

2021 Development Contributions Policy						
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Policy owner	Chief Financial Officer					

## 1. Background

### 1.1 Introduction

Marlborough District is a growing region and expects continued growth in the foreseeable future. Although this is often hailed as positive for the community, growth also presents a number of challenges. Not the least is Council's task of expanding infrastructure networks to support the increased use of essential services.

The cost of expanding these networks is often high, and the issue of funding inevitably arises. Funding the expansion of these core networks entirely from general rates (or other indirect means) is inequitable, because existing ratepayers may neither cause these works to occur, nor materially benefit from them. As a result, alternative means for funding these capital works must be considered. Development Contributions is one such source.

Council considers the use of the Development Contributions mechanism under the Local Government Act 2002 will provide a far more equitable means of recovering the cost of growth as compared to charging the entire cost of growth to ratepayers.

The Development Contributions calculated in this Policy are based not only on information contained in the Long Term Plan (LTP), but also incorporate additional information and assumptions making a direct reconciliation between the outcomes of the modelling and the LTP difficult.

The capital expenditure used for modelling what the appropriate charges include:

- Expenditure previously incurred to create spare capacity to enable future development to occur.
- Expenditure beyond the ten year programme which is required to cater for the cumulative effects of growth.
- An assessment of expenditure which relates to future growth beyond the life of the LTP.

The growth projections used to determine income from Development Contributions in the modelling are based on long run straight line averages using the Department of Statistics population projections supplemented by more recent economic forecasts and the actual growth that has occurred over recent years. Household Equivalents (HEU's) used in the modelling are higher than the Department of Statistics populations projections reflecting the more recent growth rates being experienced in the regions urban areas. This is beneficial to developers as it has the effect of reducing the modelled development contributions results.

The tables showing expenditure and income for both absolute and present value numbers are those which have been modelled to derive the Development Contributions proposed in this Policy. While the information contained in the LTP is a key source of data for deriving the Development Contributions it is not the only data used. In a number of instances an opening balance of capital expenditure incurred, which is attributed to provision of growth, has been incorporated.

The table below sets out the forecast revenue from the Development Contributions Policy, for the first 3 years individually, the last 7 as a block and the total.

	2021-22 \$M	2022-23 \$M	2023-24 \$M	2024-31 \$M	Total \$M
Estimated Development Contributions	6.7	6.8	7.0	53.3	73.8

## 1.2 Application of Development Contributions

It is anticipated that Development Contributions collected will indicatively be spent as follows (present value of Development Contributions):

Activity	\$M
Reserves	22.1
Community infrastructure	6.6
Water	8.1
Sewerage	18.5
Stormwater	8.5
Roads	3.6
Total	67.4

## 1.3 Legislative Requirements

The Local Government Act 2002 (the LGA) is the enabling legislation through which Council is able to collect Development Contributions. Amendments to the LGA have been made which impact on the Development Contributions policies of Council. Notable recent amendments are contained in the No. 3 amendment<sup>1</sup>. This document satisfies the legislative requirements.

## 1.4 Navigating this Document

This document comprises several sections. Following are brief descriptions of each.

- *Section 2* provides a brief **overview of the Policy**, including the purpose of Development Contributions, principles applied in developing policy, when contributions may be required, the types of development that may be charged, and so on.
- *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 provides a schedule of the capital expenditures Council expects to incur (and has already incurred), the apportionment to funding from growth and other sources.
- *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, outlines how credits are granted and the provision to enter into development agreements with Council.
- *Section 8* presents Council's Policy on **remissions, refunds, reductions** and postponement of Development Contributions as well as the right and process for reconsideration and objections in regard to the application of the Policy.
- *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**.
- *Appendix 2* contains the maps for each catchment.
- *Appendix 4* contains a **glossary of terms** used in this Policy.

## 2. Policy Overview

### 2.1 Purpose of Development Contributions

The purpose of Development Contributions is to enable territorial authorities to recover from those persons undertaking development a fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term<sup>2</sup>.

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<sup>1</sup> Local Government Act 2002 Amendment Act 2014

<sup>2</sup> S197AA Local Government Act 2002

## 2.2 Development Contributions Principles

Council has taken into account the following principles in developing this Policy<sup>3</sup>:

- Development Contributions are only required when the effect of development (including the cumulative effects of the development in combination with other developments) is to require Council to have provided, or to provide, new or additional assets or assets of increased capacity.
- Developments contributions are determined in a manner that is generally consistent with the capacity life of assets, and in a way that avoids over recovery of costs.
- Cost allocations used to establish Development Contributions are determined according to who benefits as well as who created the need for assets.
- Development Contributions will be used for or towards the purpose for which they are collected.
- Information will be provided in the Council's Long Term Plan which will demonstrate what Development Contributions are being used for and why.
- Development Contributions contained in the Policy should be predictable and be consistent with the methodology and schedules in the Policy.
- Grouping of areas will be undertaken having given consideration to the balance between practical and administrative efficiencies and fairness and equity and avoids district-wide catchments wherever practicable.

## 2.3 How Charges are Calculated

Charges are calculated for each catchment and each activity on the basis of:

- the expected scale and timing of capital works required to service growth
- the expected rate and timing of developments for which works are required.

A more detailed explanation of the methodology is provided in section 11.

## 2.4 When Development Contributions May be Required

A "development" is<sup>4</sup>:

- any subdivision, building (as defined in s8 Building Act 2004), land use, or work that generates a demand for reserves, network infrastructure, or community infrastructure; but
- does not include the pipes or lines of a network utility operator.

Development Contributions may be required in relation to developments if<sup>5</sup>:

- 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<sup>6</sup>.
- the effect of the developments is the consumption of the existing capacity of Council assets, thereby accelerating their replacement with assets of a greater capacity.

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

Notwithstanding the above powers a territorial authority may not require a development contribution to be made to the territorial authority for the provision of any reserve if the development is non-residential in nature or for the non-residential component of a development that has both a residential and a non-residential component.<sup>7</sup>. Note that

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<sup>3</sup> S197AB Local Government Act 2002

<sup>4</sup> S197 Local Government Act 2002

<sup>5</sup> S199 Local Government Act 2002

<sup>6</sup> In this context, "effect" includes the cumulative effect that a development may have in combination with other developments.

<sup>7</sup> S198A Local Government Act 2002

accommodation units are considered to be residential for this purpose of this Policy and the Development Contributions provisions in the Local Government Act 2002.

## 2.5 Types of Development that may be Charged

Any development that meets the definition of "development" and the statutory (s199) basis for requiring contributions set out in 2.4, whether residential or non-residential, may be required to pay a development contribution as provided in this Policy.

## 2.6 Types of Activities that may be Funded

Council may levy Development Contributions for:

- *Reserves*
- *Network Infrastructure* – which includes roads and other transport, parking, water, wastewater, and stormwater infrastructure
- *Zone infrastructure* – where Council provides infrastructure within a development zone owing to multiple landowners, with Council effectively acting as banker for the development zone.
- *Community Infrastructure* – assets owned, operated, or controlled by a territorial authority:
  - (a) community centres or halls for the use of a local community or neighbourhood, and the land on which they are or will be situated;
  - (b) libraries;
  - (c) swimming pools;
  - (d) reliance on transitional provisions by Council to use development levies to fund capital expenditure which it has previously had reliance on.

Please also note that onsite works (within the boundaries of each development) are the sole responsibility of developers and do not form part of this Policy. They are usually required as a condition of resource consent.

## 2.7 Use of Development Contributions as a Funding Tool

The cost of infrastructure to cater for growth is covered by rates and Development Contributions.

The Council considers that it is appropriate to pass a fair and reasonable proportion of the cost of growth onto developers through the Development Contributions Policy.

The Long Term Plan identifies community outcomes. The activities that the Council will fund from Development Contributions all support the range of community outcomes in some way, especially Environment, Connectivity, People, Economy and Living.

The Council has carefully considered, for each activity, the matters included in section 101(3) of the Local Government Act 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 certain of these activities (rather than solely relying on rates) is considered to be appropriate for a number of reasons, including the following:

- Development Contributions are fairer because they allocate growth costs to the section of the community that creates the need for the Council to incur these costs, i.e. developers and new residents or occupants.
- 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 that they use and an appropriate proportion of those costs are allocated to future generations.
- 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.
- Development Contributions, as a dedicated growth funding source, offer more secure funding for community outcomes that are affected by growth.
- The Council considers that using Development Contributions to fund a share of the cost of growth-related capital expenditure for the activities covered by this Policy will best advance social, economic, environmental and cultural well-being.

### **3. Adoption, Implementation and Review**

#### **3.1 Timing**

Following the consideration of public submissions and the completion of special consultative procedures, this Policy was adopted as part of Council's Long Term Plan for the period 2021-2031.

Any application for resource consent, building consent or service connection received on, or after, 1 July 2009 will be subject to the provisions of Council's Development Contributions Policy (and any amendments).

#### **3.2 Frequency and Scope of Reviews**

Council will review this Policy at least once every three years, or more frequently if deemed necessary. Each review will take into account - but not be limited to:

- 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 Wairau/Awatere and Marlborough Sounds Resource Management Plans or the Marlborough Environment Plan;
- any changes in legislation;
- the regular reviews of the Funding and Financial Policies, and the LTP;
- any other matters Council considers relevant.

The Development Contribution levies will also be updated annually to account for changes in the Producers Price Index as published by Statistics New Zealand. The annual update will be made available annually.

#### **3.3 Transition between policies**

This Policy applies to applications for consents, service connections or certificates of acceptance lodged with Council on or after 1 July 2021.

Applications lodged before 1 July 2021 will be assessed in accordance with the Development Contributions Policy at the time of lodgement.

### **4. Planning for Growth**

#### **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. Unfortunately, however, growth projections are often difficult to generate with any reasonable degree of accuracy.

This was done separately for each activity/catchment combination. The method used to forecast growth projecting dwellings directly - produced plausible estimate; logarithmic trends were fitted to census dwelling counts and subsequently extrapolated. Comparison with economic forecasts, Council's records of growth and available land zoned for development are factored into assessments.

Actual Catchments and Annual Growth used in the model are as follows:

Catchment	Activity	Annual Growth (HEUs)
Regional	Land Transport	170
	Reserves	135
	Community infrastructure	170
Combined Urban Areas	Wastewater	168
Combined Urban Areas	Water	155
Blenheim	Stormwater	125
Picton	Stormwater *	11
Renwick	Stormwater	9
Seddon	Stormwater *	3

(Note (\*) No capital expenditure has yet been allocated to growth in these areas for this activity.)

## 4.2 Capital Expenditures Required to Service Growth

Council has developed a funding model which provides the data regarding capital expenditure program attributable to growth, catchment areas, finance costs, projected growth. The capital expenditure used for determining the Development Contributions utilises the capital expenditure contained in the Long Term Plan in addition to assessments of spare capacity currently existing from past expenditure and remaining spare capacity available for growth beyond the Long Term Plan timeframe. The Schedule of assets for which Development Contributions will be used is outlined in Appendix 1 Schedule of Capital Expenditure.

- In determining the capital expenditure incurred in anticipation of growth in the levied period above, historic capital expenditure has been taken into account.
- In determining the opening capacity associated with future growth revenue from previous developments has been taken into account.
- NZ Transport Agency funding has been netted off the capital expenditure for Roads as have Government grants for Community Facilities.
- District wide subsidy from Council's infrastructure reserve has been netted off against the capital expenditure where appropriate.

**Reserves** capital programme has been evaluated for capital expenditure that relates to the acquisition of land and the establishment of reserves to cater for growth. Council has higher capital demands than funding for reserves caused by growth in the District. Typically much of the acquisition and development of reserves is undertaken in a manner which meets the income derived from development. The allocation of costs for this activity includes the consideration of the factors in section 101 (3) (a) of the Local Government Act 2002, including the evaluation of benefits and the extent to which certain groups contribute to the need to undertake this activity. In relation to section 101 (3) (b) of the Act, the Council considers that using Development Contributions to fund part of this activity supports overall community wellbeing.

**Community infrastructure** – Council has relied on the transitional provisions<sup>8</sup> for determining contributions for Community infrastructure. These include the Marlborough Aquatic Centre and identified reserves development contained in previous Policy.

**Water, Sewerage, Stormwater and Land Transport** capital programmes are based on the respective asset management plans<sup>9</sup>. In calculating the capital growth for these infrastructure activities a top down approach has been used. Under this approach the cost of growth has been calculated by:

- Estimating the total capital works required to provide for the full network;
- Estimating the proportion of these works which relate to growth, and
- Calculating the per unit cost of growth.

<sup>8</sup> Clause 8 Schedule 1AA Local Government Act 2002

<sup>9</sup> Further information is available in Council's Asset Management Plans available by enquiry at Council offices.

The allocation of costs for these activities includes consideration of the factors in section 101(3)(a) of the Local Government Act 2002, including the distribution of benefits and the extent to which certain groups contribute to the need to undertake these activities. In relation to section 101(3)(b) of the Act, the Council considers that using Development Contributions to fund part of these activities supports overall community well-being.

Should further detailed information be required please do not hesitate to contact either Council's:

- Infrastructure Projects Engineer – Water, Sewerage, Stormwater, Roading
- Park and Open Spaces Planner – Reserves, Community infrastructure
- Chief Financial Officer.

#### 4.3 Past Expenditures in Anticipation of Growth

Expenditure previously expended to cater for growth has been included in the schedule of assets which has been used to determine the proposed development levies.

### 5. Development Contributions

#### 5.1 Schedule of Charges

Catchment	Activity	Levy per HEU (GST excl) as calculated by financial model	Levy per HEU (GST excl) effective 1 July 2021
Regional	Land Transport	\$2,308	\$1,500 (Urban) \$1,000 (Infill <1500) \$2,500 (Rural)
	Reserves	\$16,388	Blenheim* \$14,500 Picton* \$14,500 Blenheim Vicinity* \$11,600 Picton Vicinity* \$11,600 General Rural* \$8,700 Sounds Admin Rural * \$7,250  *These areas are the Geographic Rating Areas used by Council for levying General Rates and Charges
	Community infrastructure Levy (refer 7.3.2 re rural subdivision)	\$3,988	\$3,500
Road Zone Levies	Roading		
Kenepuru Road seal extension		\$11,700 (March 2006)  Upgrade to Kenepuru Road between the site and Kenepuru Heads	\$14,638 (PPI adjusted to 1 July 2020)  Upgrade to Kenepuru Road between the site and Kenepuru Heads
David Street, Blenheim		\$4,000 (March 1999)	\$5,963 (PPI adjusted to 1 July 2020)
Combined (All urban areas serviced by Council)	Wastewater	\$25,021	\$12,500
	Water	\$11,064	\$5,500

Catchment	Activity	Levy per HEU (GST excl) as calculated by financial model	Levy per HEU (GST excl) effective 1 July 2021
Blenheim	Storm water	\$6,765	\$6,765
North West Zones	Zone Infrastructure		
Mowat		\$19,055	\$19,055
Roseneath		\$16,894	\$16,894
Colemans		\$10,645	\$10,645
			(Updated for PPI to 1 July 2020)
Burleigh	Zone Infrastructure (Wastewater)	\$3,616	\$3,616 (Updated for PPI to 1 July 2020)
	Zone Infrastructure (Roads)	\$500	\$500
North West Extension Zone (PC 64,65 and 67)	Zone Infrastructure	\$22,362	\$22,362 (Updated for PPI to 1 July 2020)
North West Extension Zone (PC 66, 69 and Rose East)	Zone Infrastructure	\$24,397	\$24,397 (Updated for PPI to 1 July 2020)
Westwood	Zone Infrastructure (Stormwater)	\$4,162 This is not per HEU. This is to be applied to the design out flow to the Council stormwater system at \$4,162 for each litre per second of discharge. (Limited to 35 l/s).	\$4,162 This is not per HEU. This is to be applied to the design out flow to the Council stormwater system at \$4,162 for each litre per second of discharge. (Limited to 35 l/s).
Renwick	Storm water	\$1,317	\$1,300

#### **Additional Information Regarding Development Contributions Payable**

Development Contributions will be adjusted annually by the Producers Price Index movements as published by Statistics New Zealand.

For the purposes of infill development (potential for creation of four or less new allotments) being the development of residential sections of 1,500m<sup>2</sup> or less, created prior to 1 July 2015, the levies payable for:

- Regional Land Transport - will be 33% of urban levies.
- Reserves - will be 50% of the Reserves levy.

For the purpose of the Reserves levy:

- The areas defined in the Schedule of Charges table above are the Geographic Rating Areas used by Council.
- In the case of subdivisions where one or more of the resulting allotments are over 20ha, no Reserves levy will be required on those 20ha plus allotments. Where the subdivision results in a mix of over and under 20ha allotments, the developer can decide the allotment to which any pre-existing credit applies.



- The Community Infrastructure Levy continues to apply even if the Reserves Levy does not apply.

### Apportionment

- Council can use apportionment where it is deemed appropriate (at its sole discretion).
- Council may exercise its discretion to make a special assessment for small homes where it is provided information by the applicant that demonstrates that a small home (or homes) will be provided. Special assessments are guided by parameters outlined in the table below entitled Small Homes Special Assessment Guidance. A home must meet both criteria "A" and "B" to qualify for the relevant discount.

#### Small Homes Special Assessment Guidance

	Minor	Small
Criteria "A": Dwelling Size (Gross floor area m2)	< 65m2	< 110m2
Criteria "B": Number of Bedrooms	1	2
Discount (all levy's *)	50%	25%
Proportion Payable for all charges *	0.50	0.75

\* = This discount does not apply to the irrigation component of the Water Service

#### Small Homes Top Up Charges

Type of Extension	Top Up Proportion Payable	Total Proportion Paid
Extend Minor Dwelling to a Small Dwelling	0.25	0.75
Extend a Minor Dwelling to a Standard Dwelling	0.5	1
Extend a Small Dwelling to a Standard Dwelling	0.25	1

- Non-residential developments (or the portion of mixed residential and non-residential development which is non-residential in nature) are exempt from being charged Development Contributions for Reserves and Community Infrastructure.

## 5.2 Burleigh and North West Extension Catchments

Land zoned for residential development in the North West Extension and Burleigh areas within Blenheim are defined in catchment maps in Appendix 2.

In these zones there are Zone Infrastructure levies required that are additional to the standard levies (refer schedule of charges in section 5.1 above). The standard levies cover the upgrade requirements for the networks as a whole while the Zone Infrastructure levies cover the costs of development within the zone. These areas contain multiple landowners. To ensure efficiency of design and construction of infrastructure for the entire zones Council intends to coordinate the provision of infrastructure. Accordingly, the Burleigh and North West Extension catchments will incur Zone Infrastructure Contributions to meet:

- (a) Costs of infill infrastructure that exceeds the requirements of the development if it was considered in isolation of the entire catchment to enable the efficient development of the whole Zone. For example in certain areas road width and standards are higher than that which would normally be stipulated for that individual's development but are required in order to provide an appropriate standard of infrastructure for the development area as a whole and need to be shared across the development area as a whole.
- (b) Costs of shared infrastructure incurred by Council which achieves a cost effective outcome for the whole development area as compared to a multitude of less optimal smaller development solutions eg; a sewer pump station servicing a development area rather than several sewer pump stations servicing several smaller developments within that area.

Appendix 3 provides implementation rules and guidelines for Zone Infrastructure levies applicable in these areas.

## 5.4 Road Contributions

In addition to the above Development Contributions, site specific Development Contributions for road related expenditure requiring either on site or offsite works to mitigate the effects from a development may be applied in lieu of undertaking the required works. These levies will be determined at the time of consent approval and will be in lieu of actual works normally required to be carried out on subdivision. The reason for these levies or payments by agreement are that it will often make more sense to defer the actual works so they can be combined with works which service the area as a whole. These levies will be determined by Council in discussion with the developer.

Specific road seal extension zone levies (as included in Table 5.1 for Kenepuru Road and David Street) may be introduced from time to time. These will be calculated by determining the 75% of the cost of seal extension divided by the potential number of new lots that may be created. The location of the subdivision may be taken into account in determining the appropriate contribution.

In addition zone levies for roading related activities

## 5.5 Use of Development Contributions

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

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

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.

## 5.6 Limitations

Council will not require a development contribution for network infrastructure, reserves or community infrastructure to the extent that:

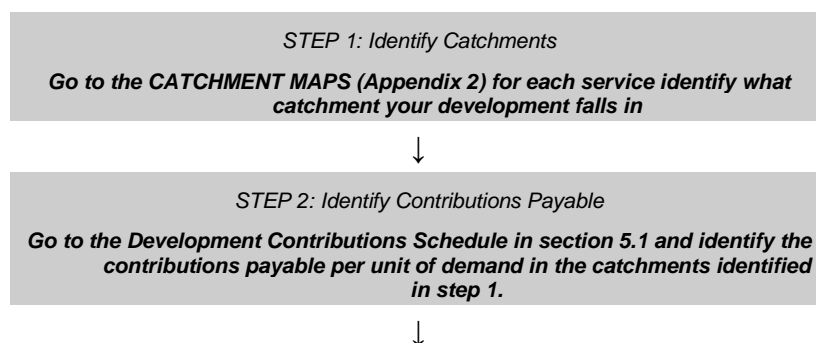
- it has imposed a condition on a resource consent in relation to the same development for the same purpose; or
- the developer will fund or otherwise provide for the same reserve, network infrastructure, or community infrastructure; or
- a development contribution has already been required for the same purpose in respect of the same building work, whether on the granting of a building consent or a certificate of acceptance, or
- it has received, or will receive, full funding from a third party.

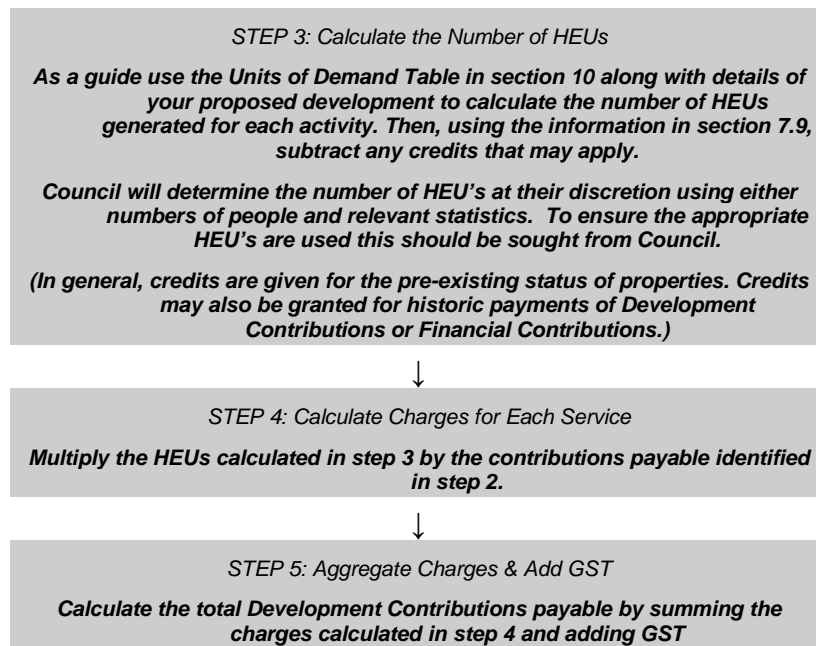
Council may require another development contribution for the same purpose if the further development contribution is required to reflect an increase in the scale or intensity of the development since the original contribution was required.

Council will at its sole discretion determine when Development Contributions are not applicable.

## 6. How to Calculate Development Contributions Payable

The following flow chart demonstrates how to calculate the contributions payable on your development. Prior to following this stepped process section 7.1 should be read.





## 7. Assessment and Application of Policy

### 7.1 Threshold for and Timing of Assessment

Not all developments will be liable for Development Contributions; indeed, only developments that place demands on infrastructure (and for which Council incurs costs) will be charged. In order to separate developments that should be charged from those that should not, a robust assessment process is needed.

If, at the time of development, connection to Council services is not possible in relation to an activity, then no Development Contribution will be charged in relation to that activity. This does not preclude collection (charging) Development Contributions at a future date on connection.

In general, each development will be assessed – to see whether it creates a demand on infrastructure and should therefore be liable to pay Development Contributions – when granting:

- A resource consent under the RMA for a development.
- A building consent or a certificate of acceptance under the Building Act 2004.
- An authorisation for a service connection.

### 7.2 Assessment Process

In general, assessment will be made against the first application lodged for the development, and when (if any) subsequent consent, certificate or authorisation is sought, a re-assessment will be undertaken to determine whether the level of demand has changed. 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.

When Council assesses a development contribution at the subdivision consent stage, the expected dominant nature of activities (according to the existing land use consent or resource management plans) will determine the type of development contribution payable.

If a subsequent application indicates a change in the nature of activities from that previously envisaged, the development contribution will be reassessed and any difference from a contribution paid will be debited or credited to the applicant and invoiced as appropriate.

### 7.3 Residential Activities

Residential activity means land and buildings available for use by people for the purpose of living accommodation where occupiers can live at the site for a period of one month or more, and will generally refer to the site as their house; and includes accessory buildings and leisure activities. For the purpose of this definition, residential activity shall include community, emergency and refuge accommodation but does not include visitor accommodation, camping grounds or homestays.

### 7.3.1 Subdivision

The creation of residential allotments via subdivision provides scope for new residential dwellings, and therefore attracts Development Contributions at a rate of one HEU per *additional* allotment. Where two or more independent dwellings reside on one title, and have been lawfully established, and consent is sought to separate the properties into separate allotments with individual titles, Development Contributions will not be charged (unless there are new service connections required or there is increased demand on existing services or infrastructure).

### 7.3.2 Rural Land Uses

Residential developments in the rural area are treated the same as in the urban environment. Each rural allotment will be assessed as having 1 HEU per residential dwelling on the property. An exception to this applies for those properties where the landowner has waived the right to erect a residential dwelling as part of creating the allotment, is for a Resource Management Act 1991 related purpose and this is recorded as a consent notice on the property title.. Each additional residential dwelling on a rural allotment will be assessed as an additional HEU.

Non-residential sheds and farm buildings associated with rural activities, which do not place an additional demand on infrastructural services, will not incur a development contribution.

### 7.3.3 Other Resource Consent Applications

If a resource consent application creates the potential to build additional independent dwellings it will attract Development Contributions at a rate of one HEU per dwelling.

### 7.3.4 Building Consent & Certificate of Acceptance Applications

To the extent that dwellings constructed on allotments have not previously been charged Financial or Development Contributions for an activity included in this Policy, on the granting of a building consent or certificate of acceptance the development will be liable for Development Contributions for that activity under this Policy.

*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.

### 7.3.5 Service Connection Applications

Service connection applications accompanied by building consent applications will not be assessed separately. Instead, they will be assessed as per section 7.3.3.

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 meters and services will not attract contributions.

## 7.4 Non-Residential Activities

### 7.4.1 Subdivision

Non-residential subdivisions will attract Development Contributions on each additional allotment created. If the intended land use is unknown at the time of subdivision, each allotment will be charged a development contribution equal to one HEU. Any additional demand generated by the development will then be assessed at the time a building consent, land use consent or service connection application is granted (at which time land use will become known).

If the intended land use is known at the time of subdivision, Development Contributions will be based on:

- (i) each lot's planned gross floor area (GFA), and
- (ii) the intended land use.<sup>10</sup>

Consideration will be given to the conversion table in section 10.3. Where expected demand is known this will be used instead of GFA.

Non-residential development will not be charged contributions for the activities of reserves or community infrastructure.

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<sup>10</sup> Stormwater charges, once included in this Policy, will be based on the impervious surface area of each non-residential development, not their gross floor areas.

#### 7.4.2 Land Use and Building Consent Applications

Non-residential developments, including those located in rural areas, will attract Development Contributions based on their GFA and intended land use. If an existing structure is demolished or removed prior to construction, the GFA of that structure will be used as a credit against any new structure(s) erected on the site. If there is no existing structure(s) on the site, credit to reflect contributions paid at the time of subdivision (if any) will be allocated against the new GFA of the development.

#### 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 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 meters will not attract contributions.

### 7.5 Riverlands Industrial Estate

The scale, diversity and unpredictable timing of developments at the Riverlands Industrial Estate means that it is impossible to forecast the rate of growth, as well as the level of infrastructure required to service that growth. Consequently, Council has been unable to set pre-defined charges for developments in this area and intends to negotiate contributions for each development on connection on a case-by-case basis. These contributions will potentially cover all activities defined in section 2.4. As a guide, the contributions sought will give weight to the household equivalents units of demand generated by the development.

### 7.6 Council Developments

Capital works projects to provide community infrastructure undertaken by Council (whether funded by Development Contributions or not) will not be liable for Development Contributions because they expand the supply of infrastructure, not increase the demands placed on it. However, any other construction or development undertaken by Council, or any organisation fully or partly owned or managed by Council, will be liable for Development Contributions under this Policy to the extent that it generates demand for activities covered by this Policy.

### 7.7 Private Development Agreements

A territorial authority may enter into a development agreement with a developer if—

- the developer has requested in writing that the territorial authority enter into a development agreement with the developer; or
- the territorial authority has requested in writing that the developer enter into a development agreement with the territorial authority.

Sections 207A - F of the LGA outlines the process for entering into a development agreement, its content, effect and other relevant information. The Council can also enter into development agreements under section 12 of the LGA.

In certain circumstances, where Council believes it is in the best interests of all stakeholders and in addition to the arrangements necessary for Riverlands Industrial Estate, private development agreements may be entered into with a developer. Private development agreements may be used in lieu of Development Contributions 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 meet the requirements of the LGA.

One example where a private development agreement may be used is when a development requires a special level of service or is of a type or scale which is not readily assessed in terms of standard units of demand. Another is where significant developments are proposed and capital expenditures are required but none have been budgeted and no development contribution has been set.

### 7.8 Application in Other Circumstances

#### 7.8.1 Cross Boundary Developments

Some developments may span several catchments and/or straddle the District boundary with another territorial authority. In such cases, the following rules shall 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 created 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 be payable only on the HEUs (or parts thereof) that result from development within Marlborough District.

#### 7.8.2 Consent Variations

Applications to vary a resource or building consent, or the conditions of such consents, will trigger a

reassessment of HEUs and Development Contributions payable under this Policy. Any increase or decrease in the number of HEUs (relative to the original assessment) will be calculated and contributions adjusted accordingly.

### 7.8.3 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 unless it is considered a new building lot has been created, in which case development levies would be applicable

### 7.8.4 Special Assessment

Areas for which assessment will likely be required (as set out in section 7) during the application for resource consent, building consent, certificate of acceptance or service connection due to the nature of the area or the infrastructure involved are industrial development, Wairau Valley water supply, Okiwi Bay and other Sounds catchments, Awatere Valley rural water supply.

## 7.9 Credits

### 7.9.1 Overview

Credits are used in this Policy to ensure that pre-existing demand is credited or Development Contributions previously paid are recognised.

Where Development Contributions have already been paid for a property, credits will be given towards those activities to the extent that payment was made. No historical time limit will apply in the calculation of such credits, and all previous credits will be taken into account. The same applies to historic payments for Financial Contributions.

In addition, credit will be given for the pre-existing status, as recognised legally by Council, of properties as at 1 July 2009, where service connections exist, even if no previous financial or Development Contributions have been paid. Credits will be available on redevelopment of the existing title, and calculated and assigned on a per activity basis. More details on the nature of these credits are outlined below.

### 7.9.2 General Principles of Credit

- 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 Section 10.3.
- 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 residential buildings that have been demolished or destroyed a credit will apply in relation to the number of pre-existing HEUs. In other words, no Development Contributions will be payable if 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 prohibits the transfer of credits from one allotment to another.
- 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. Reconsiderations, Objections, Remissions, Reductions and Refunds

### 8.1 Reconsiderations

#### **Grounds for requesting a reconsideration**

A person who is required by Council to make a development contribution under section 198 of the LGA 2002 may request Council to reconsider the requirement if the person has grounds to believe that—

- (a) The Development Contributions were incorrectly calculated or assessed under this Policy; or
- (b) Council incorrectly applied this Policy; or
- (c) The information used to assess the person's development against this Policy or the way Council has recorded or used it when requiring the development contribution, was incomplete or contained errors.

#### Request for reconsideration

The request for reconsideration must be made within 10 working days after the date the person receives notice from Council of the level of development contribution Council is proposing to require. A request can only be made on the grounds set out in section 199A of the LGA 2002 (as set out in (a) to (c) above.)

The request for reconsideration may be lodged with Council on-line to email [dcadmin@marlborough.govt.nz](mailto:dcadmin@marlborough.govt.nz) or by posting it to:

Development Contribution Reconsideration Request  
Marlborough District Council  
PO Box 443  
Blenheim 7240

A person may not apply for reconsideration if they have already lodged an objection to the development contribution requirement under section 199C and Schedule 13A of the Local Government Act 2002.

### Process for determining request for reconsideration

The staff member who made the original requirement will prepare a report on the reconsideration request, summarising the matters raised and making a recommendation.

The request will be assessed and determined by either the Chief Executive or Chief Financial Officer or Manager Assets and Services. No hearing will be held. The decision will be made on the papers.

### Decision on reconsideration

Council must make a decision on the request within 15 working days after the date Council receives all required relevant information relating to the request.

Council may decline or uphold the reconsideration request in whole or in part. The reconsideration may result in the amount of the development contribution assessment remaining the same, being reduced or increased.

### Outcome of reconsideration

Council must give written notice of the outcome of the reconsideration to the person who made the request.

A person who requested a reconsideration may object to the outcome of the reconsideration in accordance with section 199C.

## 8.2 Objections

A person required to pay a development contribution may object to the contribution. A person may object whether or not they have also requested a reconsideration.

The right of objection does not extend to a challenge to the Development Contributions Policy itself.

An objection may only be made on the grounds that Council has—

- (a) Failed to properly take into account features of the development that, on their own or cumulatively with those of other developments, would substantially reduce the impact of the development on requirements for community infrastructure; or
- (b) Required a development contribution for community infrastructure not required by, or related to, the development whether on its own or cumulatively with other developments; or
- (c) Required a development contribution in breach of section 200; or
- (d) Incorrectly applied the Policy to the development.

Objections are to be decided by independent Commissioners selected from a register of commissioners appointed by the Minister of Local Government.

The process for Development Contributions objections is contained in Schedule 13A of the Local Government Act 2002.

The costs incurred by Council in administering the objections process must be met by the objector.

## 8.3 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. If an applicant wishes to apply for a reduction in the Development Contributions payable on their development, they can pursue this via the process detailed in the next sub-section.

## 8.4 Reductions

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 agreed outcome will be recorded in a private development agreement (see section 7.7).

Requests for reductions must be made in writing to Council within fifteen (15) working days of receipt of a Development Contributions assessment notice. Requests must be short and concise, but fully outline the reasons why a reduction is being sought.

In undertaking the review:

- Council shall as soon as reasonably practicable consider the request.
- Council may determine whether or not to hold a hearing for the purposes of the review, and if so, give at least five working days' notice to the applicant of the commencement date, time, and place, of that hearing.
- Council may, at its discretion, uphold, reduce, or cancel the original amount of HEUs assessed and therefore Development Contributions required on the development, and shall communicate its decision in writing to the applicant within 15 working days of any determination or hearing.
- Council may delegate this hearing and determination 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 LTP.
- 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 by the developer,
- Any other matters Council considers relevant.

## 8.5 Refunds

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

- If the development or building does not proceed; or
- If a consent lapses or is surrendered; or
- If Council does not provide any reserve network infrastructure or community infrastructure for which the development contribution has been collected. For the avoidance of doubt, Council will not refund a contribution where a specific capital works project does not proceed, only where the service to be provided by that project is not provided.

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

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

## 8.6 Postponement

Council will not consider postponements of contributions payable under the Policy except as outlined in section 9.2.

## 9. Other Administrative Matters

### 9.1 Assessment & Invoicing

Assessments generally take place as early as possible in the development process and are valid for 12 months from date of initial assessment, beyond which reassessment must take place before an invoice can be generated.



An invoice will be issued at the earliest of:

- an application for a certificate under section 224(c) of the RMA, or
- in the case of a development contribution assessed on a land use resource consent application, 170 days from granting or prior to the commencement of consent,
- an application for a Code Compliance Certificate under section 92 of the Building Act 2004, or
- an application for a Certificate of Acceptance under section 98 of the Building Act 2004, or
- a request for service connection.

Development Contributions are calculated at the current rate applicable at the time of invoice. Should the payment be delayed (or partly-delayed in the case of staged development), contributions will be reassessed and invoiced at the current rate relevant at the time of reassessment.

## 9.2 Timing of Payments

The due date for payment shall be:

- For subdivision resource consents – prior to issue of the section 224(c) 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 certificates of acceptance – prior to granting the Certificate
- For service connections – prior to connection.

Developers may apply to Council for a postponement of payments for Development Contributions enabling the release of the section 224 certificate. In the event a postponement is approved by Council, at its sole discretion, then the GST component is payable immediately, an appropriate security at the applicants cost must be entered into to secure the obligation and the remaining amount outstanding. This may include a charge under the Statutory Land Charges Registration Act 1928 against the title. Council will prepare the necessary documentation and the developer must meet the costs of the preparation, execution and registration of the documents. Postponement will have a maximum time limit of five years or the period until the property changes ownership. The amount payable will be subject to increase to reflect Producer Price Index, adjustment or interest, as agreed between the developer and Council. It is Council's sole discretion as to whether to approve the postponement of any development contribution.

## 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 grant of a subdivision consent, withhold a certificate under section 224(c) of the RMA.
- In the case of a development contribution assessed on grant of a 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 or other resource consent application, prevent the commencement of a resource consent under the RMA.
- In the case where a development has been undertaken without a building consent, not process an application for a 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.

## 9.4 Contributions Taken as Money in First Instance

The LGA specifies that contributions may be taken either as money, land or both. Council will take contributions as money in the first instance, but may also accept land from time-to-time, at its sole discretion.

## 9.5 Service Connection Fees

Council will continue to collect service connections fees for the following services:

- Potable water.
- Wastewater.

- Stormwater.

The current charges applicable are available from Council offices.

## 9.6 GST

GST is accounted for at the earlier of payment or the issuing of a tax invoice. Where refunds arise a GST credit note will be issued as appropriate.

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 demand characteristics of each household equivalent unit are as defined in the Marlborough District Council Code of Practice for Subdivision and Land Development, where one Residential section (i.e. Lot) shall be taken as equivalent to 1 HEU, and similarly One Dwelling shall also be taken as equivalent to 1 HEU.

### 10.3 Conversion Factors

The following table outlines the factors which may be used to convert non-residential demands to HEUs. It should be noted that Council at their sole discretion shall determine the appropriate HEU's for the applicable activity and may use people numbers and / or other statistics to derive the HEU applicable.

**HEUs per 100m<sup>2</sup> of Gross Floor Area (per 100m<sup>2</sup> of ISA for stormwater)**

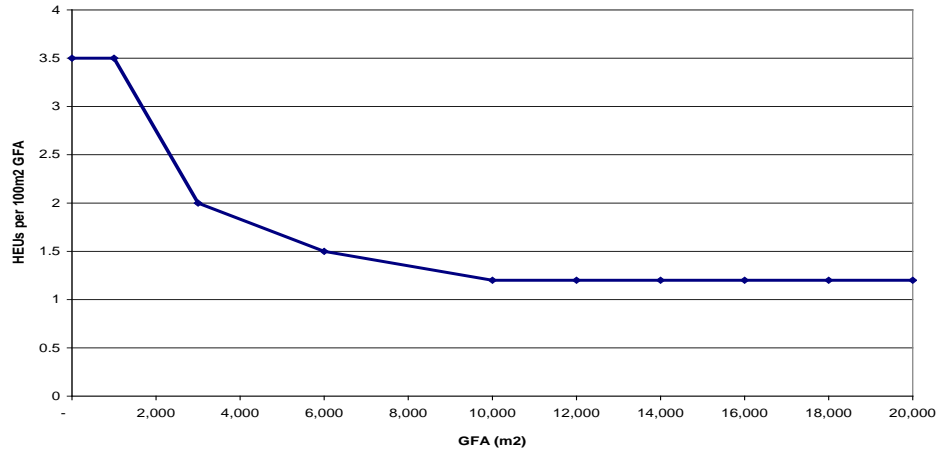
Activity	Commercial	Industrial	Retail
Roading	1.00	0.30	see below
Water	0.26	0.26	0.37
Wastewater	0.26	0.26	0.38
Stormwater	0.26	0.26	0.26
Community Infrastructure *	n/a	n/a	n/a
Reserves *	n/a	n/a	n/a

\*No contribution is payable for non-residential development in relation to community infrastructure or reserves.

GFA is the entire area of a building and includes areas associated with the activity i.e. storage areas and passageways.

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.

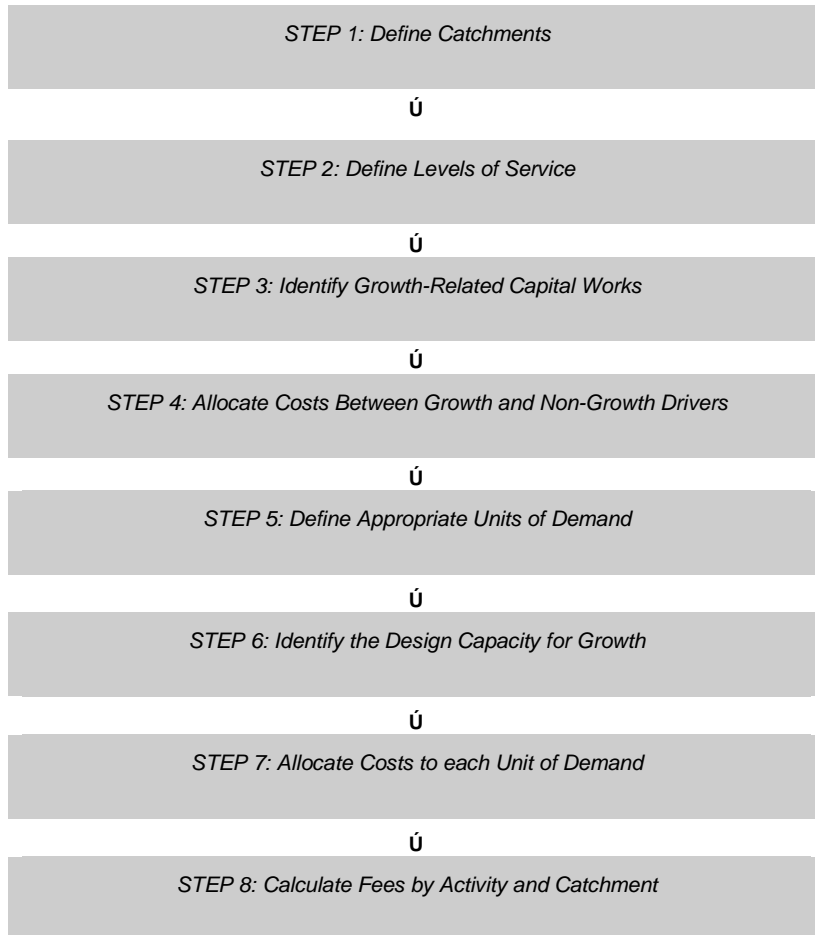
Figure 1: Transport Conversion Factors for Retail Developments



## 11. Methodology & Significant Assumptions

### 11.1 Methodology Overview

The method used to calculate 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). Following is a brief summary.

## 11.2 Methodology Steps

### 11.2.1 Define Catchments

The first step is to define service catchments. These 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 principle in section 197AB(c) of the LGA (*i.e.* to allocate costs used to establish contributions 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, one must identify the specific capital works for which Development Contributions are sought. These comprise both future capital works – as listed in the LTP – and historic works undertaken in anticipation of growth. Refer appendices for capital works, timing and growth apportionment.

### 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. This sets out the issues to which Council must have regard when determining its funding sources. These include the distribution of benefits (both temporally and spatially), the extent of any cost causation, and the impacts on community outcomes and policy transparency. It also requires Council to consider the overall impact of any allocation of liability for revenue needs on the community.
- 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

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

Council uses the household equivalent unit, 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 to units of demand mirrors that used by other councils in New Zealand which collect Development Contributions.

#### 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 it may be necessary to use a shorter funding period. In this Development Contributions Policy, the funding period over which costs are spread is the shorter of asset design life and 30 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 projected number of HEUs that 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 in accordance with the methodology described in 11.2 of 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 improved level of service, 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 an average annual interest rate of 5.5%
- 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 table 5.1 will be adjusted each year for the movement in the construction cost index as published by Statistics New Zealand. This has been modelled 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 LTP 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 compel Council to build assets of greater capacity that extend beyond the timeframe of the LTP.

Council accepts that, in such cases, it may have to bank roll costs and recover them over time from distant development. Any costs incurred in anticipation of distant growth (*i.e.* beyond the LTP) will be allocated to and recovered in those later years, subject to a maximum total recovery period of 30 years. For this reason modelling of development levies spans a timeframe in excess of the ten year timeframe of the LTP.

#### 11.4.2 External funding

This Policy assumes that the eligibility criteria used, and the quantum of funding provided, by third parties (such as NZ 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 risk associated with this Policy is uncertainty over the rate and timing of growth. Similarly, there is significant uncertainty over the exact nature of growth-related capital works, and their associated cost and timing. The most effective risk mitigation strategy is to constantly monitor these and update the Policy with better information as it becomes available.

## Record of Amendments/Revisions

Record any revisions/amendments which have been made and when.

Details	Approval by whom	Date
Amendment to 5.1 Schedule of Charges (Regional Land Transport Levy per HEU effective 1 July 2021 changed for Infill <1500. Additional Information Regarding Development Contributions Payable wording about infill development changed.	Chief Financial Officer	27.07.2021

## Appendix 1: Schedule of Capital Expenditure

Description	Capital NPV (10 years)	Growth NPV (10 years)	Proposed DC levy	Proposed DC Levy income NPV	Act % DC	% Other
<b>Reserves</b>						
Opening Balance	13,287,500	3,321,875				
Unspecified Reserves (1a)	15,779,033	12,839,969				
Waitohi Domain	40,385	2,019				
Havelock War Memorial Park (Group 10)	406,898	406,898				
Esplanade (Group 14)	481,844	24,092				
Awatere Domains	282,771	14,139				
Taylor/Riverside/Pocket Parks (Group 12)	217,814	10,891				
Wither Hills (Group 13)	28,461	1,423				
Rural Reserves (Group 14)	100,441	5,022				
Blenheim Neighbourhood (Group 1a)	715,715	35,786				
Blenheim Vicinity Domains (Group 4)	140,436	7,022				
Endeavour Park (Group 5)	183,772	9,189				
Lansdowne/A&P/Horton (Group 6)	7,482,832	711,561				
Athletic Park/Oliver Park (Group 7)	119,601	5,980				
Foreshores & Domains (Group 8)	212,163	10,608				
Pollard & Seymour (Group 12)	737,102	36,855				
Picton & Koromiko (Group 14)	7,903	395				
Spring Creek (Group 1b)	85,827	4,291				
Picton (Group 8)	50,219	2,511				
Esplanade Reserve Acquisitions	475,542	0				
Other	35,494	0				
Budget Meeting Considerations	16,628,577	3,197,803				
<b>Total Reserves</b>	<b>57,500,329</b>	<b>20,648,329</b>	<b>\$14,500</b>	<b>22,120,602</b>	<b>38%</b>	<b>62%</b>

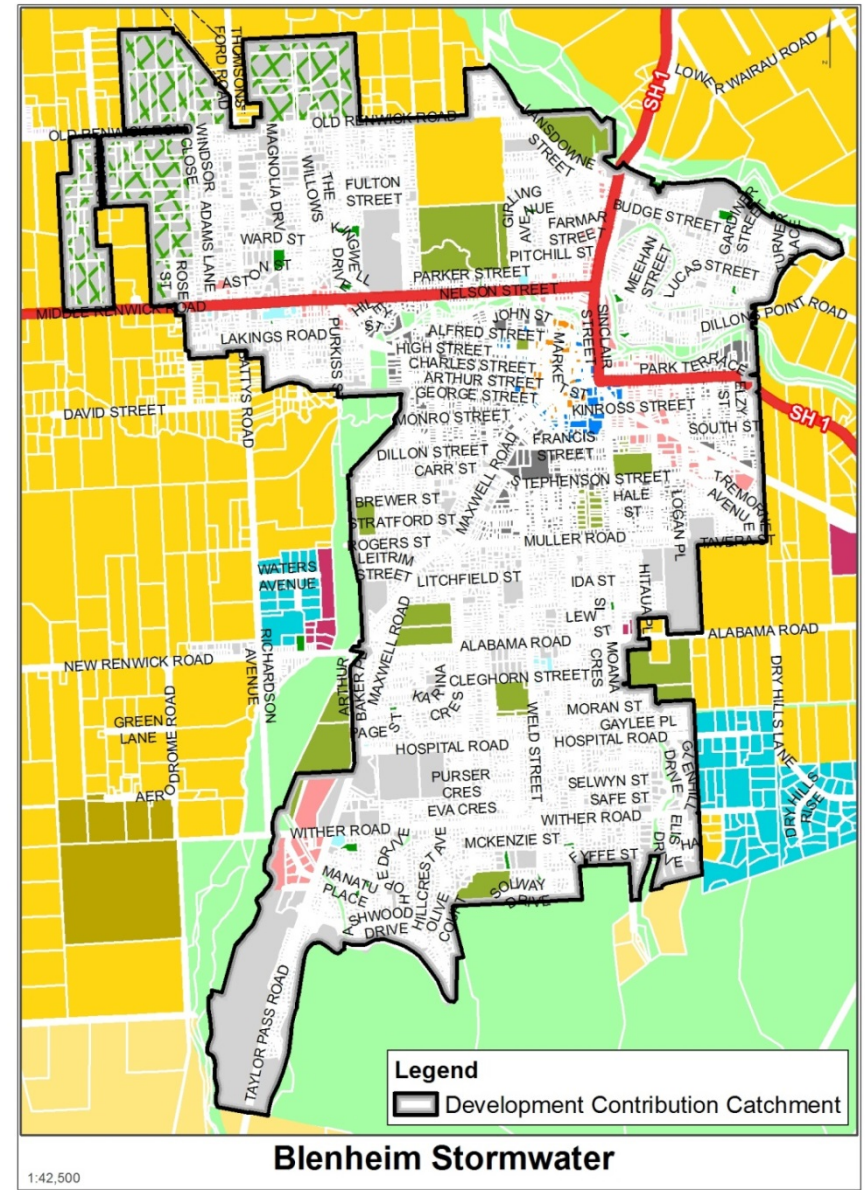
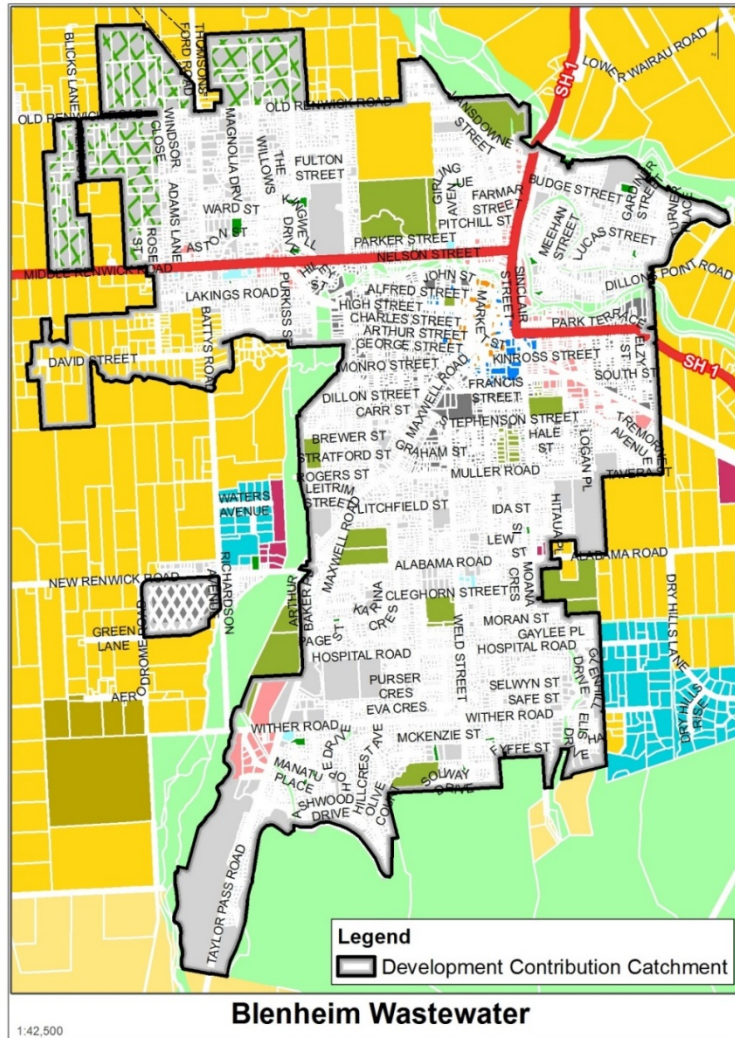
Description	Capital NPV (10 years)	Growth NPV (10 years)	Proposed DC levy	Proposed DC Levy income NPV	Act % DC	% Other
<b>Community Facilities</b>						
Aquatic Centre	15,515,678	4,820,395				
Endeavour Park	2,795,565	916,774				
Marlborough Library (less apportionment of \$11 million subsidy from Government)	15,840,462,	1,204,523				
	<b>34,151,705</b>	<b>6,941,692</b>	<b>\$3,500</b>	<b>6,674,716</b>	<b>20%</b>	<b>80%</b>
<b>Roads</b>						
Footpaths	911,915	455,958				
Signage	441,249	220,625				
Vehicle crossings	294,166	147,083				
Street Lighting	392,222	196,111				
Kerb and Channel	882,499	441,249				
Sealed Pavement for sub divisional works	1,470,831	1,470,831				
Traffic Island / Services (note Burleigh zone levy included in growth column)	1,330,991	387,000	<b>Urban \$1,500,</b>			
All Other Road Programme	157,896,680	0	<b>Urban Infill \$750</b>			
<b>Total Roothing</b>	<b>163,620,553</b>	<b>3,318,857</b>	<b>Rural \$2,500</b>	<b>3,318,857</b>	<b>2%</b>	<b>98%</b>
<b>Combined Sewerage</b>						
Opening Balance	33,050,775	3,441,046				
Pipelines	46,396,536	10,082,579				
Pump Stations	28,152,478	12,786,325				
Treatment Plant	63,440,374	11,440,647				
Telemetry	24,555	19,644				
Vested Assets	1,305,555	0				
New Connections	658,069	-				
Capitalised Overhead and carryover	3,430,813	876,611				
<b>Total Combined Sewerage</b>	<b>176,459,154</b>	<b>38,646,851</b>	<b>\$12,500</b>	<b>18,493,597</b>	<b>10%</b>	<b>90%</b>

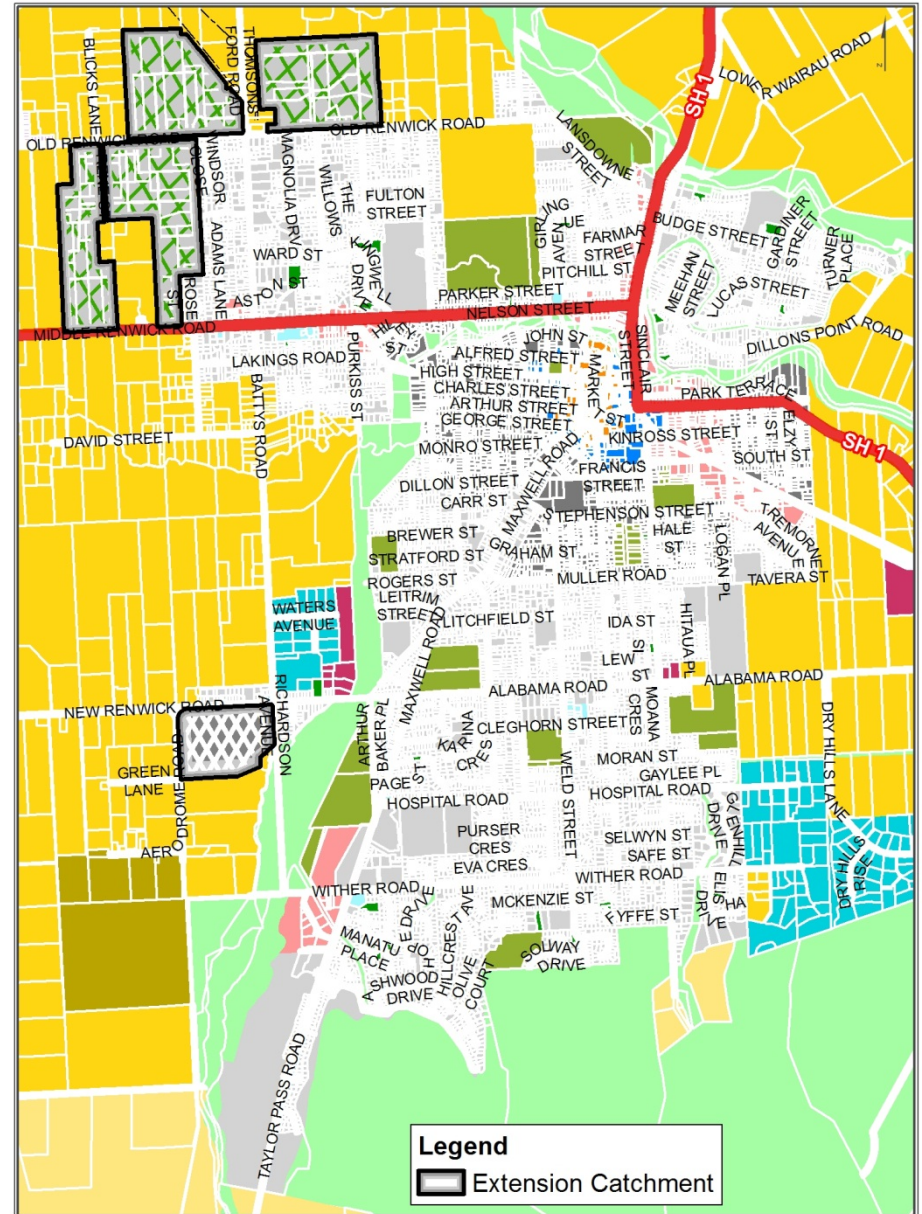
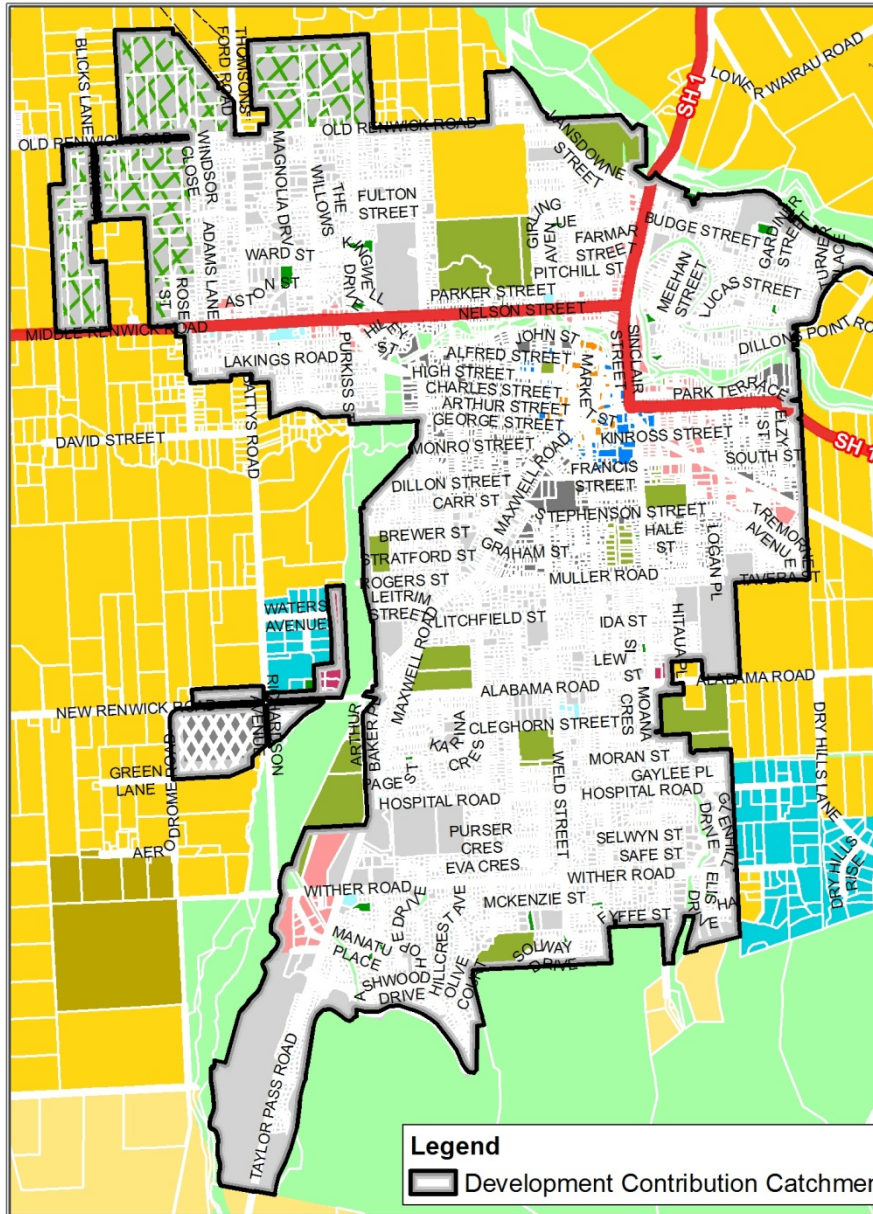


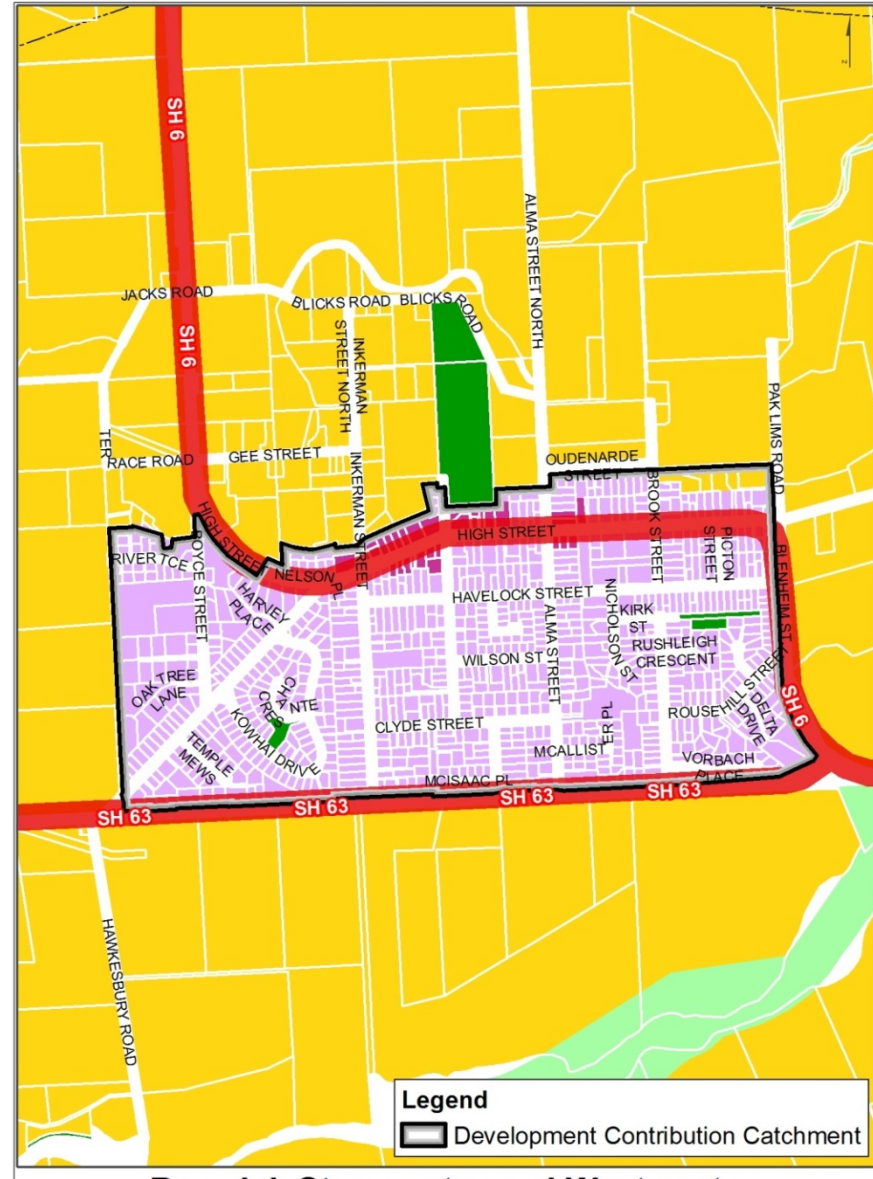
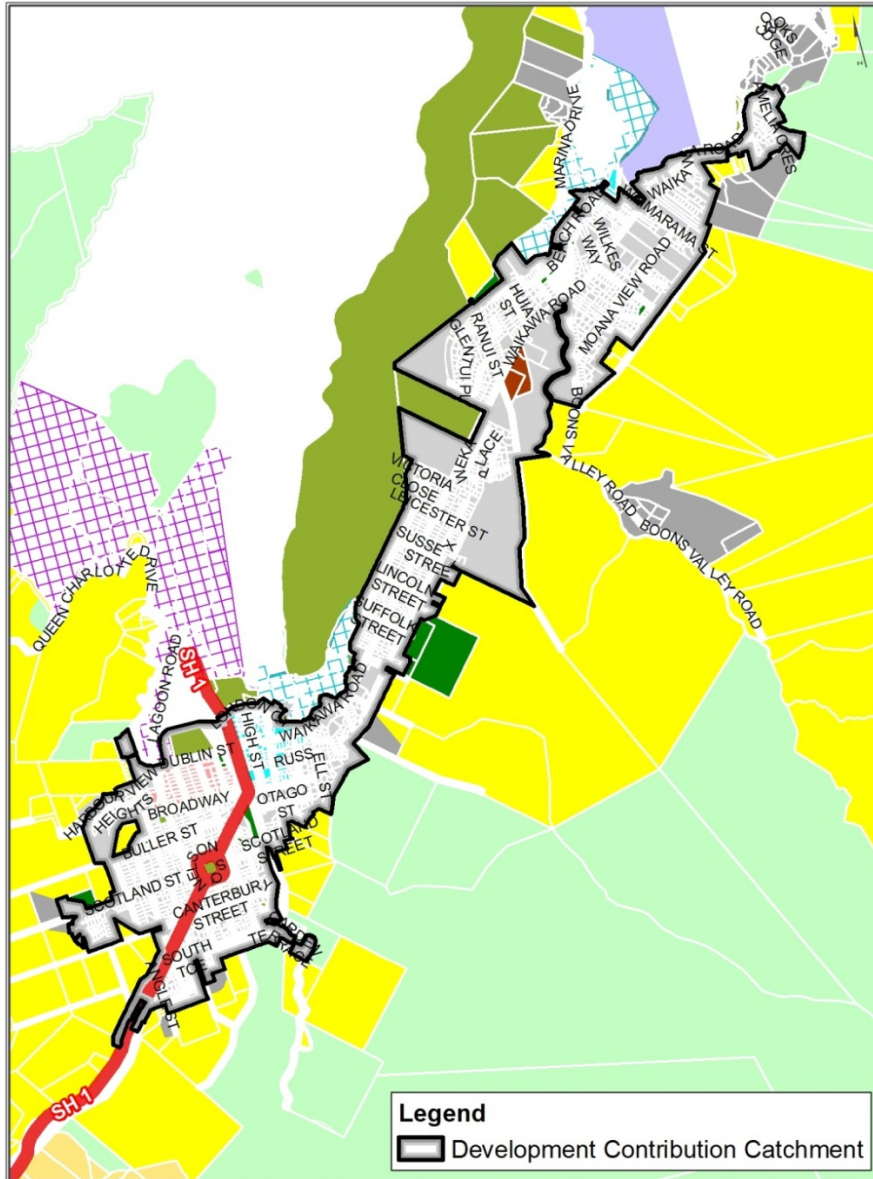
Description	Capital NPV (10 years)	Growth NPV (10 years)	Proposed DC levy	Proposed DC Levy income NPV	Act % DC	% Other
<b>Blenheim Stormwater</b>						
Vested Assets	2,228,810	0				
New Connections	392,877	0				
Pipelines	11,923,380	2,220,414				
Cassey's Creek	3,365,385	3,235,947				
Town Branch Main	14,533,065	2,096,115				
Pump Station	1,192,678	924,556				
	<b>33,636,195</b>	<b>8,477,032</b>	<b>\$6,765</b>	<b>8,477,032</b>	<b>25%</b>	<b>75%</b>
<b>Renwick Stormwater</b>						
Connections	29,466	0				
Pipelines	98,219	0				
Opening Balance	<b>222,285</b>	<b>77,800</b>				
	<b>349,970</b>	<b>77,800</b>	<b>\$1,300</b>	<b>77,800</b>	<b>22%</b>	<b>78%</b>
<b>Combined Water (Blenheim, Havelock, Renwick,)</b>						
Water Meters	3,300,261	611,669				
Pipelines	48,260,962	6,273,397				
Pump Stations	4,668,525	480,666				
Treatment Plant	43,520,410	3,158,513				
Reservoir	2,823,901	362,507				
Vested Assets	2,021,047	0				
Connections	1,433,223	0				
Capitalised Overhead and carryover	2,692,444	210,283				
Opening Balance	19,562,729	4,914,744				
	<b>128,283,503</b>	<b>16,011,779</b>	<b>\$5,500</b>	<b>8,071,083</b>	<b>6%</b>	<b>94%</b>

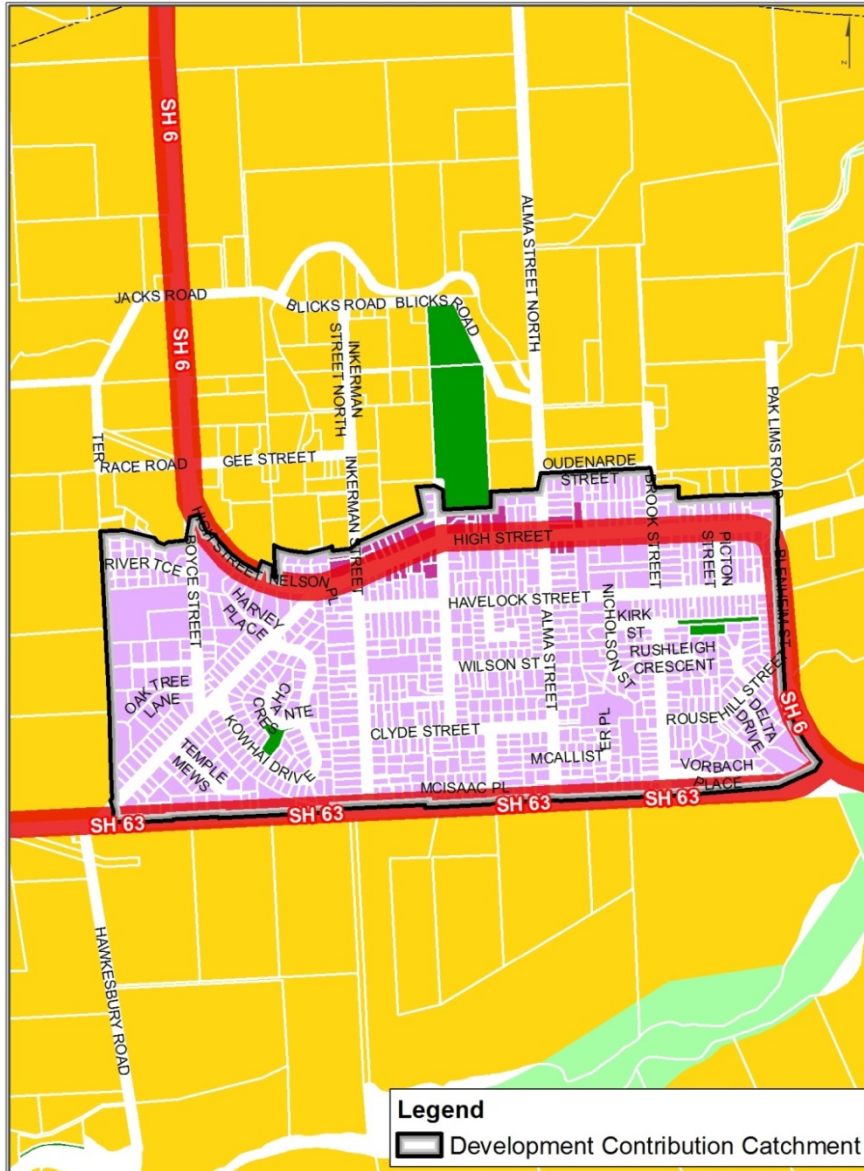
Description	Capital NPV (10 years)	Growth NPV (10 years)	Proposed DC levy	Proposed DC Levy income NPV	Act % DC	% Other
<b>Awatere Rural Water</b>						
Pipelines	1,754,744	183,192				
Pump Stations	82,873	0				
Treatment Plant	1,375,285	68,764				
Reservoir	2,681,614	214,602				
Connections	63,842	0				
Capitalised Overhead and carryover	168,282	0				
	<b>6,126,641</b>	<b>466,558</b>	<b>Assessed on an individual basis</b>			
<b>Riverlands Water</b>						
Pipelines	5,019,944	1,002,024				
Pump Stations	0	0				
Treatment Plant	11,078,514	2,221,968				
Capitalised Overhead and carryover	343,883	68,777				
	<b>16,442,341</b>	<b>3,292,769</b>	<b>Assessed on a development by development basis</b>			
<b>Wairau Valley Water</b>						
Pipelines	349,446	209,668				
Treatment Plant	764,826	186,529				
Capitalised Overhead and carryover	23,294	11,647				
	<b>1,137,566</b>	<b>407,844</b>	<b>Assessed on an individual basis</b>			
<b>North West Extension Zone</b>						
Water	190,052	190,052		190,052	100%	0%
Stormwater	2,155,255	2,155,255		2,155,255	100%	0%
Sewer	162,330	162,330		162,330	100%	0%
Roading	1,115,831	1,115,831		1,115,831	100%	0%
	<b>3,623,468</b>	<b>3,623,468</b>	<b>\$22,362</b>	<b>3,623,468</b>	<b>100%</b>	<b>0%</b>

## Appendix 2: Development Contribution Catchment areas



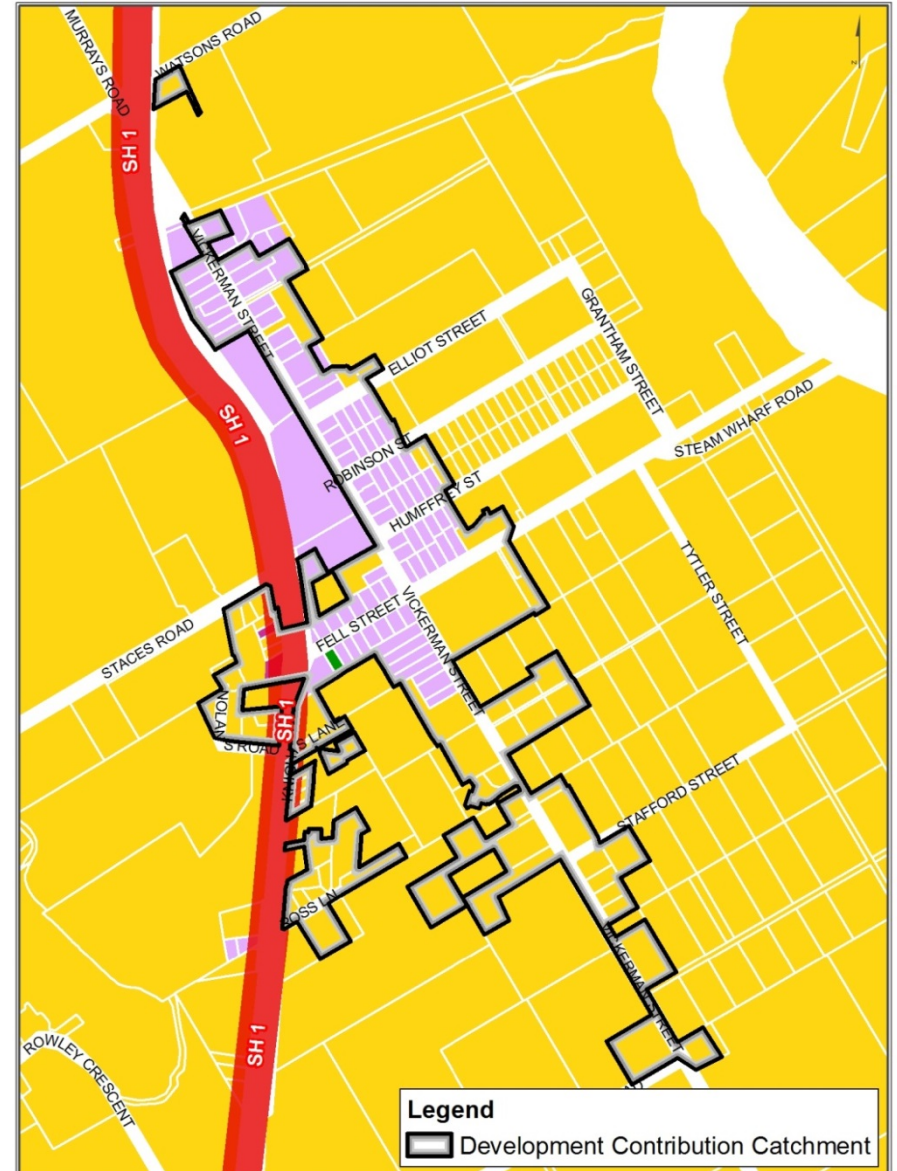






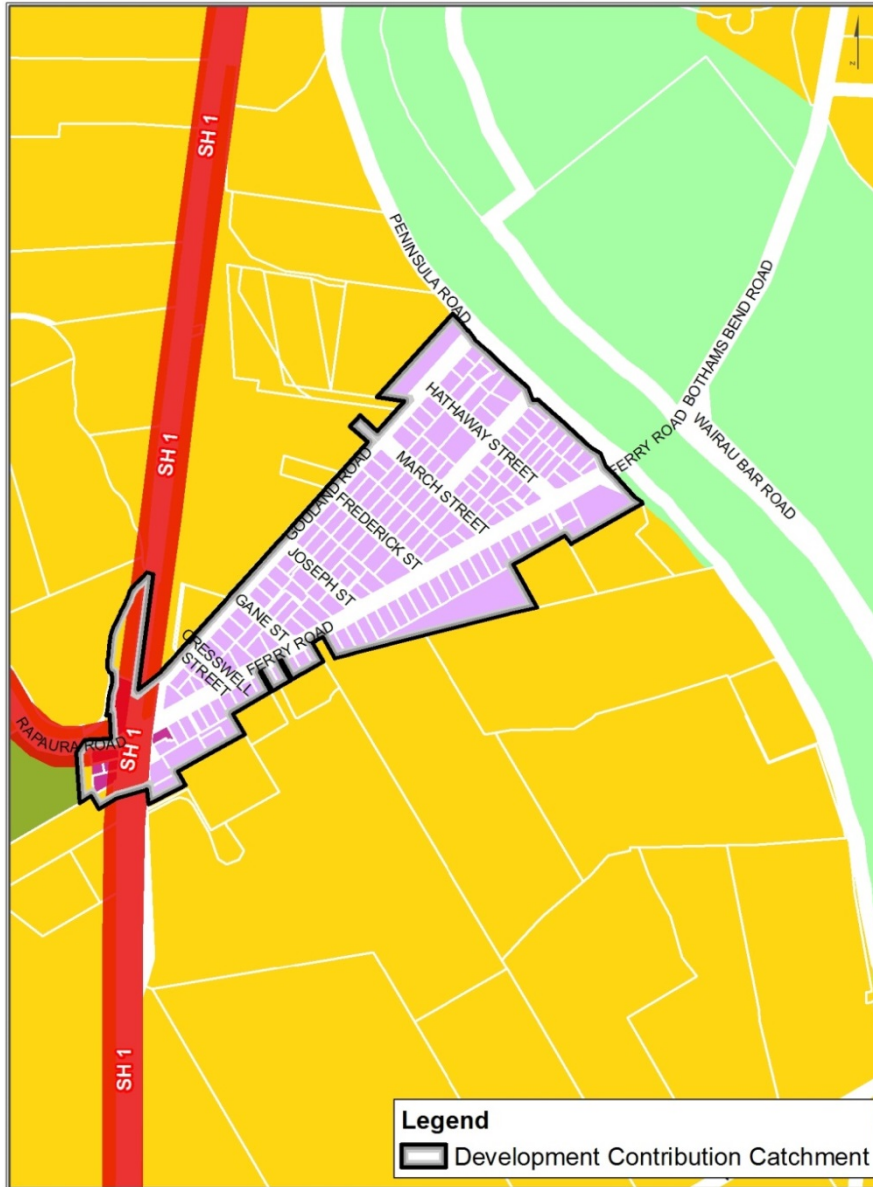
**Renwick Water**

1:18,000



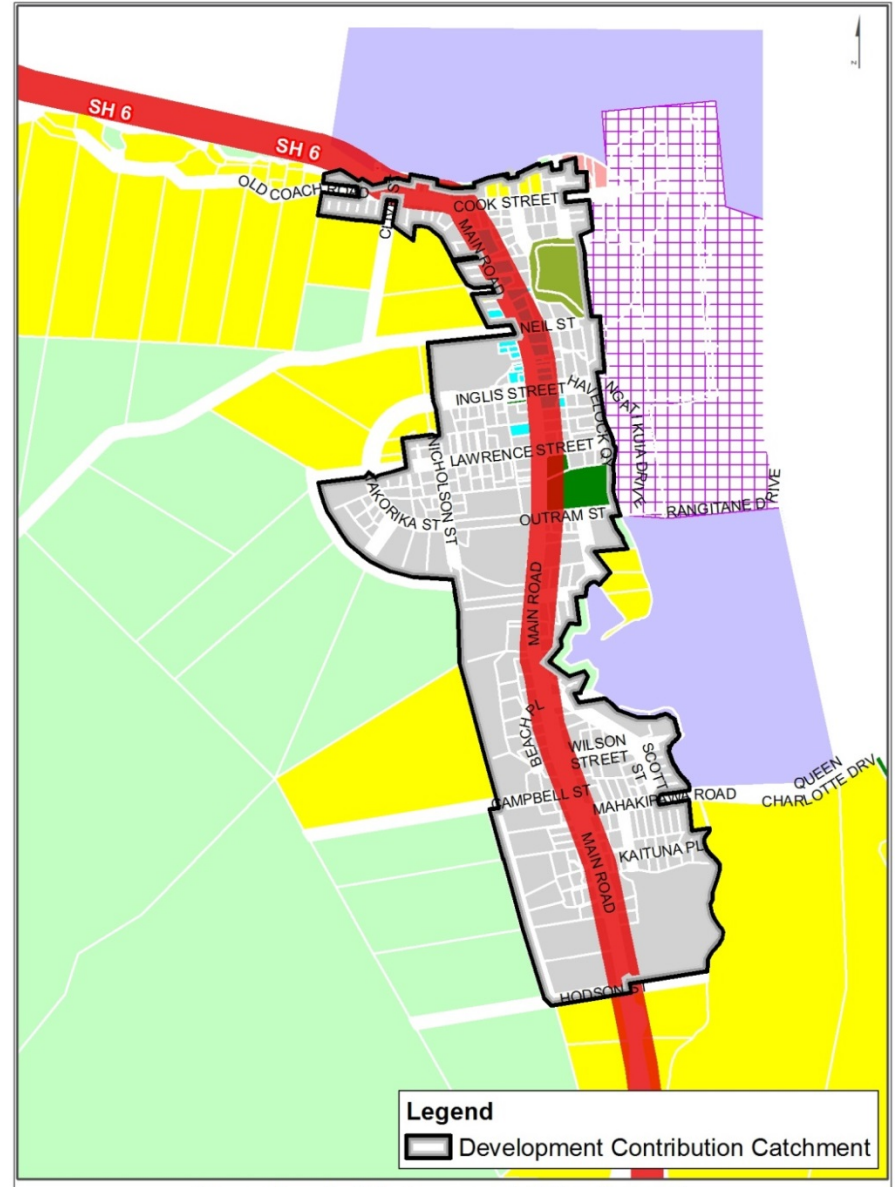
**Grovetown Wastewater**

1:12,500



**Spring Creek Wastewater**

1:12,000



**Havelock Water and Wastewater**

1:15,000







**Zone Infrastructure  
Northwest Zones - Mowat Area**



**Zone Infrastructure  
Northwest Zones - Roseneath Area**



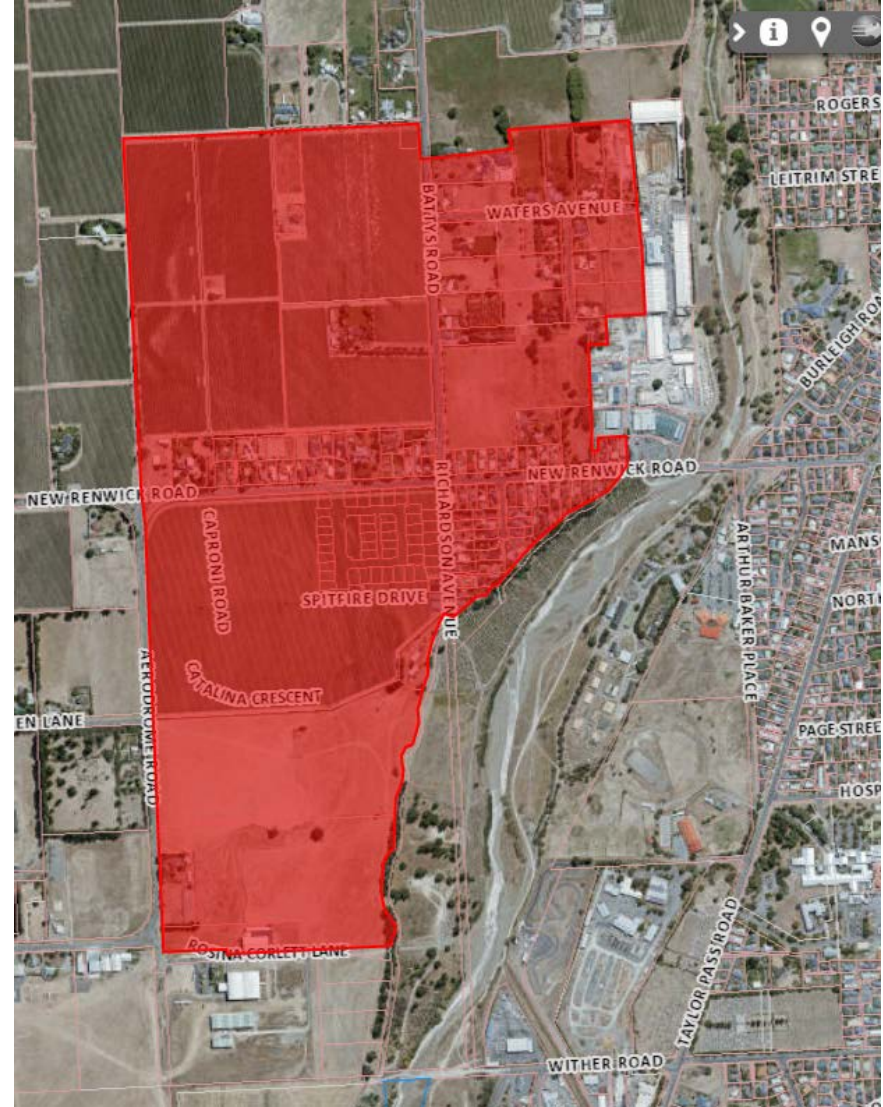
**Zone Infrastructure  
Northwest Zones - Colemans Area**



**Zone Infrastructure  
Westwood Area Stormwater**



**Zone Infrastructure  
North West Extension Zone Areas**



**Zone Infrastructure Burleigh Area Wastewater**

## Appendix 3: Implementation Rules and Guidelines for Zone Infrastructure Levies

### ADDITIONAL REQUIREMENTS FOR SUBDIVISION OF LAND WHICH HAS BEEN REZONED BY WAY OF PLAN CHANGE PC64, PC65, PC67, PC66 and PC69, and include Rose East

- (a) All levies referred to in this section will be set to recover the cost to Council of providing infrastructure for the development of Plan changes PC64, PC65, PC67, PC66 and PC69, and to include the area of Rose East. The formula for calculating levies will be a costing schedule which combines the anticipated development of sections (and therefore the collection of Levies), the timing of costs and the interest component of levies collected or loans taken out.
- (b) Within the Residential Zone, Council is responsible for providing and upgrading all bulk services within existing Road reserve. These services will be provided by Council or by a Developer at Council's choice, based on the "Accepted Services" plans. These costs will be recovered by way of the Zone Development Levies. Timing of these bulk services will be managed by Council to suit budgets and proposals.
- (c) The Zone Costs shall be reviewed annually and adjusted if necessary on the basis of Council cost projections and changes in interest rates as well as changes in the number of sections developed.
- (d) Two sets of "Accepted Services" plans exist;
- i. The area of PC64, PC65 and PC67; Appendices 1.1 to 6.4, and
  - ii. The area of PC66 PC69 and Rose East; Appendices 1.1 to 6.6
- (e) Infrastructure costs that will be met by the Zone Development Levy, to accommodate the development of the Plan change areas PC64, PC65, PC67, PC66 and PC69, and include Rose East area, are as follows:
- i. The cost of providing bulk stormwater, water and sewer infrastructure within existing road reserve, as identified on the "Accepted Services" plans. Reference to Appendices 6.1, 6.2, 6.3, 6.4, 6.5 and 6.6.
  - ii. The cost of upgrading existing roading infrastructure, as identified on the "Accepted Services" plans. Reference to Appendix 6.1, 6.2, 6.3, 6.4, 6.5 and 6.6.
  - iii. The cost of upgrading existing bulk stormwater, water and sewer infrastructure. This includes, but not limited to:
    - Upgrade of Caseys Creek, and associated culverts.
    - Upgrade of Caseys Stormwater pump station.
  - iv. The cost of constructing the bulk stormwater, water, sewer and roading infrastructure to extend from individual developments to the neighboring property/s as identified within Appendix 5.1, and with respect to the sizes identified on the "Accepted Services" plans for the respective service. Council will contribute \$35,483, (by way of reduction in Zone Development Levy) to the areas identified on the "Accepted Services" plans only. This contribution is a fixed amount, but will be subject to changes of the Producers Price Index (PPI) from Statistics New Zealand or another index approved by Council. The base PPI = June 2018, costs exclude GST and include a design component.
  - v. The cost associated with increasing the diameter of piped water and sewer services from that which would be sufficient for their development, to that identified on the "Accepted Services" plans. Reference to Appendices 2.1, 2.2, 2.3, 3.1, 3.2 and 3.3. Council will contribute to the marginal cost provided the contract costs are acceptable to Council (by way of reduction

in Zone Development Levy) if the service pipes are over the following minimum sizes:

- Sewer (gravity) 150 mm
- Water 100 mm

- vi. The cost of constructing Sewer pumping stations and / or Sewer pressure pipelines and / or Sewer overflow pipelines, as identified on the “Accepted Services” plans. Reference to Appendices 3.1, 3.2 and 3.3.  
Council will contribute for the full cost provided the contract costs are acceptable to Council (by way of reduction in Zone Development Levy).
- vii. The cost of constructing Trunk Stormwater Infrastructure, as identified on the “Accepted Services” plans. Reference to Appendices 1.1, 1.2 and 1.3.  
Council will contribute for the full cost provided the contract costs are acceptable to Council (by way of reduction in Zone Development Levy).
- viii. The cost associated with increasing the Road Carriageway widths from a standard 5.6m (kerb to kerb, includes parking) to that identified on the “Accepted Services” plans. Reference to Appendix 4.1.  
Council will contribute \$144 per lineal meter, (by way of reduction in Zone Development Levy) to the areas identified as Road “A” only. This rate is a fixed amount, but will be subject to changes of the Producers Price Index (PPI) from Statistic New Zealand or another index approved by Council. The base PPI = June 2018, costs exclude GST and include a design component.  
  
Council will contribute \$386 per lineal meter, (by way of reduction in Zone Development Levy) to the areas identified as Road “B” only. This rate is a fixed amount, but will be subject to changes of the Producers Price Index (PPI) from Statistic New Zealand or another index approved by Council.

The base PPI = June 2018, costs exclude GST and include a design component.

- ix. The cost associated with increasing the Road Reserve widths from a standard 15.0m to that identified on the “Accepted Services” plans. Reference to Appendices 4.1.  
Council will contribute \$17 per square meter, (by way of reduction in Zone Development Levy) to the areas identified as Road “B” only. This rate is a fixed amount, but will be subject to changes of the Producers Price Index (PPI) from Statistic New Zealand or another index approved by Council. The base PPI = June 2018, costs exclude GST and include a design component.
- x. The costs associated with increasing the size of pipelines through a site to take stormwater from the positions identified on the “Accepted Services” plans. Reference to Appendix 1.1, 1.2 and 1.3.  
Council will contribute to the marginal cost provided the contract costs are acceptable to Council (by way of reduction in Zone Development Levy).
- (f) The cost of upgrading existing sewer infrastructure within MacLauchlan Street to accommodate the development is excluded from the calculation of these Zone Levies and will be met by Council’s Development Contributions Policy.
- (g) The essential roading connections layout must be completed as shown on Appendix 4.1. Provision of bulk water, sewer and stormwater infrastructure must also follow the essential roading layout as shown on Appendices 1.1, 1.2, 1.3, 2.1, 2.2, 2.3, 3.1, 3.2 and 3.3. The layout may be varied provided that the servicing and access to all other properties can be achieved to approval of Council.
- (h) It shall be a requirement that every allotment in a proposed subdivision be provided with the following services to Council approved standards:

- i. Sewer disposal off site by means of a water borne sewer connected to the Council sewer reticulation system.
  - ii. Stormwater disposal off site by means of a connection to the Council stormwater reticulation system.
  - iii. Water supply by means of a connection to the Council's water reticulation system.
  - iv. Roads including footpaths.
  - v. Underground electricity supply and street lighting.
  - vi. Underground Telecom connection.
- (i) Where it is not possible for the installation of bulk services to a proposed subdivision in the Residential Zone without crossing over private land, the subdivision plan will not be approved unless the developer provides written approval from the affected property owners (in a form acceptable to Council) allowing installation of bulk services across their land.
- (j) The cost of installing these bulk services on privately owned land is to be borne by the Property Developer who requires them. This shall include all other costs associated with the agreement between adjoining property owners such as easements, cost share, registrations and legal fees.
- (k) The re-zoned residential area must be developed in a sequential manner. Development must be deferred until services are available at the respective property boundary. Until then the properties are considered "Deferred Development Status" - This Deferred Status will be lifted once accepted by Council that the Bulk Services necessary to complete the development are available at the site.
- (l) Council will not be obligated to contribute (including by way of reduction in Zone Development Levy) to infrastructure required to service properties that are in Council's opinion – "Deferred Development Status".

- (m) All charges will be on a per allotment basis. Balance lots will be charged the equivalent of 1 allotment, with recognition that the remaining charges will be applicable upon further development of the balance lot.
- (n) Council may require a Developer to install infrastructure in addition to that shown on the "Accepted Services" plans to ensure neighboring properties are provided a connection to the Bulk services.
- Council will contribute for the full cost provided the contract costs are acceptable to Council.
- These costs will later become an Additional Development Levy (in addition to that required by the Development Contributions Policy, and Zone Development Levies) to the neighboring property at the time in which they require connection.
- (o) Development contributions are required by the Local Government Act 2002. All Zone Development levies, Development Contributions and Additional Development Levies will be payable by property owners/developers before the issue of a certificate under section 224 of the Resource Management Act 1991.
- (p) Developers are further required to appoint suitably qualified representatives to undertake the following responsibilities:
- i. Design of the subdivision and preparation of engineering drawings and specifications for the provision of internal roads and services.
  - ii. Supervision of the construction of internal roads and services.

Certification on completion that these services have been installed to the attached drawings and specification, with respect to the whole re-zoned area and "Accepted Services" plans.

## Appendix 4: Glossary of Terms

Activity	Means a good or service provided by, or on behalf of, the local authority or a Council-controlled organisation e.g. water supply, sewerage, transport
Allotment (or lot)	Has the meaning given to allotment in Section 218(2) of the Resource Management Act 1991.
Asset Management Plan	Means Council documents outlining how each main asset class will be managed, upgraded and expanded as required.
Benefit Area	The area which benefits from the installation of the infrastructure.
Capacity Life	Means the number of years that the infrastructure will provide capacity for, and associated HEUs.
Capital Expenditure	Means the cost of capital works for network infrastructure, reserves and community infrastructure.
Catchment	Means the area served by a particular infrastructure investment.
Community Facilities	means reserves, network infrastructure, or community infrastructure for which development contributions may be required in accordance with S199 of the Local Government Act 2002.
Community Infrastructure	Means the following assets when owned, operated or controlled by a territorial authority:  (a) Community centres or halls or the use of a local community or neighbourhood and the land on which they are or will be situated; (b) Libraries; (c) Swimming pools.
Development	Means:  (a) Any subdivision, building (as defined in section 8 of the Building Act 2004), land use, or work 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 contributions policy included in the Long Term Plan of a territorial authority; and Glossary of Terms 2018-2028 Long Term Plan Page 345 (b) Calculated in accordance with the methodology; and 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 Contributions Policy Means the policy on development contributions adopted under section 102(1).

District Means the District of a territorial authority.

District Wide Applies to every property in the District.

Dwelling Means a building or part of a building for a single, self-contained, house-keeping unit, whether of one or more persons (where 'self-contained housekeeping unit' means a single integrated set of sleeping, ablution and cooking facilities).

Financial Contributions Has the same meaning as financial contributions in S108(9)(a)-(c) of the Resource Management Act 1991.

Geographic Areas The District is divided up into six geographic areas for the purpose of funding general works and services. The geographic areas are Blenheim, Blenheim Vicinity, Picton, Picton Vicinity, General Rural and Sounds Admin Rural.

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:

- Car parking.
- Loading docks.
- Vehicle access and manoeuvring areas/ramps.
- Plant and equipment enclosures on the roof.
- Service station canopies.
- Pedestrian circulation space in an enclosed retail shopping centre.
- 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. The average equates to unit of demand of 1.

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)

Infrastructural Assets	These are the fixed assets that are not generally regarded as tradable and which provide a continuing service to the community - such as reserves and parks, toilets, memorials, roads, bridges and wharves, water and sewerage schemes.
Network Infrastructure	Means the provision of roads and other transport, water, wastewater, and stormwater collection and management.
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.
Subdivision	Has the same meaning as section 218 of the Resource Management Act 1991.
Unit of Demand	Means the measure of demand for community facilities.