

Development Contributions Policy

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I. Introduction

I.1.Context

Waikato district has experienced significant growth in recent times, and this is expected to continue into the foreseeable future. Although growth is often described as positive for the community, it also presents a number of challenges. One of the greatest challenges for Council is expanding its infrastructure networks to cater for increased demand.

The cost of expanding these networks is typically high, and the issue of funding inevitably arises. Funding these works via general rates (or other indirect means) is inequitable, because existing ratepayers are neither the primary cause nor the primary beneficiaries. As a result, alternative funding options must be considered. Development Contributions are one such alternative.

I.2.Legislative Requirements

This document sets out Council's policy on development contributions, as required by section 102 of the Local Government Act 2002 (the LGA 2002).

I.3.Relationship to Financial Contributions under the Resource Management Act (RMA)

At the date that this policy became operative, Council was still levying Financial Contributions under the provisions of its district plan. These are separate from, and may be levied in addition to, Development Contributions under the LGA. However, they cannot both be charged against the same development for the same purpose.

As a matter of clarification, Council will continue to take financial contributions for roads (Proposed District Plan Rule 16.8), town centre parking (Proposed District Plan Rule 16.9) and reserves (Proposed District Plan Rule 16.10) as these contributions relate to different projects to those funded by Development Contributions.

Additionally, developers will still be responsible for completing works on site to avoid, remedy, or mitigate adverse effects as a condition of consent, or in accordance with rules in the District Plan. Moreover, where necessary, financial contributions may still be sought for environmental reasons off-site, for example for trees to enhance visual amenity. Financial contributions may also be required for infrastructure that will solely benefit the proposed development or is needed to deal with its specific impacts.

I.4.Navigating this Document

This document comprises the following sections:

- *Section 2* provides a brief **overview of the policy**, including the purpose of Development Contributions, when contributions may be required, the types of development that may be charged, and other general information regarding development contributions.
- *Section 3* addresses the **adoption and implementation** of this policy, including the date of adoption, the frequency and scope of policy reviews, and any transitional provisions.

- *Section 4* outlines the **growth context**, and summarises the capital expenditures Council expects to incur (and has already incurred) to cater for growth.
- *Section 5* presents the **schedule of Development Contributions charges**, and details any limitations on the use of those funds.
- *Section 6* provides a simple flowchart diagram that shows **how to calculate** the contributions payable on developments.
- *Section 7* demonstrates **application of the policy** to various development activities and outlines how credits are granted.
- *Section 8* presents Council's policy on **remissions, refunds, reductions** and postponement of Development Contributions
- *Section 9* provides details on **additional administrative matters**, such as invoicing and payment, service connection fees and the handling of GST.
- *Section 10* outlines **how demand has been measured**, including the definition of household equivalent units.
- *Section 11* presents the **methodology** used to calculate charges and outlines the **significant assumptions** underlying this policy.
- *Section 12* demonstrates application of the policy via a number of **examples**.
- *Section 13* is a **glossary of terms** used in this policy.
- *Section 14* presents **catchment maps** for each activity.

2. Policy Overview

2.1. Purpose of Development Contributions

The purpose of Development Contributions is to recover the costs of growth-related capital expenditures from participants in the property development process, rather than from general rates or any other indirect funding source.

2.2. When Development Contributions may be Required

According to the LGA, development contributions may be required in relation to developments if:

- the effect of the developments is to require new or additional assets or assets of increased capacity and, as a consequence,
- Council incurs capital expenditure to provide appropriately for those assets.¹

Council is also entitled to require a development contribution for capital expenditures incurred in anticipation of development.

¹ In this context, "effect" includes the cumulative effect that a development may have in combination with another development.

2.3.Types of Development that may be Charged

Any development - whether residential or non-residential - may be required to pay a Development Contribution. Only the pipes or lines of a network utility operator are explicitly exempt under the LGA 2002.

2.4.Types of Activities that may be Funded

Council may charge development contributions to help fund:

- *Network Infrastructure* – This includes roads and other transport, water, wastewater, and stormwater networks.
- *Community Infrastructure* –This includes land purchases (or the development of assets on land) owned or controlled by Council to provide public amenities, such as libraries and community halls.
- *Reserves* – this includes both land acquisition and development

However, this policy will initially only cover Network Infrastructure and Community Infrastructure. Other activities may be introduced during subsequent updates and revisions of the policy.

Please also note that onsite works (within the boundaries of each development) remain the sole responsibility of developers and do not form part of this policy.

3. Adoption, Implementation and Review

3.1. Timing

Following the completion of a special consultative procedure, this policy will be adopted as part of Council's Long-Term Council Community Plan (LTCCP) for the period 2009-19. Any application for resource consent, building consent or service connection determined on, or after, 23 June 2009 will be subject to the conditions of this policy (and any amendments).

Applications determined prior to this date will be assessed under previous versions of the policy (if any were in force at the time).

3.2.Frequency and Scope of Reviews

As required by the LGA 2002, Council will review this policy at least once every three years (or more frequently if deemed necessary). Such reviews may be triggered by – and will take into account – the following factors:

- any changes to the significant assumptions underlying the development contributions policy
- any changes in the capital works programme for growth
- any significant changes in the costs of labour, construction or technology
- any changes in the expected nature, scale, location or timing of development
- any changes that require new or significant modelling of the networks
- any changes to the District Plan

- the regular reviews of the Funding and Financial Policies, and the LTCCP
- any other matters Council considers relevant.

Each review will include a detailed analysis of the factors listed above. Any potential changes will be carefully considered, then subject to a Special Consultative Procedure under the LGA 2002.

In addition to these regular reviews, Council will annually revise its charges in accordance with the consumer price index (CPI).

4. Planning for Growth

This section presents historic and future growth trends, which provide both the context and need for this policy. It also outlines capital expenditures required to service the amount of growth in the district.

4.1. Growth Projections

Accurate growth projections are a fundamental component of any development contributions policy. They help determine the extent of capital works required to service growth, as well as the level of demand over which the resulting costs should be spread.

For the purposes of this policy, growth projections have been produced separately for residential and non-residential developments. This allows any differences in the rates of growth to be accommodated. More details on the specific methods used to project demand are provided below.

4.1.1. Residential Projections

Population projections prepared by the University of Waikato Population Studies Centre indicate significant long term growth throughout the District. These projections form part of a series of projections that underpin Future Proof, the region's long term growth strategy. Whilst they indicate an optimistic long term forecast, the region has been affected by the general slow down in activity that is affecting the national and overseas economies.

Economic recovery is difficult to predict as it is influenced by matters outside the control of any individual government or Council. Nevertheless it is necessary to plan ahead to ensure that infrastructure is in place to meet the needs of development when economic circumstances improve. Balanced against that is a need to ensure that projections of growth are realistic to avoid unnecessary expenditure and to ensure that there is a reliable basis for cost recovery.

It is likely that the early years of the LTCCP will be a period of recovery to previous rates of residential growth before the more significant rate of growth anticipated by the regional projections begins to have effect. Accordingly the projections have been discounted for the early years of the LTCCP period to reflect a continuation of an average annual growth rate of around 300 new lots, with an increase to 350 new lots in 2012 and 400 new lots per annum thereafter. Appendix I illustrates the anticipated distribution of this growth across the District. Annual monitoring will be undertaken to ensure that these assumptions remain robust and reliable. Any significant variance may indicate a need for the infrastructure investment programme to be revised in which case the policy may need to be reviewed.

4.1.2. Non-Residential Projections

The district's employment base has traditionally relied on primary productive and extractive industries such as dairying, electricity generation, agriculture and coal mining but the growth of both Auckland and Hamilton coupled with significant improvements in transport connections between the two centres is now creating opportunities for broadening the district's economic base to serve a growing local population as well as complementing economic growth in both cities. Additionally, both the regional and the district growth strategy signal a move towards a more centre-based approach to growth to ensure that infrastructure is utilized more efficiently and sustainably. As a consequence small scale local growth can be expected in conjunction with the growth of individual settlements.

More strategic scaled development is strongly related to the provision of infrastructure, particularly the extension of the Waikato Expressway and complementary local roading network. Three key locations have been identified at Hampton Downs, Huntly and Horotiu where growth is expected to occur in anticipation of and in conjunction with state highway improvements.

Clearly, economic growth will be affected by the buoyancy of the national economy but the district is well placed to respond to growing demand once economic conditions improve. The rate and distribution of anticipated non-residential growth is set out in Appendix 2.

4.2. Capital Expenditures Required to Service Growth

Appendix 3 contains a table presenting capital expenditures (from the LTCCP) that council expects to incur to meet the increased demands resulting from growth.

Following is a brief explanation of these growth-related expenditures.

4.2.1. Roads and Transport

Structure Plans have already been prepared for Tamahere and Lorenzen Bay that have identified specific projects that have a growth component. These comprise local road extensions and upgrades.

4.2.2. Stormwater

Programmed works in Te Kauwhata, Ngaruawahia and Raglan are required to meet the needs of additional growth whilst upgrades in Huntly and Raglan are also partly driven by anticipated growth.

4.2.3. Wastewater

The upgrade of existing facilities and networks will provide additional capacity that will be needed to accommodate future growth. The apportionment of only a small portion of the costs to growth reflects the extent to which the upgrades provide benefits to existing communities.

4.2.4. Water

Planned growth will require additional storage, treatment and reticulation in a number of areas. Elsewhere upgrades are required that are partly driven by the need to accommodate additional growth.

4.2.5. Community Facilities

Population growth will require additional facilities to meet local needs. These include new libraries at Tamahere and Te Kauwhata. Whilst such expenditure is driven by growth existing communities will derive significant benefit from new facilities. The apportionment of costs to growth therefore reflect the extent of this benefit to existing residents.

4.3. Policy Rationale

Section 106(2)(c) of the LGA 2002 requires Council to explain – in terms of the matters outlined in section 101(3) - why it has determined to use Development Contributions to meet the expected capital expenditure set out in Section 4.2 above.

4.3.1. Community Outcomes

Using development contributions to fund growth-related capital expenditures will help promote the following community outcomes, as set out in Waikato District Council's LTCCP 2009-19:

- Accessible Waikato
- Active Waikato
- Green Waikato
- Safe Waikato
- Sustainable Waikato
- Thriving Waikato
- Well Waikato

4.3.2. Distribution of Benefits

By definition, capital works funded by Development Contributions are primarily for the benefit of future residents and businesses. Their aim is to increase capacity to accommodate new users, not to improve service levels for existing users. Using development contributions to fund growth-related works therefore aligns with the principle of benefits-based funding.

4.3.3. Period Over Which Benefits Occur

Due to their 'lumpy' nature, most capital works provide additional capacity for long periods of time. Thus, in order to achieve intergenerational equity, Council must fund them over relatively long time horizons, too. Development Contributions facilitate this, by spreading the cost over a maximum cost recovery period of 25 years, thereby aligning the period of funding with the period of benefit.

4.3.4. Need to Undertake Activity

Growth pressures are the sole driver of capital works funded by Development Contributions. Hence, requiring them to be funded by the growth community ensures that costs are borne by those who cause them to be incurred. This is both efficient and equitable.

4.3.5. Separation from Other Activities

Growth-related capital works do not usually stand alone within Council's capital works program; they are usually included within much larger projects that simultaneously cater for a number of different needs.

The use of Development Contributions to fund the growth components not only improves equity, but also transparency and accountability. It forces Council to allocate the costs of capital works between various project drivers and to recover those costs accordingly.

4.3.6 Catchments

Whilst some services, such as roading, are generally available to all district residents on an unrestricted basis, the size and diversity of geographical characteristics across the district define natural catchments for services such as water supply, wastewater and stormwater. These characteristics, as well as the nature of the specific project, have been used to define catchment areas for the recovery of Development Contributions. Catchment areas vary between services, for instance a wastewater network may extend further than a natural stormwater catchment. As a consequence, Development Contributions vary across the district depending on the extent of works providing additional capacity.

In terms of Community Infrastructure the proposed works form part of a district wide network that is available to all residents. Accordingly they are charged on a district wide basis.

Section 5.1 explains the charges that will apply in any particular area.

5. Charges, Usage and Limitations

5.1. Schedule of Charges

Appendix 4 contains a schedule of Development Contributions charges.

5.2. Use of Development Contributions

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

Contributions may not be redistributed across catchments or across activities, but they may be reallocated across projects within a catchment for a given activity. Thus contributions collected for roading projects in the Tamahere roading catchment (say) will only be spent on roading projects in Tamahere.

5.3. Limitations

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

- where, under S108(2)(a) of the Resource Management Act (RMA), it has imposed a condition on a resource consent in relation to the same development for the same purpose; or

- where the developer will fund or otherwise provide for the same reserve, network infrastructure, or community infrastructure; or
- where it has received, or will receive, full funding from a third party.

In addition development contributions will not be used for the renewal or maintenance of assets. Nor will they be used for capital works projects that bear no relation to growth.

6. How to Calculate Contributions Payable

The following flow chart demonstrates how Council will calculate the contributions payable on a development.

STEP 1: Identify Catchments

Go to the Catchment Maps in the Appendix and, for each service, identify what catchment your development falls in.



STEP 2: Identify Contributions Payable

Go to the Development Contributions Scheduled referred to in Section 5.1 and identify the contributions payable per unit of demand in the catchments identified in step 1.



STEP 3: Calculate the Number of Household Equivalent Units (HEU)

Use the Units of Demand Table in Section 10 along with details of your proposed development to calculate the number of HEUs generated for each activity. Then, using the information in section 7.8, subtract any credits that may apply. (In general, credits are given for the pre-existing status of properties. Credits may also be granted for historic payments of development contributions or financial contributions).



STEP 4: Calculate Charges for Each Service

Multiply the HEUs calculated in step 3 by the contributions payable identified in step 2.



STEP 5: Aggregate Charges

Calculate the total development contributions payable by summing the charges calculated in step 4.

7. Assessment and Application of Policy

7.1. Timing of Assessment

Development Contributions do not automatically apply to every development in the district. Only developments that place extra demands on infrastructure - and which cause Council to incur capital costs – will be liable.

Whether or not a development will have to pay Development Contributions will usually be assessed when granting:

- a resource consent under the RMA for a development;
- a building consent under the Building Act 1991; or
- an authorization for a service connection.

7.2. Assessment Process

Assessment of whether Development Contributions will be required will be made against the first consent application lodged for each development, and when (if any) subsequent consent is sought, a re-assessment will be undertaken. If, for whatever reason, Development Contributions were not assessed at the first available opportunity, they still may be required at subsequent stages in the development process.

7.3. Residential Activities

7.3.1. Resource Consent Applications

The creation of allotments via subdivision provides scope for new dwellings, and therefore attracts Development Contributions at a rate of one HEU per *additional* allotment.

Any resource consent application that creates the potential to build additional independent dwellings will also attract Development Contributions at a rate of one HEU per *additional* allotment.

7.3.2. Building Consent Applications

Dwellings constructed on allotments with registered titles may attract Development Contributions under this policy. The extent of any contributions payable will depend on whether any payments were made at earlier stages in the development process, as well as the specific services that the development is connected to.

Note: Additions to residential dwellings do not attract Development Contributions unless they create additional independent dwelling units. Thus, garages, car ports and garden sheds do not attract charges.

As a matter of clarification, minor dwelling units (“granny flats”) shall be assessed at 0.5 HEUs each. However, if no separate connections are required (for water, wastewater or stormwater) the fee shall be waived for each such activity.

7.3.3. Service Connection Applications

Service connection applications accompanied by building consent applications will not be assessed separately. Instead, they will be assessed as per section 7.3.2. Unaccompanied service connection applications will be assessed in the same manner as resource consent or building consent applications, but only for the activity for which connection is sought. Applications to separate-out shared water meters will not attract contributions.

7.4. Non-Residential Activities

7.4.1. Subdivision

Subdivisions will attract Development Contributions on each additional allotment created. If the intended built form and land use is unknown at the time of subdivision, each allotment will be charged a Development Contribution based upon the HEU's set out in Table 2 in Section 10. The balance will then be assessed at the time a building consent, land use consent or service connection application is lodged. Any additional demand over that originally assessed will require additional Development Contributions to be paid proportionate to the level of increase. No refunds will be made in the event that eventual development is less than originally assessed.

If the intended built form is known at the time of subdivision, contributions will be based on each lot's planned gross floor area (GFA) and the intended land use.²

7.4.2. Land Use and Building Consent Applications

Non-residential developments will attract Development Contributions based on their GFAs and intended land use. If an existing structure that had connections to services is demolished or removed as part of the site development, the GFA of that structure will be used as a credit against any new structure(s) erected on the site.

7.4.3. Service Connection Applications

Service connection applications accompanied by building consent applications will not be assessed separately. Instead, they will be assessed as per section 7.4.2. Unaccompanied service connection applications will be assessed for in the same manner as resource consent or building consent applications, but only for the activity for which connection is sought. Applications to separate shared water meters will not attract contributions.

7.5. Council Developments

Council is exempt from paying Development Contributions on any development (capital expenditure) for which Development Contributions are required. This avoids the possibility of collecting Development Contributions for one activity and using them to help fund another activity. However, any other council development may be liable for Development Contributions.

² Stormwater charges will be based on the impervious surface area of each non-residential development, not their gross floor areas.

7.6. Special Assessments and Private Development Agreements

The approach taken to the identification of a long term infrastructure programme and the required expenditure is based upon “averaging” the likely demand from anticipated development, acknowledging that some development will create a higher level of demand and some will be lower. This approach is also reflected in the Development Contributions Policy.

There is the possibility that some development may be proposed that would have markedly different characteristics in terms of demand for infrastructure capacity, for instance:

- Schools and Universities
- Hospitals
- Wet industry.

Special Assessment provisions will apply to such types of development, and any other development that is considered by Council to generate a level of demand that is significantly in excess of the levels identified in Table 2. A decision on whether a Special Assessment will be undertaken will be made by Council at the application stage, once details of the development are known. Applicants will be expected to provide supporting information and detailed calculations of the likely demand for roading, water, wastewater and stormwater capacity to enable a Special Assessment to be undertaken. This information will be used to calculate an equivalent HEU and the development will be charged accordingly.

In some circumstances a development may have particular needs, such as a specific Level of Service for water supply, or may involve the provision of infrastructure as part of the development. Another unusual circumstance is where a significant development is proposed and capital expenditures is required but none has been budgeted and no Development Contribution has been set. In these circumstances, where Council believes it is in the best interests of the community, private development agreements may be entered into with a developer. Private development agreements may be used in lieu of Development Contributions (at Council’s sole discretion) where a developer and Council agree that particular infrastructure and/or services can be provided in a manner different to Council’s standard procedures/guidelines, and where Council’s minimum level of service will be achieved.

Such agreements must clearly state:

- the rationale for the agreement;
- the details of the agreement;
- the basis of any cost sharing;
- how and when the associated infrastructure will be provided; and
- which lot(s) the agreement refers to.

7.7. Application in Other Circumstances

7.7.1. Cross Boundary Developments

Some developments may span several catchments and/or straddle the district boundary with another territorial authority. In this event, the following rules will apply:

- Where a development spans more than one catchment, the total HEUs of that development will be allocated to the various catchments on the basis of site area. The resulting number of HEUs in each catchment will then be used to calculate contributions payable.

- Where a development straddles the district boundary with another territorial authority, Development Contributions will only be payable to Waikato District Council on the HEUs (or parts thereof) that reside within the Waikato District. (Development Contributions may also be payable to other territorial authorities).

7.7.2. Consent Variations

Applications to vary a resource or building consent, or the conditions of such consents, will trigger a reassessment. Any increase in the number of HEUs (relative to the original assessment) will be calculated and the contributions adjusted to reflect this. No automatic refund will be made for any decrease in the number of HEUs relative to the original assessment.

7.7.3. Boundary Adjustments

Where consent is granted purely for the purposes of boundary adjustment, and no additional titles are created, Development Contributions will not be required.

7.8. Credits

7.8.1. Overview

Where Development Contributions have already been paid for an allotment, credits will be given towards the activities for which payment was made. Provided written evidence of payment can be provided, no historical time limit will apply in the calculation of such credits, and all previous credits will be taken into account. This also applies to historic payments for financial contributions to the extent that such contributions related to the same infrastructure being funded via Development contributions. (Over time it is likely that Development Contributions will fund additional projects than those to which financial contributions applied and therefore a partial payment may still be required towards those additional projects).

Where there is no connection to a reticulated system at the time Development Contributions are paid, a credit will be applied for those activities for which no connection exists. If a subsequent connection is made, Development Contributions will be reassessed at the service connection stage in accordance with the provisions of this policy. Also, if a property was not connected to a service as at 23 June 2009, it is not assessed to have any credit for that service.

Credit will also be given for the pre-existing status of properties as at 23 June 2009, even if no previous Financial or Development Contributions have been paid. Credits will be associated with the existing title and calculated and assigned to individual activities. More details on the nature of these credits are outlined below.

7.8.2. General Principles of Credit

- Residential credits will apply at the rate of 1 HEU per connected service per existing allotment or independent dwelling unit.
- Non-residential credits will be calculated on the basis of the GFA of the existing development, and converted to HEUs using the conversion factors set out in Table 2 in Section 10.

- On subdivision of residential and undeveloped non-residential land, historic credits of 1 HEU per service connected per existing allotment will be allocated.
- For existing non-residential buildings that are extended or demolished and re-built to the same or higher intensity, the assessment of credits will be based only on the existing development prior to rebuilding.
- For existing residential buildings that are demolished or destroyed, no Development Contributions will be payable provided that the same number of independent dwelling units are rebuilt. Any additional units will be assessed for payment of Development Contributions according to the terms of this policy.
- Credits must be allocated to the same allotment or allotments. This prevents the transfer of credits from one allotment to another.
- Credit will not be granted for infrastructure provided in excess of that required as a condition of any consent(s) issued by Council.
- Credits cannot be used to reduce the total number of HEUs to a negative number. That is to say, credits cannot be used to force payments by Council to the developer.

8. Remissions, Reductions and Refunds

8.1. Remissions

Remissions are adjustments to the scheduled charges for a particular activity, either as a percentage or in absolute (dollar value) terms. Remissions will only be invoked as a resolution of Council, and are not able to be requested by applicants.

8.2. Reductions

An applicant may wish to apply for a reduction in the development contributions payable on their development. Reductions are adjustments to the number of HEUs assessed for a particular development. These will only be considered as part of a review initiated by an applicant (for a consent or service connection). The need to undertake such a review must be motivated by the applicant, with the agreed outcome recorded in a private development agreement (see section 7.6).

Applications for reductions must be made in writing to Council within fifteen (15) working days of having received a Development Contributions assessment notice. Requests must be short and concise, but fully outline the reasons why a reduction is being sought and provide sufficiently reliable data to enable a revised estimate of demand and associated Development Contribution charge to be made.

In undertaking the review Council:

- must consider the request as soon as reasonably practicable
- may determine whether to hold a hearing for the purposes of the review, and if so, give at least 5 working days notice to the applicant of the commencement date, time, and place, of that hearing
- may, at its discretion, uphold, reduce, or cancel the original amount of Development Contributions required on the development and will communicate its decision in writing to the applicant within 15 working days of any determination or hearing
- may delegate this role to Council Officers or other suitably qualified persons as required from time-to-time.

In reaching a decision, Council will take account of the following matters:

- The Development Contributions Policy
- The Funding Model
- Council's LTCCP
- Council's funding and financial policies
- The extent to which the value and nature of works proposed by an applicant reduces the need for works proposed by Council in its capital works programme
- The level of existing development on the site
- Contributions paid and/or works undertaken and/or land set aside
- Any other matters Council considers relevant.

8.3. Refunds

There may be occasions where Council must refund development contributions collected under this policy. The specific circumstances in which this may occur – as well as the way in which refunds must be handled - are set out in sections 209 and 210 of the LGA 2002. In essence, refunds may occur if:

- development or building does not proceed; or
- a consent lapses or is surrendered; or
- Council does not provide the reserve, network infrastructure or community infrastructure for which the development contribution was required.

Any refunds will be issued to the consent holder of the development to which they apply.

The refund amount will be the contribution paid, less any costs already incurred by the Council in relation to the development or building and its discontinuance.

The refund would exclude any costs already incurred by the Council and will not be subject to any interest or inflationary adjustment.

8.4. Postponement

Council will not consider postponements of contributions payable under the policy.

9. Other Administrative Matters

9.1. Reassessment and Invoicing

The LGA 2002 allows Council to assess applications (for consents and service connections) at various stages of the development process to determine the extent of any development contributions payable. Council's policy is to undertake such assessments as early as possible. These assessments remain valid for 12 months, after which a reassessment must take place before an invoice can be generated. These reassessments take account of any changes to the policy since the last assessment.

An applicant can also request an invoice be generated at any time. If not requested by the applicant, an invoice will be issued at the earliest of:

- an application for a certificate under section 224(c) of the RMA; or
- an application for a Code Compliance Certificate under section 92 of the Building Act 2004; or
- a request for service connection

9.2. Timing of Payments

The due date for payment will be:

- For subdivision resource consents: prior to issue of the section 224c certificate
- For other resource consents: 180 days from granting or prior to the commencement of consent, whichever is earlier.
- For building consents: 180 days from granting or prior to Code Compliance Certificate, whichever is earlier.
- For service connections: prior to connection.

9.3. Non-Payment and Enforcement Powers

Until a Development Contribution required in relation to a development has been paid, Council may:

- In the case of a Development Contribution assessed on subdivision, withhold a certificate under section 224(c) of the RMA.
- In the case of a Development Contribution assessed on building consent, withhold a Code Compliance Certificate under section 95 of the Building Act 2004.
- In the case of a Development Contribution assessed on an authorisation for a service connection, withhold a service connection to the development.
- In the case of a Development Contribution assessed on a land use consent application, prevent the commencement of resource consent under the RMA.
- In the case where a development has been undertaken without a building consent, not process an application for Certificate of Acceptance for building work already done.

Council may register the Development Contribution under the Statutory Land Charges Registration Act 1928 as a charge on the title of the land in respect of which the development contribution was required, as provided for in section 208 of the LGA 2002.

9.4. Contributions Taken as Money in First Instance

The LGA 2002 specifies that contributions may be taken either as money, land or both. Council will usually take contributions as money, but may also accept land from time-to-time at its sole discretion as per the policy in place at time of assessment.

9.5. Service Connection Fees

Where physical connections to the network are required, Council will collect service connections fees for the following services:

- potable water
- wastewater
- stormwater

9.6. GST

The entire process for calculating Development Contributions is GST exclusive. Once all calculations are complete, GST will be added to the final invoice as required by the prevailing legislation and/or regulations of the day.

Please also note that assessments are not tax invoices for the purpose of GST.

10. Measuring Demand

10.1. Units of Demand

Units of Demand provide the basis for distributing the costs of growth. They illustrate the rates at which different types of development utilise capacity. Council has adopted the household equivalent unit (HEU) as the base unit of demand, and describes the demand for capacity from other forms of development as HEU multipliers.

The following subsections outline the demand characteristics of each HEU and the multipliers used to convert non-residential demand to HEUs.

10.2. Base Units

The following table summarises the demand characteristics of each household equivalent unit, which represents an average household living in a single dwelling.

Table 1: Base Units (Demand per HEU)

Activity	Base Unit	Demand per HEU
Roading	Vehicle trips per day	10
Water Supply	M ³ /day/lot	0.7
Wastewater	M ³ /day/lot	0.49
Stormwater	Impervious surface area (ISA)	260m ²
Community facilities	Base Unit determined by Level of Service per lot for respective service area	1

10.3. Conversion Factors

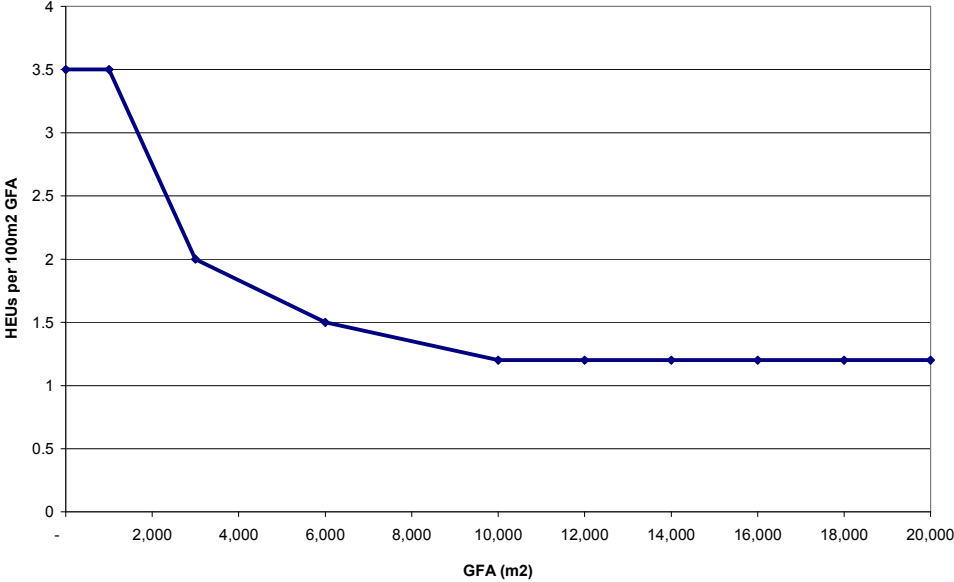
The following table outlines the factors used to convert non-residential demands to HEUs. As the district has not previously experienced significant levels of non-residential development the Table represents a conservative assessment of the likely demand from such development. The basic assumption is that development will occur at a density roughly half of that allowable under current District Plan provisions eg. 35% site coverage in the Industrial Zone rather than the 70% allowable. Regular monitoring of development activity will indicate whether revision of the Table will be necessary through a future review of the Policy.

Table 2: HEUs per 100m² of Gross Floor Area (*ISA for stormwater)

Activity	HEUs per 100m ² GFA
Roading	1.0
Water Supply	0.1
Wastewater	0.1
Stormwater*	0.1
Community facilities	n/a

Because the nature of retail activities, and hence the demands they place on roads, differ significantly by size, retail transport conversion factors are based on the following graph. This was sourced from Transfund Research Reports 209 and 210 – “Trips and Parking Related to Land Use - Volumes 1 & 2” by Douglass Consulting Services & Traffic Design Group.

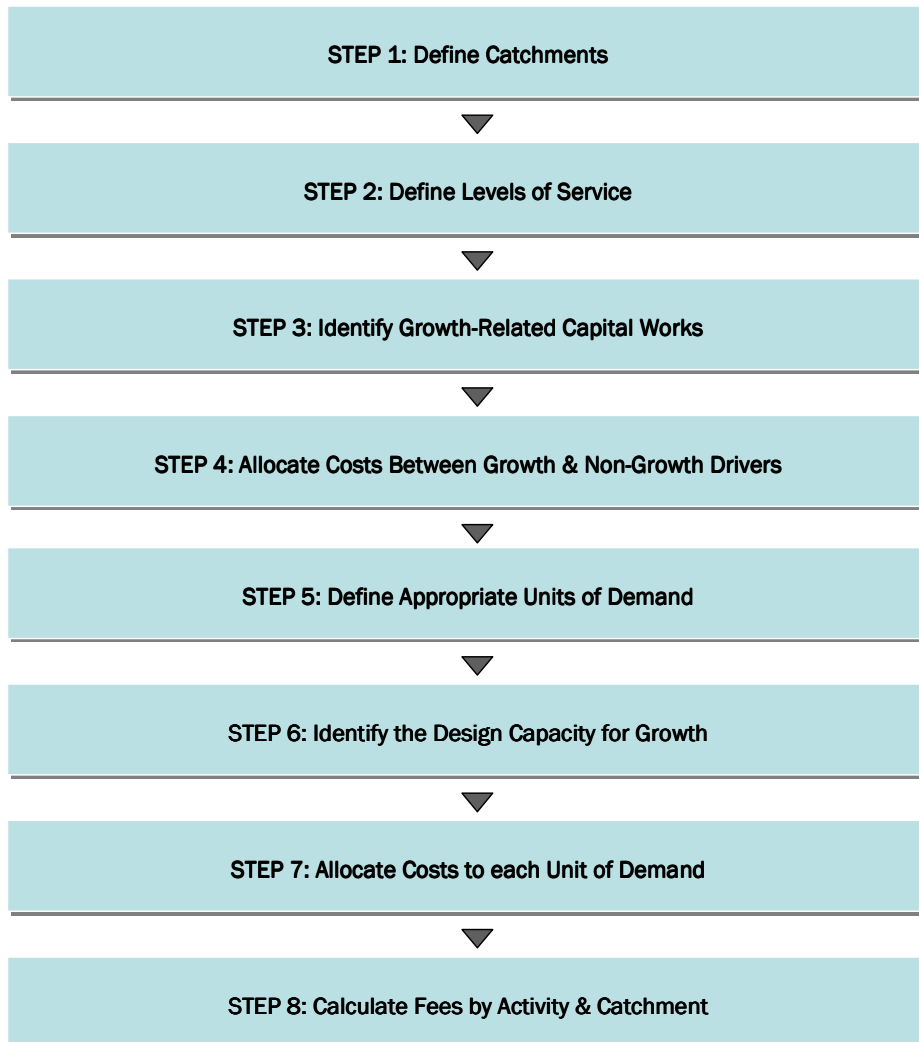
Figure 1: Transport Conversion Factors for Retail Developments



11. Methodology and Significant Assumptions

11.1. Methodology Overview

The method Council use to calculate development contributions charges comprises the following 8 steps:



A detailed discussion of this methodology is provided in the Development Contributions Methodology Report (available at Council's offices). A brief summary of this report follows.

11.2. Methodology Steps

11.2.1. Define Catchments

Service catchments are geographic boundaries within which linkages can be created between infrastructure investments and the specific developments that benefit from those investments and/or which cause them to occur. The smaller the catchment; the tighter these linkages become.

For example, suppose Council installs a water treatment plant to serve a small area of growth. If a catchment is used to isolate the specific developments that caused that particular investment to occur (and who will receive direct service from it), only those developments will help fund its costs. If a catchment is not used, however, the costs of that investment will be spread across all the developments in the district, regardless of whether they caused (or benefited from) the investment.

Given the intentions of the LGA 2002 - to allocate costs on the basis of causation and benefits received - it follows that catchments should be used wherever possible.

11.2.2. Define Levels of Service

Service levels define the quality of service, and are typically embedded in Council's Asset Management Plans. Service levels are critically important because they help identify any shortfalls in the existing service and, therefore, the extent to which capital works reflect backlog (to resolve poor existing service levels). This, in turn, informs the allocation of project costs between growth and non-growth drivers.

11.2.3. Identify Growth-Related Capital Works

Next, the specific capital works need to be identified for which development contributions are sought. These comprise both future capital works – as listed in the LTCCP – and historic works undertaken in anticipation of growth.

11.2.4. Allocate Project Costs

Many of the capital works projects underlying this policy are multi-dimensional. That is to say, very few projects are designed to serve only growth. The reason for this is so-called "economies of scope." Economies of scope mean that it is cheaper to undertake one project that serves several purposes than to undertake a series of smaller single-purpose projects.

Economies of scope lead to shared costs, and the goal of cost allocation is to spread those shared costs across project drivers (one of which is growth).

The cost allocations underlying this policy were based on a two-staged approach. In stage one, the method checks whether a project bears any relation to growth. If so, stage two derives a percentage cost allocation. Both stages of the allocation process have been guided by a number of considerations, such as:

- Section 101(3) of the LGA 2002. This sets out the issues to which Council must have regard when determining its funding sources. These include the distribution of benefits, (in terms of the time period over which the benefits arise and the area that receives the benefit) the extent of any cost causation, and the impacts on community outcomes and policy transparency. It also requires Council to assess the likely impacts on the four well-beings, both current and future.
- Asset management plans, which provide detail about the scale and nature of capital works
- Network modelling, which helps understand the usage of infrastructure networks

- Cost allocation principles, such as stand alone costs and incremental costs.
- The presence of any third party funding.

More detail on Council's cost allocation methodology can be found in Council's development contributions methodology report (available at Council's offices).

11.2.5. Define Appropriate Units of Demand

After identifying the specific capital works for which contributions will be required, we need to identify the unit of demand used to attribute costs to different forms of development. The LGA 2002 requires this to be done on a consistent and equitable basis.

Council considers the household equivalent unit (HEU), which captures the demands of an average household, as the appropriate unit of demand, and specifies the demands imposed by other forms of development as multipliers. This approach mirrors that used by other councils in New Zealand.

11.2.6. Identify the Design Capacity for Growth

The design life of an asset is the period over which it has spare capacity to accommodate new users. This may differ from its useful life, which is the period over which it remains in service.

In general, project costs should be spread over the asset's design life. This makes sense, because only developments occurring within the design life can physically connect to the network and receive benefit from its provision.

In some cases, however, the design life may be very long and a shorter funding period may be used. In this development contributions policy, costs are spread over the shorter of asset design life and 25 years.

11.2.7. Allocate Costs to Each Unit of Demand

This is a fairly straightforward exercise, and is carried out within the development contributions funding model. It entails spreading the total growth-related costs of each project (along with any debt-servicing) costs to the various developments that fall within the same catchment and within the asset's design life.

11.2.8. Calculate Fees by Activity and Catchment

The final step is to aggregate the costs of each project at the activity/catchment level. The results are then used to derive the schedule of development contributions reproduced in section 5.1.

11.3. The Funding Model

A funding model has been developed to calculate charges under this policy. It tracks all the activities for which contributions are sought, the catchments underlying each activity, and the infrastructure projects related to growth. It also houses growth projections for each catchment and each type of development.

The funding model embodies a number of important assumptions, including:

- All capital expenditure estimates are inflation-adjusted and GST exclusive.
- The backlog, renewal and maintenance portions of each project will not be funded by development contributions.
- Methods of service delivery will remain largely unchanged.
- Interest will be earned by Council where contributions precede works. Conversely, interest expenses will be incurred (or interest revenue will be foregone) where works precede contributions. Both are calculated at the weighted average interest cost of borrowings.
- Any debts incurred for a project will be fully repaid by the end of that project's funding period.
- The development contributions charges listed in section 5.1 will be adjusted each year at the rate of inflation. This has been modeled as an average increase of 2.5% per annum.
- Increases in general rates and user charges - due to increases in the number of ratepayers - will be sufficient to fund increases in operational expenses (including depreciation) associated with growth-related capital works.

11.4. Other Significant Assumptions

A number of other important assumptions underlie this policy. The most significant of these are outlined below.

11.4.1. Planning Timeframe

This policy is based on the ten year time frame of the 2009-19 LTCCP and on the principle that costs triggered by growth over that period should be both allocated to, and recovered within, that period. However, in many cases, economies of scale require Council to build assets of greater capacity that extend beyond the timeframe of the LTCCP.

Council accepts that, in such cases, it may have to bank roll costs and recover them over time from future developments. Any costs incurred in anticipation of future growth (i.e. beyond the LTCCP) will be allocated to and recovered in those later years, subject to a maximum total recovery period of 25 years.

11.4.2. External Funding

This policy assumes that the eligibility criteria used - and the funding provided - by third parties (such as New Zealand Transport Agency) remain unchanged over the life of the plan.

11.4.3. Best Available Knowledge

The growth projections and capital works programme underlying this policy represent the best available knowledge at the time of writing. These will be updated as better information becomes available and incorporated to the policy at review times.

11.4.4. Changes to Capital Works Programme

Deviations from projected growth rates will result in acceleration or delay of the capital works programme (or the re-sequencing of projects), rather than more significant changes to the overall scope of capital works.

11.4.5. Avoidance of Double Dipping

Development Contributions will not be sought for projects already funded by other sources, such as external subsidies or financial contributions.

11.5. Identification of Risks

The main risks associated with this policy are uncertainty over (i) the rate and timing of growth, and (ii) the exact nature of growth-related capital works, and their associated cost and timing. In both cases, the most effective risk mitigation strategy is to constantly monitor and update the policy as better information becomes available.

12. Examples

Example Raglan Catchment

Property in town	
Stormwater	2,879.67
Wastewater	1,461.02
Water	59.67
	4,400.36

Example Huntly Catchment

Property near Hakanoa	
Stormwater	49.25
Wastewater	511.57
Water	3,163.39
	3,724.21

Property near Wahi Marae	
Wastewater	511.57
Water	3,163.39
	3,674.96

13. Glossary of Terms

Activity means a good or service provided by, or on behalf of, a local authority or a council-controlled organisation. e.g. water supply, transport networks.

Allotment has the meaning given to it in section 218(2) of the Resource Management Act 1991.

Allotment Area is the total land area of an allotment.

Applicant is the person/persons that apply for resource consent, building consent or service connection.

Asset Management Plan means Council documents outlining how each main asset class will be managed, upgraded and expanded as required.

Catchment means the area served by a particular infrastructure investment.

Capital Expenditure means the cost of capital works for network infrastructure, reserves and community infrastructure.

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 Facilities means reserves, network infrastructure, or community infrastructure that Development Contributions may be required for in accordance with section 199 of the Local Government Act 2002.

Community Infrastructure means:

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

Community Outcomes in relation to a district or region (as defined in the LGA 2002):

- (a) means the outcomes for that district or region that are identified as priorities for the time being through a process under section 91; and
- (b) includes any additional outcomes subsequently identified through community consultation by the local authority as important to the current or future social, economic, environmental, or cultural well-being of the community.

Development means

- (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.

Development Contribution means a contribution -

(a) provided for in a Development Contribution policy included in the Long-Term Council Community Plan of a territorial authority; and

(b) calculated in accordance with the methodology; and

(c) 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.

Development Contribution Policy means the policy on Development Contributions included in the Long-Term Council Community Plan of the territorial authority under section 102(4)(d).

District means the Waikato District.

District Plan means the District Plan of Waikato District Council

Dwelling means any building, whether permanent or temporary, that is occupied, in whole or in part, as a residence; and includes any structure or outdoor living area that is accessory to, and used wholly or principally for the purposes of, the residence; but does not include the land upon which the residence is sited

Financial Contribution has the same meaning as Financial Contributions in section 108(9)(a)-(c) of the Resource Management Act 1991.

Goods and Services Tax (GST) means goods and services tax under the Goods and Services Tax Act 1985.

Gross Floor Area (GFA) means, for the purposes of development contributions, 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:

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

Household Equivalent Unit (HEU) means an average residential dwelling occupied by a household of average size.

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 For the purpose of Development Contribution Impervious Surface Area (ISA) means the area of any site that is not capable of absorbing water and includes any area that:

- Is covered by buildings
- 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.

LGA 2002 means the Local Government Act 2002

Local Authority means a regional council or territorial authority.

Methodology has the same meaning as methodology in §197 of the Local Government Act 2002.

Minor residential unit (“Granny Flats”) means a secondary residential unit on a site, which can be used either as a rental property or to house a dependent relative and is subservient to the larger residential unit on the site. The minor residential unit may be separate, or be a part of a main residential unit.

Network Infrastructure means the provision of roads and other transport, water, wastewater, and stormwater collection and management.

Network Utility Operator has the meaning given to it by section 166 of the RMA

Non-Residential Development means any activity in a non-residentially zoned area, excluding rural areas, or where the predominant activity is not residential or rural.

Residential Development means any activity in a residentially zoned area or where the predominant activity is not non-residential or rural.

RMA means the Resource Management Act 1991.

Service Connection means a physical connection to a service provided by, or on behalf of, a territorial authority.

Service Connection Fee means a charge for physically connecting to a service provided by, or on behalf of, a territorial authority.

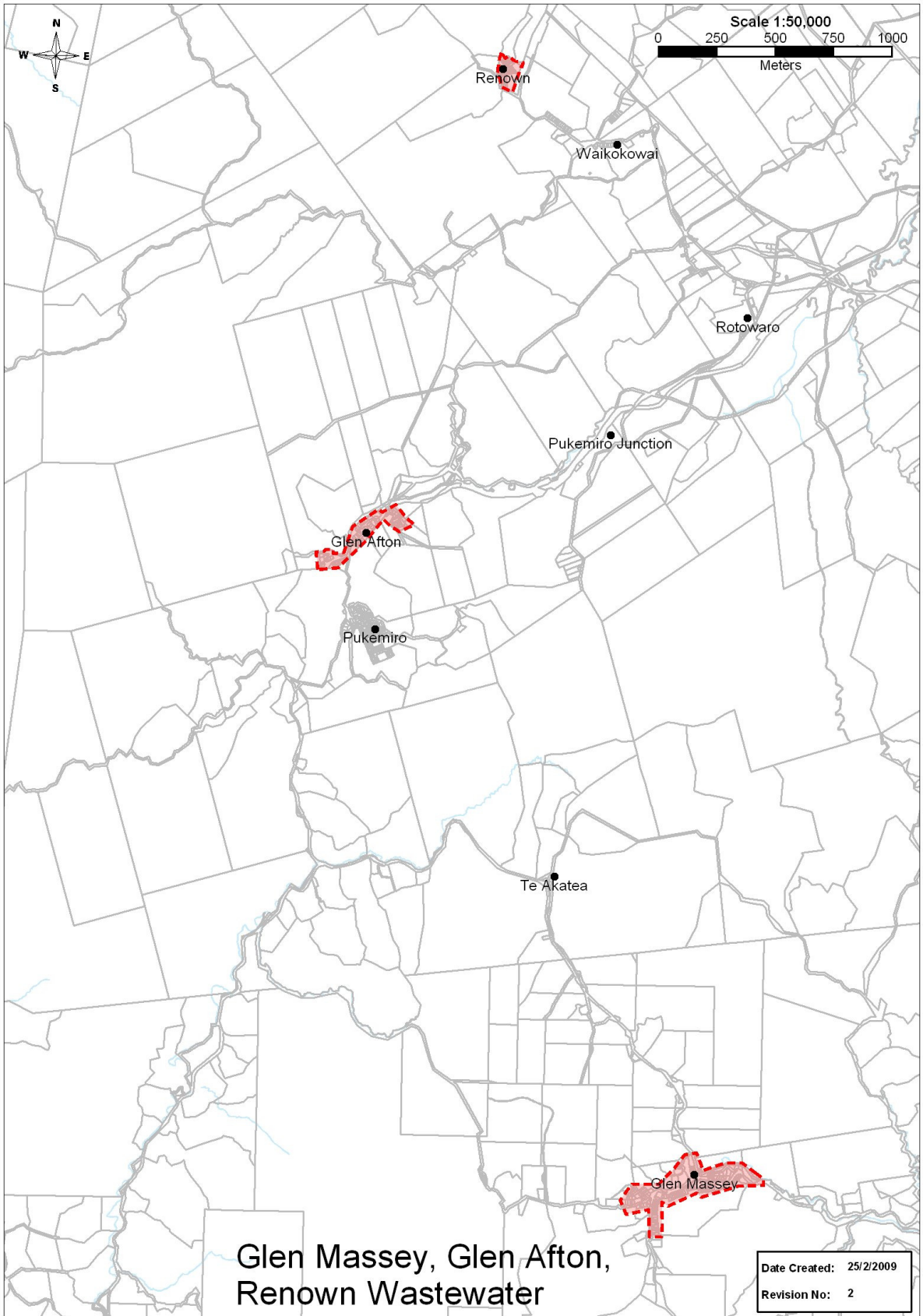
Subdivision has the same meaning as Section 218 of the Resource Management Act 1991.

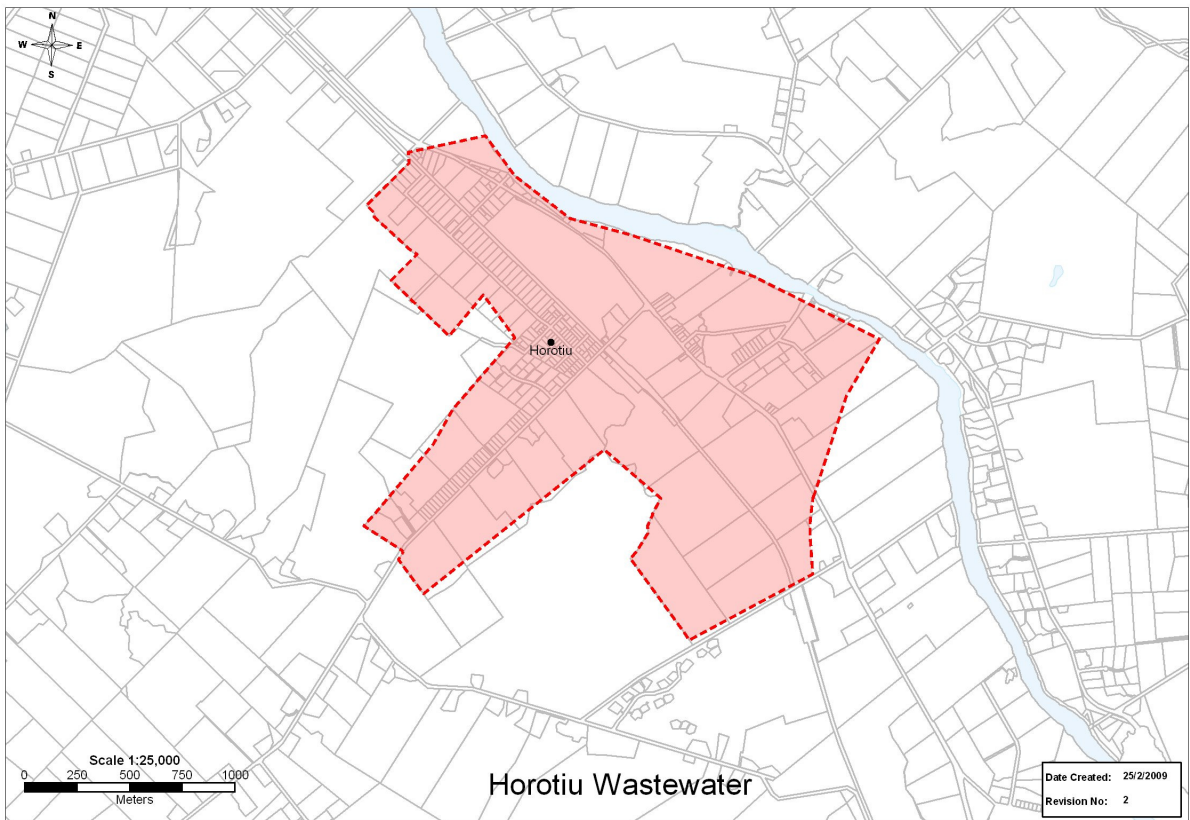
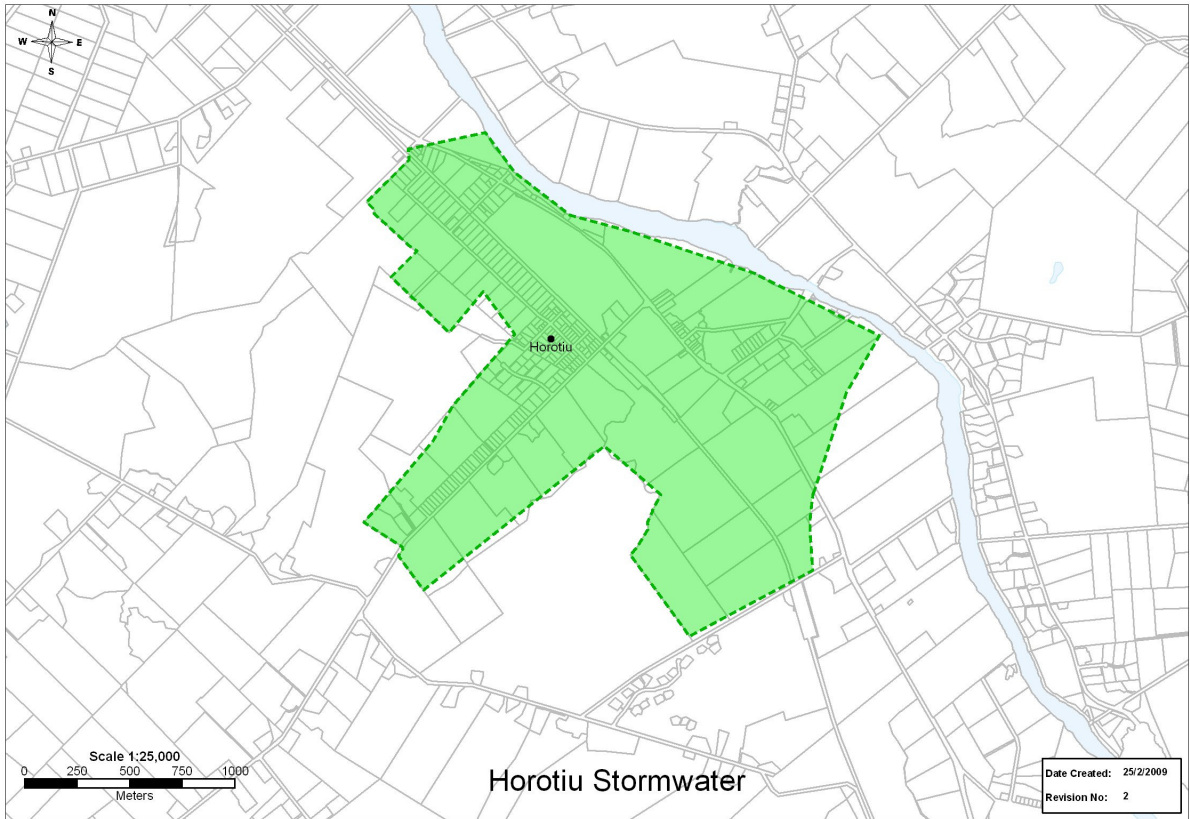
Third Party Funds means funding or subsidy, either in full or in part, from a third party. e.g. Transfund subsidies for the roading network.

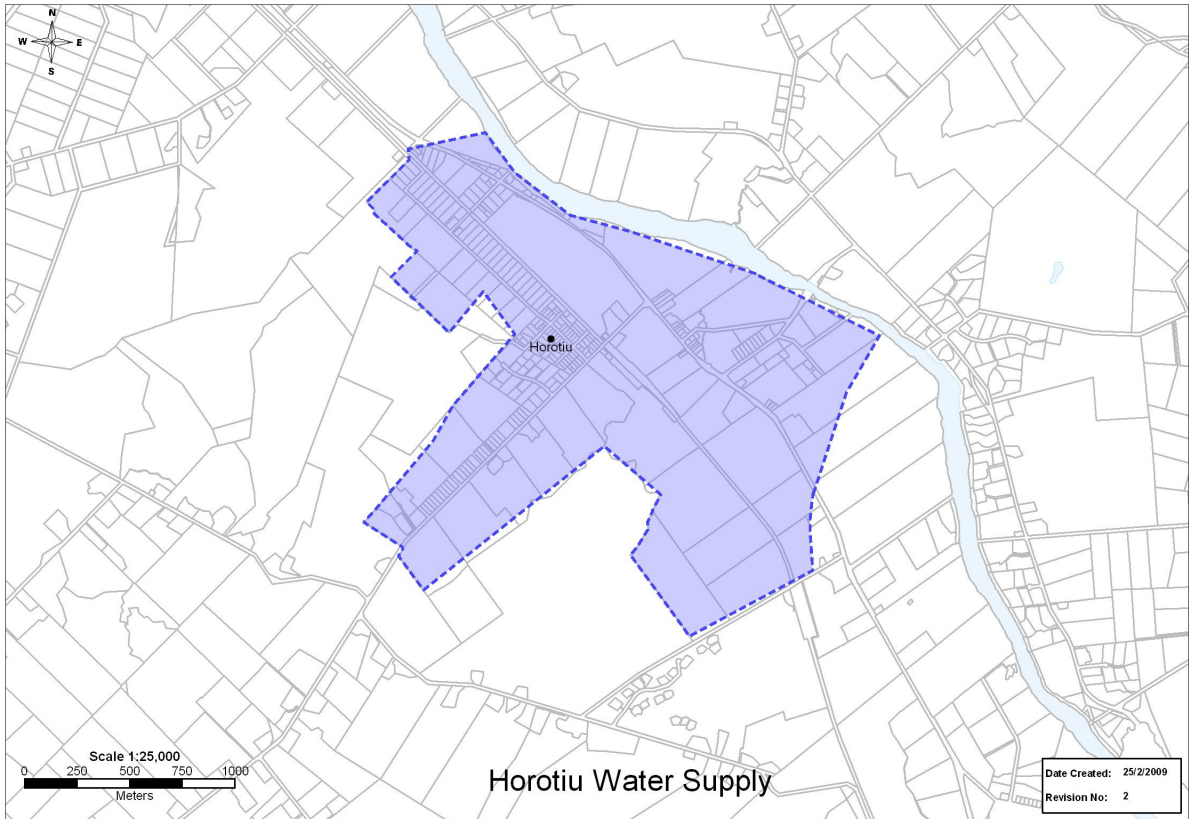
Unit of Demand means the measure of demand for community facilities.

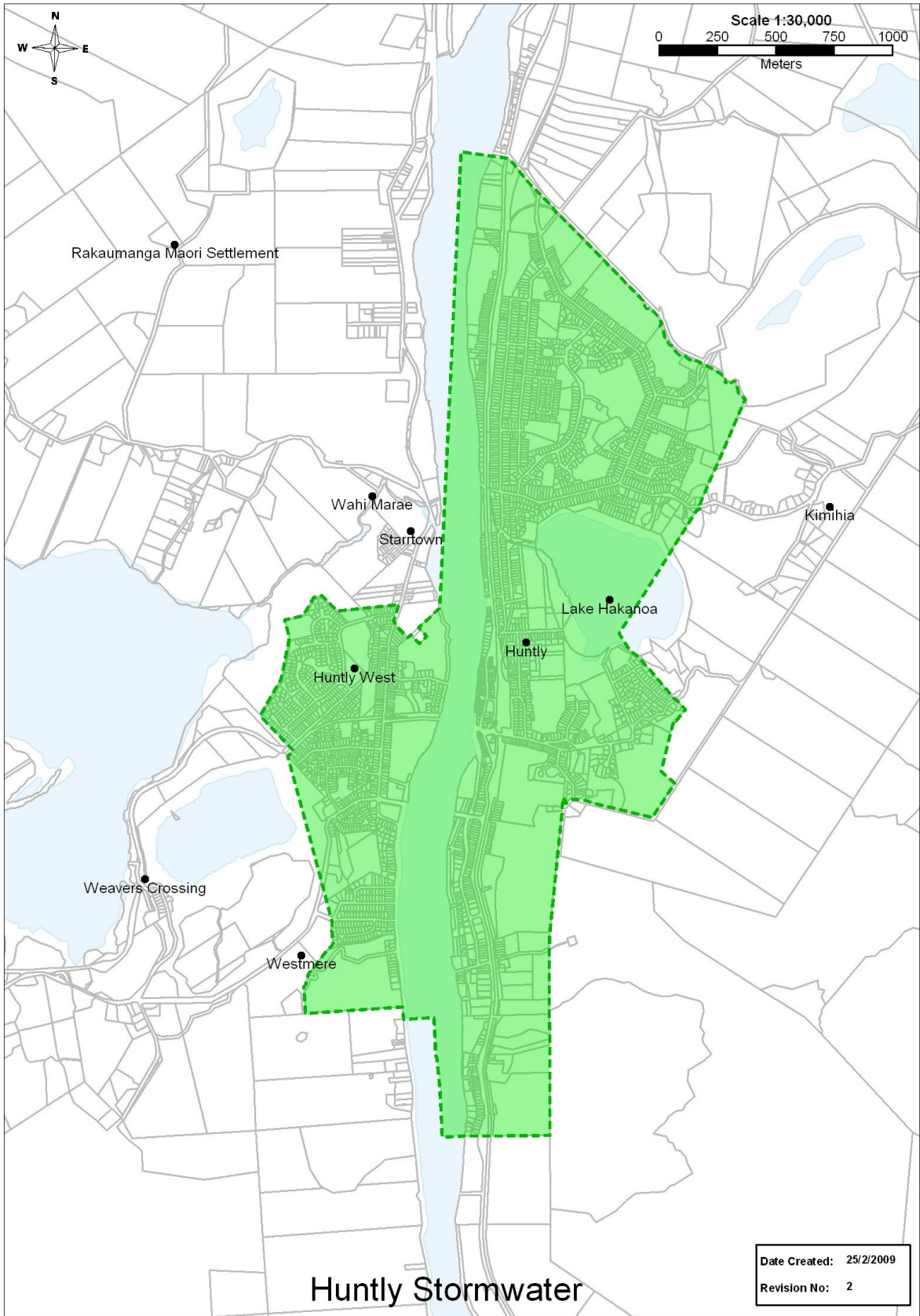
14. Catchment Maps

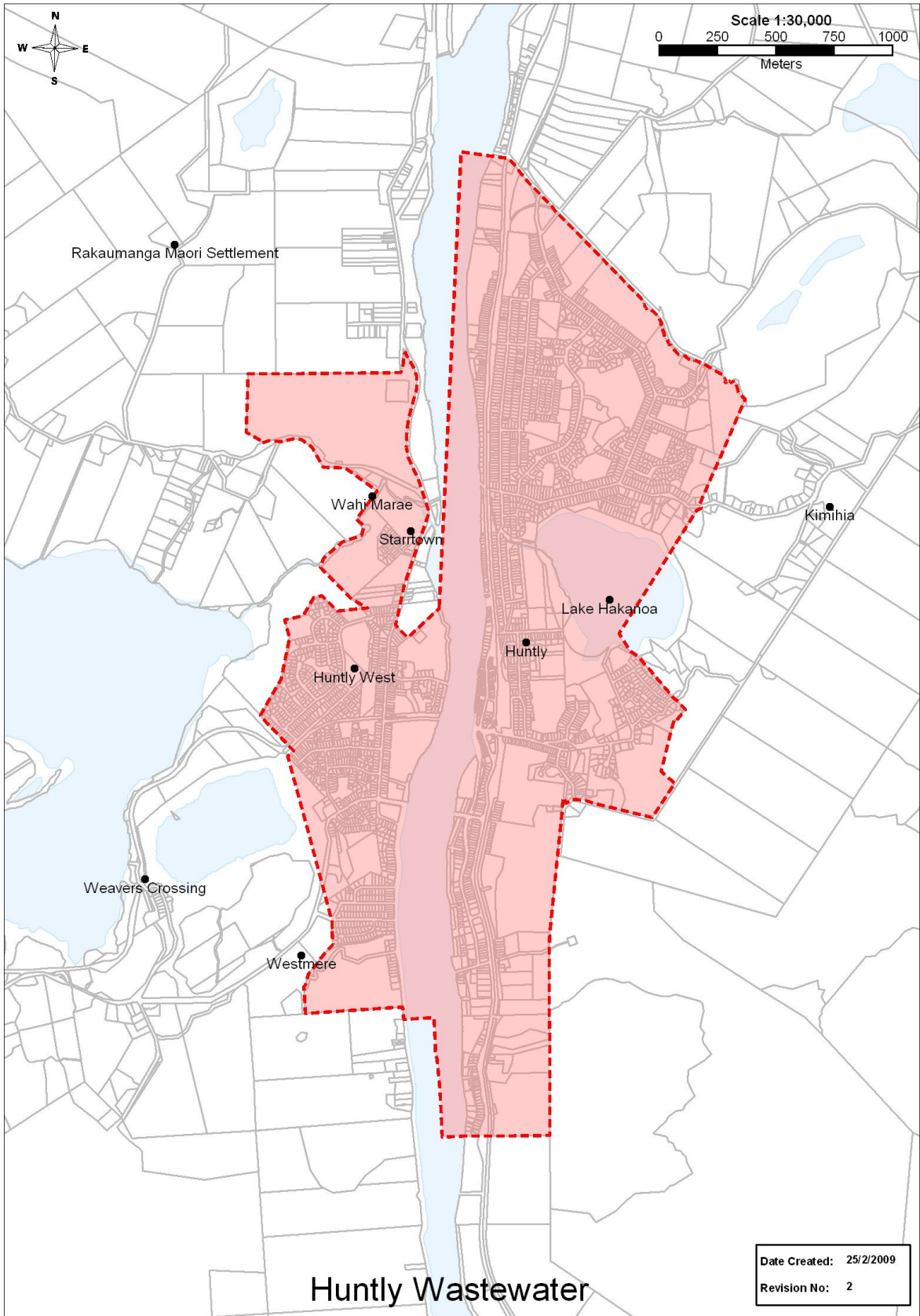
The following series of maps indicate the catchment areas for each service, from which the combined Development Contribution is calculated. Where there is uncertainty regarding the precise location of a property in relation to the catchment area boundaries, advice should be sought from Council staff.

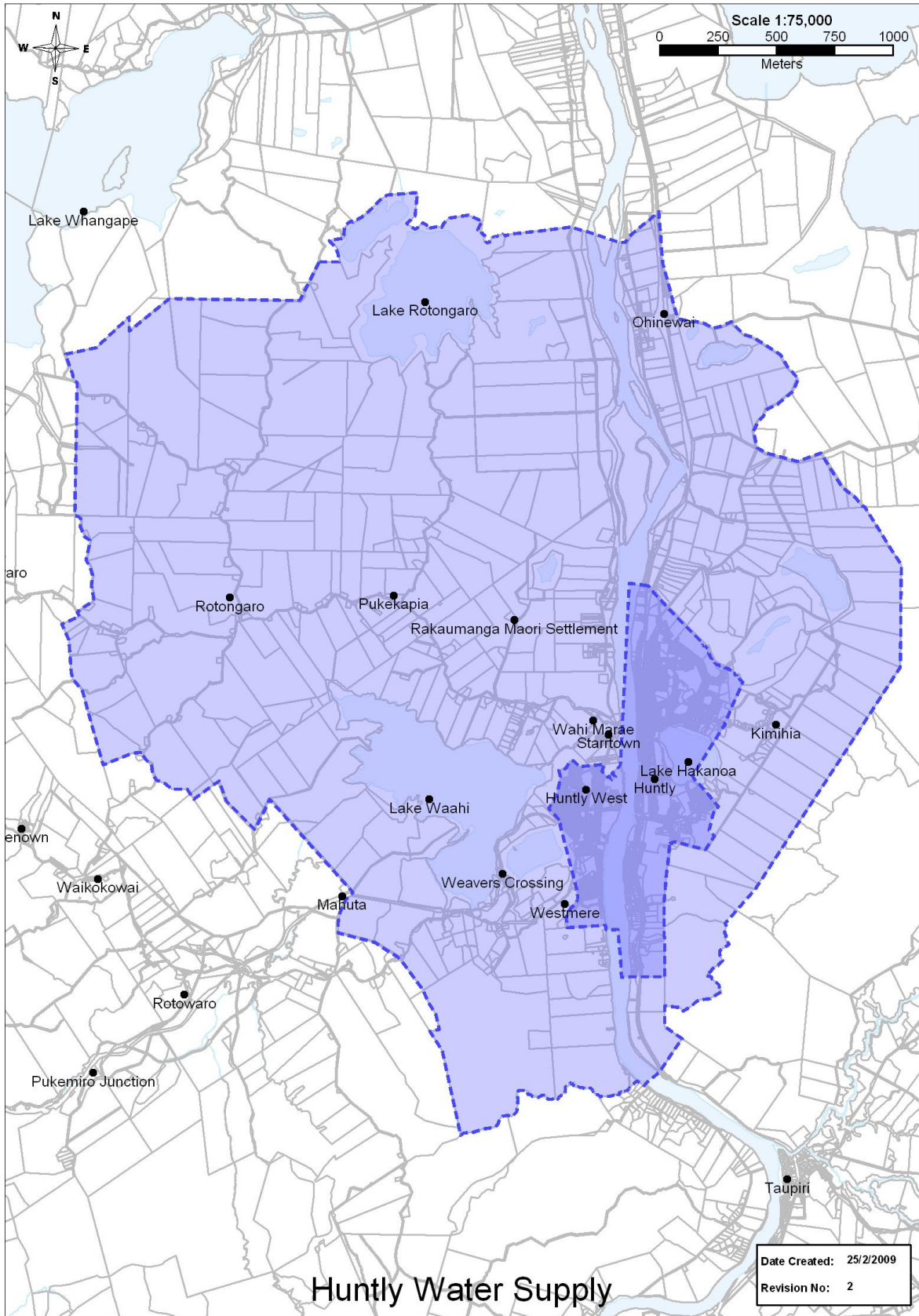


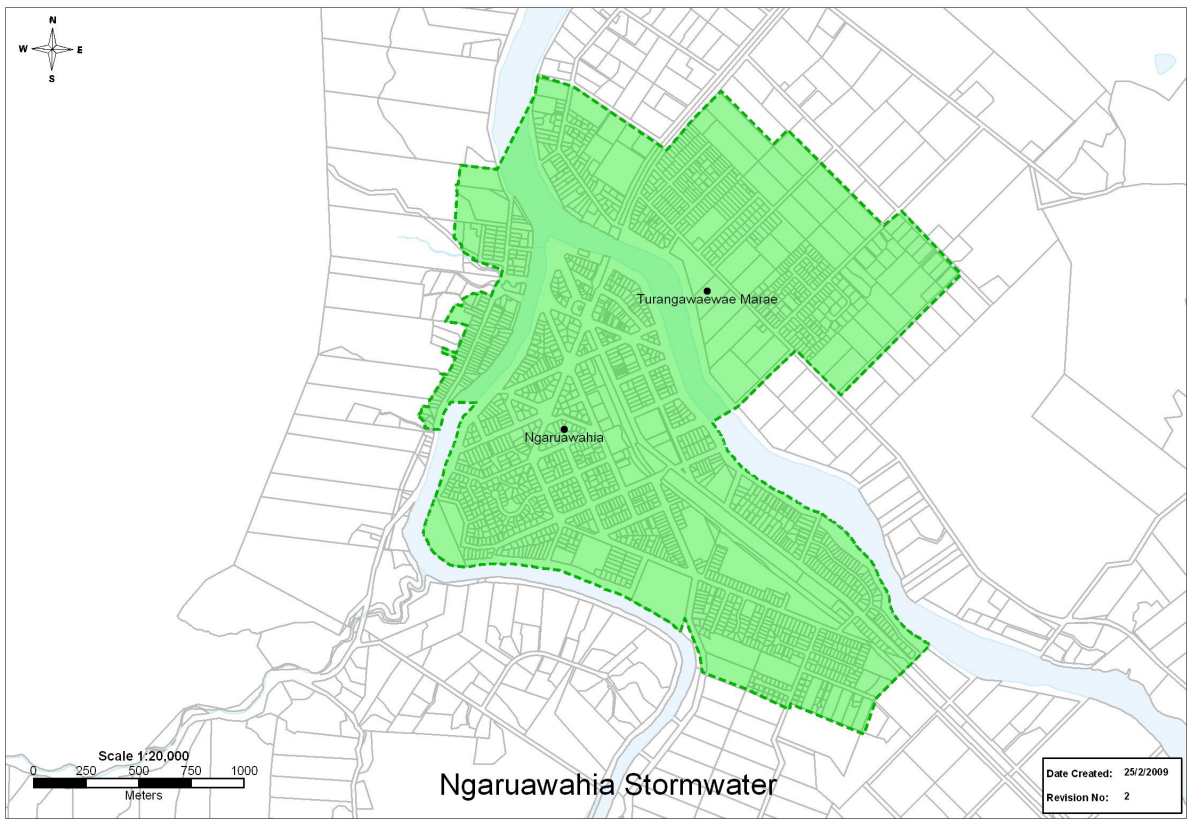
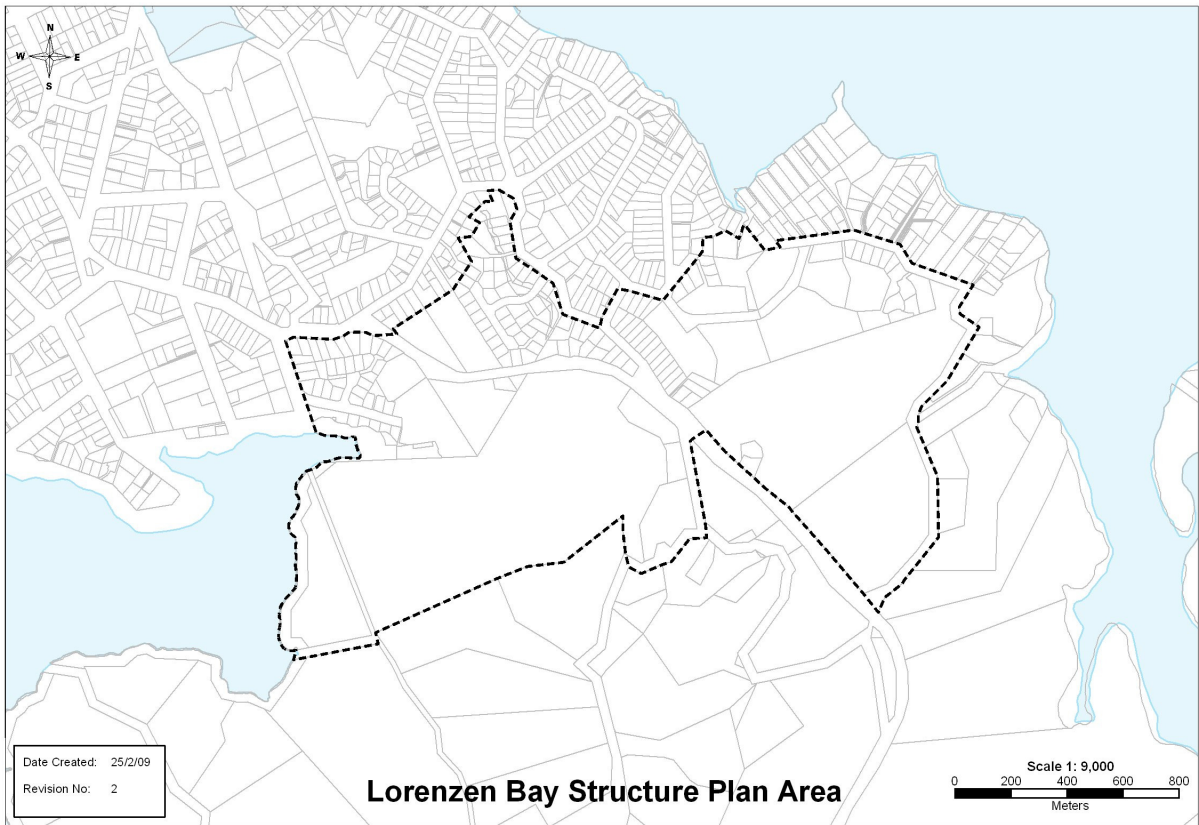


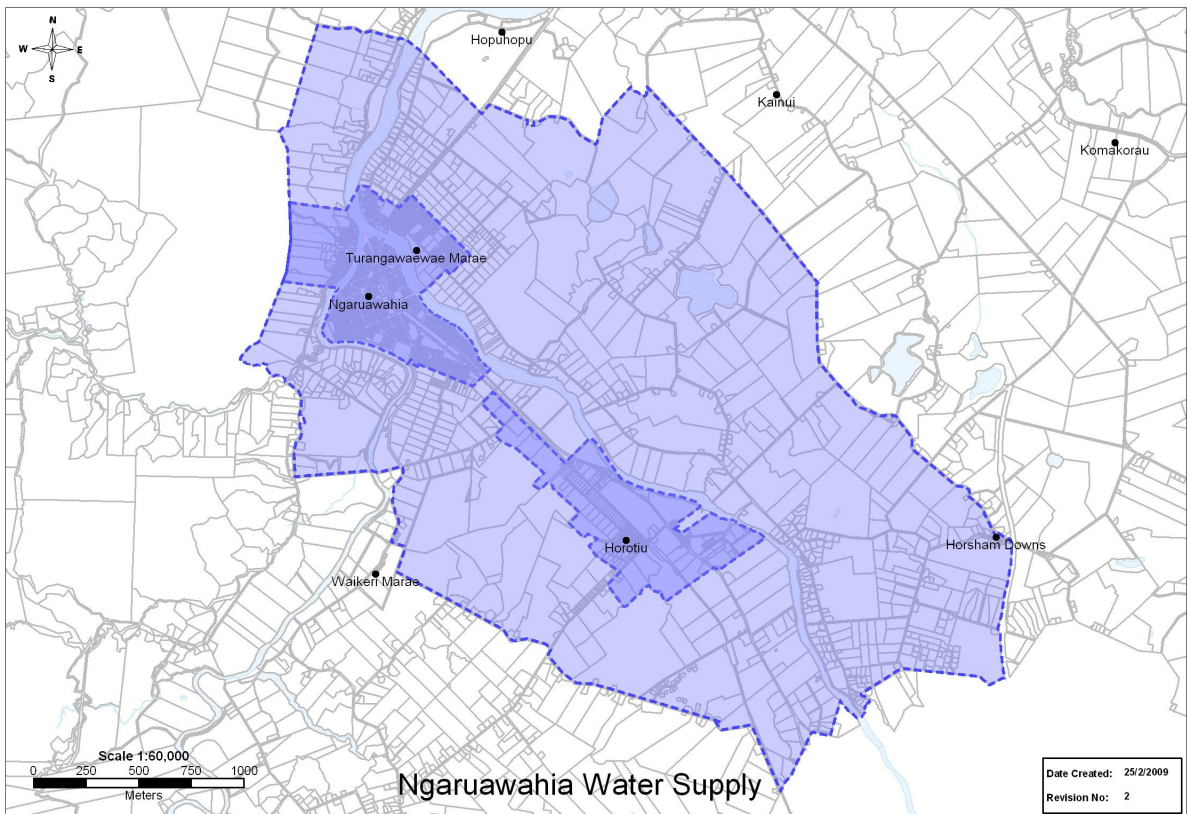
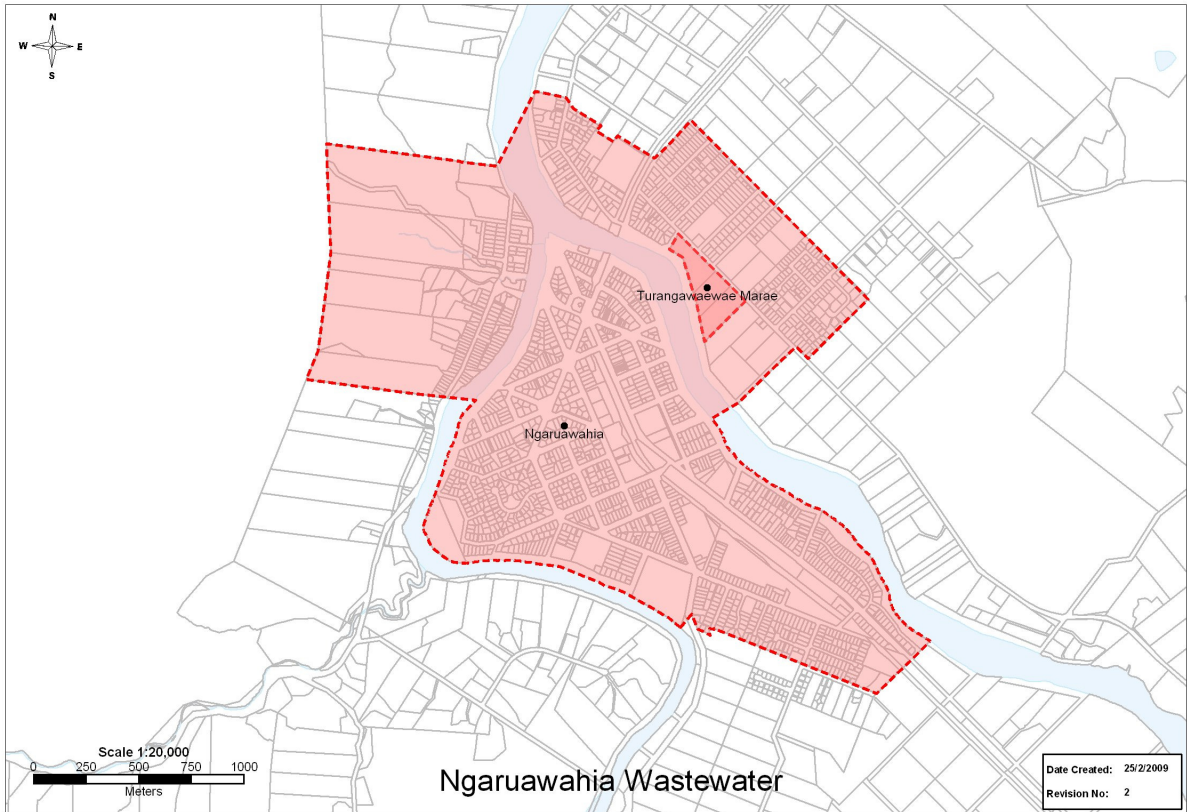


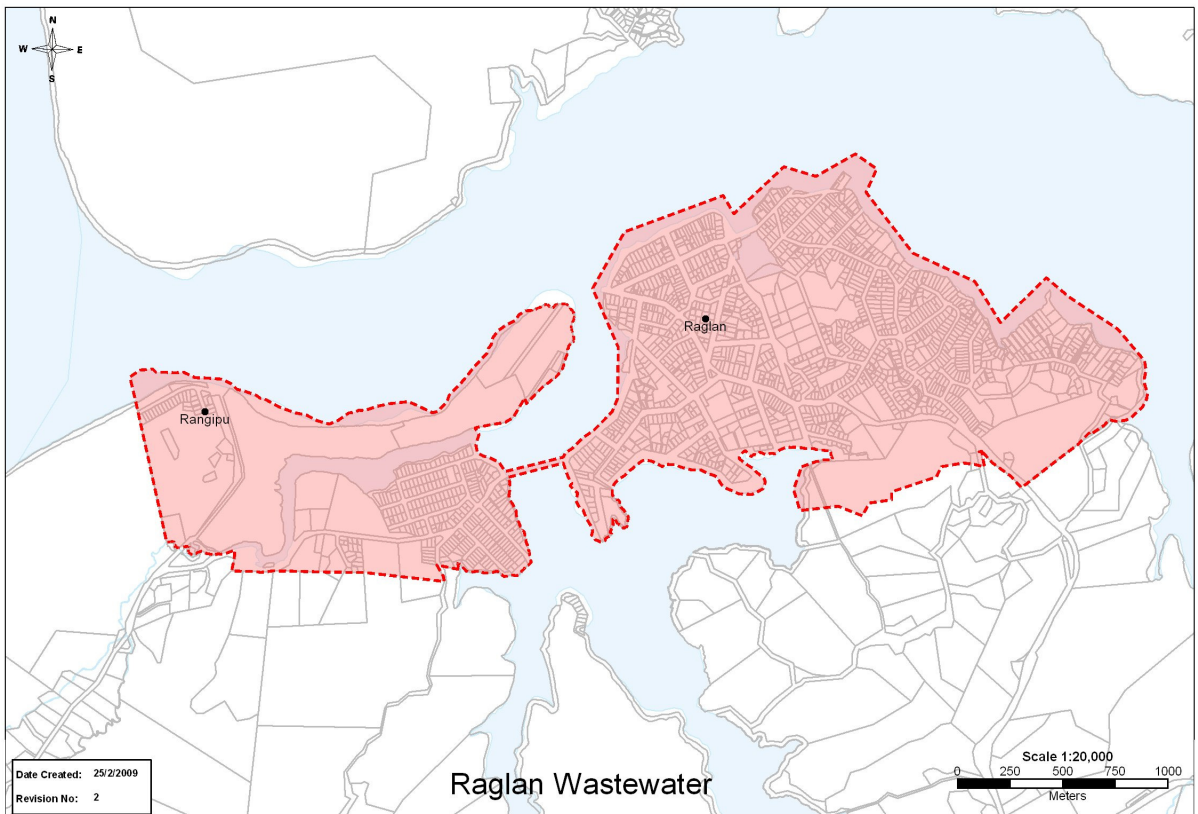
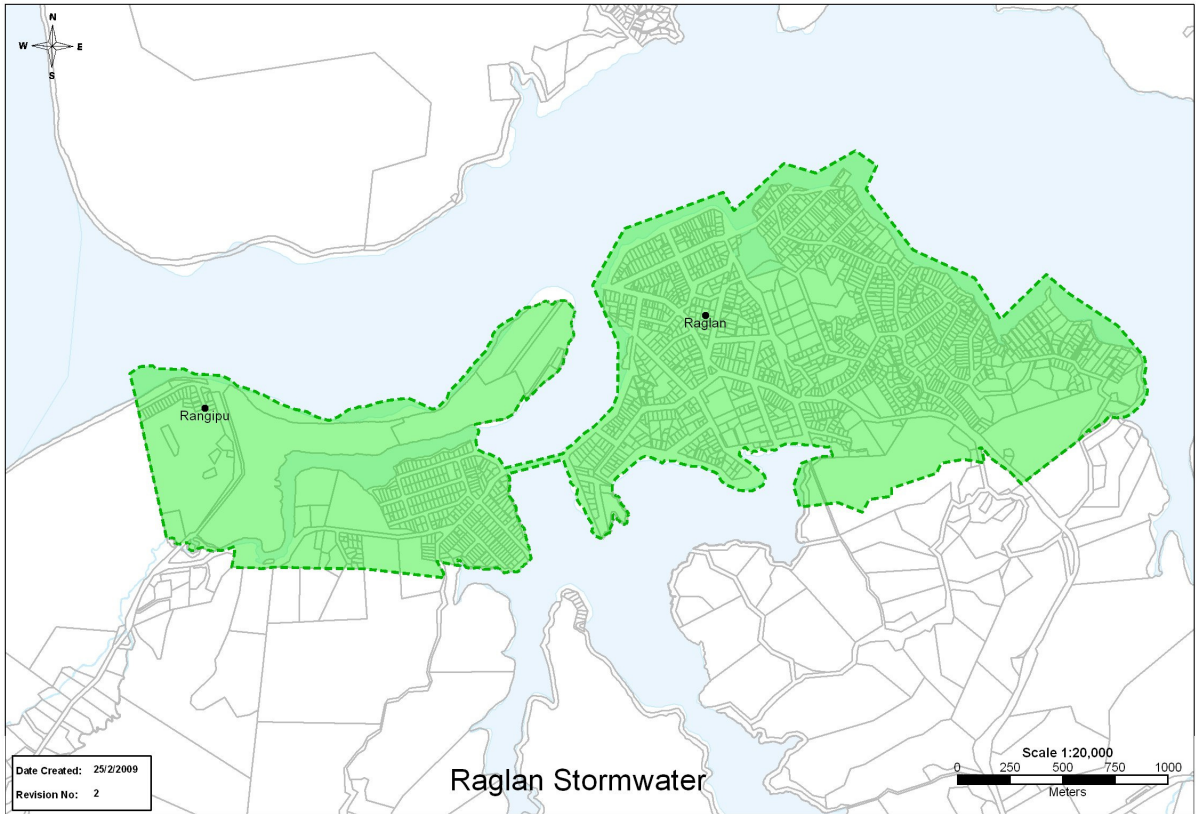


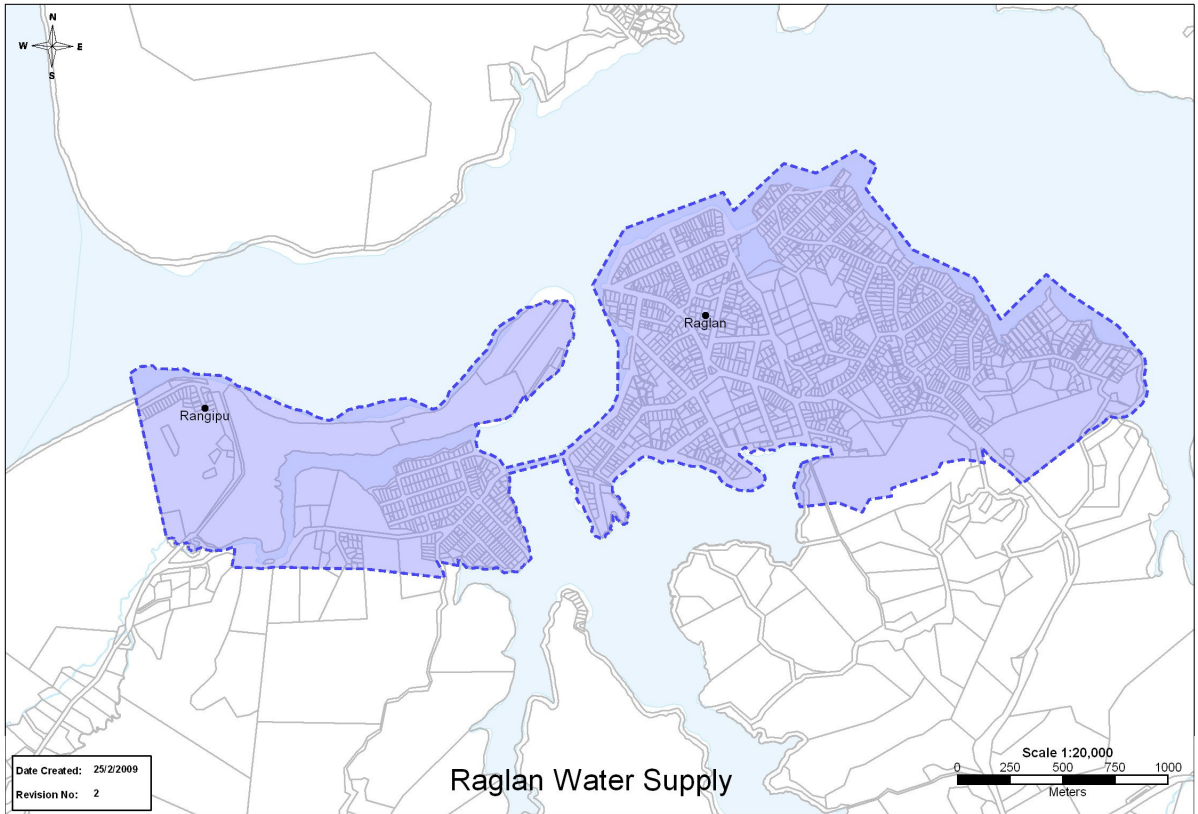


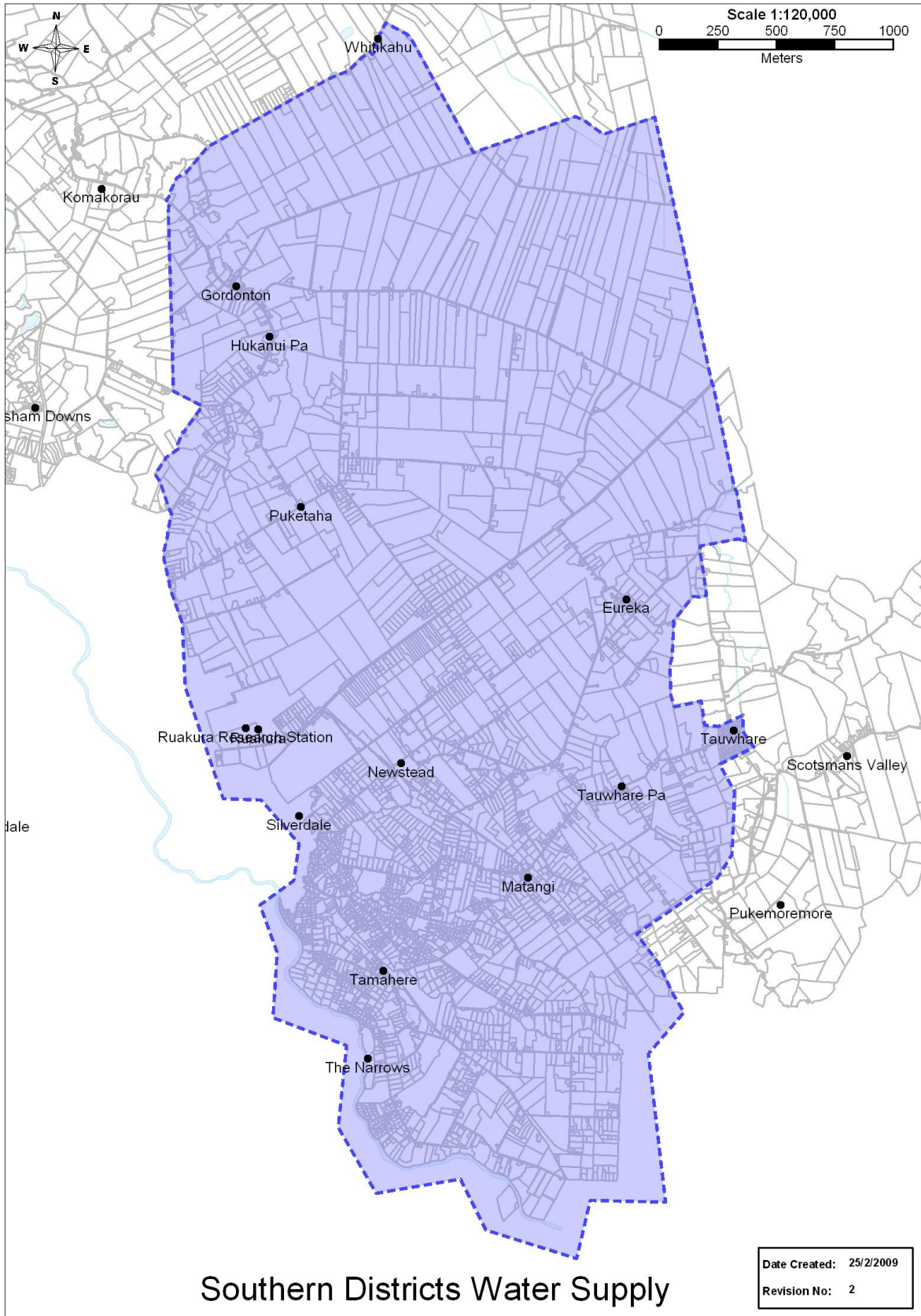


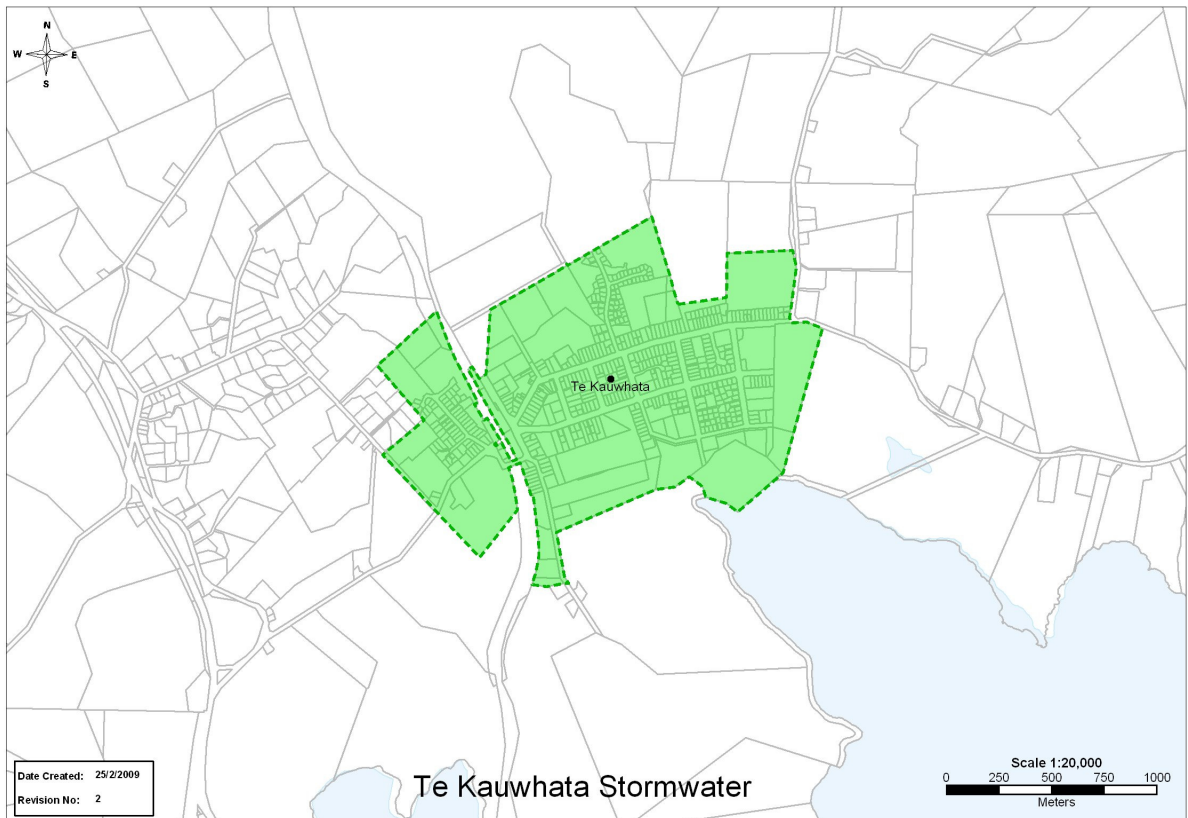
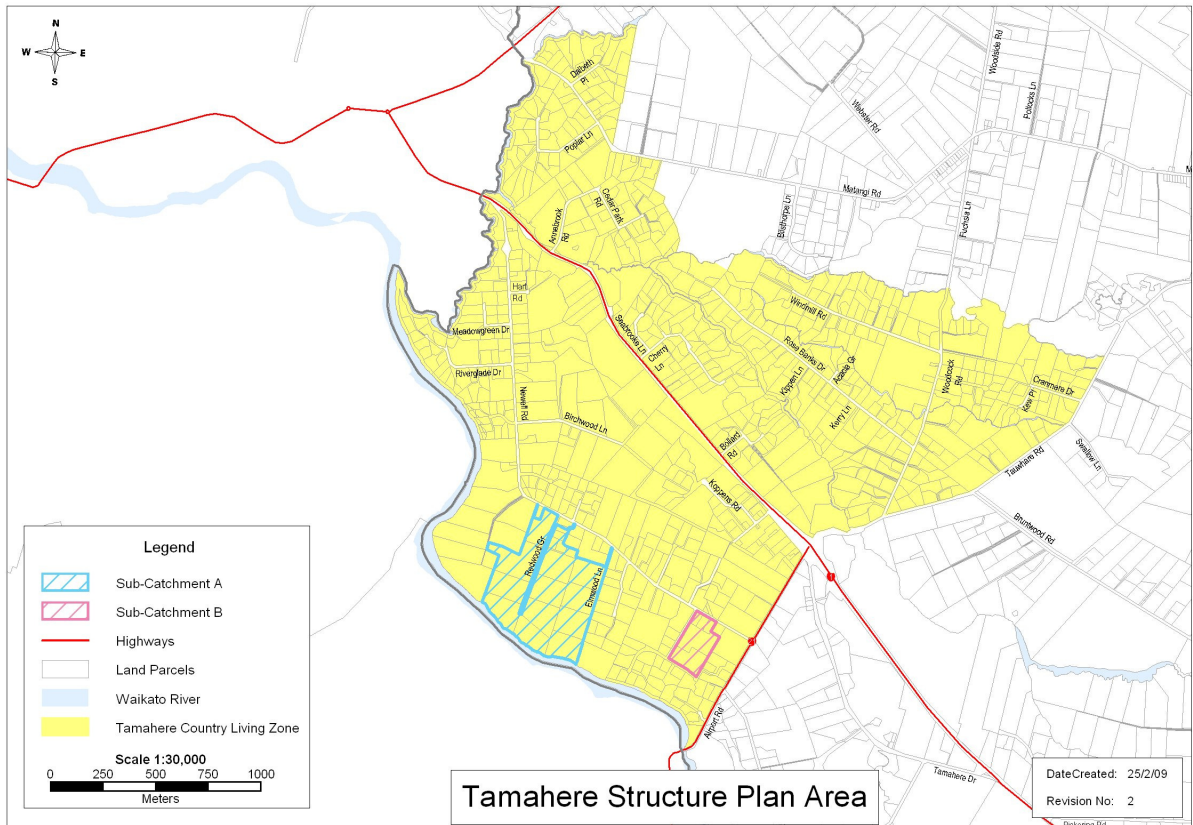


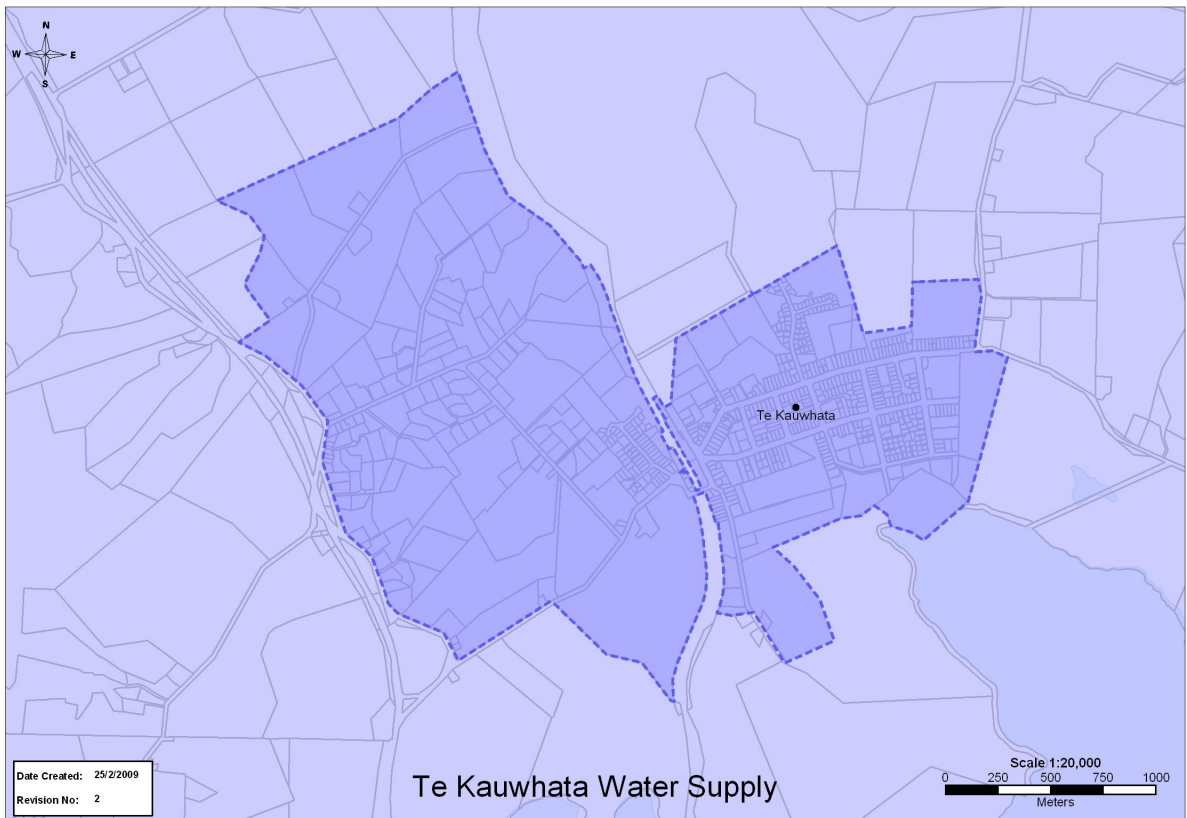
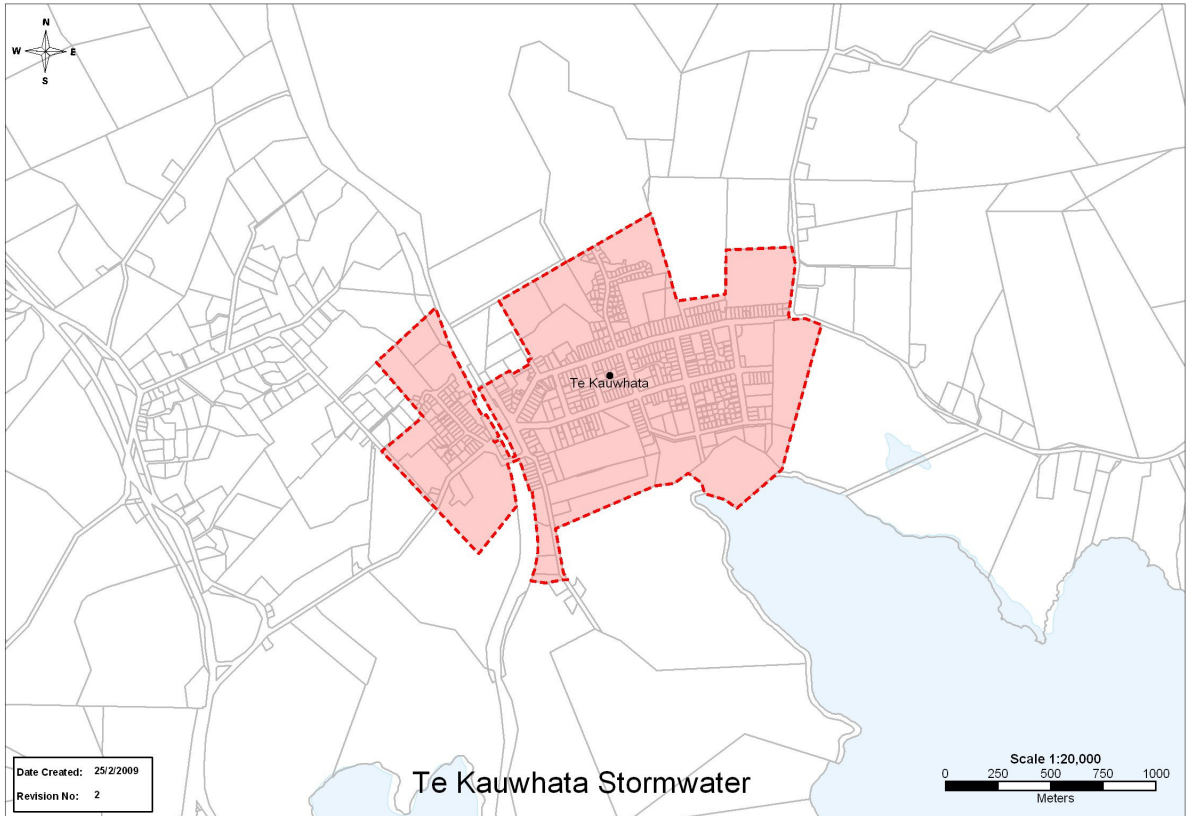


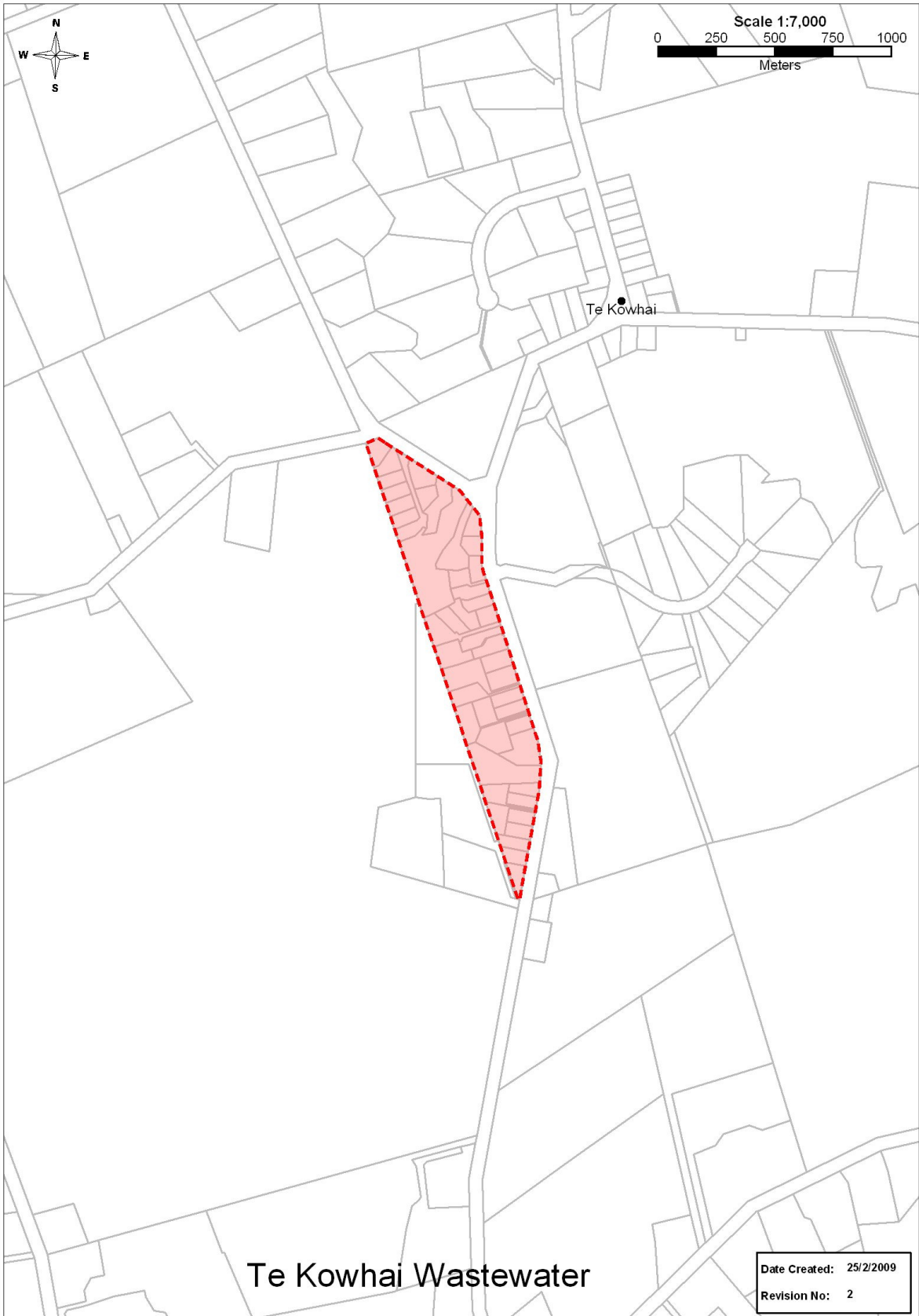


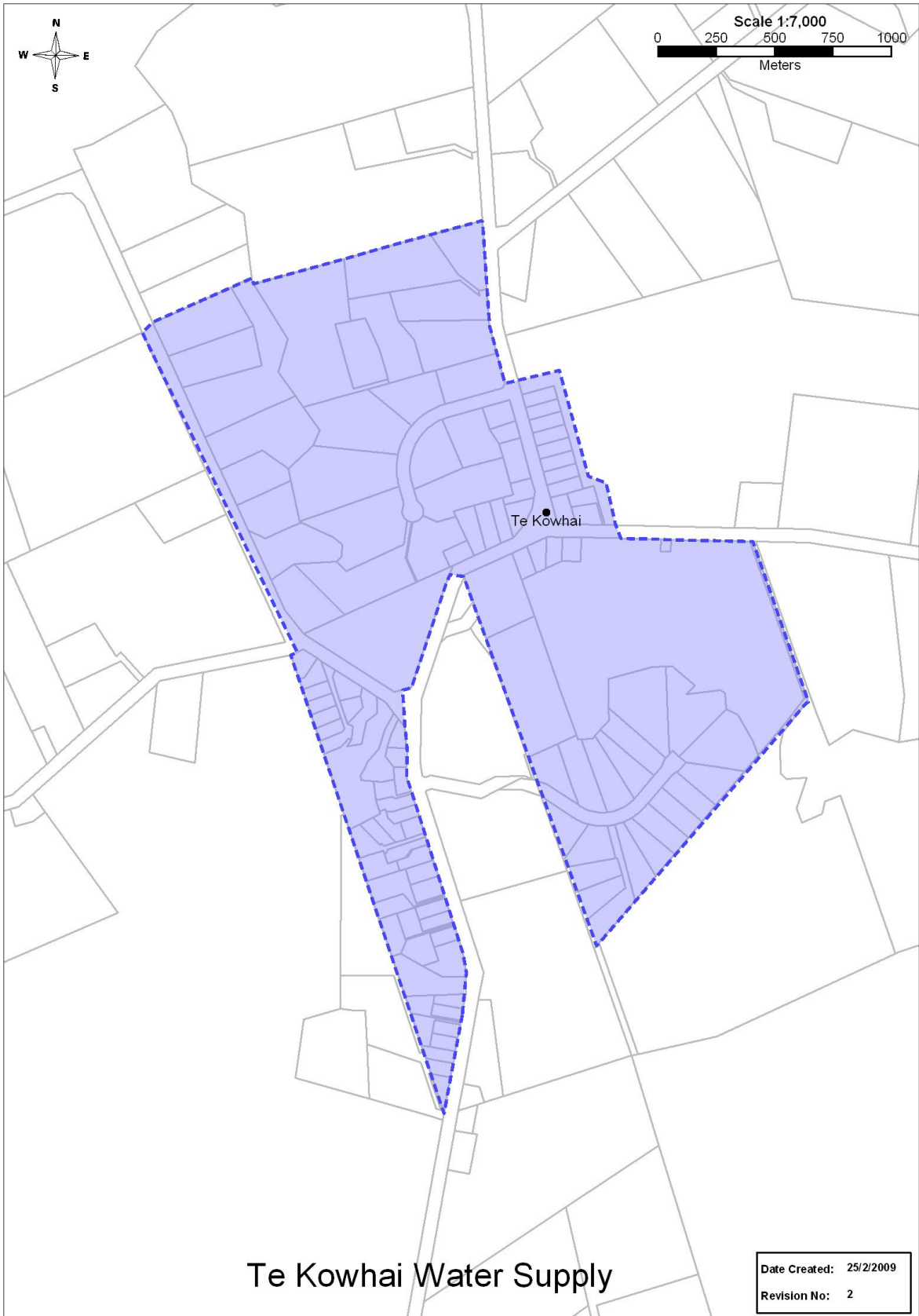






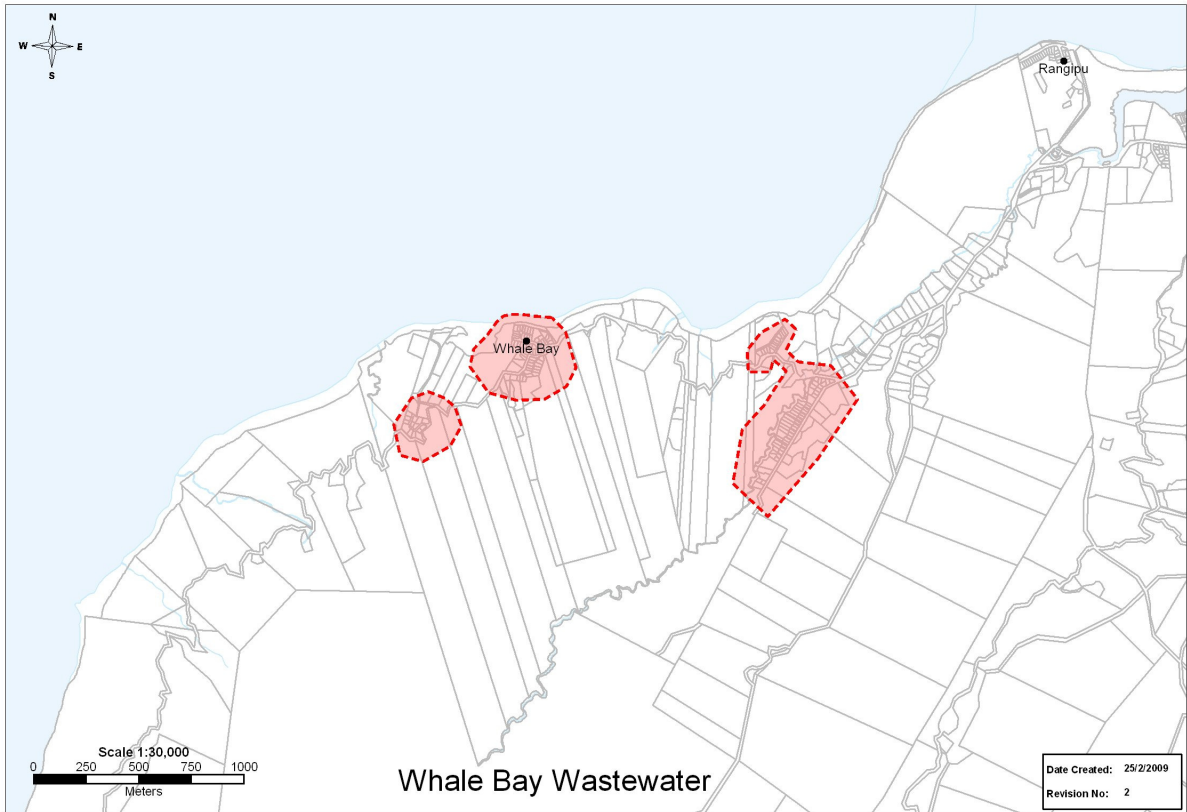






Te Kowhai Water Supply

Date Created: 25/2/2009
Revision No: 2



Additional Residential Households for 25 Year Cost Recovery Period
from 2009-2034

Census Area Unit	By 2019	By 2034
Taupiri	20	78
Meremere	27	61
Gordonton	131	364
Maramarua	64	190
Horotiu	330	795
Te Akau	49	122
Te Kauwhata	463	1311
Te Kowhai	300	605
Te Uku	142	496
Whatawhata	87	360
Matangi	107	233
Eureka	106	299
Waerenga	85	259
Kainui	460	1264
Whitikahu	30	81
Raglan	101	322
Huntly West	46	132
Waikato Western Hills	194	421
Tamahere-Tauwhare	430	559
Huntly East	130	450
Ngaruawahia	450	1266

Non-Residential Growth Projections (ha) for Key Centres Over 25 Year Cost Recovery Period
2009-2034

Centre	2019	2034
Horotiu	40	100
Hampton Downs	20	50
Te Kauwhata	5	12.5
Huntly	10	25
Gordonton	4	10
Taupiri	2	5
Ngaruawahia	18	45
Te Kowhai	6	15
Whatawhata	2	5

Schedule of Capital Works

	Annual Cost of Works (\$000s)										Total	Growth %	Cap Start	Cap Years
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019				
Parks and Reserves														
District Wide														
Playgrounds	77	40	59	60	62	44	97	32	32	5	508	38%	2010	15
Sports Fields	0	0	0	0	0	0	0	522	0	0	522	46%	2017	15
Libraries	0	0	137	2077	142	0	0	0	0	0	2356	41%	2012	25
Walkways	147	151	155	100	102	105	109	111	114	117	1211	36%	2010	15
Total	224	191	351	2237	306	149	206	665	146	122	4597			
Stormwater														
Huntly	158	0	0	0	0	0	0	0	0	0	158	7%	2010	25
Ngaruawahia	180	34	35	36	37	39	40	42	43	45	531	100%	2010	25
Raglan	55	57	59	60	62	64	67	69	72	74	639	100%	2010	25
Raglan - upgrade SW network	52	45	224	0	0	0	0	0	0	0	321	9%	2010	25
Te Kauwhata	110	114	117	121	125	128	133	138	143	149	1278	100%	2010	25
Total	555	250	435	217	224	231	240	249	258	268	2927			
Wastewater														
Horotiu	0	0	0	0	453	2102	0	0	0	0	2555	14%	2014	25
Huntly	22	23	140	1813	25	25	26	27	28	29	2158	7%	2010	25
Matangi	0	0	0	0	238	0	0	0	0	0	238	12%	2014	25
Ngaruawahia	0	197	1936	440	37	39	40	42	43	45	2819	6%	2010	25
Raglan	704	1069	774	145	149	51	53	55	57	59	3116	9%	2010	25
Tauwhare Pa	156	0	0	0	0	0	0	0	0	0	156	41%	2010	10
Te Kauwhata	788	47	59	60	359	64	67	69	72	74	1659	46%	2010	25
Te Kowhai	0	0	224	0	0	0	0	0	0	0	224	35%	2012	25
Western Waikato	0	135	350	360	74	0	0	0	0	0	919	3%	2011	25
Whale Bay	0	217	3355	692	0	0	0	0	0	0	4264	70%	2011	25
Total	1670	1688	6838	3510	1335	2281	186	193	200	207	18108			

Annual Cost of Works (\$000s)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total	Growth %	Cap Start	Cap Years
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Water

Huntly	0	0	0	0	238	1226	0	0	0	0	1464	75%	2014	25
Ngaruawahia	600	163	419	0	0	0	0	0	0	0	1182	100%	2010	25
Raglan	110	0	0	0	0	0	0	0	0	0	110	9%	2010	25
Southern Districts	500	1316	2316	632	651	672	697	724	749	776	9033	16%	2010	25
Te Kauwhata	504	542	0	0	713	245	0	0	1437	0	3441	100%	2010	25
Te Kowhai / Horotiu	0	0	0	121	0	0	255	661	2736	3969	7742	30%	2013	25
Whangamarino	0	0	176	0	392	3434	0	0	0	0	4002	100%	2012	25
Whangamarino - treatment plant upgrade	88	0	0	0	333	1840	662	0	0	0	2923	23%	2010	25
Total	1802	2021	2911	753	2327	7417	1614	1385	4922	4745	29897			

Roads

Tamahere	0	1748	0	0	2777	0	0	0	0	0	4525	42%	2011	25
Lorenzen Bay	0	0	0	0	0	1455	1416	0	0	0	2871	9%	2015	25
Total	0	1748	0	0	2777	1455	1416	0	0	0	7396			

The following table illustrates the charges that would be payable for each individual catchment. Dependant on the physical location of an HEU you may be levied more than one catchments levies. For example, Tamahere will also pay the Southern Districts charges, Whale Bay and Lorenzen Bay will also pay the Raglan charges and so forth.

Development Contributions in Year 1 (incl. GST)

Catchment	Reserves	Stormwater	Wastewater	Water	Roads
District Wide *	\$242.11				
Horotiu			\$299.51		
Huntly		\$55.40	\$575.52	\$3,558.81	
Lorenzen Bay					\$9,526.25
Matangi			\$177.00		
Ngaruawahia		\$1,172.04	\$376.12	\$3,064.15	
Raglan		\$3,239.63	\$1,643.65	\$67.13	
Southern Districts				\$1,399.39	
Tamahere	\$822.50	\$360.28			\$5,110.05
Tamahere Subcatchment A					\$27,508.84
Tamahere Subcatchment B					\$21,923.79
Tauwhare Pa			\$3,260.89		
Te Kauwhata		\$1,466.18	\$1,479.82	\$3,998.11	
Te Kowhai			\$207.51		
Te Kowhai/ Horotiu				\$2,465.09	
Western Waikato			\$197.96		
Whale Bay			\$21,385.17		
Whangamarino				\$3,986.65	

* Please note the district wide charge relates to every catchment in the table. Where Tamahere also has a reserves charge it is in addition to the district wide charge e.g. total of \$1,064.61 (\$242.11 + \$822.50)

Policy To Accept Early Payment Of Rates By Lump Sum Contribution, Or Payment Of Rates Over Several Years, For Capital Works

Objective

To allow Waikato District Council (Council) to provide ratepayers with an option for selected capital works on whether to pay for the cost of the capital works by lump sum contribution or by rates over a period of years.

This policy is made under section 56 of the Local Government (Rating) Act 2002.

I Early payment of rates for capital works

- I.1 Any arrangement to accept early payment of rates by lump sum contributions for capital works will be made at the discretion of Council.
- I.2 Council may resolve to finance capital work by levying of a targeted rate only where it is considered appropriate to do so. Council may also resolve to invite early payment of these rates by contribution of a lump sum.

Factors that may influence Council's decision to levy a targeted rate to finance capital work is:

- the number of rating units involved
- the level of funding required
- the proportion of cost if any to fund future capacity

- I.3 Where Council resolves to invite early payment of rates by lump sum contribution it shall:
 - a) prepare an estimate of the capital cost of the work less the amount of subsidies and/or other revenues estimated as payable in respect of the work
 - b) resolve to make and levy a targeted rate to recover the amount not met by lump sum contributions, including the annual charges that would be payable for any borrowing
 - c) Determine the amount of lump sum that would be payable by each rating unit
- I.4 Each ratepayer within the area to be covered by the proposed targeted rate shall be entitled to elect to pay the share of the capital cost of the work assigned to that rating unit by means of a lump sum contribution.

- 1.5 Written notice will be given to each ratepayer of their right to pay by lump sum, such notice to include:
- a) the period within which the right to elect to make a lump sum may be exercised
 - b) the lump sum that would be payable, the dates it will be payable and any penalty for non-payment
 - c) advice on the amount of the annual targeted rate that will be payable if no lump sum is paid
 - d) advice that the election to make a lump sum payment has no effect on ratepayers liability for maintenance and operation costs of the work
 - e) inform that the decision to make a lump sum will be irrevocable and binding on all persons who are or may become liable to pay rates in respect of the rating unit.
- 1.6 Lump sum contributions will be levied as part of an annual rates assessment and shall be payable in the same manner as the rates.

2 Early Payment of Borrowing Rates for Subsequent Financial Years

- 2.1 Council may allow early payment of Borrowing Rates by lump sum for subsequent financial years where it is considered appropriate to do so.
- 2.2 An amount will be specified in the Annual Plan each year being the amount of the lump sum required to fully discharge each loan rate that Council has agreed to accept early repayment by lump sum contributions for. This charge will apply for each period from 1 July to 30 June of the year that the Annual Plan is current.
- 2.3 The contribution payable in respect of each rating unit shall be calculated by dividing the total of outstanding indebtedness in respect of the existing borrowing(s) by the number of rating units that have not yet paid the contribution by lump sum.
- 2.4 Each ratepayer within the area covered by the targeted rate shall be entitled to elect to pay the share of the capital cost of the work assigned to that rating unit by means of a lump sum contribution.
- 2.5 Written notice will be given to each ratepayer of their right to make early payment of borrowing rates by lump sum, such notice to include:
- a) the period (of at least one month) within which the right to elect to make a lump sum may be exercised
 - b) the lump sum that would be payable, the dates it will be payable and any penalty for non-payment
 - c) advice on the amount of the annual targeted rate that will be payable if no lump sum is paid
 - d) advice that the election to make a lump sum payment has no effect on ratepayers liability for maintenance and operation costs of the work
 - e) inform that the decision to make a lump sum will be irrevocable and binding on all persons who are or may become liable to pay rates in respect of the rating unit
- 2.6 Lump sum contributions for early repayment of borrowing rates will be levied as part of an annual rates assessment and shall be payable in the same manner as other rates.

Early Payment Policy

Council will accept payment in advance of any applicable rate instalment both in current or future years. Interest will not be paid in relation to any payments on this basis. Discount will only be given in the cases of Lump Sum Contributions for Capital Works, as outlined in the details of the specific Targeted Rate.

Any such payments made in advance will be credited against the appropriate rate instalment as directed by the ratepayer.

Summary Of Financial Contributions Collected Under The Resource Management Act 1991

In conjunction with our Development Contributions Policy, Council also collects financial contributions through the Resource Management Act 1991. It is Council's intention to consider moving so that all contributions being contained and collected are through the Development Contributions Policy. It is acknowledged that this may take some years to achieve. For the 2008/2009 year, Council is planning to collect financial contributions for:

District-wide Roding Contribution

The Resource Management Act 1991 empowers Councils to obtain financial contributions for such things as developing or improving the roading network when land development or subdivision is likely to increase usage. Section 42.4.4 of the Operative District Plan sets out the Council's purposes and rules for imposing conditions requiring payment of financial contributions and this section of the District Plan should be referred to for a full explanation of the changes.

The District Plan allows for financial contributions to be imposed on both subdivision and land-use consents.

For subdivision, the assessment of a financial contribution for roading is based on Recognised equity, which recognises the equity of current allotments and requires new allotments to make an equal contribution.

For land use, frequent use of roads by activities that generate significant increases in heavy vehicle or other traffic volumes can result in the need to increase the vehicle capacity of the roading network.

The formula for the maximum charges which may be imposed is set out under section 42.4.4.3 of the Waikato Operative District Plan. This means that, while the charge itself is open for submission as part of the LTCCP/annual planning process, the formula for setting it can only be changed as part of a District Plan change.

District-wide Reserve Contribution

The Resource Management Act 1991 empowers Councils to obtain financial contributions for the development of reserves and recreation facilities to offset the effects of increased demand generated by the subdivision of land or building of additional dwelling houses. Section 16 of the Proposed Waikato District Plan set out the Council's objectives, policies, purposes and results for the imposing of reserve contributions and these sections of the District Plan should be referred to for a full explanation of the fee.

The Council will generally take cash in preference to land as an alternative form of contribution.

The current reserve contribution fee is set under section 16.10 of the Proposed Waikato District Plan and is therefore not open for submission as part of the LTCCP/annual planning process and is listed in the Schedule of Fees and Charges for information purposes only.

Development Contributions for water, wastewater and stormwater are collected under the Local Government Act 2002.

Significance Policy

The intent of this policy is to enable Council to undertake its day to day operating activities in an efficient and effective manner.

Council will take into consideration the following:

- (a) The current and future social, economic, environmental or cultural well-being of the District
- (b) The impact on one or more of the community outcomes
- (c) The impact of the decision on Council's strategic direction as outlined in the Long Term Council Community Plan
- (d) The impact of the of the decision on individual communities and the appropriate community plan
- (e) The public interest (both historical and current) in relation to decisions concerning this issue
- (f) The financial consequences of the issue. An issue which has a direct annual financial consequence of more than 7.5% of total operating expenditure (including internal charges) would be regarded as significant.

Criteria

The following are the criteria for assessing the significance of an issue:

- (a) Whether the asset is a strategic asset within the meaning of the Local Government Act or listed in this policy
- (b) The extent to which there is, or is likely to be, a change in the level of service carrying out any significant activity
- (c) The extent to which there is, or is likely to be, a change in the way in which any significant activity is carried out
- (d) The extent to which there is, or is likely to be, a change in the capacity of the Council to provide any significant service or carry out any significant activity
- (e) The assets being considered must be owned by Waikato District Council.

Thresholds

The following are the thresholds which Council will use to determine the significance of issues:

- (a) Any one project with an expenditure of more than 7.5% of total operating expenditure (including internal charges) in any financial year
- (b) Any transfer to or from Council of ownership or control, of an assets at a value greater than 7.5% of total operating expenditure (including internal charges)
- (c) The sale of more than 40% of the Councils shareholding in Tanlaw Corporation Ltd
- (d) Entry into any partnership with the private sector to carry out an entire activity (as defined in the Revenue and Financing Policy) which has an annual operating expenditure of more than 7.5% of total operating expenditure (including internal charges)
- (e) Strategic decisions concern the whole asset class and not individual components

- (f) Exemptions from these thresholds will be:
- Any land and buildings in fee simple (freehold title)
 - Any emergency works whatsoever such as natural disasters
 - Roothing maintenance contracts (including reseals).

Processes

The decision to determine whether or not a project or issue is significant will be decided by Council through reports to either committee meetings or Council directly. All Council reports include a paragraph indicating whether or not the issue is of significance.

In terms of the Local Government Act, the following assets are considered to be strategic:

- (a) The roading network and associated infrastructure
- (b) Parks and reserves, associated buildings (excluding community halls), and infrastructure
- (c) Water supply schemes
- (d) Wastewater schemes
- (e) Urban stormwater schemes
- (f) Housing for the Elderly units
- (g) Raglan wharf and Raglan Harbour endowment properties
- (h) 40% or more of the shareholding in Tanlaw Corporation Ltd
- (i) Shareholding in Waikato Regional Airport Ltd
- (j) Libraries network.

Council's shareholding in Waikato Regional Airport Ltd and its involvement in Housing for the Elderly units are defined by the Act to be strategic assets.

Involving Maori In Decision-Making

Council will apply the intent and principles of the Treaty of Waitangi in its dealings with Maori.

Council will identify the Maori stakeholder groups in the district and develop a database for regular supply of information and engagement. This would include:

- All Marae
- Management groups used extensively for provisions under the Resource Management Act (RMA)
- Waikato Raupatu Trustee Company
- Individuals who request to be placed on Council's 'supply of information' list
- Key individuals in the district with knowledge on specific issues
- Nga Mana Toopu O Kirikiriroa
- Te Wananga O Aotearoa
- Tangata Whenua.

This policy recognises the important and significance of co-management in relation to the Waikato River and its tributaries.

Council will identify the key issues of particular interest to Maori that would include:

- LTCCP and Annual Plan
- Annual Report
- District Plan and associated documents
- Issues of possible significance to Maori
- Key policy papers that have the intent of changing the Council's direction or operations.
- Issues associated with the Waikato River and its tributaries

The aim is to build on the existing good quality relationships that have been established, through:

- Regular Marae visits
- Open invitation to meet with the Policy Committee, His Worship the Mayor and Council representatives
- Supplying information to key stakeholders on a regular and timely basis
- Continue to encourage the dialogue that has been established with RMA relationships
- Meeting with Tangata Whenua as appropriate
- Council's involvement in the Waikato River Vision and Strategy and related matters.

Staff will identify a draft annual timetable of documents that Council would wish to have engagement with Maori and deliver it to the stakeholders so as to give adequate advice of upcoming processes.

Council will develop a bi-annual newsletter to key stakeholders (prepared in Maori and English) to keep Maori informed of current issues. This would be additional to Council's newsletter, The Link, which is distributed six times per year.

The bi-annual newsletter will be issued in draft form to senior Kaumatua to ensure the wording is traditional and appropriate.

Council will sponsor seminars and hui with keynote speakers on Maori issues to better inform the community.

Council has also made changes to its reporting template to encourage consideration of matters that affect or potentially affect Maori.

Policy On Partnerships Between Waikato District Council And The Private Sector

Council's policy of partnerships with the private sector relates to any arrangement or agreement that is entered into between one or more local authorities and one or more persons engaged in business but does not include:

- (a) Any such arrangement where the only parties are local authorities and/or other Council organisations.
- (b) A contract for the supply of any goods or services to, or on behalf of, a local authority.

Waikato District Council will consider partnership arrangements with the private sector where:

- a defined need has been identified
- a partnership is the best method of achieving the community outcome or contributing to the social, economic, environmental and cultural well-being of the community
- such an arrangement is recognised as good business practice.

Commitment of Council resources to any such partnership will generally be in the form of grant, loan, investment or loan guarantee. The contribution could be by way of commitment as in the case where a private developer funds infrastructure in advance and Council agrees to reimburse the cost at some future time.

As part of the consideration of any potential partnership, Council will seek to identify interested parties who should have input at an early stage into the proposal. Council will also consider the Policy on Significance. If the partnership arrangement meets the significance criteria and thresholds then Council would need to follow the special consultative procedure.

In considering a partnership, Council will ensure that:

- the partnership proposal will demonstrate how it will contribute to the community's strategic objectives as outlined in the Long-Term Council Community Plan
- the selection process is transparent
- outputs will be clearly specified including measurable performance standards
- the benefits from the partnership exceeds the estimated cost
- the private sector partner must be a legal entity
- there is certainty that both parties are able to meet the terms of the partnership
- that the partnership and its proposed business are lawful
- that before confirming any partnership agreement, any necessary consents, licences or other approvals have been obtained
- risk allocation between the partners is clear and enforceable with appropriate financial consequences for non-performance
- appropriate monitoring and review mechanisms are in place to enable the Council to assess the extent to which community outcomes are furthered through the partnership
- a signed legal agreement must be entered into.

Appropriate consideration will be given to the risks associated with the formation of a partnership. The aim will be to minimise risk and provide a high level of protection of the public interest. Risk factors that will be considered are:

- Health and Safety obligations under the Health & Safety in Employment Act
- risk to the reputation of Council
- financial risk
- effect on Council's ability to carry out its activities
- protection of any physical or intellectual property
- exposure to public liability (in an insurable context) - any other potential loss.

Council will continually assess and monitor any public private sector partnerships to ensure that funding and other resources are being used effectively and to ensure that desired community outcomes are furthered by the arrangement.

This will be achieved by:

- providing at least quarterly financial results, but noting that such information will be subject to the requirements of the Local Government Official Information and Meetings Act
- monitoring progress towards the achievement of community outcomes and assessing the impact on social, economic, environmental and cultural well-being of the community in line with the requirements of the Local Government Act 2002
- regular reports are provided to Council on specifically agreed outcomes and objectives
- regular meetings are held between Council and the private partner.