

Policies Module 5

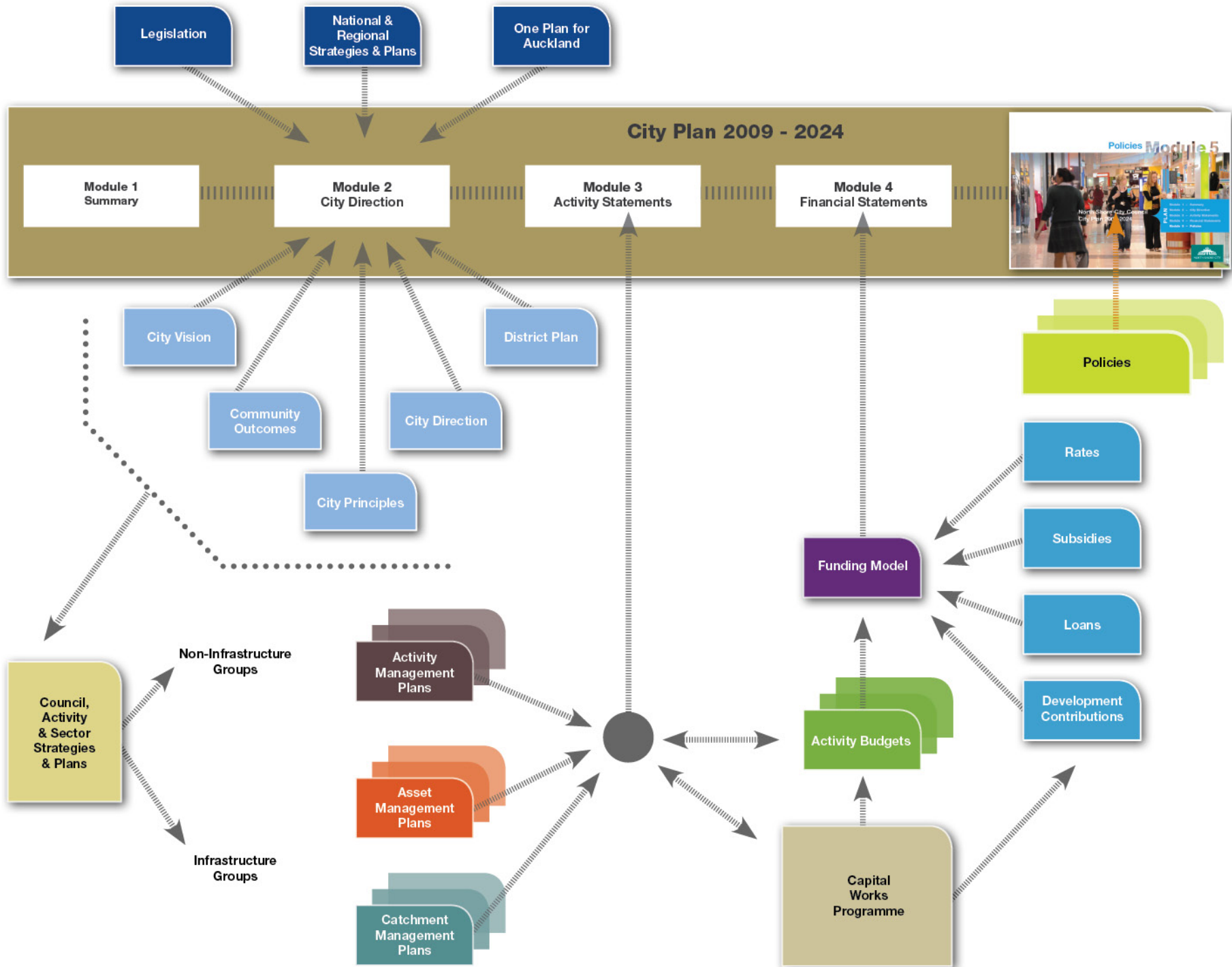
North Shore City Council City Plan 2009-2024

PLAN

- Module 1 - Summary
- Module 2 - City Direction
- Module 3 - Activity Statements
- Module 4 - Financial Statements
- Module 5 - Policies



NORTH SHORE CITY



CONTENTS - MODULE 5 - POLICIES

Policy on significance.....	5
Partnership with private sector policy	7
Maori capacity statement	9
Funding impact statement	13
Rating policy	17
Treasury management policy	25
Revenue and financing policy	33
Development contributions policy	73

Policy on significance

1. Background

The Local Government Act (the Act) requires that every local authority adopt a policy on “significance”. The purpose of this policy is to establish the council’s approach to the way matters are dealt with and decisions are made. Essentially, the more significant a matter is, the greater the emphasis must be on the analysis of options and community consultation.

2. The council’s general approach to determining levels of significance

The council’s general approach to determining level of “significance” will be to consider :

- (a) the number of residents and ratepayers affected and the degree to which they are affected by the decision or proposal;
- (b) whether this type of decision, proposal or issue has a history of generating wide public interest within North Shore City, the Auckland Region or New Zealand generally;
- (c) the impact of the decision or proposal on the council’s overall budget and its ability to carry out its existing or proposed functions and activities; and,
- (d) the degree to which the decision or proposal is reversible.

3. Thresholds, criteria and procedures

The council will consider each matter on a case-by-case basis. However, any matter that is significantly inconsistent with identified community outcomes or council strategies, plans and policies will be regarded as “significant”.

In terms of procedure, every matter coming before the council will be evaluated in accordance with the decision-making requirements in Part 6 of the Act.

4. Strategic assets

The Act also requires the council to define its “strategic assets” in its significance policy. The assets and groups of assets that the council considers “strategic assets” are listed below. (Note: this refers to the whole of the asset class, not individual components, unless that component substantially affects the ability of the council to deliver the service.)

- ⇒ The roading network
- ⇒ The wastewater network and treatment plant
- ⇒ The water supply network
- ⇒ The stormwater network
- ⇒ The parks network (including reserves owned and managed under the Reserves Act 1977)
- ⇒ The public libraries, leisure centres and cemeteries
- ⇒ The Housing for Older People housing stock
- ⇒ Shares in Watercare Services Ltd

Partnership with private sector policy

Background

The Local Government Act 2002 requires that every local authority adopt, by 30 June 2003, via the special consultative procedure, a policy on partnerships with the private sector.

A 'partnership with the private sector' is defined in s.107 of the Act to mean:

"...any arrangement or agreement that is entered into between one or more local authorities and one or more persons engaged in business ..."

It specifically does not include arrangements between local authorities or council organisations, nor does it include contracts for the supply of goods or services to a local authority.

The partnerships policy must include:

- "(i) The circumstances (if any) in which the local authority will provide funding or other resources to any form of partnership with the private sector, whether by way of grant, loan or investment, or by way of acting as a guarantor for any such partnership; and*
- (ii) What consultation the local authority will undertake in respect of any proposal to provide funding or other resources to any form of partnership with the private sector; and*
- (iii) What conditions, if any, the local authority will impose before providing funding or other resources to any form of partnership with the private sector; and*
- (iv) An outline of how risks associated with any such provision of funding or other resources are assessed and managed; and*
- (v) An outline of the procedures by which any such provision of funding or other resources will be monitored and reported on to the local authority; and*
- (vi) An outline of how the local authority will assess, monitor and report on the extent to which community outcomes are furthered by any provision of funding or other resources or a partnership with the private sector."*

Circumstances where the council will consider partnerships with the private sector

The council will consider partnership arrangements with the private sector where:

- ⇒ the partnership will contribute to furthering community outcomes
- ⇒ there are clear advantages in a partnership arrangement over other possible structures
- ⇒ risks are considered to be acceptable

Partnership consultation

If the council determines that a partnership proposal is "significant" as defined in the council's Significance Policy it will consult on the proposal through the special consultative procedure. Where a partnership proposal falls outside the Significance Policy, consultation requirements will be determined on a case-by-case basis.

Partnership conditions

In considering partnership proposals the council will consider the imposition of conditions relating to:

- ⇒ governance arrangements
- ⇒ operational arrangements
- ⇒ financial arrangements
- ⇒ the protection of the wider public interest
- ⇒ specific risk management mechanisms
- ⇒ monitoring of performance
- ⇒ termination/exit arrangements

Risk assessment and management

A comprehensive risk assessment will be carried out before a partnership proposal is promoted or entered into.

Where the partnership proposal is “significant” the subsequent public consultation procedure may identify further risks and/or assist the council’s understanding of the community’s perception of risk.

Appropriate risk management mechanisms will be incorporated into legally binding partnership agreements.

A partnership agreement will require regular reporting to the council sufficient to enable the council to determine the partnership’s overall progress and success in achieving predetermined and specified objectives.

Monitoring and reporting

A partnership agreement will incorporate performance objectives and a report on progress in achieving those objectives will be required on a regular (not less than annual) basis.

Specific reporting requirements will be appropriate to the significance of the partnership.

Reports on partnership performance will be provided to the council and/or incorporated in the council’s annual report and/or in the council’s triennial report on the achievement of community outcomes, as appropriate.

(Note: Legislative references to the policy on partnerships with the private sector include sections 102(4)(e), 107 and 281(2)(d) of the Local Government Act 2002. In addition, Schedule 10(6) of the Act requires that the funding and financial policies in section 102 be included in the long-term council community plan.)

Maori capacity statement

1. Introduction

The history of Maori occupation of the North Shore is lengthy and involves a complex web of successive occupation, migration and conquest. The signs of this long occupation are evident from place names, archaeological sites, such as middens and karaka groves, and landscape features such as pa sites. As a result of this occupation, a number of iwi groups claim tangata whenua over the North Shore. They expect to exercise their customary rights over resources of importance to them and to protect traditional places and sites (including waahi tapu).

Within North Shore City there are four iwi with tangata whenua status. These include: Ngati Whatua; Ngati Paoa; Kawerau A Maki; and Hauraki. Under the RMA, the council has particular responsibilities to consult with tangata whenua having historical associations and claims in the North Shore area.

Some Maori do not have tangata whenua rights to the North Shore and so are in the same situation as other people. This means that their social and economic wellbeing is to be provided for in the management of physical and natural resources. This can be facilitated by providing opportunity for the establishment of centres such as marae and educational facilities that support Maori values.

The usual resident Maori population in North Shore City is relatively small compared to other cities in the Auckland region. At the time of the 2006 Census, there were 13,200 people who identified with the Maori ethnic group and usually lived in North Shore City, equating to approximately one in fifteen people (6.1 per cent) in North Shore City belonging to the Maori ethnic group. When compared to the rest of the population, the Maori population is significantly younger. Approximately 70 per cent of the Maori population is below the age of 34.

2. Capacity Building

Maori Liaison Advisor

The council has a Maori liaison advisor position to assist with the development of relationships with Maori, to enhance the council's capacity to deal with Maori issues and to enhance the capacity of Maori to participate in council decision-making processes.

The council's current practice is to involve Maori in decision-making on strategic planning matters, resource consent issues, major projects and some operational matters. Examples include:

- ⇒ Community outcomes
- ⇒ Strategic Plan

- ⇒ City Blueprint
- ⇒ District Plan
- ⇒ Annual Plans
- ⇒ Structure Plans
- ⇒ Economic Development Strategy
- ⇒ Consent processing
- ⇒ Project CARE

Tangata Whenua Engagement

In a process to support Maori capacity, a short term engagement process has been established where tangata whenua representatives work with the council to engage in decision-making. The representatives meet to discuss issues with council officers to develop appropriate responses. However an appropriate Rangatira ki te Rangatira model where Tangata Whenua and councillors participate alongside each other has yet to be developed and is imperative that this become a key outcome for council.

Council Kaumatua and Kuia Support

When engaging in a Maori environment, it is essential for council to be able to walk and act with confidence. To provide this support the council has formally engaged a kaumatua. This position will provide guidance to ensure the council acts appropriately when visiting marae or attending hui where tikanga Maori is the order of the day.

Mana Whenua Kaumatua and Kuia

Council is required to take into account mana whenua as kaitiaki and Tangata Whenua cultural values. To guide council a mana whenua position has been established. This position is appointed and recommended by Tangata Whenua and works within Tangata Whenua tikanga.

The Royal Commission

The Royal Commission on Auckland Governance afforded the opportunity for a major step forward to be taken in terms of consultation between council and Maori representatives. The council supported Maori to develop a submission in response to the Royal Commission. This collaborative approach cemented stronger relationships with Maori in Te Raki Pae Whenua. The formal written Maori submission was included as an integral part of the council's submission and stated, in part, "Iwi, hapu and whanau of Te Raki Pae Whenua acknowledge that this is a significant shift for North Shore City Council and we appreciate it."

Council participation

The council recognises and supports the needs of Maori by participating as a member on Toi Whenua - A Regional Group of North Shore City Council, Auckland City Council,

Toi o Manukau Maori arts and Cultural Trust, Manukau City Council, Waitakere City Council, Creative New Zealand and the ART trust who work collectively to produce programmes through the regional Maori arts development Kaupapa, Toi Whenua.

Building relationships

The council's intention is to strengthen and develop relationships with all tangata whenua groups of Te Raki Pae Whenua. To date we have met with Ngati Whatua o Orakei, Te Runanga o Ngati Whatua and a number of others and will continue to implement an open door policy in this regard.

Our model



Key governance provisions relating to the development of Maori capacity to contribute to the council decision-making process

The Local Government Act 2002 (LGA 2002) and the Resource Management Act 1991 (RMA) both place upon local authorities, in the carrying out of their duties and responsibilities, a number of requirements relating to Maori. These include (but are not limited to):

- ⇒ LGA 2002 Pt 1 s 4: In order to recognize and respect the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi and to maintain and improve opportunities for Maori to contribute to local government decision-making processes, Parts 2 and 6 provide principles and requirements for local authorities that are intended to facilitate participation by Maori in local authority decision-making processes
- ⇒ LGA 2002 Pt 2 s 14 (d): A local authority should provide opportunities for Maori to contribute to its decision-making processes
- ⇒ LGA 2002 Pt 6 s 77: A local authority must, in the course of the decision-making process: (1) (c) if any of the options identified under paragraph...involves a significant decision in relation to land or a body of water, take into account the relationship of Maori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga
- ⇒ LGA 2002 Pt 6 s 81 (1): A local authority must (a) establish and maintain processes to provide opportunities for Maori to contribute to the decision-making processes of the local authority; and (b) consider ways in which it may foster the development of Maori capacity to contribute to the decision-making processes of the local authority; and (c) provide relevant information to Maori for the purposes of paragraphs (a) and (b)
- ⇒ LGA 2002 Pt 6 s. 81 (2): A local authority, in exercising its responsibility to make judgments about the manner in which subsection 10 is to be complied with, must have regard to:
 - (a) the role of the local authority, as set out in section 11
 - (b) such other matters as the local authority consider on reasonable grounds to be relevant to those judgments
- ⇒ RMA Section 69(e): the relationship of Maori and their culture and traditions with their ancestral lands, waters, sites, waahi tapu and taonga
- ⇒ RMA Section 7(a): kaitiakitanga (guardianship)
- ⇒ RMA Section 8: the principles of the Treaty of Waitangi (Te Tiriti o Waitangi)

3. What the Maori community said...

During a series of hui held at a number of locations in Te Raki Pae Whenua during 2005, the Maori community expressed their views about the future of the city and their aspirations as to how they wish it to be shaped. At the meetings, participants were asked to discuss "Nga mea katoa e noho teitei kei runga I na pokowhiwhi o tatou ngai Maori" - anything and everything that affects you and your whanau wellbeing. The Maori community outcomes that were arrived at are as follows:

Maori want to celebrate with all peoples of Te Raki Pae Whenua the uniqueness of Maori as the indigenous culture. The aspiration of Maori is for all people of Te Raki Pae Whenua to protect, preserve and treasure te taiao (natural environment) for future generations. Maori want to have more cultural amenities that are appropriate to meet the needs of Maori and the wider community. Maori want to have educational facilities and services that are appropriate to meet the developing needs of Maori. Maori want a council that recognises, supports and delivers, long term, on their aspirations and needs. Create opportunities that support, encourage, celebrate taiohi (youth) to develop and succeed. Development of a 2nd marae for the Maori community be a priority.

Underpinning these outcomes is a series of community ideas for action, and a number of initiatives based on these ideas are currently being progressed.

Funding impact statement

Introduction

The council is required to prepare a prospective funding impact statement in accordance with the Local Government (Rating) Act 2002 and the Local Government Act 2002.

This statement sets out the revenue and financing mechanisms that the council intends to use, including information about the different rates the council will levy.

The following table details the funding requirements of the city as well as the estimated amount to be produced by each funding mechanism over the fifteen years of this City Plan. Details about rates increases can be found in Module 4 of this City Plan.

	Actual 2007/08 \$000	Forecast 2008/09 \$000	Year 1 2009/10 \$000	Year 2 2010/11 \$000	Year 3 2011/12 \$000	Year 4 2012/13 \$000	Year 5 2013/14 \$000	Year 6 2014/15 \$000	Year 7 2015/16 \$000	Year 8 2016/17 \$000	Year 9 2017/18 \$000	Year 10 2018/19 \$000	Year 11 2019/20 \$000	Year 12 2020/21 \$000	Year 13 2021/22 \$000	Year 14 2022/23 \$000	Year 15 2023/24 \$000
Operating expenditure																	
Operating expenditure (excl. depreciation, weathertightness and derivatives)	173,418	182,145	192,706	201,948	210,288	219,022	230,116	240,188	248,841	258,212	265,719	274,265	286,420	293,609	301,693	311,556	319,844
Finance costs	14,708	18,739	23,935	30,920	33,163	36,534	38,877	42,180	44,444	46,300	47,662	49,165	50,499	49,684	45,644	39,165	31,059
Total operating expenditure	188,126	200,884	216,641	232,868	243,451	255,556	268,993	282,368	293,285	304,512	313,381	323,430	336,919	343,293	347,337	350,721	350,903
Capital expenditure																	
New capital expenditure	137,977	115,696	139,184	80,918	104,832	85,915	102,291	105,522	107,805	118,349	134,198	162,476	155,363	130,181	92,591	90,156	80,542
Renewal capital expenditure	33,876	39,075	36,623	38,760	41,964	48,415	54,810	54,700	59,833	62,748	65,552	67,219	66,637	70,024	75,211	78,911	87,618
Loan repayments	6,461	9,282	12,181	8,689	9,333	10,082	10,826	17,724	25,336	32,857	44,024	51,638	57,762	72,006	121,133	138,885	157,291
Total capital expenditure	178,314	164,053	187,988	128,367	156,129	144,412	167,927	177,946	192,974	213,954	243,774	281,333	279,762	272,211	288,935	307,952	325,451
Transfer to special funds	2,593	1,164	921	838	806	773	804	836	869	904	940	978	1,017	1,057	1,100	1,144	1,189
Transfer to capital funding account	360	526	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sinking fund contributions	59	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to general reserves	620	2928	9	10	19	44	8	48	42	37	29	38	33	38	32	12	6
Weathertightness claim payments	-	-	5,515	2,612	2,115	1,935	626	420	448	-	-	-	-	-	-	-	-
Total funding requirements	370,072	369,555	411,074	364,695	402,520	402,720	438,358	461,618	487,618	519,407	558,124	605,779	617,731	616,599	637,404	659,829	677,549
Funded by																	
Operating grants and subsidies	9,459	10,687	12,494	12,989	13,383	13,832	14,506	15,074	15,629	16,129	16,644	17,180	17,734	18,304	18,898	19,513	20,148
User charges	32,399	32,016	33,561	34,868	35,743	37,946	39,953	42,484	43,645	44,941	46,030	47,335	48,801	49,642	50,942	52,338	53,365
Property income	4,573	5,516	5,338	5,443	5,589	5,774	5,957	6,134	6,322	6,514	6,710	6,920	8,336	8,541	7,459	7,604	7,771
Interest	225	36	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	568	250	256	262	268	277	285	292	299	307	314	322	330	339	347	356	365
Targeted rates	63,201	65,184	71,065	77,593	84,258	90,511	97,285	104,608	112,411	120,831	129,999	140,274	151,581	163,052	169,936	177,186	184,841
General rates and uniform annual general charges	122,583	131,862	137,871	145,838	155,165	165,633	176,588	187,813	199,821	212,480	225,703	239,080	253,292	269,023	283,557	299,458	316,310
Borrowings	70,855	91,968	105,920	30,905	56,766	37,275	52,819	50,680	54,888	53,253	61,313	78,493	63,806	34,789	38,791	38,150	27,561
Capital grants and subsidies	48,476	15,765	17,087	21,025	19,395	20,541	19,738	20,985	21,439	25,279	31,269	33,792	26,721	25,229	26,741	23,986	25,377
Special funds	745	-	6,000	-	3,275	-	-	-	-	-	-	-	-	-	-	-	-
Capital funding account	457	360	526	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Development contributions	14,918	12,000	19,561	23,006	28,495	30,738	31,027	33,334	32,922	39,405	39,855	42,076	46,804	47,336	40,372	40,860	41,417
Proceeds from sale of assets	406	70	1,330	12,675	84	87	90	93	96	99	102	105	108	111	114	117	121
Interest received on sinking funds	185	36	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sinking funds realised	1,022	1,473	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	2,332	65	91	99	106	110	121	146	169	185	202	218	233	247	261	273
Transfer from general reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue and financing mechanisms	370,072	369,555	411,074	364,695	402,520	402,720	438,358	461,618	487,618	519,407	558,124	605,779	617,731	616,599	637,404	659,829	677,549

Rates for year

For the 2009/10 year the council will set the following rates:

General Rates

General rates will be set as follows:

- ⇒ General rates under section 13 of the Local Government (Rating) Act 2002 on all rateable land based on the land value of the land
- ⇒ A uniform annual general charge under section 15 of the Local Government (Rating) Act 2002 on all rateable land of \$769.05 including GST (2008/09 \$727.87) per separately used or inhabited part of a rating unit. Of the total rates, 29.5 per cent will be collected through rates set on a uniform basis excluding the sewage disposal charge
- ⇒ To ensure a fair distribution of the general rates compared to services utilised, the general rates under section 13 of the Local Government (Rating) Act 2002 on all rateable land based on the land value of the land and at different rates-in-the-dollar of land value for different categories of rateable land as defined in the rating policy, and applying the differential factors in the table below.

The relationship between the rates set on rateable land in each different category is as follows:

Category	Factor
Residential	1.00
Business	5.76
Civic	5.00
Rural	1.00
Other	5.76
Undeveloped, in accordance with the dominant characteristics of the activities which are permitted, controlled or discretionary in the area in which the land is situated, as follows:	
Residential	1.00
Business	5.76
Rural	1.00

Notes: The business category contributes approximately 26.5 per cent of the council's total rating income.

The general rate for residential rating units will be set at 0.160594 cents in the dollar (including GST) of the land value of the rating unit.

Targeted rates

Auckland War Memorial Museum rate, Auckland Museum of Transport and Technology rate and Auckland Regional Amenities rate

Three targeted rates under section 16 of the Local Government (Rating) Act 2002 on all rateable land based on the land value of the land and at different rates in the dollar of land value for different categories of rateable land as defined in the Rating Policy and applying the differential factors in the table below.

The levy funded by the Auckland War Memorial Museum rate has increased from \$3,842,000 in 2008/09 to \$3,864,000 for 2009/10. The Auckland War Memorial Museum rate will be set at .007881 cents (including GST) in the dollar of the land value for Residential One rating units.

The levy funded by the Auckland Museum of Transport and Technology rate has increased from \$1,461,000 in 2008/09 to \$1,539,000 for 2009/10. The Auckland Museum of Transport and Technology rate will be set at .003138 cents (including GST) in the dollar of the land value for Residential One rating units.

The Auckland Regional Amenities rate is a new rate to fund a levy imposed on local authorities in the Auckland Region by the Auckland Regional Amenities Funding Act 2008. The levy funded by this rate in 2009/10 is \$1,358,000. The Auckland Regional Amenities rate will be set at .002773 cents (including GST) in the dollar of the land value for Residential One rating units.

Category of rating unit	Factor
Residential rating units are categorised by the number of separately used or inhabited parts within the rating unit:	
Residential One	1.00
Residential Two	1.25
Residential Three	1.50
Residential Four	1.75
Residential Five	2.00
Residential 6 - 10	2.50
Residential 11 - 15	3.00
Residential 16 - 25	4.00
Residential 26 -50	5.00
Residential 51 or more	6.00
Business	5.76
Civic	5.00
Rural	1.00
Rural Residential 2	1.25
Other	5.76
Undeveloped, in accordance with the dominant characteristics of the activities which are permitted, controlled or discretionary in the area in which the land is situated, as follows:	
Residential	1.00
Business	5.76
Rural	1.00

Business Improvement District rates

Targeted rates under section 16 of the Local Government (Rating) Act 2002 on the land value of the rating unit, set in relation to all rateable land which is used for other than residential purposes within the relevant commercial shopping area described below:

Northcote Business Improvement District

Northcote commercial shopping centre as shaded yellow on drawing number Digital Plan 10166 to yield \$120,000 excluding GST (2008/09 \$120,000), being a rate of 0.77162 cents in the dollar of land value (including GST).

Torbay Business Improvement District

Torbay commercial shopping area as shaded yellow on drawing number Digital Plan 23385 to yield \$11,550 excluding GST (2008/09 \$11,000), being a rate of 0.23783 cents in the dollar of land value (including GST).

Takapuna Business Improvement District

Takapuna commercial shopping area as shaded yellow on drawing number Digital Plan 47998 to yield \$262,500 excluding GST (2008/09 \$250,000), being a rate of 0.09923 cents in the dollar of land value (including GST).

Browns Bay Business Improvement District

Browns Bay commercial shopping area to yield \$100,000 excluding GST (2008/09 \$100,000), being a rate of 0.12675 cents in the dollar of land value (including GST).

Birkenhead Town Centre Business Improvement District

Birkenhead commercial shopping area to yield \$140,000 excluding GST (2008/09 \$140,000), being a rate of 0.25665 cents in the dollar of land value (including GST).

Targeted rates under section 16 of the Local Government (Rating) Act 2002 within the relevant commercial shopping areas described below:

Albany Basin Business Association Business Improvement District

A fixed amount of \$168.75, including GST, per rating unit plus an amount of 0.01271 cents in the dollar of land value (including GST), set in relation to all rateable land which is used for other than residential purposes within the relevant area being those rating units in the Albany Basin Business Area as shaded on the map titled Albany Basin Business Association - Area of Benefit, to yield a total of \$310,000 excluding GST (2008/09 \$310,000).

Mairangi Bay Business Improvement District

A fixed amount of \$529.00, including GST, per separately used or inhabited part of a rating unit set on all rateable land within the Mairangi Bay commercial shopping area to yield \$40,000 (2008/09 Nil). The relevant area is as shaded on the map titled Mairangi Bay BID.

Sewage disposal rates

A targeted rate under section 16 of the Local Government (Rating) Act 2002 of \$447.08 including GST (2008/09 \$417.00) per rating unit to which the council's sewage disposal service is provided or available; and

A targeted rate under section 16 of the Local Government (Rating) Act 2002 of \$447.08 including GST (2008/09 \$417.00) per water closet or urinal within the rating unit after the first one.

Notes: For the purposes of these rates:

- the sewage disposal service is treated as being provided if the rating unit is connected to a public sewerage drain
- the sewage disposal service is treated as being available if the rating unit is not connected to a public sewerage drain but is within 30 metres of such a drain

-
- (c) a rating unit used primarily as a residence for one household is not treated as having more than one water closet or urinal

Waste management rate

A targeted rate under section 16 of the Local Government (Rating) Act 2002 of \$26.89 including GST (2008/09 \$26.89) per separately used or inhabited part of a rating unit.

Water supply rate

A targeted rate under section 19 of the Local Government (Rating) Act 2002 of \$1.38 including GST (2008/09 \$1.29) per thousand litres of water supplied, as measured by meter, with a minimum charge of \$15.00 including GST per six-monthly period.

Pool safety rate

A targeted rate set under section 16 of the Local Government (Rating) Act 2002 as a fixed amount on every rating unit on which a swimming pool is located (which includes a spa pool), not being part of any other rating unit as well, within the meaning of the Fencing of Swimming Pools Act 1987 and is therefore provided with or has available to it the council's pool safety service.

The council's pool safety service includes regular inspections, the provision of water safety and water education programmes as well as other activities arising out of the Fencing of Swimming Pools Act 1987.

The targeted rate will be \$33.75 including GST (\$33.75 in 2008/09) per rating unit on which is located a pool (including spa pools), except where the pool is a portable spa pool which is at least 750 mm above ground with a lockable cover and which has been the subject of an exemption under the Fencing of Swimming Pools Act 1987, in which case the rate will be \$22.50 including GST (\$22.50 in 2008/09) per rating unit.

For the purposes of this policy:

- (a) Any additional inspection outside the council's regular inspection cycle will be charged a fee as set out in the schedule of fees and charges;
- (b) If a pool is removed or permanently emptied it is the landowner's responsibility to advise the council so that, following verification, it is not assessed the targeted rate in the following rating year;
- (c) For rating units with more than one pool within the same area, for example a swimming pool and a spa pool, the rate for the swimming pool only will apply.

Separately used or inhabited parts of a rating unit

The Uniform Annual General Charge and the Waste Management rate are charged per separately used or inhabited part of a rating unit.

A rating unit is considered to have separately used or inhabited parts if any one of the following circumstances applies:

- There are separate occupiers of distinct areas of the rating unit, making separate use of the different parts of the rating unit. A degree of common area would not necessarily negate the separate parts.
- For commercial properties the number of different businesses operating from a rating unit. Each separate business is considered a separately used or inhabited part. There may be exceptions where the different businesses are so closely linked that they are considered different parts of the same business.
- For residential rating units each self-contained residential area is considered a separately used or inhabited part. Each situation is considered on its merits but some of the factors taken into account to determine whether an area is self-contained are:
 - Does the area have its own toilet facilities?
 - Does the area have its own cooking/kitchen facilities?
 - Does the area have its own entrance?

Rating policy

Introduction

Rates are set under the Local Government (Rating) Act 2002 on all rateable rating units on the value of the land as supplied by Quotable Value New Zealand Limited. A revaluation was carried out in September 2008, effective from 1 July 2009.

The objectives of the council's rating policy are to:

- ⇒ spread the incidence of rates as fairly as possible
- ⇒ be consistent in charging rates
- ⇒ ensure all ratepayers pay their fair share for council services
- ⇒ provide the income needed to meet the council's goals

The council has decided to maintain the business group's contribution at 26.5 per cent. An independent study has confirmed that the rating differential for businesses is both justifiable and economically sustainable.

The council regularly reviews the available systems of rating and currently uses the "land value" system where rates are set on the value of the land of the rating unit. Other alternatives available are the annual value and capital value of the land.

The North Shore City Council rating system provides for all user charges and other income to be taken into account first, with the rates providing the balance needed to meet the council's objectives.

The following paragraphs describe in detail the council's rating system.

General rate

The general rate under section 13 of the Local Government (Rating) Act 2002 is based on the rateable value of the land. The rateable value is the land value of the land. General rates are set at different rates in the dollar of rateable value for different categories of rateable land, as described below under the heading "differential rating".

Uniform annual general charge

The uniform annual general charge under section 15 of the Local Government (Rating) Act 2002 is \$683.60 (excluding GST) (\$769.05 including GST) on each separately used or inhabited part of a rating unit. This is an increase of \$36.60 (excluding GST) over that levied in 2008/09. It is set:

- ⇒ to ensure a minimum rate on all properties
- ⇒ in recognition that valuation-based rating is not a perfect reflection of ability to pay
- ⇒ as a charge for services which have an equal element of private benefit but where it is not practicable to apply specific user charges

Uniform targeted rates

Sewage disposal

Targeted rates are set under section 16 of the Local Government (Rating) Act 2002 for the council's sewage disposal function. These rates, which are set in relation to all land in the district to which the council's sewage disposal service is provided or available, are:

- (a) a uniform targeted rate of \$397.40 (excluding GST) (\$447.08 including GST) per rating unit; and
- (b) a uniform targeted rate of \$397.40 (excluding GST) (\$447.08 including GST) per water closet or urinal within the rating unit, in excess of the first one.

This is an increase of \$26.73 (excluding GST) over that levied in 2008/09.

For the purposes of these rates:

- ⇒ the sewage disposal service is treated as being provided if the rating unit is connected to a public sewerage drain
- ⇒ the sewage disposal service is treated as being available if the rating unit is not connected to a public sewerage drain but is within 30 metres of such a drain
- ⇒ a rating unit used primarily as a residence for one household is not treated as having more than one water closet or urinal

Waste management

A targeted rate is set under section 16 of the Local Government (Rating) Act 2002 for the council's waste management function. This rate, which is set in relation to all land in the district, is a uniform charge of \$26.89 including GST on each separately used or inhabited part of a rating unit. This is the same as that set in 2008/09.

Pool safety rate

A targeted rate set under section 16 of the Local Government (Rating) Act 2002 as a fixed amount on every rating unit on which is located a swimming pool (which includes a spa pool), not being part of any other rating unit as well, within the meaning of the Fencing of Swimming Pools Act 1987, and is therefore provided with or has available to it the council's pool safety service. The council's pool safety service includes regular inspections, the provision of water safety and water education programmes as well as other activities arising out of the Fencing of Swimming Pools Act 1987.

The targeted rate will be \$33.75 including GST per rating unit on which is located a pool (including spa pools), except where the pool is a portable spa pool which is at least 750mm above ground with a lockable cover and which has been the subject of an exemption under the Fencing of Swimming Pools Act 1987, in which case the rate will be \$22.50 including GST per rating unit.

The different amounts of targeted rate reflect the different pool safety services provided in respect of the two categories of pool. In particular, the exempt spa pools will be inspected five-yearly, whereas other pools will be inspected three yearly.

Rating units which include only a proportionate share of land containing a pool (for example where a pool is controlled by a body corporate and within a common area jointly owned by the individual unit owners) are not covered by the rate because it is considered unfair for each of those rating units to pay the full rate. Such pools will instead be charged an equivalent fee in accordance with the council's Schedule of Fees and Charges fixed under the Local Government Act 2002.

For the purposes of this policy:

- (a) Any additional inspection outside the council's regular inspection cycle will be charged a fee as set out in the Schedule of Fees and Charges;
- (b) If a pool is removed or permanently emptied it is the landowner's responsibility to advise the council so that, following verification, it is not assessed the targeted rate in the following rating year;
- (c) For rating units with more than one pool within the same area, for example a swimming pool and a spa pool, the rate for the swimming pool only will apply.

Note: The total of the uniform annual general charge under section 15 and any uniform targeted rates under section 16 of the Local Government (Rating) Act 2002, excluding sewerage charges, may not exceed 30 per cent of the council's total rates revenue. For 2009/10 the percentage for the total of the uniform annual general charge and the uniform targeted rate for waste management and pool safety remains at 29.5 per cent.

Other targeted rates

Business Improvement District (BID) rates

The council may set a targeted rate to assist with business improvement district projects in a specific commercial area. Such rates are established after consultation with the relevant business association in the area.

Targeted rates are set under section 16 of the Local Government (Rating) Act 2002. Each rate, which is based on the land value of the rating unit, is set in relation to all rateable land which is used for other than residential purposes, situated within a defined geographical area.

Northcote BID: a targeted rate on the rating units in the Northcote Commercial Shopping Centre as shaded yellow on drawing number Digital Plan 10166, to yield \$120,000 excluding GST (\$120,000 in 2008/09).

Torbay BID: a targeted rate on the rating units in the Torbay Commercial Shopping Area as shaded yellow on drawing number Digital Plan 23385, to yield \$11,550 excluding GST (\$11,000 in 2008/09).

Takapuna BID: a targeted rate on the rating units in the Takapuna commercial shopping area as shaded yellow on drawing number Digital Plan 47998 (excluding units used exclusively or principally for residential purposes), to yield \$262,500 excluding GST (\$250,000 in 2008/09).

Browns Bay BID: a targeted rate on the rating units in the Browns Bay Commercial Shopping Area as shaded yellow on drawing number Digital Plan 47999 (excluding units used exclusively or principally for residential purposes), to yield \$100,000 excluding GST (\$100,000 in 2008/09).

Birkenhead Town Centre BID: A targeted rate on rating units in the Birkenhead Commercial Shopping Area, excluding rating units used for residential purposes as shaded on the Council map titled Birkenhead Town Centre, to yield \$140,000 excluding GST (\$140,000 in 2008/09).

Albany Basin Business Association BID: A targeted rate on rating units in the Albany Basin Business Area, excluding rating units used for residential purposes as shaded on

the council map titled Albany Basin Business Association - Area of Benefit. The rate will be set at a fixed amount of \$150.00 excluding GST, with the balance set on the land value of the rating unit, to yield a total of \$310,000 excluding GST (\$310,000 in 2008/09).

Milford BID: It is expected that a new target rate for Milford will be introduced in 2010/11 for the Milford Shopping Area, to yield \$75,000 (nil 2009/10 and 2008/09). Further details of this will be included in the Annual Plan 2010/11.

Mairangi Bay BID: A targeted rate set at the uniform amount of \$529.00 including GST per separately used or inhabited part of a rating unit in the Mairangi Bay Commercial Shopping Area, to yield \$40,000 (nil in 2008/09).

Auckland War Memorial Museum/Auckland Museum of Transport and Technology/Auckland Regional Amenities

These targeted rates are set under section 16 of the Local Government (Rating) Act 2002 in relation to the levies payable by the council in respect of the Auckland War Memorial Museum, the Auckland Museum of Transport and Technology and Auckland Regional Amenities. These rates are set in relation to all rateable land in the district. Liability for the rates is calculated using the land value of the rating unit, and at different rates in the dollar of rateable value for different categories of rateable land, as described below under the heading "differential rating".

The levy funded by the Auckland War Memorial Museum rate has increased from \$3,842,000 in 2008/09 to \$3,864,000 for 2009/10, an increase of 0.6 per cent. The levy funded by the Auckland Museum of Transport and Technology rate has increased from \$1,461,000 in 2008/09 to \$1,539,000 for 2009/10, an increase of 5.3 per cent.

The Auckland Regional Amenities rate is a new rate to comply with the Auckland Regional Amenities Funding Act 2008 which requires local authorities in the Auckland region to contribute funding to a group of regional organisations. The levy funded in 2009/10 is \$1,358,000.

Water supply targeted rate

A targeted rate is set under section 19 of the Local Government (Rating) Act 2002 for the supply of water. This rate is calculated as a fixed charge of \$1.38 (including GST) per thousand litres of water supplied, as measured by meter, with a minimum charge of \$15.00 (including GST) per six months for the availability of the service where a meter is provided. This is an increase of \$0.09 per thousand litres (including GST).

Differential rating

In previous years about 26.5 per cent of the total rates has come from the "business" sector. In 2009/10 this will remain at 26.5 per cent.

A differential is applied to the general rate, the Auckland War Memorial Museum targeted rate, the Auckland Museum of Transport and Technology targeted rate, and the Auckland Regional Amenities targeted rate.

For the general rate, the categories of rateable land, and the differential factors, are as follows:

Residential	1.00
Business	5.76
Civic	5.00
Rural	1.00
Other	5.76

Undeveloped, in accordance with the dominant characteristics of the activities which are permitted, controlled or discretionary in the area in which the land is situated, as follows:

Residential	1.00
Business	5.76
Rural	1.00

For the Auckland War Memorial Museum targeted rate, the Auckland Museum of Transport and Technology targeted rate, and the Auckland Regional Amenities targeted rate, the categories of rateable land, and the differential factors, are as follows:

Residential 1	1.00
Residential 2	1.25
Residential 3	1.50
Residential 4	1.75
Residential 5	2.00
Residential 6 to 10	2.50
Residential 11 to 15	3.00
Residential 16 to 25	4.00
Residential 26 to 50	5.00
Residential 51 and over	6.00
Business	5.76
Civic	5.00
Rural	1.00
Rural Res 2	1.25
Other	5.76

Undeveloped, in accordance with the dominant characteristics of the activities which are permitted, controlled or discretionary in the area in which the land is situated, as follows:

Residential	1.00
Business	5.76
Rural	1.00

Definitions

"Residential" means land used exclusively or principally for residential purposes, provided that:

- (a) where, in relation to any rating unit used principally for residential purposes, there is also a business use of the unit which is not permitted as of right in terms of the definition of home occupation in the district scheme, the part of the unit so used shall be categorised as "business";
- (b) notwithstanding (a) above, the "residential" category includes all childcare facilities which are zoned residential in terms of the District Plan; and
- (c) the "residential" category excludes hotels, motels, travellers' accommodation, rest homes, boarding houses and hostels.

"Residential" followed by a number means residential land with that number of residential units. For these purposes a minor residential unit, dwelling or sub-unit used exclusively by a dependant relative, and in association with another residential unit on the same land, is not considered to be a separate residential unit.

"Business" means land used exclusively or principally for business purposes and includes:

- (a) childcare facilities which are zoned business in terms of the district plan; and
- (b) hotels, motels, travellers' accommodation, rest homes, boarding houses and hostels.

"Civic" means land vested in the council that is used exclusively or principally to enable the provision of services to the public including, but not limited to, land used for pumping stations, car parks, depots, cemeteries, community facilities and council offices.

"Rural" means all land that is zoned rural in the district scheme and used exclusively or principally for agriculture, horticulture or pastoral purposes, or keeping of bees or poultry or other livestock other than land which is zoned rural with two or more inhabited parts.

"Undeveloped" means land which is not in use or is not used for any particular purpose.

"Other" means land that does not come within the definition of "residential", "business", "civic", "rural", or "undeveloped".

Rates payable by instalment

The council provides for rates to be paid in six equal instalments. A ratepayer may elect to pay weekly, fortnightly or monthly by automatic payment through the banking system. Rates can also be paid by direct debit, internet and other banking methods.

Ratepayers may also elect to pay the whole year's rates in one sum on the third instalment by the due date without incurring penalty charges on instalments one and two.

Penalties

In accordance with sections 57 and 58 of the Local Government (Rating) Act 2002 a penalty of 10 per cent is added to each instalment or part thereof which is unpaid after the due date for payment. Previous years' rates which remain unpaid at 30 June 2009 will have a further 10 per cent added on 8 July 2009 and again on 8 January 2010.

Remission and postponement policies

In accordance with sections 109 and 110 of the Local Government (Rating) Act 2002 the council has adopted the following remission and postponement policies:

Policy 1 - Rates remission - rating of community, sporting and other organisations

Objectives of the policy

- ⇒ To facilitate the ongoing provision of non-commercial (non-business) community services that meet the needs of North Shore residents
- ⇒ To facilitate the ongoing provision of non-commercial (non-business) recreational opportunities for North Shore residents
- ⇒ Assist the organisation's survival
- ⇒ Make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people and economically disadvantaged people

Conditions and criteria:

The council may remit rates where the application meets the following criteria:

1. The policy will apply to land owned by the council or owned and occupied by a charitable organisation, which is used exclusively or principally for sporting, recreation, or community purposes.
2. The policy will not apply to organisations operated for private pecuniary profit or which charge commercial tuition fees.
3. The policy will not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting or community services as a secondary purpose only.
4. The application for rate remission must be made to the council prior to the commencement of the rating year; applications received during a rating year will be applicable from the commencement of the following rating year. No applications will be backdated.

5. Organisations making application should include the following documents in support of their application:

- (a) Statement of objectives;
- (b) Full financial accounts;
- (c) Information on activities and programmes;
- (d) Details of membership or clients.

6. The policy shall apply to such organisations as approved by the Chief Financial Officer and the General Manager Community Services as meeting the relevant criteria.

7. The extent of any remission to any qualifying organisation shall be as determined by the Chief Financial Officer and the General Manager Community Services. No remission will be granted in respect of those rates referred to in section 9 of the Local Government (Rating) Act 2002 (that is, targeted rates for water supply, and for sewage disposal or waste collection from 1 July 2003).

Policy 2 - Rate remissions - remission of penalties

Objective of the policy

⇒ The objective of the remission policy is to enable the council to act fairly and reasonably in its consideration of rates which have not been received by the council by the penalty date due to circumstances outside the ratepayer's control

Conditions and criteria:

The council may remit the penalty rates where the application meets the following criteria:

1. Automatic remission of the penalties incurred on instalments one and two will be made where the ratepayer pays the total amount due for the year on or before the penalty date of the third instalment.
2. Remission of one penalty will be considered in any one rating year where payment has been late due to significant family disruption. Remission will be considered in the case of death, illness or accident of a family member, as at the due date.
3. Remission of the penalty will be granted if the ratepayer is able to provide evidence that their payment has gone astray in the post or the late payment has otherwise resulted from matters outside their control. Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so.
4. The council may remit small balances due to cash rounding.
5. Decisions on remission of penalties will be delegated to officers as set out in the council's delegations manual.

Policy 3 - Rate remissions - remission of uniform annual general charges and specified targeted rates on contiguous rating units in separate ownership, used jointly as a single business entity for the purposes of a hotel, motel or storage units

Objective of the policy

⇒ The policy is to provide for the possibility of rates remission where two or more uniform annual general charges or uniform targeted rates for sewerage or waste management are levied on contiguous, separately-owned rating units which are occupied by the same ratepayer, being a lessee who is using the rating units jointly as a single property and as a single business entity for the purposes of a hotel, motel or storage units.

Conditions and criteria:

The council may remit the rates where the application meets the following criteria:

1. The rating units must be contiguous and occupied by the same ratepayer who is the lessee of each unit and who uses them jointly as a single property and as a single business entity for the purposes of a hotel, motel or storage units.
2. To qualify as the ratepayer of the rating units, the lessee must come within section 11(1)(6) of the Local Government (Rating) Act 2002, that is, must be the lessee under a registered lease of not less than 10 years.
3. The council may consider reducing or cancelling any targeted rates for sewerage or waste management on such rating units, where each of the rating units is not connected to the public sewerage drain or does not separately use the waste management collection services.
4. The council may on written application from a ratepayer of such rating units reduce or cancel any separate uniform annual general charge levied on the rating units if it considers it to be reasonable in the circumstances to do so.
5. Applications for the remission of uniform annual general charges and specified target rates will be considered by the council's Strategic Management Committee.

Policy 4 - Rate remissions - remission of some uniform annual general charges and targeted rates on rating units which are:

- (a) Separately used by one occupier for both business and residential purposes; or
- (b) Used for residential purposes and which include a separately inhabited part occupied by a dependent member of the family of the owner of the rating unit.

Objective of the policy.

⇒ The policy is to provide for the possibility of rates remission where more than one uniform annual general charge and/or targeted rate for specified services is assessed on a rating unit because that rating unit comprises more than one separately used or inhabited part and where either:

- (a) the rating unit is separately used by one occupier for both residential and business purposes;
- (b) the rating unit is used for residential purposes and includes a separately inhabited part occupied by a dependent member of the family of the owner of the rating unit.

Conditions and criteria:

The council may remit the specified rates where the application meets the following criteria:

1. The rating units in (a) above must be occupied (either as owner or lessee) by the same person(s) and separately used by that/those person(s) for his/her or their business and residence.
2. The rating units in (b) above must be used as the owner's residence but also contain a minor flat or other residential accommodation unit which is inhabited by a member of the owner's family who is dependent on the owner for financial support (e.g. a granny flat).
3. The owner(s) of the rating unit must complete and provide to the council a statutory declaration stating that the conditions in either (1) or (2) above apply. Such a declaration will be effective for three years or until the conditions cease to be met, whichever is earlier. A fresh declaration must be completed and provided in order to qualify for consideration for remission beyond the first three-year period.
4. The rates which may be remitted are as follows:
 - (a) for rating units in both (a) and (b) above, any uniform annual general charge and/or uniform targeted rate for waste management services assessed in respect of the rating unit, apart from the first of each; and
 - (b) in addition, for rating units in (b) above, any uniform targeted rate for sewerage services assessed in respect of the rating unit, apart from the first.
5. The Financial Services Manager will be delegated authority to consider applications for the remission of any rates in terms of this policy and if appropriate to approve or decline them.

Policy 5 - Remission policy - school sewage disposal rates

Objective of the policy

⇒ To provide relief and assistance to certain education establishments in paying sewage disposal rates.

Conditions and criteria

1. The policy will apply to the following educational establishments:

- ⇒ A special school established under section 98(1) of the Education Act 1964
 - ⇒ A state school under section 2(1) of the Education Act 1989
 - ⇒ An integrated school under section 2(1) of the Private Schools Conditional Integrated Act 1975
 - ⇒ A special institution under section 92(1) of the Education Act 1989
 - ⇒ An early childhood centre under section 308(1) of the Education Act 1989, but excluding any early childhood centre operated for profit
2. The policy does not apply to school houses occupied by a caretaker, principal or staff.
 3. The council will remit any sewage disposal rates assessed in respect of educational establishments to which this policy applies, in excess of a maximum sewage disposal rate calculated according to clauses 4 to 6.
 4. The maximum sewage disposal rate in any rating year is the lesser of:
 - (a) the rate as assessed in accordance with the council's rates resolution;
 - (b) the rate which would have been assessed in accordance with the council's rates resolution if the rating unit had no more than one toilet per twenty students and staff or part thereof.
 5. The number of students in an educational establishment is the number of students on its roll on 1 March in the year immediately before the year to which the rates relate.
 6. The number of staff in an educational establishment is the number of teaching staff and administration staff employed by that educational establishment on 1 March immediately before the year to which the rates relate.
 7. The Chief Financial Officer has delegated authority to approve remission of sewage disposal rates in accordance with this policy.

Policy 6 - Rate remission - remission of excess water rates

Objective of the policy

To standardise procedures to assist ratepayers who have excessive water rates due to a fault (leak) in the internal reticulation serving their rating unit.

Conditions and criteria

The council may remit the excess water rates where the application meets the following criteria:

1. The policy will apply to applications from ratepayers who have excess water rates due to a fault(s) in the internal reticulation.
2. That all applicants are requested to submit their application in writing.
3. That proof of the repairs to the internal reticulation be submitted for verification (i.e. plumber's repair account).

-
4. That the ratepayer be charged the full charge for normal consumption.
 5. That the excess consumption be charged at the cost price of the water to the council.
 6. That the balance of the account be the difference to be remitted.
 7. That the ratepayer be offered the opportunity to pay the account off by instalments where the amount is still excessive.
 8. The Financial Services Manager will be delegated authority to consider applications for remission of excess water rates and if appropriate approve or decline them.

Policy 7 - Rates Postponement policy

Objective of the policy

⇒ To assist ratepayers experiencing financial circumstances which affect their ability to pay their rates

Conditions and criteria:

The council will postpone rates in accordance with the policy where the application meets the following criteria:

1. When considering whether financial circumstances exist, all of the ratepayer's personal circumstances will be relevant including age, health and family circumstances.
2. The ratepayer must be the current owner of the rating unit and have owned or resided on the property or another property within North Shore City for not less than two years.
3. The rating unit must be used solely for residential purposes.
4. The council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, to maintain a reasonable standard of living.
5. The ratepayer must not own any other rating units or investment properties or other substantial realisable assets.
6. The ratepayer must make application to the council on the prescribed form.
7. Even if rates are postponed, the ratepayer may be required to pay a portion, determined by the council, of the rate account.
8. The council may add a postponement fee to the postponed rates for the period between the due date and the date they are paid. This fee will not exceed an amount which covers the council's administration and financial costs, including interest.
9. The policy will apply from the beginning of the rating year in which the application is made although the council may consider backdating past the rating year in which the application is made depending on the circumstances.
10. The council must be satisfied, on reasonable assumptions, that the risk of any shortfall when postponed rates and charges are ultimately paid is negligible. Where a rates postponement agreement has been entered into, the council may refuse to postpone any further rates if it considers that the risk of a shortfall is not negligible.

Any postponed rates will be postponed until:

1. the death of the ratepayer(s); or
2. until the ratepayer(s) ceases to be the owner or occupier of the rating unit; or
3. until the ratepayer(s) ceases to use the property as his/her residence; or
4. until a date specified by the council as determined by the council in any particular case.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.

Postponed rates will be registered as a statutory land charge on the rating unit title.

The Chief Financial Officer will be delegated authority to consider applications for rates postponement and, if appropriate, approve or decline them.

Policy 8 - Policy on the remission and postponement of rates on Maori freehold

There is no Maori freehold land within the district and therefore no remission or postponements can be provided on Maori freehold land.

If any land in the district becomes Maori land the council will formulate and consult on an appropriate policy.

Treasury management policy

Purpose

The purpose of the Treasury Management Policy is to outline approved policies and procedures in respect of all treasury activities undertaken by the council. The formalisation of such policies and procedures will enable treasury risks within the council to be prudently managed.

Philosophy

As a guardian of public money, the council shall be risk averse and seek to minimise exposure arising from its treasury activities. Treasury management is the management of borrowings, investments, funding and related interest-rate exposures. The North Shore City Council carries out investment and borrowing activities and as a result has risks associated with these activities, i.e. interest rate risk, liquidity risk, credit risk and internal control risk. The management of these risks is generally referred to as treasury activities.

Any activity which is considered speculative is expressly forbidden, i.e. there must be a risk associated with an actual underlying borrowing or investment, or a risk associated with actual approved expenditure, before interest-rate or foreign-exchange hedging can be considered.

Scope

This document identifies the policy and procedures of the council in respect of treasury management activities.

The policy has not been prepared to cover other aspects of the council's operations, particularly transactional banking management, systems of internal control and financial management. Other policies and procedures of the council cover these matters.

Planning tools and mechanisms are also outside of the scope of this policy.

The treasury policies set out below relate to the council only and do not include the policies of any council-controlled trading organisations or council-controlled organisations.

Legislation

Under the Local Government Act 2002 (LGA 2002) every local authority is required to adopt by resolution an investment policy and a liability management policy. These

two policies are combined in the council's Treasury Management Policy. The relevant sections of that and other legislation are noted below. All projected borrowings are approved by the council as part of the Annual Plan and City Plan processes.

All local authorities are governed by the following relevant legislation:

- Local Government Act 2002, in particular Part 6 including sections 101, 102, 104 and 105.
- Trustee Act 1956. When acting as a trustee or investing money on behalf of others, the Trustee Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others. Details of relevant sections can be found in the Trustee Act 1956 Part II Investments.

General objectives

To be consistent with the council's City Plan and the council's Revenue and Financing Policy.

- ⇒ To borrow and invest within the council's strategic plan guide-lines and the council's approved City Plan and Annual Plan
- ⇒ Minimise the council's costs and risks in the management of its borrowings and maximise its return on investments
- ⇒ Minimise the council's exposure to adverse interest rate movements
- ⇒ Monitor, evaluate and report on treasury performance
- ⇒ Borrow funds and transact interest rate hedging financial instruments within an environment of control and compliance under the council approved Treasury Management Policy so as to protect the council's financial assets and costs
- ⇒ Arrange and structure long term funding for the council's at the lowest achievable interest margin from debt lenders. Optimise flexibility and spread of debt maturity within the funding risk limits established by this policy statement
- ⇒ To minimise exposure to credit risk by dealing only with credit worthy counterparties
- ⇒ Monitor and report on financing/borrowing covenants and ratios under the obligations of the council's lending/security arrangements

- ⇒ Monitor the council's return on investments in council controlled organisations, property and other equity investments
- ⇒ Ensure the council, management and relevant staff are kept abreast of latest treasury products, methodologies, and accounting treatments through training and in-house presentations
- ⇒ Maintain liquidity levels and manage cash flows within the council to meet known and reasonable unforeseen funding requirements
- ⇒ Ensure that all statutory requirements of a financial nature are adhered to
- ⇒ To ensure adequate internal controls exist to protect the council's financial assets and to prevent unauthorised transactions
- ⇒ Develop and maintain relationships with financial institutions

The policies contained in this council's Investment Policy and Liability Management Policy are as follows:

Investment policy

The council's overall investment policy is not to actively seek new investments unless of significant benefit to the community and/or relating to activities of the council.

The council will not hold investments in foreign currencies.

Equity investment in Council-Controlled Trading Organisations (CCTOs)

The council will consider the formation of further CCTOs only if:

- The investment relates to activities of the council and/or
- The investment gives benefits to the community.

Proceeds of any divestment of an equity investment in a CCTO will only be used to repay debt or to reduce the council's borrowing requirements.

Other equity investments

The council may divest its equity interests in which it is a passive investor at an appropriate price and time subject to this not being in conflict with its strategic and long-term council community plan goals. The proceeds of any divestment of other equity investment will be used to repay debt or to reduce the council's borrowing requirements.

Loans to community groups

No further loans to community groups and sports clubs are to be made.

Investment properties (non-operational property assets)

The council's policy is to continue to hold the level of investment properties provided they meet the annual performance measures. Proceeds of any divestment of any non-operational property will be used to reduce debt in the year of disposal.

Treasury investments

The council's primary objective is the maintenance of principal by investing only with credit-worthy organisations. The second is to maximise income.

The level of treasury investments representing general funds is to be minimised in order to reduce the overall cost and level of borrowing.

Credit risk is minimised by prescribed maximum limits for each broad class of issuer and by investing only with the New Zealand Government, local authorities, banks, strongly-rated State Owned Enterprises, and corporations within prescribed limits.

Investments with any single party will not exceed the approved counterparty limits.

Liquidity risk is minimised by ensuring that all investments are capable of being liquidated through a readily available secondary market or are invested for terms of less than 90 days.

Interest rate risk management instruments to hedge investment returns may be used where appropriate.

Approved investment instruments

The council will invest using the following instruments:

- ⇒ Call and short term bank deposits
- ⇒ Bank bills
- ⇒ Bank registered certificates of deposit
- ⇒ Treasury bills
- ⇒ Local Authority stock or State Owned Enterprise bonds
- ⇒ Corporate bonds
- ⇒ Promissory notes/Commercial paper/Debentures

Sinking funds

Sinking funds will not be maintained for loans raised after 1 July 1998.

The council has fully repaid all loans that were raised prior to this and therefore no longer has any sinking funds.

Special funds

Total investments and available loan facilities held by the council are not to be less than the level of special funds at all times.

The council will not create or establish further special funds unless required to by legislation or for other sound reason.

Revenue from investments

Revenue from investments includes interest earned from special funds and sinking funds which are credited to those funds.

Other revenue includes interest earned from general funds and dividends received. These are used to fund operating expenditure, capital expenditure or to repay debt.

Liability management policy

The council's objective is to minimise the cost of borrowings within agreed policies. Towards achieving this objective, the council will generally raise debt on a corporate or portfolio basis (some exceptions may apply if taxation and commercial issues need to be considered). This means that although the annual and long-term borrowing requirements are identified by capital projects (see below), the raising of loan funds will be based on the overall cash flow requirements of the council rather than on individual capital projects. The council's interest expense allocation policy is detailed below.

The council's primary purpose in borrowing is to fund new infrastructural capital expenditure projects (not replacement of existing infrastructure) such as:

- Wastewater
- Transport
- Stormwater
- Water Supply
- Substantial property acquisitions

The council has the following criteria for determining the appropriate source of funding for various types of expenditure.

Types of Expenditure	Source of funding
Operating expenditure	Operating income
Capital expenditure for new items	Subsidies, development contributions, grants, special funds, asset sales, rates and other revenue, capital funding account and loans
Capital expenditure for renewal items	Rates and other income
Special funds expenditure ⇒ provision of carparking ⇒ development of parks and reserves ⇒ other	⇒ off-street parking funds ⇒ Subdivisional Reserve Funds ⇒ appropriate special funds
Weather-tightness building defects claims	Loans, operating income

Authorised borrowing facilities

The council will borrow using the following types of borrowing facilities:

- ⇒ Bond/stock issues
- ⇒ Bank overdraft
- ⇒ Committed bank facilities
- ⇒ Bank bills
- ⇒ Promissory notes
- ⇒ Uncommitted short-term facilities
- ⇒ Financial leases
- ⇒ Mortgages

All borrowing in currencies other than NZ dollars is forbidden.

Debt ratios and limits

Debt will be managed within the following macro limits.

Ratio	
Net debt as a percentage of equity	<20%
Net debt as a percentage of income	<150%
Net interest expense as a percentage of income	<15%
Net interest expense as a percentage of annual rates income (debt secured under debenture)	<20%
Liquidity (term debt + committed loan facilities to current net debt)	>110%

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

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

"Rates" includes all council rates including targeted rates such as water supply targeted rate and Auckland War Memorial Museum, Museum of Transport and Technology and Auckland Regional Amenities Funding targeted rates.

Interest rate management

The council's policy is to minimise borrowing costs by, where appropriate, hedging against movements in interest rates, but only where there are approved future cash flows. The council will not enter into contracts that are speculative.

The council will only enter into interest-rate management contracts with New Zealand registered banks which have signed an International Swap Dealers Association Master Agreement and with a Standard and Poor's rating of "A" long term or better.

Interest rate risk

Interest rate risk is the risk that funding costs (due to adverse movements in market interest rates) will materially exceed adopted annual plans and strategic 10 year plan interest cost projections, so as to adversely impact cost control, capital investment decisions and feasibilities.

The primary objective of interest rate risk management is to reduce uncertainty to interest rate movements through fixing of funding costs. However, a secondary objective is to minimise the net funding costs of the council within acceptable risk parameters. Both objectives are to be achieved through the active management of underlying interest rate exposures.

Interest rate risk control limits

Debt must be within the following fixed/floating rate risk control limit:

Master fixed/floating risk control limit	
Minimum fixed rate	Maximum fixed rate
25%	100%

"Fixed Rate" is defined as an interest rate repricing date beyond 12 months forward on a continuous rolling basis.

"Floating Rate" is defined as an interest rate repricing within 12 months.

The percentages are calculated on the projected net debt levels per council's official long term financial forecasts that are approved by the council, calculated on the 12 month projected net debt figure. Net debt is the amount of total debt, less liquid financial assets. This allows for pre-hedging in advance of projected physical drawdown of new debt. When approved forecasts are changed, the amount of fixed rate cover in place may have to be adjusted in an orderly fashion to comply with the policy minimums and maximums.

The fixed rate amount at any time is recommended to be within the following maturity bands:

Fixed rate maturity profile limit		
Period	Minimum cover	Maximum cover
1 to 3 years	20%	50%
3 to 5 years	20%	50%
5 to 10 years	15%	50%

Approved interest rate instruments

Dealing in interest rate products must be limited to financial instruments approved by the council. Interest rate instruments will only be undertaken within the prescribed limits. Interest rate management contracts in excess of 10 years are prohibited.

Current approved interest rate instruments are as follows:

- ⇒ Forward rate agreements on:
 - Bank bills
 - Government bonds
- ⇒ Interest rate swaps including:
 - Forward start swaps (start date <36 months)
 - Amortising swaps (whereby notional principal amount reduces)
- ⇒ Interest rate options on:
 - Bank bills (purchased caps and one for one dollars)
 - Government Bonds
 - Interest rate swaptions (purchased only up to 12 months)

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

- ⇒ Interest rate options must not be sold outright. However, 1:1 collar option structures are allowable whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. The sold option leg of the collar structure must not have a strike rate "in-the-money"
- ⇒ Interest rate options with a maturity date beyond 12 months that have a strike rate exercise rate) higher than 2.00 per cent above the relevant swap rate, cannot be counted as part of the fixed rate cover percentage calculation
- ⇒ Floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 24 months

Liquidity/funding risk control limits

Term borrowings/debt and committed debt facilities must be maintained at an amount of at least 110 per cent of existing debt.

The maturity profile of the total committed funding in respect to all borrowings and committed facilities is to be controlled by the following system:

Period	Minimum	Maximum
0 to 3 years	10%	60%
3 to 5 years	10%	60%
5 years plus	10%	60%

A maturity schedule outside these limits is required to be reported to the council with the quarterly Treasury Management report.

Security for loans and interest rate management contracts

All council loans and interest rate management contracts will either be unsecured or secured under the council's Debenture Trust Deed. This security relates to any loan and to the performance of any obligation under any incidental arrangement.

Debt repayment policy

Loans that have been raised before 1 July 1998 are required to be repaid by the established sinking funds as provided in the special order establishing the council's authority to raise the loans. From 1 July 1998 the council will only make the statutory minimum contributions to sinking funds.

The council is not required to establish and fund sinking funds to provide for the repayment of loans raised after 1 July 1998. For such loans the council will charge an annual amount in its rates that will provide for the repayment of the debt over a period of up to 50 years.

The funds from all disposition of fixed and investment assets will be applied to the reduction of debt and/or a reduction in borrowing requirements.

All operating surpluses will be applied to the reduction of debt.

Interest expense allocation policy

Interest expenses arising from debt will be allocated to activities or output areas based on the loan funding requirements of these activities.

Credit exposure

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

Counterparties and limits can only be approved on the basis of long-term credit ratings (Standard and Poor's, Fitch or Moody's) being "A" and above.

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

The following matrix guide will determine limits:-

Counterparty/ Issuer	Minimum short term credit rating	Minimum long term credit rating	Investments maximum per counterparty (\$m)	Interest rate risk management instrument maximum per counterparty (\$m)	Total maximum per counterparty (\$m)	Portfolio Limit
NZ Government or government guaranteed	n/a	n/a	Unlimited	None	Unlimited	100%
State Owned Enterprises	A-1	A	5.0	None	5.0	50%
Local government and public authority	A-1	A	5.0	None	5.0	50%
NZ Registered Banks	A-1	A	10.0	30.0	40.0	100%
Corporates	A-1	A	2.0	None	2.0	50%

The limit for the council's transactional banker excludes any balance in the current account.

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

- ⇒ Investments (e.g. Bank Deposits) - Transaction Notional Weighting 100 per cent
- ⇒ Interest Rate Risk Management (e.g. swaps, FRAs) - Transaction Notional Maturity (years) 3 per cent
- ⇒ Foreign Exchange - Transactional principal amount (the square root of the maturity (years) 15 per cent

To avoid undue concentration of exposures, a range of financial instruments must be used with as wide a range of counterparties as possible. The approval process to allow the use of individual financial instruments must take into account the liquidity of the market the instrument is traded in and repriced from.

Settlement risk - the council will undertake treasury management transactions with approved parties only. Underwriting risk - the council will enter into underwriting agreements, bank facilities with approved parties only.

Foreign exchange policy

The council will not hold investments or borrow in foreign currency.

Purchases which have a commitment date greater than one month may be hedged once expenditure is approved. When the commitment is less than one month, the volatility of the currency involved should be considered.

Guarantees for community groups and sports clubs

The council will consider applications for bank guarantees for a maximum term of five years from community groups and sports clubs that require support for funding council-approved capital projects on council land. These projects must comply with the District Plan prepared under the Resource Management Act 1991 and the management plans prepared under the Reserves Act 1977.

Applications will only be considered if the community group is based in North Shore City and satisfactory projections on the financial strength and long-term viability of the group or club are received by the council.

The total value of guarantees for community groups and sports clubs in force at any one time shall not exceed \$3m.

Other guarantees

The council will consider providing guarantees to other associated organisations such as Council Organisations where it is considered that the guarantee will promote the current and future interests of North Shore City's community or for other sound business reasons.

There is no restriction on the total value of guarantees to be provided at any one time for this category of guarantee, however the council does need to consider the requirement to be financially prudent.

Guarantee to Watercare Services Limited (Watercare)

On 24 July 2008 the council joined the five other shareholding councils of Watercare to provide creditors of Watercare and its subsidiaries with a guarantee of Watercare's debt. Auckland City Council firstly provides the guarantee for the debt with back-to-back indemnities by the other shareholding councils in proportion to their shareholding. This arrangement was put in place by the shareholding councils in order to minimise long-term price increases for bulk water and wastewater services purchased from Watercare.

Performance measurement

The key objectives of the treasury management activities of the council are to minimise the cost of borrowings and to maximise its return on investments within authorised limits. The following objective measures will be used to determine the overall quality of the treasury management activities of the council:

Equity investment in CCTOs

Adherence to policy.

Fulfilling the statement of intent approved by the council.

Comparison of financial ratios to budgeted benchmark levels:

- Return on shareholders' funds
- Debt to total assets
- Liquidity ratios
- Gross profit margins
- Interest cover
- Earnings per share
- Dividend per share

Other equity investments

Adherence to policy.

Comparison of financial ratios to budgeted benchmark levels:

- Return on shareholders' funds

-
- Interest cover
 - Earnings per share
 - Dividend per share

Advances to community groups

Repayments are made as scheduled and annual reports are filed with the council within a year after the financial year end.

Investment properties (non-operational property)

All properties will be reviewed in relation to the following performance measures at least every three years:

- Adherence to policy.
- Comparison of actual rental returns against budgeted receipts.
- Comparison of the property investment in relation to alternative investments.
- Comparison of the council's portfolio with the "property market".
- Comparison of the council's portfolio compared to competing investments evaluating both the opportunity cost of capital and the capital asset pricing model.

Treasury investments

Adherence to policy.

Planned investment income target achieved.

Borrowings

Adherence to borrowing limit imposed by the annual plan and long-term council community plan.

Actual interest costs less than planned borrowing costs.

Guarantees

Adherence to policy.

Annual reports are filed with the council within a year after the financial year end.

Organisation structure, functions and responsibilities

Structure

The treasury function is part of the Finance Department within the Finance and Corporate Services Division.

Functions

The authorised personnel of the treasury function will (subject to the delegations, limitations and policies contained in this Treasury Management Policy) be responsible for:

- ⇒ Investing all surplus funds
- ⇒ Borrowing all funds required, ie long- and short-term funding and overdraft facilities
- ⇒ Undertaking all appropriate money market transactions
- ⇒ Counterparty agreements and documentation for money market and capital markets transactions
- ⇒ Compilation of cash flow forecasts
- ⇒ Monitoring exposure to interest rate risks
- ⇒ Monitoring performance in the areas of cash flow forecasts, yield on investments and cost of funds
- ⇒ Preparing quarterly treasury reports for the council and monthly reports for internal control
- ⇒ Ensuring adequate segregation of duties as part of internal control procedures

Responsibilities

The council carries out the borrowing and investment activities within its Finance and Corporate Services Division.

The council manages its investment (non-operational) property within its Property Services Department (part of the Finance and Corporate Services Division) which will report to the Strategy and Finance Committee annually.

The council will review and approve treasury management policies annually and delegate authority to the Chief Executive.

The Strategy and Finance Committee reviews treasury operations through standard quarterly reporting.

The Chief Executive will delegate authority to other officers and ensure that the council's policies comply with existing and new legislation.

The Chief Financial Officer recommends sound treasury management policies to the council and ensures that such policies are followed.

The Finance Manager will be responsible for the overall treasury management function including internal controls and reporting via the Chief Financial Officer to the Strategy and Finance Committee.

The Assistant Accountant will manage the day-to-day treasury operations within delegated authority and report to the Finance Manager and Chief Financial Officer.

Reporting and meetings

Reporting

The following reports are produced:

Report title	Frequency	Recipient
For the council		
Treasury policies review	Annually	Strategy and Finance Committee
Borrowing/investments/ interest rate management	Quarterly	Strategy and Finance Committee
Equity investments in CCOs	Half-yearly	Strategy and Finance Committee
Other equity investments	Annually	Strategy and Finance Committee
Advances to community groups	Annually	Strategy and Finance Committee
Investment properties	Annually	Strategy and Finance Committee
For management		
Borrowings/investments/interest rate management/ maturity profile	Monthly	Chief Financial Officer
Daily cash position	Daily	Finance Manager
Liquid investments	Daily	Finance Manager
Interest rate exposure	Daily	Finance Manager

Meetings

The Chief Financial Officer, Finance Manager and Corporate Accountant will meet formally on a monthly basis to review and establish the approach to treasury management for the forthcoming month.

Key internal controls

Sound treasury procedures require segregation of duties, regular reconciliations of the treasury system with the general ledger and the independent review of treasury transactions. This will reduce the risk of unauthorised transactions and errors.

To facilitate the segregation of duties all investment transactions performed by the Assistant Accountant will be documented on a daily deal ticket, which will then be held pending the receipt of a confirmation from the organisation actioning the transaction. An independent member of the Finance Department will then verify the deal ticket against the confirmation and file for future reference.

Internal controls will be reviewed annually by the council's external auditors with any reports from the external auditors being reported to the Audit Committee.

Changes to the Treasury Management Policy

There have been a number of changes to the Treasury Management Policy from the policy in the City Plan 2006-2016. During 2007/08 the council consulted on a change to the Treasury Management Policy. This new policy was adopted and became effective from 1 July 2008.

The main changes to the policy can be summarised as follows:

- ⇒ Borrowing limits used previously have been replaced with measures considered to be consistent with peer councils and are accepted benchmark ratios of the New Zealand funding/financial markets
- ⇒ A liquidity buffer has been introduced to manage unforeseen cashflow requirements
- ⇒ Updates to the interest rate control limits and funding control limits
- ⇒ Extended the debt repayment period to better reflect expected useful economic life of infrastructural assets as well as recognition of intergenerational equity
- ⇒ Increased flexibility to provide guarantees to associated organisations
- ⇒ Minor amendment to maturity profile band limits by lowering the minimum limit by 5 per cent to allow slightly more flexibility

Revenue and financing policy

To be read in conjunction with the Funding Impact Statement

Introduction

A local authority must manage its finances prudently and in a manner that promotes the current and future interests of the community. In doing so, it is required to adopt various policies under the Local Government Act 2002 and one of these is the 'Revenue and Financing Policy'. The purpose of this policy is to explain how council services are funded and the rationale for the selection of various funding sources - for both operating and capital costs. For example, should the cost of the council providing a water supply service be paid for by those connected to the water supply, by ratepayers generally or from some other source altogether? And if a new reservoir was required, should this be paid for by raising borrowings or should the money come from some other source? These are the sorts of things the revenue & financing policy must identify and explain - for every major activity the council is involved in.

In making its decision on how each activity will be funded the council is required by law to consider various matters, including:

- **Community outcomes to which the activity contributes (Local Government Act 2002 section 101 3 (a) (i))**
To the extent that it is practical and lawful, the council will fund activities in a way that is consistent with, and complementary to, the achievement of those outcomes.
- **Distribution of benefit within the community (Local Government Act 2002 section 101 3 (a) (ii))**
Consideration will be given to 'who benefits' from a particular activity while acknowledging that there are no uniform answers to the level of public good produced by activities.
- **Period of benefit (Local Government Act 2002 section 101 3 (a) (iii))**
The council will apply the 'intergenerational equity' principle to ensure that the spread of cost over time for an activity reflects the spread of benefit. A new wastewater system is a good example in that the benefits of the system will be received by future generations as well as today's community.
- **Extent to which individuals or groups contribute to the need for an activity (Local Government Act 2002 section 101 3 (a) (iv))**
The council will consider the 'exacerbator pays' principle where a particular category of person can be identified as causing additional cost to the community. A good example of this is a building consent application where the applicant pays a fee for the service provided. Another example is charging developers for the growth-related capital cost of network and community infrastructure.
- **Costs and benefits of separate funding (Local Government Act 2002 section 101 3 (a) (v))**
The council will consider the costs (eg transaction cost) and benefits (eg transparency) of separate funding mechanisms.
- **Impacts on current and future 'community well-being' (Local Government Act 2002 section 101 3 (b))**
Having considered each of its activities in terms of the funding sources available and the above criteria, the council will then stand back and reflect on what impact the proposed funding formula for that activity will have on the overall social, economic, environmental and cultural well-being of the community, now and in the future.

It should be understood that development of this type of policy is not an exact science and it is unlikely that everyone will agree with the outcome. However, the objective is to make the funding of council costs as fair and equitable as possible. The council must also consult with the community and listen carefully to what submitters say before finalising the policy. Finally, the Revenue and Financing Policy can only be adopted (or altered) by amending this City Plan. This highlights the fact that it is a high-level policy and that it should remain fairly constant.

From the above explanation, it can be seen that the Revenue and Financing Policy is an important policy instrument because how activities are funded can have a significant impact on how much ratepayers are charged for services, the viability of services and on the social, economic, environmental and cultural well-being of the community.

Note: The financial impacts of the Revenue and Financing Policy are contained in another part of this document called the 'Funding Impact Statement' which is included in the council's Annual Plan and City Plan (Long Term Council Community Plan).

Definitions

Activity in this City Plan is defined as a service provided by the council and is stated as -

- ⇒ Wastewater
- ⇒ Stormwater
- ⇒ Transport
- ⇒ Water Supply
- ⇒ City Planning
- ⇒ Environmental Consents and Compliance
- ⇒ Environmental Protection
- ⇒ Waste Minimisation
- ⇒ Libraries
- ⇒ Parks
- ⇒ Leisure Services
- ⇒ Community Partnerships, Programmes and Civil Defence
- ⇒ Housing for Older People
- ⇒ Cemeteries
- ⇒ Economic Development
- ⇒ Governance and Leadership

Capital expenditure - comprises new assets and works which upgrade and enhance a significant component of an existing asset, restoring it beyond its original design capacity/estimated life.

Capital expenditure - renewal expenditure comprises works which restore an asset to its original size, capacity and condition.

Community outcomes are the long term goals of the community distilled through a comprehensive consultation process.

Development/financial contribution is an amount paid by those developing property assets toward the capital cost of network and community infrastructure arising from growth.

'Exacerbator pays' principle requires those individuals or groups that contribute to the need for an activity to contribute to the funding of that activity.

Funding needs means, given a level of expenditure for operating expenses or capital expenditure, the amount required to fund these items.

Funding sources mean the sources available to the council to fund operating expenses and capital expenditure. Typically, funding sources available to the council would include:

- (a) general rates, including:
 - i. choice of valuation system; and
 - ii. differential rating; and
 - iii. uniform annual general charges
- (b) targeted rates
- (c) fees and charges
- (d) interest and dividends from investments
- (e) borrowing
- (f) proceeds from sale of assets
- (g) development contributions
- (h) financial contributions under the Resource Management Act 1991
- (i) grants and subsidies
- (j) any other source (for example property income, petrol tax)

Intergenerational equity is the principle that the costs of any expenditure should be recovered at the time that the benefits of that expenditure accrue.

Infrastructure

- ⇒ Network Infrastructure comprises roads, pipes for wastewater, stormwater and fresh water and the wastewater treatment plant
- ⇒ Community Infrastructure comprises parks and reserves, sportsfields, libraries, leisure centres and other properties used for community purposes

Operating expenditure comprises day-to-day (planned and unplanned) routine expenses to provide day to day services including maintenance and financing costs.

Private good is the proportion of expenditure that clearly benefits an identifiable individual or groups of individuals.

Public good is expenditure that benefits the community generally and for which no individual beneficiaries can be clearly identified.

Vested Assets are assets handed over to the council in lieu of monetary payment.

Financial management principle

The council will manage its financial affairs prudently, in accordance with the law and in a manner that promotes both the current and future interests of the community. The aim of this policy is to promote sustainable financial management of the council and to fund its activities from the most appropriate source, after consideration of the various matters described in section 1 above.

Policy statement

Sections 4.1 and 4.2 below describe the sources available to fund the council's operating and capital expenditure. They also describe the general approach the council currently takes in relation to each source.

In section 5, there is a detailed analysis of the approach being used for each activity.

Operating expenditure

Where expenditure does not create a new asset for future use, or extend the lifetime or usefulness of an existing asset but is necessary to deliver a service to the community, it is classed as 'operating expenditure'. The council is required by law to ensure that operating revenues are set at a sufficient level to meet operating expenditure.

Funding sources

From the sources that are available to the council to fund operating expenditure the funding hierarchy will generally be:

1. Operating grants and subsidies
2. User charges
3. Property income
4. Interest and dividends from investments
5. Proceeds from sale of assets
6. Any other source
7. Targeted rates
8. Uniform annual general charges
9. General rates
10. Borrowing

Each funding method is described in more detail below, including the situations in which the council will use each method. Note: Development contributions and financial contributions are not used for operating expenditure.

Operating grants and subsidies

The council receives grants and subsidies from several sources to cover part of the operating cost of certain services. Grants and subsidies are usually received from central government agencies but may be received from other organizations or individuals. They are generally paid to the council based on specific services being provided to the community or they may be project specific. The council aims to maximise the opportunity to receive grants and subsidies. Some examples of grants and subsidies for operational expenditure received by the council are:

- Land Transport New Zealand - to fund maintenance aspects of the Transportation activity such as road maintenance, roadside vegetation control and litter and street cleaning.

- Auckland Regional Council - to fund specific stormwater works.
- Ministry of Education - partially funding crèches at our leisure centres.

User charges

The council imposes user charges to recover either the full cost or a part of the cost of various services provided where the benefits of these services provided primarily accrue to the individual or the costs of the service are primarily caused by identifiable individuals. Examples include:

- ⇒ Building and resource consent fees
- ⇒ Licensing fees such as liquor licensing
- ⇒ Dog registration fees
- ⇒ On-street and off-street parking charges
- ⇒ Library fines for overdue books
- ⇒ Fees charged by the leisure centres for swimming lessons or gym membership
- ⇒ Services provided at the cemetery

Property income

Property rental charges such as the elderly housing units and commercial properties.

Interest and dividends

The council receives interest and dividends from various investments and special funds. Interest and dividends from investments are regarded as general revenue, interest on special funds is credited back to the special funds and reinvested and interest on sinking funds accumulates in the fund and is eventually used to repay borrowings. Dividends are received from shares held in other companies. Interest and dividends are generally not received in respect of any particular activity of the council and are therefore used to reduce the general rates funding requirements of the council.

Proceeds from sale of assets

The council may sell off fixed assets or investment assets. The proceeds from these types of sales are generally used to reduce borrowings, as required by the Liability Management Policy.

Other sources

The council will use funds received from any other source for the purpose of meeting operating expenditure, as appropriate. For example there may be funds set aside in special funds which will be used as a funding source for operational expenditure.

Targeted rates

Targeted rates are rates applied where there is a particular character to a property; for example, land type, area of land, location of land, the value of land and/or the provision or availability of council services. Targeted rates may be imposed as a uniform annual charge or differentially for different types of property uses. Some of the targeted rates this council has are:

- ⇒ Targeted rate - sewage, which is a fixed amount per residential rating unit and is charged for all land in the district where the council's sewage disposal service is provided or is available. The sewage disposal rate for businesses is based on the number of pans at each rating unit
- ⇒ Targeted rate - waste management, which is a fixed amount per rating unit and relates to the services provided by the waste management function
- ⇒ Targeted rate - Business Improvement Districts (previously 'Mainstreet'), are set for specific commercial areas and provide funding for specific projects in those areas
- ⇒ Targeted rate - pool safety, is charged as a fixed amount per residential rating unit which has a pool or spa pool

Uniform Annual General Charge (UAGC)

A 'uniform annual general charge' is a fixed amount per rating unit or a fixed amount per separately used or inhabited part of a rating unit. The uniform annual general charge is set ensuring that there is a minimum rate on all properties and thus distributing part of the general rates across all properties equally regardless of property value. This is in recognition that a valuation based system may not reflect the ability of ratepayers to pay and that there is some element of private benefit to services for which it is not practical to apply specific user charges.

The UAGC revenue, excluding the sewage disposal rate, is not allowed to exceed 30 per cent of the total rates for the council due to a requirement in the Local Government Rating Act 2002.

General rates

The council uses general rates as the main source of funding of activities where benefits accrue to the whole community or where individual beneficiaries cannot be identified and/or the allocation of costs to them is not practical or cost effective. The council takes into account all the other sources of funding available prior to calculating how much general rates funding is required.

Choice of rating system

The council uses the 'land value' system to apportion rates. In 1993, 1998 and again in 2009 the council consulted with the community and reviewed its choice of a rating system between the three legally available options: land value, capital value or annual rental value. The council has stayed with the land value system because it believes it to be the most appropriate for the city and that it is:

- ⇒ Fairest for most people
- ⇒ Easiest for people to understand
- ⇒ Efficient for the council to administer
- ⇒ Supported by the public

Rating differentials

Rating differentials are used where the level of benefit for services is significantly different between different categories of ratepayers. Based on the benefit principle, the council has identified four differential categories that are applied to parts of the rating system. They are:

- ⇒ Residential sector differential
- ⇒ Business sector differential
- ⇒ Civic differential
- ⇒ Rural differential

Borrowing

The council does not generally loan fund operational expenditure; however there may be some circumstances where it is considered appropriate to fund expenditure from borrowings. For example:

- ⇒ During the course of the year (after setting the rates) when unplanned expenditure is incurred by the council
- ⇒ Where the council decides to fund a temporary funding shortfall by borrowings which will be repaid by future surpluses or from reserves previously accumulated
- ⇒ To fund specific operational expenditure where other funding sources have been identified but there is a timing difference in relation to which financial year the funding will be due and payable
- ⇒ To fund weathertightness building defect claims as provided for in the Treasury Management Policy

Further detailed information about the council's targeted rates, uniform annual general charges, rating differentials and other rating matters can be found in the council's Rating Policy.

Capital expenditure

Capital expenditure is the category of spending which creates a new asset, or extends the lifetime of an existing asset. The council is responsible for purchasing or creating and maintaining a variety of assets that are generally grouped as:

- ⇒ Infrastructural assets and restricted assets such as the wastewater, stormwater, transport and water supply networks as well as the parks and reserves assets.
- ⇒ Other fixed assets such as commercial and administrative properties, vehicles, plant and equipment and office equipment etc.

Funding sources

From the funding sources available to the council to fund capital expenditure, the funding hierarchy will generally be:

1. Capital grants and subsidies
2. User charges
3. Proceeds from sale of assets
4. Any other sources (special funds, capital funding account, vested assets)
5. Financial contributions
6. Development contributions
7. Targeted rates
8. Borrowings
9. Interest and dividends from investments
10. General rates including uniform annual general charges

Each funding method is described in more detail below, including the situations in which the council will use each method.

Capital grants and subsidies

The council receives grants and subsidies for a variety of capital expenditure. Grants and subsidies are generally received from central government agencies but may be received from other organisations or individuals. They are generally paid to the council based on specific assets purchased, constructed or created in some way or for a particular purpose or for the renewal of existing assets. The council aims to maximize opportunities to receive grants and subsidies for capital expenditure. Some examples of grants and subsidies received for capital expenditure include:

- ⇒ Land Transport New Zealand - for a proportion of the capital and renewal costs of the Transportation activity
- ⇒ Auckland Regional Transport Authority - for specific project work such as new assets provided as part of the Northern Busway project
- ⇒ Auckland Regional Council - for stormwater assets created

User charges

The council imposes user charges to recover either the full or a part of the cost of assets or services provided. For example, those connecting to the water supply system are charged a fee which provides a funding source for the cost of capital and renewal works.

Other sources

- ⇒ Special funds
Special funds are funds which have either been received by the council from a third party to be used in a specific way (restricted funds) or monies allocated by the council to be applied for a specific purpose or area of benefit (non restricted funds). The council's main special funds are :
 - Subdivisional reserve funds which are used to fund reserve acquisitions or improvements to reserves
 - Off-street carparking funds
 - Emergency capital replacement fund
 - Arts and culture fund

In addition, there are a number of other smaller funds.

- ⇒ Other
The council will use funds received from any other source for the purpose of meeting capital expenditure, as appropriate

For further details of special funds please refer to the Treasury Management Policy contained in this City Plan.

Financial contributions

The council will continue to require financial contributions under the Resource Management Act 1991 for carparking.

Development contributions

The Local Government Act 2002 provides for local authorities to recover, through development contributions, capital expenditure related to growth. Details of the policy, methodology and contributions are described in the Development Contributions Policy contained in this City Plan.

In essence, development contributions may be required relating to network infrastructure, community infrastructure and reserves if the effect (or cumulative effects) of the development is to require new or additional assets or an increase in the capacity of existing assets. In addition, the council requires developers to pay, in full or in part, contributions for capital expenditure already incurred by the council in anticipation of development.

Targeted rates

Targeted rates are rates applied where there is a particular character to a property; for example, land type, area of land, location of land, the value of land and/or the provision or availability of council services. Targeted rates may be imposed as a uniform annual charge or differentially for different types of property uses. The council's water supply targeted rate provides a funding source for water supply capital expenditure as does the sewerage disposal rate for wastewater capital works.

Borrowings

The council will maintain borrowings at a prudent level in accordance with the 'Liability Management and Investment Policy' which is part of the council's Treasury Management Policy. In general, borrowing costs are allocated to an activity (including interest and principal repayments) and are funded in the same way as operating costs for the activity or service to which the loan relates. As mentioned in the rates section above, the Treasury Management Policy includes a general restriction on the types of assets that can be funded by borrowings. It states that the council's primary purpose in borrowing is to fund new infrastructural capital expenditure projects (not replacement of existing infrastructure) such as sewerage works, roading, stormwater, water and substantial property acquisitions. All other funding sources are taken into consideration for the type of asset that is being created prior to borrowings being incurred to fund an activity.

Interest and dividends

The council receives interest and dividends from various investments and special funds. Interest and dividends from investments is regarded as general revenue. Interest on special funds is credited back to the special funds and reinvested. Interest on sinking funds accumulates in the fund and is eventually used to repay borrowings. Interest and dividends are generally not received in respect of any particular activity of the council and are therefore used to reduce the general rates funding requirements of the council.

General rates and the UAGC

The council uses general rates as the main source of funding of operational activities where an asset is being created and there are no other identified funding sources than general rates. Rates are also used for the funding of renewal capital expenditure after consideration of other funding sources first, including grants and subsidies and operating revenue collected to fund depreciation.

Choice of rating system

⇒ As for operating expenditure

Rating differentials

⇒ As for operating expenditure

Application

The council is required to apply the above definitions, principles and policies to each of its activities and this analysis is shown on the following pages. In interpreting the analysis, it is relevant to note that:

- ⇒ **Complexity:** The range of legal requirements and the range of funding sources available makes the funding analysis for each activity complicated. We have tried to find a balance between providing too much detail and not enough to aid in providing better clarity to the reader
- ⇒ **Context:** The analysis around each Activity must be read in the context of that activity. It may not always be appropriate to compare analysis across activities. Also, this policy represents the broad view. Due to the complexity of this analysis subsidiary arguments are not always presented unless they are deemed to have a material effect
- ⇒ **Abbreviations:** In the following analysis:
 - LGA means Local Government Act 2002

Activity	Community Outcomes LGA 101 3 (a) (i)	Benefits Principle LGA 101 3 (a) (ii) Whole of Community W Part of Community P Individuals I	Inter-generational Equity LGA 101 3 (a) (iii) Short Term S Long Term L	Exacerbator Pays Principle LGA 101 3 (a) (iv) Strong Argument S Moderate Argument M Weak Argument W	Costs and benefits of separate funding mechanisms (NB This analysis assumes that 'specific' funding (grants and subsidies) and 'corporate' funding (investment income and dividends, asset sales and other sources) where available will be utilised first. The balance is funded from the following mechanisms.) LGA 101 3 (a) (v)								
						General Rates with Differential (Land Value)	Uniform Annual General Charge (UAGC)	Targeted Rate	User charges	Borrowings	Development Contributions	Financial Contributions	
WASTEWATER													
OPERATIONAL	Natural Environment Built Environment Business and Economy	There are public health benefits to all. Development benefits across all properties in serviced area. W	Provides for immediate disposal of wastewater. S	Trade waste customers who impose higher demands on system. M	Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use. Those who don't benefit are paying.	Not transparent. Those who don't benefit are paying and no correlation between use and cost.	Property basis for rate has weak correlation to use.	Higher transaction cost. Potential for <u>negative</u> social implications as incidence of cost shifts.	N/A	N/A	N/A	
					Bene fit	Easy to use and low transaction cost.	Easy to use, low transaction cost.	Easy to use. Low transaction cost. Transparent in as much as only those connected are charged.	Promotes 'good behaviour' as charge provides incentive to reduce water usage. Also, transparent as only those connected are charged. Potential for <u>positive</u> social implications as incidence of cost shifts.	N/A	N/A	N/A	
RENEWAL CAPITAL		Maintains level of service over all connections. W	Renewal works maintain the asset level of service for current connections. S / L	Especially relevant to trade waste customers who impose higher demands on system. M	Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use. Those who don't benefit are paying.	Not transparent. Those who don't benefit are paying and no correlation between use and cost.	Property basis for rate has weak correlation to use.	Higher transaction cost. Potential for <u>negative</u> social implications as incidence of cost shifts.	N/A	N/A	N/A	
					Bene fit	Easy to use and low transaction cost.	Easy to use, low transaction cost.	Easy to use. Low transaction cost. Transparent in as much as only those connected are charged.	Promotes 'good behaviour' as charge provides incentive to reduce water usage. Also, transparent as only those connected are charged. Potential for <u>positive</u> social implications as incidence of cost shifts.	N/A	N/A	N/A	
NEW CAPITAL		Can increase the level of service to all residents. Capital expenditure can provide extra system capacity. W/I	Capital works provide immediate benefit and opportunity - but this may be taken up over time. S / L	Trade waste customers impose higher demands on system and developers who cause demand for additional system capacity. M	Cost	Inconsistent with principle of 'intergenerational equity'. Unfair according to 'benefits' and 'exacerbator pays' principles.	Inconsistent with principle of 'intergenerational equity'. Unfair according to 'benefits' and 'exacerbator pays' principles.	Inconsistent with 'intergenerational equity' and 'exacerbator pays' principles.	Higher transaction cost. Potential for <u>negative</u> social implications as incidence of cost shifts.	Commits future generations.	High transaction cost.	High transaction cost.	
					Bene fit	Easy to use and low transaction cost.	Easy to use, low transaction cost.	Easy to use, low transaction cost.	Promotes 'good behaviour' as charge provides incentive to reduce water usage. Also, transparent as only those connected are charged. Potential for <u>positive</u> social implications as incidence of cost shifts.	Easy to use. Low transaction cost. Consistent with principle of 'intergenerational equity'.	Targets those causing the need for new works.	Targets those causing the need for new works.	

Summary	Reflection		Conclusion	Indicative funding proportions (Approximate splits only)														
	Current	LGA 101 3 (b) Future																
The most appropriate theoretical mechanism is a targeted rate based on volumetric charging. This mechanism is the fairest in an economic sense in that cost is linked to use. Consequentially, this promotes 'good behaviour'. It also promotes the primary community outcomes identified. However, there are social implications that would need to be considered before such a change was made and there are legal constraints on volumetric charging at this time.	Operational expenditure is currently funded from a uniform annual general charge and user charges (connection fees).	No immediate change proposed but volumetric charging may be a useful future option.	<p>Operational expenditure: The financing of 'Wastewater' operational expenditure will be (in the following order):</p> <ol style="list-style-type: none"> 1. User charges on large users through the Trade Waste Bylaw; 2. Operating grants and subsidies; 3. Investment income and dividends where available; 4. The balance from a targeted rate - sewage on a uniform basis. <p><i>(NB: The uniform rate is under review and may be replaced by a volumetric charge which has potential benefits above that currently used).</i></p>	<table> <tr> <td>User charges</td> <td>1-4%</td> </tr> <tr> <td>Grants and subsidies</td> <td>minor</td> </tr> <tr> <td>Investment income</td> <td>unlikely</td> </tr> <tr> <td>Targeted Rate</td> <td>96 - 99%</td> </tr> </table>	User charges	1-4%	Grants and subsidies	minor	Investment income	unlikely	Targeted Rate	96 - 99%						
User charges	1-4%																	
Grants and subsidies	minor																	
Investment income	unlikely																	
Targeted Rate	96 - 99%																	
A targeted rate based on volumetric charging is the fairest in an economic sense in that cost is linked to use. A consequential benefit is that it promotes 'good behaviour'. It also promotes the primary community outcomes identified. However, there are social implications that would need to be considered before such a change was made and there are legal constraints on volumetric charging at this time.	Renewal capital expenditure is currently funded by depreciation from the targeted rate - sewerage.	No immediate change proposed but volumetric charging may be a useful future option.	<p>Capital expenditure renewal: The financing for 'Wastewater' renewal capital expenditure will be from the depreciation charge which is funded via the targeted rate on a uniform basis and trade waste charges.</p>	<table> <tr> <td>Depreciation</td> <td>100%</td> </tr> </table>	Depreciation	100%												
Depreciation	100%																	
The most appropriate theoretical mechanism is borrowings funded by a targeted rate based on volumetric charging plus the use of Development Contributions for identified growth portions of new capital works.	New capital expenditure is currently funded from subsidies, borrowings (funded from the targeted rate - sewage) and development contributions.	No immediate change proposed but volumetric charging may be a useful future option.	<p>Capital expenditure new: The financing of 'Wastewater' new capital expenditure will be (in the following order):</p> <ol style="list-style-type: none"> 1. Grants and Subsidies; 2. Investment income and dividends where available; 3. User charges on connections to the wastewater network; 4. Development contributions (growth component only) ; 5. Vested assets; 6. Borrowings; 7. The balance from a targeted rate - sewage on a uniform basis. 	<table> <tr> <td>Grants and Subsidies</td> <td>minor</td> </tr> <tr> <td>Investment income</td> <td>unlikely</td> </tr> <tr> <td>User charges</td> <td>minor</td> </tr> <tr> <td>Development cont.</td> <td>6 - 52%</td> </tr> <tr> <td>Vested assets</td> <td>2 - 27%</td> </tr> <tr> <td>Borrowings</td> <td>15 - 100%</td> </tr> <tr> <td>Targeted rate</td> <td>0 – 65%</td> </tr> </table>	Grants and Subsidies	minor	Investment income	unlikely	User charges	minor	Development cont.	6 - 52%	Vested assets	2 - 27%	Borrowings	15 - 100%	Targeted rate	0 – 65%
Grants and Subsidies	minor																	
Investment income	unlikely																	
User charges	minor																	
Development cont.	6 - 52%																	
Vested assets	2 - 27%																	
Borrowings	15 - 100%																	
Targeted rate	0 – 65%																	

Activity	Community Outcomes <small>LGA 101 3 (a) (i)</small>	Benefits Principle <small>LGA 101 3 (a) (ii) Whole of Community W Part of Community P Individuals I</small>	Inter-generational Equity <small>LGA 101 3 (a) (iii) Short Term S Long Term L</small>	Exacerbator Pays Principle <small>LGA 101 3 (a) (iv) Strong Argument S Moderate Argument M Weak Argument W</small>	Costs and benefits of separate funding mechanisms <small>(NB This analysis assumes that 'specific' funding (grants and subsidies) and 'corporate' funding (investment income and dividends, asset sales and other sources) where available will be utilised first. The balance is funded from the following mechanisms.)</small> <small>LGA 101 3 (a) (v)</small>							
						General Rates with Differential (Land Value)	Uniform Annual General Charge (UAGC)	Targeted Rate	User charges	Borrowings	Development Contributions	Financial Contributions
STORMWATER	Natural Environment Transport Built Environment Business and Economy	There are public health and safety benefits to whole community and development benefits across all properties in serviced area. W	Provides for immediate disposal of stormwater. S	Appropriate principle – but all properties contribute to greater or lesser extent. M	Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use.	Not transparent. Those who don't benefit are paying and no correlation between use and cost.	All properties benefit from stormwater management to a greater or lesser extent therefore targeted rate not that relevant.	N/A	N/A	N/A	N/A
					Benefit	Easy to use and low transaction cost.	Easy to use, low transaction cost.	Particularly relevant to areas prone to flooding.	N/A	N/A	N/A	N/A
					Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use.	Not transparent. Those who don't benefit are paying and no correlation between use and cost.	All properties benefit from stormwater management to a greater or lesser extent therefore targeted rate not that relevant.	N/A	N/A	N/A	N/A
RENEWAL CAPITAL	Business and Economy	Maintains level of service over all connections. W	Renewal works maintain the asset level of service for current connections. S / L	Appropriate principle – but all properties contribute to a greater or lesser extent. M	Benefit	Easy to use and low transaction cost.	Easy to use, low transaction cost.	Particularly relevant to properties prone to flooding.	N/A	N/A	N/A	N/A
					Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use.	Not transparent. Those who don't benefit are paying and no correlation between use and cost.	All properties benefit from stormwater management to a greater or lesser extent therefore targeted rate not that relevant.	N/A	N/A	N/A	N/A
NEW CAPITAL	Business and Economy	Can increase level of service to all. Can provide extra capacity new connections. W/I	Capital works provide immediate benefit and opportunity - but this may be taken up over time. L	Appropriate principle – but all properties contribute to a greater/ or lesser extent. M	Cost	Inconsistent with principle of 'intergenerational equity' and there is a degree of unfairness relating to 'benefits' and 'exacerbator pays' principles.	Inconsistent with principle of 'intergenerational equity'. Unfair according to 'benefits' and 'exacerbator pays' principles.	All properties benefit from stormwater management to a greater or lesser extent therefore targeted rate not that relevant.	N/A	Commits future generations.	High transaction cost.	High transaction cost.
					Benefit	Easy to use and low transaction cost.	Easy to use, low transaction cost.	Particularly relevant to properties prone to flooding.	N/A	Easy to use. Low transaction cost. Consistent with principle of 'intergenerational equity'.	Targets those causing the need for new works / additional capacity.	Targets those causing the need for new works / additional capacity.

Summary	Reflection LGA 101 3 (b)		Conclusion	Indicative funding proportions (Approximate splits only)														
All properties benefit from stormwater management to a greater or lesser extent and it is difficult to target or differentiate users in terms of benefit. General rates are appropriate.	Operational expenditure is currently funded from subsidy and general rates.	No change proposed.	Operational expenditure: The financing of 'Stormwater' operational expenditure will be (in the following order): <ol style="list-style-type: none"> 1. Grants and Subsidies; 2. Investment income and dividends where available; 3. User charges; 4. The balance from general rates. 	<table border="0"> <tr> <td>Grants and Subsidies</td> <td>0 – 3%</td> </tr> <tr> <td>Investment income</td> <td>unlikely</td> </tr> <tr> <td>User charges</td> <td>minor</td> </tr> <tr> <td>General rates</td> <td>96 - 100%</td> </tr> </table>	Grants and Subsidies	0 – 3%	Investment income	unlikely	User charges	minor	General rates	96 - 100%						
Grants and Subsidies	0 – 3%																	
Investment income	unlikely																	
User charges	minor																	
General rates	96 - 100%																	
All properties benefit from stormwater management to a greater or lesser extent and it is difficult to target or differentiate users in terms of benefit. General rates are appropriate.	Renewal capital expenditure is currently by depreciation, funded from general rates.	No change proposed.	Capital expenditure renewal: The financing for 'Stormwater' renewal capital expenditure will be from the depreciation charge which is funded via general rates.	<table border="0"> <tr> <td>Depreciation</td> <td>100%</td> </tr> </table>	Depreciation	100%												
Depreciation	100%																	
It is appropriate to fund new capital expenditure from borrowings and the growth related portion of cost from development contributions.	New capital expenditure is currently funded from subsidies, borrowings (funded by general rates) and development contributions.	No change proposed.	Capital expenditure new: The financing of 'Stormwater' capital expenditure will be (in the following order): <ol style="list-style-type: none"> 1. Grants and subsidies; 2. Investment income and dividends where available; 3. User charges; 4. Development contributions (growth component only); 5. Vested assets; 6. Borrowings; 7. The balance from general rates. 	<table border="0"> <tr> <td>Grants and Subsidies</td> <td>0 – 4%</td> </tr> <tr> <td>Investment income</td> <td>unlikely</td> </tr> <tr> <td>User charges</td> <td>minor</td> </tr> <tr> <td>Development cont.</td> <td>11 - 23%</td> </tr> <tr> <td>Vested Assets</td> <td>13 – 30%</td> </tr> <tr> <td>Borrowings</td> <td>46 – 71%</td> </tr> <tr> <td>General rates</td> <td>minor</td> </tr> </table>	Grants and Subsidies	0 – 4%	Investment income	unlikely	User charges	minor	Development cont.	11 - 23%	Vested Assets	13 – 30%	Borrowings	46 – 71%	General rates	minor
Grants and Subsidies	0 – 4%																	
Investment income	unlikely																	
User charges	minor																	
Development cont.	11 - 23%																	
Vested Assets	13 – 30%																	
Borrowings	46 – 71%																	
General rates	minor																	

Activity	Community Outcomes LGA 101 3 (a) (i)	Benefits Principle LGA 101 3 (a) (ii) Whole of Community W Part of Community P Individuals I	Inter-generational Equity LGA 101 3 (a) (iii) Short Term S Long Term L	Exacerbator Pays Principle LGA 101 3 (a) (iv) Strong Argument S Moderate Argument M Weak Argument W	Costs and benefits of separate funding mechanisms (NB This analysis assumes that 'specific' funding (grants and subsidies) and 'corporate' funding (investment income and dividends, asset sales and other sources) where available will be utilised first. The balance is funded from the following mechanisms.) LGA 101 3 (a) (v)							
					General Rates with Differential (Land Value)	Uniform Annual General Charge (UAGC)	Targeted Rate	User charges	Borrowings	Development Contributions	Financial Contributions	
TRANSPORT												
OPERATIONAL	Natural Environment	Maintaining an efficient and effective transport network benefits the whole community.	Simply provides for maintenance / operation of the existing network.	Appropriate principle – especially for maintenance of road asset.	Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use. Those who don't benefit are paying.	Not transparent. Those who don't benefit are paying and no correlation between use and cost.	Inappropriate as whole community directly benefits from effective transportation system.	High transaction cost with road tolling and community views would make it difficult to implement. Wide-ranging social implications.	N/A	N/A	N/A
	Built Environment	W	S	M	Benefit	Easy to use and low transaction cost.	Easy to use, low transaction cost, set charge reflecting wide community benefit.	N/A	User pays. Promotes alternative transport options which may result in better long-term community outcomes.	N/A	N/A	N/A
RENEWAL CAPITAL	Community services and Facilities	Maintains level of service which benefits whole community.	Simply provides for maintenance / operation of the existing network asset.	Appropriate principle – especially for maintenance of road asset.	Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use. Those who don't benefit are paying.	Not transparent as absorbed in wider rate. Those who don't benefit are paying and no correlation between use and cost.	N/A	As above.	N/A	N/A	N/A
	Physical activity, sport and personal health	W	S / L	M	Benefit	Easy to use and low transaction cost.	Easy to use, low transaction cost, set charge reflecting wide community benefit.	N/A	As above.	N/A	N/A	N/A
NEW CAPITAL	Business and Economy	Can maintain or increase level of service to all. Can also be driven by, or provide capacity for, new development.	Capital works provide immediate benefit / opportunity - but this may be taken up over time.	Capital works provide immediate benefit and opportunity - but this may be taken up over time.	Cost	Inconsistent with principle of 'intergenerational equity'. Unfair according to 'benefits' and 'exacerbator pays' principles.	Inconsistent with principle of 'intergenerational equity'. Unfair according to 'benefits' and 'exacerbator pays' principles.	N/A	As above.	Commits future generations.	High transaction cost.	High transaction cost.
	Employment	W/I	S / L	M	Benefit	Easy to use and low transaction cost.	Easy to use, low transaction cost, set charge.	N/A	As above. Also, possibly defers major transportation capital expenditure.	Easy to use. Low transaction cost. Consistent with principle of 'intergenerational equity'.	Targets those causing the need for new works while recognising the contribution provided by the existing assets.	Targets those causing the need for new works.

Summary	Reflection		Conclusion	Indicative funding proportions (Approximate splits only)
	Current	Future		
	LGA 101 3 (b)			
	Current	Future		
Levying tolls on road users is a good theoretical option but legislation only allows this in a narrow range of circumstances. In the absence of tolling and given the wide community benefit from transport expenditure, general rates are the most appropriate funding tool available.	Operational expenditure is currently funded from a mixture of subsidies, general rates, uniform annual general charge and user charges.	No change anticipated.	Operational expenditure The financing of 'Transport' Operational expenditure will be (in the following order): 1. Grants and subsidies; 2. Investment income and dividends where available; 3. User charges on users for certain services; 4. The balance from general rates and uniform annual general charges.	Grants and subsidies 13 -24% Investment income minor User charges 6 - 11% General Rates 64 - 78%
Levying tolls on road users is a good theoretical option but legislation only allows this in a narrow range of circumstances. In the absence of tolling and given the wide community benefit from transport expenditure, general rates are the most appropriate funding tool available.	Renewal capital expenditure is currently funded from subsidy, general rates and uniform annual general charge.	No change anticipated.	Capital expenditure renewal: The financing for 'Transport' capital renewal expenditure will be from subsidy and then depreciation funded from general rates.	Grants and subsidies 35 - 40% Depreciation 60 - 65%
It is reasonable to levy the growth component of new capital expenditure against those creating the development and the balance should be funded from borrowings.	New capital expenditure is currently funded from subsidies, development contributions, borrowings, general rates and uniform annual general charge.	No change anticipated.	Capital expenditure new: The financing of new 'Transport' capital expenditure will be (in the following order): 1. Grants and subsidies; 2. Investment income and dividends where available; 3. Development contributions (growth component only); 4. Vested assets; 5. Borrowings; 6. The balance from borrowings funded from general rates and uniform annual general charges.	Grants and subsidies 12 - 31% Investment income 0 – 10% Development cont. 4 - 15% Vested assets 14 – 30% Borrowings 18 - 61% General rates minor Proceeds from asset Sales 0 - 27%

Summary	Reflection		Conclusion	Indicative funding proportions (Approximate splits only)
	Current	LGA 101 3 (b) Future		
The most appropriate theoretical mechanism is user charge based on volume.	Operational expenditure is currently funded from user charges based on volume and connection charges.	No changes proposed.	Operational expenditure: The financing of 'Water Supply' operational expenditure will be (in the following order): 1. User charges; 2. Targeted rate – water supply.	User charges 0 – 2% Targeted rate 98 - 100%
The most appropriate theoretical mechanism is a user charge based on volume.	Renewal capital expenditure is currently funded from user charges based on volume plus charges for replacement of meters.	No changes proposed.	Capital expenditure renewal: The financing for 'Water Supply' renewal capital expenditure will be from the depreciation charge which is funded via targeted rates.	Depreciation 100%
The most appropriate theoretical mechanism is borrowings funded by user charges based on volumetric charging plus the use of Development Contributions for identified growth portions of new capital works.	New capital expenditure is currently funded from a mixture of borrowings (funded by user charges) and development contributions.	No changes proposed	Capital expenditure new: The financing of 'Water Supply' capital expenditure will be (in the following order): 1. Grants and subsidies; 2. Investment income and dividends where available; 3. User charges; 4. Development contributions (growth component only); 5. Vested assets; 6. Borrowings; 7. Targeted rate – water supply	Grants and subsidies minor Investment income unlikely User charges 8 – 16% Development cont. 9 - 18% Vested assets 12 – 32% Borrowings 0 – 94% Targeted rate 0 – 40%

Activity	Community Outcomes LGA 101 3 (a) (i)	Benefits Principle LGA 101 3 (a) (ii) Whole of Community W Part of Community P Individuals I	Inter-generational Equity LGA 101 3 (a) (iii) Short Term S Long Term L	Exacerbator Pays Principle LGA 101 3 (a) (iv) Strong Argument S Moderate Argument M Weak Argument W	Costs and benefits of separate funding mechanisms (NB This analysis assumes that 'specific' funding (grants and subsidies) and 'corporate' funding (investment income and dividends, asset sales and other sources) where available will be utilised first. The balance is funded from the following mechanisms.) LGA 101 3 (a) (v)							
					General Rates with Differential (Land Value)	Uniform Annual General Charge (UAGC)	Targeted Rate	User charges	Borrowings	Development Contributions	Financial Contributions	
CITY PLANNING												
OPERATIONAL	Parks and Open space	Benefits to whole community. W	Not relevant.	Other than private plan changes, not relevant.	Cost	Not transparent as absorbed in wider rate. Land value has no direct correlation to benefit.	Not transparent - unless levied as a separate UAGC.	With regard private plan changes (eg plan changes for town centres): high transaction cost and sometimes difficult to establish 'area of benefit'.	With regard private plan changes (eg plan changes for town centres): high transaction cost and sometimes difficult to establish 'area of benefit'.	N/A	N/A	N/A
	Natural Environment				Bene fit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Beneficiaries pay.	Beneficiaries pay.	N/A	N/A	N/A
RENEWAL CAPITAL	Transport	Not relevant.	Not relevant.	Not relevant.	Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Built Environment				Bene fit	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NEW CAPITAL	Personal safety and crime	Not relevant.	Not relevant.	Not relevant.	Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Business and Economy				Bene fit	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NEW CAPITAL	City identity and branding	Not relevant.	Not relevant.	Not relevant.	Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Heritage				Bene fit	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Summary	Reflection		Conclusion	Indicative funding proportions (Approximate splits only)
	Current	LGA 101 3 (b) Future		
This activity generally benefits the whole community through the development of long-term planning and funding policy for the City. There is limited opportunity for user charges.	The activity is primarily funded from general rates but there is a small income from user charges.	No changes are proposed.	Operational expenditure: The financing of 'City Planning' operational expenditure will be (in the following order): 1. Grants and subsidies; 2. User charges (for private plan changes etc); 3. General rates.	Grants and subsidies 0 – 2% User charges 2 – 4% General rates 95 – 97%
Not relevant.				
Not relevant.				

Activity	Community Outcomes LGA 101 3 (a) (i)	Benefits Principle LGA 101 3 (a) (ii) Whole of Community W Part of Community P Individuals I	Inter-generational Equity LGA 101 3 (a) (iii) Short Term S Long Term L	Exacerbator Pays Principle LGA 101 3 (a) (iv) Strong Argument S Moderate Argument M Weak Argument W	Costs and benefits of separate funding mechanisms (NB This analysis assumes that 'specific' funding (grants and subsidies) and 'corporate' funding (investment income and dividends, asset sales and other sources) where available will be utilised first. The balance is funded from the following mechanisms.) LGA 101 3 (a) (v)							
					General Rates with Differential (Land Value)	Uniform Annual General Charge (UAGC)	Targeted Rate	User charges	Borrowings	Development Contributions	Financial Contributions	
ENVIRONMENTAL CONSENTS AND COMPLIANCE	Natural Environment Transport Built Environment Housing	I / W	S	S	Cost	Not transparent as individual costs clearly attributable to individuals (applicants) absorbed in wider rate. Land value has no correlation to use. Those who don't benefit are paying.	Not transparent. Those who don't benefit are paying.	Benefits are to users directly and whole community indirectly so targeted rate inappropriate.	Higher transaction cost (than general rates).	Generally a payment for service so debt inappropriate.	N/A	N/A
					Benefit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	Those who use the service and receive direct benefit pay.	Weathertightness claims cover longer timeframes and therefore use of debt funding appropriate.	N/A	N/A
					Cost	Not relevant.	Not relevant.	Not relevant.	Not relevant.	N/A	N/A	N/A
RENEWAL CAPITAL	Personal safety and crime Business and Economy	Not relevant.	Not relevant.	Not relevant.	Benefit							
NEW CAPITAL	Heritage	Not relevant.	Not relevant.	Not relevant.	Cost	Not relevant.	Not relevant.	Not relevant.	Not relevant.	N/A	N/A	N/A
					Benefit							

Summary	Reflection		Conclusion	Indicative funding proportions (Approximate splits only)
	Current	LGA 101 3 (b) Future		
Principal beneficiaries are easy to identify so the 'user pays' argument is strong.	The activity is currently funded by a mixture of user charges for various consents and general rates for overhead costs.	No changes are proposed.	Operational expenditure: The financing of 'Environmental Consents and Compliance' operational expenditure will be (in the following order): <ol style="list-style-type: none"> 1. User charges (for consents); 2. General rates (for overhead activities); 3. Borrowings for payment of weathertightness claims. 	User charges 43 - 54% General rates 35 - 55% Borrowings 0 - 18%
Not relevant.				
Not relevant.				

Activity	Community Outcomes LGA 101 3 (a) (i)	Benefits Principle LGA 101 3 (a) (ii) Whole of Community W Part of Community P Individuals I	Inter-generational Equity LGA 101 3 (a) (iii) Short Term S Long Term L	Exacerbator Pays Principle LGA 101 3 (a) (iv) Strong Argument S Moderate Argument M Weak Argument W	Costs and benefits of separate funding mechanisms (NB This analysis assumes that 'specific' funding (grants and subsidies) and 'corporate' funding (investment income and dividends, asset sales and other sources) where available will be utilised first. The balance is funded from the following mechanisms.) LGA 101 3 (a) (v)							
					General Rates with Differential (Land Value)	Uniform Annual General Charge (UAGC)	Targeted Rate	User charges	Borrowings	Development Contributions	Financial Contributions	
ENVIRONMENTAL PROTECTION	Natural Environment Personal safety and crime Heritage	Primary benefit is to applicants / direct beneficiaries, but there are wider benefits to whole community. I / W	Not an issue – operational cost only.	Logical and easy to charge those who use services. However, there is also a general benefit to the wider community. S	Cost	Not transparent as individual costs clearly attributable to individuals (applicants) absorbed in wider rate. Land value has no correlation to use. Those who don't benefit are paying.	Not transparent. Those who don't receive direct benefit are paying.	Other than for pools, not the most effective mechanism.	Higher transaction cost - than general rates.	N/A	N/A	N/A
					Benefit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Easy to levy.	Those who use the service and receive direct benefit pay.	N/A	N/A	N/A
RENEWAL CAPITAL		Not relevant.	Not relevant.	Not relevant.	Cost	Not relevant.	Not relevant.	Not relevant.	Not relevant.	N/A	N/A	N/A
					Benefit							
NEW CAPITAL		Not relevant.	Not relevant.	Not relevant.	Cost	Not relevant.	Not relevant.	Not relevant.	Not relevant.	N/A	N/A	N/A
					Benefit							

Summary	Reflection		Conclusion	Indicative funding proportions (Approximate splits only)										
	Current	LGA 101 3 (b) Future												
Principal beneficiaries are easy to identify so the 'user pays' argument is strong.	The activity is currently funded by a mixture of user charges for various licences, targeted rate on pool owners for pool safety and general rates for overhead costs.	No changes are proposed.	Operational expenditure: The financing of 'Environmental Protection' operational expenditure will be (in the following order): <ol style="list-style-type: none"> 1. Grants and subsidies; 2. Investment income and dividends where available; 3. User charges on users for certain services; 4. Targeted rate – pool safety on pool owners for pool safety; 5. The balance from general rates. 	<table> <tr> <td>Grants and subsidies</td> <td>minor</td> </tr> <tr> <td>Investment Income</td> <td>minor</td> </tr> <tr> <td>User charges</td> <td>29 - 36%</td> </tr> <tr> <td>Targeted rate</td> <td>1 – 3%</td> </tr> <tr> <td>General rates</td> <td>62 - 69%</td> </tr> </table>	Grants and subsidies	minor	Investment Income	minor	User charges	29 - 36%	Targeted rate	1 – 3%	General rates	62 - 69%
Grants and subsidies	minor													
Investment Income	minor													
User charges	29 - 36%													
Targeted rate	1 – 3%													
General rates	62 - 69%													
Not relevant.														
Not relevant.														

Activity	Community Outcomes LGA 101 3 (a) (i)	Benefits Principle LGA 101 3 (a) (ii) Whole of Community W Part of Community P Individuals I	Inter-generational Equity LGA 101 3 (a) (iii) Short Term S Long Term L	Exacerbator Pays Principle LGA 101 3 (a) (iv) Strong Argument S Moderate Argument M Weak Argument W	Costs and benefits of separate funding mechanisms (NB This analysis assumes that 'specific' funding (grants and subsidies) and 'corporate' funding (investment income and dividends, asset sales and other sources) where available will be utilised first. The balance is funded from the following mechanisms.) LGA 101 3 (a) (v)							
					General Rates with Differential (Land Value)	Uniform Annual General Charge (UAGC)	Targeted Rate	User charges	Borrowings	Development Contributions	Financial Contributions	
WASTE MINIMISATION												
OPERATIONAL	Natural Environment Business and Economy	Strong benefit for those using waste collection (general, hazardous, inorganic and recycling) plus general benefits to whole community. I / W	Not relevant.	Strong argument for general, hazardous and inorganic waste collections and recycling service. Weaker argument for other costs. S / W	Cost	Not transparent as absorbed in wider rate. Land value has no direct correlation to benefit.	Not transparent - unless levied as a separate UAGC.	Not all those who pay will use service and those who do use service, use in different amounts.	Higher transaction cost (compared to rate). May promote negative social and environmental outcomes.	N/A	N/A	N/A
		Bene fit				Easy to use and low transaction cost.	Easy to use and low transaction cost.	Transparency.	User pays	N/A	N/A	N/A
RENEWAL CAPITAL		Not relevant.	Not relevant.	Not relevant.	Cost	Not relevant.	Not relevant.	Not relevant.	Not relevant.	N/A	N/A	N/A
					Bene fit							
NEW CAPITAL		Not relevant.	Not relevant.	Not relevant.	Cost	Not relevant.	Not relevant.	Not relevant.	Not relevant.	N/A	N/A	N/A
					Bene fit							

Summary	Reflection		Conclusion	Indicative funding proportions (Approximate splits only)						
	Current	LGA 101 3 (b) Future								
There is a strong argument for 'user pays' on the collection element of the activity cost – both in terms of the 'user pays' argument and in terms of promoting reduced waste. It is logical to fund the balance (essentially overhead cost) by way of general rates.	The activity is currently funded by a mix of targeted rate, general rates and user charge.	There is a possibility that 'wheelie bins' will be introduced. If so, they will most likely be charged on the basis of receptacle size and regularity of collection.	Operational expenditure: The financing of 'Waste Minimisation' operational expenditure will be (in the following order): <ol style="list-style-type: none"> 1. User charges for general collection; 2. Targeted rate – waste minimisation for recycling service and inorganic / hazardous waste collections; 3. The balance (for overhead activities) from general rates. 	<table border="0"> <tr> <td>User charges</td> <td>56 - 66%</td> </tr> <tr> <td>Targeted rate</td> <td>14 - 27%</td> </tr> <tr> <td>General rates</td> <td>11 - 18%</td> </tr> </table>	User charges	56 - 66%	Targeted rate	14 - 27%	General rates	11 - 18%
User charges	56 - 66%									
Targeted rate	14 - 27%									
General rates	11 - 18%									
Not relevant.										
Not relevant.										

Activity	Community Outcomes LGA 101 3 (a) (i)	Benefits Principle LGA 101 3 (a) (ii) Whole of Community W Part of Community P Individuals I	Inter-generational Equity LGA 101 3 (a) (iii) Short Term S Long Term L	Exacerbator Pays Principle LGA 101 3 (a) (iv) Strong Argument S Moderate Argument M Weak Argument W	Costs and benefits of separate funding mechanisms (NB This analysis assumes that 'specific' funding (grants and subsidies) and 'corporate' funding (investment income and dividends, asset sales and other sources) where available will be utilised first. The balance is funded from the following mechanisms.) LGA 101 3 (a) (v)							
						General Rates with Differential (Land Value)	Uniform Annual General Charge (UAGC)	Targeted Rate	User charges	Borrowings	Development Contributions	Financial Contributions
LIBRARIES	OPERATIONAL	Available to whole community.	Day to day access to library services.	Logical and easy to charge those who use services. However, there is also benefit to non-users.	Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use. Those who don't benefit are paying.	Not transparent. Those who don't benefit are paying.	Primary benefit is to users directly, indirect benefits to whole community.	Higher transaction cost. Likely negative public reaction and social implications. Also, likely significant negative effect on library business - possibly making whole service unviable.	N/A	N/A	N/A
					Benefit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	User pays.	N/A	N/A	N/A
RENEWAL CAPITAL	RENEWAL CAPITAL	Maintains level of service for all users.	Renewal expenditure simply maintains the level of service for present community.	Logical and easy to charge those who use services. However, there is also benefit to non-users.	Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use. Those who don't benefit are paying.	Not transparent. Those who don't benefit are paying.	Primary benefit is to users directly, indirect benefits to whole community.	Higher transaction cost. Likely negative public reaction and social implications. Also, likely significant negative effect on library business - possibly making whole service unviable.	N/A	N/A	N/A
					Benefit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	User pays	N/A	N/A	N/A
NEW CAPITAL	NEW CAPITAL	Increases level of service to all.	Capital works provide immediate benefit - but benefit is also likely to be taken up over time.	Theoretically logical to charge those who use services. However, there is also benefit to non-users. Charging growth component of cost to those who create demand for additional service is appropriate.	Cost	Inconsistent with principle of 'intergenerational equity'. Unfair according to 'benefits' and 'exacerbator pays' principles.	Inconsistent with principle of 'intergenerational equity'. Unfair according to 'benefits' and 'exacerbator pays' principles.	Primary benefit is to users directly, indirect benefits to whole community.	Higher transaction cost. Likely negative public reaction and social implications. Also, likely significant negative effect on library business - possibly making whole service unviable.	Commits future generations.	High transaction cost.	High transaction cost.
					Benefit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	User pays.	Easy to use. Low transaction cost. Consistent with principle of 'intergenerational equity'.	Targets those causing the need for new works while recognising the contribution provided by the existing assets.	Targets those causing the need for new / additional capacity.

Summary	Reflection		Conclusion	Indicative funding proportions (Approximate splits only)
	Current	LGA 101 3 (b) Future		
The most appropriate theoretical mechanism is 'user charges'. Those who use the service, pay for it. However, libraries work on the principle that everyone should have equal access to information. Also, it is generally accepted that libraries add to the social and educational development of the community and historically, library services have been 'free'. Charges are made for certain services but free access to the library is regarded as a citizen's right in NZ society. Also, charging for services is likely to result in adverse social effects to the community and it may result in the whole service being unviable.	Library operational expenditure is currently funded from grants and subsidies, User charges and the balance from general rates.	No changes anticipated.	Operational expenditure: The financing of 'Libraries' operational expenditure will be (in the following order): 1. Grants and Subsidies; 2. Investment income and dividends where available; 3. User charges on users for certain services; 4. The balance from general rates and UAGC.	Grants and subsidies minor Investment Income unlikely User charges 2 – 6% General Rates 93 - 100%
The most appropriate theoretical mechanism is 'user charges'. Those who use the service, pay for it. However, libraries work on the principle that everyone should have equal access to information. Also, it is generally accepted that libraries add to the social and educational development of the community and historically, library services have been 'free'. Charges are made for certain services but free access to the library is regarded as a citizen's right in NZ society. Also, charging for services is likely to result in adverse social effects to the community and it may result in the whole service being unviable.	Library renewal capital expenditure is funded from depreciation (which is funded from general rates).	No changes anticipated.	Capital expenditure renewal: The financing for 'Libraries' capital renewal expenditure will be from the depreciation charge which is funded via general rates.	Depreciation. 100%
The most appropriate theoretical mechanism is Development Contributions for identified growth portions of new capital works plus borrowings, funded by user charges.	Development contributions are currently charged for the growth component of new capital work and borrowings is used to fund the balance of capital expenditure. Loan servicing costs are met from general rates. Minor capital expense (e.g. book acquisition) is funded from general rates.	No changes anticipated.	Capital expenditure new: The financing of 'Libraries' new capital expenditure will be (in the following order): 1. Grants and subsidies; 2. Investment income and dividends where available; 3. Development contributions (growth component only); 4. The balance from borrowings funded from the general rates. 5. The balance from general rates and UAGC	Grants and subsidies minor Investment income unlikely Development cont. 3 - 40% Borrowings 0 - 85% General rates 15 -82%

Activity	Community Outcomes LGA 101 3 (a) (i)	Benefits Principle LGA 101 3 (a) (ii) Whole of Community W Part of Community P Individuals I	Inter-generational Equity LGA 101 3 (a) (iii) Short Term S Long Term L	Exacerbator Pays Principle LGA 101 3 (a) (iv) Strong Argument S Moderate Argument M Weak Argument W	Costs and benefits of separate funding mechanisms (NB This analysis assumes that 'specific' funding (grants and subsidies) and 'corporate' funding (investment income and dividends, asset sales and other sources) where available will be utilised first. The balance is funded from the following mechanisms.) LGA 101 3 (a) (v)							
					General Rates with Differential (Land Value)	Uniform Annual General Charge (UAGC)	Targeted Rate	User charges	Borrowings	Development Contributions	Financial Contributions	
OPERATIONAL	PARKS Parks and Open space Natural Environment Built Environment Community services and facilities	Specific benefit to users of sportsfields – but general benefit to whole community. P / W	Day to day access to parks, beaches, sportsfields. S	Logical and easy to charge those who use sportsfields but virtually impossible to charge those who use beaches and parks. Also, there is also general benefit to non-users. M	Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use. Those who don't benefit are paying.	Not transparent. Those who don't benefit are paying.	Benefits are to whole community so targeted rate inappropriate.	Impactical with regard parks and beaches – substantially impractical for sportsfields as well, given limited availability of club funds. Likely negative public reaction and social implications.	N/A	N/A	N/A
					Benefit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	Those who use the service (particularly sportsfields) pay.	N/A	N/A	N/A
RENEWAL CAPITAL	Physical Activity, Sport and Personal Health Our people Heritage	Maintains level of service for all users. Specific benefit to users of sportsfields – but general benefit to whole community. P / W	Renewal expenditure simply maintains the level of service for present community. S	Logical and easy to charge those who use sportsfields but impractical to charge those who use beaches and parks. Also, there is also general benefit to non-users. M	Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use. Those who don't benefit are paying.	Not transparent. Those who don't benefit are paying.	Benefits are to whole community so targeted rate inappropriate.	Impactical with regard parks and beaches – substantially impractical for sportsfields as well, given limited availability of club funds. Likely negative public reaction and social implications.	N/A	N/A	N/A
					Benefit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	Those who use the service pay.	N/A	N/A	N/A
NEW CAPITAL		Increases level of service to all. Specific benefit to users of sportsfields – but general benefit to whole community. P / W	Capital works provide immediate benefit - but benefit is also likely to be taken up over time. S / L	Theoretically logical to charge sportsfield users. However, there is also some benefit to non-users of sportsfields. Impractical to charge users of parks and beaches. S / M	Cost	Inconsistent with principle of 'intergenerational equity'. Unfair according to 'benefits' and 'exacerbator pays' principles.	Inconsistent with principle of 'intergenerational equity'. Unfair according to 'benefits' and 'exacerbator pays' principles.	Benefits are to whole community so targeted rate inappropriate. Inconsistent with 'intergenerational equity' and 'exacerbator pays' principles.	Impactical with regard parks and beaches – substantially impractical for sportsfields as well, given limited availability of club funds. Likely negative public reaction and social implications.	Commits future generations.	High transaction cost.	High transaction cost.
					Benefit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	Those who use the service pay.	Easy to use. Low transaction cost. Consistent with principle of 'intergenerational equity'.	Targets those causing the need for new works while recognising the contribution provided by the existing assets.	Targets those causing the need for new/ additional capacity.

Summary	Reflection		Conclusion	Indicative funding proportions (Approximate splits only)												
	Current	LGA 101 3 (b) Future														
The most appropriate theoretical mechanism is 'user charges'. Those who use the service, pay for it. However, parks, beaches and sportsfields are managed on the basis that they are an important feature of the North Shore environment. It is impractical to charge for parks and beaches and only minor charges can be levied on sportsfields.	Parks operational expenditure is currently funded from User charges and general rates.	No changes anticipated.	<p>Operational expenditure: The financing of 'Parks' operational expenditure will be (in the following order):</p> <ol style="list-style-type: none"> 1. Grants and subsidies (if any); 2. Investment income and dividends where available; 3. User charges on users for certain services; 4. The balance from general rates. 	<table> <tr> <td>Grants and subsidies</td> <td>minor</td> </tr> <tr> <td>Investment Income</td> <td>minor</td> </tr> <tr> <td>User charges</td> <td>minor</td> </tr> <tr> <td>General rates</td> <td>96 - 98%</td> </tr> </table>	Grants and subsidies	minor	Investment Income	minor	User charges	minor	General rates	96 - 98%				
Grants and subsidies	minor															
Investment Income	minor															
User charges	minor															
General rates	96 - 98%															
The most appropriate theoretical mechanism is 'user charges'. Those who use the service, pay for it. However, parks, beaches and sportsfields are managed on the basis that they are an important feature of the North Shore environment. It is impractical to charge for parks and beaches and only minor charges can be levied on sportsfields.	Parks renewal capital expenditure is funded from depreciation (which is funded from general rates).	No changes anticipated.	<p>Capital expenditure renewal: The financing for 'Parks' capital renewal expenditure will be from the depreciation charge which is funded via general rates.</p>	<table> <tr> <td>Depreciation</td> <td>100%</td> </tr> </table>	Depreciation	100%										
Depreciation	100%															
The most appropriate theoretical mechanism is borrowings funded by user charges plus the use of development contributions for identified growth portions of new capital works.	Parks new capital expenditure is funded from grants, development contributions (for the growth component of new capital work), debt and some minor capital expense is funded from general rates.	No changes anticipated.	<p>Capital expenditure new: The financing of 'Parks' capital expenditure will be (in the following order):</p> <ol style="list-style-type: none"> 1. Grants and subsidies (if any); 2. Investment income and dividends where available; 3. Development contributions (growth component only); 4. Vested assets 5. Borrowings; 6. The balance will be funded from the general rates. 	<table> <tr> <td>Grants and subsidies</td> <td>minor</td> </tr> <tr> <td>Investment income</td> <td>0 – 15%</td> </tr> <tr> <td>Development cont.</td> <td>36 - 100%</td> </tr> <tr> <td>Vested assets</td> <td>0 – 41%</td> </tr> <tr> <td>Borrowings</td> <td>0 - 33%</td> </tr> <tr> <td>General rates</td> <td>1 - 2%</td> </tr> </table>	Grants and subsidies	minor	Investment income	0 – 15%	Development cont.	36 - 100%	Vested assets	0 – 41%	Borrowings	0 - 33%	General rates	1 - 2%
Grants and subsidies	minor															
Investment income	0 – 15%															
Development cont.	36 - 100%															
Vested assets	0 – 41%															
Borrowings	0 - 33%															
General rates	1 - 2%															

Activity	Community Outcomes LGA 101 3 (a) (i)	Benefits Principle LGA 101 3 (a) (ii) Whole of Community W Part of Community P Individuals I	Inter-generational Equity LGA 101 3 (a) (iii) Short Term S Long Term L	Exacerbator Pays Principle LGA 101 3 (a) (iv) Strong Argument S Moderate Argument M Weak Argument W	Costs and benefits of separate funding mechanisms (NB This analysis assumes that 'specific' funding (grants and subsidies) and 'corporate' funding (investment income and dividends, asset sales and other sources) where available will be utilised first. The balance is funded from the following mechanisms.) LGA 101 3 (a) (v)								
						General Rates with Differential (Land Value)	Uniform Annual General Charge (UAGC)	Targeted Rate	User charges	Borrowings	Development Contributions	Financial Contributions	
LEISURE SERVICES													
OPERATIONAL	Personal safety and crime Community services and facilities	Primary benefit to users – but facilities available to whole community. I / W	Day to day access to leisure services. S	Logical and easy to charge those who use services / facilities. However, there is also benefit to wider community. S / M	Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use. Those who don't benefit are paying.	Not transparent. Those who don't benefit are paying.	Benefits are to users directly and to whole community indirectly so targeted rate inappropriate.	Higher transaction cost (than general rates). Likely adverse effect on leisure services business (financial implications). Also, if fewer people using leisure services then a less healthy community.	N/A	N/A	N/A	
					Benefit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	User pays. Also, maintains 'level playing field' with private suppliers.	N/A	N/A	N/A	
RENEWAL CAPITAL	Physical Activity, Sport and Personal Health Our people	Maintains level of service. I / W	Renewal expenditure simply maintains the level of service for present community. S	Logical and easy to charge those who use services / facilities. However, there is also benefit to wider community. S / M	Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use. Those who don't benefit are paying.	Not transparent. Those who don't benefit are paying.	Benefits are to users directly and to whole community indirectly so targeted rate inappropriate.	Higher transaction cost (than general rates). Higher fees for users which will drive potential, consequential (adverse) effects on business – and therefore the objective of healthier community.	N/A	N/A	N/A	
					Benefit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	User pays. Also, maintains 'level playing field' with private suppliers.				
NEW CAPITAL		Increases level of service. I / W	Capital works provide immediate benefit - but benefit is also likely to be taken up over time. S / L	Theoretically logical to charge those who use services / facilities. However, there is also benefit to non-users. Charging growth component of capital cost to those who create demand is appropriate. S / M	Cost	Inconsistent with principle of 'intergenerational equity'. Unfair according to 'benefits' and 'exacerbator pays' principles.	Inconsistent with principle of 'intergenerational equity'. Unfair according to 'benefits' and 'exacerbator pays' principles.	Benefits are to users directly and to whole community indirectly so targeted rate inappropriate. Inconsistent with 'intergenerational equity' and 'exacerbator pays' principles.	Higher transaction cost – than general rates. Higher fees for users which will drive potential, consequential (adverse) effects on business – and therefore the objective of healthier community.	Commits future generations.	High transaction cost.	High transaction cost.	
					Benefit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	User pays. Also, maintains 'level playing field' with private suppliers.	Easy to use. Low transaction cost. Consistent with principle of 'intergenerational equity'.	Targets those (partially) driving the need for new service. (Note: Not relevant to all Leisure Services facilities.)	Targets those (partially) driving the need for new service. (Note: Not relevant to all Leisure Services facilities.)	

Summary	Reflection		Conclusion	Indicative funding proportions (Approximate splits only)
	Current	LGA 101 3 (b) Future		
Clearly, the main benefit of Leisure Services is to the user – but there is also wider community benefit in having these services available. Particular care needs to be taken with funding/charging to ensure that the private market for leisure services is not unfairly compromised by publicly run services.	Leisure Services operational expenditure is currently funded from grants and subsidies, user charges and general rates.	No change proposed.	Operational expenditure: The financing of 'Leisure services' Operational expenditure will be (in the following order): 1. Grants and subsidies; 2. User charges; 3. The balance from general rates.	Grants and subsidies 1 – 2% User charges 42 - 49% General Rates 50 - 60%
Clearly, the main benefit of Leisure Services is to the user – but there is also wider community benefit in having these services available. Particular care needs to be taken with funding/charging to ensure that the private market for leisure services is not unfairly compromised by publicly run services.	Leisure Services renewal capital expenditure is currently funded from depreciation (which is funded from general rates).	No change proposed.	Capital expenditure renewal: The financing of 'Leisure Services' capital renewal expenditure will be from grants and subsidies and depreciation which is funded via user charges and general rates.	Depreciation 100%
Clearly, the main benefit of Leisure Services is to the user – but there is also wider community benefit in having these services available. Particular care needs to be taken with funding/charging to ensure that the private market for leisure services is not unfairly compromised by publicly run services.	Leisure Services new capital expenditure is currently funded from grants and subsidies, user charges, development contributions (growth component of cost only), borrowings and general rates.	No change proposed.	Capital expenditure new: The financing of 'Leisure Services' capital expenditure will be (in the following order): 1. Grants and subsidies; 2. User charges; 3. Development contributions (growth component only) 4. Borrowings 5. The balance from general rates.	Grants and subsidies minor User charges unlikely Development cont. 0 – 32% Borrowings 0 - 91% General rates 8- 100%

Activity	Community Outcomes LGA 101 3 (a) (i)	Benefits Principle LGA 101 3 (a) (ii) Whole of Community W Part of Community P Individuals I	Inter-generational Equity LGA 101 3 (a) (iii) Short Term S Long Term L	Exacerbator Pays Principle LGA 101 3 (a) (iv) Strong Argument S Moderate Argument M Weak Argument W	Costs and benefits of separate funding mechanisms (NB This analysis assumes that 'specific' funding (grants and subsidies) and 'corporate' funding (investment income and dividends, asset sales and other sources) where available will be utilised first. The balance is funded from the following mechanisms.) LGA 101 3 (a) (v)											
					General Rates with Differential (Land Value)	Uniform Annual General Charge (UAGC)	Targeted Rate	User charges	Borrowings	Development Contributions	Financial Contributions					
COMMUNITY PARTNERSHIPS, PROGRAMMES AND CIVIL DEFENCE	Parks and open spaces Built Environment Housing Personal safety and crime Community services and facilities	Available to whole community. W	Not relevant. S	Only relevant to community halls component of this activity where there is some cost recovery. However, there is clear general benefit to community in all components of this activity. W / M	Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use / benefits.	Not transparent.	Benefits are to users directly (in the case of halls) and whole community indirectly so targeted rate inappropriate.	Higher transaction cost (than general rates). However, limited ability to recover cost by way of fees.	N/A	N/A	N/A				
						Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	User pays.	N/A	N/A	N/A				
					RENEWAL CAPITAL	Maintains level of service for all users. W	Renewal expenditure simply maintains the level of service for present community. S	As above. (However there is also a minor amount of Civil Defence' renewal CAPEX.) W / M	Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use / benefits.	Not transparent.	Benefits are to users directly (in the case of halls) and whole community indirectly so targeted rate inappropriate.	Higher transaction cost (than general rates). However, limited ability to recover cost by way of fees.	N/A	N/A	N/A
										Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	User pays.		N/A	N/A
NEW CAPITAL	Employment Arts and culture Our people	Increases level of service to all. W	Capital works provide immediate benefit - but benefit is also likely to be taken up over time. S / L	As above (However there is also a minor amount of Civil Defence' renewal CAPEX.) W / M	Cost	Inconsistent with principle of 'intergenerational equity'. Unfair according to 'benefits' and 'exacerbator pays' principles.	Inconsistent with principle of 'intergenerational equity'. Unfair according to 'benefits' and 'exacerbator pays' principles.	Benefits are to users directly (in the case of halls) and whole community indirectly so targeted rate inappropriate. Inconsistent with 'intergenerational equity' and 'exacerbator pays' principles.	Higher transaction cost (than general rates). However, limited ability to recover cost by way of fees.	Commits future generations.	High transaction cost.	High transaction cost.				
						Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	User pays.	Easy to use. Low transaction cost. Consistent with principle of 'intergenerational equity'.	In the case of halls, targets those causing the need for new/ additional service.	In the case of halls, targets those causing the need for new/ additional service.				

Summary	Reflection		Conclusion	Indicative funding proportions (Approximate splits only)
	Current	Future		
This activity generally benefits the whole community but there is limited potential to charge fees for some services.	Operational expenditure for this activity is funded from minor User charges, subsidies and the balance comes from general rates.	No change.	<p>Operational expenditure: The financing of 'Community Partnerships, Programmes and Civil Defence' operational expenditure will be (in the following order):</p> <ol style="list-style-type: none"> 1. Grants and Subsidies; 2. Investment income and dividends where available; 3. User charges; 4. The balance from general rates. 	<p>Grants and subsidies 1 – 3%</p> <p>Investment Income minor</p> <p>User charges minor</p> <p>General rates 96 - 98%</p>
This activity generally benefits the whole community but there is limited potential to charge fees for some services.	Renewal capital expenditure for this activity is funded from depreciation (which is funded from general rates).	No change.	<p>Capital expenditure renewal: The financing of 'Community Partnerships, Programmes and Civil Defence' capital renewal expenditure will be from the depreciation charge which is funded via user charges and general rates.</p>	<p>Depreciation 100%</p>
This activity generally benefits the whole community but there is limited potential to charge fees for some services.	New capital expenditure is currently funded from subsidy (where available) and then general rates.	No change.	<p>Capital expenditure new: The financing of 'Community Partnerships, Programmes and Civil Defence' new capital expenditure will be (in the following order):</p> <ol style="list-style-type: none"> 1. Grants and Subsidies; 2. Borrowings 3. The balance (minor capital) from general rates. 	<p>Grants and subsidies minor</p> <p>Borrowings 0 -100%</p> <p>General rates 0 -100%</p>

Activity	Community Outcomes LGA 101 3 (a) (i)	Benefits Principle LGA 101 3 (a) (ii) Whole of Community W Part of Community P Individuals I	Inter-generational Equity LGA 101 3 (a) (iii) Short Term S Long Term L	Exacerbator Pays Principle LGA 101 3 (a) (iv) Strong Argument S Moderate Argument M Weak Argument W	Costs and benefits of separate funding mechanisms (NB This analysis assumes that 'specific' funding (grants and subsidies) and 'corporate' funding (investment income and dividends, asset sales and other sources) where available will be utilised first. The balance is funded from the following mechanisms.) LGA 101 3 (a) (v)							
						General Rates with Differential (Land Value)	Uniform Annual General Charge (UAGC)	Targeted Rate	User charges	Borrowings	Development Contributions	Financial Contributions
HOUSING FOR OLDER PEOPLE	Built Environment	Primarily benefits the individuals who occupy the units.	Day to day cost of maintaining / operating the units.	Logical and easy to charge those who rent units.	Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use. Those who don't benefit are paying.	Not transparent. Those who don't benefit are paying.	Beneficiaries are not ratepayers - so targeted rate not relevant.	Only 'cost' is if rents are too high - which defeats the underlying purpose of providing accessible / affordable housing to disadvantaged members of the community.	N/A	N/A	N/A
					Bene fit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	Appropriate in terms of charging rental.	N/A	N/A	N/A
OPERATIONAL	Housing	I	S	S	Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use. Those who don't benefit are paying.	Not transparent. Those who don't benefit are paying.	Beneficiaries are not ratepayers - so targeted rate not relevant.	Only 'cost' is if rents are too high - which defeats the underlying purpose of providing accessible / affordable housing to disadvantaged members of the community.	N/A	N/A	N/A
					Bene fit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	Appropriate in terms of charging rental.	N/A	N/A	N/A
RENEWAL CAPITAL	Personal safety and crime	Maintains level of service for residents.	Renewal expenditure simply maintains the level of service for present residents.	Logical and easy to charge those who rent units.	Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use. Those who don't benefit are paying.	Not transparent. Those who don't benefit are paying.	Beneficiaries are not ratepayers - so targeted rate not relevant.	Only 'cost' is if rents are too high - which defeats the underlying purpose of providing accessible / affordable housing to disadvantaged members of the community.	N/A	N/A	N/A
					Bene fit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	Appropriate in terms of charging rental.	N/A	N/A	N/A
COMMUNITY SERVICES AND FACILITIES	Community services and facilities	Increases level of service for residents and indirect benefit wider community – particularly older citizens.	Capital works provide immediate benefit - but benefit is also likely to be taken up over time.	Theoretically logical to charge those who create demand for units.	Cost	Inconsistent with principle of 'intergenerational equity'. Unfair according to 'benefits' and 'exacerbator pays' principles.	Inconsistent with principle of 'intergenerational equity'. Unfair according to 'benefits' and 'exacerbator pays' principles.	Beneficiaries are not ratepayers - so targeted rate not relevant.	Only 'cost' is if rents are too high - which defeats the underlying purpose of providing accessible / affordable housing to disadvantaged members of the community.	Commits future generations.	N/A	N/A
					Bene fit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	Easy to use. Consistent with 'exacerbator pays' and 'benefits' principles.	Easy to use. Low transaction cost. Consistent with principle of 'intergenerational equity'.	N/A	N/A
NEW CAPITAL		I	S / L	M								

Summary	Reflection		Conclusion	Indicative funding proportions	
	Current	LGA 101 3 (b) Future		(Approximate splits only)	
The most appropriate theoretical mechanism is 'user charges'. Those who use the service, pay for it. However, the purpose of this function is to provide accessible and affordable rental accommodation to older residents of our community who are most in need. Rents are charged on the basis of offsetting direct operating cost and renewal expenditure.	Housing for Older People operational expenditure is currently funded from rentals and general rates. This is effectively a social subsidy.	No changes anticipated.	Operational expenditure: The financing of 'Housing for Older People' operational expenditure will be (in the following order): 1. Grants and subsidies; 2. Investment income and dividends where available; 3. Rentals on tenants; 4. The balance (if any) from general rates.	Grants and subsidies Investment Income Property income General rates	minor unlikely 64 - 84% 15 - 36%
The most appropriate theoretical mechanism is 'user charges'. Those who use the service, pay for it. However, the purpose of this function is to provide accessible and affordable rental accommodation to older residents of our community who are most in need. Rents are charged on the basis of offsetting direct operating cost and renewal expenditure.	Housing for Older People Renewal capital expenditure is currently funded from depreciation (funded from general rates). This is effectively a social subsidy.	No changes anticipated.	Capital expenditure renewal: The financing of 'Housing for Older People' renewal capital expenditure will be from the depreciation charge which is funded via tenant rentals and general rates.	Depreciation	100%
The most appropriate theoretical mechanism is borrowings funded by tenant rentals. However, the purpose of this function is to provide accessible and affordable rental accommodation to older residents of our community who are most in need.	Housing for Older People new capital expenditure is currently funded from borrowings and the cost of servicing this borrowing is a charge against general rates. This is effectively a social subsidy.	No changes anticipated.	Capital expenditure new: The financing of 'housing for older people' new capital expenditure will be (in the following order): 1. Grants and subsidies; 2. Investment income and dividends where available; 3. The balance from borrowings funded from general rates.	Grants and subsidies Investment income General rates	minor unlikely 100%

Activity	Community Outcomes LGA 101 3 (a) (i)	Benefits Principle LGA 101 3 (a) (ii) Whole of Community W Part of Community P Individuals I	Inter-generational Equity LGA 101 3 (a) (iii) Short Term S Long Term L	Exacerbator Pays Principle LGA 101 3 (a) (iv) Strong Argument S Moderate Argument M Weak Argument W	Costs and benefits of separate funding mechanisms (NB This analysis assumes that 'specific' funding (grants and subsidies) and 'corporate' funding (investment income and dividends, asset sales and other sources) where available will be utilised first. The balance is funded from the following mechanisms.) LGA 101 3 (a) (v)								
						General Rates with Differential (Land Value)	Uniform Annual General Charge (UAGC)	Targeted Rate	User charges	Borrowings	Development Contributions	Financial Contributions	
CEMETERIES													
OPERATIONAL	Parks and open spaces Community services and facilities	Available to whole community. W	Day to day access to cemetery services. S	Logical and easy to charge those who benefit from services. M	Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use. Those who don't benefit are paying.	Not transparent. Those who don't benefit are paying.	Benefits are to those who use facilities directly and whole community indirectly so targeted rate inappropriate.	Some may not be able to afford fees.	N/A	N/A	N/A	
					Bene fit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	User pays.	N/A	N/A	N/A	
RENEWAL CAPITAL		Maintains level of service for all users/visitors. W	Renewal expenditure simply maintains the level of service for present community. S	Logical and easy to charge those who benefit from services. M	Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use. Those who don't benefit are paying.	Not transparent. Those who don't benefit are paying.	Benefits are to those who use facilities directly and whole community indirectly so targeted rate inappropriate.	Some may not be able to afford fees.	N/A	N/A	N/A	
					Bene fit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	User pays.	N/A	N/A	N/A	
NEW CAPITAL		Increases level of service to all. W	Capital works provide immediate benefit - but benefit is also likely to be taken up over time. S/L	Logical to charge those who use or who benefit. In terms of extra capacity, this is effectively the whole community. Charging growth component of cost to those who cause demand is appropriate. S/M	Cost	Inconsistent with principle of 'intergenerational equity'. Unfair according to 'benefits' and 'exacerbator pays' principles.	Inconsistent with principle of 'intergenerational equity'. Unfair according to 'benefits' and 'exacerbator pays' principles.	Benefits are to those who use facilities directly and whole community indirectly so targeted rate inappropriate. Inconsistent with 'intergenerational equity' and 'exacerbator pays' principles.	Some may not be able to afford fees.	Commits future generations.	High transaction cost.	High transaction cost.	
					Bene fit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	User pays.	Easy to use. Low transaction cost. Consistent with principle of 'intergenerational equity'.	Targets those causing the demand for new or additional capacity.	Targets those causing the demand for new or additional capacity.	

Summary	Reflection		Conclusion	Indicative funding proportions	
	Current	Future		(Approximate splits only)	
The most appropriate theoretical mechanism is 'user charges'. Those who use the service, pay for it.	Operating costs are covered by user charges.	No changes anticipated.	<p>Operating expenditure: The financing of cemetery operating expenditure will be (in the following order):</p> <ol style="list-style-type: none"> 1. Grants and subsidies (if any); 2. Investment income and dividends where available; 3. User charges; 4. The balance (if any) from general rates. 	Grants and subsidies	minor
				Investment Income	unlikely
				User charges	90 - 100%
				General rates	minor
The most appropriate theoretical mechanism is 'user charges'. Those who use the service, pay for it.	Renewal capital costs are covered by user charges.	No changes anticipated.	<p>Capital expenditure renewal: The financing cemetery renewal capital expenditure will be from the depreciation charge which is funded via user charges.</p>	Depreciation	100%
The most appropriate theoretical mechanism is borrowings funded by user charges.	Capital expenditure is currently funded from borrowings. The cost of servicing this borrowing is a charge against general rates.	It would be appropriate (and consistent with other activities) to charge the growth related proportion of new capital expenditure to those who create the demand.	<p>Capital expenditure new: The financing of cemetery new capital expenditure will be (in the following order):</p> <ol style="list-style-type: none"> 1. Grants and subsidies (if any); 2. Investment income and dividends where available; 3. Development contributions 4. Borrowings 5. User charges 6. General rates 	Grants and subsidies	minor
				Investment income	unlikely
				Development cont.	unlikely
				Borrowings	0 - 93%
				User charges	7 – 100%
				General rates	minor

Activity	Community Outcomes LGA 101 3 (a) (i)	Benefits Principle LGA 101 3 (a) (ii) Whole of Community W Part of Community P Individuals I	Inter-generational Equity LGA 101 3 (a) (iii) Short Term S Long Term L	Exacerbator Pays Principle LGA 101 3 (a) (iv) Strong Argument S Moderate Argument M Weak Argument W	Costs and benefits of separate funding mechanisms (NB This analysis assumes that 'specific' funding (grants and subsidies) and 'corporate' funding (investment income and dividends, asset sales and other sources) where available will be utilised first. The balance is funded from the following mechanisms.) LGA 101 3 (a) (v)							
						General Rates with Differential (Land Value)	Uniform Annual General Charge (UAGC)	Targeted Rate	User charges	Borrowings	Development Contributions	Financial Contributions
ECONOMIC INITIATIVES												
OPERATIONAL	Business and Economy City identity and branding	Benefits whole community. W	Some immediate benefit but also mainly longer term benefits as investment pays off. S / L	Not relevant.	Cost	Not transparent as absorbed in wider rate. Land value has no correlation to use / benefits.	Not transparent.	Other than Business Improvement District (previously 'Mainstreet') (where primary benefits are the adjacent commercial premises and a targeted rate is appropriate) benefits are to whole community.	Some may not be able to afford fees.	N/A	N/A	N/A
					Bene fit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	Not relevant.	Minor User charges are appropriate for certain visitor services and some events.	N/A	N/A	N/A
RENEWAL CAPITAL		Not relevant.	Not relevant.	Not relevant.	Cost	Not relevant.	Not relevant.	Not relevant.	Not relevant.	N/A	N/A	N/A
					Bene fit							
NEW CAPITAL		Not relevant.	Not relevant.	Not relevant.	Cost	Not relevant.	Not relevant.	Not relevant.	Not relevant.	N/A	N/A	N/A
					Bene fit							

Summary	Reflection		Conclusion	Indicative funding proportions (Approximate splits only)
	Current	Future		
The 'Economic Development' activity generally benefits the whole community over a long term.	The activity is currently funded from a targeted rate over each 'business development district', minor User charges and then general rates.	No change.	Operational expenditure: The financing of 'Economic Development' operational expenditure will be (in the following order): <ol style="list-style-type: none"> 1. Targeted rates over each 'business development district'; 2. User charges; 3. The balance from general rates. 	Targeted rate 16 - 23% User charges 1 - 3% General rates 76 - 84%
Not applicable.	Not applicable.	No change.		
Not applicable.	Not applicable.	No change.		

Activity	Community Outcomes LGA 101 3 (a) (i)	Benefits Principle LGA 101 3 (a) (ii) Whole of Community W Part of Community P Individuals I	Inter-generational Equity LGA 101 3 (a) (iii) Short Term S Long Term L	Exacerbator Pays Principle LGA 101 3 (a) (iv) Strong Argument S Moderate Argument M Weak Argument W	Costs and benefits of separate funding mechanisms (NB This analysis assumes that 'specific' funding (grants and subsidies) and 'corporate' funding (investment income and dividends, asset sales and other sources) where available will be utilised first. The balance is funded from the following mechanisms.) LGA 101 3 (a) (v)							
						General Rates with Differential (Land Value)	Uniform Annual General Charge (UAGC)	Targeted Rate	User charges	Borrowings	Development Contributions	Financial Contributions
OPERATIONAL		Benefits to whole community. W	Not relevant.	Not relevant.	Cost	Not transparent as absorbed in wider rate. Land value has no direct correlation to benefit.	Not transparent - unless levied as a separate UAGC.	N/A as whole community benefits.	N/A as whole community benefits.	N/A	N/A	N/A
					Benefit	Easy to use and low transaction cost.	Easy to use and low transaction cost.	N/A	N/A	N/A	N/A	N/A
RENEWAL CAPITAL		Not relevant.	Not relevant.	Not relevant.	Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A
					Benefit	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NEW CAPITAL		Not relevant.	Not relevant.	Not relevant.	Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A
					Benefit	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Summary	Reflection		Conclusion	Indicative funding proportions (Approximate splits only)
	Current	LGA 101 3 (b) Future		
Clearly, the 'Governance' activity is of benefit to the whole community and the most appropriate funding mechanism is to fund costs from general rates.	General rates.	No change.	Operational expenditure: The financing of 'Governance' operational expenditure will be (in the following order): 1. Grants and subsidies (if any); 2. Investment income and dividends where available; 3. User charges 4. The balance from general rates.	Grants and subsidies unlikely Investment Income unlikely User charges 1 - 5% General rates 95 - 99%
Not applicable.	Not applicable.	No change.		
Not applicable.	Not applicable.	No change.		

Development contributions policy

Table of Contents

1. Introduction	75	7.4	Maximum Land Valuation Rate	98
1.1 What are Development Contributions?	75	7.5	Money or Land	98
1.2 Legislative Requirements	75	7.6	Open Space and "Bonus" Provisions	98
1.3 Transition Requirements	76	7.7	Esplanade Reserves	98
2. Financial Contributions	77	8. Timing of Payments	99	
2.1 Relationship with Financial Contributions in the District Plan	77	8.1	Payment of development contributions	99
		8.2	General Provisions	99
3. Relationship with Funding Policy	77	9. Refunds, Exemptions and Applications to Vary	100	
3.1 Funding Policy Issues	77	9.1	Refunds	100
3.2 Activities	77	9.2	Exemptions	100
3.3 Community Outcomes and City Direction	78	9.3	Applications to Vary Consents or the Conditions of a Consent	100
4. Planning for Growth	80	10. Other Matters	101	
4.1 Summary of Growth Related Capital Expenditure	80	10.1	Revision of Schedule of Contributions	101
4.2 Growth Model	81	10.2	Private Development Agreements	101
4.3 Cost Allocation Methodology	82	10.3	Council Developments and Development Contributions	101
4.4 Funding Model	86	10.4	Goods and Services Tax (GST)	101
5. Key Components of Development Contributions Policy	87	11. Review Process	102	
5.1 Activities	87	11.1	Requesting a review	102
5.2 Contribution Catchments	87	12. Special Transitional Provisions	103	
5.3 Household Unit Equivalents	87	12.1	Consents Subject to Appeal	103
5.4 Land Use Types	88	12.2	Concessionary Reduction	103
5.5 Development Contributions Schedule (Appendixes A-F)	88	13. Signification Assumptions	103	
5.6 Development Contributions may be required when granting	88	13.1	Summary	103
		13.2	Growth	103
		13.3	Capital Works	104
		13.4	Third Party Funding	104
		13.5	Interest Rates	104
		13.6	Inflation	104
6. Assessment	89	14. Appendices	105	
6.1 Preliminary Information	89	Appendix A - Development Contributions Schedule of Charges	105	
6.2 Step One - Consider whether the application relates to a "development" and whether development contributions are required	89	Appendix B - Contribution Catchment Maps	108	
6.3 Step Two - Identify units of demand (HUEs)	90	Appendix C - Occasions on which contributions may be required	111	
6.4 Step Three - Identify Credits	94	Appendix D - Summary of Expenditure with Residual Capacity	113	
6.5 Step Four - Calculate Total HUEs	95	Appendix E - Summary of Significant Changes	115	
6.6 Step Five - Remissions, reductions and other discounts	96	Appendix F - Summary of Expenditure with Residual Capacity - 2004 - 2014 Schedule and 2006 - 2016 Schedule	117	
6.7 Step Six - Calculate charge	96			
7. Parks - Reserves	97	Definitions	121	
7.1 Calculation	97			
7.2 Basis of Land Valuation	97			
7.3 Maximum Allotment Size	97			

Development Contributions Policy

1. Introduction

1.1 What are Development Contributions?

1.1.1 Development contributions are defined in the Local Government Act 2002 (LGA 2002) to mean contributions:

- i. provided for in a development contribution policy included in the long-term council community plan of a territorial authority; and
- ii. calculated in accordance with the methodology; and
- iii. comprising-
 - (i) money; or
 - (ii) land, including a reserve or esplanade reserve (other than in relation to a subdivision consent), but excluding Maori land within the meaning of Te Ture Whenua Maori Act 1993, unless that Act provides otherwise; or
 - (iii) both

1.1.2 A development contributions policy provides the council with a method to obtain contributions to fund new or additional infrastructure required as a result of growth, and explains what, when and how contributions may be required.

1.1.3 Development contributions may be required in relation to a development if the effect (including cumulative effect) of the development (either alone or in combination with other developments) is to require new or additional assets of increased capacity and as a consequence the council incurs capital expenditure to provide appropriately for network infrastructure, community infrastructure and reserves. In addition the council requires development contributions to pay, in full or in part, for capital expenditure already incurred by the council in anticipation of development.

1.2 Legislative Requirements

1.2.1 This Development Contributions Policy has been prepared in accordance with sections 102(4)(d) and 106 of the LGA 2002. Particular consideration has been given to the requirements of s101(3) of that Act. The policy also meets the requirements for a development contributions policy as set out in sections 197-211 and Schedule 13 of the LGA 2002.

1.2.2 The council has determined that it is appropriate for its funding needs to be met from development contributions as one of several funding sources. The basis for the council's consideration of development contributions as a funding source is summarised in this policy, while consideration of the full range of funding sources is contained in its Revenue and Financing Policy which forms part of the council's Long Term Council Community Plan (**City Plan**).

1.2.3 Underlying the Development Contributions Policy and Schedule of Charges is a detailed methodology and large amounts of data that are used to calculate the contributions. The full methodology, procedures and guidelines are detailed in the Development Contributions Information Set, which will be available for inspection at the North Shore City Council head office, at each of the area offices, and selected documents will be available on the council website.

1.2.4 This Development Contributions Policy will apply and come into effect as from 1 July 2009. It follows earlier development contributions policies that came into effect on 1 July 2004 and 1 July 2006 respectively. The detail of the transition requirements between the earlier policies and the 2009 Policy are contained in section 1.3.

1.2.5 The Development Contributions Policy does not replace or supersede any of the requirements of the North Shore City District Plan or any other enactment.

1.2.6 The council's 2004 Development Contributions Policy was subject to a Judicial Review resulting from a challenge by a group of developers. That policy was shown to have erred at law but was not quashed. This 2009 Development Contributions Policy:

- a) amends those areas of policy where the council was shown to have erred at law
- b) provides an amended Development Contributions Schedule of Charges applicable to applications assessed under earlier policies
- c) provides statutory and other key information relevant to the amended schedules at Appendix F
- d) provides a Development Contributions Schedule of Charges applicable to 1 July 2009 forward

1.3 Transition Requirements

1.3.1 The following table details which Development Contributions Schedule of Charges (2009, amended 2004 or amended 2006) will be applied to any consent application lodged and or granted in the time periods indicated.

		Consent granted between								
		Prior to Jul-2004	01-Jul-2004 - 30-Jun-2005	01-Jul-2005 - 30-Jun-2006	01-Jul-2006 - 30-Jun-2007	01-Jul-2007 - 30-Jun-2008	01-Jul-2008 - 30-Jun-2009	01-Jul-2009 - 30-Jun-2010	01-Jul-2010 onwards	
Consent lodged between	28-Mar-2003 - 30-Jun-2004	-	2004	2004	2004	2006	2006	2006	2009	
	01-Jul-2004 - 30-Jun-2005	-	2004	2004	2004	2006	2006	2006	2009	
	01-Jul-2005 - 30-Jun-2006	-	-	2004	2004	2006	2006	2006	2009	
	01-Jul-2006 - 30-Jun-2007	-	-	-	2006	2006	2006	2006	2009	
	01-Jul-2007 - 30-Jun-2008	-	-	-	-	2006	2006	2006	2009	
	01-Jul-2008 - 30-Jun-2009	-	-	-	-	-	2006	2006	2009	
	01-Jul-2009 onwards	-	-	-	-	-	-	2009	2009	

1.3.2 This policy shall apply to all consents lodged up to and including the period that this 2009 Development Contributions Policy is operable.

1.3.3 Unless otherwise specifically provided by some other section of this policy, any consent application shall be assessed either entirely under one adopted edition of the Development Contributions Policy or entirely under another adopted edition.

1.3.4 A number of special transitional provisions are detailed in section **12** of this policy.

1.3.5 Where a building consent is granted under the 2004 or 2006 policy and is picked up prior to the change in timing of payments as per section 8.1, the payment of the development contribution should be due in accordance with the timing of payment under the 2004 or 2006 policy the consent was granted under (180 days or prior to the Code of Compliance Certificate (CCC), whichever is the earlier).

1.3.6 Where development contributions are assessed on a land use consent and again, more than 12 months later, on a building consent for the same project, the assessment of contributions on the land use consent is cancelled and the contributions payable are those assessed on the building consent, unless payment of contributions or payment arrangements are made within 12 months of the land use consent being granted.

2. Financial Contributions

2.1 Relationship with financial contributions in the District Plan

- 2.1.1 The council has a number of financial contribution provisions in various states of operation. The Transitional Financial Contributions Policy Statement (adopted 23 June 1999), which was only ever implemented in relation to the Wastewater Treatment Plant, is no longer being applied to new consents. There are however a number of outstanding contributions of this type on older consents that are still being collected.
- 2.1.2 Financial contributions were also notified as part of the Proposed District Plan in October 1994. These were subject to a number of references or appeals and were withdrawn having never been made operative, following the adoption of the 2004 Development Contributions Policy.
- 2.1.3 The council notified Plan Change 11 in 2005 to provide for financial contributions in relation to carparking for sites within main commercial centres. These proposed rules apply where on-site requirements for carparking are not satisfied. The change currently has effect, but submissions are yet to be heard and it will not become fully operative until these processes are completed.
- 2.1.4 The council will not require a development contribution for any activity if a financial contribution has already been imposed as a condition on a Resource Consent in relation to the same development for the same purpose. Actual credits will be given based on the number of household units or HUEs for which financial contributions have been paid (see section 6.4.2 - 6.4.4).

3. Relationship with Funding Policy

3.1 Funding Policy Issues

- 3.1.1 The council is of the view that the development community should take responsibility for an appropriate proportion of the cost of growth. This contrasts with the previous position (prior to the introduction of development contributions) where the majority of growth related costs fell on the ratepayer, (many of whom have no involvement in development), and meant that those least responsible for the growth have had to bear the greatest share of costs.
- 3.1.2 In making the decision to adopt the Development Contributions Policy, the council gave consideration to the matters contained in section 101(3) of the LGA 2002 and determined that development contributions were the most appropriate tool for funding capital expenditure related to growth.

The basis for the council's consideration is summarised in this policy and discussed more fully in the Revenue and Financing Policy in the council's City Plan.

- 3.1.3 The council has carefully considered, for each Activity, the matters included in section 101(3) of the LGA 2002 as part of its evaluation and allocation of growth costs under this policy. In summary, using development contributions to fund the growth costs for these Activities, (rather than rates, borrowing or financial contributions in particular), is considered to be appropriate for a number of reasons, including the following:

- ⇒ Development contributions are fairer because they allow developers and new residents or occupants to take responsibility for an appropriate portion of the cost of growth.
- ⇒ Development contributions allocate costs to the growth community and new residents or occupants who will benefit from the new assets, or the assets of additional capacity, that are funded out of the contributions.
- ⇒ Development contributions send clear signals to developers and the growth community about the true cost of growth.
- ⇒ Growth costs can be properly apportioned over time, so that members of the growth community only pay for capacity they use up.
- ⇒ Development contributions allow growth-related capital expenditure in relation to particular activities to be funded distinctly from other expenditure on those activities and from expenditure on other activities and therefore provide transparency and accountability regarding the true costs of growth to the council.
- ⇒ Development contributions, as a dedicated growth funding source, offer more secure funding for community outcomes that are affected by growth.

These considerations are more particularly discussed in the council's Revenue and Finance Policy in respect of the capital expenditure of each City Plan Activity.

3.2 Activities

- 3.2.1 Development contributions will be assessed for eight separate Activities or groups of Activities that fall within the ambit of community facilities as defined in s197 of the LGA 2002 (refer **section 5.1**). A development contribution may only be required for an activity that falls within the definition of community facilities as defined in s197 of the LGA 2002.
- 3.2.2 The assets for each of the eight Activities will generally be in accordance with the corresponding Asset Management Plan. Further details on the Activities are available in the Development Contributions Information Set.

3.3 Community Outcomes and City direction

3.3.1 Throughout the City Plan, the council refers to 15 community outcomes (see in particular City Plan 2009-2024 Module 2 - City Direction). The community outcomes and city direction and the Activities (for which

contributions can be required under this policy) that contribute to those outcomes and direction are listed in **Table 1a** and **Table 1b** below.

3.3.2 Each of these community outcomes is also impacting and affected by growth.

Output Area / Activity Community Outcome	Wastewater	Stormwater	Transport	Water Supply	City Planning	Environmental Consents and Compliance	Environmental Protection	Waste Minimisation	Libraries	Parks	Leisure Services	Community Partnerships, Programmes & Civil Defence	Housing for Older People	Cemeteries	Economic Initiatives	Governance & Leadership
A. Parks and Open Spaces	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input type="checkbox"/>
B. Natural Environment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Transport		<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>		<input type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
D. Built Environment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
E. Housing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>							<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
F. Personal Safety and Crime		<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
G. Community Services and Facilities			<input checked="" type="checkbox"/>		<input type="checkbox"/>				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>
H. Education and Training	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>
I. Physical Activity, Sport and Personal Health	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
J. Business and Economy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				<input type="checkbox"/>		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
K. City Identity and Branding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>		<input type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
L. Employment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
M. Arts and Culture		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>				<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
N. Our People			<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>
O. Heritage	<input type="checkbox"/>	<input type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>

Table 1a

Activity Strategies City Direction	Wastewater	Stormwater	Transport	Water Supply	City Planning	Environmental Consents and Compliance	Environmental Protection	Waste Minimisation	Libraries	Parks	Leisure Services	Community Partnerships, Programmes & Civil Defence	Housing for Older People	Cemeteries	Economic Initiatives
City Principles															
Environmental sustainability	■	■	□	□	■	□	■	□		■	□				
Quality urban form and design	□	□	□	□	■	■	□	□		□	□			□	□
Connection and integration	□	■	■	□	■			□	□	■	□	□		□	□
Resilience and adaptability	■	■	■	■				□	□	□	□	□			
Prosperity and innovation	□		■	□				□	□		□	□			□
Fairness and inclusion	□	□	■	□	□		□	□	□	□	□			□	□
Community involvement	□	□			□		□	□	□	■	□	■	■		□
Effective partnerships	□	□	□	□	□		□	□	□	□	□	□	□		□
Leadership and good governance	□	■		□	□	□								□	
City Directions															
Natural city	■	■	□	□	■	□	■	■		■	□			□	
Living city	□	■	□	□	■		□	■		□		□	■	■	□
Centres city	□	□	□	□						□	□		■		■
Moving city	□	□	■	□	□										□
Working city	□	■	■	■	□										□
Healthy city	■	■	□	■	■	■	■	■	■	■		■	■	■	□
Future city	■	■	■	■	■		■	■	■	□		■	■	■	■

Table 1b

4. Planning for Growth

The council undertakes a number of functions and processes which sit outside, but which integrate with, the policy. Some of the most important are discussed below.

4.1 Summary of Growth Related Capital Expenditure

4.1.1 Within its City Plan, the council is required to describe the Activities it will be undertaking over at least the next ten years and identify the assets or groups of assets that relate to those Activities. More specifically it is required to estimate the costs of providing additional asset capacity and state how these costs will be met. Then, within the Development Contributions Policy itself, the council is required to:

(a) summarise and explain the capital expenditure identified in the Long Term Council Community Plan that the local authority expects to incur to meet the increased demand for community facilities resulting from growth; and

(b) state the proportion of that capital expenditure that will be funded by -

- (i) development contributions;
- (ii) financial contributions; and
- (iii) other sources of funding

4.1.2 **Tables 2a** and **2b** address those requirements and **Appendix F** provides information relevant to amended 2006-16 and amended 2004-14 Schedules of Development Contributions Charges.

4.1.3 The council has determined that, while the City Plan covers a period of 15 years. It will confine the basis for the Schedule of Charges to growth related projects in the period to the end of the first 10 years of the City Plan. **Table 2a** is a summary of capital expenditure the council expects to incur to meet the increased demand for community facilities resulting from growth over the 10 year period from 2009 to 2019. **Table 2b** provides a summary of capital expenditure the council expects to incur to meet the increased demand for community facilities resulting from growth over the 15 year period from 2009 to 2024.

Total Cost of Growth Works 2009 - 2019				
Activity	Total Cost of Projects involving growth \$000	Contributions \$000	Other Funding \$000	Rates \$000
Wastewater Treatment Plant	96,764	34,235		21,650
Stormwater	117,044	39,421	-	77,624
Water Supply	15,200	6,997		8,204
Wastewater	186,411	108,566		77,845
Transport	260,123	120,563	91,986	47,574
Parks - Community	35,353	31,849	-	3,504
Community Services	34,161	13,399	-	20,762
Parks - Reserves	40,594	16,472		24,122
TOTAL	794,032	444,883	91,986	257,162

Table 2a

Total Cost of Growth Works 2009 - 2024				
Activity	Total Cost of Projects involving growth \$000	Contributions \$000	Other Funding \$000	Rates \$000
Wastewater Treatment Plant	75,368	53,718		21,650
Stormwater	195,713	65,339	-	130,374
Water Supply	21,843	10,124		11,718
Wastewater	245,172	148,636		96,535
Transport	380,387	192,811	119,715	67,861
Parks - Community	52,450	48,036	-	4,414
Community Services	48,279	19,213	-	29,067
Parks - Reserves	144,532	144,532	-	29,067
TOTAL	1,163,744	682,409	119,715	361,620

Table 2b

Note: Contributions are collected over the life of the project which is generally longer than the period of a City Plan.

4.1.4 For the purposes of these summary tables, the total cost of projects involving growth includes both the capital works cost and the finance costs associated with growth related works as derived from the funding model.

4.1.5 The portion of the total cost of capital works involving growth to be funded by development contributions (cost of future growth) has been determined by applying the cost allocation methodology, described in

section 4.3 of this policy, to the capital works programmes contained within the City Plan. This includes capital works planned forward and is summarised at **Appendix D** for the period starting 2009 and separately at **Appendix F** for the respective policy periods starting 2004 and 2006 respectively.

4.1.6 In addition to the cost of future growth, development contributions are also required for selected capital expenditure already incurred in anticipation of development and infrastructure demands and this is shown at **Table 3** below. This includes capital works projects completed and summarised in **Appendix D** for the period starting 2009 and separately at **Appendix F** for periods starting 2004 and 2006 respectively. Section 199(2) of the LGA 2002 specifically provides for development contributions being used to pay for capital expenditure already incurred by a territorial authority in anticipation of development.

Total Cost of Historic Growth Works pre 2009				
Activity	Total Cost of Projects involving growth \$000	Contributions \$000	Other Funding \$000	Rates \$000
Wastewater Treatment Plant	59,497	31,831		27,677
Stormwater	111,729	64,714		47,015
Water Supply	12,843	5,527		7,316
Wastewater	37,228	12,381	224	24,623
Transport	33,678	10,721	16,184	6,772
Parks - Community	14,176	11,866	719	1,590
Community Services	2,092	472		1,620
Parks - Reserves	73,963	73,172	791	-
TOTAL	345,206	210,685	17,919	116,603

Table 3

4.1.7 The total cost of growth to be funded by development contributions is the sum of the cost of future growth and the net growth component of past expenditure (summarised in **Appendix D** and **Appendix F**), that is:

	2009-2024 \$000's	Amended 2006-2016 \$000's	Amended 2004-2014 \$000's
Net growth component of future growth	767,703	250,666	158,262
Net growth component of past historic expenditure	210,685	71,029	57,875
Total cost of growth funded by development contributions	978,388	321,695	216,137

Table 3b

4.2 Growth Model

4.2.1 The council's growth model has been adapted and enhanced in order to project growth throughout the city in units of Household Unit Equivalents (HUEs). Conversions to HUEs, both residential and non-residential growth is set out in the significant assumptions (**refer section 13**) for 2009-2024 and **Appendix F** for periods starting 2004 and 2006 respectively and in greater detail, by reference to contribution catchments, in the information set.

4.2.2 In the growth model a HUE is defined as being equivalent to one "average" dwelling.

4.2.3 Unique non-residential conversion factors have been introduced to the model to predict the demand for infrastructure from non-residential development for each Activity. This information has been applied across the 430 base units of the growth model and aggregated for each contribution catchment within each activity.

4.2.4 Base units are a group of 'mesh-blocks' - the unit of reporting used by Statistics New Zealand for census purposes. The base units have been chosen as they have similar geographic and development characteristics.

4.2.5 At each release of census data, the council updates the base population projection data of its growth model. At City Plan intervals council officers, using best information about consent activity in respective development contribution catchments, adjust the forward projections of the base data to reflect changes within the District Plan and take account of the Regional Growth Strategy. One of the outputs from the growth model will be the estimated residential and non residential HUE equivalences reflecting population and macro economic trends.

4.3 Cost Allocation Methodology

4.3.1 The Cost Allocation Methodology used in this policy is referred to as the 'Outcome Impacts Methodology'. This methodology is applied to the cost of capital works projects in the City Plan. It should be noted any cost allocation process may necessarily involve some analysis of the costs of the project in relation to its outcome/impacts in the first instance at a local level and must take account of the projects outcome/impacts at the activity as required by LGA 2002.

4.3.2 The cost allocation process recognises that most projects have multiple purposes and are implemented to achieve a range of outcomes and in addition may deliver a range of consequential outcomes/impacts such as improved quality of service. The process to determine appropriate development contribution charges requires a sound understanding of:

- ⇒ Project purposes in respect of meeting the council's strategic needs as defined in the Long Term Council Community Plan, Activity planning, and council contributions to community outcomes
- ⇒ The levels of service delivered by the project. Principally the tactical levels of service that define the nature of and need for service capacity

4.3.3 Based on the levels of service measures delivered by the project, the process determines cost allocations between the existing and growth communities. These cost allocation are achieved by consideration of:

- ⇒ The community outcomes to which the project primarily contributes
- ⇒ The distribution of benefits to groups within the community
- ⇒ The time frames over which benefits will accrue
- ⇒ Those who will benefit from the implementation of the project
- ⇒ The groups of individuals who cause or exacerbate the need for the project
- ⇒ Issues of equity, transparency and fairness, which include affordability and the overall outcomes/impacts of these considerations

4.3.4 A project will deliver a range of outcomes or impacts. The outcomes or impacts are the range of intended and unintended results arising from the implementation of the project. An outcome or an impact must be tangible, (i.e. describes a real outcome) and measurable.

4.3.5 The principal steps in the process include:

- ⇒ Adoption of capital expenditure requirements to support implementation of the community's levels of service through the Long Term Council Community Plan. This capital expenditure is presented as programmes of service delivery based on planned and completed projects, demonstrating that considerations required under the LGA 2002 have been undertaken
- ⇒ A cost allocation methodology to determine the allocations of project costs into renewal, backlog and growth whilst balancing the requirements of considering benefits and causation. This methodology requires a sound understanding of project purposes
- ⇒ A growth model presenting projected growth in the community by contributing catchment and service type. The model takes into account the differing demands in services between the residential and business communities
- ⇒ A funding model to determine the development contribution charge taking account of the total cost of the capital expenditure (LGA 2002-Schedule 13), cost allocations to backlog, growth and renewal, timing of expenditure, growth of demand forecasts, interest costs and funding period
- ⇒ Individual development contribution charges are aggregated by Activity and catchment to determine the Development Contributions Schedule or charges
- ⇒ Consideration is given to the impacts of the development contribution charges on the council delivering the well-beings, the community outcomes and the levels of service and the impacts on community development
- ⇒ The Council determines the development contributions charging regime

It should be noted that the substantial majority of the background planning work is simply good practice and required regardless of whether or not a council intends to collect development contributions.

4.3.6 The outcome impacts approach takes the planned costs of a proposed project and assigns them to various outcome/impacts. The output from the cost allocation process is to have costs of a project allocated to:

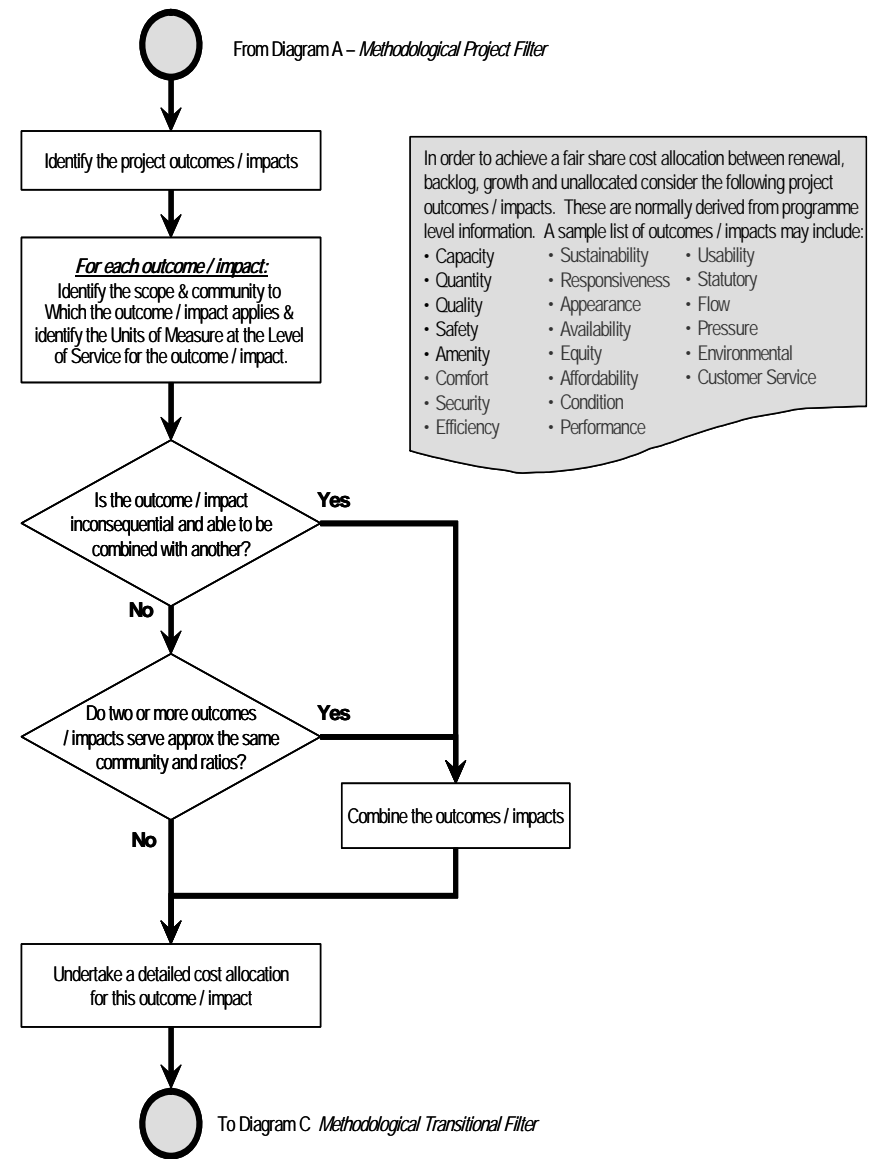
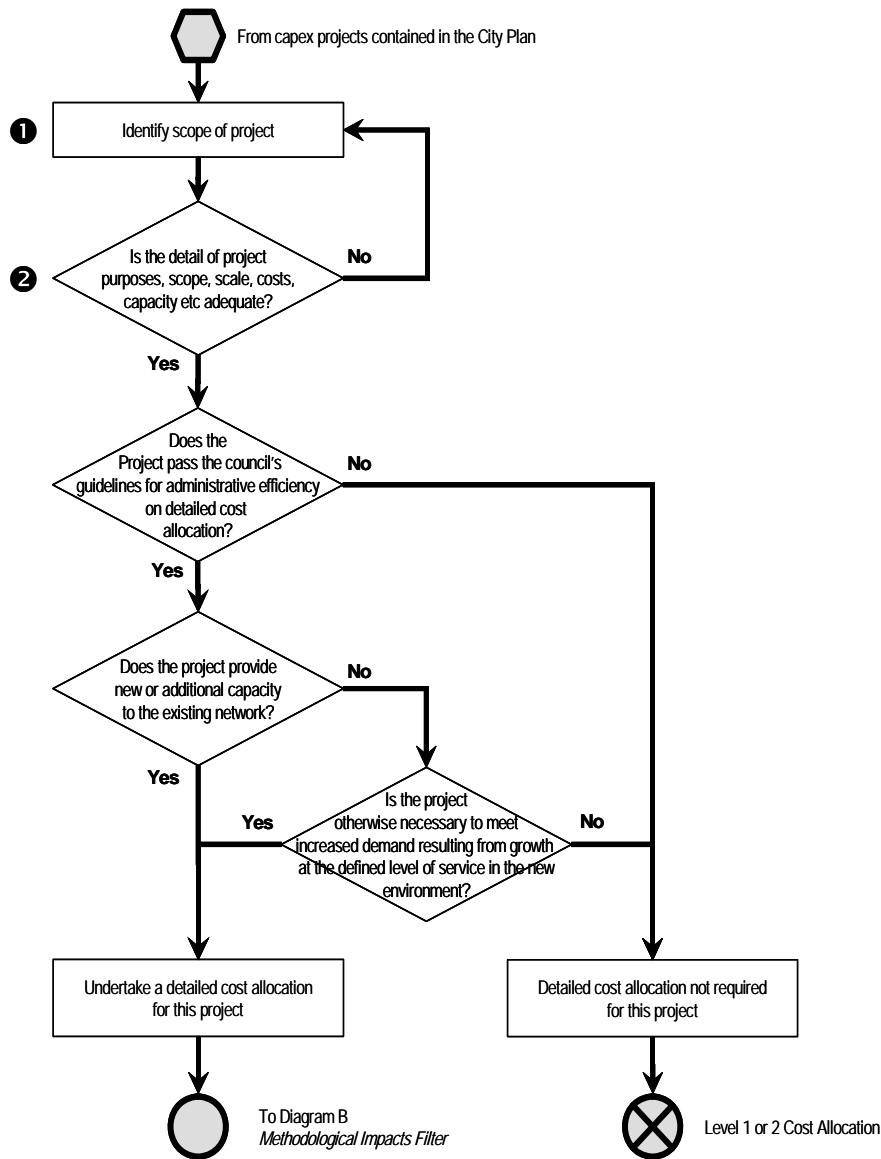
4.3.7 A summary of the Cost Allocation Methodology is provided in **Table 4** below. The detailed methodology is provided in the Development Contributions Information Set.

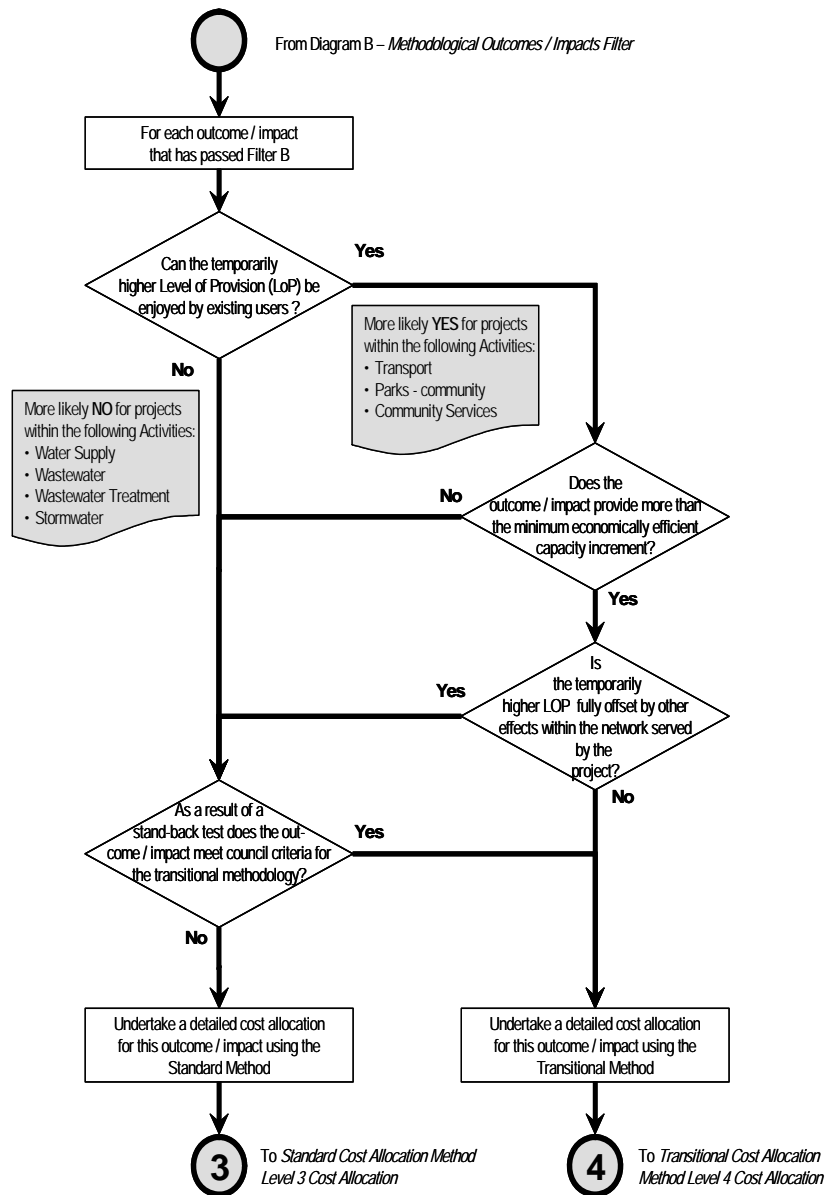
Cost Allocation Category	Description
Cost of <u>Backlog</u>	The portion of a planned (or completed) capital project that is required to rectify a shortfall in service capacity to meet existing community demand at the current agreed levels of service. Cost allocated to backlog may include a share of transitional net benefits where that has been identified for consideration.
Cost of <u>Growth</u>	The portion of a planned (or completed) capital project providing capacity in excess of existing community demand at the current agreed levels of service. Cost allocated to growth may include a share of transitional net benefits where that has been identified for consideration.
Cost of <u>Renewal</u>	A portion of the gross cost of replacing an existing asset (with a modern equivalent asset to the same nature, function and capacity at the end of its life determined by the ratio of asset age over expected life). Note renewal is about the "money put aside" in anticipation of the cost for replacing the asset at some future time. This should not be confused with the asset replacement activity. The asset replacement activity (or rehabilitation work) draws on the knowledge that an asset is reaching the end of its life and is the work planned to ensure that the integrity of the service is maintained. The rehabilitation work may also include elements of backlog and growth to ensure the integrity of the service for some time into the future.
Existing Community	This is the community existing at the year of the current cost allocation.

Steps in the Cost Allocation Process	Description
1	Identify the project
2	Define the level of service and project outcomes/impacts
3	Define the capacities relating to the project's outcomes/impacts
4	Identify asset renewal
5	Identify cost efficiency
6	Determine the cost shares and allocate to project
7	Check growth cost share
8	Cost allocation outputs
9	Audit and stand-back review

Table 4

The following flow diagrams (**Figure 1 Diagrams A, B and C**) provide filters that will be considered as part of the process to determine the outcome impacts against which costs of related growth shall be allocated within a cost allocation process.





4.3.8 A cost allocation exercise will be undertaken wherever a project within the council’s Activity-based capital works programmes has, or might include, a growth component.

4.3.9 The output from the cost allocation analysis of a project where there is an allocation to the cost of growth category will become an input into the funding model process. The output from the funding model process will be a schedule of development contribution charges for respective contributing contribution catchments.

4.3.10 Standard methodology

The methodology is designed to achieve a fair and repeatable process for assigning project costs to renewal, backlog and growth and to appropriate funding sources.

Within the process the asset manager is requested to define the "stand-alone" cost of project/impacts, and in the allocations to renewal, new work, and growth. The purpose of the "stand-alone" project in this methodology is to achieve an equitable and reasonable mechanism for determining cost ratios in the cost allocation. This process also enables a fair mechanism for distributing cost efficiencies achieved by delivering the multiple outcomes/impacts within a single project.

For the purposes of this methodology the "stand-alone" project represents the cost of delivering that component of the analysis (outcome/impact, renewal, new work, and growth) as a stand alone action without the benefit of any other action necessary for the delivery of the project as a whole.

4.3.11 Transitional Cost Allocation methodology

A second approach to cost allocation focuses on particular situations where there is a short-term period of excess capacity that is eroded as more users join the community and consume the available capacity. This "improvement" is a transitional net benefit and will be tangibly enjoyed by the existing community in any given year until the impact of growth has fully arrived. This could be seen as a benefit resulting from infrastructure designed to ultimately accommodate growth that is enjoyed by the existing community in the interim period. As a consequence it is appropriate that the cost allocation process considers these transitional net benefits and "reallocates" a share of the project costs to backlog (the share that is generally funded by the existing community). The cost allocation looks at the costs (and capacity) attributed over and above the "existing demand" and considers sharing the transitional period of excess capacity to the communities that are able to enjoy the temporary net benefit provided by that excess capacity.

The cost allocation therefore shares to backlog and growth the transitional capacity from the time of construction that can be enjoyed by the existing and growth community as they arrive and that portion of enduring capacity for the new community until the year the asset reaches end of life. Note in determination of the allocation to backlog or growth, the total cost (or capacity) of the project is split evenly (amortised) over the life of the assets outcomes/impacts. The vertical (annual) ordinate is scaled to the present value in the year of perspective. The share to backlog and growth is defined (in any year) by the proportions of the existing and growth communities in that year. The enduring capacity is the capacity provided to enable the arrival of the growth community.

4.4 *Funding Model*

4.4.1 The purpose of the funding model is to ensure an equitable assessment of the funding requirements to support the development contributions regime. The primary output of the funding model is an accurate assessment of the required Development Contributions Schedule of Charges (these charges are listed in **Appendix A**). The model takes account of:

- ⇒ The funding requirements to support the cost of growth infrastructure.
- ⇒ Equitable application of those funding requirements to the incoming growth community
- ⇒ Recognition that the backlog components of the growth infrastructure projects of the Development Contributions Schedule of Charges are funded by the existing community. The rating charges applied to the existing community will also be applied to the incoming community as there is no differential rating process to exclude the incoming community from those rate charges. Therefore the resultant rating charge on the incoming community is to be offset (or backcharged) against the development contribution charge
- ⇒ Interest on funds raised to implement growth infrastructure
- ⇒ Interest on contributions received in advance of provision of growth infrastructure
- ⇒ Recognition that money raised must meet the financial requirements of projects, therefore consideration will be given to the effects of inflation on both the costs and the income

4.4.2 A project cannot be considered for development contributions unless it is an approved project in the City Plan. The City Plan will include schedules of planned projects and schedules of past projects with remaining capacity intended to support the new and future incoming community as previously discussed at **section 1**.

4.4.3 The funding model used in the determination of the development contributions charge is a cash flow model. The model commences with an opening balance of zero at the commencement of the funding period. It acknowledges planned capital, anticipated income and interest (debt and credit) based on the opening balance. At the end of the funding period the closing balance is zero.

4.4.4 The funding model acknowledges there is no mechanism in the current rating policies managed by the council to differentiate rating between the existing and the incoming community. Therefore the model acknowledges the "backlog" rating charged to the incoming growth community as being effectively a charge to support the growth infrastructure. This is not a separate rating charge but an acknowledgement that a small portion of the growth community's rates will be available to support the funding of the growth infrastructure. The cumulative impact of this rating charge on the incoming community is considered as a 'back-charge credit', reducing the capital requirement for that infrastructure.

4.4.5 The development contribution charge for each Activity and each contributing catchment will be the sum of the 'raw development contribution charges' for each project in the Activity and contributing catchment less the sum of the 'back-charge credits' for each project in the activity in the growth contributing catchment.

5. Key Components of Development Contributions Policy

5.1 Activities

5.1.1 From the activities listed in its City Plan, the council has identified eight separate Activities or groups of Activities for which development contributions will be charged. These Activities can be grouped into the three classes of reserves, network infrastructure and community infrastructure used in the LGA 2002 and are as follows in **Table 5** below.

Class	Activity	Description
Reserves	1. Parks - Reserves	The park, beach and civic and commercial area assets and the development of new open spaces and outdoor sporting facilities for use by local clubs, groups and individuals.
Network infrastructure	2. Transport	Roading and traffic, parking and commercial area cleaning. The council manages and maintains the local roading network including roads, footpaths, cycleways, street lighting, traffic signals and signage. It also provides and manages on-street and off-street parking facilities and polices their use and cleans streets and commercial areas.
	3. Water Supply	The supply of high quality drinking water and water to meet fire fighting performance standards.
	4. Wastewater	The system which carries liquid wastes from households, businesses and community facilities.
	5. Wastewater Treatment	The treatment and disposal of effluent to minimise the risk to the environment and public health.
	6. Stormwater	The system designed to control water flows to reduce flooding risks, improve public safety and ensure the use and disposal of stormwater in an environmentally acceptable manner.
Community infrastructure	7. Parks - Community	Amenities of facilities on Parks-Reserves land including facilities such as playground, pedestrian and non-pedestrian facilities, carparking and public conveniences.
	8. Community Services (Library Services, Leisure Centres and Community Centres)	The provision of library services supplemented by a mobile library and leisure services including swimming pools, fitness centres, leisure centres and other leisure activities; the provision of facilities for community groups including community halls and centres, community houses, arts and performing arts centres; accommodation for community groups and major facilities such as the North Harbour Stadium, North Shore Events Centre and Bruce Mason Centre.

Table 5

5.1.2 The assets for each of the eight Activities will generally be in accordance with the corresponding Asset Management Plan. Asset Management Plans are available for public inspection at council offices but do not form part of the policy or the information set.

5.2 Contribution Catchments

5.2.1 For each Activity a number of contribution catchments have been determined based on their key characteristics. These characteristics include geography, service delivery and the nature and complexity of asset solutions.

5.2.2 Contribution catchments can be either local or citywide. Individual capital works projects are allocated to either local or citywide contribution catchments depending on the nature of the project and the community they are required to serve. For example, primary and secondary arterial roads are a citywide service, while local and collector roads are more local by nature. The wastewater treatment plant, outfall and trunk pump stations relate to the whole city, while smaller pump stations and reticulation are local. For each Activity, general guidelines for the allocation of a project within an Activity or a contribution catchment are contained in the information set.

5.2.3 A list of the contribution catchments for each group of Activities is provided in **Appendix A** along with the detailed Schedule of Development Contributions payable per HUE for each activity within each contribution catchment. If for any reason a development falls outside the contribution catchments and is still served by the infrastructure associated with one of the Activities, then the schedule of contributions for the most adjacent contribution catchment shall apply.

5.2.4 Maps of the contribution catchments are contained within **Appendix B**. Larger coloured maps are available for inspection in the Development Contributions Information Set and on the council website.

5.3 Household Unit Equivalents

5.3.1 The methodology provided in Schedule 13 of the LGA 2002 refers to units of demand. The council has chosen to use HUEs as the unit of demand and this links with the Growth Model (refer **section 4**).

5.3.2 It is recognised that dwellings vary throughout the city and that the demands they generate also cover a broad range. However, given the relatively large size of the contribution catchments and the implicit averaging this entails, the approach of using HUEs is considered appropriate as well as being consistent with the level of accuracy and detail implicit within the growth model, the capital works programme and the other council planning processes.

5.3.3 For each Activity and within each contribution catchment, a maximum charge per HUE has been determined. These charges are scheduled in **Appendix A**.

5.3.4 Native units is the term given to the units of capacity and demand conventionally used by asset owners in relation to their particular service. The table (**Table 6**) below summarises the demands of an average household unit, or HUE, for the eight activities in terms of native units.

HOUSEHOLD UNIT DEMANDS PER ACTIVITY			
Activity	Native Units	Demand per HUE	Comments
Transport	Vehicle trips/day	10	Assume all light vehicles
Water Supply	Litres/household/day (AADWD) ¹	650	250l/capita/day @ 2.6 persons/household on average
Wastewater	Lites/household/day (ADDWF) ²	585	225l/capita/day @ 2.6 persons/household on average
Wastewater Treatment	Litres/household/day (ADDWF) ²	585	225l/capita/day @ 2.6 persons/household on average
Stormwater	Impervious Surface Area (m ²)	300	Citywide average for residential development
Community Services	N/A	N/A	No "Native Unit" conversion necessary
Parks - Reserves	N/A	N/A	No "Native Unit" conversion necessary
Parks - Community	N/A	N/A	No "Native Unit" conversion necessary

Table 6

Notes:

1. AADWD: Annual average daily water demand

2. ADDWF: Average daily dry weather flow

5.4 Land Use Types

5.4.1 The policy contains three types of residential land-use:

- ⇒ Residential (including minor residential units of greater than 40m2)
- ⇒ Residential - Retirement Villages (as defined in the Retirement Villages Act 2003)
- ⇒ Residential - Minor residential units of 40m2 or less

5.4.2 The number of HUEs generated by each new lot or household unit depends on the applicable residential land-use.

5.4.3 The policy contains five types of non-residential land-use:

- ⇒ Commercial
- ⇒ Industrial
- ⇒ Retail - General
- ⇒ Retail - FMCG (Fast Moving Consumer Goods)
- ⇒ Community

5.4.4 Each of these non-residential land uses has its own conversion factors used to calculate the HUEs and these are described at **Section 6**.

5.4.5 The policy also contains a mixed-use category (which covers those developments which contain both residential and non-residential components) and a special assessment category (for those developments not covered by the land use types listed above).

5.5 Development Contributions Schedule (Appendixes A-F)

5.5.1 The detailed Schedule of Development Contributions payable for each activity and within each contribution catchment is listed in **Appendix A**.

5.5.2 Maps of the contribution catchments are contained within **Appendix B**.

5.5.3 The events that give rise to the assessment for a development contribution (subject to **Section 6**) and in particular the various occasions the council has under the LGA 2002 to assess a development, are listed in **Appendix C**.

5.5.4 **Appendix D** provides a summary of past and planned future expenditure on projects incurred in anticipation of growth and which will be funded by development contributions in accordance with section 199(2) LGA 2002.

5.5.5 **Appendix E** lists significant changes in the 2009 Development Contributions Policy, compared to the previous 2006 Development Contributions Policy and 2004 Development Contributions Policy.

5.5.6 **Appendix F** lists key information relevant to the amendment of the council's 2004 Development Contributions Policy and 2006 Development Contributions Policy.

5.6 Development Contributions may be required when granting:

- ⇒ a resource consent under the Resource Management Act 1991 (either for land use or subdivision)
- ⇒ a building consent under the Building Act 2004
- ⇒ an authorisation for a service connection

6. Assessment

6.1 Preliminary Information

6.1.1 This section of the policy sets out how and when development contributions are assessed. As the sequence of development is not always consistent, development contributions shall generally be assessed at the first statutory opportunity available to council to consider the nature of demand. If for whatever reason development contributions were not assessed and required at the first available opportunity, or were required but have not yet been paid, they may be required at subsequent opportunities.

6.1.2 The issue of an invoice against a development contribution assessment and the requirement for payment is a separate process stage and is discussed at **section 8** below.

6.1.3 It is important that the applicant, if asked, provides the council with information related to demand generated by a development, or demand generated by current or historic uses of the site to assist the assessment process. On each application for a consent (refer **Appendix C**), the developer must consider and provide to the council information on the proposed stages of a project (including intended subsequent consents required for the developer's project) as this will help determine the opportunities for the council to assess development contributions. This enables the council to better understand the scope and duration of the developer's project to develop. The council is keen to work with developers with the aim of providing certainty as to the timing and charging of development contributions and to ensure that the council properly takes account of development contributions already paid.

6.1.4 Over the life of a development Project, the council assesses development contributions at different stages at which council consent or authorisation is required (refer **Appendix C**) and in relation to the opportunities council has available to it to assess. This can lead to the council providing more than one notice of assessment. However, each assessment takes into account contributions already paid through actual credits - see **section 6.4.5** below. Council will always assess to the maximum capacity of the development(s) that is allowed under the consent to ensure the relationship of peak use with the infrastructure council provides. Actual credits reduce and potentially eliminate the number of HUEs still liable for contributions.

6.1.5 A typical development project will be assessed as follows:

- ⇒ Land use consent: the council will provide an assessment of development contributions. Depending on the type of land use, this assessment may or

may not generate an invoice requiring immediate payment on the granting land use consent - see **section 8.1.2** below.

- ⇒ subdivision consent: the council will provide an assessment of development contributions payable on the consent. This assessment will generate an invoice, assuming calculated HUEs exceed zero.
- ⇒ Building consent: the council will provide an assessment of development contributions payable on the consent. This assessment will generate an invoice, assuming calculated HUEs exceed zero.
- ⇒ Service connection: the council will provide an assessment of development contributions payable on the consent. This assessment will generate an invoice, assuming calculated HUEs exceed zero.

Whether all such consents are required and the order in which these consents are sought will vary from project to project. For example a developer may start to develop a property which has already received land use consent or has been subdivided, or may apply for a unit title subdivision consent after land use consent, building consent and service connection authorisations have been granted.

6.1.6 To assess development contributions, the council shall carry out the following steps using information made available to it from the applicant and its own records and analysis:

- ⇒ **Step One** - assess whether the application relates to a "development" as defined in the LGA 2002 and whether development contributions are required
- ⇒ **Step Two** - identify the units of demand
- ⇒ **Step Three** - identify credits (including historic and actual credits relating to contributions paid)
- ⇒ **Step Four** - calculate HUEs
- ⇒ **Step Five** - identify any remissions, reductions or other discounts
- ⇒ **Step Six** - combine above to calculate development contributions charge by multiplying respective Activity units of demand (HUE) by Development Contributions Schedule of Charges for the Activity

6.2 **Step One - Consider whether the application relates to a "development" and whether development contributions are required**

6.2.1 In assessing whether to require development contributions when granting an application for a resource consent, building consent or authorisation for a service connection, the council will consider whether the project:

- ⇒ is a development (s197)
- ⇒ which either alone or in combination with another development will have the effect of requiring expenditure on infrastructure (s199)
- ⇒ is provided for in the Development Contributions Policy (s198(2))

6.2.2 Typically, residential and non residential developments create demand for reserve, network and community infrastructure and council expenditure is required on parks-reserves, transport, water supply, wastewater, wastewater treatment, stormwater, parks-community and community services projects to meet this demand.

6.2.3 Those developments which fall under a special assessment category are assessed on a case-by-case basis. (See section 6.3.9)

6.2.4 Appendix C is a table showing, for each consent or authorisation, what particular types of contribution may be required. However, in all cases, council will consider whether the particular residential or non-residential project to which an application relates generates demand in each of the eight activity areas specified.

6.3 Step Two - Identify units of demand (HUEs)

6.3.1 Residential Assessment

6.3.1.1 This step two involves assessing the number of HUEs generated by the development by reference to its scope and particular characteristics.

6.3.1.2 This section applies to residential subdivision and development of the following types:

- ⇒ Residential assessment (including minor residential units of greater than 40m²)
- ⇒ Residential - Retirement villages
- ⇒ Residential - Minor residential units of 40m² or less.

6.3.1.3 The subdivision of land to create additional residential allotments results in the potential for additional household units, which the council translates into HUEs. Similarly the development of household units on land generates HUEs. The only information that is required to calculate the number of HUEs is the additional number of residential allotments or household units proposed and the type of residential subdivision or development (i.e. Residential, Residential - Retirement village or Residential - Minor residential units of 40m² or less).

6.3.2 Residential Assessment - Subdivision and Development Consent Applications

6.3.2.1 The following table (Table 7) applies to residential subdivision and development including retirement village units and minor residential units of 40m² or less.

Subdivision consent application: Where an application for a subdivision consent indicates that one or more allotments will be created, then every additional allotment intended for or capable of supporting a household unit/retirement village unit/minor residential unit of 40m ² or less will generate on average the following HUEs:			
Building consent application: Where an application for a building consent indicates that one or more household units/retirement village units/minor residential units of 40m ² or less will be constructed, then every additional household unit/retirement village unit/minor residential unit of 40m ² or less will generate on average the following HUEs:			
Land use consent application: Where an application for a land use (resource) consent indicates that one or more household units/retirement village units/minor residential unit of 40m ² or less will be created, then every additional household unit/retirement village unit/minor residential unit of 40m ² or less will generate on average the following HUEs:			
Activity	1 additional household unit =	1 additional Retirement Village Unit =	1 additional Minor Residential Unit of 40m ² or less =
Transport	1 HUE	0.25 HUE	0.7 HUE
Water Supply	1 HUE	0.50 HUE	0.7 HUE
Wastewater	1 HUE	0.50 HUE	0.7 HUE
Wastewater Treatment	1 HUE	0.50 HUE	0.7 HUE
Stormwater	1 HUE	0.50 HUE	0.7 HUE
Parks - Community	1 HUE	0.25 HUE	0.7 HUE
Community Services	1 HUE	0.50 HUE	0.7 HUE

Table 7

6.3.2.2 The Parks Reserves contribution is not calculated on the basis of HUEs and that activity has a separate calculation method to be applied - see section 7.

6.3.3 Residential Assessment (All Land-Use Types) - Service Connections

6.3.3.1 Subject to 6.3.3.3, when granting authorisations for service connection, development contributions will only be assessed for the particular activity being connected to (refer **Appendix C**). Service connection applications that are associated with a building consent will not be separately assessed for development contributions. The full development contribution will be assessed on the associated building consent. Service connection assessments will only apply to new (stand alone) or upgraded connections.

6.3.3.2 Service connection applications for the separation of shared water meters into separate water meters will not be charged development contributions.

6.3.3.3 In the unusual case of a development contribution not having been assessed on prior resource consent or subdivision consent for a project, the council may assess service connections for development contributions for all relevant activities.

6.3.4 Non-residential Assessments

6.3.4.1 This section deals with how HUEs will be assessed in non-residential developments where the GFA and ISA are known and where they are not known. It applies to non-residential subdivision and development for:

- ⇒ Commercial
- ⇒ Industrial
- ⇒ Retail - General
- ⇒ Retail - FMCG (Fast Moving Consumer Goods)
- ⇒ Community

6.3.4.2 "Non-residential Commercial" typically includes (but is not confined) to developments such as:

- ⇒ Breeding and boarding establishments for animals
- ⇒ Camping grounds
- ⇒ Community welfare centres
- ⇒ Exhibition centres
- ⇒ Health Care centres
- ⇒ Offices
- ⇒ Veterinary clinics

6.3.4.3 'Non-residential retail - general' typically includes (but is not confined to) developments such as:

- ⇒ Takeaway food bars
- ⇒ Bookshops
- ⇒ Clothes shops

6.3.4.4 "Non-residential retail - FMCG (Fast Moving Consumer Goods)" typically includes (but is not confined to) developments such as:

- ⇒ Dairies
- ⇒ Mixed dairy/superette
- ⇒ Grocery stores
- ⇒ Supermarkets

6.3.4.5 "Non-residential community" typically includes (but is not confined to) developments such as:

- ⇒ Church
- ⇒ Community use, community building or community facility
- ⇒ Community house

6.3.5 All Consent Applications where actual GFA/ISA is not known

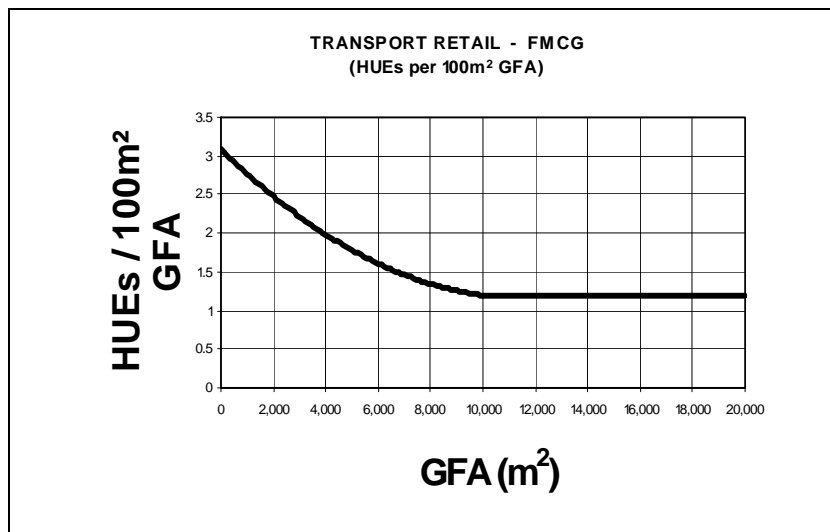
6.3.5 For all non-residential consent applications, where actual GFA and ISA are not known a charge of 1 HUE per development contribution activity shall apply to each lot to be created. This is typically the vacant site subdivision.

6.3.6 All Consent Applications where GFA and ISA are known

6.3.6.1 For all non-residential consent applications, where actual GFA and ISA are known, HUEs will be calculated in accordance with the following table (Table 8). The graph (Graph 1) below should be referred to for transport Retail - FMCG HUES where GFA is less than 10,000m². Where GFA exceeds 10,000 m² a special assessment will apply.

NON-RESIDENTIAL DEVELOPMENT HUES				
Land Use	Transport (HUES/100m ² GFA)	Water Supply (HUES/ 100m ² GFA)	Wastewater & WW Treatment (HUES/ 100m ² GFA)	Stormwater (HUES/100m ² ISA)
Commercial	0.40	0.32	0.34	0.42
Industrial	0.20	0.32	0.34	0.42
Retail - General	1.19	0.43	0.45	0.42
Retail - FMCG	Refer to graph	0.43	0.45	0.42
Community	0.20	0.32	0.34	0.42

Table 8



Graph 1

6.3.7 Transport Efficiency Factor

6.3.7.1 A transport efficiency factor has been included in the tables of HUE conversions for all non-residential land-use types. In particular, Graph 1 takes account of the 33 per cent transport efficiency factor that is relevant to retail-FMCG. This is to recognise the relative efficiency of non-residential vehicle movements compared to residential vehicle movements due to lower peaking factors, more effective use of the intra-city road network and less pressure on certain strategic transport linkages such as the Auckland Harbour Bridge.

6.3.7.2 The transport efficiency factor for all non-residential land-use types has been set to 33 per cent meaning that the HUE conversions are 33 per cent less than they would be based on a direct vehicle trips per day (vtpd) conversion.

6.3.8 Stormwater for Multi-storey or Mixed Use Development

6.3.8.1 For a mixed-use development the residential and non-residential components will be identified and assessed under appropriate sections of the Policy relating to residential and non-residential assessments.

6.3.8.2 The information in the sections above provide where development contributions for stormwater will be charged for either residential or non residential developments. Where the development is a residential multi-storey or a mixture of residential and non residential then the following rule shall apply as representing a fair and equitable and administratively efficient way of assessing the mixture of height and/or purpose as they relate to the ISA equivalence calculation as applied to calculation of a stormwater assessment.

6.3.8.3 For any building (s) in the development a HUE charge per residential unit shall apply to whichever level (storey) has the most residential HUES: plus, for the remainder of the site, an additional ISA charge shall apply at the non-residential rate for stormwater shown in Table 8.

By way of example: the building within the development has a non-residential footprint of 3,000m² and is four storeys high. Overall ISA on the site is 5,000m². The storey chosen as having the maximum number of HUES has 6 HUES covering 600m². Calculation is therefore:

6 x HUE charge for the stormwater catchment + 4,400m² ISA (5,000-600) / 100m² x 0.42 x HUE charge for the stormwater catchment.

6.3.9 Special Assessment Category and Special Assessment Criteria and Threshold

6.3.9.1 If the council considers that a development which is the subject of a land use or building consent where GFA is known, clearly has a significantly different greater or lesser impact than that envisaged in the averaging implicit in **Tables 6** and **7** and **Graph 1**, a "Special Assessment" may be required. The applicant will be required to provide detailed calculations of their development's transport, water supply and wastewater demands in native units. Using the standard native unit/HUE conversions these estimates may then be converted to HUEs and charged accordingly.

6.3.9.2 Special assessment may be required in two circumstances:

- ⇒ Non standard development types (see **Section 6.3.9.3**); and/or
- ⇒ Where developments (of any type) generate demand significantly above or below average demand (see **Sections 6.3.9.4** and **6.3.9.5**).

6.3.9.3 First, where the type of development proposed is not adequately covered by the standard categories of residential or non-residential categories, a special assessment will be required. This includes (but is not confined to) applications such as:

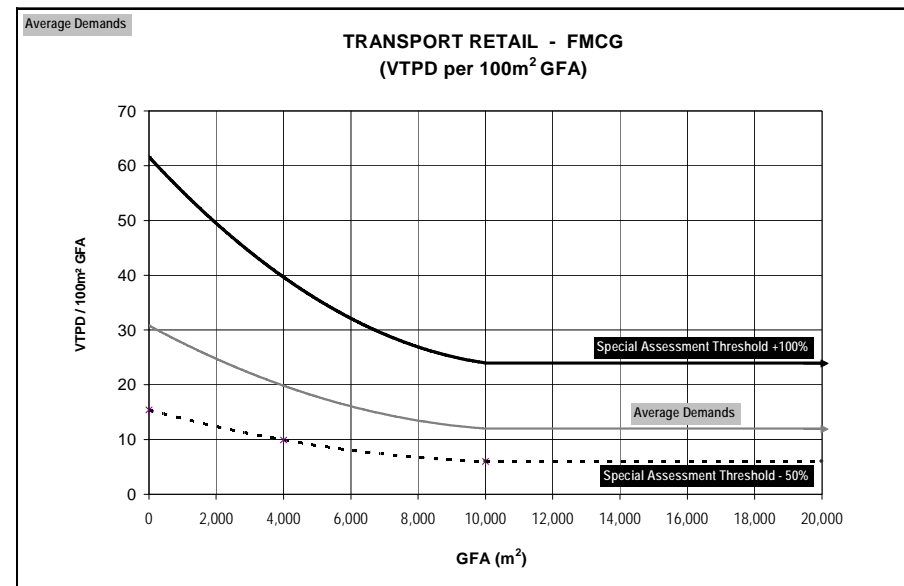
- ⇒ Schools and Universities
- ⇒ Childcare facilities
- ⇒ Hospitals
- ⇒ Hotels, motels and travellers' accommodation
- ⇒ Guesthouses (unless self contained units)
- ⇒ Boarding houses
- ⇒ Drive-through restaurants
- ⇒ Garden centres and horticulture
- ⇒ Residential care centres
- ⇒ Rest homes
- ⇒ Show homes
- ⇒ Service stations (with or without retail facilities)
- ⇒ Any "wet" land use activity (where water is used as part of the business operations or process over and above normal domestic and sanitary use)

6.3.9.4 If demand (assessed in native units) generated by a development (of any type) is below the 50 per cent thresholds or more than 100 per cent above the thresholds set out in the table opposite (**Table 9**), then a special assessment is likely to be required by the council.

Table of Special Assessment Demands (using 50% and more than 100% of average demand) in Native Units per 100 m ² GFA									
	Water Supply (/ day)			Wastewater & Wastewater Treatment (/ day)			Transport (vpd)		
	SA-50% of Av.	Avge (ref only)	SA-plus 100% of Av.	SA-50% of Av.	Avge (ref only)	SA-plus 100% of Av.	SA-50% of Av.	Avge (ref only)	SA-plus 100% of Av.
Commercial	105	210	420	100	200	400	2.0	4.0	8.1
Industrial (Dy)	105	210	420	100	200	400	11.0	2.0	4.0
Retail - General	140	260	560	133	266	532	5.45	11.9	23.9
Retail - RVDG	140	260	560	133	266	532	Refer diagram below		
Community	105	210	420	100	200	400	1.0	2.0	4.0

Table 9

6.3.9.5 The graph (**Graph 2**) below shows transport-retail average demand and special assessment thresholds for developments described above.



Graph 2

6.3.9.6 Transport - a "Traffic Impact Assessment" (TIA) is a requirement for most non-residential developments as well as residential developments larger than a few lots. It will usually be possible, therefore, to compare the vehicle trips per day reported from this source with the above table. (Note: for major land use changes, assessment of vehicular traffic is undertaken as part of an integrated transport assessment (ITA) which considers all modes of transport including public transport, walking and cycling.) An ITA should include an assessment of traffic generated over AM and PM peaks as well as daily use periods to help assess peak demand from the development.

6.3.9.7 Water supply and wastewater - the **Table 9** assumes "dry" land uses. "Dry" is defined to be any land that does not use water as part of the business operation or process but only for normal domestic and sanitary purposes.

6.3.10 Unit title subdivisions or subdivision around existing buildings

6.3.10.1 This section includes assessment of unit titles and fee simple subdivision (or other like subdivision) where no vacant lot is created around existing buildings.

6.3.10.2 A unit title subdivision of a building or subdivision around existing buildings will be assessed for development contributions (subject to (a) below) when granting subdivision consent, whether or not development contributions have been assessed for an Activity on a prior land use consent or building consent for the building. The unit title subdivision will be treated as relating to the same Project as the prior land use consent or building consent where the building was completed after 1 July 2004. For a unit title subdivision of a non-residential building, the subdivision consent will be the first and only opportunity at which to assess a parks-reserves development contribution. For both residential and non-residential unit title subdivisions, the assessment will take into account any credits resulting from the payment of development contributions required when granting a prior land use consent or building consent and any historic credits.

- a. If the building was completed prior to 1 July 2004 and no change of use is proposed as part of the unit title subdivision, then the subdivision (whether residential or non-residential) is treated as generating no demand and no development contributions will be assessed.
- b. If the building consent was granted prior to 1 July 2004 but the building was completed after that date and there has been no change of use, then the subdivision (whether residential or non-residential) will be assessed for contributions under the provisions

of this policy applying to residential or non-residential assessments (as the case may be).

- c. If the building consent was granted after 1 July 2004 and the building completed after this date then the subdivision (whether residential or non-residential) will be assessed for contributions under the provisions of this policy applying to residential or non-residential assessments (as the case may be).

6.3.10.3 In this section, a building is "complete" on the date a code compliance certificate or certificate of public use under the Building Act 1991 or Building Act 2004 is issued.

6.4 Step Three - Identify Credits

6.4.1 General

6.4.1.1 Where available, credits will be used to reduce the development contributions payable. Credits towards the assessment of development contributions for a consent application include both "historic credits" and "actual credits". Any excess credits cannot be refunded or used to reduce other Activity amounts payable to zero. Accurate assessment of actual and historic credits relies heavily on information provided by the applicant. Credits may not be transferred between properties.

6.4.2 Historic Credits

6.4.2.1 Historic credits may be awarded in situations where the previous structures on the site, or the uses of the site, imply that the current development is not contributing to growth to the extent that the assessed number of units or demand implies. It is important for the applicant to provide an independently verifiable assessment of historic credits where asked to do so by the council.

6.4.2.2 The LGA 2002 states that development contributions may be required for any resource consent, building consent or authorisation for a service connection lodged after 19 December 2001, and granted on or after 1 July 2004. The council in certain circumstances provides a further concession for subdivision (refer **Section 12.2**).

6.4.3 General Principles of Residential Historic Credits

6.4.3.1 Residential credits shall be granted on the basis of the greater of 1 HUE per activity per existing allotment or 1 HUE per activity per existing residential unit. This will be adjusted to 0.7 HUE where a minor unit is less than or equal to 40m².

- 6.4.3.2 On subdivision of residential land, historic credits of 1 HUE per existing allotment shall be allocated to an equal number of the most advantageous of the new allotments. This will be adjusted to 0.7 HUE where a minor unit is less than or equal to 40m².
- 6.4.3.3 Any excess historical credits that may arise through amalgamation or for any other reason will lapse if not utilised within a period of three years.
- 6.4.3.4 For existing residential buildings that are demolished or destroyed by fire or some other cause, no development contributions will be payable provided that the same number of household units or HUEs is rebuilt. Any additional household units or HUEs will be assessed in terms of this policy.
- 6.4.3.5 Credit HUEs for all Activities must be allocated to the same allotment or allotments.
- 6.4.3.6 For residential consents, historic credits, in full or part depending on the percentage concessionary reduction set out in section 12.2 for the Parks-Reserves Activity shall only apply where the pre-existing consent, for which historic credits are being considered, was a subdivision consent created prior to 1 January 2002.

6.4.4 General Principles of Non-Residential Historic Credits

- 6.4.4.1 Non-residential credits shall be granted on the basis of the greater of 1 HUE per activity per existing allotment or the number of HUEs calculated according to the actual existing development, if any. Such credits shall be calculated based on present day zonings and in terms of present day assessment methodology.
- 6.4.4.2 On subdivision of undeveloped non-residential land, historic credits of 1 HUE per existing allotment shall be allocated to an equal number of the most advantageous new allotments.
- 6.4.4.3 For non-residential subdivisions with existing development, historic credits shall be assigned to the new allotments on a pro rata GFA basis. No credit HUEs will be allocated to undeveloped allotments relating to the existing development.
- 6.4.4.4 Any excess historical credits that may arise through amalgamation or for any other reason will lapse if not utilised within a period of three years.
- 6.4.4.5 For existing non-residential buildings that are extended or demolished and re-built to the same or higher intensity, the assessment will be based only on the additional intensity of development.

- 6.4.4.6 Credit HUEs for all Activities must be allocated to the same allotment or allotments.
- 6.4.4.7 For non-residential consents, historic credits, in full or part, (depending on the percentage concessionary reduction set out in **Section 12.2**) for the Parks-Reserves Activity shall only apply where the pre-existing consent, for which historic credits are being considered, was a subdivision consent created prior to 1 January 2002.

6.4.5 Actual Credits

- 6.4.5.1 Where development contributions or financial contributions for a particular development on a property have previously been assessed and paid, credit based on the number of household units or HUEs actually paid for shall be given on an activity by activity basis (no credit is given for household units or HUEs previously assessed but not actually paid for). For the calculation of actual credits there is no historical time limit and all previous payments will be taken into account.

6.4.6 Change of Use

- 6.4.6.1 Where a change of use requiring resource (land use or building consent) consent generates demand, then the council will assess the change of use for historic and actual credits, in accordance with **Sections 6.4 to 6.4.5.1** above. For example a small industrial work area being converted to a commercial area is likely to have a higher demand requirements of council’s infrastructure assets and as such will only be charged for the difference.
- 6.4.6.2 Actual credits are based on what development and demand existed prior to the current development and are assessed in accordance with the other steps of **Sections 6 and 7** of this policy.

6.5 Step Four - Calculate Total HUEs

- 6.5.1 The assessed number of units of demand for each Activity, adjusted for any credits, is then multiplied by the per unit charge for that Activity, for the appropriate contribution catchment (see **Appendix A**) to give the development contributions charge for that Activity. All charges added together give the total development contributions payable (subject to any dollar credits or remissions and GST).
- 6.5.2 **Appendix A** shows the charges that apply for each unit of demand for each activity.
- 6.5.3 The approach to calculating the charge for Parks-Reserves is set out in **Section 7**.

6.6 Step Five - Remissions, reductions and other discounts

6.6.1 Remissions

- 6.6.1.1 A remission is an adjustment to the scheduled charge for a particular Activity and contribution catchment as a percentage or in dollar terms.
- 6.6.1.2 A remission would usually only be considered as part of a review request. (Refer **Section 11**).

6.6.2 Reductions - General

- 6.6.2.1 A reduction is an adjustment to the HUEs assessed for a consent application. Any claim for a reduction would have to be adequately motivated and justified by the applicant and the agreed outcome recorded in a private development agreement. Possible reasons for reductions could include:
 - ⇒ Some mitigating action taken by the developer not originally considered. This would not necessarily include mitigating measures imposed as a condition of consent in terms of the Resource Management Act
 - ⇒ The value and nature of works proposed that obviate the need for similar works contained in the council’s City Plan

6.6.3 Reductions Water

- 6.6.3.1 Where a development is choosing not to connect to the council’s water network but is within 50 m to receive fire flow protection from fire hydrants then a 50 per cent contribution shall be assessed and collected for this activity.

6.6.4 Reductions - Stormwater

- 6.6.4.1 Where a development is able to manage its stormwater entirely within the development including collection, conveyance and discharge, including obtaining the necessary discharge consents, the HUEs assessed for stormwater may be reduced by up to 75 per cent (allowing for the fact that nothing is 100 per cent hydrological neutral). This typically involves a direct coastal discharge or a situation where the development’s on site mitigation is over and above the council’s plan requirements for stormwater management in the area and is shown to reduce demand on the council’s assets.
- 6.6.4.2 The remaining amount of 25 per cent will contribute toward citywide stormwater mitigation projects and mitigation projects within the development contribution catchment providing stormwater management

around the development that will be to the benefit of the development e.g. flood protection in surrounding area above level required for on site.

- 6.6.4.3 Where a development provides the full mitigation of its stormwater as specified in the approved Stormwater Outfall Policy for the appropriate zone, the HUEs assessed for stormwater may be reduced by up to 25 per cent.

% Reduction Available				
Constraint Zone	Standard Engineering Conditions	Outfall Compliance		Self Served
		Partial	Full	Not connected to NSCC network
SQ	0%	0-25%	25%	75%
SP	0%	0-25%	25%	75%
E	0%	0-25%	25%	75%
NC	0%	0-25%	25%	75%
U	0%	0%	0%	75%

Table 10

6.7 Step Six - Calculate charge

- 6.7.1 The calculation of development contributions charges for each Activity can be summarised as follows:

Less	Calculated HUES <u>Credit HUES</u>
Multiply	Chargeable HUES <u>Catchment activity charge (Appendix A)</u>
Less	Development contribution payable <u>Reductions (if any)</u>
	<u>Development contribution payable</u>

7. Parks - Reserves

7.1 Calculation

7.1.1 The council is only able to assess whether the development contribution for reserves exceeds the greater of:

- (a) 7.5 per cent of the value of the additional allotments created by subdivision; or
- (b) the value equivalent of 20m² of land for each additional household unit created by the development

Once the council has received both a subdivision consent and a building or land use consent relating to the development. The maximum reserves required for a development project which can include a building/landuse and subdivision consents will not exceed the greater of (a) or (b). Subclause (a) will not normally be applicable to residential development unless combined with a consent application creating additional allotments. In the case of non residential subdivision, only subclause (a) applies.

7.1.2 Section 203 of the LGA 2002 allows contributions for reserves to be assessed separately at the subdivision consent stage and the building or land use consent stage.

7.1.3 For residential developments, subclause (b) of 7.1.1 applies to land use and building consent applications. Where a development contribution is paid on a land use or building consent application, there may be an additional charge for the Parks-Reserve Activity on the subdivision consent where subclause (a) has been used to calculate a development contribution.

7.1.4 For the purposes of section 7.1.1(b), a Minor Residential Unit of 40 m² or less shall be treated as 0.7 of a household unit equivalent, and a Retirement Village Unit shall be treated as 0.5 of a household unit equivalent. The value equivalent of 14 m² of land shall therefore be required for each additional Minor Residential unit of 40 m² or less, and 10m² of land for each additional retirement village unit.

7.2 Basis of Land Valuation

7.2.1 Land Valuations for the purposes of development contributions shall be a market valuation. The valuation shall be on the basis of:

- ⇒ The rights and configuration given to the land under the consent application which gives rise to the development contribution assessment and including any rights or configuration given by consents already granted
- ⇒ The market value at the time the development contribution is assessed

7.3 Maximum Allotment Size

7.3.1 Where any new allotment is greater than 2,000m² the development contribution for Parks Reserves shall be based on 7.5 per cent of the value of the first 2,000m² of the allotment.

7.4 Maximum Land Valuation Rate

- 7.4.1 Where the land valuation for any contribution assessment exceeds the maximum land valuation rate, the development contribution for Reserves shall be calculated based on the maximum land valuation rate.
- 7.4.2 The maximum land valuation rate shall be \$1,500.00 per m².
- 7.4.3 The maximum land valuation rate may be reviewed on an annual basis.
- 7.4.4 If for any reason the development contribution is not paid within 12 months of the granting of the consent then a revised valuation shall be required.

7.5 Money or Land

- 7.5.1 The LGA 2002 provides that a development contribution may be money or land, or both. Under this policy the contribution shall in every case be money unless, at the sole discretion of the council, a piece of land offered by the developer would adequately suit the purposes for which the contribution is sought.

7.6 Open Space and "Bonus" Provisions

- 7.6.1 Open space created to generate a "Bonus Provision" does not qualify as a credit towards development contributions for reserves.

7.7 Esplanade Reserves

- 7.7.1 Esplanade reserves do not normally fall within the ambit of Parks-Reserves for development contributions.
- 7.7.2 Esplanade reserves will continue to be dealt with under the RMA1991 and will not normally be discounted against development contributions due for Parks-Reserves.
- 7.7.3 There may be rare circumstances where council desires a wider esplanade reserve, for example and where the additional land may be offered as partial or total payment of the development contribution liability for Parks-Reserves. This would have to be agreed with the council's Parks department and recorded in some form of agreement.
- 7.7.4 In circumstances where a portion of esplanade reserve to be vested contributes significantly to the recreational and other objectives of the council, normally delivered by the provision of other categories of open space, then a partial credit towards the requirement for development contributions for Parks-Reserves may be considered. Any request to apply

a credit or partial credit to the vesting of an esplanade reserve shall follow the same process as defined in **Section II** of this policy for the consideration of requests to have a development contribution assessment reviewed.

8. Timing of Payments

8.1 *Payment of development contributions*

8.1.1 All development contributions become payable as follows:

- ⇒ Contribution required on resource consent (subdivision) - prior to application for 224c certificate
- ⇒ Contribution required on resource consent (land use) - see **Section 8.1.2**
- ⇒ Contribution required on building consent - immediately on issue of consent
- ⇒ Contribution required on service connection - immediately on granting of authorisation

8.1.2 Where a contribution is payable for the same development project on a land use and a building consent the development contribution will be due immediately on issue of the building consent but may be paid earlier on the land use consent at the option of the consent holder.

- ⇒ A consent holder who chooses to pay that contribution will receive actual credits in respect of any HUEs for which contributions have been paid
- ⇒ The land use consent does not commence until the development contribution is paid. Therefore, a consent holder who chooses not to pay that contribution assumes all risk associated with proceeding with development without the land use consent having commenced

8.2 *General provisions*

8.2.1 Where land use consent with no building consent is required for the development the contribution is required immediately, on issue of the land use consent e.g. change of use.

8.2.2 In the event of a staged consent, such as a subdivision consent, the payments shall be required prior to the application for the 224c certificate for each stage.

8.2.3 As provided for in section 208 of the LGA 2002, the council may withhold the relevant s224(c) certificate, Code Compliance Certificate or service connection, or register the development contribution under the Statutory Land Charges Registration Act 1928, as a charge on the title of the land in respect of which the development contribution was required.

8.2.4 As provided for in Section 116 of the Resource Management Act where development has commenced without the payment of a development contribution as specified in council's decision document relating to the land use consents it is considered that the consent is not valid and council may issue an abatement notice.

9. Refunds, Exemptions and Applications to Vary

9.1 Refunds

9.1.1 The council will refund to the payee, (individual, company, or other entity), who paid the original development contribution (less reasonable costs to process) where:

- ⇒ Consent lapses or is surrendered or the development or building for which the consent was granted does not proceed
- ⇒ Council does not provide infrastructure or reserves for which the contribution was required
- ⇒ There have been previous overpayments for whatever reason

9.2 Exemptions

9.2.1 Fee simple subdivision of an existing cross-lease development is not subject to development contributions.

9.2.2 Subdivision to reformulate the legal title for a property is not subject to development contributions provided that:

- (a) The subdivision application involves no physical works;
- (b) No additional allotments are created.

9.2.3 In this section, a building is "completed" on the date a code compliance certificate or certificate of public use under the Building Act 1991 or Building Act 2004 is issued.

9.2.4 Stage 2 cross-lease and Stage 2 unit title subdivisions are exempt from development contributions. This exemption applies to both the first applications for Stage 2 plans and subsequent applications to amend the cross-lease or unit-title plans, unless the amendment results in additional allotments or units being created.

9.2.5 The above exemptions apply only to the subdivision of existing or completed cross-leases or unit plans. A building consent relating to an existing or complete cross lease or unit plan will be assessed in accordance with **Section 6.3.10** of this Policy.

9.2.6 A full list of consent types and sub-types that will attract development contributions will be maintained in the development contributions information set relevant to this policy.

9.2.7 Where a consent is granted for a boundary adjustment and no new allotments or titles are created, then development contributions will not be assessed.

9.3 Applications to Vary Consents or the Conditions of a Consent

9.3.1 Where applications are granted to vary consents or the conditions of consents, which would result in change to HUEs (e.g. through change of use from one residential or non-residential land use category to another), gross floor area or impervious surface area (to the extent of the variation), then these will be considered, for the purposes of development contributions, to be the granting of new consents and revised assessments will be issued.

10. Other Matters

10.1 *Revision of Schedule of Contributions*

10.1.1 Council may review the Schedule of Contributions (**Appendix A**) on an annual basis and consult on this revision through the City Plan or Annual Plan process.

10.2 *Private Development Agreements*

10.2.1 Where it is in the best interests of all parties, the council may enter into a Private Development Agreement with the developer.

10.2.2 This agreement must clearly state the departures from the standard process and calculation and the reasons for entering into the agreement.

10.2.3 The council may require developers to pay the council's reasonable legal costs in entering into a Private Development Agreement.

10.3 *Council Developments and Development Contributions*

10.3.1 The council is exempt from paying any development contributions on any development that itself is a capital expenditure project for which development contributions are required.

10.3.2 The Crown is exempt from paying any development contributions in accordance with the requirements of the LGA 2002 where development is a development of the Crown.

10.3.3 State integrated schools shall be assessed and administered on the same basis as state schools.

10.3.4 Nothing in this section precludes payment as a voluntary contribution toward the cost of the assets council must construct in anticipation of growth.

10.4 *Goods and Services Tax (GST)*

10.4.1 The total end-to-end process for calculation of development contributions for network infrastructure and community infrastructure is exclusive of GST. Once all the calculations are complete, GST shall be added to the final invoice as required by the legislation and/or regulation of the day.

10.4.2 The valuation of land for the calculation of development contributions for Parks Reserves shall be "including GST if any" for residential properties and "excluding GST if any" for non-residential properties. This is consistent with the guidelines provided by the New Zealand Institute of Valuers. Once all the calculations are complete, GST shall be added to the final invoice as required by the legislation and/or regulation of the day.

11. Review Process

11.1 *Requesting a review*

- 11.1.1 An applicant for a resource consent, building consent or service connection may at any time enquire as to why their application was subject to development contributions, why a particular contribution value was assessed, or any other matter relating to the development contributions.
- 11.1.2 An applicant may also seek a review. Any such request must be made in writing within 20 working days of the council advising that a development contribution is required or within 20 working days after the consent has been granted, whichever occurs later.
- 11.1.3 The request must clearly state the site and specific application subject to the contribution, the particular contributions (s) to be reviewed and any matters the applicant would like the council to take into consideration when undertaking the review.

NOTE: It is important to note that this review process is similar to that for remission of rates and there is no right to a hearing similar to that for a condition of a resource consent.

- 11.1.4 The applicant will be advised of the result of the review in writing and within 20 working days of the review request being considered by the development contribution review team.
- 11.1.5 If as a result of the review the request is to be referred to a council committee for further consideration, the applicant will be given five working days' notice of the date, time and venue of that committee meeting.
- 11.1.6 The applicant will be advised of the result of the review in writing and within 20 working days of the review request being considered by the council committee.
- 11.1.7 At this time there is no charge for the administrative costs of processing these reviews. The council may introduce a charge at a later date.

12. Special Transitional Provisions

12.1 Consents Subject to Appeal

- 12.1 Exemptions to the standard transitional requirements specified in **Section 1.3** are provided in two special circumstances for consents subject to appeal:
- 12.1.2 Where a consent is granted prior to the introduction of any contributions policy and appealed by a third party which ultimately results in the consent being re-granted at a later date, on or after the introduction of that contributions policy, then for the purposes of development contributions the date of granting shall be taken as the original date of granting and any contributions payable shall be calculated accordingly.
- 12.1.3 Where a consent is declined prior to the introduction of any contributions policy and that decision is appealed, which ultimately results in the consent being granted at a later date, on or after the introduction of that contributions policy, then if the consent is identical or in the opinion of the council substantially similar, then for the purposes of development contributions the date of granting shall be taken as the original date the consent was declined and any contributions payable shall be calculated accordingly.

12.2 Concessionary Reduction

- 12.2.1 Where a subdivision that existed prior to 1 January 2002 is developed, or where a development or subdivision that existed prior to this date is subdivided, credit shall be given on an age related basis. For example, a subdivision completed in 1992 attracts a 100 per cent credit for each existing allotment or residential/non-residential unit, while a subdivision completed in 1997 attracts a 50 per cent credit for each existing allotment or residential/non-residential unit.

Date Pre-existing Subdivision or Development completed	Extent of Credit
Prior to 01/01/1992	100%
01/01/1992 - 31/12/2001	Credit decreasing each year on a daily linear basis
01/01/2002 onwards	No credit

Note - This table applies to credits for Parks Reserves as well (refer **Section 7**)

13. Significant Assumptions

13.1 Summary

- 13.1.1 Throughout the entire process of determining development contributions the council has used the best available information. As more accurate or up-to-date information becomes available it will be used.
- 13.1.2 Any significant updates between City Plan reviews that would cause a maximum contribution to be increased will be held over until the next review of the Development Contributions Policy or Schedule of Charges (**Appendix A**).

13.2 Growth

- 13.2.1 Council has made the best assumptions it can regarding the anticipated growth of the city in line with the District Plan and Regional Growth Strategy. This includes the basis of the native units and the HUEs at **Section 5.3**. Despite the recent high growth rates these are still within the tolerance expected by the growth model. The council's projection of HUEs for residential and non-residential growth is set out in summary on the next page and in greater detail (in contribution catchments) in the Information Set.

Projection of Household Unit Equivalents for Residential and Non-Residential Growth

2009 - 2024 Household Unit Equivalents (Citywide)											
Financial Year End June	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Activity											
Community Services	80,167	81,454	82,741	84,067	85,391	86,716	88,040	89,365	90,688	92,014	93,338
Parks Community	80,167	81,454	82,741	84,067	85,391	86,716	88,040	89,365	90,688	92,014	93,338
Stormwater	101,259	102,780	104,299	105,912	107,527	109,143	110,753	112,369	113,980	115,597	117,208
Transport	141,728	143,524	145,319	148,225	151,129	154,038	156,943	159,852	162,755	165,661	168,567
Wastewater	96,052	97,498	98,943	100,488	102,030	103,571	105,114	106,657	108,197	109,742	111,282
Water Supply	97,041	98,514	99,989	101,545	103,100	104,656	106,211	107,767	109,323	110,878	112,434
Waste Water Treatment	96,052	97,498	98,943	100,488	102,030	103,571	105,114	106,657	108,197	109,742	111,282

2009 - 2024 Household Unit Equivalents (Citywide)					
Financial Year End June	2020	2021	2022	2023	2024
Activity					
Community Services	94,663	95,988	97,174	98,361	99,547
Parks Community	94,663	95,988	97,174	98,361	99,547
Stormwater	118,823	120,436	121,914	123,396	124,872
Transport	171,474	174,379	176,505	178,628	180,753
Wastewater	112,825	114,367	115,785	117,200	118,616
Water Supply	113,990	115,545	116,969	118,386	119,807
Waste Water Treatment	112,825	114,367	115,785	117,200	118,616

as at 20/02/2009

13.3 Capital Works

13.3.1 In order to support the anticipated growth the council has assumed that a reasonable capital works programme will be necessary. If the growth rates alter it is most likely that the capital works programme will be re-sequenced or subtly accelerated or slowed rather than dramatically changed in some other way. The council's Asset Management Plans relevant to each Activity contain further detail and assumptions underpinning the capital works programme.

13.4 Third Party Funding

13.4.1 While these are subject to change over time, the council has assumed that the funding policies of agencies such as the New Zealand Transport Agency and the Auckland Regional Transport Authority (formerly in part Infrastructure Auckland) will remain the same for the period of the City Plan.

13.5 Interest Rates

13.5.1 The interest rates used within the development contributions funding model is currently 7.2 per cent (7.5 per cent 2006, 7.5 per cent 2004) for interest paid. As council is a net borrower at present interest earned is set at 7.2 per cent (7.5 per cent 2006, 7.5 per cent 2004).

13.5.2 The interest paid is substantially the same interest rates as those used in the overall council funding model used to calculate rates.

13.5.3 While interest rates are subject to fluctuation and are reviewed annually, these are reasonable assumptions over the periods of the City Plan.

13.6 Inflation

13.6.1 All financial amounts related to capital works reported in this policy include the inflation assumptions of the City Plan from which the schedule of charges was derived.

14. Appendices

Appendix A - Development Contributions Schedule of Charges - 2009-2024 Contribution per Unit of Demand or HUE

		Excl GST	Incl GST		Excl GST	Incl GST	
WASTEWATER TREATMENT	Citywide - 2009	3210.00	3,611.25	WASTEWATER (CONT'D)			
STORMWATER	Albany - 2009	734.00	825.75		14-Cuthill - 2009	2,234.00	2,513.25
	Awaruku - 2009	1,643.00	1,848.38		15-Constellation - 2009	2,234.00	2,513.25
	Birkdale - Beach Haven - 2009	1,325.00	1,490.63		16-Long Bay - 2009	15,482.00	17,417.25
	Devonport East - 2009	1,070.00	1,203.75		17-Okura - 2009	-	-
	East Coast Bays - 2009	3,533.00	3,974.63		18-Albany Heights - 2009	-	-
	Greenhithe - 2009	817.00	919.13		19- Paremoremo - 2009	-	-
	Lake Pupuke - 2009	726.00	816.75	TRANSPORT	Albany 1 - 2009	8,731.00	9,822.38
	Long Bay - 2009	726.00	816.75		Albany 2 - 2009	10,132.00	11,398.50
	Lucas Creek - 2009	854.00	960.75		Albany 3 - 2009	8,015.00	9,016.88
	Okura - 2009	726.00	816.75		Albany 4 - 2009	5,113.00	5,752.13
	Paremoremo - 2009	1,055.00	1,186.88		Birkenhead-Northcote - 2009	4,449.00	5,005.13
	Shoal Bay - 2009	2,800.00	3,150.00		Devonport - 2009	4,449.00	5,005.13
	Wairau - 2009	1,323.00	1,488.38		East Coast Bays - 2009	4,449.00	5,005.13
WATER SUPPLY	Albany Basin - 2009	305.00	343.13		Glenfield - 2009	5,159.00	5,803.88
	Birkenhead - Beach Haven - 2009	1,147.00	1,290.38		Long Bay - 2009	11,306.00	12,719.25
	Cuthill-Greenhithe - 2009	346.00	389.25		Takapuna - 2009	4,449.00	5,005.13
	East Coast Bays - 2009	1,093.00	1,229.63	PARKS COMMUNITY	Albany - 2009	3,015.00	3,391.88
	Glenfield - 2009	561.00	631.13		Birkenhead-Northcote - 2009	2,720.00	3,060.00
	Northcote-Takapuna - 2009	1,457.00	1,639.13		Devonport - 2009	3,563.00	4,008.38
	Northern Albany - 2009	235.00	264.38		East Coast Bays -2009	2,664.00	2,997.00
	Okura - 2009	372.00	418.50		Glenfield - 2009	2,546.00	2,864.25
	Takapuna-Devonport - 2009	624.00	702.00		Takapuna - 2009	2,528.00	2,844.00
WASTEWATER	01-Northcote - 2009	6,639.00	7,468.88	COMMUNITY SERVICES	Albany - 2009	858.00	965.25
	02-Seabreeze - 2009	4,275.00	4,809.38		Birkenhead-Northcote - 2009	2,681.00	3,016.13
	03-Northboro - 2009	3,358.00	3,777.75		Devonport - 2009	2,913.00	3,277.13
	04-Barrys Point - 2009	2,839.00	3,193.88		East Coast Bays - 2009	202.00	227.25
	05-Alma - 2009	3,212.00	3,613.50		Glenfield - 2009	573.00	644.63
	06-Kahika - 2009	7,043.00	7,923.38		Takapuna - 2009	202.00	227.25
	07-Kyle - 2009	3,300.00	3,712.50	PARKS - RESERVES			
	08-Glenfield - 2009	8,397.00	9,446.63				
	09-Hillcrest - 2009	5,464.00	6,147.00				
	10-Browns Bay - 2009	17,047.00	19,177.88				
	11-Sidmouth - 2009	8,398.00	9,447.75				
	12-Rosedale - 2009	4,820.00	5,422.50				
	13-Wairau - 2009	2,581.00	2,903.63				

Development contributions for reserves shall be the greater of -

- 7.5% of the value of the additional allotments created by a subdivision; and
- the value equivalent of 20m² of land for each additional household unit created by the development.
- and be subject to the caps council has set on maximum allotment size and land valuation rate as described at **Section 7** of this policy.

Amended 2006-2016 Contribution per Unit of Demand or HUE

		Excl GST	Incl GST		Excl GST	Incl GST
WASTEWATER TREATMENT	Citywide - 2006	2,756.86	3,101.47	WASTEWATER (CONT'D)		
STORMWATER	Albany - 2006	944.08	1,062.09		17-Okura - 2006	- 0.00
	Awaruku - 2006	481.85	542.08		18-Albany Heights - 2006	- 0.00
	Birkdale - Beach Haven - 2006	1,282.87	1,443.23		19- Paremoremo - 2006	- 0.00
	Devonport East - 2006	659.65	742.11	TRANSPORT	Albany 1 - 2006	7,441.82 8,372.05
	East Coast Bays - 2006	3,119.89	3,509.88		Albany 2 - 2006	9,074.02 10,208.27
	Greenhithe - 2006	753.11	847.25		Albany 3 - 2006	5,706.99 6,420.36
	Lake Pupuke - 2006	481.85	542.08		Albany 4 - 2006	2,933.32 3,299.99
	Long Bay - 2006	2,277.74	2,562.46		Birkenhead-Northcote - 2006	2,697.84 3,035.07
	Lucas Creek - 2006	1,251.81	1,408.29		Devonport - 2006	2,697.84 3,035.07
	Okura - 2006	481.85	542.08		East Coast Bays - 2006	2,697.84 3,035.07
	Paremoremo - 2006	481.85	542.08		Glenfield - 2006	2,920.83 3,285.93
	Shoal Bay - 2006	1,345.02	1,513.15		Long Bay - 2006	10,483.01 11,793.39
	Wairau - 2006	552.96	622.08		Takapuna - 2006	2,697.84 3,035.07
WATER SUPPLY	Albany Basin - 2006	374.69	421.53	PARKS COMMUNITY	Albany - 2006	1,830.28 2,059.07
	Birkenhead- Beach Haven - 2006	655.58	737.53		Birkenhead-Northcote - 2006	1,781.11 2,003.75
	Cuthill-Greenhithe - 2006	504.66	567.74		Devonport - 2006	1,900.54 2,138.11
	East Coast Bays - 2006	439.39	494.30		East Coast Bays -2006	1,738.39 1,955.69
	Glenfield - 2006	380.54	428.11		Glenfield - 2006	1,738.39 1,955.69
	Northcote-Takapuna - 2006	518.00	582.75		Takapuna - 2006	1,789.11 2,012.75
	Northern Albany - 2006	357.92	402.66	COMMUNITY SERVICES	Albany - 2006	183.43 206.36
	Okura - 2006	357.92	402.66		Birkenhead-Northcote - 2006	1,206.28 1,357.07
	Takapuna-Devonport - 2006	505.33	568.50		Devonport - 2006	183.43 206.36
WASTEWATER	01-Northcote - 2006	807.09	907.98		East Coast Bays - 2006	183.43 206.36
	02-Seabreeze - 2006	807.09	907.98		Glenfield - 2006	428.62 482.20
	03-Northboro - 2006	807.09	907.98		Takapuna - 2006	183.43 206.36
	04-Barrys Point - 2006	807.09	907.98	PARKS - RESERVES		
	05-Alma - 2006	1,416.82	1,593.92		Development contributions for reserves shall be the greater of -	
	06-Kahika - 2006	2,654.52	2,986.34	(a)	7.5% of the value of the additional allotments created by a subdivision; and	
	07-Kyle - 2006	1,433.01	1,612.14	(b)	the value equivalent of 20m ² of land for each additional household unit created by the development.	
	08-Glenfield - 2006	3,516.65	3,956.23	(c)	and be subject to the caps council has set on maximum allotment size and land valuation rate as described at section 7 of this policy.	
	09-Hillcrest - 2006	1,493.20	1,679.85			
	10-Browns Bay - 2006	807.09	907.98			
	11-Sidmouth - 2006	807.09	907.98			
	12-Rosedale - 2006	807.09	907.98			
	13-Wairau - 2006	994.01	1,118.26			
	14-Cuthill - 2006	807.09	907.98			
	15-Constellation - 2006	807.09	907.98			
	16-Long Bay - 2006	1,322.15	1,487.42			

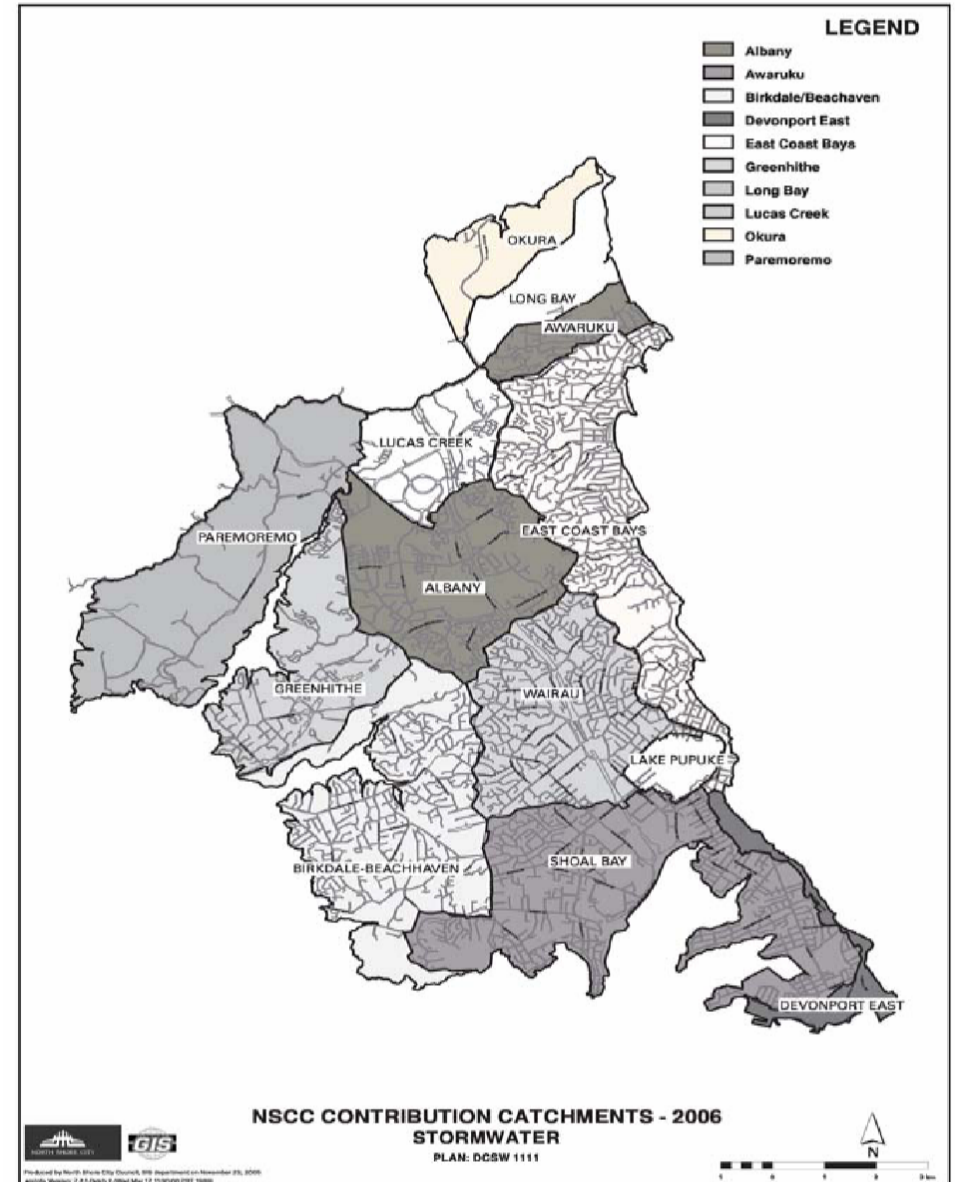
Amended 2004-2014 Contribution per Unit of Demand or HUE

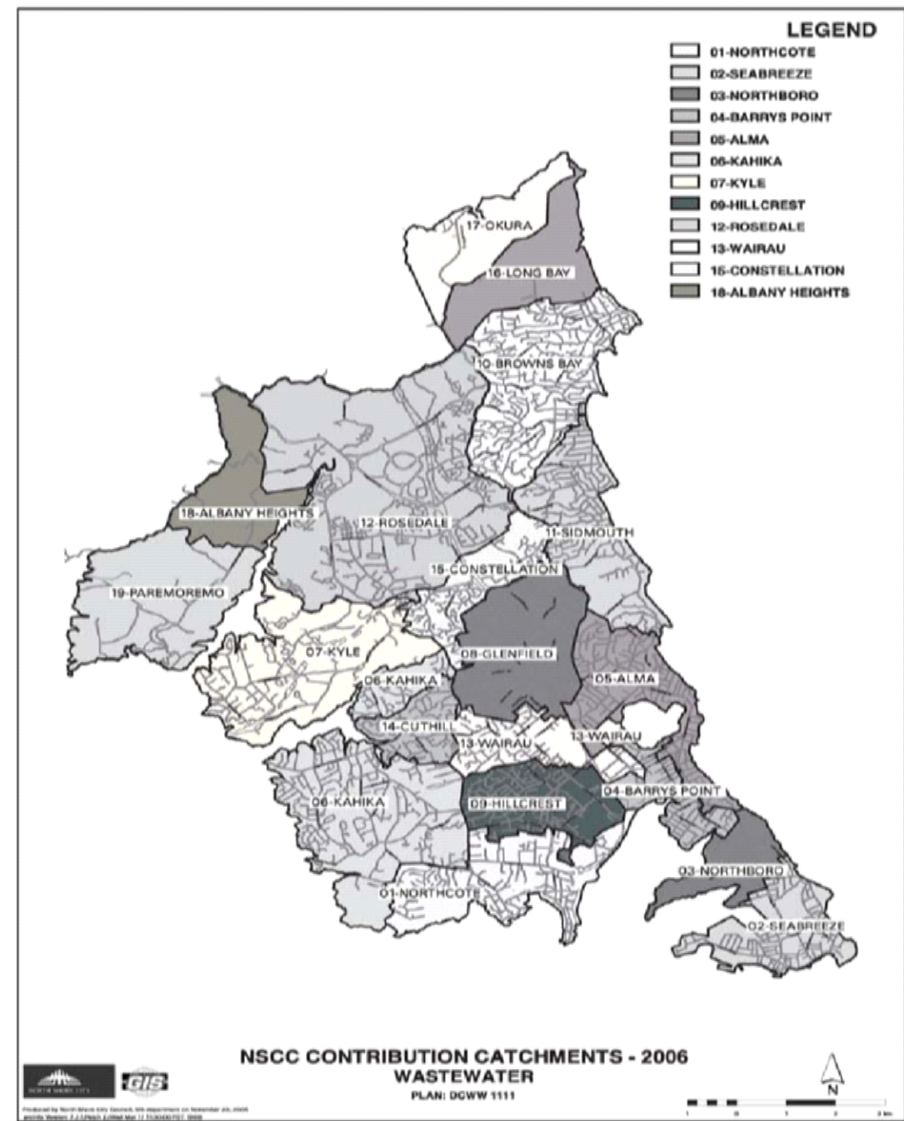
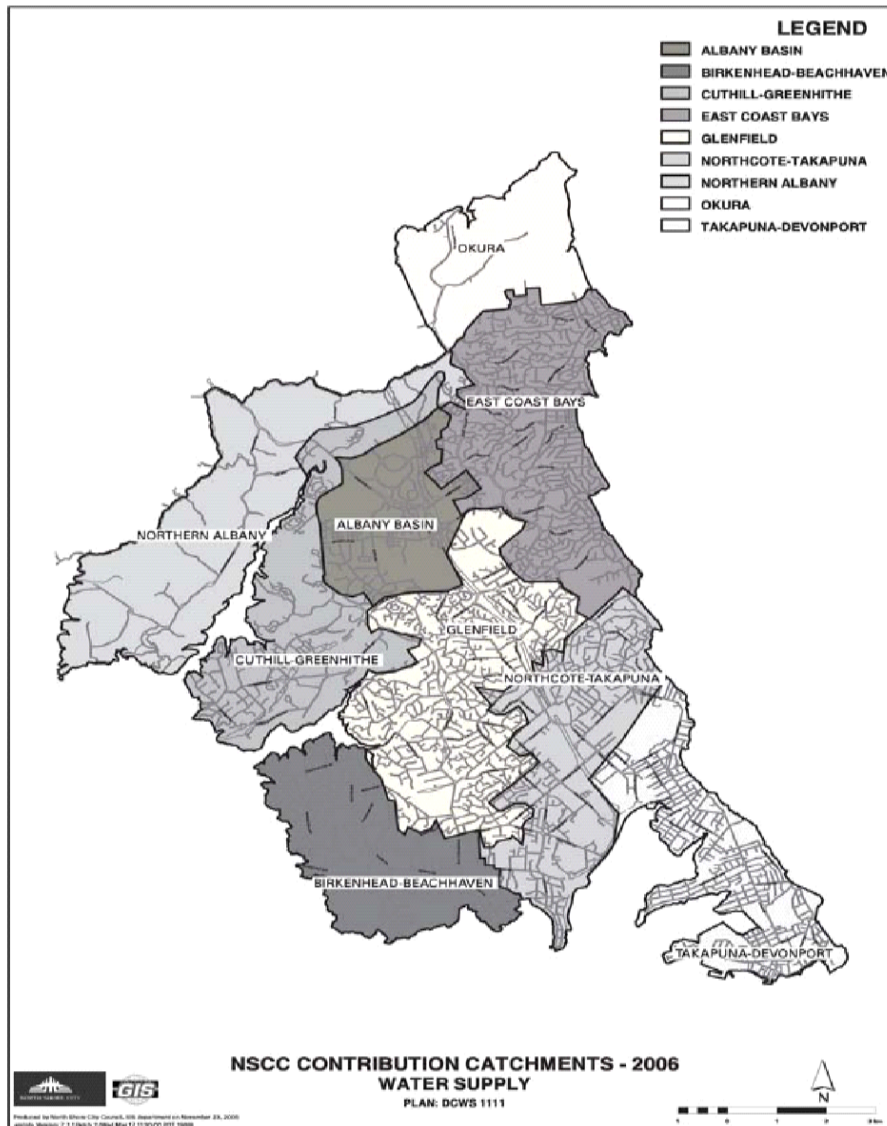
		Excl GST	Incl GST		Excl GST	Incl GST
WASTEWATER TREATMENT	Citywide - 2004	2,366.92	2,662.79			
STORMWATER	Albany - 2004	472.24	531.27	WASTEWATER (CONT'D)		
	Awaruku - 2004	255.20	287.10		16-Long Bay - 2004	3,418.28
	Birkdale - Beach Haven - 2004	1,395.34	1,569.76		17-Okura - 2004	4,313.09
	Devonport East - 2004	1,163.62	1,309.07		18-Albany Heights - 2004	-
	East Coast Bays - 2004	1,628.98	1,832.60		19- Paremoremo - 2004	-
	Greenhithe - 2004	300.76	338.36	TRANSPORT		
	Lake Pupuke - 2004	255.20	287.10		Albany 1 - 2004	1,542.06
	Long Bay - 2004	2,212.18	2,488.70		Albany 2 - 2004	2,077.00
	Lucas Creek - 2004	800.34	900.38		Albany 3 - 2004	1,769.97
	Okura - 2004	255.20	287.10		Albany 4 - 2004	1,018.26
	Paremoremo - 2004	255.20	287.10		Birkenhead-Northcote - 2004	1,018.26
	Shoal Bay - 2004	984.88	1,107.99		Devonport - 2004	1,018.26
	Wairau - 2004	527.23	593.13		East Coast Bays - 2004	1,018.26
					Glenfield - 2004	1,199.29
WATER SUPPLY	Albany Basin - 2004	90.57	101.89		Long Bay - 2004	4,764.25
	Birkenhead- Beach Haven - 2004	108.86	122.47		Takapuna - 2004	1,018.26
	Cuthill-Greenhithe - 2004	90.57	101.89	PARKS COMMUNITY		
	East Coast Bays - 2004	90.57	101.89		Albany - 2004	1,806.08
	Glenfield - 2004	90.57	101.89		Birkenhead-Northcote - 2004	1,663.00
	Northcote-Takapuna - 2004	102.82	115.67		Devonport - 2004	1,805.00
	Northern Albany - 2004	90.57	101.89		East Coast Bays -2004	1,694.00
	Okura - 2004	1,516.75	1,706.34		Glenfield - 2004	1,680.00
	Takapuna-Devonport - 2004	90.57	101.89		Takapuna - 2004	1708.16
				COMMUNITY SERVICES		
WASTEWATER	01-Northcote - 2004	580.75	653.34		Albany - 2004	454.20
	02-Seabreeze - 2004	580.75	653.34		Birkenhead-Northcote - 2004	1,262.00
	03-Northboro - 2004	580.75	653.34		Devonport - 2004	291.77
	04-Barrys Point - 2004	580.75	653.34		East Coast Bays - 2004	291.77
	05-Alma - 2004	580.75	653.34		Glenfield - 2004	328.22
	06-Kahika - 2004	580.75	653.34		Takapuna - 2004	291.77
	07-Kyle - 2004	1,011.27	1,137.68	PARKS - RESERVES		
	08-Glenfield - 2004	3,043.00	3,423.38		Development contributions for reserves shall be the greater of -	
	09-Hillcrest - 2004	580.75	653.34	(a)	7.5% of the value of the additional allotments created by a subdivision; and	
	10-Browns Bay - 2004	580.75	653.34	(b)	the value equivalent of 20m ² of land for each additional household unit created by the development.	
	11-Sidmouth - 2004	580.75	653.34	(c)	and be subject to the caps council has set on maximum allotment size and land valuation rate as described at section 7 of this policy.	
	12-Rosedale - 2004	580.75	653.34			
	13-Wairau - 2004	580.75	653.34			
	14-Cuthill - 2004	580.75	653.34			
	15-Constellation - 2004	580.75	653.34			

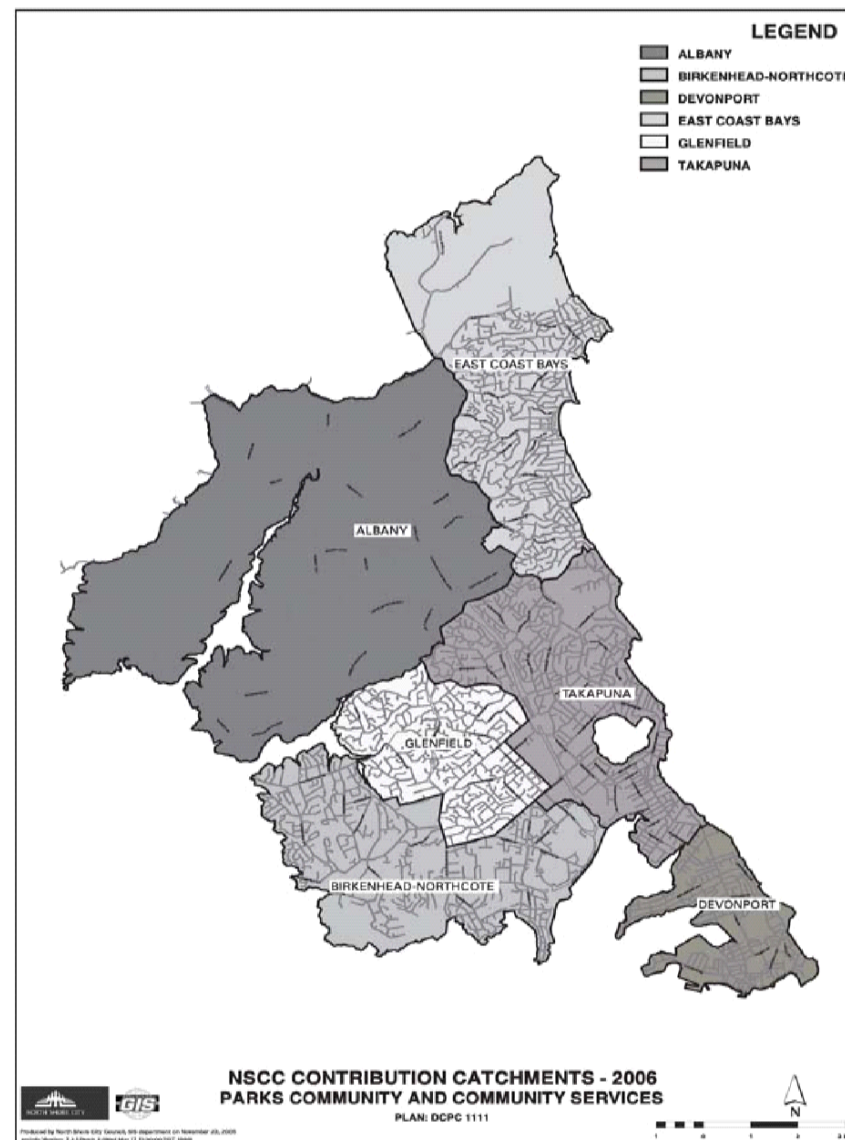
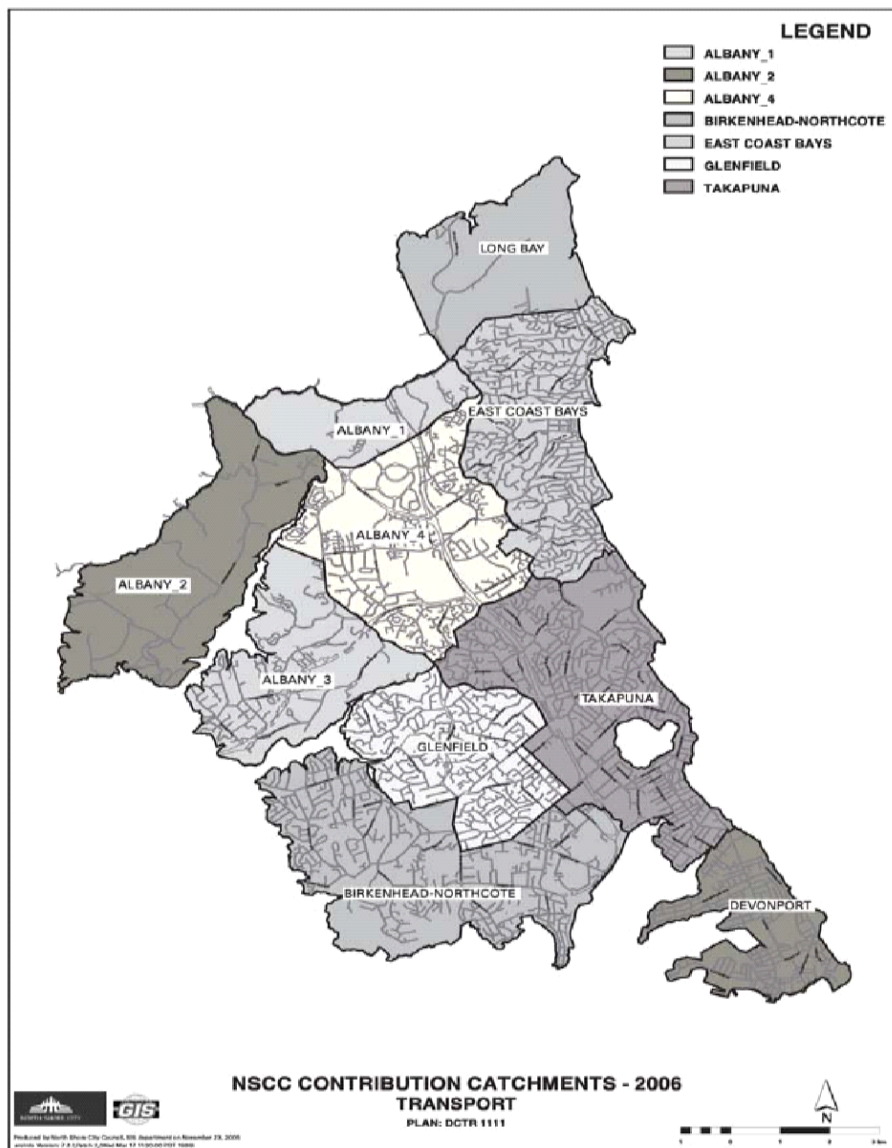
Appendix B - Contribution Catchment Maps

Contribution Catchment Maps

1. Stormwater
2. Water Supply
3. Wastewater
4. Transport
5. Parks Community & Community Services







Appendix C - Occasions on which contributions may be required

There are a limited number of circumstances set out in the LGA 2002 where the council may have an opportunity to identify and assess demand created by a development project and thereafter require a development contribution. On the first such opportunity and at each and every subsequent opportunity, the development will be reviewed and additional development contributions shall be required if the HUEs assessed for the development exceed those previously paid for or arising as a result of historic or actual credits.

The following table shows the consent opportunities that the council has available to it to make an assessment for the purposes of a development contribution. Where the word "maybe" is indicated in the table the applicant is requested to discuss the nature of the work they are making application for with the council's Development Contribution Assessment Team in order to enable council to better understand and assess the nature of the particular development and demand.

Consent Type	Code	Description	DC Qualifying Contribution
Building Consent	BA	Alterations and Additions - Residential	Maybe
	BB	New Dwelling	Yes
	BC	Residential Units - More than 1	Yes
	BD	Commercial Alterations and Additions	Yes
	BE	Commercial New Building	Yes
	BF	Commercial Alterations and Additions Producer Statement	Maybe
	BH	Relocated Dwelling	Maybe
	BN	Internal Shop Fitout Change of Use	Maybe
	BO	Minor Unit or Granny Flat	Yes
	BP	Amended Plans	Maybe
	BQ	Project Information Memorandum	Yes
	BR	Other Building Deposit Work	Maybe
Resource Consent (Land Use)	LB	Accessory Bldgs, Fences and Pool	Maybe
	LC	Accessory Bldgs, Fences and Pools.3 Infringements	Maybe
	LD	Alterations & Additions to Dwelling (Controlled 102 Infringements)	Yes
	LE	Alterations & Additions to Dwelling (3 or / Infringements)	Maybe
	LF	New dwelling/unit (Controlled, 1-2 Infringements)	Yes

Consent Type	Code	Description	DC Qualifying Contribution
	LG	New Dwelling/Unit (3 or /Infringements)	Yes
	LH	New Residential Units 2 or more	Yes
	LI	Additional Dwelling	Yes
	LJ	Business: Alterations & Additions to building(s) (1 infringement)	Yes
	LK	Variation of Existing Business (1-2 infringements)	Maybe
	LL	Business Activity (3 or > infringements)	Yes
	LM	New business in Existing Bldg (1-2 infringements)	Yes
	LN	New Business(s)	Yes
	LP	Earthworks or Retaining Wall	Maybe
	Resource Consent (Land Use)	LR	Community (eg: Events, Schools, University) Reserves)
	LT	Other Land Use	Yes
	LV	Cancellation/Variation of conditions (notified)	Maybe
	LW	Cancellation/Variation of conditions (non-notified)	Maybe
	OB	Outline Plan - (School, Accessory Bldg)	Yes
	OC	Outline Plan (1-2 new classes)	Yes
	OD	Outline Plan	Yes
	Resource Consent	SA	New Subdivision
	SC	Combo Consent SUB/LUC	Yes
	SE	Right of Way	Maybe
	SI	Cancel/Vary Consent notice	Maybe
	SJ	Removal of Limitations	Maybe
	SP	Other Subdivision Deposit	Yes
	SW	Cancellation/Variation of Conditions (Notified)	Maybe
	SX	Cancellation/Variation of Conditions (Notified)	Maybe
	UP	Proposed Unit Plan	Yes
	UR	Redevelopment Unit Plan	Yes
	X12	Cross Lease Complete Stage	Yes
	XS1	Cross Lease Stage 1	Yes
	Consent Type (Other)	DA	Extension of Existing Use Rights (\$10(2))

The table below shows the Activities that will be assessed at an available opportunity:

Activity	Subdivision Consent	Land Use Consent	Building Consent	Service Connections			
				Wastewater	Stormwater	Water Supply	Vehicle Crossing
Parks Reserves	x	x	x				
Wastewater Treatment	x ¹	x ¹	x ¹	x			
Wastewater	x ¹	x ¹	x ¹	x			
Stormwater	x	x	x		x		
Water Supply	x ²	x ²	x ²			x	
Transport	x	x	x				x
Parks Community	x ³	x ³	x ³				
Community Services	x ³	x ³	x ³				

NOTES:

1. Development contributions will only be collected for wastewater and wastewater treatment on resource consents and/or building consents if the development is already connected to the wastewater system or is proposed to be connected as part of the development proposal.
2. The full development contribution for water supply will only be collected on resource consents and/or building consents if the development is already connected to the water supply system or is proposed to be connected as part of the development proposal. Where the development is choosing not to connect but is sufficiently adjacent to the reticulation to receive fire-flow protection from the fire hydrants then a 50 per cent contribution shall be assessed and collected.
3. Not assessed on non-residential developments.

Appendix D - Summary of Expenditure with Residual Capacity 2009-2024 Schedule

The following is a summary of the "net growth" component of growth capital works projects and selected past expenditure with residual growth capacity that has been included in the calculation of the development contributions.

2009-2024 Net Growth Projects (from Table 2b)

Activity	Historic Expenditure \$000	2009/10 \$000	2010/11 \$000	2011/12 \$000	2012/13 \$000	2013/14 \$000	2014/15 \$000	2015/16 \$000	2016/17 \$000	2017/18 \$000	Sub Total \$000
Wastewater Treatment Plant	25,361	17,203	1,059	-	931	482	2,244	1,035	1,485	1,876	51,675
Stormwater	1,518	1,464	2,194	3,509	5,866	5,003	3,985	4,249	4,232	4,354	36,373
Water Supply	-	838	516	451	988	1,012	604	419	436	572	5,836
Wastewater	5,386	4,564	10,776	11,030	8,003	9,776	15,354	7,746	11,064	13,874	97,572
Transport	29,819	13,691	6,416	8,136	7,898	8,528	10,378	11,611	13,873	20,143	130,493
Parks - Community	2,067	5,825	2,351	2,464	3,691	2,489	2,272	3,173	3,159	2,403	29,893
Community Services	2,693	2,246	-	-	-	3,498	2,450	-	-	-	10,887
Parks - Reserves	19,596	13,992	7,078	7,077	8,076	8,975	8,874	8,573	8,372	9,170	99,782
TOTAL	86,439	59,823	30,390	32,666	35,453	39,762	46,161	36,805	42,620	52,392	462,511

Activity	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000	2023/24 \$000	Total \$000
Wastewater Treatment Plant	7,921	8,327	3,286	4,499	3,370	-	79,078
Stormwater	4,565	4,739	4,927	5,143	5,401	5,708	66,857
Water Supply	472	492	512	533	555	578	8,979
Wastewater	16,380	20,005	12,978	3,379	3,602	105	154,022
Transport	19,889	19,859	16,300	15,682	15,636	4,772	222,630
Parks - Community	4,024	3,634	2,881	2,609	3,634	3,429	50,103
Community Services	5,205	5,409	405	-	-	-	21,906
Parks - Reserves	9,668	10,264	10,360	10,456	11,551	12,048	164,129
TOTAL	68,123	72,730	51,648	42,300	43,750	26,641	767,703

Pre 2009 Net Growth Historic (from Table 3)

Activity	1998/99 \$000	1999/00 \$000	2000/01 \$000	2001/02 \$000	2002/03 \$000	2003/04 \$000	2004/05 \$000	2005/06 \$000	2006/07 \$000	2007/08 \$000	2008/09 \$000	Total \$000
Wastewater Treatment Plant	2,501	14,118	5,649	5,384	8,030	2,491	690	2,013	8,643	14,032	1,163	64,714
Stormwater	-	14	31	244	1,747	944	2,034	2,196	2,141	1,722	1,309	12,381
Water Supply	-	-	-	-	-	1,104	616	847	1,231	1,281	448	5,527
Wastewater	-	-	464	3,462	2,683	5,481	7,460	4,870	3,545	3,827	40	31,831
Transport	473	517	756	1,370	996	533	649	1,210	3,565	299	352	10,721
Parks - Community	-	-	-	-	-	94	1,971	1,518	3,418	3,134	1,732	11,866
Community Services	-	-	-	-	336	-	136	-	-	-	-	472
Parks - Reserves	-	-	1,205	26,500	439	500	12,500	103	7,574	23,327	1,024	73,172
TOTAL	2,974	14,649	8,105	36,959	14,231	11,147	26,057	12,757	30,116	47,623	6,068	210,685

Appendix E - Summary of Significant Changes

The significant changes to the adopted 2009 Development Contributions Policy are:

Policy Change 2004 -14 to 2006 -16	Sections
Transition from 2004 DC Policy to 2006 DC Policy	1.3
Additional Residential Land-Use types - Retirement Village	5.4.1
Additional Non-Residential Land-Use types - Retail General, FMCG & Community	5.4.3
Transport Efficiency Factor of non residential	6.3.7
Reductions for Stormwater where outfall policy compliance (25%) or self serve (75%)	6.6.4
Parks Reserves - Maximum Allotment Size 2000m ²	7.3
Park Reserves - Maximum Land Valuation Rate \$1500/m ²	7.4
Esplanade Reserve Credits only if land acceptable as Park Reserve	7.7
Exemption for Subdivision of Existing Cross-leases	9.2.4
Gross Floor Area (GFA) Definition has exclusions added related to public space	Definitions

Policy Change 2006 - 16 to Amended 2009 - 24	Sections
Transition from 2006 DC Policy to 2009 DC Policy	1.3
General wording section 1 Introduction altered to better reflect the wording of the LGA 2002 in relation to developments and demand	1
Relationship with Revenue and Finance Policy to include s101(3) considerations for use of development contributions as a funding source. Include overview of relationship of Activities to community outcomes linkage to other sections of the City Plan	3.1
Includes tables providing summary of costs of growth relevant to 2009 Development Contributions Policy Schedule of Charges and reference to same for amendments to 2004 and 2006 Development Contributions Policies Schedule of Charges	4.1.3 and Appendix F
Cost allocation methodology section now includes recognition that projects have multiple purposes; stresses allocation is based against levels of service; introduces updated methodology as "Outcome Impacts Methodology" and provides updated overview of process from project cost through cost allocation to funding model to produce a schedule of charges; provides definition of the key output categories of the cost allocation; introduces the filters used to focus the analysis leading to use of the standard methodology or the alternative transitional Benefit method (Sweeney)	4.3
Expanded the description of the Funding model process that follows a cost allocation process with particular focus on "backcharge" calculation.	4.4
Introduces a land use type related to minor units 40m ² or less in area to cater for the genuine granny flat situation.	5.4.1
Section 6 combines prior policies assessment sections for residential and non residential into one section.	
Introduces a clause advising that in some cases to better understand the project to develop and demand that more information will be requested.	6.1.3

Follows a stage by stage assessment process as being common to both residential and non-residential with relevant components being used to complete calculation of the sum to be charged.	6.1.5
Removed section table used to calculate average non residential subdivision HUEs where GFA and ISA measures not known and replaced with charge of 1 HUE for a vacant lot subdivision.	6.3.7
Added a section to better describe mixed use developments and assessment of Stormwater.	6.3.8
Added special assessment threshold of 50% below standard HUE to cater for look at particularly low users.	6.3.9.4
Added a section specifically addressing Unit titles and making the distinction between buildings existing prior to 2004 policy (and where the "project to build" intent for that building was not to unit title) as being exempt. Enhanced section related to Fee Simple subdivision around existing buildings to better reflect approach to unit title and relationship of demand.	6.3.10
Added a section making clear that a change of use may also cause an assessment related to demand.	6.4.6
Added Reductions for water where no connect but within range of fire protection from hydrant.	6.6.3.1
Expanded section on Reductions Stormwater to clarify circumstances where development is in a situation that reduces demand on stormwater network.	6.6.4.1 and 6.6.4.2
Timing of payment more transactional based and timed with collection of s224c certificate, building consent, service connection, land use consent where certain conditions prevail eg earthworks.	8.1 and 8.2
Added statement to make clear that where a development contribution is not paid a s224c, code certificate of compliance or service connection will not be issued. Council may also seek to issue an abatement notice.	8.2.4 and 8.2.5
Expanded section on exemptions to clarify situations where the reorganisation of a title does not create demand or require an assessment.	9.25
Added clause stating s 8 LGA 2002 requirement that the Crown is exempt from payment of a development contribution.	10.3.2

Added clause that State Integrated schools be administered the same as the Crown following the council's decision on variation to 2006 - 16 City Plan consulted upon during Annual Plan 2008-2009.	10.3.3
Added clause stating nothing precludes any organisation making a voluntary contribution.	10.3.4
Inserted table of HUE growth by year.	13.2.1
Confirmed change in interest rate used in funding model for interest earned from 5% to 7.5% (budgeted average interest paid rate) on basis council is a net borrower.	13.5.1
Appendix A includes an amended Schedule of Charges for 2006 - 16 and 2004 - 14 and Schedule of Charges 2009 - 2024	Appendix A
Appendix C advises the list of consent types where council will seek to make an assessment of a development and its demand. Note in some cases council will require further information before it can finalise an assessment of demand.	Appendix C
Appendix D provides the net cost of growth for each Table from section 4 by Activity as further information supporting LGA 2002 requirement.	Appendix D
Appendix E is list of significant changes made to the policy.	Appendix E
Appendix F provides summary of statutory information relevant to Amended 2004 and amended 2006 Development Contribution Policies.	Appendix F
Added definitions for specific words in policy: Bonus Provision; Project; Update definition of - Boarding house, Guest house, Impervious surface area , Retail FMCG	Definitions

Appendix F - Summary of Expenditure with Residual Capacity - 2004-14 Schedule of Charges and 2006-16 Schedule of Charges

The following tables (Table F1 and Table F2) summarises cost of growth information relevant to the amended 2006-16 and the 2004-14 Schedule of Development Contribution charges. Note that contributions shown in the tables below are collected over the life of the project which is generally longer than the period of a City Plan.

Total Cost of Growth Works 2004 - 2014				
Activity	Total Cost of Projects involving growth \$000	Contributions \$000	Other Funding \$000	Rates \$000
Wastewater Treatment Plant	123,624	57,124		66,501
Stormwater	41,096	19,854	1,109	20,133
Water Supply	8,203	5,800		2,403
Wastewater	60,680	27,866		32,813
Transport	150,091	38,486	86,824	24,781
Parks - Community	24,664	21,770		2,894
Community Services	22,224	7,994		14,230
Parks - Reserves	-	-	-	-
TOTAL	430,582	178,894	87,934	163,755

Table F1

Total Cost of Growth Works 2006 - 2016				
Activity	Total Cost of Projects involving growth \$000	Contributions \$000	Other Funding \$000	Rates \$000
Wastewater Treatment Plant	162,128	70,777		91,351
Stormwater	62,427	27,238	614	34,575
Water Supply	19,297	8,937		10,360
Wastewater	97,511	35,460		62,050
Transport	324,930	112,980	155,377	56,572
Parks - Community	30,151	24,297		5,854
Community Services	13,554	4,762		8,793
Parks - Reserves	-	-	-	-
TOTAL	709,997	284,451	155,991	269,555

Table F2

The following tables (Table F3 and Table F4) are a summary of the "Net Growth" components of growth capital works projects that have been included in the calculation of development contributions charges.

Summary of Net Growth Projects 1 July 2004-30 June 2014

Activity	Historic Expenditure \$000	2004/05 \$000	2005/06 \$000	2006/07 \$000	2007/08 \$000	2008/09 \$000	2009/10 \$000	2010/11 \$000	2011/12 \$000	2012/13 \$000	2013/14 \$000	Total \$000
Wastewater Treatment Plant	343	1,018	1,733	2,617	3,392	10,747	12,210	4,840	3,000		2,350	42,249
Stormwater	2,040	1,764	3,683	2,489	2,710	2,359	1,322	929	479	362	100	18,237
Water Supply	-	348	333	200	274	472	3,070	353	244	244	244	5,779
Wastewater	3,669	3,875	1,697	499	1,321	2,628	2,628	1,712	3,515	2,843	1,862	26,250
Transport	3,420	9,183	4,610	2,922	4,136	2,297	1,331	3,086	1,975	1,975	1,048	35,983
Parks - Community	-	2,226	2,136	1,698	2,426	2,116	2,204	3,101	2,706	2,189	969	21,770
Community Services	-	527	2,098	94	-	1,160	1,160	1,907	747	301	-	7,994
Parks - Reserves	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	9,473	18,942	16,289	10,519	14,258	21,778	23,923	15,929	12,665	7,914	6,572	158,262

Table F3

Summary of Net Growth Projects 1 July 2006-30 June 2016

Activity	Historic Expenditure \$000	2006/07 \$000	2007/08 \$000	2008/09 \$000	2009/10 \$000	2010/11 \$000	2011/12 \$000	2012/13 \$000	2013/14 \$000	2014/15 \$000	2015/16 \$000	Total \$000
Wastewater Treatment Plant	2,986	5,725	14,775	23,197	10,175							56,858
Stormwater	2,332	1,210	1,618	2,460	3,402	3,074	2,757	1,654	1,340	1,337	1,384	22,570
Water Supply	85	847	878	650	742	768	807	882	913	945	978	8,495
Wastewater	2,499	2,336	6,129	2,126	3,087	975	2,608	3,922	3,003	1,636	133	28,453
Transport	22,140	7,648	11,766	8,629	9,364	10,844	7,618	7,468	11,592	6,338	6,807	110,214
Parks - Community	-	2,675	2,936	2,808	3,116	1,921	2,210	2,621	591	344	565	19,787
Community Services	265	1,313	645			847	864	355				4,289
Parks - Reserves	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	30,307	21,753	38,747	39,871	29,885	18,429	16,865	16,903	17,439	10,601	9,867	250,666

Table F4

In addition to the Cost of Future Growth, development contributions are also required for selected capital expenditure projects already incurred in anticipation of development and infrastructure demands. A summary of the "net growth" components is shown at **Table F5** and **Table F6** below. Section 199(2) of the LGA 2002 specifically provides for development contributions being used to pay for capital expenditure already incurred by a territorial authority in anticipation of development.

Summary of Pre-1 July 2004 net growth historic projects

Activity	1998/99 \$000	1999/00 \$000	2000/01 \$000	2001/02 \$000	2002/03 \$000	2003/04 \$000	Total \$000
Wastewater Treatment Plant			504		9,196	5,174	14,874
Stormwater					1,489	128	1,617
Water Supply						21	21
Wastewater			443	748	14	411	1,617
Transport	503	585	584	405	425		2,503
Parks - Community	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-
Parks - Reserves	-	-	1,205	35,099	439	500	37,243
TOTAL	503	585	2,736	36,253	11,563	6,235	57,875

Table F5

Summary of Pre-1 July 2006 net growth historic projects

Activity	1998/99 \$000	1999/00 \$000	2000/01 \$000	2001/02 \$000	2002/03 \$000	2003/04 \$000	2004/05 \$000	2005/06 \$000	Total \$000
Wastewater Treatment Plant			504		9,074	4,341			13,919
Stormwater					1,103	1,085	1,461	1,020	4,669
Water Supply						103		339	442
Wastewater			446	1,009	798	2,468	1,568	718	7,007
Transport	453	518	592	535	507	152	9		2,766
Parks - Community							1,382	3,127	4,509
Community Services					336		137		473
Parks - Reserves	-	-	1,205	35,099	439	500	-	-	37,243
TOTAL	453	518	2,747	36,644	12,257	8,649	4,557	5,204	71,029

Table F6

Further information relating to past projects with residual capacity is available in the Development Contributions Information Set.

The household unit equivalents (citywide) relevant to the amended 2004-14 and the amended 2006/16 Development Contributions are shown at **Tables F7** and **F8** respectively.

2004 - 14 Household Unit Equivalents (Citywide)

Financial Year End June	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Activity											
Parks Community	70,009	71,175	72,340	73,541	74,741	75,942	77,143	78,343	79,597	80,850	82,104
Community Facility	70,009	71,175	72,340	73,541	74,741	75,942	77,143	78,343	79,597	80,850	82,104
Stormwater	88,927	90,627	92,327	93,836	95,345	96,855	98,364	99,874	101,331	102,788	104,245
Transport	125,991	128,587	131,182	133,113	135,044	136,976	138,907	140,838	143,399	145,960	148,521
Wastewater	85,143	86,736	88,329	89,777	91,225	92,672	94,120	95,568	96,984	98,401	99,817
Water Supply	84,554	86,194	87,847	89,355	90,863	92,371	93,879	95,387	96,864	98,340	99,817
Wastewater Treatment	85,143	86,736	88,329	89,777	91,225	92,672	94,120	95,568	96,984	98,401	99,817

Table F7

2006 - 16 Household Unit Equivalents (Citywide)

Financial Year End June	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Activity											
Parks Community	76,359	77,647	78,935	80,223	81,510	82,798	83,976	85,155	86,333	87,511	88,690
Community Facility	76,359	77,647	78,935	80,223	81,510	82,798	83,976	85,155	86,333	87,511	88,690
Stormwater	96,347	97,943	99,540	101,136	102,733	104,329	105,712	107,095	108,478	109,862	111,245
Transport	135,201	137,220	139,238	141,256	143,275	145,293	147,782	150,271	152,760	155,248	157,737
Wastewater	92,349	93,883	95,418	96,953	98,488	100,022	101,364	102,706	104,049	105,391	106,733
Water Supply	92,349	93,883	95,418	96,953	98,488	100,022	101,364	102,706	104,049	105,391	106,733
Wastewater Treatment	92,349	93,883	95,418	96,953	98,488	100,022	101,364	102,706	104,049	105,391	106,733

Table F8

Definitions

Accessory Building

Means a building the use of which is incidental to that of any other building or activity on the site and includes garages, carports, workshops and garden sheds.

For the purposes of development contributions, accessory buildings will not be assessed for development contributions if they are utilised as an accessory building and associated with a residential unit. If at any time an accessory building is converted into a residential, retail, industrial or commercial land use type they will be assessed for development contributions.

Activity

Means a good or service provided by the council (as defined by section 5 of the LGA 2002) and the headings under which development contributions are collected. The assets for each Activity will generally be in accordance with the appropriate asset management parts. For this policy, the Activities are:

- ⇒ Parks-reserves
- ⇒ Transport
- ⇒ Water supply
- ⇒ Wastewater
- ⇒ Wastewater treatment
- ⇒ Stormwater
- ⇒ Parks-community
- ⇒ Community services

Allotment

Means:

- ⇒ any parcel of land under the Land Transfer Act 1952 that is a continuous area and whose boundaries are shown separately on a survey plan, whether or not:
 - (i) the subdivision shown on the survey plan has been allowed, or subdivision approval has been granted, under another Act; or
 - (ii) a subdivision consent for the subdivision shown on the survey plan has been granted under the Resource Management Act 1991; or
- ⇒ any parcel of land or building or part of a building that is shown or identified separately;
 - (i) on a survey plan; or
 - (ii) on a licence within the meaning of Part 7A of the Land Transfer Act 1952; or

- ⇒ any unit on a unit plan; or

- ⇒ any parcel of land not subject to the Land Transfer Act 1952 (as defined in s218 of the Resource Management Act 1991).

Alternative Servicing Systems

Means a system for the disposal of stormwater and sewage or for the supply of water which is not dependent on the reticulation systems provided by the council or any network utility operator.

Apartment Building

Means a single building comprising two or more residential units.

for the purposes of development contributions, apartment buildings will be assessed as a residential land use type.

Boarding House

Means a residential building in which board or lodging is provided or intended to be provided for reward or payment for three or more boarders or lodgers (other than members of the family of the occupier or person in charge or control of the building) but does not include a licensed hotel or building forming part of a motor camp or hostel.

For the purposes of development contributions, boarding houses will be assessed under the special assessment category.

Bonus Provision

Means additional height and floor area ratio bonuses are available in return for compliance with amenity requirements. To achieve bonuses a development must meet the requirements where applicable set out in the District Plan.

Breeding and Boarding Establishment for Animals

Means the breeding, caring for or boarding of more than two animals which do not normally reside on the site and includes all catteries.

For the purposes of development contributions, breeding and boarding establishment for animals will be assessed as a commercial land use type.

Building

Means any structure, whether temporary or permanent, movable or immovable and includes a desk, terrace or steps greater than 0.5 metres in height and any swimming pool, but excludes any fence, boundary wall or combination thereof less than 2.0 metres

in height above natural ground level and any retaining wall less than 1.5 metres in height above natural ground level, except as provided elsewhere in this plan for the foreshore yard.

For the purposes of development contributions the land use type used to assess development contributions will be dependant on whether the building is residential, commercial, industrial, retail general, retail FMCG or falls within the special assessment category.

Camping Ground

Means any area of land used or designed or intended to be used, for rent, hire, donation, or otherwise for reward, for the purposes of placing or erecting on the land temporary living-places for occupation by two or more families or parties (whether consisting of one or more persons) living independently of each other, whether or not such families or parties enjoy the use in common of entrances, water supplies, cookhouses, sanitary fixtures, or other premises and equipment. For the purposes of development contributions, camping grounds will be assessed as a commercial land use type.

Childcare Centre

Means any premises where children principally of pre-school age who do not normally reside on the site are cared for or educated and includes a crèche, Kohanga Reo, day care centre and play centre. Care may also be provided for older children before and after school hours.

For the purposes of development contributions, childcare centres will be assessed under the special assessment category.

Church

Means any premises used primarily for spiritual activities, meditation, public or private worship, religious ceremonies, religious instruction, church meetings and functions and includes a church hall and associated facilities and a churchyard.

For the purposes of development contributions, a church will be assessed as a community land use type.

Commercial

Means any activity involving commercial transactions or providing commercial or administrative services and includes non-school activities, offices and banks; but excludes premises or activities involving industrial manufacture or production and retail trade.

For the purposes of development contributions any consents deemed to be a commercial land use type will be assessed for development contributions.

Community Services

Means -

- ⇒ the provision of library services at locations, seven days a week, supplemented by a mobile library five days a week;
- ⇒ leisure services including swimming pools, fitness centres, leisure centres and other leisure activities;
- ⇒ the provision of facilities for community groups including community halls and centres, community houses, arts and performing arts centres; accommodation for community groups and major facilities such as the North Harbour Stadium, North Shore Events Centre and Bruce Mason Centre.

Community Use, Community Building or Community Facility

Means any building where people congregate on an organised basis or for community activities such as recreation, worship or culture, and includes marae but does not include schools, premises having an off-licence or on-licence, or community welfare centres, child care centres, hospitals, rest homes, retirement villages or any premises where a fee may be charged or an exchange of money may occur.

For the purposes of development contributions, community buildings or community facilities will be assessed as a community land use type.

Please note that where the words "community facilities" is used in a sense reflecting the meaning of those words as described in the Local Government Act 2002 then this will be stated in this document as "community facilities" as defined in s197 of the LGA 2002.

Community House

Means premises which are set aside for the use of the local community only, for social, cultural, recreational, welfare and religious activities.

For the purposes of development contributions a community house will be assessed as a community land use type.

Community Welfare Centre

Means any centre providing information, counselling, advice and material welfare of a personal nature and which is staffed by volunteers or professionally qualified workers.

For the purposes of development contributions, community welfare centres will be assessed as a commercial land use type.

Dairy

Means a retail premises not exceeding 100m² gross floor area in a residential zone or urban expansion zone, which derives a substantial part of its trade from the retail sale of milk, bread, non-alcoholic beverages and other day-to-day household requirements, excluding takeaway food bars.

For the purposes of development contributions, a dairy will be assessed as a retail FMCG land use type.

Development

As defined by section 197 of the LGA 2002:

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

For the purposes of development contributions the land use type used to assess development contributions will be dependant on whether the development is residential, non-residential (commercial, industrial, retail general, retail FMCG) or falls within the special assessment category.

Disabled Persons' Housing

Means residential units designed specifically to meet the needs of people with disabilities.

For the purposes of development contributions, disabled persons' housing will be assessed as a residential land use type.

Exhibition Centre

Means any building or land used for display of art, craft, products or equipment which are held on a temporary basis and for which an entry fee may be charged.

For the purposes of development contributions, exhibition centres will be assessed as a commercial land use type.

Floor Area Ratio (FAR)

Means gross floor area divided by net site area. For FAR calculations GFA excludes off-street car parking and parking access, lift plant rooms, water towers.

Garage

Means a building or part of a building used for the housing of motor vehicles which is incidental to the use of any residential unit, and includes any carport.

For the purposes of development contributions, garages will not be assessed for development contributions if they are utilised as a garage. If at any time a garage is converted into a residential, retail, industrial or commercial land use type they will be assessed for development contributions.

Garden Centre

Means any land or building used for the sale of plants and merchandise for domestic gardening and includes, but only in conjunction with a garden centre, the propagation, display or storage of plants.

For the purposes of development contributions, garden centres will be assessed as special assessment.

Glasshouse

Means any building used principally for the purpose of growing plants (including fungi) and includes a greenhouse, shade house, tunnel house and plastic house.

For the purpose of development contributions, glasshouses will be assessed for development contributions if they are being utilized as a retail or commercial land use type.

Granny Flat

Means a type of minor residential unit provided within the rooms of an existing house and which is to be used by an elderly or dependant relative being cared for as part of an extended family. For the purposes of development contributions, granny flats will be assessed as a residential land use type.

Gross Floor Area (GFA)

For the purposes of development contributions, gross floor area means the sum of the area of all floors of all buildings on any site measured from the exterior faces of the exterior walls, or from the centre lines of walls separating two abutting buildings but excluding:

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

Guesthouse

Means a residential unit, the owners or occupiers of which offer accommodation for three or more guests at a daily tariff within the residential unit, but excludes licensed premises.

For the purposes of development contributions, guesthouses will be assessed as a special assessment unless they are self-contained units in which case they will be assessed as a residential land use type.

Health Care Centre

Means any land or building used by one or more persons directly engaged in medical or paramedical services and includes industrial health clinics but excludes medical insurance brokers and medical testing laboratories.

For the purposes of development contributions, health care centres will be assessed as a commercial land use type.

Home Occupation

Means any occupation, business, trade, craft or profession which is carried out in association with a residential unit, and:

- a) Is incidental to the residential activity
- b) Is engaged in by at least one person who resides in the residential unit
- c) Which does not produce any air emissions or vibration
- d) Does not utilise equipment that creates electrical interference with any type of receiver

- e) Does not exceed the prescribed noise levels for the appropriate zone
- f) But excludes any activity involving any panel beating, spray painting, motor vehicle repairs, fibre glassing, sheet metal work, wrecking of motor vehicles, bottle or scrap metal storage, rubbish collection service (except that empty clean drums may be stored in a suitable screened area), servicing of internal combustion engines, wrought iron work or manufacture, motor body building, fish processing, massage parlours, breeding or boarding of dogs or cats or any process which involves regular use of power tools, hammering or welding; providing that the owner or occupier of a residential unit is not prevented by this provision from carrying out normal maintenance and repair of domestic equipment (including motor vehicles) which is owned and used by the aforesaid owner and occupier.

For the purposes of development contributions, home occupation is currently assessed for development contributions as part of assessment of the residential land use type but may include the garage where used as part of the home occupation.

Horticulture

Means the commercial growing of vegetables, fruit, berries, nuts, vines and flowers, and includes plants in nurseries, market gardening and orchards. For the purposes of development contributions, horticulture will be assessed as a special assessment.

Hospital

Means any hospital or other institution for the reception and treatment of persons requiring medical assistance or suffering from any disease; or any maternity establishment; or any convalescent facility, and includes all hospital clinics, dispensaries, out-patient departments, operations and maintenance support services (such as laundries, kitchens, cafeterias, refreshment facilities, generators, substation, storage facilities, workshops), hospital administration offices, ancillary retail facilities and undertakings maintained in connection with, or incidental to, the hospital activity, and includes a hospice.

For the purposes of development contributions, hospitals will be assessed as a special assessment.

Housing for the Elderly and Disabled

Means residential units designed specifically to meet the needs of elderly or people with disabilities, and which are occupied by elderly or persons with disabilities and their spouses.

For the purposes of development contributions, housing for the elderly and disabled will be assessed as a residential land use type.

Household Unit

Means a building or part of a building intended to be used as an independent residence or a self contained unit that includes a kitchen and bathroom facilities of any nature, including houses, flats, townhouses, apartments, minor residential units and studios. A unit of demand representing one average dwelling.

For the purposes of development contributions, household units will be assessed as a residential land use type.

Industrial

Means:

- a) any premises used for any industrial or trade purposes; or
- b) any premises used for the storage, transfer, treatment, or disposal of waste materials or for other waste-management purposes, or used for composting organic materials; or
- c) any other premises from which containment is discharged in connection with any other industrial or trade process.
- d) any activity where people use materials and physical effort to:
 - ⇒ Extract or convert natural resources
 - ⇒ Produce goods or energy from natural or converted resources
 - ⇒ Repair goods
 - ⇒ Store goods (ensuing from an industrial process)

For the purposes of development contributions any consents deemed to be an industrial land use type will be assessed for development contributions.

Impervious Surface Area (ISA)

For the purpose of development contribution Impervious Surface Area (ISA) means the area of any site which is not capable of absorbing water and includes any area which:

- ⇒ Falls within the definition of coverage within the council's District Plan
- ⇒ Is covered by decks
- ⇒ Is occupied by swimming pools
- ⇒ Is used for parking, manoeuvring or loading of motor vehicles
- ⇒ Is paved with a continuous surface with a run-off coefficient of greater than 0.45.

Local Shop

Means an activity occupying or comprising less than 300m² of gross floor area, in a residential zone, which falls within the following classification of the Australian and New Zealand Standard Industrial Classification 1993, and which is not licensed or required to be licensed in terms of the Sale of Liquor Act 1989:

For the purposes of development contributions, local shops will be assessed as either retail general land use type or retail FMCG land use type depending on the nature of the local shop.

Market Value

For the purposes of development contributions, market value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. All valuations for the purposes of development contributions shall include those considerations relating to the basis of land valuation outlined in section 7 of the development contributions policy.

Minor Residential Unit

Means a residential unit of not more than 60m² on any site, usually in addition to another larger residential unit on the same site provided that the minor residential unit shall not be disposed of independently or otherwise be given separate title from its associated larger residential unit. Minor residential unit also includes minor residential units of 40m² or less categorised in this policy.

For the purposes of development contributions, minor residential units will be assessed as a residential land use type.

Non-Residential Development

Means any development that is not for residential purposes.

Office

Means a professional, commercial or administrative office, and includes non-school activities, offices, banks, typing, photocopying, draughting and similar services.

For the purposes of development contributions, an office will be assessed as a commercial land use type.

Parks-Community

Means amenities or facilities on Parks-Reserves land including facilities such as playground, pedestrian and non pedestrian facilities, carparking and public conveniences.

Parks-Reserves

Means the park, beach and civic and commercial area assets and the development of new open spaces and outdoor sporting facilities for use by local clubs, groups and individuals.

Pedestrian Circulation Space

For the purposes of development contributions means:

Applies to a covered public area which:

- a) contains a minimum horizontal measurement of 5m
- b) has a minimum vertical dimension of 2.5m between the finished ceiling and the floor of the pedestrian area, and which is unobstructed and clear of buildings, retail kiosks and retail display cases

Pedestrian circulation space includes:

- a) escalators, ramps and stairs within the pedestrian circulation space
- b) decorative features such as fountains and planting within the pedestrian circulation space
- c) stages or display area for free public entertainment associated with any retail centre

Pedestrian circulation space does not include:

- a) seating area for food courts/eating area
- b) any space leased for retail display or sales purposes
- c) any space for entertainment which is either leased or subject to a charge

Permeable Area

For the purposes of development contributions, permeable area means any part of a site which is grassed or planted in trees or shrubs and is capable of absorbing water. It does not include any area which:

- a) Falls within the definition of building coverage
- b) Is covered by decks
- c) Is occupied by swimming pools
- d) Is used for parking, manoeuvring or loading of motor vehicles
- e) Is paved with a continuous surface

Project

Means a development or a series of developments which are linked in some way to bring about a set result.

Residential Care Centre

Means any building in which board, lodging, and live-in mental or physical health support is provided, including emergency housing, refuge centres and halfway houses, but excludes private or public hospitals.

For the purpose of development contributions, residential care centres will be assessed as special assessments.

Residential Development

Means a development that creates one or more household units or residential allotments (including retirement village units and minor residential units 40m² or less). For the avoidance of doubt any development, including commercial accommodation development and managed accommodation development, will be considered to be a residential development where it is residential in nature and where any of the following apply; it is likely to operate in such a way that the average stay exceeds 60 days; or it includes a unit title or similar subdivision of one or more residential units.

Residential Unit

Means any self-contained residence of one or more persons as a single household which in each case contains one kitchen sink or dishwashing facility, and includes any dwelling house, flat, home unit or townhouse or papakaianga housing on ancestral land.

For the purposes of development contributions, residential units will be assessed as a residential land use type.

Rest Home

Means a licensed premises used for residential accommodation and full time care of the elderly and infirm where meal and nursing/medical care is provided but does not include a hospital, a housing development for the elderly or disabled or a retirement village.

For the purposes of development contributions, rest homes will be assessed as a special assessment.

Retail - General

For the purposes of development contributions, retail - general means land and/or buildings from which goods, merchandise, equipment or services are sold, exposed, displayed or offered for sale directly to consumers.

Excludes supermarkets, grocery stores and dairies.

Retail - FMCG

For the purposes of development contributions, retail FMCG means land and/or buildings from which fast moving consumer goods are sold.

Includes supermarkets, grocery stores and dairies which means a building mainly engaged in retailing groceries or non-specialised food lines whether or not the selling is organised on a self-service basis. This may include convenience store operation, grocery retailing or grocery supermarket operation.

Retirement Village

Means a retirement village that is registered in accordance with the provisions of the Retirement Village Act 2003 and for the purposes of development contributions includes any retirement village that will be registered under that Act.

Retirement villages will be assessed as a residential - retirement village land use type. No additional contributions will be sought for common areas (for example: lobbies, foyers, stairwells, etc) or the following services which provide for the exclusive use of residents or staff:

- a) Gardening, repair, or maintenance services
- b) Nursing or medical services
- c) The provision of meals
- d) Shops and other services for the provision of goods
- e) Laundry services (not being the provision of facilities for residents to carry out their own laundry)
- f) Services (for example, hairdressing services) for the personal care of residents
- g) Transport services
- h) Services for recreation or entertainment
- i) Security services
- j) Other services for the care or benefit of residents

These facilities may also be used occasionally by guests, when accompanied by a resident, but may not be used by the general public or residents of other retirement villages.

If any of these services were available to the general public and not exclusive to residents of a retirement village then development contributions shall be charged at the applicable non-residential rate.

School

Means any land and buildings used for the purposes of education, learning and training and includes kura kaupapa Maori (primary schools) and kura Maori (secondary schools).

For the purposes of development contributions, schools will be assessed as a special assessment.

Service Station

Means any land or building used for the retail sale of motor vehicle fuels, including petrol, LPG, CNG and diesel and may also include any one or more of the following:

- a) The sale of kerosene, alcohol based fuels, lubricating oils, tyres, batteries, vehicle spare parts and other accessories normally associated with motor vehicles
- b) Mechanical repair and servicing of motor vehicles (including motorcycles, caravans, boat motors, trailers) and domestic gardening equipment
- c) Warrant of fitness testing
- d) The sale or hire of other merchandise or services where this is subordinate to, and part of the same business as, the main use of the site
- e) Carwash and lube facilities
- f) Water recycling and storage tanks and ancillary equipment

For the purposes of development contributions, service stations will be assessed in a special assessment.

Show Home

Means any relocatable residential building used for the purpose of public display and promotion.

For the purposes of development contributions, show homes will be assessed as a special assessment.

Stormwater

Means the system designed to control water flows to reduce flooding risks, improve public safety and ensure the use and disposal of stormwater in an environmentally acceptable way.

Takeaway Food Bar

Means a shop where food is prepared and offered for sale direct to the public for consumption off the site, but excludes a dairy.

For the purposes of development contributions, takeaway food bars will be assessed as a retail general land use type.

Terraced Housing

Means a row of two or more residential units where each unit shares a vertical party-wall with an adjacent unit. The party-wall may adjoin to a garage but should not adjoin to unenclosed areas such as a pergola or carport.

For the purposes of development contributions, terraced housing will be assessed as a residential land use type.

Transport

Means roading and traffic, parking and commercial area cleaning. The council manages and maintains the local roading network including roads, footpaths, cycleways, street lighting, traffic signals and signage. It also provides and manages on-street and off-street parking facilities and polices their use and cleans streets and commercial areas.

Travellers' Accommodation

Means any premises for transient accommodation, including hotels, motels, holiday flats and all rental accommodation, which is offered at a daily tariff, and includes associated uses accessory to the principal use such as recreational facilities, satellite dishes and restaurants, but excludes camping grounds.

For the purposes of development contributions, travellers' accommodation will be assessed as a special assessment.

Veterinary Clinic

Means any premises used by a veterinary surgeon, but does not include the boarding of animals.

For the purposes of development contributions, veterinary clinics will be assessed as a commercial land use type.

Wastewater

Means the system which carries liquid wastes from households, businesses and community facilities.

Wastewater Treatment

Means the treatment and disposal of effluent to minimise the risk to the environment and public health.

Water Supply

Means the supply of high quality drinking water and water to meet fire fighting performance standards.

North Shore City Council City Plan 2009-2024

North Shore City Council
1 The Strand
Private Bag 93500
Takapuna
North Shore City 0622

Telephone: (09) 486 8600
Facsimile: (09) 486 8500
Actionline: (09) 486 8600 (24 hours, 7 days)

Email: cityplan@northshorecity.govt.nz
Website: www.northshorecity.govt.nz

ISSN: 1174-3344

Module 1 – Summary

Module 2 – City Direction

Module 3 – Activity Statements

Module 4 – Financial Statements

Module 5 – Policies

