been developed for 2 activities:

- stormwater and flood protection,
- neighbourhood parks.

The 10 stormwater and flood protection catchments are based on physical surface water catchment areas (drainage basins) with catchment boundaries mapped to the closest mesh block boundary. Integrated Catchment Management Plans (ICMP's) specific to Area Plans such as

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the South West Area Plan (SWAP), may cross development contribution catchment boundaries. The impact of this has however, been minimised with minor adjustments to boundaries from that in the 2009-19 DCP.

The 4 neighbourhood parks are based on different demands for the activity and the significant differences in costs of land across the district. These catchments were agreed as a result of the 2007 Joint Council / Developer Working Party and were seen as being fair and equitable.

A1.8.3 Implications of catchments

Development contributions are a charge that help the Council pay for specific growth-related capital expenditure (as detailed in Appendix 3). Development contributions are not a general charge going into a 'consolidated fund'. Any development contributions received by the Council for a specific activity (based on a planned growth-related capital programme) must be applied to that activity. In this light, district wide charges provide a more equitable result for all developers, in relation to each activity for which the Council has determined to require development contributions. The Council can also alter the impact of the averaged development contribution charge for developments where there are extraordinary circumstances by carrying out a special assessment to either increase or decrease the contribution as appropriate and ensure fairness across all developments.

Appendix 2: Planning for Growth

A2.1 Growth model[10]

District-wide growth assumptions underpin the Council's asset management plans and capital expenditure budgets in the DCP for the 2013-22 period. Growth in the district has been projected for the following three components:

- additional residential households.
- additional non-residential floor area (m^2).
- additional non-residential impervious surfaces (m^2).

Population and household growth is based on the "quick scenario" developed for the UDS partners by Market Economics, after the Christchurch earthquakes.[11] This model adjusted the pre-earthquake UDS forecasted households for the anticipated impacts of the earthquakes, including the total number and location of households and the impact of the residential red zone on household movements. From this household scenario, the population was forecast using the relationship between households and population in the most recent Statistics New Zealand subnational population and household rojections.[12] Non-residential growth, as estimated by the Council, is based on historic rates of development collected from the Council's non-residential building consents records and historic employment from Statistics New Zealand Annual Business Frame Update.[13] These were then distributed using the employment distribution in the post-earthquake update of UDS Transport Model (Christchurch Transport Model – CTM).

Changes in impervious surfaces are based on impervious information provided by Landcare Research derived from Landsat satellite imagery. Impervious surface projections were then generated by using the projected non-residential growth to identify the amount and location of future change.

The cost of growth due to increased visitors is recovered through residential development contributions charged to holiday homes and through non-residential development contributions charged to new and growing businesses benefiting from visitor volume growth, such as hotels, motels, tourism operators, passenger transport operators and food and beverage providers.

10 *Refer to Christchurch City Council, Development Contributions Policy 2013-22 Growth Model (Households, Impervious Surfaces and Business Floorspace) as at June 2013.*

11 *http://www.greaterchristchurch.org.nz/News/PDF/UDSHouseholdScenarios2011-2041.pdf*

12 *Statistics New Zealand Subnational Population Projections 2006 base released February 2010, and Statistics New Zealand Subnational Household and Family Projections 2006 Base released December 2010. Both projection series were provided as a customised request for the UDS partners and extend beyond the standard period.*

13 *http://www.stats.govt.nz/browse_for_stats/businesses/business_charateristics/nz-business-demography-statistics-info-release.aspx*

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Table A2.1 summarises the growth projections used in the 2013 DCP.

Table A2.1 District growth projections

	2013	2022	9 year percentage change 2013-22	2056	Percentage change 2013-56
Population[14]	365,000	377,000	3%	445,500	22%
Households	150,000	159,500	6%	195,000	30%
Non-residential floor area (million m^2)	9.1	10.0	10%	10.7	17%
Non-residential impervious surfaces (million m^2)	23	24	8%	25	11%

These projections indicate that:

- Residential growth between 2013 and 2022 will produce 9,500 additional households (6% growth) spread across greenfield, infill and rural locations.
- Household growth from 2013 to 2056 is estimated to produce around 44,500 additional households (30% growth).
- Non-residential growth between 2013 and 2022 is expected to be in the order of 0.9 million m^2 of new floor area, a growth rate of 10%.
- Non-residential growth from 2013 to 2056 is expected to be around 1.5 million m^2 (17% growth).
- Impervious surfaces for non-residential areas of the district is expected to increase by 1.9 million m^2 (8.0% growth) in the nine years from 2013 to 2022 and by 2.5 million m^2 from 2009 to 2056 (11% growth).

Under 'normal' conditions, growth projections are subject to uncertainties as to the amount, timing and location of growth. In the post-earthquake environment, this level of uncertainty is significantly higher with the movement of people, households and businesses relocating temporarily or permanently adding complication.

To reduce this uncertainty, the Council will undertake more frequent updates and assessments of growth than was planned pre-earthquakes. In addition, the Council will continue to monitor the actual growth in residential development, non-residential development and impervious surfaces and compare these trends with the forecast growth from the growth model.[15] It is anticipated that over the short term there will be periods where actual growth will be above or below the forecast growth. However, it is expected that these periods will average out closer to the forecast trend. The monitoring of actual trends versus the predicted growth will be used to adjust the growth model to improve the accuracy of forecasting over time. It will also inform future asset management planning and the subsequent growth-related capital programmes in future DCP's.

A2.2 Application of household unit equivalents (HUEs) as the unit of demand

The most equitable way to apportion the cost of new reserves, network infrastructure and community infrastructure in response to growth demand is on the basis of the number of equivalent new households expected. A growth model has been developed in order to predict growth throughout the district in terms of representative household demand or HUEs.[16] This growth information is presented by activity and by catchment. It is recognised that household units will vary throughout the district and that the demands they generate also cover a broad range. Given the relatively large size of the development contribution catchments and the administrative burden if multiple household types were to be used, the implied averaging of development contributions is considered efficient, equitable and appropriate.

The projections in Table A2.1 for the non-residential floor area (GFA) and non-residential impervious surface area (ISA) are multiplied by the equivalences in Table 2.3 to convert the non-residential growth to HUEs.

14 Household and population projections are rounded to the nearest 500.

15 It is important to note that the increase in capital expenditure resulting from growth is not necessarily proportional to the increase in population, household or business growth, i.e. actual costs for growth will depend upon the particular capital works required. In addition, infrastructure capital expenditure may be committed ahead of growth.

16 A HUE is defined as being equivalent to one 'average' household unit. The consumption and demand requirements of this household have been averaged across the catchments or district for that activity.

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Appendix 3: Capital Expenditure in Response to Growth

A3.1 Activities and catchments for which development contributions will be required

The LGA allows the Council to require a development contribution from any development for:

- Capital expenditure expected to be incurred as a result of growth; or
- Capital expenditure already incurred in anticipation of growth.

Table A3.1 summarises the total capital expenditure from which development contributions are calculated by activity and by cost allocation. Table A3.2 shows that over $331 million of capital expenditure will be required to fund the cost of growth across the district for the 9 years of this DCP (2013-22).

Table A3.1 Components of total capital expenditure from which growth-related development contributions are assessed ($2013; GST exclusive)

	Sum past years (2001-12)	Sum future years (2013-22)	Total Capex (2001-22)	Total Renewal capex (2001-22)	Total Backlog capex (2001-22)	Total Unallocated capex (2001-22)	Total Growth capex (2001-22)
Regional parks	$17,450,044	$3,600,000	$21,050,044	$3,636,608	$157,344	$-	$17,256,092
Garden & Heritage parks	$2,110,659	$10,524,000	$12,634,659	$2,053,500	$7,606,893	$-	$2,974,271
Sports parks	$12,329,384	$4,275,000	$16,604,384	$844,000	$131,679	$-	$15,628,705
Neighbourhood parks (all)	$8,644,724	$142,370,590	$151,015,314	$122,747	$46,979,606	$-	$103,912,960
TOTAL RESERVES	**$40,534,811**	**$160,769,590**	**$201,304,401**	**$6,656,855**	**$54,875,522**	**$-**	**$139,772,028**
Water supply	$30,196,828	$57,274,654	$87,471,482	$15,952,444	$12,227,625	$8,770,801	$50,520,606
Wastewater collection	$163,881,781	$165,779,246	$329,661,027	$33,759,979	$173,829,174	$14,984,320	$107,087,557
Wastewater treatment & disposal	$181,003,637	$62,760,001	$243,763,638	$7,379,096	$151,441,489	$35,965,346	$48,977,710
Stormwater & Flood Protection (all)	$87,547,442	$102,840,000	$190,387,442	$10,473,425	$70,371,771	$-	$109,542,239
Road network	$57,511,009	$168,657,431	$226,168,440	$20,654,594	$146,421,414	$-	$59,092,432
Active travel	$299,974	$69,214,854	$69,514,828	$-	$47,097,373	$-	$22,417,455
Public transport infrastructure	$10,228,919	$10,948,007	$21,176,926	$348,850	$17,257,307	$-	$3,570,769
TOTAL NETWORK INFRASTRUCTURE	**$530,669,590**	**$637,474,193**	**$1,168,143,783**	**$88,568,388**	**$618,646,153**	**$59,720,467**	**$401,208,768**
Cemeteries	$805,031	$3,750,000	$4,555,031	$-	$456,674	$-	$4,098,362
TOTAL COMMUNITY INFRASTRUCTURE	**$805,031**	**$3,750,000**	**$4,555,031**	**$-**	**$456,674**	**$-**	**$4,098,362**
TOTAL	**$572,009,432**	**$801,993,783**	**$1,374,003,215**	**$95,225,243**	**$673,978,349**	**$59,720,467**	**$545,079,158**

Note:

A: These figures are in 2013 dollars. The full schedule of future growth-related capital expenditure is obtainable online at http://www.ccc.govt.nz/homeliving/goaheadbuildingplanningSoo/feesandcharges-so8/developmentcontributions-so8-01.aspx and at the Council's Civic Offices, 53 Hereford Street.

B: No growth-related capital expenditure for parking, leisure facilities and libraries has been included in this 2013 DCP.

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Table A3.2 Summary of past and future growth-related capital expenditure ($2013; GST exclusive)

	Total Capex	Growth		
	(2001-22)	Total past capex (2001-12)	Total future capex (2013-22)	TOTAL capex (2001-22)
Regional parks	$21,050,044	$13,813,436	$3,442,656	$17,256,092
Garden & Heritage parks	$12,634,659	$461,708	$2,512,563	$2,974,271
Sports parks	$16,604,384	$12,242,384	$3,386,321	$15,628,705
Neighbourhood parks (all)	$151,015,314	$8,521,976	$95,390,984	$103,912,960
TOTAL RESERVES	**$201,304,401**	**$35,039,504**	**$104,732,524**	**$139,772,028**
Water supply	$87,471,482	$17,624,907	$32,895,699	$50,520,606
Wastewater collection	$329,661,027	$43,935,305	$63,152,252	$107,087,557
Wastewater treatment & disposal	$243,763,638	$35,299,248	$13,678,462	$48,977,710
Stormwater & Flood Protection (all)	$190,387,442	$51,754,775	$57,787,464	$109,542,239
Road network	$226,168,440	$27,169,188	$31,923,244	$59,092,432
Active travel	$69,514,828	$170,985	$22,246,470	$22,417,455
Public transport infrastructure	$21,176,926	$1,584,436	$1,986,333	$3,570,769
TOTAL NETWORK INFRASTRUCTURE	**$1,168,143,783**	**$177,538,844**	**$223,669,924**	**$401,208,768**
Cemeteries	$4,555,031	$748,358	$3,350,004	$4,098,362
TOTAL COMMUNITY INFRASTRUCTURE	$4,555,031	$748,358	$3,350,004	$4,098,362
TOTAL	**$1,374,003,215**	**$213,326,706**	**$331,752,452**	**$545,079,158**

A full breakdown of the Council's capital programme is available in the Capital Works Programme section of the Three Year Plan. The Council Activities and Services section of the Three Year Plan also provides information about the Council's capital programme, including a breakdown of why capital expenditure is being incurred (e.g. for renewals or growth) and how it is being funded (rates, debt or development contributions).

Reserves

Development contributions will be required for the growth-related capital expenditure associated with:

- As a result of household growth, expand the reserves assets portfolio, through the continued purchase of new reserves and through vesting new reserves from subdivisions, to:
  - – maintain the existing level of service of 18.0 ha. for regional parks and 3.5 ha. for sports parks per 1000 people; and
  - – maintain the existing level of service of 1 ha. per 1000 people for neighbourhood parks in each catchment; and
  - – The development of reserves and maintenance of levels of service provided to meet new needs for public open spaces.

The Council's reserves assets portfolio includes the following internally classified types of reserves:

- Regional parks – large, predominantly rural reserves, including coastal areas, the plains, wetlands and the Port Hills. Such reserves are primarily intended to protect and conserve natural, cultural and heritage landscapes and features while providing for passive recreation with a feeling of visual relief and remoteness from urbanity. The regional parks also contribute to the 'garden city' community outcomes for Christchurch and Banks Peninsula.
- Garden and heritage parks – small to large, predominantly urban reserves intended primarily to provide for distinct 'garden city' landscapes and protect heritage features, such as Victorian heritage gardens, fountains, clocks and statues.
- Sports parks – large reserves intended primarily to provide for formal, city-wide, active recreation (sporting activities and events) and open space.

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- Neighbourhood parks – small to medium sized reserves intended to provide for informal local, passive and active recreation and open space.
- Pocket parks – small sized reserves usually in higher density developments intended to provide a gathering point or passive recreation for residents or workers.
- Reserves for amenity purposes within or adjoining non-residential areas.
- Pedestrian and cycling linkages along or to significant natural features, or between other reserves and community facilities.
- Works for any other purpose permitted by Sections 205 and 206 of the LGA.

Reserves may be developed with either soft or hard landscaping, along with associated infrastructure such as seating, lighting, play equipment, public conveniences, artworks and water features, i.e. grassed with planting, or paved with raised planters in a highly developed environment such as the central city. This development will be consistent with the Council's required levels of service for reserves. Any development over and above this requirement will be funded by the developer (section 3.1.2). This recognises the financial and marketing benefits that such additional development will accrue to that particular development.

Funding provision for growth-related capital expenditure over the next nine years will focus on the continued expansion of the neighbourhood parks, including through vesting of land in new subdivisions. One significant regional park will be purchased and minor land will be acquired to open up frontages to existing sports parks.

Outside the greenfields vesting of reserve land, neighbourhood parks purchases are being made as part of the Public Open Spaces Acquisition Plan to balance the increase in infill housing in Living 3 Zones. This will meet the goal of the strategy to ensure at least 90% of residents in the urban environment live within 400m of a reserve. In particular, additional local reserve purchases continue to be planned in areas such as Addington, Riccarton, Central City, St Albans, Papanui and the inner city east.

In addition to extensions to existing reserves or the formation of linkages between them, the Open Spaces Acquisition Plan intends to add around 10 new reserves per year, which also need to be developed and levels of service provided to meet new needs arising from a growing and diverse population. The significant increase in residential development within the central city, as envisaged by the Christchurch Central Recovery Plan, will also require substantial amounts of open space to meet existing levels of service.

The development of land for residential purposes increases the actual or potential number of users of the open space and recreational facilities that reserves provide. Similarly, the development of land for non-residential purposes usually implies an increase in employment in an area, with consequent demands for open space to meet the leisure, walking and cycling needs of workers in, and visitors to, business areas and to enhance local amenity values. The emergence of residential units above businesses in the light industrial zones and the greater mixed-use zoning proposed by the UDS further supports the need for development contributions for reserves from subdivision for non-residential purposes.

In the 2007 DCP, the Council changed from a percentage of land value development contribution charge to a fixed HUE-based charge which is more directly linked to the Council's capital expenditure programme. As spelt out in section 3.1.1 this ensures a fiscally neutral position in funding reserves. The current reserves charges for regional, garden and heritage and sports parks have been kept to a district-wide charge because this best reflects the usage of those parks and the benefits that will accrue from them to the growth community. Neighbourhood parks continue to be based on four location-specific catchments (central city, inner city, suburban, rural) to reflect the localised nature of their usage and the different relative cost of land acquired in each of the catchments for neighbourhood parks.

Water supply

Development contributions will be required for the provision of growth-related capital expenditure for the water supply network of pipes and pumping stations, and capital works to provide additional reservoir capacity.

Wastewater collection

Development contributions will be required for the provision of growth-related capital expenditure for the network of wastewater pipes and pumps.

Wastewater treatment and disposal

Development contributions will be required for the provision of growth-related capital expenditure for wastewater treatment plants.

Stormwater and flood protection

Development contributions will be required for the provision of growth-related capital expenditure for the network of pipes and streams that make up the surface water management system and which benefit the urban parts of Christchurch and Banks Peninsula as a whole.

Road network

Development contributions will be required for the provision of growth-related capital expenditure for the public road network, particularly intersection improvements around new subdivisions. Development contributions are also required for additional capital expenditure and infrastructure for traffic services and safety programmes, road infrastructure (including bridges, walls and culverts), road drainage facilities (kerbs and channels) and road amenity (including street lighting and landscaping) that are required as a result of growth.

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Active travel

Development contributions will be required for the provision of growth-related active travel capital expenditure, including walking networks (such as public footpaths, public pedestrian malls and open spaces), cycling networks and public on-road and off-road cycle linkages and travel behaviour change programmes.

Parking

Due to the rebuild of the central city and the uncertainty around timing, location and size of new parking facilities, no growth-related capital projects for parking have been included in this DCP. This activity therefore, does not attract any development contribution charge in this DCP. However, the Council reserves the right to charge development contributions for growth-related parking capital expenditure in a future DCP should the need arise. If the Council chooses to reintroduce this development contribution activity, it will do so through the SCP process of a future LTP.

Public transport infrastructure

Development contributions will be required for the provision of growth-related capital expenditure required for public transport infrastructure bus priority systems and bus stop infrastructure.

Leisure facilities

At the time of developing this 2013 DCP, there remains considerable uncertainty surrounding the rebuild of leisure facilities across the district. Decisions have still to be made around timing, location and size of these facilities. As such no growth-related capital expenditure for leisure facilities has been included in this DCP. However, the Council reserves the right to charge development contributions for growth-related capital expenditure for leisure facilities in a future DCP should the need arise. If the Council chooses to reintroduce this development contribution activity, it will do so through the SCP process of a future LTP.

Libraries

At the time of developing the 2013 DCP, there remains considerable uncertainty surrounding the rebuild of libraries across the district. Decsions have still to be made about the timining, location and size of these libraries. As such, no growth-related capital expenditure for libraries ihas been included n this DCP. However, the Council reserves the right to charge development contributions for growth-related capital expenditure for libraries in a future DCP should the need arise. If the Council chooses to reintroduce this development contribution activity, it will do so through the SCP process of a future LTP.

Cemeteries

Development contributions will be required for the provision of growth-related capital expenditure on cemeteries for body and ashes burial and the expansion of existing cemeteries.

A3.2 Capital expenditure incurred in anticipation of growth

In the past, the Council has incurred expenditure in anticipation of development. Under the LGA the Council can recover the growth component of these projects implemented to support the future city. The cost of the growth component is determined from the actual total cost to implement these projects.

A3.3 Third-party funding

Where the Council anticipates funding will be available from a third party such as NZTA for any part of the growth component of the capital expenditure budget, then this proportion of funding has been excluded from the total cost of estimated growth to be funded by development contributions.[17] Similarly, any insurance funding received as a result of the rebuild has been factored into the capital funding requirements.

A3.4 Use of development contributions

The Council will use development contributions only for the capital expenditure required for growth-related capital expenditure on reserves or network and community infrastructure.

Where a development contribution is received for capital expenditure that has already been incurred by the Council, the Council will have met its obligations under the LGA that relate to the use of the development contributions, unless a refund is due.

Where the Council has received development contributions for reserves, in addition to the powers governing the use of development contributions for reserves in the LGA, the Council must use the cash or land received as follows:

- Cash – within 10 years of it being received; and
- Land – within 10 years of it being received, unless a longer period is agreed with the party who paid the contribution (in all circumstances the Council will seek to meet such an agreement).

Should the development contribution revenue not meet the target, the Council may, at its discretion, reduce the cost of capital expenditure by varying the scope of the project or substituting the project for another more suited to the growth needs of the district.

There will be a review of the capital expenditure programme each year and changes to the development contribution charges, resulting from cost increase associated with the provision of relevant infrastructure may result. However, notwithstanding a change in any specific project, it is expected that the activity as a whole will continue to address the service level needs of the district.

17 Section 200(1) of the LGA states that a territorial authority must not require a development contribution for a reserve, network infrastructure or community infrastructure if, and to the extent that...(c) the territorial authority has received or will receive funding from a third party.

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Table A3.3 Detail of planned growth-related capital expenditure (2013 $; GST exclusive)

Activity	Project Name	$'000 Plan 2013-14	Plan 2014-15	Plan 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19	Forecast 2019-20	Forecast 2020-21	Forecast 2021-22	Total Future Growth Capex (2013-22)
Regional Parks											
	Banks Peninsula Walkways Development	$0	$0	$0	$74	$74	$74	$74	$74	$74	$443
	Cashmere Forest Park	$3,000	$0	$0	$0	$0	$0	$0	$0	$0	$3,000
Regional Parks Total		**$3,000**	**$0**	**$0**	**$74**	**$74**	**$74**	**$74**	**$74**	**$74**	**$3,443**
Garden & Heritage Parks											
	Botanic Gardens Entry Pavilion	$1,620	$0	$0	$0	$0	$0	$0	$0	$0	$1,620
	Botanic Gardens Playground Renewal	$0	$0	$0	$4	$5	$272	$181	$0	$0	$462
	Garden and Heritage Parks - Furniture (New)	$8	$4	$12	$12	$12	$12	$12	$12	$12	$93
	Garden and Heritage Parks - Green Assets (New)	$20	$20	$13	$33	$33	$16	$16	$16	$16	$182
	Garden and Heritage Parks - Hard Surfaces (New)	$33	$8	$16	$16	$16	$16	$16	$16	$16	$150
	Risingholme Park Playground Renewal (to accessible stds)	$0	$0	$0	$0	$0	$0	$0	$0	$5	$5
Garden & Heritage Parks Total		**$1,682**	**$32**	**$40**	**$64**	**$64**	**$315**	**$224**	**$43**	**$48**	**$2,513**
Sports Parks											
	Barrington Park Playground Renewal (accessibility standard)	$0	$0	$0	$0	$0	$0	$0	$1	$18	$20
	Bishopdale Park Skateboard Area Renewal	$0	$0	$0	$0	$0	$4	$40	$0	$0	$44
	Canterbury Agricultural Park Toilet and changing rooms	$800	$100	$0	$0	$0	$0	$0	$0	$0	$900
	Halswell Domain Car Park	$250	$200	$150	$0	$0	$0	$0	$0	$0	$600
	Rawhiti Domain Sports Turf Upgrade to Premier Park	$0	$0	$0	$0	$0	$0	$5	$250	$0	$255
	Roto Kohatu Reserve (ex landfill site)	$0	$0	$180	$170	$130	$150	$30	$50	$180	$890
	South New Brighton reserves recovery and development	$0	$0	$0	$30	$60	$23	$50	$50	$50	$263
	Washington Reserve	$415	$0	$0	$0	$0	$0	$0	$0	$0	$415
Sports Parks Total		**$1,465**	**$300**	**$330**	**$200**	**$190**	**$177**	**$125**	**$351**	**$248**	**$3,386**

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Table A3.3 Detail of planned growth-related capital expenditure (2013 $; GST exclusive)

Activity	Project Name	$'000 Plan 2013-14	Plan 2014-15	Plan 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19	Forecast 2019-20	Forecast 2020-21	Forecast 2021-22	Total Future Growth Capex (2013-22)
Neighbourhood Parks											
Neighbourhood Parks Total		**$8,398**	**$10,738**	**$11,600**	**$10,225**	**$13,434**	**$13,268**	**$11,718**	**$9,562**	**$6,447**	**$95,391**
TOTAL RESERVES		**$14,545**	**$11,070**	**$11,971**	**$10,563**	**$13,762**	**$13,834**	**$12,141**	**$10,030**	**$6,817**	**$104,733**
Water Supply											
	WS New Wells for Growth	$505	$471	$1,413	$471	$471	$471	$471	$1,413	$471	$6,155
	WS Akaroa Water Upgrade	$914	$1,097	$0	$0	$0	$0	$0	$0	$0	$2,010
	WS Extension to Charteris Bay	$424	$0	$0	$0	$0	$0	$0	$0	$0	$424
	WS HWorks Land Purchase for Pump Station	$417	$0	$333	$0	$0	$417	$0	$0	$0	$1,167
	WS Little River Increased Supply	$597	$0	$0	$0	$0	$0	$0	$0	$0	$597
	WS Lyttelton R&R Rail Tunnel Pipeline	$0	$0	$0	$0	$0	$14	$30	$133	$133	$311
	WS Mains Renewals	$36	$36	$36	$36	$49	$49	$49	$49	$49	$389
	WS New Pump Stations for Growth	$1,683	$1,683	$1,683	$1,683	$0	$0	$0	$1,683	$1,683	$10,100
	WS New Reservoirs (Growth)	$0	$0	$0	$0	$0	$0	$0	$0	$1,000	$1,000
	WS New Headworks Secondary Station (Growth)	$0	$0	$0	$0	$0	$0	$0	$0	$583	$583
	WS Reticulation New Mains	$1,250	$1,250	$1,250	$938	$938	$708	$708	$708	$708	$8,458
	WS Subdivisions additional infrastructure for development	$150	$150	$200	$200	$200	$200	$200	$200	$200	$1,700
Water Supply Total		**$5,976**	**$4,687**	**$4,915**	**$3,328**	**$1,657**	**$1,859**	**$1,459**	**$4,187**	**$4,828**	**$32,896**
Wastewater Collection											
	WW Cracroft RM Ext to Cashmere Rd	$0	$0	$300	$0	$0	$0	$0	$0	$0	$300
	WW Extension to Charteris Bay	$927	$0	$0	$0	$0	$0	$0	$0	$0	$927
	WW Infra R&R Wastewater Reticulation	$83	$107	$124	$124	$124	$124	$165	$206	$248	$1,305
	WW Major Trunk Expansion (Inc SW)	$159	$83	$724	$724	$724	$724	$478	$290	$290	$4,196
	WW New Mains Programme	$1,250	$1,250	$833	$833	$833	$833	$667	$667	$667	$7,833

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Table A3.3 Detail of planned growth-related capital expenditure (2013 $; GST exclusive)

		$'000									Total Future Growth Capex (2013-22)
Activity	**Project Name**	**Plan 2013-14**	**Plan 2014-15**	**Plan 2015-16**	**Forecast 2016-17**	**Forecast 2017-18**	**Forecast 2018-19**	**Forecast 2019-20**	**Forecast 2020-21**	**Forecast 2021-22**	
	WW Northern Relief & PS (PS 6,7,39,40,41)	$677	$3,383	$3,383	$3,383	$677	$0	$0	$0	$0	$11,503
	WW Northern Trunk Sewer	$286	$572	$2,290	$2,290	$2,290	$2,290	$286	$0	$0	$10,305
	WW Pumping New Stns for Growth	$833	$833	$417	$2,083	$833	$0	$0	$0	$0	$5,000
	WW Pumping Station 60 Upgrade	$0	$0	$0	$0	$444	$0	$0	$0	$0	$444
	WW Riccarton Trunk Main Project	$10	$25	$247	$247	$111	$0	$0	$0	$0	$641
	WW South West Area Growth	$2,559	$2,559	$1,706	$1,706	$1,706	$1,706	$1,706	$1,706	$1,706	$17,059
	WW Subdivisions Add Infra for Dev-GenO/H	$225	$225	$225	$225	$180	$180	$180	$180	$180	$1,797
	WW Wainui Sewer Retic & WWTP	$571	$822	$0	$0	$0	$0	$0	$0	$0	$1,393
	WW Wairakei Diversion	$191	$0	$0	$0	$0	$0	$0	$0	$0	$191
	WW Worsleys Sewer (Lower Blocks 3 & 4)	$257	$0	$0	$0	$0	$0	$0	$0	$0	$257
Wastewater Collection Total		**$8,028**	**$9,860**	**$10,249**	**$11,616**	**$7,923**	**$5,857**	**$3,482**	**$3,048**	**$3,090**	**$63,152**
Wastewater Treatment & Disposal											
	WW Lyttelton Harbour Stage 2	$0	$0	$0	$0	$0	$0	$56	$585	$585	$1,226
	WW Lyttelton Harbour WWTP	$0	$0	$0	$279	$2,908	$2,908	$0	$0	$0	$6,094
	WW New Akaroa Wastewater Treatment Plant	$55	$113	$1,548	$3,095	$1,548	$0	$0	$0	$0	$6,358
Wastewater Treatment & Disposal Total		**$55**	**$113**	**$1,548**	**$3,375**	**$4,455**	**$2,908**	**$56**	**$585**	**$585**	**$13,678**
Stormwater & Flood Protection											
	Applefields stormwater detention facility	$0	$192	$0	$0	$0	$0	$0	$0	$0	$192
	Kirkwood Basin	$200	$1,000	$0	$0	$0	$0	$0	$0	$0	$1,200
	Lower Milns	$25	$0	$0	$0	$0	$0	$0	$0	$0	$25
	Natural Waterways (New)	$30	$30	$30	$30	$30	$30	$30	$30	$30	$270
	Open Water Systems - Open Drains (New)	$30	$90	$60	$60	$60	$0	$0	$0	$0	$300
	Piped Systems - Pipe Drains (New)	$600	$600	$600	$600	$600	$600	$600	$600	$600	$5,400
	Prestons/Clare Park Stormwater	$775	$1,163	$0	$0	$0	$0	$0	$0	$0	$1,938
	South West SMP - Waterways Detention and Treatment Facility	$1,740	$2,490	$3,000	$3,450	$2,640	$3,600	$4,470	$4,320	$3,930	$29,640
	Styx Mill Conservation Reserve	$5	$5	$5	$5	$10	$35	$15	$5	$5	$90

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Table A3.3 Detail of planned growth-related capital expenditure (2013 $; GST exclusive)

Activity	Project Name	$'000 Plan 2013-14	Plan 2014-15	Plan 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19	Forecast 2019-20	Forecast 2020-21	Forecast 2021-22	Total Future Growth Capex (2013-22)
	STYX SMP - Waterway Detention and Treatment facilities	$290	$1,159	$1,159	$1,159	$2,898	$2,898	$2,898	$2,898	$2,898	$18,255
	Travis Wetland	$3	$3	$3	$3	$3	$3	$3	$3	$3	$27
	Waterways & Wetlands Purchases	$50	$50	$50	$50	$50	$50	$50	$50	$50	$450
Waterways & Land Drainage Total		**$3,748**	**$6,782**	**$4,907**	**$5,357**	**$6,291**	**$7,216**	**$8,066**	**$7,906**	**$7,516**	**$57,787**
Road Network											
	Advanced Direction Signage	$15	$15	$15	$15	$15	$15	$15	$15	$15	$134
	Annex / Birmingham / Wrights Route Upgrade	$93	$467	$1,084	$187	$0	$0	$0	$0	$0	$1,832
	Awatea Route Upgrade	$176	$160	$0	$0	$0	$0	$0	$0	$0	$335
	Blackspot Remedial Works	$23	$23	$23	$23	$23	$23	$23	$23	$23	$203
	Canterbury Park Access	$57	$0	$0	$0	$0	$0	$0	$0	$0	$57
	Carrs Rd Cycle & Pedestrian Bridge	$61	$713	$0	$0	$0	$0	$0	$0	$773	$1,547
	Cranford Street Upgrade (4 Laning)	$31	$31	$23	$23	$23	$23	$46	$799	$876	$1,875
	Ferry & Moorhouse Road Widening (Aldwins to Fitzgerald)	$0	$0	$0	$0	$0	$0	$0	$452	$1,105	$1,557
	Footpath Extensions	$18	$18	$18	$18	$18	$18	$18	$18	$18	$160
	Intersection Improvement: Aldwins / Linwood	$31	$0	$0	$0	$0	$0	$0	$0	$0	$31
	Intersection Improvement: Brougham / Burlington	$29	$0	$0	$0	$0	$0	$0	$0	$0	$29
	Intersection Improvement: Burwood / Mairehau	$22	$223	$0	$0	$0	$0	$0	$0	$0	$245
	Intersection Improvement: Gardiners / Sawyers Arms	$77	$0	$0	$0	$0	$0	$0	$0	$0	$77
	Intersection Improvement: Glandovey / Idris	$129	$0	$0	$0	$0	$0	$0	$0	$0	$129
	Intersection Improvement: Greers / Northcote / Sawyers Arms	$79	$316	$158	$0	$0	$0	$0	$0	$0	$552
	Intersection Improvement: Lower Styx / Marshland	$38	$382	$0	$0	$0	$0	$0	$0	$0	$420

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Table A3.3 Detail of planned growth-related capital expenditure (2013 $; GST exclusive)

Activity	Project Name	$'000 Plan 2013-14	Plan 2014-15	Plan 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19	Forecast 2019-20	Forecast 2020-21	Forecast 2021-22	Total Future Growth Capex (2013-22)
	Intersection Improvement: Main North / Marshland / Spencerville	$0	$0	$0	$0	$0	$0	$18	$175	$0	$193
	Intersection Improvement: Mairehau / Marshland	$286	$191	$0	$0	$0	$0	$0	$0	$0	$477
	Intersection Improvement: Marshland / Prestons	$298	$350	$0	$0	$0	$0	$0	$0	$0	$648
	Minor Safety Projects	$19	$19	$19	$19	$19	$19	$18	$18	$18	$167
	New Footpaths	$94	$94	$94	$94	$94	$94	$94	$94	$94	$847
	New Grassed Berms	$71	$71	$71	$71	$71	$71	$71	$71	$71	$641
	New Retaining Wall at 270 Wainui Main Road	$107	$0	$0	$0	$0	$0	$0	$0	$0	$107
	New Road Markings	$9	$9	$9	$9	$9	$9	$9	$9	$9	$77
	Northcote Road 4 laning	$9	$218	$642	$148	$0	$0	$0	$0	$0	$1,017
	Northern Arterial Extension (Cranford - QEII)	$47	$47	$28	$28	$28	$28	$56	$2,609	$3,168	$6,038
	Northern Arterial Links	$37	$37	$9	$9	$9	$9	$37	$746	$839	$1,733
	Pedestrian Priority	$7	$7	$7	$7	$7	$7	$7	$7	$7	$67
	Pedestrian Safety Initiatives	$36	$36	$36	$36	$36	$36	$36	$36	$36	$323
	Pole Relocation	$37	$37	$37	$37	$37	$37	$37	$37	$37	$334
	Road Safety At Schools	$69	$69	$69	$69	$69	$69	$69	$69	$69	$618
	Safe Routes To School	$22	$22	$22	$22	$22	$22	$22	$22	$22	$199
	Safety Improvements Programme	$7	$7	$7	$7	$7	$7	$7	$7	$7	$66
	Sawyers Arms Road Corridor Improvements	$15	$15	$0	$0	$0	$0	$0	$0	$0	$31
	School Crossing Equipment	$5	$5	$5	$5	$5	$5	$5	$5	$5	$43
	School Speed Zone Signs	$24	$24	$24	$24	$24	$24	$24	$24	$24	$220
	Signs Parking & Non-Regulatory	$12	$12	$12	$12	$12	$12	$12	$12	$12	$111
	Signs Regulatory	$29	$29	$29	$29	$29	$29	$29	$29	$29	$258
	ST Banks Peninsula: New Kerb & Channel	$13	$13	$13	$13	$13	$13	$13	$13	$13	$113
	ST Intersection Improvements	$0	$307	$307	$307	$307	$307	$307	$307	$307	$2,456
	Strategic Directional Signage	$25	$0	$25	$0	$25	$0	$25	$0	$25	$124

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Table A3.3 Detail of planned growth-related capital expenditure (2013 $; GST exclusive)

Activity	Project Name	$'000 Plan 2013-14	Plan 2014-15	Plan 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19	Forecast 2019-20	Forecast 2020-21	Forecast 2021-22	Total Future Growth Capex (2013-22)
	Subdivisions (Transport Infrastructure)	$188	$188	$188	$188	$188	$188	$188	$188	$188	$1,693
	Tactile Pavers	$7	$7	$7	$7	$7	$7	$7	$7	$7	$64
	Traffic Signal Cameras	$18	$18	$18	$18	$18	$18	$18	$18	$18	$160
	Transport Corridor Optimisation Works	$12	$12	$12	$6	$6	$6	$6	$6	$6	$73
	Wigram Magdala Link	$0	$1,176	$1,621	$0	$0	$0	$0	$0	$0	$2,797
	Wigram Road Extension: Halswell Junction to Marshs	$78	$520	$130	$0	$0	$0	$0	$0	$0	$728
	Wigram Road Upgrade	$0	$0	$0	$73	$243	$0	$0	$0	$0	$316
Road Network Total		**$2,459**	**$5,886**	**$4,762**	**$1,503**	**$1,363**	**$1,095**	**$1,217**	**$5,816**	**$7,822**	**$31,923**
Active Travel											
	Heathcote River Heritage Trail	$0	$36	$107	$356	$570	$0	$0	$0	$0	$1,069
	Local Cycleway: Heathcote Rail Route to City	$107	$107	$784	$1,069	$713	$0	$0	$0	$0	$2,780
	Major Cycleway: Airport Route	$0	$67	$67	$641	$674	$0	$0	$0	$0	$1,450
	Major Cycleway: Avon River Route - New Brighton to City	$67	$67	$607	$674	$0	$0	$0	$0	$0	$1,416
	Major Cycleway: Grassmere Route - Papanui to City	$299	$448	$149	$0	$0	$0	$0	$0	$0	$896
	Major Cycleway: Halswell to City	$95	$64	$159	$699	$318	$0	$0	$0	$0	$1,335
	Major Cycleway: Hornby Rail Route - Tempelton to City	$95	$159	$64	$1,271	$2,416	$0	$0	$0	$0	$4,005
	Major Cycleway: Little River Route	$207	$334	$223	$0	$0	$0	$0	$0	$0	$763
	Major Cycleway: Northern Rail Route - Belfast to Riccarton Suburbs	$445	$1,049	$636	$0	$0	$0	$0	$0	$0	$2,130
	Major Cycleway: South to City	$95	$509	$318	$0	$0	$0	$0	$0	$0	$922
	Major Cycleway: Sumner to City	$458	$917	$819	$0	$0	$0	$0	$0	$0	$2,194
	Major Cycleway: University to City	$179	$209	$0	$0	$0	$0	$0	$0	$0	$388
	Major Cycleway: Western Inner Orbital	$101	$67	$708	$1,011	$1,011	$0	$0	$0	$0	$2,899
Active Travel Total		**$2,149**	**$4,033**	**$4,640**	**$5,722**	**$5,702**	**$0**	**$0**	**$0**	**$0**	**$22,246**

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Table A3.3 Detail of planned growth-related capital expenditure (2013 $; GST exclusive)

Activity	Project Name	$'000 Plan 2013-14	Plan 2014-15	Plan 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19	Forecast 2019-20	Forecast 2020-21	Forecast 2021-22	Total Future Growth Capex (2013-22)
Parking											
Parking Total		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Public Transport Infrastructure											
	Bus Stop Installation	$9	$9	$9	$9	$9	$9	$9	$9	$9	$85
	Bus Stop Seating	$5	$5	$5	$5	$5	$5	$5	$5	$5	$49
	Core PT Route & Facilities: West (Riccarton & Hornby)	$469	$844	$0	$0	$0	$0	$0	$0	$0	$1,313
	Public Transport Minor Works	$3	$3	$3	$3	$3	$3	$3	$3	$3	$23
	RTI Bus Finder Installations	$11	$11	$11	$11	$11	$11	$11	$11	$11	$100
	RTI Variable Message Sign-Board Installations	$12	$12	$12	$12	$12	$12	$12	$12	$12	$108
	Shelter Installation	$34	$34	$34	$34	$34	$34	$34	$34	$34	$308
Public Transport Infrastructure Total		**$544**	**$919**	**$75**	**$75**	**$75**	**$75**	**$75**	**$75**	**$75**	**$1,986**
TOTAL NETWORK INFRASTRUCTURE		**$22,959**	**$32,279**	**$31,096**	**$30,976**	**$27,466**	**$19,009**	**$14,353**	**$21,617**	**$23,915**	**$223,670**
Leisure Facilities											
Leisure Facilities Total		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Libraries											
Libraries Total		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Cemeteries											
	Cemeteries - Green Assets (New)	$156	$156	$156	$156	$156	$156	$156	$156	$156	$1,400
	Cemetery Beams	$50	$50	$50	$50	$50	$50	$50	$50	$50	$450
	New cemetery purchase	$0	$0	$500	$0	$0	$500	$0	$0	$500	$1,500
Cemeteries Total		**$206**	**$206**	**$706**	**$206**	**$206**	**$706**	**$206**	**$206**	**$706**	**$3,350**
TOTAL COMMUNITY INFRASTRUCTURE		**$206**	**$206**	**$706**	**$206**	**$206**	**$706**	**$206**	**$206**	**$706**	**$3,350**
TOTAL GROWTH EXPENDITURE		**$37,710**	**$43,554**	**$43,772**	**$41,745**	**$41,434**	**$33,549**	**$26,699**	**$31,852**	**$31,437**	**$331,752**

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Appendix 4: Methodology to establish Non-Residential HUE equivalences

A4.1 Reserves

All non-residential development will be assessed, on subdivision, at 1 HUE per additional lot for reserves, as previously agreed by a joint Council and development industry working party in recognition of the definite, but limited, demand non-residential development places on them.

A4.2 Water supply

The methodology to establish the equivalences for both water supply and wastewater collection, treatment and disposal is the same. The calculations for water are shown in this section (A4.2) and the next for wastewater (A4.3). Using typical water and wastewater daily usage figures and typical floor area allocations per person, water and wastewater usage figures per m² are established for a range of different non-residential land uses. These figures are then applied to the mix of these land uses that occur in the different business zones defined for the district, to arrive at water and wastewater demand figures per m² and by business zone. These figures are then compared to the district's household demand figures to determine the household equivalents.

Table A4.1

Residential Water usage		
Average usage	248 l/day/person	(1)
Average occupancy	2.6 persons per household	(2)
Average daily flow per household	644.8 litres per household per day	(3)

Table A4.2

Representative standards (4)	Floor area per person (m2 per person)	Average use per person (litres per person per day)	Average use by floor area (l/day/m2)
Accommodation	60	300	5.00
Commercial	40	80	2.00
Retail	35	80	2.29
Industrial (dry/light)	40	80	2.00
Industrial	40	130	3.25
Warehouse	40	80	2.00
Education	12.5	25	2.00

Table A4.3

Usage per m²	Accommodation	Commercial	Retail	Industrial (light/dry)	Industrial	Warehouse
Litres per day per m²	5.00	2.00	2.29	2.00	3.25	2.00

Table A4.4

Usage by Zones (5)	Accommodation	Commercial	Retail	Industrial (light/dry)	Industrial	Warehouse	Total
Business 1 – Local shopping areas	0%	25%	75%	0%	0%	0%	100%
Business 2 – Large retail areas	0%	10%	90%	0%	0%	0%	100%
Business 3 – Light industry	0%	5%	5%	15%	25%	50%	100%
Business 4 – Industry	0%	10%	5%	30%	25%	30%	100%
Business 5 – General industrial	0%	0%	0%	30%	25%	45%	100%
Business 6 – Rural industrial	0%	0%	0%	40%	45%	15%	100%
Business Retail Park – large format retail and trade supply	0%	20%	80%	0%	0%	0%	100%
Central city and central city edge – CBD	5%	60%	25%	0%	5%	5%	100%
Special Purpose (Airport)	5%	75%	5%	0%	15%	0%	100%

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Table A4.5

Business type/zone	Floor area (m^2) (6)	Litres/day/m^2 floor area (7)	Household equivalent per m^2 (hh/m^2) (8)	m^2 per household (9)
Business 1 – Local shopping areas	195,152	2.21	0.0034	291
Business 2 – Large retail areas	448,103	2.26	0.0035	286
Business 3 – Light industry	1,224,625	2.33	0.0036	277
Business 4 – Industry	1,532,238	2.33	0.0036	277
Business 5 – General industrial	2,060,850	2.31	0.0036	279
Business 6 – Rural industrial	73,974	2.56	0.0040	252
Business Retail Park – large format retail and trade supply	125,386	2.23	0.0035	289
Central city and central city edge – CBD	1,398,950	2.28	0.0035	282
Special Purpose (Airport)	170,946	2.35	0.0036	274

Notes:

(1) Estimate of average residential consumption per person (based on 10 year average residential water consumption).

(2) Average occupancy provided by the Council’s Strategy and Planning Group.

(3) Average usage multiplied by average occupancy.

(4) Equivalence Methodology Document: SPM Applications (2008).

(5) Breakdown of proportions of development in business zones provided by the Council’s Strategy and Planning Group.

(6) Floor area in each business zone provided by the Council’s Strategy and Planning Group.

(7) Standard discharge per m2 weighted by activities carried out in zone.

(8) Previous column divided by average daily flow per household.

(9) Inverse of previous column.

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A4.3 Wastewater Collection, Treatment and Disposal

Table A4.6

Waste water		
Average discharge	220 l/day/person	(1)
Average occupancy	2.6 persons per household	(2)
Average daily flow per household	572.0 litres per household per day	(3)

Table A4.7

Background standards (4)	Floor area per person (m² per person)	Discharge per person (litres per person per day)	Discharge per floor area (litres per day per m²)
Accommodation	60	300	5.00
Commercial	40	80	2.00
Retail	35	80	2.29
Industrial (dry/light)	40	80	2.00
Industrial	40	130	3.25
Warehouse	40	80	2.00
Education	12.5	25	2.00

Table A4.8

Discharge per m²	Accommodation	Commercial	Retail	Industrial (light/dry)	Industrial	Warehouse
Litres per day per m²	5.00	2.00	2.29	2.00	3.25	2.00

Table A4.9

Usage by Zones (5)	Accommodation	Commercial	Retail	Industrial (light/dry)	Industrial	Warehouse	Total
Business 1 – Local shopping areas	0%	25%	75%	0%	0%	0%	100%
Business 2 – Large retail areas	0%	10%	90%	0%	0%	0%	100%
Business 3 – Light industry	0%	5%	5%	15%	25%	50%	100%
Business 4 – Industry	0%	10%	5%	30%	25%	30%	100%
Business 5 – General industrial	0%	0%	0%	30%	25%	45%	100%
Business 6 – Rural industrial	0%	0%	0%	40%	45%	15%	100%
Business Retail Park – large format retail and trade supply	0%	20%	80%	0%	0%	0%	100%
Central city and central city edge – CBD	5%	60%	25%	0%	5%	5%	100%
Special Purpose (Airport)	5%	75%	5%	0%	15%	0%	100%

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Table A4.10

Business type/zone	Floor area (m^2) (6)	Litres/day/m^2 floor area (7)	Household equivalent per m2 (hh/m^2) (8)	m^2 per household (9)
Business 1 – Local shopping areas	195,152	2.21	0.0039	258
Business 2 – Large retail areas	448,103	2.26	0.0039	253
Business 3 – Light industry	1,224,625	2.33	0.0041	246
Business 4 – Industry	1,532,238	2.33	0.0041	246
Business 5 – General industrial	2,060,850	2.31	0.0040	247
Business 6 – Rural industrial	73,974	2.56	0.0045	223
Business Retail Park – large format retail and trade supply	125,386	2.23	0.0039	257
Central city and central city edge – CBD	1,398,950	2.28	0.0040	250
Special Purpose (Airport)	170,946	2.35	0.0041	243

Notes:

(1) Estimate of average residential discharge per person (Design Code of Practice).

(2) Occupancy provided by the Council's Strategy and Planning Group.

(3) Discharge multiplied by occupancy.

(4) Equivalence Methodology Document: SPM Applications (2008).

(5) Breakdown of proportions of development in business zones provided by the Council's Strategy and Planning Group.

(6) Floor area in each business zone provided by Council's Strategy and Planning Group.

(7) Standard discharge per m2 weighted by activities carried out in zone.

(8) Previous column divided by average daily flow per household.

(9) Inverse of previous column.

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A4.4 Stormwater and flood protection

The stormwater and flood protection equivalence is based on an assessment of demand for surface water management services from a unit area of non-residential land as a proportion of the surface water management demand from a typical residential site.

A4.4.1 Residential imperviousness

The demand measure for residential surface water is the average impervious area per site, being the sum of the building footprint (m^2) and impervious surfaces (m^2). It does not include any allowance for impervious surfaces off the site, such as roads, vehicle crossings and footpaths. Assessments of impervious areas have been made for a number of projects in the past, including measuring representative samples from aerial photographs.

A typical residential site impervious area is estimated from:

- Interpretation of satellite photography for degree of imperviousness by Landcare Research Ltd.
- Knowledge of a typical residential building footprint.

Residential imperviousness is therefore calculated as follows:

Typical residential building footprint	195 m^2
+	
Typical impervious area on a residential site 2	32 m^2
=	**427 m^2**

A4.4.2 Non-residential imperviousness

Each square metre (m^2) of impervious surface can be considered to have an equal impact on flooding and erosion regardless of the source being residential or non-residential. However, surface water management projects may have multiple drivers, including resolving surface water discharge quality in addition to flooding and erosion.

It is generally considered that the contamination of surface water runoff is higher in non-residential areas. The need to deal with additional contaminant loadings affects the cost of surface water management services and hence the equivalence calculation. For the purpose of this assessment, it is considered that surface water contaminants from non-residential environments are twice the load from residential environments and this differential is adopted for the equivalence calculation.

The calculation also makes the assumption, based on forward planning to date and experience from other cities, that 40% of capital expenditure will relate to flooding and erosion mitigation and 60% will relate to water quality mitigation.

Assumptions applicable to the non-residential surface water equivalence calculation are therefore:

- The proportion of the capital works programme related to flooding and erosion is 40%.
- The proportion of the capital works programme related to surface water quality is 60%.
- The contaminant load ratio between non-residential and residential is 2:1.

Non-residential imperviousness is therefore calculated as follows:

Share of 1 m^2 of non-residential impervious surface related to flooding and erosion = 1m^2 x flooding and erosion portion = 1m^2 x 40% = **0.40 m^2**

Share of 1m^2 of non-residential impervious surface related to surface water quality = 1m^2 x contaminant load ratio x surface water quality portion = 1m^2 x 60% x 2 = **1.20 m^2**

Effective equivalent area = Flooding and erosion share + contaminant loading share = 0.40m^2 + 1.20m^2 = **1.60 m^2**

Equivalence 1m2 of non-residential impervious surface = 1.60 ÷ 427 HUE/ m^2 = **0.0038 HUE**

A4.5 Transport

For transport related activities, equivalence is based upon the amount of travel generated by an activity. This has a unit measure of vehicle kilometres travelled per day (VKD). The methodology to establish the equivalences for transport activities has been reviewed in light of the latest, post-earthquake land use projections. This has included reviewing and updating, where necessary, the equivalence mechanism applied to charges for transport improvement projects, using both the updated land use projection and updated Christchurch transport model (CTM). The review has confirmed that, despite a new transport model platform used compared with that adopted previously, the calculation factors for relative attractions for residential and business trips adopted within the current DCP remain (broadly) very similar indeed. [18]

For current or planned projects, demand drivers for transport activities are all based on vehicle kilometres per year. A 2012 baseline of residential vehicles kilometres per day is taken from the Council's traffic modelling system and compared with forecast for 2021 under two scenarios: a no-growth scenario to control for increase in vehicle kilometres associated with other factors (such as increased vehicle ownership), and the Council's forecast population growth scenario. This enables the allocation of project costs between backlog and growth as outlined in Table A4.11.

18 *The CTM is calibrated to 2006 surveys and is based on a Cube software platform. This differs from the previous model which was based on 2001 model estimates (from a TRACKS model platform founded on 1991 surveys).*

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Table A4.11 Transport growth allocation for the 2013 DCP

Scenario	Residential vehicle kilometres per day (VKD)	Total Change (C-A)	Backlog (B-A)	Growth (C-B)
A: Base capacity (2012)	2,949,204	65,995 (100%)	42,477 (64.4%)	23,518 (35.6%)
B: 2021 with no growth	2,991,681			
C: 2021 Growth scenario (quick)	3,015,199			

On the basis of these estimates of residential growth, 35.6% of transport projects are allocated to growth, with the balance (64.4%) considered backlog that will be funded by ratepayers.

The growth in residential travel can then be converted into trips by business zone, as trips are generated by activities at either end. For example, a one-way trip from home to work (e.g. office) is driven by both the residence at one end and the office at the other. Thus the capacity taken up by one trip should be allocated equally between the residence and the office. The review suggested a very close relationship between previously calculated ('chargeable') allocation between residential and business. The following HUE equivalences for business zones (applicable across the district) have therefore been used. These are the same as that used in the 2009 DCP.

Table A4.12 Non-residential (Business) Transport Equivalences

Land Zone	Base trips per 100 m²	Floor area per HUE (m²)	HUE's / m²
B1 – local shopping areas	30.30	48	0.0209
B2 – large retail areas	46.40	31	0.0320
B3 – light industry	9.00	161	0.0062
B4 – industry	11.30	128	0.0078
B5 – general industrial	6.10	238	0.0042
B6 – rural industrial	3.00	476	0.0021
Business Retail Park	32.48	45	0.0224
Central City & Central City Edge	14.35	101	0.0099
Special Purpose (Airport)	Special Assessment		
Other non-residential	Special Assessment		
All Business	**13.21**	**110**	**.0091**

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Transport HUE equivalents for specific activities remain unchanged from the 2009 DCP and are summarised in Table A4.13:

Table A4.13 Activity-based transport equivalents

Activity	Measure	HUE Equivalent
Retirement villages (1)	Per residential unit	0.3000
Commercial premises / offices	m^2 GFA	0.0043
Shopping centres >10,000m^2	m^2 GFA	0.0151
Shopping centres < 10,000m^2	m^2 GFA	0.0278
Supermarkets	m^2 GFA	0.0184
Service stations with retail facilities	m^2 GFA	0.0356
Markets	m^2 GFA	0.0010
Bulk goods / Home improvement stores	m^2 GFA	0.0098
Drive-in fast food restaurants	m^2 GFA	0.0241
Restaurants	m^2 GFA	0.0155
Manufacturing industries	m^2 GFA	0.0044
Warehouses / storage	m^2 GFA	0.0013
Accommodation in central city and central city edge zones	Unit	0.0001
Accommodation not in central city and central city edge zones	Unit	0.0010

Note:
1. This applies to residential units only. Non-residential elements such as hospitals, day care units or administration areas will be charged at business rates as applicable.

A4.6 Cemeteries

All non-residential development will be assessed at zero HUEs for cemeteries

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APPENDIX 5: The LGA requirements and other considerations in the calculation of development contributions

A5.1 LGA Requirements

Section 106 and section 201 of the LGA requires this policy to include, in summary form, an explanation of, and justification for, the way each development contribution in the schedule of development contribution charges is calculated. As such, each development contribution has been calculated in accordance with the methodology set out in Schedule 13 of the LGA, by using the following process.

Table A5.1 Calculation of development contribution

Step	Explanation	LGA reference
One	From the capital expenditure projects included in the TYP:	Section 106(2)(a)
	• Determine the activity for the purposes of assessing the development contribution.	Section 106(2)(d) Schedule 13(1)(a)
	• Record the catchment where the project provides capacity to meet demand.	Schedule 13(1)(a)
	• Summarise in the DCP the capital works (with a component of capacity for growth) from the TYP that have been included in the determination of the development contribution charge (refer to Table A3.1).	Section 106(2)(a)
	• Deduct from the project cost all reasonably anticipated funding from third parties (typical sources of third party funding include NZTA, Lotteries Grant, community fund raising). Where insurance has been paid due to the earthquakes, this too has been deducted as appropriate.	Section 200(1)(c)
	• Record the capacity life of the project – the growth cost share will be assigned to the demand reported in the growth model over the capacity life of the project to a maximum of the 30 years (as referred to in the Council's Revenue and Finance Policy).	Schedule 13(1)(b)
	• Include completed projects that were constructed to provide capacity for future demand and still have remaining surplus capacity. The actual costs of these projects less third party funding are included.	Section 199(2)
	• Exclude projects which may be implemented as works and services on condition of a resource consent, etc, from the determination of the development contribution charge.	Section 200(1)(a) Section 200(1)(b)
	• Assess each activity (and selected projects) that will use development contributions as part of their funding against the factors in sections A1.3 to A1.7.	Section 101(3)(a)
Two	Undertake a cost allocation analysis using the Modified Shared Drivers methodology to determine the share of cost to growth (Refer to section A5.3).	Schedule 13(1)(a) Schedule 10(2)(1)(d)
	• The cost allocation methodology provides a procedure based on the capacity and demand requirements of the current levels of service identified in the TYP to determine the growth cost share of the project cost.	Section 106(2)(a)
	• The cost allocation methodology provides a consistent and equitable methodology for assessing the project growth cost share.	Schedule 13(1)(b) Schedule 13 (2)
	• The outcomes of the cost allocation are summarised in the DCP to state the proportion of capital expenditure to be funded by development contributions and other sources of funding (refer to Table A3.1).	Section 106(2)(b) Schedule 10(2)(1)(d)

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Three	The growth model forecasts changes in household numbers and business floor areas (refer to Appendix 2).	Schedule 13(1)(a) Schedule 13(1)(b)
	• Determine for each activity and catchment the changes in demand for service from the existing and growth communities over the capacity life of the project.	
	• Include measures of both household and business demand.	
Four	Undertake a funding analysis of each project to determine the total cost of growth for each unit of demand.	Schedule 13(1)(a) Schedule 13(1)(b)
	• The project growth cost share is funded by development contributions from each of the incoming growth demand units (identified in the growth model) in the catchments serviced by the project over the capacity life of the project (refer above and to section A5.4). • When the timing of project expenditure collectable from the growth community via development contributions differs from the receipt of development contributions revenue, the mismatched amount will have interest applied for the duration of the timing difference.	
Five	Identify and summarise significant assumptions underlying the calculation of development contributions and impacts of uncertainty. Refer to sections A5.5 and A5.6	Section 201 (1)(b)
Six	Aggregate the outcomes of the funding analyses for each project by activity and catchment to determine the development contribution charge for that activity and catchment.	Section 202(1) Section 202(3)
	• Present the Schedule of development contribution charges (refer to Table 2.7).	Section 201(2) Section 202
Seven	Audit and review.	
	• Undertake both internal and independent reviews of projects, cost allocation analyses and funding analyses. The purpose of the reviews is to check reasonableness of assumptions and correctness of the project data used in analysis.	
	• Internal reviews are comprehensive. External reviews are based on a mixture of selected and random samples.	
Eight	Consider overall impact on the community	
	• Consider the overall impact on the use of development contributions to collect the cost of providing community facilities to the growth community (refer to sections A1.7 and A1.8)	
	• Based on this consideration, determine the appropriate amount of the development contribution charges for each activity.	

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A5.2 Level of Service

The Council's activity management plans for each activity define the relevant level of service for that activity. From these level of service statements a list of the capital projects necessary to meet projected growth has been identified and costed, based on sustaining, or where necessary changing, these levels of service.

In general, development contributions will be assessed based on the existing levels of service across the district.

Any requirement to increase the level of service for existing users will not be funded by development contributions.

A5.3 Cost allocation methodology

The cost allocation methodology used in this policy is referred to as 'Modified Shared Drivers.' This methodology is applied to the 9 years of capital works projects expenditure and expenditure on past projects that have provided residual capacity which is available to meet the needs of the growth community in the future (summarised in Table A3.1). The methodology has been applied to the programmes of capital expenditure delivering the levels of service defined in the Three Year Plan.[19]

Programmes are planned capital expenditure to deliver the levels of service, while projects are planned or completed works delivering the programmes. The forecast demand growth used to develop those programmes and projects is the same as the forecast growth that is used within the 'Modified Shared Drivers' methodology to attribute the cost in growth in community facilities to the growth community. The analysis to determine the cost of growth has been undertaken at either project level or at programme level as appropriate for that level of service.

The Modified Shared Drivers approach takes the planned costs of a proposed project and assigns them to various drivers, with only the growth component of a project being recouped through development contributions. As discussed in section A1.5, the categories of drivers within the methodology are:

- Renewal;
- Backlog;
- Changed (increased) levels of service
- Growth; and
- Unallocated.

A summary of the cost allocation methodology is as follows:

- The scope and gross cost of the project are reviewed. Any non-capital (operations and maintenance costs, feasibility costs) are deducted.
- Third party funding (e.g. from NZTA) is identified and deducted.
- The catchment in which the activity occurs is established.
- A share for renewal is deducted, taking into account the scope of assets being renewed and their remaining life at the time of renewal.
- Capacity and demand information based on current levels of service is used to allocate shares to backlog and growth.
- Any remaining share is defined as unallocated.

Capacity and useful life information is also used to determine the period over which development contributions are to be collected.

A5.4 Funding model

As highlighted in section A1.7, the Council considers the balance between sources of funding for its capital expenditure. It does this through a funding model to ensure an equitable assessment of the funding requirements to support the development contributions regime. The primary output of the funding model is an assessment of the required development contributions as a component of the total Council funding requirements. These charges are listed in Table 2.7.

The funding model takes account of:

- the funding requirements to support the costs of capital infrastructure.
- the equitable application of those funding requirements to the incoming growth community.
- recognition that the backlog components of the capital expenditure are funded by the existing community, typically by rates.
- future rating revenue from the increasing community (this has been estimated and incorporated into the assessment of the development contributions in the funding model as a deduction to the charge).
- interest on funds used to implement new infrastructure.
- interest on development contributions received in advance of provision of new infrastructure.
- the Council's consideration of how the funding requirements impact on the community.

A5.5 Significant assumptions

A full set of assumptions on which the DCP has been based is contained in Volume 1 of the Three Year Plan. The key assumptions as they impact on the DCP are as follows:

19 *The methodology is based on Local Government New Zealand's "The Best Practice Guide to Development Contributions", 2003.*

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A5.5.1 Information

Throughout the entire process of determining development contributions the Council has used the best information available. As more accurate or up-to-date information becomes available it will be used to amend or review this policy as necessary.

A5.5.2 Planning horizons

A 40-year timeframe is used as a basis for forecasting growth and applying a development contribution. This is consistent with the Council's activity management planning horizons.

A5.5.3 Growth

The Council's growth model makes use of the best available information in anticipating growth of the city, including alignment with the UDS. As discussed in Appendix 2, the forecasting rates will be monitored to improve accuracy over time.

A5.5.4 Household unit equivalents (HUEs)

No significant change in the underlying assumptions around household composition or household usage of infrastructure is assumed over the 9 year period of this DCP. Appendix 4 provides details on these HUE usage rates.

A5.5.5 Financial

The following financial assumptions have been applied over the life of this DCP:

- The methods of service delivery will remain substantially unchanged.
- In preparing the capital programme that is used to establish the capital costs of growth for this policy, the Council has used the financial assumptions set out in the Significant Forecasting Assumptions section of the Three Year Plan. The Council has also made assumptions, based on the best information available at the time of developing this policy, about the life and capacity of each asset created through the capital programme, and the extent to which the growth community benefits from that capacity.
- While the funding policies of third parties such as NZTA are subject to change, the Council has assumed that they will remain the same for the period of the DCP and eligibility criteria will remain unchanged.
- Income generated from rates will be sufficient to meet the operating costs of growth-related capital expenditure into the future.
- The Council has used the best information available at the time of developing this policy to estimate the cost of individual items of capital expenditure that will be funded in whole or part by development contributions. It is likely that actual costs will differ from estimated costs due to factors beyond the Council's ability to control, such as changes in the price of raw materials, labour, etc, and the time of capital works. The Council will review its estimates of capital expenditure annually and adjust through the annual plan or LTP processes.
- All costs in the DCP are based on current known infrastructure prices in current 2013 dollars.
- Any interest rates used within the development contributions funding model are those defined in the budget assumptions for the Three Year Plan.

A5.6 Key risks/effects

A key risk to the capital programme is that the growth and uptake predictions in the growth model may differ from those expected. On the one hand, the rate of growth may not eventuate, resulting in a reduction in the assumed rate of development. On the other hand, the pace of the rebuild may accelerate faster than forecast. If this happens, the Council's capital programme will be adjusted to reflect the changed demand resulting from growth. It is anticipated that these changes to the capital programme would offset the effect of incorrect growth forecasts and the net impact on development contribution charges would be minimal. However, the Council will continue to monitor the rate of growth compared to that forecast and, if any differences are not reflected in changes to its capital programme, it will update the DCP as necessary.

There is also a risk that the lag between expenditure incurred by the Council and development contributions received from those undertaking developments is different from that assumed in the funding model and that the costs of capital expenditure are greater than expected. This would result in an increased debt servicing cost and could also result in increased depreciation costs for future ratepayers. The Council will continue to monitor the rate of growth and will update assumptions in the growth and funding models as required.

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Appendix 6: Catchment Maps for Development Contribution Activities

The following twelve maps are an overview of the growth catchments for which development contributions are required for each activity in this DCP. They are also available separately in hard copy upon request to the Council by phoning 03-941-8999 or emailing ccc-plan@ccc.govt.nz, or online for a more detailed view at:

http://www.ccc.govt.nz/homeliving/goaheadbuildingplanningS00/feesandcharges-s08/developmentcontributions-s08-01.aspx

Map 1	Reserves catchment: regional parks (district-wide)
Map 2	Reserves catchment: garden and heritage parks (district-wide)
Map 3	Reserves catchment: sports parks (district-wide)
Map 4	Reserves catchments: neighbourhood parks (location-specific)
Map 5	Network infrastructure catchment: water supply (district-wide)
Map 6	Network infrastructure catchment: wastewater collection (district-wide)
Map 7	Network infrastructure catchment: wastewater treatment and disposal (district-wide)
Map 8	Network infrastructure catchments: stormwater and flood protection (location-specific)
Map 9	Network infrastructure catchment: road network (district-wide)
Map 10	Network infrastructure catchment: active travel (district-wide)
Map 11	Network infrastructure catchment: public transport (district-wide)
Map 12	Community infrastructure catchment: cemeteries (district-wide)

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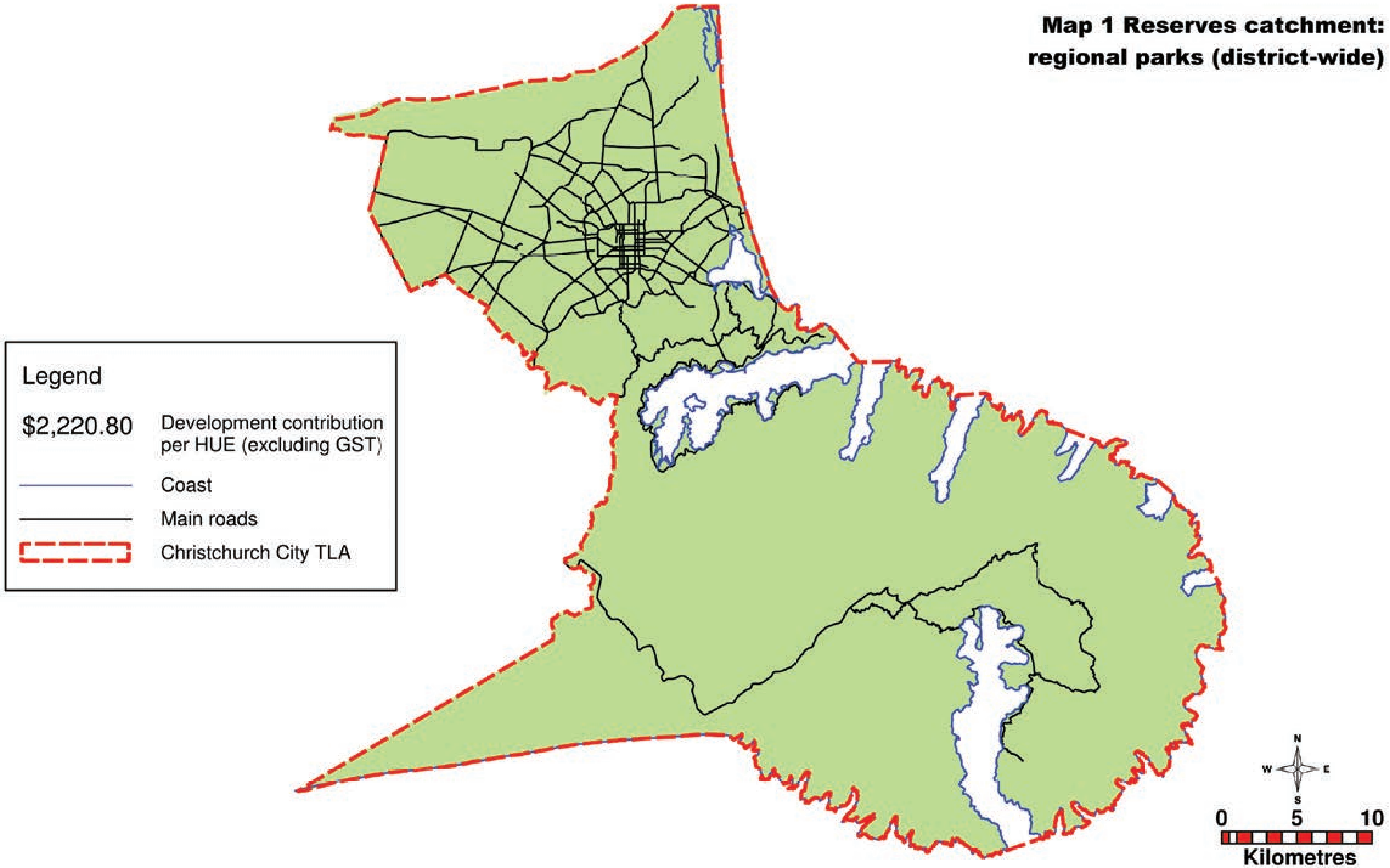

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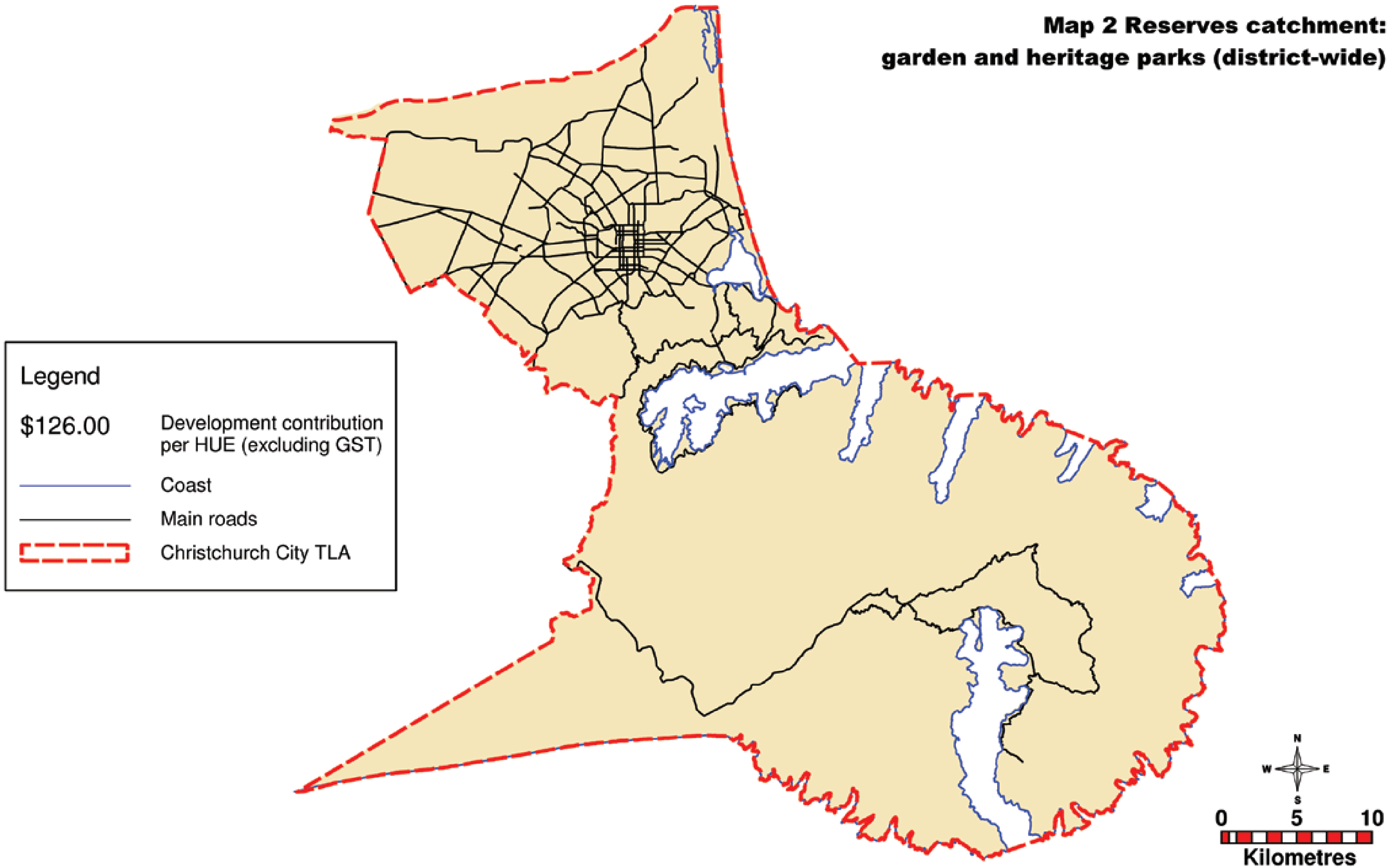

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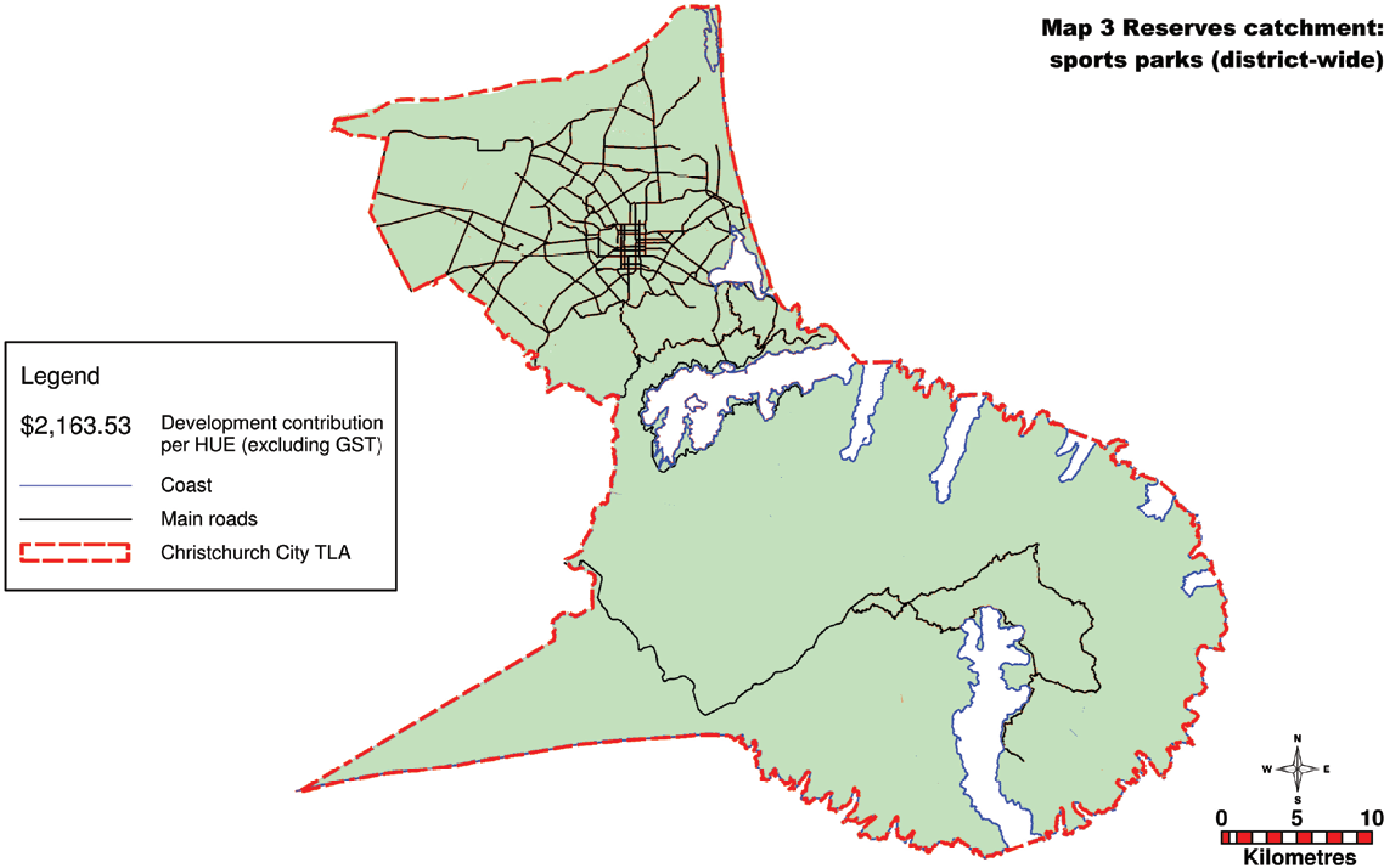

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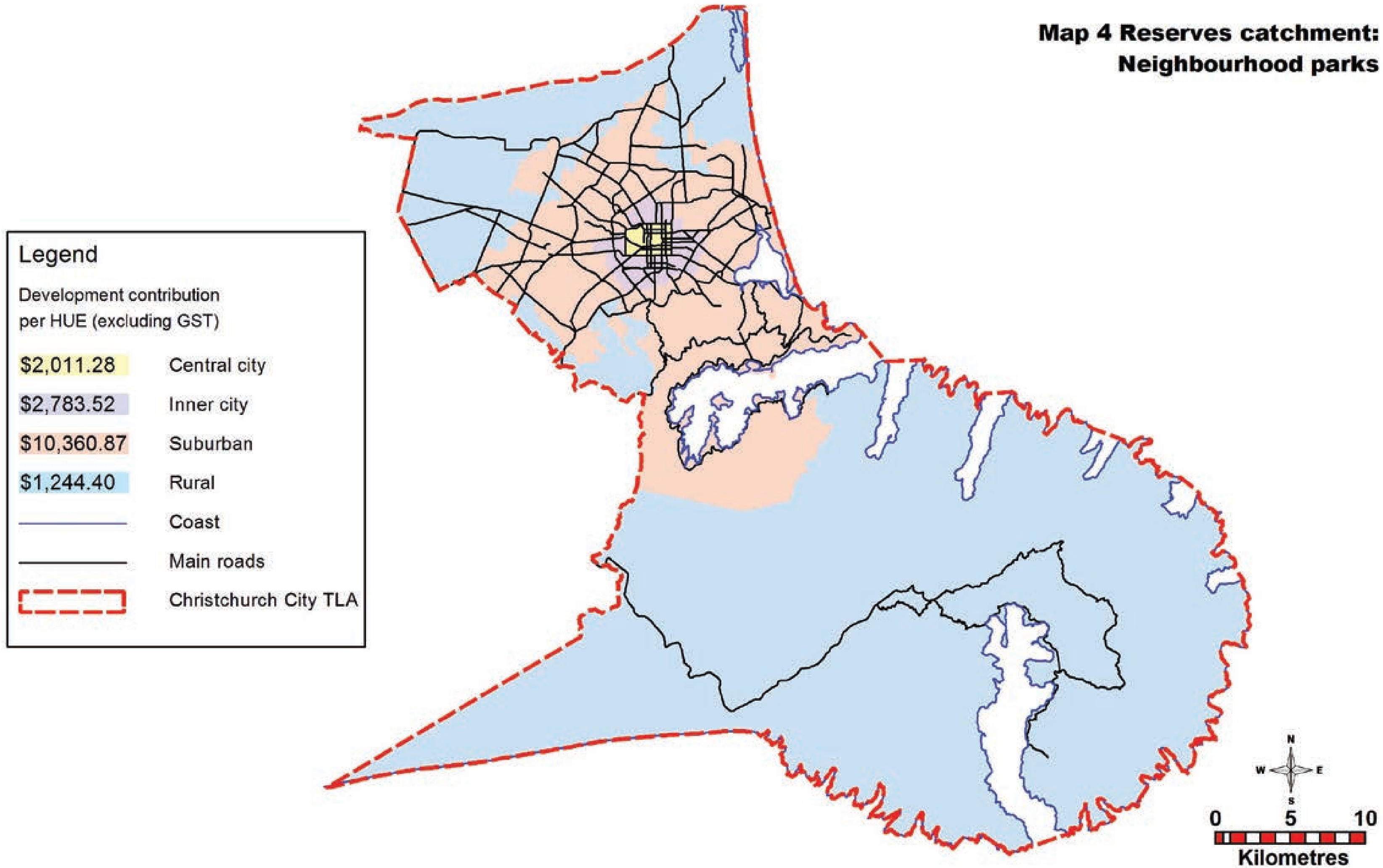

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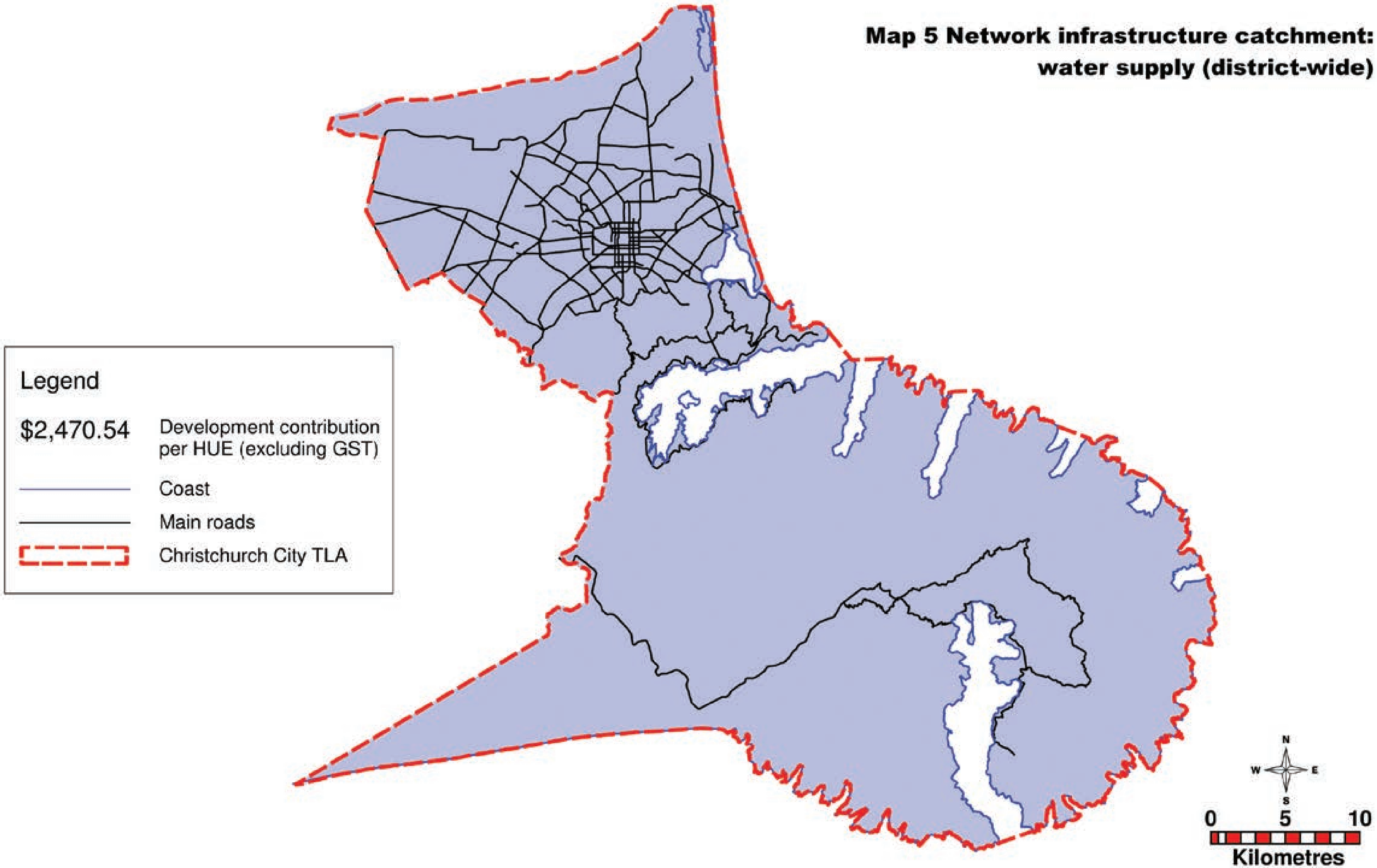

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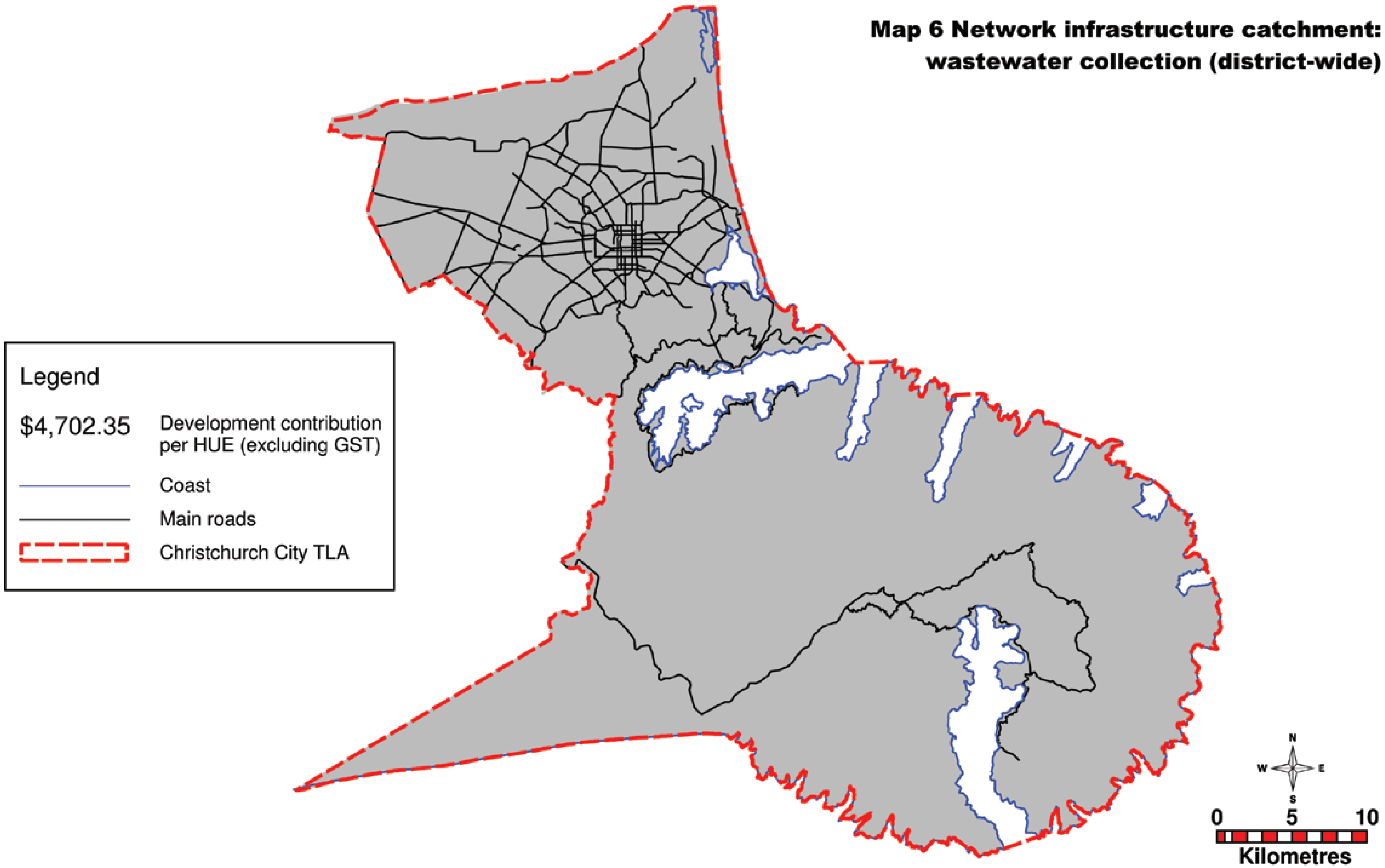

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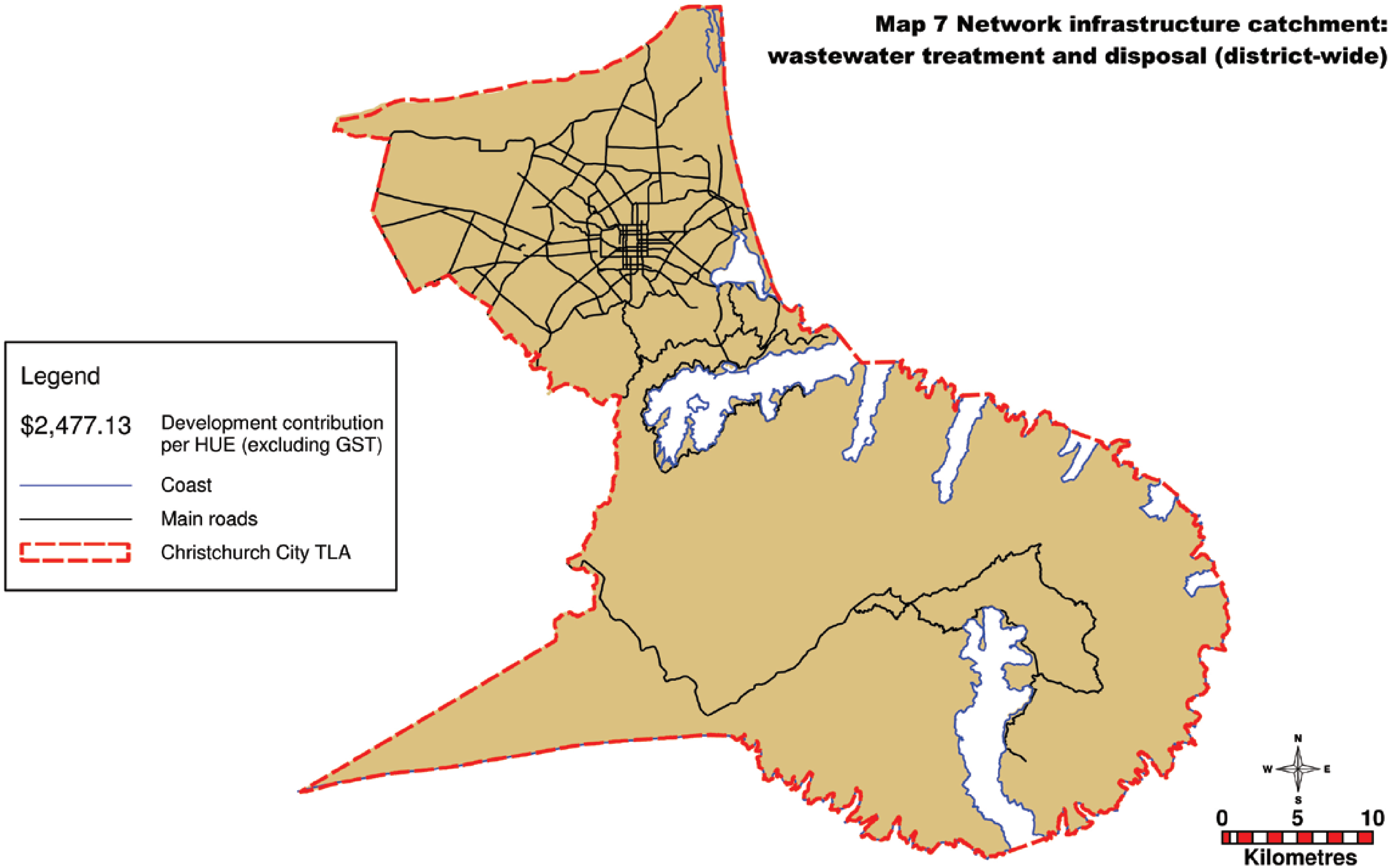

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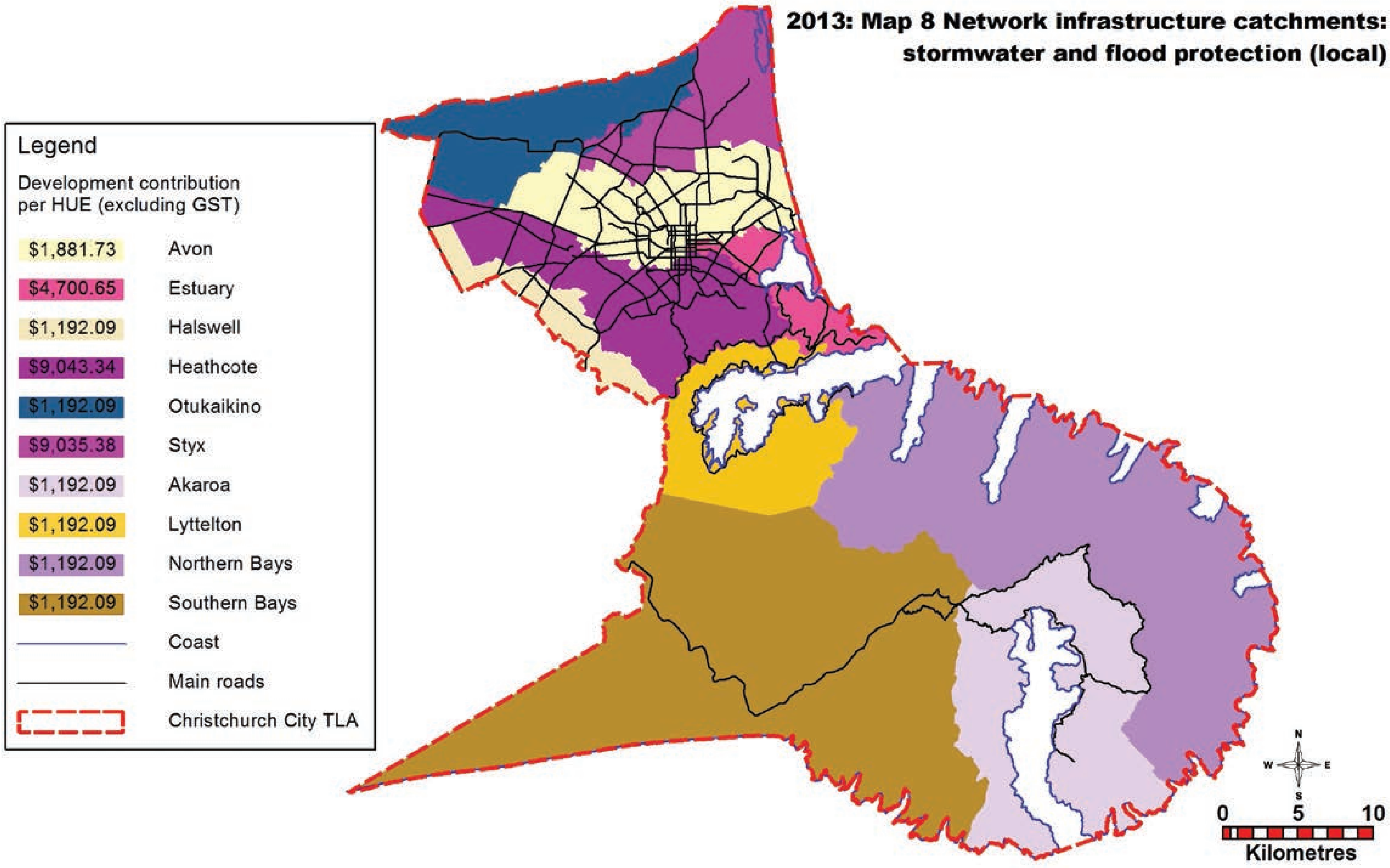

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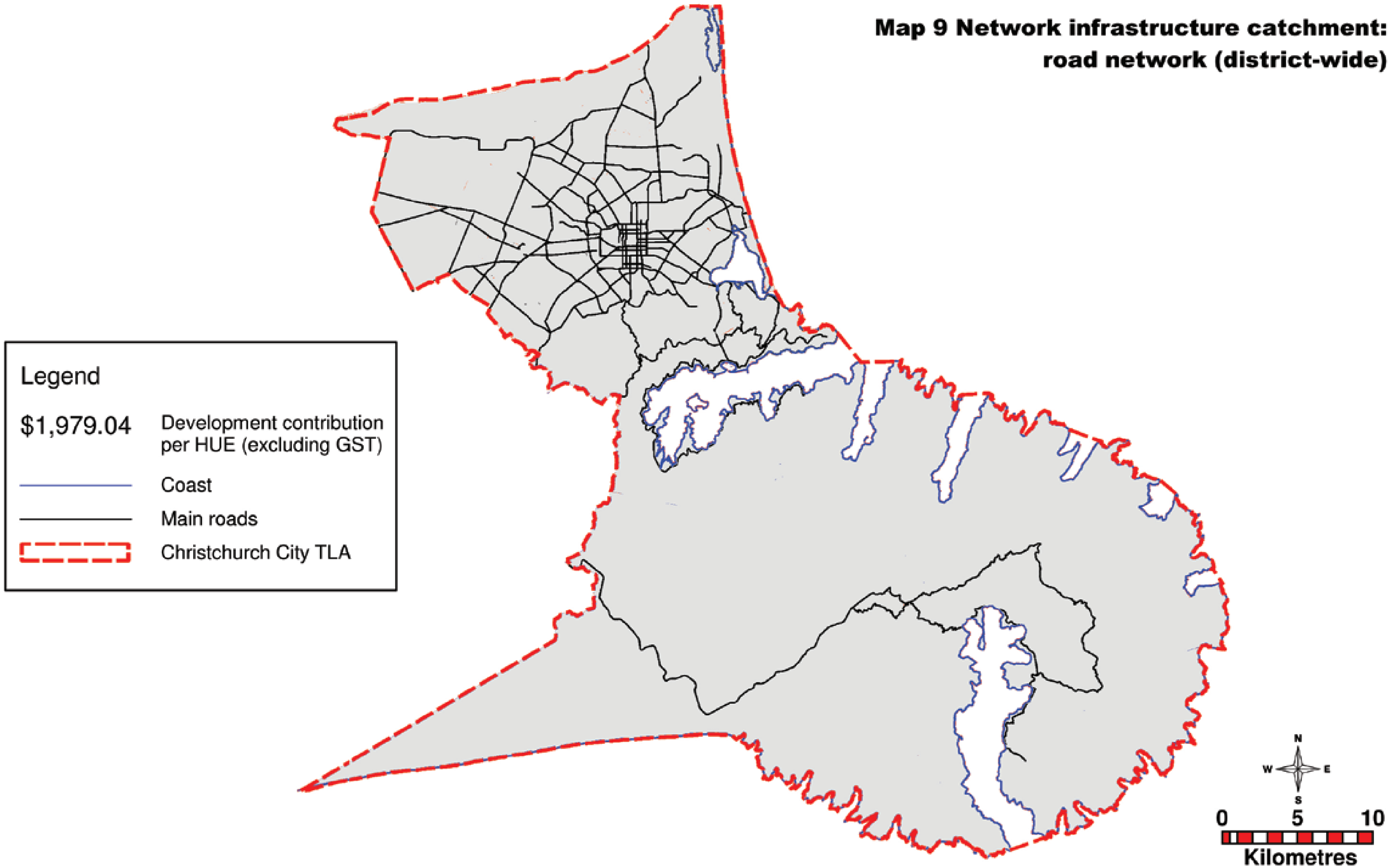
Map 9 Network infrastructure catchment: road network (district-wide)



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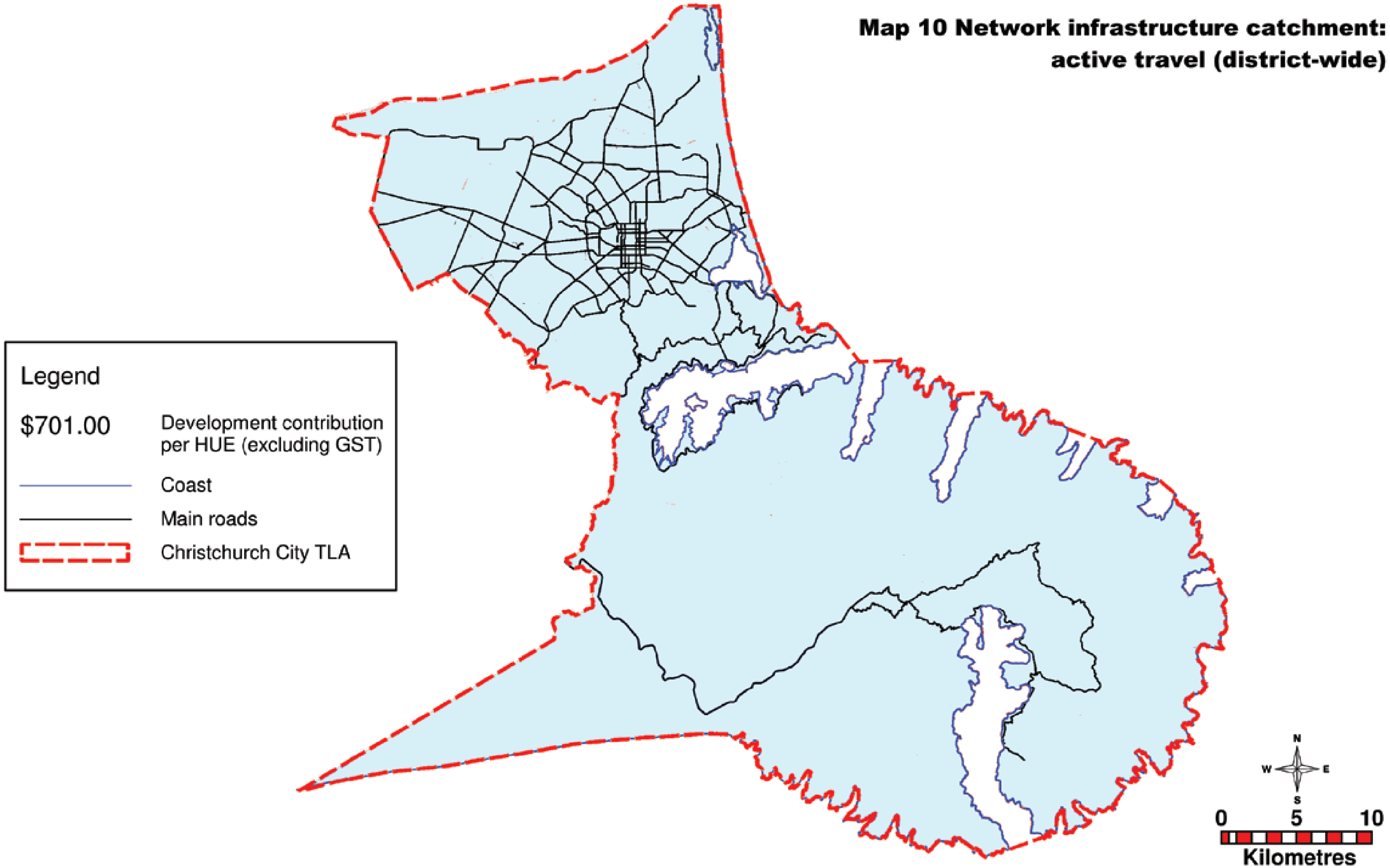

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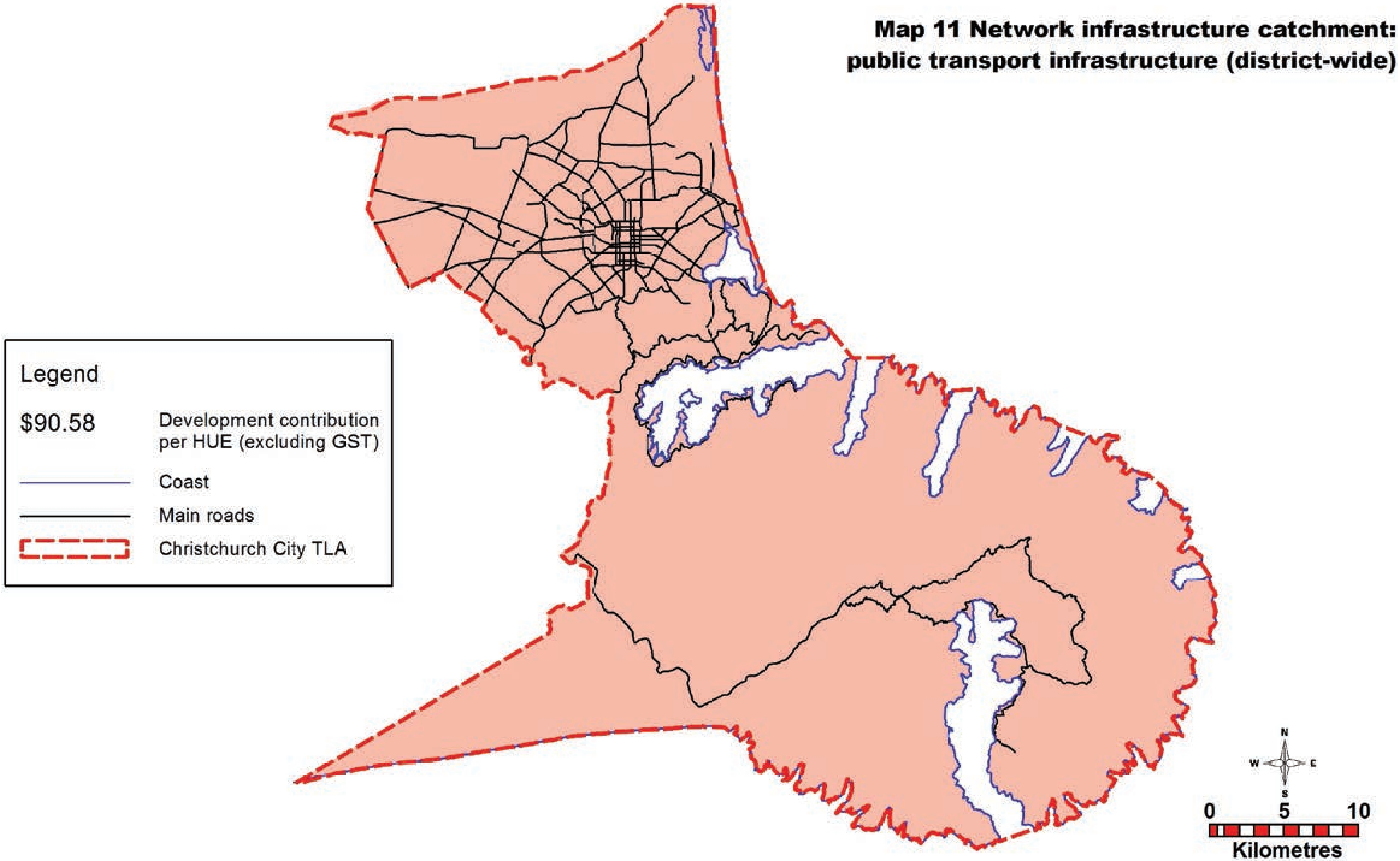

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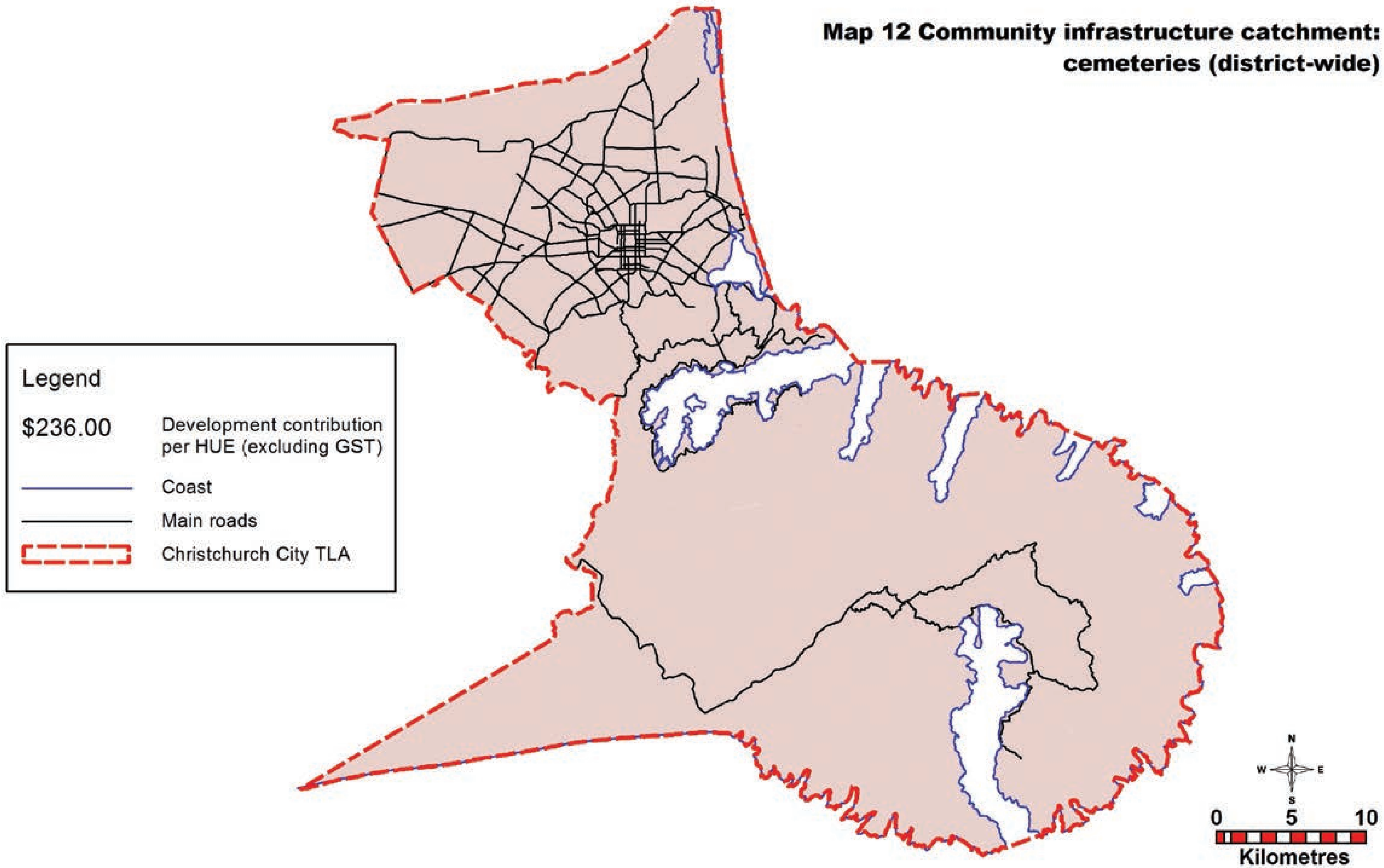

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Appendix 7: Additional information

A7.1 Review of the policy

Following changes to the LGA in 2010, the DCP can be amended outside the special consultative procedure (SCP) undertaken for the LTP. While the DCP will remain a key component of the LTP, the Council may choose to review the DCP at shorter intervals using the SCP in parallel with the Annual Plan cycle or at any time, if the Council deems it necessary to take account of:

- Any changes to the significant assumptions underlying the DCP;
- Any change in policy as the Council continues to develop and implement the UDS and other strategies of significance for the district;
- Any changes to the Christchurch City Plan and the Banks Peninsula District Plan;
- Any changes in the capital works programme for growth;
- Any changes in the pattern and distribution of development in the district, particularly as a result of the Canterbury rebuild;
- Any corresponding changes necessary to the growth catchments for development contributions for each activity;
- Any audits and reviews of the policy;
- Any significant changes in cost indices; and
- Any other matters the Council considers relevant.

In addition to the above, it is intended that the schedule of development contribution charges may be updated annually (1 July) to account for inflationary impacts to the capital costs of projects and any changes to the capital expenditure programme.

Opportunities for interested or affected parties to seek amendment to the policy are only available whenever the special consultative procedure is used. However, the Council welcomes suggested amendments at any time and will consider these as it prepares the three yearly LTP and DCP review. The Council's decision to adopt this policy is subject to judicial review to the High Court only.

At the time of preparing this policy, the Council does not expect future versions of the DCP to require development contributions for any activities additional to those for which this policy already provides.

A7.2 Financial contributions and development contributions

This DCP is distinct from the City Plan provisions that allow the Council to require financial contributions under the Resource Management Act 1991 (RMA). Financial contributions are contributions that can be imposed under the RMA where provided for by the Christchurch City Plan and as a condition of resource consent. Development contributions are based on provisions within the LGA, not the RMA. The Council cannot collect development contributions and financial contributions for the same purpose.

The key purpose of financial contributions is to take account of the wider impact of a specific development, which may include offsetting or mitigating any adverse effects on the natural and physical environment, including infrastructural services, of a new development. The following financial contributions are provided for in the Christchurch City Plan and will remain in that document because they do not fall within the scope of the LGA provisions for development contributions:

A7.2.1 Christchurch City Plan

- A financial contribution towards the provision of parking spaces where it is not practical to physically provide the required amount on-site as part of the development in specified Central City and business zones (refer to Part 13: Transport, Appendix 2 in Volume 3);
- A financial contribution towards the conservation of heritage assets where the development causes the demolition or alteration of a protected building, place or object (refer to Part 9: General City Rules, Section 7.3.3 in Volume 3); and
- A financial contribution towards the provision of esplanade reserves where a development occurs without subdivision, but which would have invoked esplanade reserve provisions had subdivision occurred (refer to Part 9: General City Rules, Section 7.3.1 in Volume 3). Esplanade reserves do not therefore fall within the ambit of reserves for development contributions and will continue to be dealt with under the RMA.

A7.2.3 Banks Peninsula District Plan

Financial contributions are able to be collected for:

- road names and plates.
- in lieu of car parking.
- esplanade reserves or strips in circumstances other than subdivisions except within the Lyttelton Port Zone or the Port Environs Overlay.
- Network and community infrastructure and reserves to serve new developments if provisions for that infrastructure has not already been addressed by the DCP.

Additionally the Plan provides for possible contributions reductions where cultural and natural heritage is protected as part of the development.

The Plan contains criteria for determining the circumstances, the amount and the type of financial contribution that may be reduced or waived.

Development Contributions Policy 2013

Part 4: Appendices

A7.3 Development contributions cost indices

As mentioned in section 2.9, the Council may adjust the schedule of development contributions (Table 2.7) each year (1 July) to account for any significant changes in the capital cost of the activities to support the growth community. Any such change in the schedule will occur as part of the SCP of the Annual Plan.

The inflation index used will be based on the BERL Local Government cost indices which cover:

- Roading & transport costs
- Reserve costs (including land and cost of development)
- Watersupply, wastewater and stormwater costs (including pipes)
- Community facilities costs

These indices are used across most Territorial Local Authorities to adjust their long-term plans. The indices are also based on Statistics New Zealand data which should reflect the same cost adjustments that developers are also experiencing. The net effect of these annual adjustments will be to maintain the Council's real capital expenditure requirements in line with the forecasts and plans at the start of the Three Year Plan.

A7.4 Additional supporting information for the 2013-22 DCP

Additional or more detailed supporting information for this policy is obtainable online at http://www.ccc.govt.nz/homeliving/goaheadbuildingplanningSoo/feesandcharges-so8/developmentcontributions-so8-01.aspx and at the Council's Civic Offices, 53 Hereford Street, Christchurch:

- Christchurch City Council 2013-22 Growth Model (Business)
- Christchurch City Council 2013-22 Growth Model (Households & Population)
- Christchurch City Council 2013-22 Growth Model (Impervious Surfaces)
- Schedule of growth-related capital expenditure
- Catchment maps (both district-wide and location-specific)

Appendix 8: Glossary of terms

In this policy, unless the context otherwise requires:

Active travel means walking, cycling and other non-motorised forms of transport.

Activity means the provision of community facilities by the Council, as grouped within the following capital programmes:

- Reserves:
  - Regional parks
  - Garden and heritage parks
  - Sports parks
  - Neighbourhood parks.
- Network infrastructure:
  - Water supply
  - Wastewater collection
  - Wastewater treatment and disposal
  - Stormwater and flood protection
  - Road network
  - Active travel
  - Parking
  - Public transport.
- Community infrastructure:
  - Leisure facilities
  - Libraries
  - Cemeteries.

Activity Management Plan means the detailed plans showing the relationships between an activity's capital and operating expenditure, levels of service and the achievement of community outcomes.

BA means Building Act 2004.

Backlog means that portion of a project that relates to historical catch-up to meet the required level of service for the existing community.

Base units means the demand of an average household unit for each activity.

Capital Programme means the capital programme as developed for the Development Contributions Policy in the Three Year Plan (see Appendix 3).

Catchment means a geographical area of the district for which separate development contributions exist (see section A1.8 and Appendix 6).

CCRP means the Central City Recovery Plan

City Plan means Christchurch City Plan, operative in part from 21 November 2005, and the Banks Peninsula Proposed District Plan, operative from 15 October 2012, including as amended or substituted.

Community facilities means reserves, network infrastructure or community infrastructure for which development contributions may be imposed.

Community infrastructure means land, or development assets on land, owned or controlled by the Council to provide public amenities, including land that the Council will acquire for that purpose.

Community services development means land or development assets on land owned or controlled by private providers of public amenities (including land leased from the Council) which consume infrastructural capacity, such as sporting, educational, cultural, religious and charitable activities.

Complete application means an application that the Council considers is complete including applications that are prescribed in Section 88 of the RMA and/or Section 45 of the Building Act 2004.

Development Contributions Policy 2013

Part 4: Appendices

Cost allocation means the allocation of the capital costs of a project to the various drivers for the project, such as renewal, backlog and additional capacity to meet growth (see Appendix 5).

Council means the Christchurch City Council.

Credits means credits as calculated under section 2.3 of this policy.

CTM means Christchurch Transport Model

DC means development contribution.

DCP means Development Contributions Policy. This policy is effective as of 1 July 2013 until such time as it is reviewed or amended.

Developed means land on which physical improvements have been made or where development to land has occurred (refer to the definition of 'development').

Developer means an individual or firm, or a group of individuals or firms, who is/are an applicant for a consent or service connection for which a development contribution is assessed under this policy.

Development means:

a. any subdivision, construction of a building, change in land use or other development that generates a demand for reserves, network infrastructure, or community infrastructure; but

b. excluding the pipes and lines of a network utility operator.

Examples include residential development, such as the creation of additional lots and/or household units, and non-residential development, the creation of additional lots and/or an increase in gross floor area (GFA), water usage, impervious surface area (ISA) and traffic movements (VKD), including through a change in land or building use.

District / District-wide means applicable to the territorial boundaries of Christchurch city and Banks Peninsula

Effective date means the date on which any version of the DCP took or takes effect as set out in section 1.6.

Encumbrance instrument means a legal instrument registered against a property by agreement between the developer and the Council. An encumbrance instrument contains covenants which are legally enforceable by the Council against the owner of the land for the time being.

Equivalence refers to the process of ensuring that both residential and business demands are expressed in a common unit – the Household Unit Equivalent (HUE). The equivalence is based on typical measures derived from the Council's understanding of the existing and planned mix of business uses permitted by the District Plan and by observed development patterns (see section 2.2).

Family flat means self-contained living accommodation, whether contained within a residential unit or located separately to a residential unit on the same site, which is occupied by family member(s) who are dependent in some way on the household living in that residential unit; and which is encumbered by an appropriate legal instrument which ensures that the use of the family flat is limited to dependent family members of the household living in the residential unit.

Funding model means the funding model developed by the Council to support the DCP.

Funding period means the period over which the funding model applies, which is not less than 10 years (except the current 2013 DCP, which is 9 years). Otherwise it is the lesser of the asset capacity life, asset useful life or 30 years.

GFA means gross floor area, being the sum of the total area of all floors of all buildings. The GFA is measured from the exterior walls or from the centre line of walls separating two buildings and excludes:

- car parking
- loading docks
- vehicle access and manoeuvring areas/ramps
- plant and equipment enclosures on the roof
- service station canopies
- pedestrian circulation space in an enclosed retail shopping centre, and any foyer/lobby or a primary means of access to an enclosed retail shopping centre, which is accessed directly from a public place.

Growth model means the processes used to determine the anticipated future residential and non-residential growth for each catchment (see Appendix 2).

GST means Goods and Services Tax.

HUE means household unit equivalent (see Appendix 4).

Industrial means the use of land, infrastructure and buildings for the manufacturing, fabricating, processing, packing or storage of goods, substances, energy or vehicles; the servicing and repair of goods and vehicles whether by machinery or hand; or any other similar activities.

Infrastructure Design Standard means Infrastructure Design Standard, operative 1 July 2009, including as amended or substituted. The IDS replaces the Christchurch Metropolitan Code of Urban Subdivision.

ISA means the impervious surface area to be drained to the reticulated surface water network.

Leisure facilities means facilities used for leisure purposes and includes swimming pools and other sporting facilities.

Level of service means the standard of service provided for each activity. These are spelt out in the Council's Activity Management Plans.

LGA means Local Government Act 2002 and its amendments.

Lot means the same as 'Allotment' in the Christchurch City Plan.

Network infrastructure means the provision of roads and other transport, water, wastewater, and storm water collection and management.

Non-residential means any development of land or buildings that does not fall under the definition of 'residential.'

NZTA means New Zealand Transport Agency.

Private development agreement (PDA) means any private agreement relating to a development that is assessed for development contributions and signed between a developer and the Council under section 3.2 of this policy.

Red zone refers to land classified by CERA as red zone

Renewal means that portion of project expenditure that has already been funded through depreciation of the existing asset.

Reserves means land acquired or purchased for a reserve, including the cost of providing improvements necessary to enable that land to function as a reserve useable for its intended purpose as defined in the Reserves Act 1977.

Residential means the use of land and buildings for living accommodation purposes, including residential units, serviced apartments (except where used for travellers' accommodation) and unit/strata developments, but excluding travellers' accommodation (such as hostels, hotels and motels) and prisons.

Residential unit means a self-contained building (or group of buildings, including accessory buildings) used for a residential activity by one or more persons who form a single household. Where there is more than one kitchen on a site (other than a kitchen in a family flat) there will be deemed to be more than one residential unit. A residential unit may include no more than one family flat as part of that residential unit.

Retail means the use of land, a building or parts of a building for the sale or display of goods or the offer of goods for hire.

Retirement village means a development that contains two or more residential units and shared-use community facilities for the residential accommodation of people who are predominantly retired and/or require residential care (including a hospital). Retirement villages are the only residential activity that have a HUE equivalence.

RMA means Resource Management Act 1991.

Rural means the use of land or buildings for the purposes of agricultural, horticultural or pastoral farming; intensive livestock management; boarding or training of animals; outdoor recreation activity; or forestry; or any other similar activities; and may include a residential unit.

SCP means the Special Consultative Procedure, as spelt out in Section 83 of the LGA 2002.

Service connection means a physical connection to a service provided by, or on behalf of, the Council.

Site means the area covered by the development being assessed for development contributions, being made up of one or more lots or part lots.

Small residential unit means a residential unit less than 100m^2 (inclusive of a 17.05m^2 parking allowance). Examples include an elderly person's housing unit, high-rise apartment and serviced apartment.

Subdivision means the same as a 'subdivision' under the RMA.

TYP means Three Year Plan. This is the special plan, in place of the proposed LTP (2013-22) covering the period 2013-16. This Plan has been prepared in advance of the Crown and Council reaching a long-term agreement on how the cost of repairing and replacing the Council's earthquake-damaged assets, and delivering major Christchurch Central Recovery Anchor Projects, will be shared.

UDS means The Greater Christchurch Urban Development Strategy.

Unallocated means that proportion of a capital project that cannot be attributed to backlog, growth or renewal.

Undeveloped means land on which development, as defined in this policy, has not been undertaken and includes lots deemed to be undeveloped under Section 2.3 of this policy.

Unit, for the purposes of accommodation, means a separate and habitable area, e.g. a motel unit or hotel room.

Unit of demand means a HUE, being the typical demand for an activity by an average household (see Appendix 4).

VKD means vehicles kilometres travelled per day (see section A4.4).

Remission and Postponement Policy of Rates on Māori Freehold Land

The City contains a number of Maori Land properties which are either unoccupied and unimproved or partially occupied. In some cases these are creating a significant rating burden on the Maori owners who often do not have the means nor, in some cases, the desire to make economic use of the land. Often this is because of the nature of the ownership, because the land has some special significance which would make it undesirable to develop or reside on, or is isolated and marginal in quality.

The Council has recognised that the nature of Maori Land is different to General Land and has formulated this policy to deal with those differences.

Objective

The Council has recognized that certain Maori-Owned Lands have particular conditions, ownership structures or other circumstances which make it appropriate to remit or postpone rates for defined periods of time.

The Council and the community benefit through the improved collection of rates and the removal of that rates debt which is considered non-collectable.

The Council is required to consider every application for remission and/or postponement of rates on Maori-Owned Land pursuant to Section 108(4) of the Local Government Act 2002 and will then consider the most appropriate tool if any, either remission or postponement, to assist in making ownership and occupancy of the land feasible.

Conditions and criteria for postponement or remission

General

- The rating units must be either Maori Customary Land or Maori Freehold Land as defined by s.129 of the Te Ture Whenua Act 1993.
- Council will have the sole discretion on whether or not to grant the remission or postponement and may seek such additional information as may be required before making its final decision.
- The policy does not provide for the permanent remission or postponement of rates on the property concerned.
- If the status of the land changes so that it no longer complies with the criteria the remission or postponement ceases unless further relief is granted in accordance with the policies below.
- Council expects that any rating relief will be temporary and each application will be limited to a term of three years. However, the Council may consider renewing the rate relief upon the receipt of further applications from the owners. Council may also, at its sole discretion, renew the rating relief without application from the owners.
- In the event that subsequent applications for rating relief are made by only one or a minority of owners, Council may require that these are signed or supported by such greater proportion of owners as may be required from time to time.
- The land must have, in the opinion of the Council, historical, ancestral or cultural significance.

Policy application where the rating unit is not in use

In general, the criteria for granting rates relief would include some or all of the following:

1. the land is not in use (as defined below);
2. the land is unimproved:
the land has no or minimal improvements;
3. the land is land locked:
the land does not have legal access to the Council or national roading network;
4. multiple ownership or fragmented ownership:
the land has multiple owners and ownership rights and individual share proportions vary. Owners are scattered throughout the country and even worldwide. Attempts to contact a majority representation are often painstaking and difficult;
5. the land has particular value as ancestral land in relation to its owners' culture and traditions;
6. the presence of waahi tapu that may affect the use of the land for other purposes;
7. Government and Council's desire to avoid further alienation of Maori freehold land;
8. The land has particular conservation value:
because of its remoteness and inaccessibility the land has a high conservation value which Council or the community wish to preserve;
9. unsecured legal title:
land titles have not been surveyed therefore they cannot be registered with the District Land Registrar. Owners seeking finance for development of their land are restricted as mortgages cannot be registered against the title;

10. isolation and marginal in quality:
    the land is geographically isolated and of marginal quality;
11. no management structures:
    owners of the land have no management or operating structures in place to administer matters;
12. rating problems:
    because of the above factors there is a history of rate arrears and/or a difficulty in establishing who is/should be responsible for the payment of rates.

In accordance with Part 2 Section 96 of the Local Government (Rating) Act 2002, Maori Land is defined as in use when a person/persons do one or more of the following for his or her profit or benefit:

- resides upon the land
- depastures or maintains livestock on the land
- stores anything on the land
- uses the land in any other way.

Policy application where the rating unit is in use

Where an insignificant or inconsequential portion of the land is in use Council may, at its sole discretion, provide rating relief on that portion of land not in use. For example, the depasturing of a pony on the rating unit is likely to be considered inconsequential.

Any such relief shall be determined following consideration of the criteria for granting rates relief on land not in use (as detailed above). In addition, Council is more likely to grant rates relief when one or both of the criteria below are met:

1. where the land is used by its owners for traditional purposes, and
2. where the land is used in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere)

Policy application where there is a change in status, ownership, or use

In some circumstances Maori Land may change status (for example from Maori Freehold Land to General Land Owned by Maori), ownership, or use (for example persons may choose to reside upon land previously unoccupied). Where Council deems it to be in the interests of the community it may, at its sole discretion, choose to remit or postpone any postponed rates or rates arrears and penalty arrears on that land.

For example, should the land be developed in order to establish a conservation estate Council may grant rates relief. Similarly, should the land be developed in such a manner as to change it from unproductive to productive land, and therefore eligible for rates in the future, Council may grant rates relief.

The amount and timing of any rates relief provided under this policy is entirely at the discretion of Council. However, in general such relief will not exceed the following:

- 100% remission of historic unpaid rates and penalties
- 100% remission of general rates in the year of change in use
- 50% remission of general rates in the year following change in use.

Remission applies to:

Owners, or authorised agents of the owners, of Maori Land, with different conditions applying to occupied, unoccupied or partially occupied land.

Rates Remission Policy

Objective of the policy

It is Council policy to provide rates relief on properties that are held and maintained for the benefit of the community, where there is significant public good in providing relief, and where Council considers it just and equitable to do so.

Other circumstances where Council will consider the remission of rates are:

- remission of rates penalties where there is a reasonable excuse for late payment
- remission of Uniform Annual General Charge on contiguous parcels of land in common usage but where the rating units are not in the same ownership
- remission of Uniform Annual General Charge where Council has determined that a building consent will not be issued for the primary use of the land under the City Plan.

Details of rates remissions are set out below.

Remission of rates where the land is used by not-for-profit clubs, associations and churches, for sport or for community benefit

Objective

To support community-based organisations and the benefit they provide to the wellbeing of Christchurch by partially remitting rates.

Conditions and criteria

Up to 100% remission of all rates (except excess water supply targeted rate and waste minimisation targeted rate) may be made for not-for-profit organisations occupying Council land under lease where there is a predominant community benefit.

Remission of rates on property not owned by the Council, where it is used by not-for-profit community or sports organisations, may be granted on the basis of:

a. up to 100% remission of general rates and uniform annual general charge;

b. up to 50% (of the rates that would be payable if they were fully rateable) remission of targeted rates for water supply, sewerage, and land drainage; and

c. the remission does not apply to any excess water supply targeted rate, targeted water supply fire connection rate, or waste minimisation targeted rate.

All remissions are at the discretion of the Council and will be assessed on a case-by-case basis.

The remission applies where the land is used by qualifying entities, predominantly those that are fully or partially non-rateable under Schedule 1 of the Local Government (Rating) Act 2002.

The remission may include land over which a liquor licence is held provided this is incidental to the primary purpose of occupancy.

The remission will generally be limited to that part of the land which is used for the activity which provides community benefit.

The distinction between those occupying Council land and those on their own land recognises the benefits of independent ownership that accrue to the private land owners.

Applications for the remissions must be in writing. The Council reserves the right to require annual applications to renew the remission or require certification from the applicant that the property is still eligible for the remission and that the land use has not changed.

It is a precondition of remission that the residual rates are paid in full.

The remission may be phased in over several years.

Remission applies to:

All incorporated sport and recreation clubs, associations and community organisations (which includes places of religious worship or used for any branch of the arts) which have within their constitution appropriate clauses to qualify them as charities or where there are clauses which ensure they are not-for-profit and where there is, in the opinion of the Council, significant public good which results from the occupation of the land.

The Council (at its absolute discretion) shall determine the extent of public benefits that are provided to the community. This determination shall be the basis for the extent of the remission.

The remission does not apply to rating units owned or occupied by:

a. chartered clubs (however, a sports area may qualify provided it is significant and is set aside exclusively for that use);

b. political parties;

c. trade unions and associated entities;

d. dog or horse racing clubs;

e. any other entity where the benefits are restricted to a class or group of persons and not to the public generally.

Remission of all rates on land occupied and used by the Council for community benefit

Objective

To support facilities providing benefit to the community by remitting rates.

Conditions and criteria

The Council may remit all rates other than excess water supply targeted rates or targeted water supply fire connection rates on land owned by or used by the Council and which is used for:

a. a public garden, reserve, or children's playground;

b. games and sports (except galloping races, harness races, or greyhound races);

c. a public hall, community centre, library, art gallery, or other similar institution;

d. swimming pools;

e. public conveniences;

f. rental housing provided within Council's Social Housing activity; and

g. any other community benefit use excluding infrastructural asset rating units.

This remission does not apply to Council land leased to others and not occupied by or used by Council.

Remission applies to:

All Council-owned and/or used land where the use is for the purposes set out in the remission statement.

The remission does not extend to land used as Council offices or yards, infrastructural asset rating units, or land which is leased for commercial purposes.

Remission of any rates or penalties where it is just and equitable to do so

Objective

To recognise that Council's policies for rates remission cannot contemplate all possible situations where it may be appropriate to remit rates.

Conditions and criteria

The Council may, by specific resolution, remit any rate or rates penalty when it considers it just and equitable to do so.

Remission of current year's rate penalties due to one-off non-payment or where there are timing mismatch issues

Objective

It is appropriate that the Council show consideration to ratepayers who have made genuine mistakes provided that it is not a repetitive omission. The objective of this remission is therefore to avoid penalising ratepayers:

a. who have paid their rates late due to a genuine mistake; or

b. who are paying by regular bank transaction and where minor penalties are incurred due to timing differences.

Conditions and criteria

Business ratepayers may be allowed one current-year rate-penalty remission in five years and all other ratepayers may be allowed one current-year rate-penalty remission in two years where the ratepayer can illustrate that a genuine error or oversight has occurred.

Written applications will generally be required for other than minor timing mismatch issues. However, staff may waive the written application provided they are satisfied the full details of the application are recorded.

Applications must state the reason for the late payment.

Deliberate non-payment will not be accepted as a reason for late payment.

All outstanding rates (excluding the penalties to be remitted) on all properties owned by the applying ratepayer must be paid in full for the remission to be granted.

Remission applies to:

All ratepayers, although with different criteria.

Christchurch City Council

Rates Remission Policy

Remission of rates penalties imposed where there is an inability to pay

Objective

To encourage ratepayers who are in arrears due to financial difficulty or other genuine unusual circumstances to make arrangements to clear arrears and keep their payments up to date.

Conditions and criteria

The remission may apply to properties that are the primary private residence owned and occupied by the ratepayer. The remission applies under the following circumstances:

a. to penalties which have been imposed in the last two-year period, and:
   i. where payment has been overlooked due to sickness, death or significant financial hardship or generally where it is considered to be just and equitable to do so; and
   ii. where such action would facilitate immediate payment of all outstanding rates;

b. where there is an acceptable arrangement to pay existing arrears and annual rates over an agreed time frame, any penalties that would have otherwise been imposed will be remitted.

Written applications will generally be required for all remissions. However, staff may waive the written application provided they are satisfied there is good reason and provided that full details of the application are recorded.

Remission of penalties may be considered where there is an offer for immediate settlement of all rates outstanding which can be facilitated by the remission of arrears' penalties, in addition to remission of the current penalties. This would apply where there are substantial arrears.

Remission applies to:

All ratepayers where the rating unit is the primary residence.

Remission of current penalties where there is payment in full for the year

Objective

To encourage payment of current rates in a lump sum or the balance of the current rates where non-payment of an instalment has occurred.

Conditions and criteria

Remission of current year penalties where there is payment in full for the year once the full year's rates have been assessed.

The remission applies where a ratepayer chooses to make payments on a different basis from the instalment due dates, typically paid in full on an annual one-payment basis where the total current year's rates are paid by the due date for instalment two.

Remission applies to:

All ratepayers.

Remission of the Uniform Annual General Charge on contiguous parcels of land in common usage but where the rating units are not in common ownership

Objective

To recognise that parcels of land sharing a boundary and used for the same purpose, but with separate ownership, should be treated as a single unit to achieve the purpose of the Uniform Annual General Charge as set out in Council's Rating Policy.

Conditions and criteria

Where rating units sharing a boundary and used for the same purpose have separate ownership, the Uniform Annual General Charge on all but one of those rating units shall be remitted.

The remission applies to contiguous parcels of land that are in common usage but where the rating units are not in common ownership.

Remission applies to:

All ratepayers.

Remission of Uniform Annual General Charge where Council has determined that a building consent will not be issued for the primary use of the land under the City Plan

Conditions and criteria

Council may consider remitting the Uniform Annual General Charge on a rating unit where it has determined that a building consent will not be issued for the primary use of the land under the City Plan.

Remission applies to:

All ratepayers.

Christchurch City Council

Rates Remission Policy

Remission of excess water rates where it is just and equitable to do so

Objective

The Council considers that it is the ratepayer's responsibility to ensure the integrity of water reticulation systems within their boundary. Therefore the Council expects that, in general, excess water rates must be paid in full by the ratepayer. However, the Council recognises that in some limited instances it is unreasonable to collect the full amount of excess water charges payable by a ratepayer.

Conditions and criteria

Council may consider remitting up to 100% of excess water rates when the ratepayer could not reasonably have been expected to know that a leak within their boundary has resulted in unusually high water consumption.

Remission applies to:

All ratepayers liable for excess water rates.

Earthquake-affected properties

The Council has resolved to remit rates for ratepayers affected as follows:

i. rates remission on the value of improvements, or 40% rates remission, whichever is the greater for residential and non-rateable properties that are unable to be occupied,

ii. 30% rates remission for businesses properties located within the central city cordon as at 1 July 2013 and for the period they remain within the cordon,

iii. 30% remission for businesses outside the central city cordon for the period that the buildings are unable to be occupied due to dangerous adjacent buildings,

iv. 100% rates remission for residential and non-rateable properties that are considered by the Council to be at risk of rock-fall, cliff collapse, unsafe access or retaining wall issues, and where the occupant has been instructed by the Council to vacate the property and issued with a notice under section 124(1)(b) of the Building Act 2004.

v. 100% for residential land in the Red Zone that was vacant ,and residential properties in the red Zone under construction at 22 February 2011, until the earlier of 30 June 2014 or the Crown making a decision on the fate of these titles.

Electricity Supply Charges

Objective

The Stronger Christchurch Infrastructure Rebuild Team is repairing and replacing existing sewage disposal systems damaged by the September 2010 earthquake and aftershocks. In the areas worst affected, existing gravity-fed wastewater disposal will be replaced by a low pressure pump sewer system. This involves installing small chambers on individual properties to collect the household's waste water which is then pumped under pressure to new polyethylene street mains.

For the pump to operate, it must be connected to the electricity supply on each property. Based on current charges the additional cost to operate the system has been estimated to average $23.50 plus GST per household per annum.

The low pressure pump sewer system is being installed to provide greater confidence that waste water services will be available should there be further significant earthquake aftershocks. Because it is a service being provided by the Council it will meet the annual electricity supply charges paid by property owners to operate the system. For single dwelling properties, this will be done by remitting the annual rate charge for each affected property by an amount equivalent to that estimated to be the additional cost incurred. For the 2013-14 year this remission is set at $23.50 plus GST per property. For multiple dwelling properties serviced by a single pump, an additional meter may be installed and Council will pay the charges directly.

Remission does not apply to:

- a low pressure pump sewer system that was owned and installed by a property owner prior to the date the policy came into effect;
- the future subdivision of a property in an area in which the system is required to be installed;
- land that was vacant prior to 4 September 2010.

Rates Postponement Policy

Objective

To assist owner-occupiers of property to continue living in their home when they do not have the financial capacity to pay their rates or where the payment of rates would create financial hardship.

The Rates Postponement Policy is primarily, but not exclusively, designed for ratepayers over 65 years of age. Younger ratepayers may apply and will be considered on their merits.

Postponement statement

Up to 100% of rates may be postponed for a period determined by the Council where the ratepayer is experiencing financial hardship.

Conditions and criteria

The postponement applies to properties that are the primary private residence owned and occupied by the ratepayer, and the ratepayer can demonstrate:

a. they do not have the financial capacity to pay their rates; or

b. the payment of rates would create financial hardship.

Written applications and a declaration of eligibility will generally be required for all postponements. However, staff may waive the written application provided they are satisfied there is good reason and provided that full details of the application are recorded.

Applications for postponement will be considered on their individual merits.

Rates penalties will not be applied or will be remitted for any rates that have been postponed.

The postponement will continue to apply until:

a. the ratepayer ceases to be the owner or occupier of the rating unit; or

b. the ratepayer ceases to use the property as their primary private residence; or

c. until a date specified by the Council at the time of granting the postponement;

whichever is the sooner.

Postponement applies to:

Any land owned and occupied by the ratepayer as their primary private residence.

Transitional postponements

There are transitional postponement provisions provided for in the Act and generally these cease on revaluation or change of circumstances. The Council will only apply the requirements of the Act unless the ratepayer qualifies under other policy conditions.

Postponement – general issues

The postponed rates will remain a charge against the property and must be paid either when the property ceases to be the place of residence of the applicant or the criteria no longer apply. Postponed rates may include rate arrears owing from a previous financial year.

A fee (effectively interest) will be charged annually where rates have been postponed. This fee will be calculated at the end of each rating year on the accrued rates postponed (including any fees outstanding) at the beginning of that financial year. The fee will be based on the Council's estimated cost of borrowing as published in the Annual Plan.