DEVELOPMENT CONTRIBUTIONS
POLICY

Council Approved: 20 June 2018
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1. INTRODUCTION

Please note:
The Council will adjust all development contributions annually by the Producer Price Index Outputs for Construction (PPI) as at 31 December based on the Statistics New Zealand information released in the following January as set out in paragraph 3.15 below. PPI information can be found by visiting the Statistics New Zealand website, www.stats.govt.nz.

The Selwyn District (the District) has experienced strong population growth since the early 1990s. In August 2017, the Council adopted population projections based on the Selwyn Growth Study which projects the growth in our District until 2048. These population projections are used as the basis for establishing the likely future population of the District.

In order to ensure that the projected population growth does not adversely affect existing and new residents of the District, the Council will need to undertake a number of infrastructural developments.

Territorial authorities may require contributions to the cost of infrastructural developments under the Local Government Act 2002 (the Act) in the form of development contributions and the Resource Management Act 1991 in the form of financial contributions. A territorial authority cannot require development contributions under the Act for the same purpose for which it has required financial contributions under the Resource Management Act.

The Council has decided that development contributions are an appropriate tool to fund some of the capital expenditure incurred in providing new or additional assets or assets of increased capacity required to provide appropriately for network infrastructure and community infrastructure in the District.

1.1 Legislative requirements and powers

Section 102(2)(d) of the Act requires the Council to have a policy on development contributions or financial contributions as a part of its Funding and Financial Policies. Part 8, Subpart 5 of the Act gives territorial authorities the power to require development contributions under the Act for the same purpose for which it has required financial contributions under the Resource Management Act.

The Council has decided that development contributions are an appropriate tool to fund some of the capital expenditure incurred in providing new or additional assets or assets of increased capacity required to provide appropriately for reserves and network infrastructure in the District.

1.1.1 Purpose of Development Contributions

The purpose of development contributions is to enable territorial authorities to recover from those persons undertaking development a fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term. Council has complied with the purpose of the Act in preparing this policy.

1.1.2 Principles of Development Contributions

Council has adhered to the principles in section 197AB of the Act when preparing this development contributions policy.

1.2. When is a development contribution required?

Except as provided in paragraph 1.3, a development contribution may be required if:

- the subdivision, building, land use, or work generates a demand for reserves, network infrastructure, or community infrastructure; and
- the effect of that development requires the Council to construct new or additional assets or assets of increased capacity for any network infrastructure, reserves or community infrastructure; and
- as a consequence, the Council has incurred or will incur capital expenditure to provide appropriately for network infrastructure, reserves and community infrastructure.

The effect of development in terms of the impact on assets includes the cumulative effect that a development may have in combination with another development. A Development Contributions Policy also enables the Council to require a development contribution that is used to pay, in full or in part, for capital expenditure already incurred by the Council in anticipation of development.

1.3. Limitations to the application of development contributions

The Council will not require a development contribution for network infrastructure, reserves or community infrastructure in the following cases:

- where it has, under section 108(2)(a) of the Resource Management Act, imposed a condition on a resource consent requiring that a financial contribution be made in relation to the same development for the same purpose; or
- where the developer will fund or otherwise provide for the same reserve, network infrastructure, or community facilities; or
- where it has received or will receive funding from a third party for the same purpose.
2. OVERVIEW OF CALCULATION METHODOLOGY

Development contributions are calculated in accordance with the methodology outlined below. A full disclosure of the methodology is available from Council for public inspection at:

- Selwyn District Council Headquarters. 2 Norman Kirk Drive Rolleston.

The current Development Contributions model applies to Water, Sewerage, Stormwater, Roading and Reserves.

2.1. Calculation approach

The calculation approach is to:

- identify the total cost of capital expenditure identified in the LTP, or identified under clause 1(2) of Schedule 13 of the Act that the local authority expects to incur to meet the increased demand for community facilities resulting from growth (CAPEX);
- multiply the CAPEX by the proportion of the CAPEX that the Council has determined (after conducting its section 101(3) consideration) should be funded by development contributions within the analysis period (DC FUNDED CAPEX); and
- divide the DC Funded CAPEX by the number of new household unit equivalents (HUEs) (as the selected unit of demand – see discussion in paragraph 3.14 below) which the Council has projected the CAPEX will fund within the analysis period (Analysis Period).

This can be represented by the following formula.

Development contribution (per HUE) = \[
\frac{\text{DC FUNDED CAPEX}}{\text{Sum of projected new HUEs in analysis period}}
\]

While capital expenditure will predominantly be for work within the 10 years of the LTP, some expenditure outside the 10 years as well as previously incurred expenditure may also be included. Where expenditure is included outside the LTP period this will be separately disclosed within this policy.

2.2. Significant Assumptions

An appropriate financial model has been developed to calculate CAPEX and this model includes the following significant assumptions:

- The cost of interest incurred as a financing cost until development contributions are received to fund Council investment in infrastructure to meet the increased demand for community facilities resulting from growth is included as part of the total cost of capital expenditure for the purposes of calculating CAPEX. The interest rate used for the 2018-2028 LTP is assumed to be 5%.
- The Council has adopted population projections which projects the growth in the District until 2048. These population projections are used as the basis for establishing the likely future population of the District and the number of projected new household unit equivalents for the purposes of the financial model. Information on the projections can be found on the Council’s website www.selwyn.govt.nz

2.3. Capital expenditure the Council expects to incur to meet increased demand for community facilities resulting from growth and schedule of development contributions

Table 1 below:

- summarises the total cost of capital expenditure identified in the LTP, or identified under clause 1(2) of Schedule 13 of the Act that the Council expects to incur to meet the increased demand for community facilities resulting from growth;
- states the proportion of that total cost of capital expenditure the Council has determined (after considering the section 101(3) factors as set out in paragraph 2.4 below) will be funded by:
  - development contributions: and
  - other sources.

None of the cost of the capital expenditure identified in the table will be funded by financial contributions and the proportion funded from this source is therefore zero.

The development contribution amounts are exclusive of GST and GST will need to be added to amount specified in Table 1. Where the Table 1 refers to ‘various’ under the % of total cost funded from Development Contributions, more information is provided in Appendix 1.
Table 1 Summary of capital expenditure and schedule of development contributions

<table>
<thead>
<tr>
<th>Water</th>
<th>Net Expenditure incurred pre 2018 $</th>
<th>Net Expenditure planned 2018-2028 $</th>
<th>Net Expenditure post 2028 $</th>
<th>Total Cost $</th>
<th>% of total cost funded from Development Contribution</th>
<th>% funded from other sources</th>
<th>Development Contribution per HUE (plus GST) $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prebbleton</td>
<td>(1,033,340)</td>
<td>5,009,294</td>
<td>-</td>
<td>3,975,954</td>
<td>98%</td>
<td>2%</td>
<td>4,116</td>
</tr>
<tr>
<td>Rolleston</td>
<td>642,941</td>
<td>11,692,715</td>
<td>-</td>
<td>12,335,656</td>
<td>100%</td>
<td>0%</td>
<td>2,009</td>
</tr>
<tr>
<td>Southbridge</td>
<td>40,602</td>
<td>796,080</td>
<td>-</td>
<td>836,682</td>
<td>83%</td>
<td>17%</td>
<td>6,864</td>
</tr>
<tr>
<td>Lincoln</td>
<td>980,850</td>
<td>7,358,851</td>
<td>-</td>
<td>8,339,701</td>
<td>98%</td>
<td>2%</td>
<td>1,831</td>
</tr>
<tr>
<td>Darfield</td>
<td>687,896</td>
<td>2,559,263</td>
<td>-</td>
<td>3,247,159</td>
<td>87%</td>
<td>13%</td>
<td>7,343</td>
</tr>
<tr>
<td>Kirwee</td>
<td>(540,940)</td>
<td>988,008</td>
<td>-</td>
<td>447,068</td>
<td>100%</td>
<td>0%</td>
<td>2,733</td>
</tr>
<tr>
<td>Leeston</td>
<td>(1,034,871)</td>
<td>2,100,564</td>
<td>-</td>
<td>1,065,693</td>
<td>100%</td>
<td>0%</td>
<td>1,448</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sewerage</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Selwyn Sewerage Scheme</td>
<td>20,399,173</td>
<td>27,798,317</td>
<td>1,237,433</td>
<td>49,434,923</td>
<td>94%</td>
<td>6%</td>
<td>5,244</td>
</tr>
<tr>
<td>Ellesmere Sewerage Scheme</td>
<td>(1,098,258)</td>
<td>11,354,843</td>
<td>-</td>
<td>10,256,585</td>
<td>95%</td>
<td>5%</td>
<td>10,549</td>
</tr>
</tbody>
</table>

*Tai Tapu wastewater at capacity, options for providing capacity and charges to be assessed on application

<table>
<thead>
<tr>
<th>Stormwater</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lincoln</td>
<td>2,404,113</td>
<td>488,083</td>
<td>-</td>
<td>2,892,196</td>
<td>100%</td>
<td>0%</td>
<td>5,296</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Roading</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Selwyn Development Area</td>
<td>(3,805,002)</td>
<td>114,471,464</td>
<td>19,431,547</td>
<td>130,098,008</td>
<td>various</td>
<td>various</td>
<td>1,769</td>
</tr>
<tr>
<td>Rest of District (costs included in line above)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>various</td>
<td>various</td>
<td>701</td>
</tr>
<tr>
<td>Lincoln ODP4</td>
<td>2,232,925</td>
<td>933,897</td>
<td>-</td>
<td>3,166,822</td>
<td>100%</td>
<td>0%</td>
<td>10,092</td>
</tr>
<tr>
<td>Lowes Road ODP TOTAL AREA</td>
<td>1,425,590</td>
<td>-</td>
<td>-</td>
<td>1,425,590</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lowes Road ODP Area: North High</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>90%</td>
<td>10%</td>
<td>22,577</td>
<td></td>
</tr>
<tr>
<td>Lowes Road ODP Area: North Medium</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>90%</td>
<td>10%</td>
<td>15,843</td>
<td></td>
</tr>
<tr>
<td>Lowes Road ODP Area: North Low</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>90%</td>
<td>10%</td>
<td>5,132</td>
<td></td>
</tr>
<tr>
<td>Lowes Road ODP Area: Fairhurst High</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>90%</td>
<td>10%</td>
<td>21,860</td>
<td></td>
</tr>
<tr>
<td>Lowes Road ODP Area: Fairhurst Low</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>90%</td>
<td>10%</td>
<td>8,280</td>
<td></td>
</tr>
<tr>
<td>Lowes Road ODP Area: Jozecom High</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>90%</td>
<td>10%</td>
<td>20,314</td>
<td></td>
</tr>
<tr>
<td>Lowes Road ODP Area: Jozecom Low</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>90%</td>
<td>10%</td>
<td>10,047</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reserves</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ellesmere Ward</td>
<td>(1,240,011)</td>
<td>11,000,429</td>
<td>-</td>
<td>9,760,418</td>
<td>various</td>
<td>various</td>
<td>4,867</td>
</tr>
<tr>
<td>Selwyn Central</td>
<td>(5,174,970)</td>
<td>76,618,738</td>
<td>-</td>
<td>71,443,768</td>
<td>various</td>
<td>various</td>
<td>11,366</td>
</tr>
<tr>
<td>Malvern</td>
<td>(1,096,313)</td>
<td>9,805,990</td>
<td>-</td>
<td>8,709,677</td>
<td>various</td>
<td>various</td>
<td>3,756</td>
</tr>
<tr>
<td>Springs</td>
<td>(6,652,667)</td>
<td>40,095,361</td>
<td>-</td>
<td>33,406,694</td>
<td>various</td>
<td>various</td>
<td>10,647</td>
</tr>
</tbody>
</table>
2.4. Section 101(3) consideration

How the Council determines the appropriate funding sources to meet the expected total capital cost of capital expenditure identified in paragraph 2.3 above.

Section 101(3) of the Act requires that the following be considered:

The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of:

(a) in relation to each activity to be funded:

(i) the community outcomes to which the activity primarily contributes;
(ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals;
(iii) the period in or over which benefits are expected to occur;
(iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
(v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and

(b) The overall impact of any allocation of liability for revenue needs on the community.

The Council has followed the four steps outlined below in making the above assessment.

Step 1 - Considering community outcomes (section 101(3)(a)(i))

Community outcomes are as identified in the Introduction section to the LTP. For the purposes of this policy, activities have been grouped into:

- reserves;
- water supply, sewage and stormwater;
- roading; and
- Rolleston- Lowes Road ODP Area
- Lincoln ODP4 Area

This policy has been established to support these activities and help deliver the community outcomes to which each group of activities contributes as shown below:

<table>
<thead>
<tr>
<th>Community outcome</th>
<th>Reserves</th>
<th>Stormwater, water and sewage</th>
<th>Roading</th>
<th>Rolleston Lowes Road ODP Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>A clean environment</td>
<td></td>
<td>√</td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>A rural district</td>
<td>√</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A healthy community</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>A safe place in which to live, work and play</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>An educated community</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A prosperous community</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>An accessible district</td>
<td></td>
<td></td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>A community which values its culture and heritage</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2: contributions to community outcomes
Step 2 – Benefits and Causation
The questions the Council considers under section 101(3)(a) of the Act include:
• who benefits from the community facilities (section 101(3)(a)(ii));
• the period over what those benefits occur (section 101(3)(a)(iii)); and
• who creates the need for the community facilities (section 101(3)(a)(iv)).

Within the framework of the Council’s activities, and how the activities contribute to
community outcomes, the Council develops a programme of infrastructural capital
works and reserves purchases.

For each of the individual capital projects included in the programme, the Council
assesses who created the need for that project, who will benefit from the asset that it
creates and how long that benefit will last.

The Council has:
• estimated the extent of growth within the District, translated this estimated
growth into an expected number of developments; and
• identified the capital expenditure necessary to meet the needs of the
growth community,

and these matters are summarised in Table 1.

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 LTP,
those new users (the growth community) create the need for new community facilities
which requires the Council to incur capital expenditure.

The Council also recognises that there may be capital expenditure necessary to
increase the level of service for all, 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; and
• visitors to the District using the facilities.

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

For each of the individual projects that require capital expenditure to cater for growth,
the Council makes a judgment about whether the asset being created will benefit the
existing community or the growth community, or both of those groups. In making this
judgment, the Council will consider a number of factors, including:
• the existing levels of comparable service derived from existing community
facilities;
• the ongoing costs (such as operating costs, depreciation and any other
relevant costs) of receiving the service from existing community facilities and
the community facilities to be constructed as part of a relevant project –
ongoing costs are not capital expenditure and might be considered in the
nature of a “negative benefit”;
• the extent to which the relevant project will provide:
  i. an increased level of service; or
  ii. a new service.

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

Step 3 – Costs and benefits of funding the activity distinctly from other activities
On an activity by activity basis, the Council considers the costs and benefits of funding
each activity distinctly from other activities. The benefits of additional community
infrastructure capacity generally accrue to the improved or new properties generating
demand for that capacity. The Council considers that the use of development
contributions to fund the cost of growth in community facilities, in proportion to the
benefit received by the growth community, provides the benefits of greater
transparency, greater accountability and intergenerational equity. These benefits
exceed the cost of using development contributions as a separate and distinct funding
source.

Step 4 – Overall impact on well-being of community
Finally, the Council considers how funding each activity will impact on the wellbeing of
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. Failing to fund growth in this manner
would impose an unfair burden on the economic wellbeing of the existing ratepayer
community.
Further section 101(3) analysis for each of the following types of community facilities is set out below as follows:

<table>
<thead>
<tr>
<th>Community Infrastructure</th>
<th>Paragraph</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water and Sewerage</td>
<td>4.1</td>
</tr>
<tr>
<td>Stormwater</td>
<td>5.1</td>
</tr>
<tr>
<td>Transportation – Roading</td>
<td>6.1</td>
</tr>
<tr>
<td>Reserves</td>
<td>7.1</td>
</tr>
<tr>
<td>Rolleston Lowes Road ODP</td>
<td>8.1.1</td>
</tr>
<tr>
<td>Lincoln ODP 4</td>
<td>8.2.1</td>
</tr>
</tbody>
</table>

2.5. Development contribution calculation
Having calculated the DC FUNDED CAPEX for each activity for which a development contribution is to be collected as set out in Table 1 above, it is then necessary to divide that sum by the number of HUEs which the Council has projected for the life of the asset or assets which the CAPEX will fund to determine the development contribution payable in each case. This working and the resulting development contributions are set out in Table 1 above.

2.6. Dominant underlying zone
The Council’s development contributions are based on the predominant zoning being for residential use. The Council will assess the demand for new or additional assets or assets of increased capacity by development in an industrial and business zoned area (this policy will refer to all such developments as “non-residential”) by converting such demand into equivalent residential units of demand as set out in paragraph 3.14.

2.7. When a contribution may be taken
While development contributions will generally apply where new units of demand are created at the subdivision consent stage, the Council may apply contributions at the building consent, service connection or certificate of acceptance stage on residential and rural development where additional units of demand are created in the absence of subdivision. The Council’s experience is that occasionally units of demand are created by an additional household unit on land already subdivided.

In such cases, as a matter of equity, the Council will assess and seek the appropriate development contribution at the building consent stage. If additional units of demand are created in the absence of subdivision or outside of the building consent stage the Council will require a development contribution at service connection or certificate of acceptance stage.

2.8. Policy commencement date
Any resource consent, building consent or service connection application received on or after the date the 2018/2028 Selwyn LTP is adopted by the Council, will be subject to a development contributions charge under this policy. Consent applications received prior to the 2018/2028 Selwyn LTP being adopted will be subject to contributions payable under the policy that was in place at the time the application was received.

2.9. Units of demand
As discussed in more detail in paragraph 3.14 below, the Council has selected household unit equivalents (HUEs) as the appropriate unit of demand for new or additional assets or assets of increased capacity for the purposes of assessing the impact of growth. Table 4 sets out the conversion factor applied to assess non-residential types of development into HUEs for the purposes of calculating development contributions.

2.10. Capital expenditure previously incurred
Development contributions will also be required from development to meet the cost of capital expenditure already incurred in anticipation of development, where the Council has assessed it appropriate and reasonable to do so.

2.11. Best available knowledge
Development contributions are based on capital budgets from Council Activity Management Plans which are subsequently incorporated within Council's LTP as well as previously incurred capital expenditure. The capital expenditure budgets and projected estimates of future asset works are based on the best available knowledge at the time of preparation.

2.12. Planning Horizon
Depending on the activity being funded a planning horizon of between 10 and 30 years is being used as a basis for forecasting growth and applying a development contribution. This is consistent with the Council’s activity management planning horizons. The Council will amend the planning horizons where it has information that is appropriate to do so.

2.13. Capacity Life
Council in determining the development contribution payable has taken into account the capacity life of the assets being provided. This means in practice that where an asset will provide capacity for growth outside the 10 years of the LTP this additional capacity will be matched with the HUE’s created outside the 10 year period. Conversely should the capacity life be less than the 10 years of the LTP the HUE’s created will match this capacity life.
2.14. The Council’s use of development contributions

The Council will use development contributions only on the activity for which they are collected. This will be undertaken on an aggregated project basis for each of the activities.

Where the Council anticipates funding from a third party for any part of the growth component of the capital expenditure budget, then this proportion is excluded from the total estimated growth component to be funded by development contributions. Similarly third party funding received for capital expenditure the Council has incurred in anticipation of development has also been excluded from figures.

2.15. Review

It is anticipated that this policy will be updated on a three yearly basis or at shorter intervals if the Council deems it necessary. Any review of policy will take account of:

- any changes to significant assumptions underlying this policy;
- any changes in the capital development works programme for growth;
- any changes in the pattern and distribution of development and growth in the District;
- any changes that reflect new or significant modelling of the networks;
- the regular reviews of Revenue and Financial Policies, and the LTP;
- any changes that the Council needs to implement from changes to its District Plan; and
- any other matters the Council considers relevant, including amendments to legislation and regulations.
3. ADMINISTRATION OF DEVELOPMENT CONTRIBUTIONS

3.1. Trigger for requiring a development contribution
Under section 198 of the Act, the Council may require payment of a development contribution upon the granting of:
- a resource consent;
- a building consent; or
- an authorisation for a service connection.

3.2. Initial Development Contribution Assessment
The purpose of the initial development contribution assessment (Initial Development Contribution Assessment) is to:
- determine if a development contribution is required (see paragraph 1.2); and
- if a development contribution is payable, calculate the amount payable.

The Initial Development Contribution Assessment will be conducted on application for a resource or building consent (including a subdivision consent) or service connection authorisation. The assessment will be undertaken using the development contributions policy which is in force at the time of application.

3.3. Invoicing and Payment
Development contributions will be invoiced by the Council prior to, and must be paid before, the grant or issue of the relevant:
- certificate under section 224(c) of the Resource Management Act 1991;
- code compliance certificate under section 95 of the Building Act 2004;
- certificate of acceptance under section 99 of the Building Act 2004; or
- a service connection to the development.

The development contributions invoiced will, as a general rule, correspond with the development contributions assessed during the Initial Development Contribution Assessment (see paragraph 3.2). However, in certain circumstances, the Council will reassess the development contributions due prior to invoicing (see paragraph 3.4).

Council will not generally grant or issue any of the relevant consents, certificates or authorisations (as prescribed in section 208 of the Act) until full payment of development contributions is received.

Payment of development contributions is due within 20 working days from the date of invoice. If payment is not made within 20 working days of the date of invoice:
- the Council may elect to exercise the powers outlined in section 208 of the Act; and
- the amount due will be treated as an overdue debt owed to the Council (see paragraph 3.6)

3.4. Reassessment of development contributions
Development contributions will be reassessed by Council:
- if the time between the Initial Development Contribution Assessment and time at which the Council would normally invoice for those development contributions (as determined in accordance with paragraph 3.3) is more than 24 months; and/or
- where there are changes in scale or intensity of the development.

Any reassessment of development contributions will be completed in accordance with:
- the development contributions policy (including its methodologies and schedules) in force at the time the original application for a resource consent, building consent or service authorisation was submitted; and
- any PPI indexing (see paragraph 3.15) applicable to those development contributions between the time of the original application and the time of payment.

3.5. Deferment of the payment of contributions
The Council will not normally permit deferred payment of development contributions and will only consider the deferment of payment of development contributions where:
- the application relates to a subdivision consent; and
- the Council considers that the proposed development will have wider benefits for the community or the Selwyn District as a whole (as opposed to only benefitting the developer and/or persons purchasing subdivided allotments in the development).

Any decision to defer payment is at the entire discretion of the Council and will be conditional on the payment of the GST portion of the invoice (raised in accordance with paragraph 3.3) by a specified date.

Where the Council agrees to allow the deferment of the payment of a development contribution, the Council will, in addition to its powers under section 208(1)(d) of the Act, require an encumbrance be registered against the certificates of title for each allotment in the subdivision.

Terms of any agreed deferment will also likely include requirements that:
the developer pay interest at a rate determined by the Council on any outstanding development contributions;

the development contribution is paid by a specified date; and

the developer pay the Council's reasonable legal and administrative costs.

3.6. Recovery of development Contributions

Council may initiate debt recovery proceedings for unpaid development contributions that:

• are not paid by the due date stipulated on the invoice; or

• in the case a deferred payment of development contributions, are not paid by the specified date.

Council may also seek to recover all reasonable costs incurred in recovery proceedings and interest on the outstanding development contributions at the Council's base borrowing rate plus 5% per annum.

All interest recovered by the Council in respect of deferred or overdue development contributions will be paid to the relevant development contributions account and spent on the relevant community facilities.

3.7. Changes in scale or intensity

Under section 200(4) of the Act, the Council may require a further development contribution for the same purpose if the scale and/or intensity of the development increases since the original contribution.

3.8. Remissions

A developer may request a remission of a development contribution required on a development. The Council will consider requests for remissions on a case-by-case basis.

Remission (in whole or in part) of development contributions may be allowed where:

• Features of the developer's development, on their own or cumulatively with those of other developments, substantially reduce the impact of the development on requirements for community facilities in the District.

• The development contributions applicable to a particular development are manifestly excessive in that the cost of the new or additional assets or assets of increased capacity required by the development is demonstrably less than the development contribution which would otherwise be required by this policy.

3.9. Refunds

In accordance with sections 209 and 210 of the Act the Council will refund development contributions or return land taken in lieu of development contributions if:

• the development does not proceed;

• a consent lapses or is surrendered; or

• the Council does not provide the reserve, network infrastructure or community infrastructure for which the development contribution was collected (in the case of reserves, within 10 years of that contribution being received).

Any refunds will be issued to the consent holder (which the Council considers to be the registered proprietor of the property or properties to which the relevant consent relates at the time the refund is made) or his or her personal representative less any costs already incurred by the Council in relation to the development or building and its discontinuance and will not be subject to any interest or inflationary adjustment.
3.10. Reconsideration and objections

Reconsideration

The Act as amended in 2014 provides that anyone who is required to pay a development contribution may request a reconsideration by the Council. Within 10 working days of receiving a demand notice or invoice for the development contribution, an applicant may, in writing, request a reconsideration stating the grounds of any objection and the relief sought. Those grounds may be any one or more of the following:

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

If the application is incomplete the Council will request the missing information. Applications will not be processed until the Council receives all required relevant information.

Applications for reconsideration will be considered by a panel of up to three staff, including the Corporate Services Manager who has delegated authority to make the decision.

A decision in writing shall be given to the person who made the request within 15 working days after the date on which Council receives all required information relating to a request.

A reconsideration cannot be requested if the applicant has already lodged an objection. If the applicant is not satisfied with the outcome of the reconsideration, they may lodge an objection as specified below.

Objection

An applicant may lodge an objection with the Council for review by an Independent Commissioner. An objection may be made on any of the grounds set out in section 199D of the Act.

Schedule 13A of the Act sets out the process if a person wishes to object to a development contribution levied. In summary, any objection must be lodged with the Council within 15 working days of receiving notice to pay a development contribution, or within 15 working days of receiving the outcome of any request for reconsideration under section 3.4. Objectors must pay a deposit and are liable for all costs incurred in the objection process including staff and commissioner time, and other costs incurred by Council associated with any hearings.

3.11. Development agreements

The Act as amended in 2014 now provides in sections 207A to 207F for the Council and a developer to enter into specific arrangements for the provision of cash, land, or infrastructure instead of development contributions payable under the development contributions policy. This may be appropriate where a development requires a special level of service or is of a type or scale which is not readily assessed in terms of an equivalent household unit of demand.

In establishing that a development agreement is appropriate the applicant will be expected to provide supporting information and detailed calculations of their development's roading, water supply and waste water demands in terms of units of demand.


Development contributions specified in the schedules are exclusive of Goods and Services Tax. GST will need to be added to the final calculation.

3.13. Calculating contributions over multiple development areas

In any situation where a proposed development lies partially in each of two or more development contribution areas, the development contribution for the development will be apportioned to the relevant development area.

3.14. Unit of demand

The unit of demand by which the Council assesses the Impact of growth is a HUE being a normal residential house averaging 2.8 persons.

For resource consent (subdivision) applications where the Council has determined that the likely development will be residential or of a rural residential nature, it is assumed that every additional lot created will contain one HUE. Subject to the exceptions set out below multi-unit residential developments will be assessed on the basis that each residential unit created comprises one HUE.

For the majority of development in the District, one residential allotment in a subdivision or one connection to the relevant network infrastructure will equate to, and be assessed as, one HUE.

However, the Council recognises that certain types of development will have different demand profiles. A conversion calculation is required to assess the demand from these developments in HUE terms. Developments of this type include:

- rural subdivision - lots 4 ha or greater;
- residential unit on rural lots 4 ha or greater;
• non-residential development, and
• residential developments where the standard unit of demand is appropriately reduced by certain discount factor(s).

Applying Residential development discount factors
The demand for certain types of residential development will be calculated as follows:
• the HUE for an attached household unit is reduced by a factor of 0.1; and
• the HUE for an household unit with a gross floor area (GFA) of less than 100m² will be reduced by a factor of up to (but not more than) 0.4. The formula to be applied determining the reduction is:

\[
1 - \frac{\text{GFA (in square metres)}}{100} = \text{reduction factor}
\]

Residential development discount factors are applied cumulatively meaning an attached household unit that is less than 60m² GFA will be assessed as a 0.5 HUE. These discount factors will apply to family flats.

A HUE conversion table is set out in Table 3.

The non-residential assessment of units of demand set out in Table 3 may be departed from in the following circumstances:

Self-assessment
• An applicant may apply for a self-assessment of the number of HUEs which would otherwise be assessed for a particular development as follows:
  o Application must be made in writing before any development contributions payment in respect of the development becomes due.
  o The assessment must relate to all matters for which development contributions are payable under this policy. The applicant must demonstrate that the actual increased demand created by the development is different from that assessed by the calculations in the table 3 below. For these purposes, actual increased demand means the demand created by the most intensive non-residential use or uses likely to become established in the development within ten years from the date of application.
  o The Council may determine an application made under this section at its discretion. In doing so the Council will take into account everything presented to it by way of written application and may take into account other matters which it considers relevant.
  o Any application must be accompanied by the fee payable to recover the Council's actual and reasonable costs of determining the application.

Special assessment
• If the Council believes on reasonable grounds that the increased demand assessed for a particular development by applying the non-residential unit of demand calculated in accordance with table 3 below is less than the actual increased demand created by the development, it may require a special assessment to determine the number of HUEs equivalent demand created by the development as follows:
  o A special assessment must be initiated before any development contributions payable in respect of the development becomes due.
  o The assessment must relate to all matters for which development contributions are payable under this policy.
  o The Council may request information from the applicant to establish the actual increased demand.
  o The Council must bear its own costs.
  o Everything the Council intends to take into account in making a special assessment must be provided to the applicant for a written reply at least 10 working days before the assessment is determined.
  o The Council may determine a special assessment at its discretion. In doing so, the Council will take into account everything presented to it by way of a written reply and may take into account any other matters which are considered relevant.

Assessment guidelines
• Without limiting the Council's discretion, when determining an application for either a self-assessment or special assessment initiated by Council, the Council will be guided by the usage measures set out in table 3 below and where appropriate reference to Wastewater Engineering Treatment and Reuse 4th edition by Metcalf and Eddy.

Trade waste users will be assessed for additional payment based on their discharge under the Trade Waste Bylaw 2016.
## Table 3 – Household Unit Equivalent Conversion

<table>
<thead>
<tr>
<th>Land Use Category</th>
<th>Sewerage</th>
<th>Water</th>
<th>Stormwater</th>
<th>Reserves</th>
<th>Transport</th>
<th>Outline Development Plan Area</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tai Tapu</td>
<td>Eastern Selwyn</td>
<td>Ellesmere</td>
<td>Darfield</td>
<td>Kirwe</td>
<td>Leeston</td>
</tr>
<tr>
<td><strong>Household (residential)</strong></td>
<td>1 HUE per Lot or residential unit</td>
<td>1 HUE per Lot or residential unit</td>
<td>1 HUE per Lot or residential unit</td>
<td>1 HUE per Lot or residential unit</td>
<td>1 HUE per Lot or residential unit</td>
<td>1 HUE per Lot or residential unit</td>
</tr>
<tr>
<td><strong>Rural sub-division - lots 4 ha or greater</strong></td>
<td>1 HUE per Lot or residential unit</td>
<td>1 HUE per Lot or residential unit</td>
<td>N/A</td>
<td>0.5 HUE per Lot or residential unit</td>
<td>1 HUE per Lot or residential unit</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Residential unit on rural lots 4 ha or greater</strong></td>
<td>1 HUE per Lot or residential unit</td>
<td>1 HUE per Lot or residential unit</td>
<td>N/A</td>
<td>0.5 HUE per Lot or residential unit</td>
<td>1 HUE per Lot or residential unit</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Attached Household units</strong></td>
<td>HUE reduced by 0.1</td>
<td>HUE reduced by 0.1</td>
<td>HUE reduced by 0.1</td>
<td>HUE reduced by 0.1</td>
<td>HUE reduced by 0.1</td>
<td>HUE reduced by 0.1 per residential lot</td>
</tr>
<tr>
<td><strong>Household units with a total GFA less than 100m²</strong></td>
<td>HUE reduced by a factor up to 0.4</td>
<td>HUE reduced by a factor up to 0.4</td>
<td>HUE reduced by a factor up to 0.4</td>
<td>HUE reduced by a factor up to 0.4</td>
<td>HUE reduced by a factor up to 0.4</td>
<td>HUE reduced by a factor up to 0.4 per residential lot</td>
</tr>
<tr>
<td><strong>Non-residential</strong></td>
<td>See table 3.1 below</td>
<td>See table 3.1 below</td>
<td>N/A</td>
<td>N/A</td>
<td>See table 3.1 below</td>
<td>N/A</td>
</tr>
</tbody>
</table>
3.15. Producer Price Index

Development contributions are calculated at the time the infrastructure expenditure is incurred. Each contribution is annually indexed by PPI as at 31 December (and in accordance with sections 106(2B) and (2C) of the Act1) to reflect the real value of money at the time at which the relevant development contributions are paid with the intention that, in real terms, development contributions are equalized across the period in which they are recovered. This approach is incorporated in the Council’s modelling so that early payers of development contributions pay less in nominal terms.

Council has determined that development contributions for reserves should be assessed on a ward basis. This approach reflects the variations in the cost of providing assets according to the characteristics of each particular ward and the nature of the works required. The wards are Selwyn Central, Malvern, Ellesmere and Springs. Maps of the four wards are included in Appendix 3 to this policy.

Development contributions are also charged for the Rolleston Lowes Road Outline Development Plan Area and a map of this area is included in section 8 of this policy.

4. WATER AND SEWERAGE

4.1. Further section 101(3) analysis

Before making the decision to fund water and sewerage in the manner set out in Table 1 the Council gave consideration to:

- the general factors set out in paragraph 1.3 above; and
- the following specific factors, in accordance with the requirements of section 101(3) of the Act.

<table>
<thead>
<tr>
<th>The community outcomes to which the activity primarily contributes</th>
<th>A clean environment, A healthy community, A safe place to live, work and play and An accessible district</th>
</tr>
</thead>
</table>
| The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals, in relation to the activity | Capital expenditure will provide network capacity and therefore benefit to:  
- either the existing community or the growth community; or  
- both of these groups. |
| The period in or over which those benefits are expected to occur | Council intends to recover the cost of growth from the development community. Improving levels of service, historical catchup or asset renewal will be funded from other sources of revenue by the existing community. Most of the planned expenditure for 5 Waters is to provide additional capacity and will bring little or no benefit to the existing community. |

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1 These sections were inserted by the Local Government Act 2002 Amendment Act 2014 and require that the reference index be the Producers Price Index Outputs for Construction provided by Statistics New Zealand and not the Consumer Price Index previously used by the Council.
The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity

New development occurring within parts of the District requires the Council to have appropriate water and sewerage infrastructure in place.

Council has identified the capital expenditure necessary to provide the water and sewerage infrastructure needed by the growth community and it is the growth community that is contributing to the need to undertake this work.

It is appropriate that the growth community bear most of the capital cost of infrastructure which is required by growth and development contributions are an appropriate mechanism to achieve this.

The costs and benefits, including consequences for transparency, of funding the activity distinctly from other activities

The benefits of additional water and sewerage capacity accrue to the new or improved properties generating demand for that capacity. The Council’s view is that the use of development contributions to partially or fully fund the cost of growth in demand for water and sewerage 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.

Council has the appropriate systems in place to separately identify the charges and costs of this activity.

In addition to the factors above, the Council has assessed the overall impact of the allocation of liability for the revenue needs of the community

The liability for revenue falls proportionally on the growth community.

Council has considered the negative impact of the allocation of liability for revenue on the growth community and considers that the level of development contributions is affordable.

Further section 101(3) analysis was completed specifically in relation to the Eastern Selwyn Sewerage Scheme (ESSS) and this (together with some further background in relation to the cost of the ESSS) is set out in Appendix 2.

4.2. Development contributions areas

For a detailed breakdown of the capital works and the % attributable to growth on an asset by asset basis please refer to the schedule of assets attached to this policy.

Sewerage

Tai Tapu
This development has now reached capacity. Options for providing capacity and charges to be assessed on application.

Ellesmere Sewerage Scheme
To allow for the future demand for sewerage capacity in Leeston, Southbridge and Doyleston, the Council will upgrade the capacity of the Ellesmere Sewerage Treatment Plant and reticulated network including pipelines and pump station. The upgraded plant will provide additional capacity for up to 30 years. The capital expenditure will be incurred in the period 2018 to 2028 and 90% of the costs of the upgraded treatment plant will be funded through development contributions and the remaining 10% will be funded through the District wastewater targeted rate.

Eastern Selwyn Sewerage Scheme
The Council has been collecting development contributions in relation to the upgrade of the Eastern Selwyn Sewerage Scheme for some time.

The scheme costs include:
- the purchase of additional land for the treatment site;
- the construction of the wastewater treatment plant; and
- the construction of pipelines, pump stations and associated works.

Water

Darfield
Development in Darfield was deferred for development until an adequate supply of water was secured. During 2013/14 Council installed an addition deep groundwater bore and constructed a 1000m3 reservoir and new booster pump station

Lincoln
Opus International Consultants have developed a computed hydraulic model to predict water future demand and capital upgrades based on Councils growth predictions. Capital projects include new bores, reservoirs and associated pipework.
Prebbleton
Opus International Consultants have developed a computed hydraulic model to predict water future demand and capital upgrades based on Councils growth predictions. Capital projects include new bores, reservoirs and associated pipework.

Rolleston
Opus International Consultants have developed a computed hydraulic model to predict water future demand and capital upgrades based on Councils growth predictions. Capital projects include new bores, reservoirs and associated pipework.

Leeston
Opus International Consultants have developed a computed hydraulic model to predict water future demand and capital upgrades based on Councils growth predictions. Capital projects include new bores and associated pipework.

Kirwee
Opus International Consultants have developed a computed hydraulic model to predict water future demand and capital upgrades based on Councils growth predictions. Capital projects include new bores and associated pipework.

Southbridge
Opus International Consultants have developed a computed hydraulic model to predict water future demand and capital upgrades based on Councils growth predictions. Capital projects include new bores and associated pipework.
4.3. Who gets charged

All new developments within the identified development contribution areas that are able to connect to the relevant sewerage or water scheme, will be assessed for a development contribution in accordance with this policy. For restricted water supplies a development contribution will only be charged if additional water units are required.

5. STORMWATER

In 2012 Council acquired 16.845 Ha of land on Ellesmere Rd and subsequently constructed a stormwater wetland designed to manage the quality and quantity of stormwater runoff from Lincoln’s eastern growth areas. Future works include the construction of a new culvert under the Lincoln Tai Tapu Road with the capacity to convey stormwater from the development areas to the wetland area. Associated drain widening works including a spring diversion channel are required to complete these works. This network infrastructure serves all new properties in the area outlined in the plan in paragraph 3.16 above.

5.1. Further section 101(3) analysis

Before making the decision to fund stormwater in the manner set out in Table 1 the Council gave consideration to:

- the general factors set out in paragraph 1.3 above; and
- the following specific factors,

in accordance with the requirements of section 101(3) of the Act.

| The community outcomes to which the activity primarily contributes | A clean environment, A healthy community, A safe place to live, work and play and An accessible district |
|---------------------------------------------------------------|
| The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals, in relation to the activity | Capital expenditure will provide network capacity and therefore benefit to: either the existing Lincoln community or the growth Lincoln community; or both of these groups. |
| Council intends to recover the cost of growth from the development community in Lincoln. Improving levels of service, historical catchup or asset renewal will be funded from other sources of revenue by the existing Lincoln community. The new stormwater system and wetland have been constructed to allow development of an area of Lincoln and the Council considers that all the benefits are for the growth community that utilises this system. |
| The period in or over which those benefits are expected to occur | Capital expenditure often has benefits extending beyond the 10 year horizon of the LTP. For each of the individual capital expenditure projects the Council determines the length of time over which the asset created by the expenditure will provide a benefit to the Lincoln community. |
| The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity | New development occurring within the Lincoln area requires the Council to have appropriate stormwater infrastructure in place. |
| Council has identified the capital expenditure necessary to provide the stormwater infrastructure needed by the growth community and it is the growth community that is contributing to the need to undertake this work. It is appropriate that the growth community bear the capital cost of infrastructure which is required by growth and development contributions are an appropriate mechanism to achieve this. |
| The costs and benefits, including consequences for transparency, of funding the activity distinctly from other activities | The benefits of additional community infrastructure capacity accrue to the new or improved properties in the Lincoln area generating demand for that capacity. The Council’s view is that the use of development contributions to partially or fully fund the cost of growth in stormwater requirement 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 in the Lincoln area include greater transparency and efficiency by requiring an appropriate share of the actual costs to be paid by developers. |
| The Council has the appropriate systems in place to separately identify the charges and costs of this activity. |
| In addition to the factors above, the Council has assessed the overall impact of the allocation of liability for the revenue needs of the community | The liability for revenue falls proportionally on the growth community. |
| Council has considered the negative impact of the allocation of liability for revenue on the growth community and considers that the level of development contributions is affordable. |

Lincoln

5.2. Who gets charged

All new developments in Lincoln development contribution area with stormwater that flows into the Lincoln wetland, will be subject to a development contribution.
6. TRANSPORTATION- ROADING

6.1. Further section 101(3) analysis

Before making the decision to fund roading in the manner set out in Table 1 the Council gave consideration to:

- the general factors set out in paragraph 1.3 above; and
- the following specific factors,

in accordance with the requirements of section 101(3) of the Act.

<table>
<thead>
<tr>
<th>The community outcomes to which the activity primarily contributes</th>
<th>A clean environment, A healthy community, A safe place to live, work and play and An accessible district</th>
</tr>
</thead>
<tbody>
<tr>
<td>The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals, in relation to the activity</td>
<td>Capital expenditure on roads will provide additional capacity and therefore benefit to both the existing community and the growth community. Council intends to recover the cost of growth from the development community. Improving levels of service, historical catchup or asset renewal will be funded from other sources of revenue by the existing community. The Council has used traffic modelling to identify the extent to which the capital expenditure will benefit the growth community and the existing community.</td>
</tr>
<tr>
<td>The period in or over which those benefits are expected to occur</td>
<td>Capital expenditure often has benefits extending beyond the 10 year horizon of the LTP. For each of the individual capital expenditure projects the Council determines the length of time over which the asset created by the expenditure will provide a benefit to the community.</td>
</tr>
</tbody>
</table>

The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity

New development occurring within parts of the District requires the Council to have roading infrastructure in place.

Council has identified the capital expenditure necessary to provide the roading infrastructure needed by the growth community.

It is appropriate that the growth community bear some of the capital cost of infrastructure which is required by growth and development contributions are an appropriate mechanism to achieve this. The Council has recognised that both the existing community and the growth community is generating additional traffic volumes requiring the capital expenditure.

The costs and benefits, including consequences for transparency, of funding the activity distinctly from other activities

The benefits of additional community infrastructure capacity accrue to the new or improved properties generating demand for that capacity. The council's view is that the use of development contributions to partially or fully fund the cost of growth in roading 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.

Council has the appropriate systems in place to separately identify the charges and costs of this activity.

In addition to the factors above, the Council has assessed the overall impact of the allocation of liability for the revenue needs on the community

The liability for revenue falls proportionally on the growth community.

Council has considered the negative impact of the allocation of liability for revenue on the growth community and considers that the level of development contributions is affordable.

6.2. Who gets charged

All new developments in the development contribution areas will be subject to a development contribution.
Eastern Selwyn Development Area

All new developments within the Eastern Selwyn Development Area per the map in Appendix 3 to this policy will be subject to the development contribution.

Rest of District

All new development not within the Eastern Selwyn Development Area will be subject to the development contribution.

7. RESERVES

Development contributions from residential subdivision and/or development are the means that have been chosen by the Council to generate the necessary funds for new reserves/open space and facilities for recreation which are required by those developments. The Council uses development contributions for reserves to provide for the additional actual and potential demand anticipated for open space/reserves, and associated activities, resulting from subdivision and development. The Council’s Community Facilities Activity Management Plan is key to identifying reserve requirements. It sets out levels of service and how these can be achieved.

Outline development plans are also key planning documents, under the Resource Management Act, for identifying open space, walkways and reserve provision. The Council is, through these plans, anticipating growth locations and ensuring the appropriate provision of reserves through acquisition and purchase.

Where the Council does purchase land in anticipation of development occurring, an internal loan may be set up and the land will be held for general purposes. Where the development proceeds and a developer’s cash contribution is used to repay the loan, the land will then be designated and/or vested as a reserve.

7.1. Further section 101(3) analysis

Before making the decision to fund reserves in the manner set out in Table 1 the Council gave consideration to:

- the general factors set out in paragraph 1.3 above; and
- the following specific factors,

in accordance with the requirements of section 101(3) of the Act.

<table>
<thead>
<tr>
<th>The community outcomes to which the activity primarily contributes</th>
<th>A rural district, A healthy community, A safe place in which to live, work and play and An accessible district</th>
</tr>
</thead>
<tbody>
<tr>
<td>The distribution of benefits between the community as a whole, any identifiable part of</td>
<td>Capital expenditure will provide further reserves and reserves with additional capacity and therefore benefit to:</td>
</tr>
</tbody>
</table>

The community, and individuals, in relation to the activity

- either the existing community or the growth community; or
- both of these groups.

Council intends to recover the cost of growth from the development community. Improving levels of service, historical catchup or asset renewal will be funded from other sources of revenue by the existing community. The Council recognises that the new reserves provided because of population growth also bring benefit to the existing community by increasing the availability of reserves.

The period in or over which those benefits are expected to occur

Capital expenditure often has benefits extending beyond the 10 year horizon of the LTP. For each of the individual capital expenditure projects the Council determines the length of time over which the asset created by the expenditure will provide a benefit to the community.

The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity

New development occurring within parts of the District requires the Council to have appropriate reserves in place.

Council has identified the capital expenditure necessary to provide the reserves capacity needed by the growth community and it is the growth community that is contributing to the need to undertake this work.

It is appropriate that the growth community bear some of the capital cost of the reserves which are required by growth and development contributions are an appropriate mechanism to achieve this.

The costs and benefits, including consequences for transparency, of funding the activity distinctly from other activities

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

The benefits of funding additional reserves 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.

Council has the appropriate systems in place to separately identify the charges and costs of this activity.
In addition to the factors above, the Council has assessed the overall impact of the allocation of liability for the revenue needs of the community.

The liability for revenue falls proportionally on the growth community.

Council has considered the negative impact of the allocation of liability for revenue on the growth community and considers that the level of development contributions is affordable.

### 7.2. Calculating the development contributions payable for reserves

The development contribution payable is also subject to the statutory maxima provided by section 203(1) of the Act, namely that 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 20m² of land for each additional household unit created by the development.

The Council will generally take development contributions towards providing reserves for open space and recreation in money. In some circumstances the Council may, at its sole discretion, consider taking land in lieu of, or in addition to, money where practicable in accordance with the criteria set out in paragraph 7.5 below.

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. Normally Council will not accept land additional to what is required but in some special cases it may be prepared to accept the vesting and future maintenance of such land where it is of benefit to all ratepayers. No credit towards the development contribution required will be given for land provided as reserve where it is in excess of what would be considered adequate under the Community Facilities Activity Management Plan.

Council also understands that some developers may wish to undertake improvements on the land given as reserve. Subject to agreement by Council at the time of lodgement and the improvement items qualifying in accordance with the criteria set out in section 7.7 below, Council may give a credit for such improvements towards the overall reserve development contribution. Council will not accept, as a credit towards the development contribution required, unnecessary developments on the land and these will not be accepted as suitable for vesting in Council. This includes items such as entrance structures, fountains and other similar embellishments.

Contributions paid at the time of subdivision consent may be reduced by the amount of any development contribution made at the time of a previous building consent on the same land, provided that the previous building was erected within the preceding 10 years. Contributions made at the time of land use or building consent may be reduced by the amount of any contribution made at the time of a previous subdivision consent over the same land, provided that any previous subdivision occurred within the preceding 10 years. There is also provision for approved credits that contribute towards making up the total value of the reserve contribution as set out below.

### 7.3. Valuation of land to vest as reserve

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 application for subdivision is lodged. A request will be made by the Council to the consent holder for a reserve land valuation from an independent valuer (unless an alternative valuation methodology is agreed by Council) The valuation must be supplied within 30 working days from the date the resource consent application consent is granted. If a valuation report for the land is not received within the 30 working days period Council will engage its own valuer to prepare the valuation. In either case the cost of the valuation will be met by the developer.

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

- the value must exclude:
  - improvements to the land;
  - development contributions paid in respect of the land;
  - servicing and infrastructure costs which would otherwise be attributable to the land;
  - an appropriate discount will be made on account of any easements or other rights to which the land is subject;
  - where there are different density zonings within a subdivision or Outline Development Plan (ODP), the value will be based on the lowest density zoning;
  - the value will include any rights and configuration given by the consents already granted; and
  - 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);
  - The value of the land will be assessed at zero GST.

Unless otherwise agreed between the Council and developer, the valuation of reserve land will occur in a manner consistent with the Public Works Act 1981 and relevant case law.

If Council believes that the valuation provided by the consent holder does not represent a fair value for the land Council reserves the right to obtain an alternative valuation at its own cost. 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 arbitrator will be instructed to seek the correct valuation rather than to mediate a mid-point answer. The findings of the independent
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.

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

### 7.4. Cash contributions

If the Council has not agreed a land contribution, or does not require the full contribution to be made in land, then full payment of the reserve contribution, less any credits for land acquired by the Council or improvements to the land, will be paid in cash.

### 7.5. Criteria for taking land instead of cash

A subdivider/developer may offer the Council land, in lieu of, or in addition to cash, as a reserve contribution. The decision to accept or refuse land a subdivider/developer offers as a reserve contribution is at the Council’s sole discretion, but it will be made in discussion with the subdivider/developer at the time the application is lodged or earlier if the Council is notified of the owner’s intention to offer land as a reserve contribution. Not all land will be considered by the Council as being suitable for taking as reserve contribution.

Generally no land will be accepted by Council nor credit given where the land exceeds the Councils adopted service provision and distribution standards outlined in the Community Facilities Activity Management Plan. The exception to this is in circumstances where Council considers that there is a wider benefit.

In discussion with the subdivider/developer, it will firstly be determined:

1. whether the development will increase the demand for open space and recreational land; and
2. whether there is a shortage of land for open space and recreational use in the area where the development is proposed, and if so, which land in the development can appropriately satisfy this need.

Secondly, discussions over the suitability of the particular land to be acquired by the Council as reserve contribution will need to be held as early as possible, because one piece of land may be superior to another within the same development. To determine the suitability of the land, the Council will use the following criteria together with, any other information that the Council, in its discretion, considers is relevant, in considering the particular development:

- the utility and benefit to the community. The credit would only be given subject to the land provided not exceeding the adopted service standard for reserve provision. Where land is
- the proximity of the land to other reserves and public open spaces
- the Council’s capacity to pay for maintenance and improvements to any land acquired by it as a reserve contribution
- size, location and accessibility
- frontage to a roading network
- suitability of the land to be developed for the required purpose
- soils, gradient and topography
- landscape features and quality
- potential for linkages and walkways
- margins of waterways
- proximity to other desirable features
- potential for views into or from the site
- ecosystems and bio-diversity
- significant mature vegetation
- existing shelter belts
- historic and cultural significance
- safety for users
- potential for enhancement
- absence of hazards and
- vulnerability to natural hazards, including, but not limited to, earthquake damage, inundation and sedimentation.

With respect to the size of reserve land:

1. A local neighbourhood park, should be 2,000 m² to 3,000 m² in size, unless it serves primarily an open space function and is adjacent to other open space, where a smaller area may be acceptable.
2. A District sports field should be a minimum of 4 hectares.
3. If the District sports field is to also accommodate club buildings, the size should be increased to 8 hectares.

The Council considers that the benefits of open space/reserves generally need to be distributed to and enjoyed by the whole community. It therefore will not accept land which clearly benefits only a limited number of users and which is unlikely to fulfill the recreation needs of the community to a substantial extent.

In some instances Council may agree to accept land as reserve contribution that has limited recreation value but has other benefits such as a landscape strip for amenity values which would normally be identified as Local Purpose (Landscape) Reserve on subdivision scheme plans. In this case Council may give a reduced credit (up to 20%) for the land based on its utility and benefit to the community. The credit would only be given subject to the land
Development Plan or subdivision scheme plan then no credit for that land will be given as reserve contribution. This is because the land, as with the road corridor, is primarily provided to locate the transportation network. If agreed by both parties, more land than is required as reserve contribution may be vested as reserve at no extra cost to the Council and without additional credits being granted to the developer, but increased development and maintenance costs may be a deterrent to the Council accepting more land than it needs. It will be at the Council’s discretion whether it would rather take additional land or cash for future capital improvements.

7.6. Use of cash contributions

Cash taken as part or all of a reserve contribution may be used for:

- the purchase of land for reserves;
- capital improvements to newly acquired land, or existing Council owned land, to provide open space and facilities for sports and recreation needed as a result of development;
- the repayment of loans (be they loans to the Council from external and/or internal funding sources) taken out for the purchase of land for possible future reserves or for capital improvements; and
- any other purposes provided for in section 205 of the Act.

7.7. Credits

Credits, up to a maximum as determined by Council, towards the total calculated reserves development contributions for a subdivision/development may be gained by a subdivider/developer for:

- the retention of valuable existing features on the land;
- improvements to the land vested for recreation, landscape or open space purposes;
- Land provided for storm water management.
- Land to contain water races for amenity purposes.

Credits will be assessed on a case-by-case basis at the request of the subdivider/developer, with the following factors taken into account.

7.7.1. Existing features

Trees/vegetation

Before a developer takes out existing trees and/or shelter belts, it would be appropriate to approach the Council to see if the retention of existing vegetation would have value as a credit for the calculation of reserves contributions. The amenity value that established vegetation adds to the landscape can be considerable, in terms of shade and shelter, wildlife habitat, and retaining local character. The value of existing vegetation is often noticed after its removal, particularly in the case of shelter. It may only be possible to retain large trees and small scale shelter belts if sufficient land is set aside around them to enable trimming and maintenance to take place. Vegetation needs to be in a well maintained condition and have a minimum of 20 years’ life remaining to be acceptable. Its location is also critical. Vegetation which is likely to pose health and safety risks to the community, or requires substantial maintenance to keep it safe, will not be accepted as a credit and may be required to be removed from the land as a condition of resource consent.

Any land that is to come into the Council’s ownership will be cleared by the developer of noxious weeds and unsuitable vegetation.

Landform

Land which has topographical interest may be desirable for reserves. Features may include natural river terracing, riparian edges, wetlands, natural water features, rock formations, elevation for views, or the land may be part of those areas that come under ‘Outstanding Natural Features and Landscapes’ B1.4 of the District Plan, Volume Two.

If the land which is to become a reserve has been excavated, filled, polluted or in any way devalued after the Council has accepted the land as a reserve contribution, the developer is required to restore, fill, topsoil and grass down the land, in consultation with the Council and to its satisfaction.

Structures of historic or cultural interest

It may be possible to base a subdivision theme on existing man-made features which add variety and interest to the District. Structures may include fencing, stone or brick walls, gates, paving, garden layout, farming structures, small buildings or remnants thereof, bridges, canals, memorials and historic markers. Reserve land may be taken in places where such items are located, in order to preserve them for future interest but the safety and maintenance of such features have to be acceptable to the Council.

7.7.2 Improvements to the land

At the time the reserve development calculation is calculated, (usually prior to resource consent being granted) the Council will confirm if it is willing to pay for improvements to land provided in lieu of cash development contributions. No credit will be given for improvements on such land unless this has been previously agreed by the Council in writing and this may be recorded in an advice note attached to the consent decision.

Work that comes within the category of reasonable improvements of a standard the Council might itself have made to the land, over time, may have their value assessed as part of the reserve contribution.

Detailed landscape plans and a schedule of costings shall be forwarded to Council expressly for the purpose of reimbursement consideration. In confirming what qualifies as reasonable improvements, Council will give consideration to the following criteria:

- Relevancy to the recreation needs of the community
Consistency with Council’s target service levels

The impact of improvements including any loss of the land’s value as open space

Follows good environmentally sustainable practices

Future maintenance or replacement costs

Alignment with Council policies, strategies and plans, in particular Council’s Engineering Code of Practice and Practice Facilities Activity Management Plan.

Improvements which may qualify for a credit are limited to the value of the physical improvement and include costs directly relating to their construction, supply or installation only. A credit will therefore not be given for any associated overhead costs such as design, engineering, administration or project management fees. All costs associated with establishment, routine maintenance and any replacement for the duration of the agreed defects period are also not eligible for credit.

Specific improvements, up to a maximum as determined by Council, which may constitute a credit may include but are not limited to:

- Footpaths, that are not considered part of the transportation network
- Paved areas, that contribute to the functioning of a reserve in terms of seating or picnic areas
- Seating, in a type or style as often installed by Council
- Litter bins (where there is legitimate need as per Council’s litter bin guidelines)
- Landscape planting, including amenity trees and shrub / garden borders, of approved species. Street trees are not included owing to the loss of trees that frequently occurs when construction begins
- Play equipment, where there is an identified need (meets service levels in terms of distribution, target age, type of equipment etc.) and which meets all safety standards in its design and installation
- Road frontage fencing such as post and chain or bollards.

All works carried out on land which is to come into Council ownership must meet the Council’s Engineering Codes and relevant safety standards.

The Council reserves the right to take cash in lieu of improvements so it may develop either the land in question or land elsewhere in the community, where increased demands for facilities are already being felt or are anticipated. The Council may want to involve the new residents in the design of their reserve land at a later date, in which case cash will be taken to pay for this work in the future. The land will be prepared, top-soiled and grassed by the developer to the minimum standards and specifications for turf establishment (as per Council’s Engineering Code of Practice - Part 10) and be presented in a tidy condition before being vested in Council.

Pathways and land for access ways (including cycle ways) which are requested by the Council to form part of an integrated transportation network will be paid for by the developer and will not generally form part of the reserve contribution. This will be so even when the land on which they are routed may be agreed to become reserve land (other than road reserve) vested in Council. This can be viewed in the same way as the road pavements and related infrastructure are inherently provided at the developers cost as part of its obligations to provide a properly provisioned and connected roading network to service the development. The same will apply to the creation and formation of supporting walking and cycling networks utilising pathways that contribute to an overall transportation network that equally service the development. This is in line with the goals and objectives of Council’s Walking and Cycling Strategy, and recent District Plan amendments that seek to provide for better urban form, and a more sustainable land transport system that utilises transport modes other than those exclusively associated with just roads and motor vehicles.

The type of circumstances that would likely result in a pathway required to be provided by the developer that would not qualify as being considered being part of any reserve contribution assessment would include:

- Those situations where pathways are required to contribute to the development of an integrated transport network;
- Those pathways required to link between existing and through new developments by a succession of logically connected reserves;
- Where pathways are utilised in preference to on road facilities as maybe otherwise required by Council’s roading standards;
- Where identified as part of, or contributing to, linkages identified in Council’s District Plan (including Outline Development Plans), Structure and Township Plans, and the Council’s Walking and Cycling Strategy; and
towards a reserve contribution may be gained for land vested in Council for storm water whose criteria set out above under paragraph 7.5, can serve a secondary function as open space. Subject to Council’s discretion and meeting relevant criteria set out above under paragraph 7.5, Criteria for Taking Land instead of Cash, a credit towards a reserve contribution may be gained for land vested in Council for storm water management. To be considered for a credit the land must;

- add to an existing reserve or
- be co-located with a recreation reserve to be vested in Council And
- not exceed the adopted service standard for reserve provision when considered with other reserves vested as part of the subdivision (if any).

In such a case, up to 20% of the value of the land used for stormwater management may be credited towards development contributions for that development. Where sites provided for storm water management meet the criteria above and a credit is given for the land this shall not extend to improvements on the land and no credits will be given for improvements.

7.7.4. Water race reserves

Where water races pass through sub-divisions there is an opportunity to integrate these into the landscape of the development area to provide additional amenity. This can provide landscape, recreation and ecology values as well as maintaining the primary stock water supply function. Where, as part of the subdivision development, land is required to contain or realign stock water races through a subdivision it will need to be of sufficient width to enable the water race to be cleared to comply with the Stock Water Bylaw. Where the land required for the water race adjoins a recreation reserve to be set aside in the subdivision a credit for up to a maximum of 20% of the land value (as valued in accordance with section 7.3) may be gained. The area containing the water race should be created in a separate land parcel and identified as a Local Purpose (Utility) reserve. Where sites provided for water races gain a credit for the land this shall not extend to improvements on the land and no credits will be given for improvements.

8. OUTLINE DEVELOPMENT PLAN AREAS

There are defined areas where the Council has established an Outline Development Plan (ODP) in the District Plan as a way to co-ordinate the development of land in fragmented ownership. This involves the building of network infrastructure by the Council to allow development to occur in an integrated fashion in keeping with community expectations for an urban area.

The cost of this infrastructure will be recouped from developers (who are the beneficiaries), by means of development contributions. Note that this policy applies only to new developments in the areas identified below and not to all ODPs in the District Plan.

8.1. ROLLESTON LOWES ROAD OUTLINE DEVELOPMENT PLAN AREA

The Lowes Road Structure Plan area is comprised of three sub-areas. These are based on the road network which naturally divides into these areas which have different development intensities and therefore quite different roading costs. The cost of road upgrading has also been assessed separately for each area in the same way, the costs of walkways/cycleways in the north have been treated separately from those in the south.

8.1.1 Section 101(3) analysis

Before making the decision to fund the development plan area in the manner set out in Table 1 the Council gave consideration to:

- the general factors set out in paragraph 1.3 above; and
- the following specific factors,

in accordance with the requirements of section 101(3) of the Act.

<table>
<thead>
<tr>
<th>The community outcomes to which the activity primarily contributes</th>
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</table>

| The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity | New development occurring within an ODP requires the Council to have new network infrastructure assets in place to serve that ODP. Council has identified the capital expenditure necessary to provide the network infrastructure capacity needed by the growth community. It is appropriate that the growth community bear the capital cost of the network infrastructure which is required by growth in an ODP area and development contributions are an appropriate mechanism to achieve this. |

| The costs and benefits, including consequences for transparency, of funding the activity distinctly from other activities | The benefits of additional network infrastructure accrue to the new or improved properties in an ODP generating demand for that capacity. The Council’s view is that the use of development contributions to partially or fully fund the cost of additional network infrastructure is best done in proportion to the benefit received by the growth community. The benefits of funding additional network 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. Council has the appropriate systems in place to separately identify the charges and costs of this activity. In particular: |

- It is recognized that some allotments will receive a very high degree of benefit from the structure plan and that others will receive a lower degree of benefit. |
- Some developments derive direct benefits as they have direct access to the new roads. It is appropriate that these lots should pay a higher proportion of the costs of development than those who do not benefit so directly. There are other lots which pay a lower proportion as they have no direct access onto the new roads although they benefit from greater connectivity. These allotments will pay a ‘low’ charge. In the area north of Lowes Road there are a small number of deep allotments which benefit from new road works on one side but which will still need to provide substantial internal roading. These lots have been assessed to pay an intermediate amount. |
- In the north, ‘low’ benefitting properties pay 20% of what ‘high’ properties pay. ‘Medium’ benefitting properties pay 70%. |
- In the south, low benefitting properties pay 10%. This is because the need for roading in the south is less to do with general connectivity and more to do with providing access. |

| In addition to the factors above, the Council has assessed the overall impact of the allocation of liability for the revenue needs of the community | The liability for revenue falls proportionally on the growth community. Council has considered the negative impact of the allocation of liability for revenue on the growth community and considers that the level of development contributions is affordable. |

8.1.2 Who Gets Charged

The level of benefit has been assessed for each allotment in the area (as at 1 January 2010). Contributions will be levied according to this assessment on the subdivision of the allotment and any subsequent subdivision of child allotments.

8.1.3 What is being provided?

The Council will assume responsibility for the provision of the following infrastructure within the ODP area. Developers will be required to cover the proportion of costs indicated:

- all roads shown on the Lowes Road Outline Development Plan area as shown in the District Plan, including associated stormwater disposal and street lighting (90%); |
- water and sewer pipes along the road corridors shown in the structure plan (90%); |
- the purchase of land for and formation of walkways and cycle ways shown in the ODP (50%); |
- upgrading of Lowes Road, Jozecom Place and Fairhurst Place (90%). |
The balance of costs not funded from development contributions levied over this structure plan area will be funded by either the Council’s general rates or development contributions for stormwater systems levied over the wider Rolleston area. The level of this funding reflects the Council’s assessment of the distribution of benefits arising from the new infrastructure.

8.2. LINCOLN OUTLINE DEVELOPMENT PLAN AREA 4

The Lincoln Outline Development Plan Area 4 is an area to the north of Lincoln bounded by Birchs and Tancreds Roads. It is a conventional residential development area in accordance with the Lincoln Structure Plan.

8.2.1 Section 101(3) analysis

Before making the decision to fund the development plan area in the manner set out in Table 1 the Council gave consideration to:

- the general factors set out in paragraph 1.3 above; and
- the following specific factors,

in accordance with the requirements of section 101(3) of the Act.

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</tr>
</tbody>
</table>

8.2.2 Who Gets Charged

All new developments within the Lincoln Outline Development Plan Area 4 per the map in Appendix 3 to this policy will be subject to the development contribution.

8.2.3 What is being provided?

The Council will provide certain roading and associated services including within the carriageway, and a wastewater pump station.
**HOW TO WORK OUT THE DEVELOPMENT CONTRIBUTION PAYABLE**

<table>
<thead>
<tr>
<th><strong>STEP 1</strong></th>
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<tbody>
<tr>
<td>Determine in which location within the District your development is to occur</td>
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</table>

<table>
<thead>
<tr>
<th><strong>STEP 2</strong></th>
<th></th>
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<tbody>
<tr>
<td>Go to the Development Contributions Schedule (Table 1) and identify the fees payable per unit of demand for your development contribution area</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th><strong>STEP 3</strong></th>
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<tbody>
<tr>
<td>Establish how many units of demand your development will create for each of the community facilities</td>
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</table>

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<tr>
<th><strong>STEP 4</strong></th>
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<tbody>
<tr>
<td>Multiply the units of demand (step 3) by the fee per unit of demand (step 2) to determine the total development contributions payable</td>
<td></td>
</tr>
</tbody>
</table>
## Appendix 1: Schedule of Assets as per Section 201 A

<table>
<thead>
<tr>
<th>Net Expenditure Issued in 2018</th>
<th>Net Expenditure planned in 2019</th>
<th>Net Expenditure Contribution as % of Total Cost</th>
<th>% of Total Cost of Expenditure As per Schedule of Assets</th>
<th>% of Total Funded from other Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Water</strong></td>
<td></td>
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<tr>
<td>Prohibition Water</td>
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<td></td>
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<tr>
<td>Opening Balance</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Reimbursement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pipelines extensions</td>
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### Notes

1. The data presented above are for illustrative purposes only and may not reflect actual figures.
2. Percentages are calculated based on total expenditure and funding sources.
3. The net expenditure is the actual expenditure incurred in 2018 against the planned expenditure for 2019.
4. The total cost includes both the expenditure and any additional contributions from other sources.
5. The % of Total Cost of Expenditure As per Schedule of Assets indicates the proportion of the total cost contributed by the expenditure item.
6. The % of Total Funded from other Sources indicates the proportion of the total cost funded from other sources.
31
### Malvern

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<th>Description</th>
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<th>Total Cost</th>
<th>% of total cost funded from Development Contribution</th>
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### Springs

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<td>80%</td>
<td>20%</td>
<td>-</td>
</tr>
<tr>
<td>Prebbleton Domain/Develop Extension</td>
<td>10,092,131</td>
<td>10,092,131</td>
<td>100%</td>
<td>0%</td>
<td>-</td>
</tr>
<tr>
<td>Prebbleton Domain/Complete Perimeter Footpath</td>
<td>162,000</td>
<td>162,000</td>
<td>80%</td>
<td>20%</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>(393,568)</td>
<td>(393,568)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>(6,652,667)</td>
<td>40,059,361</td>
<td>33,406,694</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
Appendix 2: Eastern Selwyn Sewerage Scheme

The upgrade of the Eastern Selwyn Sewerage Scheme (ESSS) was required to cater for growth in the ESSS service catchment and the corresponding increased demand for wastewater connections and services.

The capital cost of the ESSS upgrade is $102m. Approximately 93.8% of the cost of the upgrade to the ESSS will be funded from development contributions, with the remainder funded by asset sales (including, in particular, proceeds of sale of the (now redundant) Helpet plant land) and existing targeted rates.

Before making the decision to fund the upgrade to the ESSS in this way, the Council gave the following consideration to the factors set out in section 101(3)(a) of the Act:
## Factors under section 101(3)(a)

<table>
<thead>
<tr>
<th>Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The community outcomes to which the activity primarily contributes (section 101(3)(a)(i))</strong></td>
</tr>
<tr>
<td>The ESSS upgrade contributes to the following community outcomes:</td>
</tr>
<tr>
<td>a clean environment; and</td>
</tr>
<tr>
<td>a healthy community.</td>
</tr>
<tr>
<td>The ESSS upgrade will allow the Council to provide wastewater services to support future growth in relevant areas of the District to a standard currently enjoyed in that catchment, thereby maintaining and reinforcing the community outcomes listed above as the urbanised areas of the District expand.</td>
</tr>
<tr>
<td><strong>The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals, in relation to the activity (section 101(3)(a)(ii))</strong></td>
</tr>
<tr>
<td>The principal purpose of the ESSS upgrade is to allow for continued growth in the ESSS service catchment by providing satisfactory wastewater treatment services in that catchment.</td>
</tr>
<tr>
<td>A significant proportion of the residents in the Selwyn District are neither served by the existing infrastructure, nor will be served by the ESSS as they lie outside of the ESSS service catchment. There will be no benefit (in terms of wastewater treatment) to these residents from the ESSS.</td>
</tr>
<tr>
<td>As noted above, a number of existing connections to Christchurch City wastewater infrastructure will be transferred to the ESSS once it is completed. The Council considers that the ESSS upgrade will be of limited appreciable benefit to these existing users of Council provided wastewater systems in the Selwyn District for the following reasons:</td>
</tr>
<tr>
<td>• from these persons’ perspective, there will be no appreciable difference in the delivery of wastewater services; and</td>
</tr>
<tr>
<td>• the treatment quality under the ESSS will be of a relatively similar level to what existing users of wastewater systems now enjoy.</td>
</tr>
<tr>
<td>In moving to the upgraded ESSS the existing community is taking on a substantial and unnecessary (if the ESSS was not constructed and the Council did not cater for growth) financial risk in relation to the scheme because, in the event of substantially lower growth in the future it is this group that will need to fund any shortfall in development contribution revenue. In the Council’s view, this is a significant detriment or negative benefit for the purposes of section 101(3)(a)(ii).</td>
</tr>
<tr>
<td>However, existing users of Council provided wastewater systems in the ESSS catchment will receive some benefit from the ESSS upgrade in the form of lower operating costs relative to existing infrastructure. If the Council’s wastewater programme was looked at as one system, construction of the ESSS would most appropriately be characterised as a means by which the Council can expand the wastewater treatment system in the ESSS catchment to ensure that it has the capacity to cope with increased demand occasioned by development. The tangible or perceptible benefits of the ESSS will therefore accrue principally to persons seeking to connect to reticulated wastewater systems in the Selwyn District in the future, as the ESSS upgrade will put in place sufficient wastewater capacity to accommodate such connections.</td>
</tr>
<tr>
<td>After having considered the matters listed above, the Council considers that these net benefits to existing residents of the Selwyn District in general, and in the ESSS catchment in particular while relatively minor, need to be accounted for in the allocation of the incidence of the capital cost of the ESSS upgrade. Generally speaking, however, it is appropriate that growth communities fund the provision of additional infrastructure to service growth, as benefits accrue to new households and businesses generating demand for that infrastructure. Existing communities should not be required to fund additional infrastructure though rates in the absence of any benefit to them. However, where existing communities are expected to obtain benefits from the ESSS upgrade, then it is appropriate for them to contribute to the cost of the ESSS.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Factors under section 101(3)(a)</th>
</tr>
</thead>
</table>
Benefits from the construction of the ESSS began immediately on its completion because, at that stage, the Council’s wastewater system had the capacity to take on substantial further connections from the growth communities, while providing broader benefits to existing communities connected to the ESSS. The tangible benefits will accrue as new connections are made to the Council’s wastewater system which, as a result of the construction of the ESSS, will have the capacity to take such connections. Those benefits will be on-going.

On current growth projections, the Council’s wastewater systems, including the ESSS, will have sufficient capacity to meet demand up to 2041. Construction of the ESSS is therefore projected to allow new connections to the Council’s wastewater systems until that date.

The ESSS is has been built principally to cater for new connections to the Council’s wastewater systems (as discussed above in relation to benefits) and the additional capacity it will provide will not be required until developers begin to complete their developments and these developments require service connections. It is therefore the actions of developers and/or those who purchase developed land which contribute to the need to proceed with the ESSS.

In the absence of any need to service the growth community, there would be no need to proceed with the ESSS upgrade. There is no identifiable action or inaction on the part of any other individuals or groups in existing communities which would otherwise give rise to a need to proceed with the ESSS.

As highlighted above, it has been determined that, given the proportionately high cost of the ESSS upgrade and in the interests of transparency, the ESSS upgrade should be considered as an activity in its own right in relation to a funding decision. The alternative would be to consider the overall provision of wastewater services, which would qualify as an activity for the purposes of section 101(3). As a relatively discrete project, it is straightforward to isolate capital spending on the ESSS upgrade, and make a separate decision in relation to funding.

<table>
<thead>
<tr>
<th>The period in or over which those benefits are expected to occur (section 101(3)(a)(iii))</th>
<th>Benefits from the construction of the ESSS began immediately on its completion because, at that stage, the Council’s wastewater system had the capacity to take on substantial further connections from the growth communities, while providing broader benefits to existing communities connected to the ESSS. The tangible benefits will accrue as new connections are made to the Council’s wastewater system which, as a result of the construction of the ESSS, will have the capacity to take such connections. Those benefits will be on-going.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity (section 101(3)(a)(iv))</td>
<td>On current growth projections, the Council’s wastewater systems, including the ESSS, will have sufficient capacity to meet demand up to 2041. Construction of the ESSS is therefore projected to allow new connections to the Council’s wastewater systems until that date. The ESSS is has been built principally to cater for new connections to the Council’s wastewater systems (as discussed above in relation to benefits) and the additional capacity it will provide will not be required until developers begin to complete their developments and these developments require service connections. It is therefore the actions of developers and/or those who purchase developed land which contribute to the need to proceed with the ESSS.</td>
</tr>
<tr>
<td>The costs and benefits, including consequences for transparency, of funding the activity distinctly from other activities (section 101(3)(a)(iv))</td>
<td>In the absence of any need to service the growth community, there would be no need to proceed with the ESSS upgrade. There is no identifiable action or inaction on the part of any other individuals or groups in existing communities which would otherwise give rise to a need to proceed with the ESSS. As highlighted above, it has been determined that, given the proportionately high cost of the ESSS upgrade and in the interests of transparency, the ESSS upgrade should be considered as an activity in its own right in relation to a funding decision. The alternative would be to consider the overall provision of wastewater services, which would qualify as an activity for the purposes of section 101(3). As a relatively discrete project, it is straightforward to isolate capital spending on the ESSS upgrade, and make a separate decision in relation to funding.</td>
</tr>
</tbody>
</table>

In addition to the factors above, the Council has assessed the overall impact of the allocation of liability for the revenue needs of the community (section 101(3)(b) of the Act) in light of a number of factors including:

(a) On the one hand, it is desirable to avoid unfairly loading a disproportionate amount of the capital cost of the ESSS onto the growth communities with the consequence that they may be unfairly subsidising existing communities. That could occur if, for example, growth communities end up subsidising benefits accruing to existing communities who are transferred from existing Council provided wastewater systems to the upgraded ESSS.
(b) On the other hand, it is also desirable to avoid unfairly requiring existing communities to fund the cost of growth and take on the associated risk without identifiable benefits to existing users.
(c) The cost of the ESSS could be spread most widely if it was met through general rates but this would mean that all ratepayers, most of whom would receive limited (if any) benefit from, and would not have created the demand for, the construction of the ESSS, would have to pay the cost. A targeted rate or lump sum contribution could mitigate this concern by targeting only users of wastewater services in the ESSS catchment.
(d) While existing users of wastewater services might legitimately point out that their requirements are being satisfactorily met by existing arrangements and that they have already made a contribution towards the capital cost of wastewater infrastructure in the District, consideration should be given to recovery of a portion of ESSS costs from existing users where there are benefits accruing to them.
(e) Funding the capital cost of the ESSS upgrade through increased development contributions would enable costs to be borne by those who receive the main benefit from, and have caused the requirement for, the additional wastewater infrastructure.

Taking these factors into account, the Council considers that the capital cost of the ESSS upgrade should be borrowed with the resulting debt serviced and repaid over time from the following sources:

(a) development contributions as to 93.8% of the capital cost of the ESSS upgrade; and
(b) the balance of the capital cost of the ESSS upgrade (6.2%) being funded by existing connected ratepayers through asset sales and existing targeted rates.
There are a number of significant assumptions underlying the calculation of the development contribution payable in respect of the upgrade of the ESSS. These currently include:

- growth of 15,015 household unit equivalents over the period to 2032;
- actual interest costs and development contribution revenue in respect of the ESSS to date;
- a refund of development contributions paid since December 2011 to the extent that such development contributions exceed the level of development contributions which has now been adopted;
- upfront capital costs that are funded through Council debt, and repaid by development contributions (and rates for non-growth costs) over time;
- annual inflationary adjustments to development contribution charges;
- long-term interest costs for the Council averaging 5.5% (the model incorporates the Council’s actual average cost of borrowing up to 30 June 2017, and then a forecast average cost of borrowing to 30 June 2032, with the average interest cost over the life of the model being 5.5%);
- a reduction in the charge to reflect targeted rate revenue for the non-growth costs of the ESSS upgrade, which are collected from the growth community as they become ratepayers; and
- the allocation of a proportionate share of the capital cost of the ESSS upgrade on account of the capacity used by Westland Milk Product's reverse osmosis plant which was recently connected to the ESSS upgrade contributing 465 household unit equivalents on a median flow basis (effectively isolating the costs of providing for this demand and dealing with it separately).

While the Schedule deals with development contributions for the ESSS upgrade on a lot by lot basis, where the Council considers that any connection to the ESSS will use more capacity than a normal residential household it may charge a proportionately higher development contribution in respect of such connection. Any such development contribution will be calculated on the basis of:

- the volume of any wastewater generated;
- the nature of the wastewater generated; and
- any impact on the Council’s financial modelling in terms of timing of payment of development contribution.

Developments in industrial and business zoned areas ("non-residential development") will be assessed by applying the equivalent units of demand in paragraph 3.14.

The Council is required to review its development contributions policy at least once every three years and will normally do this as part of the preparation of its LTP. However, the Council recognises that the development contribution charge for the ESSS upgrade is sensitive to the growth assumption set out above and that it may be appropriate to review the assumption and revise the charge on an annual basis. It will do this if there is evidence that the actual rate of growth in the ESSS catchment is substantially different from the forecast rate of growth. This could result in the development contribution being increased or decreased to reflect the actual growth. The necessary amendment to the development contributions policy will be completed as part of the annual plan process so that the updated charge can be included in the draft annual plan.
Appendix 3: MAPS STORMWATER, TRANSPORTATION, RESERVES AND ODP AREAS