draft

Christchurch City Council

2007 Amendments to the Long-Term Council Community Plan 2006–2016

Companion document to the draft Annual Plan 2007/2008

- Council-controlled companies
- Development Contributions Policy
- Endowment property
- Jade Stadium

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Errata *Christchurch City Council*

draft 2007 Amendments to the LTCCP 2006-16

The Development Contributions Policy Section 3.1.2, sub-section ***Payment*** on page 35 should read:

Development contributions must be paid on invoice. Without limiting the Council's ability to recover development contributions under Section 208 of the LGA, ~~further~~ reassessment of the development contribution payable will occur under the ~~current~~ approved policy at the time of ~~re~~assessment ~~for development contributions payable will occur~~ if payment is not received within 12 months of issuing the assessment or any earlier reassessment.

The Development Contributions Policy Section 3.3.4, sub-section ***Development contributions payable by the Council*** on page 46 should read:

~~Where the Crown is exempt from paying development contributions by statute, it is invited to pay development contributions as appropriate on any activities which consume infrastructural capacity. The invitation to pay will not be a condition of issue of the Section 224(c) certificate or code compliance certificate.~~
The Council is exempt from paying development contributions on any development that is itself a capital expenditure for which development contributions are required. This avoids the possibility of collecting development contributions for one activity to pay for development contributions for another activity. The Council is otherwise required to pay development contributions as appropriate.

The Development Contributions Policy Section 3.3.4, sub-section ***Development contributions exemption for the Crown*** on page 46 should read:

Where the Crown is exempt from paying development contributions by statute, it is invited to pay development contributions as appropriate on any activities which consume infrastructural capacity. The invitation to pay will not be a condition of issue of the Section 224(c) certificate or code compliance certificate.

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Christchurch City Council draft 2007 Amendments to the Long-Term Council Community Plan 2006–16

PO Box 237, Christchurch, New Zealand
Tel: 64-941-8999 Fax: 64-941-8984
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Introduction

This statement is required to be made by the Local Government Act 2002. It is to be read in conjunction with the proposal for the Christchurch City Council's Annual Plan 2007–08 and the 2007 Amendments to the Long-Term Council Community Plan (LTCCP) 2006–16.

There are two documents for public consideration, the draft Annual Plan 2007/08 and the draft 2007 Amendments to the LTCCP 2006–16.

The purpose of the draft 2007 Amendments to the LTCCP 2006–16 is to:

- present proposals for changing the Council's Development Contribution Policy; and
- make adjustments to ensure the LTCCP 2006–16 remains relevant in the light of changing circumstances.

The purpose of the Christchurch City Council's proposed Annual Plan 2007–08 is to:

- contain the proposed annual budget and funding impact statement for the year to which the Annual Plan relates; and
- identify any variation from the financial statements and funding impact statement included in the LTCCP in respect of the year; and
- support the LTCCP in providing integrated decision-making and co-ordination of the resources of the Christchurch City Council and
- contribute to the accountability of the Christchurch City Council to the community; and
- extend opportunities for participation by the public in decision-making processes relating to the costs and funding of activities to be undertaken by the Christchurch City Council.

The activities of the Christchurch City Council are those identified in the LTCCP 2006–16. The proposals in this draft Annual Plan and draft 2007 Amendments to the LTCCP 2006–16 are the Council's preferred options continuing the intentions published in the LTCCP 2006–16.

Submissions

The draft Annual Plan 2007–08 and the draft 2007 Amendments to the LTCCP 2006-16 will be available for inspection during ordinary office hours at the following places:

- Civic Offices, 163–173 Tuam Street, Christchurch.
- Christchurch City Council libraries and service centres.

A copy of the draft may also be viewed on the Council's website http://www.ccc.govt.nz/ltccp

Submissions on the drafts may be made to the Council from Wednesday, 11 April until 5pm on Friday, 11 May 2007. These submissions may be made:

- electronically at www.ccc.govt.nz/haveyoursay,
- by email to ccc-plan@ccc.govt.nz,
- by using the submission forms contained in the draft Annual Plan 2007–08 and draft 2007 Amendments to the LTCCP 2006–16,
- or in any other written form to the Christchurch City Council, PO Box 237 Christchurch.

Any person who makes a submission will have the opportunity to be heard by the Council, if they make that request. Hearings will be held from Monday, 28 May to Tuesday, 5 June 2007.

Introductory Statement

Cautionary Note

The forecast financial statements in these 2007 Amendments to the LTCCP 2006–16 draft are prepared on the basis of best estimates available at the time of preparing the accounts. Actual results are likely to vary from the information presented and the variations may be material.

The purpose of the draft 2007 Amendments to the LTCCP 2006–16 is to consult with the community. Following the consultation period, there may be changes made to the plan. The final plan will be adopted on 28 June 2007, to take effect on 1 July 2007.

Scope of information

The draft 2007 Amendments to the LTCCP 2006-16 cover the operations of Christchurch City Council only; the results of its subsidiary companies are not consolidated.

Responsibility

The Council and management of Christchurch City Council accept responsibility for the preparation of the draft 2007 Amendments to the LTCCP 2006–16 and the judgements applied therein.

Authorisation for issue

The 2007 Amendments to the LTCCP 2006–16 were adopted by Council on 23 March 2007 and authorised for release for public consultation.

The 2007 Amendments to the LTCCP 2006–16 will be issued in final form, following public consultation, not later than 1 August 2007.

This statement is required to be made by the Local Government Act 2002.

1. Details of the Proposal

1.1 It is proposed that the Christchurch City Council's Long-Term Council Community Plan (LTCCP) 2006-16 be amended by:

(a) replacing the current Development Contributions Policy with a new policy;
(b) including financial statements that reflect the funding proposal for the development of Jade Stadium. That proposal is the subject of a separate statement of proposal that will be distributed for consultation at the same time as this statement is distributed.
(c) including a statement that the Council intends selling an endowment property and the use to which the proceeds of the sale of that property will be put;
(d) including reference to the establishment of new Council-controlled organisations.

2. Reasons for the Proposal

2.1 Development Contributions Policy:

(a) The Christchurch City Council has historically required those whose developments place new demands on the City's reserves and infrastructure services to make a fair contribution towards the expansion of those services. The Local Government Act 2002 increased the scope of contributions that could be collected to assist with the payment for growth, in three broad areas:
- Reserves (for open space and recreation)
- Network infrastructure
- Community infrastructure.

(b) The Council in its LTCCP 2004-14 established a policy for the receipt of contributions in all three areas, although it did not at that time identify a wide range of infrastructure projects for which contributions would be sought.
(c) For the LTCCP 2006-16, the Council reviewed and further developed the Development Contributions Policy, including a more sophisticated and robust methodology for calculating contributions and extending the areas of collection to include transport and leisure facilities. At the time, the Development Contributions Policy for the former Banks Peninsula District remained unchanged with the intention being to integrate it with the Christchurch City policy in 2007.
(d) The policy was based on the Council's proposed ten-year capital programme for infrastructure and services identified in the LTCCP process. Costs associated with supporting the City's growth from developments which place a demand for the provision of new infrastructure and services are able to be recovered from development contributions charges. The contributions are based on the Council's projected capital expenditure programme over the life of the LTCCP.
(e) The Council chose a "user pays" approach. It was decided that the development community (through development contribution charges) rather than the wider community (through rates or other internal funding mechanisms) should pay the full cost of growth, being the total growth component of capital expenditure budgets excluding external funding.
(f) This approach resulted in significantly higher development contribution charges than those required by the 2004-14 policy. Over 130 submissions were received to the draft 2006 policy, mostly opposing the changes and the increased charges that resulted. The Council decided, following the hearing of submissions, to undertake a further review involving a joint working party comprised of the Council and industry representatives. Whilst this work was in progress, the Council decided that it would hold charges to a level generally in line with those of the 2004 policy. The new policy came into effect on 1 July 2006.
(g) The working party carried out detailed investigations and reported back to the Council with a variety of recommendations for changes, most of which were accepted and have been incorporated in the 2007 Amended Development Contributions Policy. The Banks Peninsula District Council policy has also been incorporated.
(h) The significant changes are:
- Introducing a one household unit equivalent (HUE) charge per lot on each subdivision, with actual demand for multi-unit and non-residential development to be fully assessed (net of one HUE) at the time a building consent is issued;
- Provision of a small household unit occupancy weighting adjustment;
- Correction of the HUE conversions for non-residential, including an explanation of the methodology to establish HUE equivalences;
- Removal of the HUE credit roll back provision on historic credits;
- Provision of a credit for existing undeveloped non-residential lots subdivided by 1 July 2004;
- Introduction of cost-based development contributions for reserves and

inclusion of the reserves projects for which development contributions will be collected and spent in the schedules of past and pending growth-related capital expenditure;

- Full integration of the former Banks Peninsula District Council and adoption of a universal catchment for the reserves, water supply, waste water collection, waste water treatment and disposal and transport activities;
- Committing to further analysis of how the Council's development contributions compare to those of other Councils and to re-evaluate and align development contributions with those of adjoining Councils in particular;
- The review and removal of past projects not clearly growth-related. Such projects are now recorded in the schedule of growth-related capital expenditure attached to the new policy;
- A new transitional discount.

(i) Of these changes, the following were considered to have a significant impact on the forecast for development contributions included in the LTCCP 2006-16 and have resulted in the amended financial forecasts presented in the financial overview and statements included in the draft Annual Plan 2007/08.

(i) Provision of a small household unit occupancy weighting adjustment. Implementation of this change will require a two-stage approach due to the limited time to achieve a fully integrated solution. This means:

Stage 1 The charging of development contributions being adjusted to reflect the working party's recommendations;

Stage 2 Adjusting the growth model in the Development Contributions Policy 2009-19 to refine the calculation of HUE charges in line with the adjusted charging mechanism contained in the 2006-16 policy.

(ii) The benefit of adopting the charging mechanism now is:

- It partially addresses a cost imbalance identified in high-density areas;
- It better reflects the demand actually created by the significantly smaller units;
- It further refines the average city-wide HUE charge for fairness and balance; and
- It can be applied to both infrastructure and reserve charges for consistency.

(iii) The impact of this approach is that the reduction of charges in the next two years (stage 1) is not offset by allocating the shortfall to the remaining larger residential units (stage 2). This impact is mitigated by the new transitional discount proposed for the next two years.

(j) A new transitional discount is proposed to add the increase in the standard development contribution charges evenly over the next three years. This has resulted in the estimated cash flow from development contributions for the next two years being discounted by 57% in 2007-2008 and 28% in 2008-2009 resulting in a shortfall of revenues of $10 million or 0.3% in the next two years.

(k) (i) In addition to the specific changes above the detailed review of the methodology resulted in the Council adjusting the cost of growth used as the base of the development contributions forecast in the LTCCP. The impact of this review was to reduce the development contributions revenues by $56.9 million over the next nine years.

(ii) The overall financial impact of the above changes is:

- Capital revenues reduced by $69 million over the next nine years.
- Increase in debt of $69 million over the next nine years.
- Increase in rate of $29 million or 1.1% over the next nine years.

(iii) The rate increase of 6.94% for 2007/08 shown in the amended financial pages attached should not be confused with the proposed rate increase for the 2007/08 year. 6.94% represents the increase that would have been proposed in the original LTCCP if the financial impact of the amended development contribution policy and recommended loan to Jade Stadium Ltd had been known at the time. The rate increase of 7.35% contained in the draft Annual Plan includes the effect of the changes detailed in the draft Annual Plan in addition to those of the Development Contributions Policy and the Jade Stadium Ltd loan.

2.2 Jade Stadium:

(a) Distributed for consultation at the same time as this statement will be a statement of proposal setting out the funding proposals for the development of Jade Stadium. Although these proposals are reflected in the draft 2007 Amendments to the LTCCP 2006-16, they were considered to be of sufficient significance to require a separate statement to be issued. Consultation on the funding proposals has been combined with consultation on the proposals set out in this statement.

2.3 Endowment Property:

(a) The Council owns a farm property called "Cairnbrae", situated near Methven. This property was originally given by the Crown to the Sydenham Borough Council and was acquired by the Christchurch City Council when it amalgamated with the Sydenham Borough in 1903.

(b) The property covers 161.1970 hectares. It is currently leased under the Public Bodies Leases Act 1969 for perpetually renewable terms of 21 years.

(c) The Council resolved at its meeting on 14 December 2006 to sell this property and reinvest the proceeds for a purpose that is consistent with the endowment. This was to aid Sydenham Borough (now Christchurch City) funds. The Council is likely to earn a significantly higher rate of return from other investments.

(d) Section 141 of the Local Government Act 2002 states that the Council cannot exercise its power of sale unless it has first included in its LTCCP a statement of:

- Its intention to sell or exchange the property; and
- The use to which the proceeds of the sale or exchange will be put.

(e) The reason for this proposal is that the Council must comply with the provisions of section 141 before it can act on its decision to sell the property.

2.4 Council-controlled organisations:

(a) In reports to the Council for its meetings on 15 March and 23 March 2007, Councillors were asked to consider the establishment of several "shelf" Council-controlled companies. The Council's trading arm, Christchurch City Holdings Limited (CCHL) wishes to establish five such companies and Council staff recommended that three shelf companies be established for Council purposes. In addition, approval in principle was sought for the establishment of a new Christchurch City Trading Organisation (CCTO) for the purposes of developing and owning the new Civic Building.

(b) The Council resolved to support in principle the establishment of those Council-controlled companies and to include the proposal in the draft 2007 Amendments to the LTCCP 2006-16.

(c) Section 56 of the Local Government Act 2002 states that any proposal to establish a Council-controlled organisation must be adopted in accordance with the special consultative procedure. The section further states that the consultation may be undertaken as part of another proposal or as part of the Council's LTCCP.

(d) The reason for this proposal is so that the Council can comply with its statutory obligations. It intends to do so by amending the LTCCP 2006-16 to include the establishment of the proposed shelf-companies.

(e) The purpose of the companies is to enable both CCHL and the Council to respond in a timely manner to any new initiative that is available to them. All CCTO's are governed by strict reporting requirements set out in the Local Government Act 2002 and must prepare a statement of intent each year for approval by the Council. Any new initiative will be brought back to the Council for consideration before any decision, on whether or not to proceed, is made.

3. Social considerations

In addressing these proposals, the Council has had regard to social considerations, particularly the potential impact of the new development contributions policy. It is the Council's view that for the reasons expressed earlier, any impact in terms of the present and future social wellbeing of ratepayers is minimal.

4. Environmental Considerations

None of the proposals included in this statement will of themselves have an impact on the environment. Any application for the subdivision and/or development of a property will be assessed by the Council as part of its regulatory functions.

5. Cultural Considerations

The Council is not aware of any cultural issues that should be taken into account in respect of the proposals contained in this statement.

6. Economic Considerations

Successful implementation of the 2007 Development Contributions Policy will result in considerable benefits to the Council's ratepayers. There are no economic issues arising from the other proposals included in this statement.

7. Financial Considerations

So far as the Development Contributions Policy is concerned, any financial implications have been dealt with earlier in this statement. There are no financial issues arising out of the establishment of Council-controlled organisations. The sale of the "Cairnbrae" endowment property will result in the Council receiving funds to be invested for the benefit of the City.

8. Summary of Benefits

8.1 The successful implementation of the 2007 Development Contributions Policy will benefit ratepayers in that the cost of growth in the City will be shared with the development community.

8.2 The benefits of establishing a number of Council-controlled organisations now, rather than at the time an opportunity for the Council or CCHL arises, is that both the Council and CCHL will be in a better position to take advantage of those opportunities. Using the special consultative procedure to establish these companies each time such an opportunity arises will add to the time and cost taken to complete any transaction.

8.3 The benefit of selling the "Cairnbrae" endowment policy is that the Council will have funds to invest at a higher rate of return than would otherwise be the case.

9. Risks

9.1 The risks associated with the new Development Contributions Policy are that developers resist paying the increased charges and as a result further development is restricted. The purpose of establishing a working party to review the Council's current policy was to minimise this risk. The new policy is the result of Council and industry efforts to accommodate the interests of both.

9.2 There are no risks attached to the Council's intention to sell an endowment property. The price received will reflect the market value of the property at the time of sale.

9.3 There are no risks attached to the Council's proposal to establish a number of Council-controlled companies now, to be activated at a future date. Any new initiative to be undertaken by the companies will still require the prior support of the Council.

10. Analysis of Options Considered by the Council

10.1 The Council is require by the Local Government Act 2002 to have a Development Contributions Policy. There is no other practicable option.

10.2 An option available to the Council with regard to the endowment property would be not to sell it. This would result in the Council continuing to receive a poor rate of return from the property and to be subject to statutory restrictions on the Council's ability to review matters such as rent received and the term of lease arrangements.

10.3 The option of not establishing Council-controlled companies for use at a later date has been considered by the Council. However, for the reasons earlier expressed, it has supported the proposal in principle.

11 Proposed Amendments to the LTCCP 2006-16

11.1 It is proposed to amend the LTCCP 2006-16 as follows:

(a) by replacing the Council's current Development Contributions with the new policy contained in the document "2007 Amendments to the Long-Term Community Plan 2006-16".

(b) by including in the Council's investment policy at page 284 of the LTCCP 2006-16 a new paragraph, numbered 5.3(a), as follows:

"The Council owns a farm property called "Cairnbrae" situated near Methven. This was given by the Crown to the Borough of Sydenham in 1882 as an endowment in aid of Borough funds. The Council assumed the ownership of the property when it amalgamated with the Sydenham Borough in 1903.

The property has been leased under the Public Bodies Leases Act 1969 and farmed by a succession of tenants. The Council has previously sold all other endowment properties of a similar nature that it has owned.

The Council intends to sell this property because of difficulties that it has had, and will continue to have, with achieving a reasonable rate of return. The proceeds of sale will be invested in accordance with the Council's investment policy and the income used in its ordinary course of business."

(c) by including under the heading "Changes to Council-controlled organisations" at page 238 of the LTCCP 2006-16, the following statements:
Changes to Council–controlled organisations (page 238 of the LTCCP 2006-16)

Christchurch City Holdings Limited (CCHL)
Subsidiary companies
Add after "City Care Ltd"

- New Shelf Company 1
- New Shelf Company 2
- New Shelf Company 3
- New Shelf Company 4
- New Shelf Company 5

Add after "City Care Limited" (page 242 of the LTCCP 2006-16)

Shelf Companies 1, 2, 3, 4 and 5
(subsidiaries of Christchurch City Holdings Limited)

Nature and scope of activities
These shelf companies have been established to enable CCHL to respond promptly should business opportunities arise. Before each is activated a business case would be prepared and approved by the CCHL board before being brought to Council for approval.

Policies and objectives relating to ownership and control
The Council is the sole shareholder of these companies. Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key performance targets

Appropriate Key Performance Indicators (KPIs) will be established at the time each company is activated.

(d) by including under the heading "Changes to Other Council Controlled Organisations" at page 245 pf the LTCCP 2006-16, the following statements:

Tuam Limited

Nature and scope of activities
To own and manage the existing Civic building and related Tuam Street properties.

Key performance targets
To own and manage the existing Civic building and related Tuam Street properties in an effective manner.

Tuam 2 Limited

Nature and scope of activities
To construct, own and lease the proposed new civic building to the Council.

Policies and objectives relating to ownership and control
This company will own the Council property on which the new Civic building is to be constructed. The Council wants this process to be managed on a commercial and co-ordinated basis. Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key performance targets
To construct and lease to the Council a new fit-for-purpose Civic building on appropriate commercial terms.

Shelf Companies 1, 2 and 3

Nature and scope of activities

These shelf companies have been established to enable the Council to respond promptly should business opportunities arise. Before each is activated a business case would be prepared and brought to Council for approval.

Policies and objectives relating to ownership and control
The Council is the sole shareholder of these companies. Through a Statement of Intent, the Council establishes broad parameters reflecting the public nature of this company without inhibiting proper commercial management. To continue to do this the Council has a policy of maintaining a controlling interest in this company.

Key performance targets
Appropriate KPIs will be established at the time each company is activated.

12 Submissions

12.1 The draft 2007 amendments to the LTCCP 2006-16 will be available for inspection during ordinary office hours at the following places:

- Civic Offices, 163 Tuam Street, Christchurch
- Christchurch City Council Libraries and Service Centres

A copy of the draft may also be viewed on the Council's website:

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Submissions on the draft may be made to the Council from Wednesday 11 April 2007 to 5pm on Friday 11 May 2007.

These may be made:

Electronically at www.ccc.govt.nz/haveyoursay.

By email to ccc-plan@ccc.govt.nz.

By using the submission forms contained in the draft 2007 Amendments to the LTCCP 2006-16 and the draft Annual Plan 2007/08.

Or in any other written form.

Any person who makes a submission will have the opportunity to be heard by the Council but must make that request. Hearings will be held from Monday 28 May 2007 to Tuesday 5 June 2007.

Consultation on the draft 2007 Amendments to the LTCCP 2006-16 has been combined with consultation on the draft Annual Plan 2007/08.

Introduction

Stadium Redevelopment

The Rugby World Cup 2011 (RWC 2011) has provided the impetus for the redevelopment of the aging Number 1-3 Stands (dating from the 1960s) on the east side of Jade Stadium. The stands are nearing the end of their economic and structural life. In assessing the appropriate development for Jade Stadium, the Council has primarily considered the long-term needs for Christchurch, and secondly considered the RWC 2011 requirements, to get the right mix between optimising the RWC opportunity and the future requirements of the growing city.

The forecast capital cost of replacing these 11,000 seats in the Number 1-3 Stands with a new seat stand of about 17,000 (similar to the Paul Kelly Motor Company Stand) is estimated at $60 million, including the new stand ($53 million), new replay screen ($3 million) and an upgrade of the playing surface ($4 million). This will bring the capacity of the stadium to between 40,000 and 45,000 seated, with the potential to increase to beyond 50,000 seated and standing for large events (by the removal of seating on the northern and southern ends of the ground and the conversion of this space to temporary standing terraces and construction of a temporary stand above the Tui Stand). The proposed timeline is for completion in December 2009 in time for the RWC 2011.

Landscaping of the surrounding area

Significant efforts have been made to integrate the new stadium redevelopment into the neighbourhood by removing the existing fenced boundaries on Wilsons Road and opening this area up to the public in widened footpaths and other open areas, and by opening up the green area behind the Tui Stand as a small community park to be known as Lancaster Park. The cost of this is estimated to be in the order of $1.5 million in 2010 which may be accommodated by reprioritising existing work. It is expected that the east side redevelopment with these features, will provide an impetus to local area rejuvenation.

The Stadium Walk concept

It is planned to link Jade Stadium with the central city by way of a Stadium Walk, thereby illustrating the proximity of the Stadium to the city, encourage patronage of central city businesses before and after events, reduce traffic and parking around the stadium and neighbouring area, and encourage use of public transport and central city parking facilities for events. Costing of this is not yet available. No decision has been made yet but, should it proceed, the Council would either reprioritise existing work - in which case any impact on rates would be minimal - or seek further funding.

The business model is based on a similar approach to the earlier successful development funding, which was founded on developing sustainable incremental cash flows to fund the repayment of the maximum level of funding debt over a reasonable term.

Jade Stadium has an operating cash flow, before interest and debt repayment, of about $4.6 million per annum. This is derived from a variety of sources, including event rentals, catering royalties, sale of naming rights, sale of signage and sale of corporate and club facilities. The current cash flow is sufficient to repay the existing $32 million loan over a 10-year term.

The east side redevelopment business case estimates that post development the annual operating cash flow, before interest and debt repayment, will increase to about $7.4 million as a result of increases in event rentals, stadium development levies, catering royalties, naming rights and signage income, income from premium and club facilities in the new stand, and refinancing the existing debt over the same term as the new debt.

The business case is predicated on the total stadium operating cash flows being used to fund interest and debt repayment (including refinancing the existing debt) over a 20-year term. This provides the opportunity to fund an additional $40 million of debt on top of the existing residual west side development debt.

Therefore, as the business case currently stands - subject to achievement of planned revenue increases - potentially $40 million of the $60 million total capital cost is funded, leaving a funding gap of $20 million. Jade Stadium Board and management are considering a number of options to address this funding gap, including:

- applications for grant and/or sponsorship funding of specific assets (turf and replay screen)
- seeking to over achieve against the business plan
- support from Central and Local Government

Economic Benefit of Jade Stadium

Fixtures and events held at Jade Stadium generate direct economic benefit for the city and the community through the hospitality, accommodation and merchandising sectors, as well as the revenue and jobs created to service the events, such as catering and security staff. These direct benefits flow through to the community and result in further indirect economic impacts arising from increased spending by businesses as they buy additional inputs to meet increased visitor demand. There is also a further ripple effect of increased employment and spending by households who have more disposable income.

Two recent studies indicate the economic benefit of Jade Stadium: an APR Consultants analysis of the 2005 Lions test in Christchurch and the Horwath Asia Pacific assessment of the RWC 2011.

The analysis prepared by APR Consultants for the Council of the economic impact and visitor activity associated with the All Black / Lions test match held in Christchurch on 25 June 2005 at Jade Stadium estimated that the event:

- Attracted nearly 14,000 supporters from the United Kingdom to Christchurch for the test, of which over 10,600 were considered to be incremental (that is, they came because of the test, and would not have been in Christchurch otherwise).
- On average they stayed four days in Christchurch, spending over $2,100 each on accommodation, food and beverage, tickets, sightseeing, shopping and travel, resulting in a total spend of $28.1 million.
- With the indirect and induced flow on impacts of that expenditure, the total expenditure impact was estimated to be $41.9 million.
- In addition APR estimated that 5,300 New Zealanders from outside Christchurch attended the test match, generating total expenditure of $7.4 million.
- The assessment prepared by Horwath Asia Pacific Limited and Market Economics for the Rugby World Cup 2011 Establishment Board estimated that, on a national basis, RWC 2011 could:
  - Attract 66,000 international supporters, 2,500 international media and 2,500 corporate/VIP guests to New Zealand.
  - Act as a catalyst for significant tourist activity, which drives economic impact. It estimates the national direct expenditure of RWC 2011 to be $476 million, increasing to $1.15 billion when flow on expenditure is taken into account.
  - Horwath estimated that this will generate $204 million in direct value added or direct contribution to GDP, $180 million in indirect value added from the flow on increase in business activity; $122 million in induced value added from the spending of the extra household income generated by the additional business activity, and an additional $112 million of taxation revenue.
  - Auckland would be the major beneficiary of the economic benefit, but $214 million direct expenditure and $267 million of net value added would be spread across the rest of the country.

The redeveloped Jade Stadium will be well positioned to play a major role in Rugby World Cup 2011. As the second largest stadium in New Zealand, it would reasonably be expected that Christchurch and Jade Stadium's involvement in the tournament would be second only to Auckland and the primary focus of the tournament in the South Island. The allocation of games is still subject to finalisation by Rugby New Zealand 2011 Ltd in 2007.

This means, with Jade Stadium's redevelopment, Christchurch would be well placed to economically benefit from RWC 2011.

While the significant economic impacts will arise from major rugby events, there is the potential for a range of other positive economic impacts to be realised from other sports and events that could be staged at Jade Stadium. This would in turn boost the Christchurch tourism industry, attracting both domestic and international visitors to Christchurch, and raise Christchurch's profile as a tourist destination.

In particular, Jade Stadium is expected to play a leading role in Cricket World Cup 2015, which New Zealand will co-host with Australia.

The Council is proposing to provide the following assistance:

- A $40 million loan at normal commercial rates
- Assistance to JSL in securing $20 million of other limited recourse, no interest funding from Central government, the Lotteries Commission or other sources.
- Underwriting the $20 million funding.

The majority of the debt funding drawdown will be in the 2009 and 2010 years.

Other funding is required as indicated below.

Debt Funding	Other	Funding	Total
Financial Year	$,000	$,000	$,000
30 June 2008	8,000	4,000	12,000
30 June 2009	21,400	10,600	32,000
30 June 2010	10,600	5,400	16,000
Total	**40,000**	**20,000**	**60,000**

Option 1

Council lends $40 million to Jade Stadium Ltd (JSL) at commercial rates and underwrites the remaining $20 million. The loan has little impact on rates because the interest expense is matched by the additional interest received. The Council's liabilities would increase by a maximum amount of $42 million, peaking in 2010/11 being the $40 million loan plus a further $2 million as a result of JSL restructuring their loan. This does not have a significant impact on the Council's financial ratios.

Risks

Inability to fund the $20 million from either Central government, the Lotteries Commission or other sources. In the event of this occurring Council would increase its equity in Jade Stadium Ltd by $20 million. The impact on rates if Council borrowed the money would be 0.79%.

- Default on loan - It is difficult to cost the effect of this because there could be several scenarios, but if Council were to rate for the interest and amortisation of the loan, rates would increase by 1-1.5% in 2019, being the year in which repayment of the $40 million was to commence.
- Cost of redevelopment / inflation - There is a risk that the project cost or effect of inflation will be higher than forecast. The effect would be to increase the overall cost and hence the Council's exposure unless savings could be found within the design. We believe this risk to be moderate.
- Interest - There is a risk that interest costs may be higher than forecast thereby increasing the interest to be paid by JSL. This risk can be managed to some degree by means of a hedge. We believe this risk to be low.

Well beings

This option supports the city's social, economic and environmental well beings. The existence of a larger venue may well support the cultural well being by enhancing the city's ability to attract overseas artists.

Community Outcomes

The additional revenue gained through the ability to attract more visitors to the city promotes the community's wish for a Prosperous City. The proposed Stadium Walk helps support the desire for a Safe City.

Statutory obligations

There is no impact on the Council's ability to meet its present and future obligations.

Option 2

Council lends $40 million to JSL and invests a further $20 million of equity into JSL. The loan has little impact on rates because the interest expense is matched by the additional interest received. The effect of Council borrowing the $20 million is to increase rates by 0.79%. Total borrowings would increase by a maximum amount of $42 million, peaking in 2010/11. This does not have a significant impact on Council's financial ratios.

Risks

Default on loan. As for option 1, rates would increase by 1-1.5% in 2019.

Well beings

This option supports the city's social economic and environmental well beings. The existence of a larger venue may well support the cultural well being by enhancing the city's ability to attract overseas artists.

Community Outcomes

- The additional revenue gained through the ability to attract more visitors to the city promotes the community's wish for a Prosperous City.
- The proposed Stadium Walk helps support the desire for a Safe City.

Statutory obligations

There is no impact on the Council's ability to meet its present and future obligations.

Option 3

JSL relies on Central government and community loans for the full $60 million. Under this option there is no cost to the Council.

Risks

On the basis of Central Government's past funding allocations it is almost certain that the project would not proceed.

Well beings

This option, should it succeed, supports the city's social economic and environmental well beings. The existence of a larger venue may well support the cultural well being by enhancing the city's ability to attract overseas artists.

Community Outcomes

- The additional revenue gained through the ability to attract more visitors to the city promotes the community's wish for a Prosperous City.
- The proposed Stadium Walk helps support the desire for a Safe City.

Statutory obligations

There is no impact on the Council's ability to meet its present and future obligations.

Option 4

Doing nothing

Well beings

By doing nothing an opportunity is lost to enhance the city's social, economic environmental and cultural well beings.

Community Outcomes

By doing nothing the opportunity to enhance the city's outcomes is lost.

Statutory obligations

There is no impact on the Council's ability to meet its present and future obligations.

Recommended option

The recommended option is Option 1 as this has the minimum impact on rates, and in our opinion has the lowest risk.

Proposed Amendments to the LTCCP 2006-16

It is proposed to amend the LTCCP 2006-16 as follows:
By including after the paragraph headed "Intergenerational Equity" at page 71 of the LTCCP 2006-16 a new paragraph as follows:

Jade Stadium Development

The council supports in principle the funding proposals for the development of Jade Stadium. These are;

- Jade Stadium Limited borrowing $40 million from the Council
- The Council underwriting a further $20 million which is being sought from Government sources.

Included in the draft 2007 amendments to the Council's 2006-16 Long Term Council Community Plan (LTCCP) are financial statements that show the full impact of Option 1 on the Council's financial position.

Submissions

The draft Annual Plan 2007–08 and the draft 2007 Amendments to the LTCCP 2006-16 will be available for inspection during ordinary office hours at the following places:

- Civic Offices, 163–173 Tuam Street, Christchurch.
- Christchurch City Council libraries and service centres.

A copy of the draft may also be viewed on the Council's website http://www.ccc.govt.nz/ltccp

Submissions on the drafts may be made to the Council from Wednesday, 11 April until 5pm on Friday, 11 May 2007. These submissions may be made:

- electronically at www.ccc.govt.nz/haveyoursay,
- by email to ccc-plan@ccc.govt.nz,
- by using the submission forms contained in the draft Annual Plan 2007–08 and draft 2007 Amendments to the LTCCP 2006–16,
- or in any other written form to the Christchurch City Council, PO Box 237 Christchurch.

Any person who makes a submission will have the opportunity to be heard by the Council, if they make that request. Hearings will be held from Monday, 28 May to Tuesday, 5 June 2007.

Keeping our promises for the future

Greetings. I am pleased to present the Annual Plan 2007/08 for your consideration. This is the ninth and last time that I will be writing the preface to the Annual Plan. I must say that I have always enjoyed the process by which we set our Annual Plans and this year has been no exception.

The Local Government Act 2002 requires us to have a financial plan for each year and to consult with you, our ratepayers. This year the financial plan takes the form of an annual plan.

An annual plan is significantly different in purpose from a long-term plan. In preparing an annual plan, we are taking the forecasts made in the long-term plan prepared last year (LTCCP) and reporting to you what it will cost to run the city in today's dollars and in the current financial climate.

It was clear from the feedback in 2006 that Christchurch residents did not want a reduction in service. So, we are not making major changes to the LTCCP or Council levels of service performance measures, even though costs continue to rise. This year, to maintain levels of service, we propose a rate increase of 7.35% that is very close to what we forecast (0.57% higher than previously anticipated). We have also added further cost-cutting measures across the Council organisation.

While the Annual Plan presents a budget, the Council is also intending to make a few changes to the LTCCP, including a domestic visitor campaign and the kerb and renewal programme. Such projects will be partially funded by an increased annual dividend of $2 million from Christchurch City Holdings.

Other proposed changes we are required to consult with our ratepayers on include the sale of a Council-owned endowment property near Methven and the redevelopment of Jade Stadium. These and the amended Development Contributions Policy can be found in the 2007 Amendments to the LTCCP, a companion document to the Annual Plan.

Last year this Council put a moratorium in place for our Development Contributions Policy. Over the past year, a Working Party has met under the Chairmanship of the Honourable David Caygill producing a report that was considered by this Council early this year. The Working Party will continue to provide its advice to the Council as it is vital to the interests of this city that dialogue with the development sector continues and future development occurs within a sustainable framework.

I urge you as ratepayers to read the amendments to our LTCCP in the spirit in which it is presented. This is a lightly modified document from that presented and adopted last year. We have planned well for our future and have provided for our future financially. I can assure you that you can continue to have confidence in this Council and in our future direction as a city.

Garry Moore

Garry Moore
Mayor
Christchurch City Council

Becoming World Class

In my role as Acting Chief Executive, I am delighted to present the Council's Draft Annual Plan for 2007/08 and the Draft 2007 Amendments to the Long-Term Council Community Plan (LTCCP) 2006–16 for public consultation.

Last year we put a lot of effort into our 10-year LTCCP. This extremely sound plan, signed off by Audit New Zealand as best practice, is our contract with the community.

The Annual Plan 2007/08 is firmly based on the levels of service the community supported in the development of our Community Plan. In preparing the plan for the year ahead, we have balanced our budgets to ensure we can meet this long-term commitment to the community. Underpinning everything we do at the Council is our vision for the organisation of making Christchurch world class.

The year ahead is very much business as usual. In spite of the many challenges, the Council is in good financial heart. Our performance on delivering the capital programme is our best for many years. This will continue in the year ahead as we tackle projects, such as the Kerb and Channel Renewal Programme and the Aquatics Facilities Plan, identified as important for the city's progress.

We have experienced significant cost pressures in the maintenance area, particularly around streets, where the costs are increasing far greater than we had budgeted for 18 months ago. The past five years have seen the cost of materials for roading contracts rise by 10.3%, fuel costs by 6.5% and manual labour costs by 6.1%. It is a situation faced by local authorities throughout the country.

The Council revenue has fallen, particularly for parking, but some of this has been offset by excellent financial results from the Council's leisure centres, for example. Another financial pressure has been managing the revaluation of our assets, something we are doing by prudent budgeting. In the year ahead, we will also reap the reward of the many internal efficiencies we have instituted within the organisation.

We are seeking public feedback on the Annual Plan and the amendments to the LTCCP, including our draft Development Contributions Policy and the funding requirement for the Jade Stadium redevelopment. It is important that if you feel strongly about any of the issues set out in this plan, you make a submission. The Council will consider all submissions before adopting the plan to take effect on 1 July 2007.

The Council's new Chief Executive, Tony Marryatt will be in his role to implement our Annual Plan, but in the meantime I look forward to receiving your feedback.

Stephen McArthur
Acting Chief Executive

Have Your Say

Welcome to the Christchurch City Council public consultation on the draft Annual Plan 2007/08 and the draft 2007 Amendments to the Long-Term Council Community Plan (LTCCP) 2006-16.

Public submissions will be accepted from Wednesday 11 April until 5 pm Friday
11 May 2007.

To assist the Council in processing submissions, two different perforated forms are being provided to keep your comments on the draft Annual Plan separate from the draft Amendments to the LTCCP.

The draft Annual Plan 2007/08, the draft 2007 Amendments to the LTCCP 2006-16 and the LTCCP 2006-16 are all available on the Council website at http://www.ccc.govt.nz/LTCCP/. Hard copies are available at the Tuam Street Civic Offices ground floor reception, Council libraries and service centres and upon request by ringing the call centre (941-8999).

Submitters may request to speak to the Councillors on the main points of their written submission at a public hearing. The hearings for the draft Annual Plan and draft Amendments to the LTCCP are from Monday 28 to Tuesday 5 June 2007.

The Council will acknowledge receipt of all submissions and will confirm a request for a hearing date either by email fax, letter or telephone.

The Council will meet on Thursday 28 June 2007 to adopt the Annual Plan 2007/08 which will take effect 1 July 2007. Copies of the final versions will be available to the public starting 1 August 2007.

Submission form – Amendments to LTCCP

draft 2007 Amendments to the Long-Term Council Community Plan (LTCCP) 2006–16 Submission Form

Please Read Before Completing Your Submission

The public consultation period is from Wednesday 11 April 2007 to Friday 11 May 2007.

It will help us if you:

- clearly state the issue you want the Council to consider.
  - what specific action you think the Council should take, and
  - why that should be done.
- cite the specific page(s) of the draft 2007 Amendments to the LTCCP 2006-16.
- type or use black ink for your submission.

NOTE: We are legally required to make all written or electronic submissions available to the Councillors and to the public. This includes the name and address of the submitter. All submissions will be published on the Council's website from 18 May 2007.

You may send us your submission:

By mail
(no stamp is required) to

Freepost 178
Annual Plan
Christchurch City Council
PO Box 237
Christchurch

By email
ccc-plan@ccc.govt.nz
Please make sure that your full name and address is included with your submission.

On the internet
You may enter your submission using the form provided on the Council's website at
http://www.ccc.govt.nz.

Please follow all the instructions on the website.

No anonymous submissions will be accepted.
Whether you use this form or not, you must identify yourself and provide your full name, address and telephone number.

Submissions must be received (NOT postmarked) at the Tuam Street Civic Offices no later than 5pm on Friday 11 May 2007. To ensure receipt, hand deliver last-minute submissions to Tuam Street.

Your submission

If you wish, you can present your submission at a hearing. If that is the case, please tick the appropriate box below. The hearings will be held from 28 May 2007 to 5 June 2007. Ten minutes will be allocated for speaking to your submission, including time for questions from the Councillors. The Council will confirm the date and time of your hearing in writing, by email or by a telephone call.

Tick one

☐ I do NOT wish to present my submission at the hearing, and ask that this written submission be considered
OR
☐ I wish to talk to the main points in my written submission at the hearings to be held beween Monday 28 May 2007 and Tuesday 5 June 2007

Are you completing this submission: For yourself ☐ On behalf of a group or organisation ☐

If you are representing a group or organisation, how many people do you represent? ________

Your Name ________________

Organisation name (if applicable) ________________

Contact Address ________________

____

Phone No. (day) ________________ Phone No. (evening) ________________

Email (if applicable) ________________

Signature ________________ Date ________________

Submission form – Amendments to LTCCP (DCP)

Please be as specific as possible to help us understand yor views. What do you want the Council to consider? What specific action you think the Council should take? Why should this be done? Please refer to specific pages of the draft 2007 Amendments to the LTCCP 2006 –16

You may add more pages if you wish. Thank you for your submission.

Submission form – Amendments to LTCCP (DCP)

Which principles and/or provisions of the draft Amended Development Contributions Policy (DCP) do you support and why? (Please include the specific page and section numbers of the sentence/s and/or paragraphs to which you refer in the draft 2007 Amendments to the LTCCP 2006–16.

Which principles and/or provisions of the draft Amended Development Contributions Policy (DCP) do you oppose and why? (Please include the specific page and section numbers of the sentence/s and/or paragraphs to which you refer in the draft 2007 Amendments to the LTCCP 2006–16.

Submission form

What exactly do you want the Council to do about the draft Amended DCP? (If you seek rewording, please include your suggested rewording of the sentence/s and/or paragraphs to which you refer in draft 2007 Amendments to the LTCCP 2006-16).

Any other remarks/comments: Please refer to the actual and specific wording, a specific sentence or paragraph and specific pages of draft 2007 Amendments to the LTCCP 2006-16.

You may add more pages if you wish. Thank you for your submission.

What is an annual plan?

An Annual Plan is a report that sets out the budget and explains how a local authority intends to finance the activities and services it provides for the next financial year as directed by its long-term plan.

An Annual Plan cannot be used to change the long-term plan, to add projects or activities or significantly increase or decrease levels of service.

Instead an Annual Plan focuses on the adjustments a local authority must make in light of the previous year's financial performance, updated financial figures, cost increases and inflation.

All local authorities are required to produce an Annual Plan and to consult the community before finalising that document.

Amendments to a long-term council community plan

A Long-Term Council Community Plan can be amended by a local authority at any time but it must use the special consultative procedure.

How to use this document

There are two documents for public consideration; the draft Annual Plan 2007/08 and the draft 2007 Amendments to the Long-Term Council Community Plan (LTCCP) 2006-16.

The draft Annual Plan presents the budget for the period 1 July 2007 to 30 June 2008. It set out the Council's commitments to deliver levels of service and capital projects. To find out more about these commitments please look at the LTCCP 2006-16.

The draft Annual Plan provides a side-by-side comparison of the LTCCP financial forecast of each Council activity and service with an updated cost. Explanations of any significant variations between the two figures are provided.

There is a Measures and Targets section for each group of activities showing the level of service the Council intended to provide. At the end of the year, the Measures and Targets help the public assess how successful the Council was in delivering its commitments.

The draft 2007 Amendments to the LTCCP 2006-16 includes among other significant changes, the amended Development Contributions Policy (DCP). The amended DCP sets out how private individuals or businesses, that undertake any property development for financial gain, should contribute to the costs of associated reserves, protection of the environment, preservation and sustainability of natural resources, and building and maintenance of infrastructure.

Each document has its own specific financial overview and financial impact statement.

Each document has two different submission forms to help distinguish between comments on the draft Annual Plan from the draft Amendments to the LTCCP.

CHRISTCHURCH
CITY COUNCIL · YOUR PEOPLE · YOUR CITY

Christchurch City Council
draft 2007 Amendments to the LTCCP 2006–16

The following pages contain the 2007 Amendment to the Development Contributions Policy 2006–16

Table of contents – Development Contributions Policy Page

PART 1 INTRODUCTION
1.0 Introduction

This amended 2006–16 Development Contributions Policy (DCP) is part of, and is to be read in conjunction with, Our Community Plan – Christchurch O-Tautahi 2006-16, being Christchurch City Council's Long-Term Council Community Plan (LTCCP).

The former Christchurch City Council (CCC) and former Banks Peninsula District Council (BPDC) merged as from the 5th of March 2006 by virtue of an Order in Council dated the 5th of December 2005 to become the Christchurch City Council (the Council). For the purposes of implementing this policy the territorial boundaries of Christchurch City are those of the former Christchurch City and former Banks Peninsula District Councils as described in the Local Government (Canterbury Region) Reorganisation Order 1989 [NZ Gazette page 2296] and the Local Government (Banks Peninsula District) Reorganisation Order 2005 [NZ Gazette page 5179].

The Council has been experiencing growth pressures, particularly on the northern and south-western periphery of former Christchurch City, in the inner city and in the small residential and rural-residential settlements on former Banks Peninsula. This growth is placing a significant strain on existing reserves, network infrastructure and community infrastructure and the ability to fund such new infrastructure.

The Local Government Act 2002 (LGA) allows councils to take fair contributions from developers to fund new or upgraded infrastructure requirements caused by growth. The Council has prepared this policy to detail how it will do this.

This policy is applicable to both former Christchurch City and former Banks Peninsula, unless otherwise specified; the Council having reviewed and determined that the Memorandum of Understanding between the former CCC and BPDC, the former Banks Peninsula Proposed District Plan and the former Banks Peninsula-specific Part B of the original 2006–16 DCP (effective as of 1 July 2006) contain no impediments to fully integrating former Banks Peninsula into its DCP. The basis, structure and application of the original 2006–16 DCP has been reviewed by a Council-appointed joint Council and development industry working party, whose recommendations the Council has considered. This resulting amended policy provides for a new transitional discount on the increase in development contributions for network and community infrastructure (as opposed to the standard charges in Table 3.2.5) spread evenly over three years, leading to the full charge as follows:

1. 2007-08 43%
2. 2008-09 72%
3. 2009-10 100%

The transitional discount does not apply to development contributions for reserves for the reasons stated in Section 3.2.7. Significant changes between the 2004-14 DCP and the original 2006-16 DCP were:

- Determination that, insofar as possible, all the costs of growth related to development should be met by the development community;
- The introduction of new, more sophisticated and robust methodologies for calculating development contributions;
- Extension of development contribution collection to transport and leisure facilities;
- Changes to the charging regime for other network infrastructure; and
- Removal of development contribution remissions to assist in achieving other strategic objectives of the Council.

The financial impact of imposing the full charges immediately was considered to be too great.

Following review of the original 2006-16 DCP by the joint Council and development industry working party, significant changes between it and this amendment are:

- Movement to 1 household unit equivalent (HUE) charge per lot on subdivision, with actual demand for multi-unit and non-residential development to be fully assessed (net of 1 HUE) at building consent;
- Provision of a small household unit occupancy weighting adjustment;
- Correction of the HUE conversions, including an explanation of the methodology to establish HUE equivalences;
- Removal of the HUE credit rollback provision on historic credits;
- Provision of a credit for existing undeveloped non-residential lots subdivided before 1 July 2004;

- Movement to cost-based development contributions for reserves and inclusion of the reserves projects for which development contributions will be collected, and spent on, in the schedules of past and pending growth-related capital expenditure (now included in the supporting information);
- Full integration of former Banks Peninsula and adoption of a universal catchment for the reserves, water supply, wastewater collection, wastewater treatment and disposal and transport activities;
- A commitment to further analyse how the Council's development contributions compare to those of other, especially adjoining, councils and to re-evaluate and align development contributions with those of adjoining councils;
- The review and removal of past projects not clearly growth-related. Past projects which are growth-related are now recorded in the supporting information to this policy, namely the Schedule of growth-related capital expenditure; and
- A new transitional discount.

1.1 What is a development contribution?

A development contribution is a contribution from developers of cash and/or land to fund the additional demand for community facilities created as a result of growth.

Development contributions may be required in relation to developments if the developments require new or additional assets of increased capacity and the Council incurs capital expenditure to provide reserves, network infrastructure and community infrastructure. This includes development contributions to pay, in full or part, for capital expenditure already incurred by the Council in anticipation of growth.

1.2 Application of development contributions

This policy provides for the Council to impose development contributions to fund growth-related capital expenditure on:

- Reserves.
- Network infrastructure:
    - o Water supply and conservation;
    - o Wastewater collection, treatment and disposal;
    - o Surface water management; and
    - o Transport.
- Community infrastructure:
    - o Leisure facilities.

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

This DCP is distinct from, and in addition to, the City Plan provisions that allow the Council to require financial contributions under the Resource Management Act 1991 (RMA). Financial contributions are contributions that can be imposed under the RMA where provided for by the City Plan and as a condition of resource consent. Development contributions and the DCP are created under the LGA, not the RMA. The Council cannot collect development and financial contributions for the same purpose. The Council will continue to impose financial contributions in accordance with the City Plan (refer section 4.1.2).

Development contributions for network and community infrastructure are for the installation or improvement of assets over and above the works and services required in respect of a subdivision or development as explained in Section 3.3.5 and are usually, but not exclusively, located beyond the development boundaries.

1.4 Effective date

The Council's DCP was initially adopted as part of the 2004-2014 LTCCP, effective as of 1 July 2004. The last review, adopted as part of the 2006-2016 LTCCP, was effective as of 1 July 2006. This review, adopted as an amendment to the 2006-2016 LTCCP, is effective as of 1 July 2007.

1.5 How to find your way around this policy

This policy is in four parts:

- Part 1 Introduction (Section 1.0);
- Part 2 Operation of policy (Sections 2.0 – 3.0). This explains what development

contributions are payable, how they are calculated, when they are assessed and when they need to be paid;
- Part 3 Substantiation of policy (Sections 4.0 – 8.0). This explains the legislative framework and the process, rationale and methodology for the Council making the decision to use development contributions to fund growth-related capital expenditure; and
- Part 4 Appendices (Appendices 1 – 2). These contain the methodology used to establish the HUE equivalences and a diagrammatic illustration of the DCP development process.

1.6 Supporting information for this policy

The following supporting information for this policy is obtainable online at http://www.ccc.govt.nz/LTCCP/2006-16/Volume2.asp and at the Council's Civic Offices, 163-173 Tuam Street:

- Development contributions growth model;
- Schedule of growth-related capital expenditure;
- Workings supporting the growth allocation of capital expenditure projects;
- Catchment maps (both city-wide and local), for a more detailed view; and
- Methodology for determining development contribution charges.

The following other background information arising from the joint Council and development industry working party and submissions to this policy is also obtainable online:

- Council staff reports to the working party;
- LECG report assessing the Council's development contributions cost allocation methodology in, and providing advice about the likely economic impacts of, its original 2006-16 DCP;
- Working party report and recommendations to the Council;
- Council staff reports and recommendations to the Council; and
- Council staff report on submissions to this policy.

PART 2 OPERATION OF POLICY

2.0 Glossary of terms

In this policy:

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

- Reserves.
- Network infrastructure:
  - o Water supply and conservation;
  - o Wastewater collection, treatment and disposal;
  - o Surface water management; and
  - o Transport.
- Community infrastructure:
  - o Leisure facilities.

BA means Building Act 2004.

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

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

Catchment means the area of the City for which separate development contributions exist.

Christchurch Metropolitan Code of Urban Subdivision means Christchurch Metropolitan Code of Urban Subdivision, operative 1 September 1987, including as amended or substituted.

City Plan means Christchurch City Plan, operative in part from 21 November 2005, and the former Banks Peninsula Proposed District Plan, notified 30 January 1997, including as amended or substituted.

City/City-wide means applicable to former Christchurch City and former Banks Peninsula.

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

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

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

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

Credits means credits as calculated under Section 3.2.2 of this policy.

DC means development contribution.

DCP means Development Contributions Policy. The original 2006-16 DCP was effective as of 1 July 2006. This amendment to it is effective as of 1 July 2007.

Developed means land on which development, as defined in this policy, has been undertaken.

Developer means an individual or firm who is an applicant for a consent or service connection where a development contribution is assessed under this policy.

Development means:

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

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

Effective date means the date on which any version of the DCP took or takes effect as set out in Section 1.4.

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

Former Banks Peninsula means applicable to former Banks Peninsula only, i.e. pre-merger with the CCC.

Former Christchurch City means applicable to former Christchurch City only, i.e. pre-merger with the BPDC.

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

Funding period means the period over which the funding model applies, which is not less than 10 years. Otherwise it is the lesser of the asset capacity life, asset useful life or 30 years.

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

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

Growth model means the processes used to determine the anticipated future residential and non-residential growth for each catchment.
GST means Goods and Services Tax.

HUE means household unit equivalent.

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

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

Level of service means the standard of service provided for each activity.

LGA means Local Government Act 2002.

Lot means the same as ‘Allotment’ in the Christchurch City Plan.

LTCCP means Long-Term Council Community Plan.

LTNZ means Land Transport New Zealand.

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

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

Private developer agreement means any private agreement relating to a development and signed between a developer and the Council under Section 3.3.3 of this policy.

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

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

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

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

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

RMA means Resource Management Act 1991.

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

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

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

SNZ means Statistics New Zealand.

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

UDS means The Urban Development Strategy and Action Plan for Greater Christchurch.

Undeveloped means land on which development, as defined in this policy, has not been undertaken and includes lots deemed to be undeveloped under Section 3.2.2 of this policy.

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

Unit of demand means a HUE, being the typical demand for an activity by an average household.

VPD means vehicles per day (two way trips).

3.0 Application of the policy and schedule of development contribution charges

Section 3.0 contains the Council's schedule of development contribution charges payable by activity in different parts of the City and the event that will give rise to the requirement.

3.1 Assessment and payment

3.1.1 Requirement for development contributions

For every development, the Council may require a development contribution under Section 198 of the LGA when:

- Resource consent is granted under the RMA for a development; or
- Building consent (including a certificate of acceptance) is granted under the BA for building work; or
- Authorisation for a service connection is granted.

3.1.2 Timing of assessment and payment

Applicable policy

Under the LGA, a development contribution can be required for any resource consent, building consent or authorisation for a service connection granted on or after 1 July 2003 and lodged after 19 December 2001.

The Council's policy is that only applications lodged and granted on or after 1 July 2004 (the date on which the Council's first DCP came into force) will be subject to development contributions charges.

Developments which have completed the consenting process, i.e. have already been granted all necessary consents and authorisations, will not attract any additional development contributions.

On any application for further consent or authorisation in relation to a development, credit will be given for any development contributions previously paid or the pre-existing status of the development in accordance with Section 3.2.2.

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

If a complete application is received by the Council on or after 1 July 2007 then the development contribution will be assessed in accordance with this policy.

In the event of non-payment of the development contribution the amount assessed may be adjusted as set out in Section 3.1.2.

Assessment

The Council will assess a development contribution before granting:

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

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

The Council will invoice the assessed development contribution for:

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

Development contributions will be assessed and advised at the earliest opportunity and reassessed and invoiced at each later stage at which a development contribution may be payable for a development. Where previous development contributions have been made, a development contribution is sought only in relation to the additional demand created by each stage as assessed. Generally, the Council considers that the resource consent (subdivision) stage is the most appropriate time to take a development contribution, for the following reasons:

- It creates the legal framework for the development of the lots and buildings which cause the demand for additional reserves, network infrastructure and communityinfrastructure;
- Practicality of implementation;
- Economies of scale in implementation cost;
- Fairness; and
- Best available knowledge for projections and allocating budgets.

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

Similarly, development contributions will be sought at resource consent (land use) or building consent stage, or on application for a service connection, where intensification for residential or non-residential purposes takes place independently of subdivision, although credits under Section 3.2.2 may be available to ensure only additional demand is assessed at each stage.

Payment

Development contributions must be paid on invoice. Without limiting the Council's ability to recover development contributions under Section 208 of the LGA, further reassessment under the current approved policy at the time of reassessment for development contribution payable will occur if payment is not received within 12 months of issuing the assessment or reassessment.

Applications to vary consents or the conditions of consents

Where applications are granted to vary consents or the conditions of consents, resulting in a change to HUEs, GFA, ISA or actual demand calculated for special assessments (to the extent of the variation), these will be considered to be new development for the purpose of requiring development contributions and revised or new assessments of the development contributions payable will be issued. The receipt of applications for new development will not limit the Council's ability to collect any development contribution already owing in relation to existing development under Section 208 of the LGA.

3.1.3 Enforcement powers of the Council if development contribution is not paid

If payment of the development contribution is not received on invoice the Council will use the powers outlined in Section 208 of the LGA. Those provisions state that until a development contribution required in relation to a development has been paid, the Council may:

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

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

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

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

3.2 How to calculate your development contribution

Table 3.2 Process for determining development contribution charge	
Step 1 – Number of HUEs per activity	Determine the number of HUEs applicable to the development (refer to Section 3.2.1).
Step 2 – HUE credits per activity	Determine any credits applicable (refer to Section 3.2.2 and Table 3.2.2a).
Step 3 – Net increase in demand per activity	Calculate the increase in HUEs (Step 1 minus Step 2) (refer to Section 3.2.3).
Step 4 – Catchment per activity	Refer to Section 3.2.4 and check what (geographical) development contribution catchment the development lies within.
Step 5 – Pricing schedule	Refer to the Schedule of development contribution charges (Table 3.2.5) and identify the charges payable per HUE for the catchment for each activity, excluding reserves.
Step 6 – Charge per activity (excluding reserves)	For each activity multiply the net increase in the number of HUEs (Step 3) by the charges payable (Step 5). Sum the results for each activity to achieve the total charge.
Step 7 – Net transition charge (excluding reserves)	Refer to Table 3.2.7 and deduct the discount for the catchment for each activity.
Step 8 – Reserves	In addition, refer to the Schedule of development contribution charges (Table 3.2.5) and identify the charge payable per HUE for the catchment for reserves (refer to Section 3.2.5).[1]
Step 9 – Development contribution charge	Add together the results from Steps 7 and 8 to get the total development contribution for the proposed development and add GST of 12.5%.

3.2.1 Step 1 - Determining the number of HUEs per activity

The Council determines HUEs based on whether the development is residential or non-residential.
For resource consent (subdivision) applications, the Council will assess (based on zoning and site-specific factors) whether the likely development on the lot will be residential. Where the site being developed will not be within the area of service in respect of water supply and conservation, wastewater collection, treatment and disposal or surface water management, on completion of the development no HUE assessment will be made for

[1] The DC charge for reserves will be subject to the statutory maximus under Section 203(1) of the LGA.

that activity at that time. However, if, at a future time, the site or any part of it is to be connected, it may attract a development contribution.

Residential development

For resource consent (subdivision) applications where the Council has determined that the likely development will be residential, it is assumed that every lot created will contain one household unit. A development contribution at the rate of 1 HUE per lot for each activity will be assessed. For any application for resource consent, building consent or service connection for residential activity, a development contribution will be assessed at the rate of 1 HUE per household unit for each activity.

Where the development includes two or more additional residential units, a small residential unit adjustment will apply for residential units less than 100m^2 each (inclusive of 13m^2 parking allowance per unit). The adjustment reduces the HUE calculation on a sliding scale from 100% to 60% for residential units less than 100m^2 each. For example, if the average size of the units is 80m^2 the small residential unit adjustment reduces the HUE assessment to 0.8 HUEs per unit (80%).

The Council will not assess any development contribution in respect of consent applications to replace or enlarge the GFA of any existing residential unit, except where the existing residential unit/s have received a small residential unit adjustment in a prior DC assessment (note that replacement of an existing residential unit receives one HUE credit for each activity under Section 3.2.2).

Non-residential development

For resource consent (subdivision) applications where the Council determines that the likely development is non-residential, HUEs will be assessed for each activity at 1 HUE per additional lot. For non-residential applications for resource consent (land use), building consent or for service connection, HUEs will be assessed for each activity based on whether demand is known or determined by zone and site specific factors. Non-residential buildings accessory to rural activities, which do not place additional demand on infrastructural services, will be assessed at zero HUEs for each activity.

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

Demand is known

Where the Council is satisfied that demand for an activity is known, the HUE for each activity is calculated from the base units in the following Table 3.2.1a. By comparing expected demand against the figure contained in the third column, a HUE for that activity for the development can be obtained.

Table 3.2.1a Base unit measures for assessment of non-residential development

Activity	Base unit measure	Demand per HUE	Comments
Water supply and conservation	Litres per day	645	Design demand from Christchurch Metropolitan Code of Urban Subdivision
Wastewater collection, treatment and disposal	Litres per day	572	Design demand from Christchurch Metropolitan Code of Urban Subdivision
Surface water management	Impervious area m^2	427	Assessed average impervious area per household
Transport	Vehicles per day	10	Assessed as passenger car unit equivalents

No HUE assessment for development contributions for reserves is undertaken on non-residential development, except on an application for resource consent (subdivision) where the demand is assessed at 1 HUE per additional lot.

Demand is unknown

Where the Council is not satisfied that demand for an activity is known, the HUE for each activity is calculated from the following Table 3.2.1b

Non-residential land use classification	Measure	Reserves	Water supply and conservation	Wastewater collection	Wastewater treatment and disposal	Surface water management	Transport	Leisure facilities
Commercial premises/offices	m² GFA						0.0042	
Shopping centres ⩾10,000m²	m² GFA						0.0149	
Shopping centres <10,000m²	m² GFA						0.0273	
Supermarkets	m² GFA						0.0181	
Service stations with retail facilities	m² GFA						0.0350	
Markets	m² GFA						0.0010	
Bulk goods/home improvement stores	m² GFA						0.0097	
Drive in fast food restaurants	m² GFA						0.0237	
Restaurants	m² GFA						0.0152	
Manufacturing industries	m² GFA						0.0044	
Warehouses/storage	m² GFA						0.0013	
Accommodation in Central City & Central City Edge Zones	Unit						0.0001	
Accommodation not in Central City & Central City Edge Zones	Unit						0.0010	
All land uses	m² ISA					0.00375		
All land uses	Lot	1.0 (subdivision only)						0.0000
Business 1	m² GFA		0.0035	0.0039	0.0039			
Business 2	m² GFA		0.0035	0.0040	0.0040			
Business 3	m² GFA		0.0031	0.0035	0.0035			
Business 4	m² GFA		0.0050	0.0057	0.0057			
Business 5	m² GFA		0.0041	0.0046	0.0046			
Business 6	m² GFA		0.0033	0.0037	0.0037			
Business Retail Park	m² GFA		0.0035	0.0039	0.0039			
Central City & Central City Edge	m² GFA		0.0032	0.0036	0.0036			
Other non-residential	m² GFA		0.0035	0.0039	0.0039			

Table 3.2.1b Non-residential land use equivalents

Extraordinary circumstances and special assessment

The Council reserves the discretion to undertake a special assessment for the provision of particular infrastructure to meet the special needs of a development, for example where a development requires a special level of service or is of a type or scale which is not readily assessed in terms of HUEs.

If an application has a significantly greater impact than that envisaged in the averaging implicit in the above methodology, a 'special assessment' may be required at the Council's discretion. The applicant will be required to provide detailed calculations of their development's present and future demand on community facilities. Using the base unit/HUE conversions, these will be converted to HUEs in the same manner as defined in Table 3.2.1a and charged accordingly on the net increase in HUEs. This additional information could be requested or provided at the pre-application stage, or as part of a further information request under Section 92 of the RMA or Sections 33 or 48 of the BA.

In order to provide greater certainty as to when a special assessment would be required, it is proposed that a special assessment will only be required in the following circumstances:

- For transport, where the type of development proposed is not adequately covered by the standard classes of land use (refer Table 3.2.1b). This would include, for example, applications such as education, wet industries, hospitals, medical centres, gymnasia, sports stadia, airports, courier depots and any other land uses for which an equivalent is not provided; and/or
- Where the demand for an activity from the development is expected to be greater than double the value identified as average for that type or location of development (refer Tables 3.2.1a and 3.2.1b).

Summary

The following table summarises the HUE assessment process.

Table 3.2.1c Summary of HUE assessments

Activity	Subdivision	Other Development
Residential	1 HUE per activity per additional lot.	1 HUE per activity per additional household unit, including units in strata title type developments, subject to the small residential unit adjustment.
Non-residential		Standard table of HUEs per activity in units of 1m^2 GFA/ISA (Tables 3.2.1a and 3.2.1b).
Mixed		To be assessed as applicable based on the proportions of the type of development that are proposed.
Extraordinary circumstances	At the discretion of, and on demand by, the Council. Applicant to provide detailed assessments of their development's water supply, wastewater and transport demands utilising the mechanism in Table 3.2.1a. Using the standard base unit/HUE conversions, these estimates may then be converted into HUEs and charged accordingly.	

3.2.2 Step 2 - Determining HUE credits

Credits address the fact that development contributions are only payable in respect of additional demand on community facilities created by the development. The credit is designed to recognise that a development may replace existing demand for service activity, which in itself places no additional demand on the community facilities. Credits cannot be used to reduce the level of development contribution for any activity below zero.

Credits towards the assessment of a development contribution for any activity will be calculated for the development in accordance with the principles in Table 3.2.2a.

Table 3.2.2a Principles for determining credits

Residential	Non-residential
• On any application for consent or authorisation in respect of a residential unit which replaces an existing unit, or for subdivision of land containing any existing residential unit (including the unit and strata titling of existing development), a credit from the development contribution for reserves, network infrastructure and community infrastructure shall be assessed on the basis of 1 HUE per activity per existing residential unit and/or lot. • Where the average size of any existing residential units, where more than one on a lot, is less than 100m² each, the credit will be reduced by the small residential unit adjustment described in Section 3.2.1. • For any undeveloped residential lot a credit of 1 HUE per lot per activity will apply.	• On any application for resource consent, building consent or authorisation for service connection in respect of non-residential development which will replace any existing non-residential development, or for subdivision of a site containing existing non-residential development, credits shall be assessed for each activity by applying the equivalences in Table 3.2.1b to the GFA/ISA of the existing development. • On any application for resource consent, building consent or authorisation for service connection in respect of a non-residential development on any undeveloped lot which was created after 1 July 2004, the development will receive a credit for the greater of 1 HUE per lot or the HUEs which were assessed at time of subdivision (under the original 2006-16 DCP); • On any application for resource consent (subdivision) on any undeveloped non-residential lot which was created prior to 1 July 2004, the development will receive a credit of 1 HUE per lot per activity. • On application for building consent for development on any undeveloped non-residential lot which: o was created prior to 1 July 2004; and o has been vacant and unused since before 1 July 2004 (i.e. not including sites where demolition or other destruction has occurred after 30 June 2004); and o was not contained within a residential zone in 2004; • the development may receive a credit per activity of the greater of: o 1 HUE; or o HUEs calculated as: - the average 2004 GFA or ISA ratio for the zone of the development (Table 3.2.2b); multiplied by lot size; - multiplied by the non-residential land use equivalences for that zone (Table 5.2). For example, an average 2004 GFA ratio of, say, 31% in the Business 4 Zone x a 2,000m² lot x the 0.0051 Transport equivalence would result in a credit of 3.2 HUEs for transport. • For any other application in respect of an undeveloped non-residential lot, a credit to the value of 1 HUE per activity will apply.
Both residential and non-residential	
• For any existing residential unit(s) or non-residential development demolished or destroyed by fire or some other cause after 30 June 2004, 1 HUE credit for each residential unit or the calculated (using Table 3.2.1b) GFA/ISA credit for the non-residential development demolished or destroyed will apply to the calculation of development contributions payable for any such residential unit(s) or development where the application to rebuild is received within a period of 10 years from the date of demolition or destruction. Where demolition or destruction precedes or has preceded the application for redevelopment or change in land use by more than 10 years but occurred after 30 June 2004, the lot will revert to an undeveloped lot and receive a credit of 1 HUE per lot. Any additional residential units or non-residential development above that demolished or destroyed will be assessed for development contributions pursuant to this policy. • The Council will assess credits available to existing developments on building consent application for demolition from 1 July 2007. Where demolition or destruction has occurred prior to this date, or if, for any reason, an assessment of current use credits has not been calculated prior to the demolition or destruction, the onus is on the developer to establish the land use and extent of residential or non-residential development which has been demolished or destroyed. In the absence of such information a credit of 1 HUE per lot per activity will be applied. • An undeveloped lot will be a vacant lot which has not had any development, as defined in this policy, for a period of at least ten years prior to the application for resource or building consent or service connection. • No transfer of credits between titles can occur, except where the titles relate to the same development site (e.g. new titles created on subdivision).	

Table 3.2.2b Average 2004 GFA/ISA ratio by zone		
Zone	GFA	ISA
Business 1	37%	87%
Business 2	44%	87%
Business 3	43%	97%
Business 4	31%	75%
Business 5	24%	83%
Business 6	7%	56%
Business Retail Park	39%	79%
Central City & Central City Edge	1.14%	97%
Other non-residential	30%	66%

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

The number of HUEs which result from subtracting Step 2 (credits) from Step 1 (HUEs) represent the increased demand from a development.

3.2.4 Step 4 - Identify development contribution catchment

The attached seven A4-sized maps are an overview of the growth catchments for development contributions for each activity. They are also available separately in hard copy upon request to the Council by phoning 03-941-8999 or emailing ccc-plan@ccc.govt.nz, or online for a more detailed view at:

http://www.ccc.govt.nz/LTCCP/2006-16/Volume2.asp

Map 1 Reserves catchment (city-wide)

Map 2 Network infrastructure catchment: water supply (city-wide)

Map 3 Network infrastructure catchment: wastewater collection (city-wide)

Map 4 Network infrastructure catchment: wastewater treatment and disposal (city-wide)

Map 5 Network infrastructure catchments: surface water management (former Christchurch City and former Banks Peninsula)

Map 6 Network infrastructure catchment: transport (city-wide)

Map 7 Community infrastructure catchments: leisure facilities (former Christchurch City and former Banks Peninsula)

Explanation of the Council's catchment definition methodology

Growth catchments have been determined for each activity based on their key characteristics. These characteristics include the physical geography and topography, the need to protect environmental and human health, the level of service delivery and the nature and complexity of solutions.

Individual capital works projects are allocated to either city-wide or local catchments, depending on the nature of the project and the community it is required to serve.

Developments lying within a catchment will be charged a development contribution for that area.

For catchments, estimates of number of lots, household units or other developments from which a development contribution can be expected are based on analysing:

- The existing zoning in the catchment and the implied likely development based on existing City Plan rules;
- The likely development of localities within the catchment where the City Plan has indicated deferred zoning or identified areas for future growth, or the Council has signalled a proposed variation to the City Plan; and
- Other potential development within the area where the City is experiencing pressure for re-zoning to more intensive land uses.

The Council has considered a number of different catchment options, ranging from a single city-wide catchment to catchments based on individual infrastructural schemes, and has adopted a single city-wide catchment for all water supply, wastewater and transport works.

3.2.5 Step 5 – Check schedule of development contribution charges for network and community infrastructure

Identify the charges per HUE payable within the relevant catchments (identified from Step 4) for each activity from the following table.

Table 3.2.5 Schedule of development contribution charges

Activity		Catchment	Development contribution per HUE (excluding GST)	Development contribution per HUE (including GST)
Reserves	Reserves	City-wide	$12,272.00	$13,806.00
Network infrastructure	Water supply and conservation	City-wide	$2,292.49	$2,579.05
	Wastewater collection	City-wide	$2,412.44	$2,714.00
	Wastewater treatment and disposal	City-wide	$4,429.03	$4,982.66
	Surface water management	Avon	$1,721.93	$1,937.18
		Heathcote	$2,721.12	$3,061.26
		Estuary	$2,153.38	$2422.55
		Halswell	$2,132.45	$2,399.01
		Otukaikino	$419.20	$471.60
		Styx	$506.30	$569.59
		Akaroa	$0.00	$0.00
		Lyttelton	$0.00	$0.00
		Northern Bays	$0.00	$0.00
		Southern Bays	$0.00	$0.00
	Transport	City-wide	$1,697.11	$1,909.25
Community infrastructure	Leisure facilities	East	$672.67	$756.76
		North	$1,079.59	$1,214.54
		West	$1,743.34	$1,961.26
		South	$464.20	$522.22
		Lyttelton-Mt Herbert	$0.00	$0.00
		Akaroa-Wairewa	$0.00	$0.00

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

For each network and community infrastructure activity, multiply the number of HUEs (as calculated at Step 3) by the charges payable for that activity for the relevant catchment (from Step 4).

3.2.7 Step 7 – Calculate any transitional discounts

The following Table 3.2.7 contains transitional discounts to be used in the calculation of development contributions for network and community infrastructure. The discount rates below provide a transition to the charging of DCs at the full rate of 100% and will apply to complete consent applications received in the years indicated. Apply a transitional discount to any applicable development contribution from the following Table 3.2.7.

Table 3.2.7 Schedule of transitional discounts

Activity		Catchment	Year		
			2008	2009	2010+
Reserves	Reserves	City-wide	0%	0%	0%
Network infrastructure	Water supply and conservation	City-wide	57%	28%	0%
	Wastewater collection	City-wide	57%	28%	0%
	Wastewater treatment and disposal	City-wide	57%	28%	0%
	Surface water management	Avon	57%	28%	0%
		Heathcote	57%	28%	0%
		Estuary	57%	28%	0%
		Halswell	57%	28%	0%
		Otukaikino	57%	28%	0%
		Styx	57%	28%	0%
		Akaroa	57%	28%	0%
		Lyttelton	57%	28%	0%
		Northern Bays	57%	28%	0%
		Southern Bays	57%	28%	0%
	Transport	City-wide	57%	28%	0%
Community infrastructure	Leisure facilities	East	57%	28%	0%
		North	57%	28%	0%
		West	57%	28%	0%
		South	57%	28%	0%
		Lyttelton-Mt Herbert	57%	28%	0%
		Akaroa-Wairewa	57%	28%	0%

The transitional discount does not apply to development contributions for reserves for the following reasons:

- Development contributions for reserves and some network infrastructure effectively existed prior to the LGA, whereas development contributions for the current range of network and community infrastructure were only introduced in 2002 by the LGA;
- Development contributions for network and community infrastructure were one of the factors responsible for the significant changes between the 2004-14 DCP and the original 2006-16 DCP;
- Development contributions for reserves have historically been charged at the maximum allowable under Section 203 of the LGA and preceding statutes;
- Developers are used to paying the statutory maximums;
- Significant changes between the original 2006-16 DCP and this amendment to it will, in some cases, reduce development contributions for reserves below the statutory maximums;
- The Council is reliant on this funding stream; and
- Discounting such an historic and current funding stream is without precedent.

3.2.8 Step 8 - Calculate the development contribution for reserves

The Council's former policy in relation to development contributions for reserves was to require payment by each development of the statutory maximum, as set out in Section 203(1) of the LGA. The Council has decided to move to a cost per HUE-based charge, which will provide consistency with the method it uses for development contributions for network and community infrastructure.

To achieve this, a fixed charge of $12,272.00 (excluding GST) per HUE shall be made. The charge is applied:

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

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

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

Furthermore, the HUE charge will be reduced for small household units as provided for in Section 3.2.1.

3.2.9 Step 9 - Calculate total development contribution

The total development contribution can then be calculated by adding the results from Steps 7 and 8.

The total end-to-end process for assessment of development contributions is exclusive of GST. Once all the assessments are complete, GST shall be added to the final invoice as required by the statutory and/or regulatory requirements of the day.

3.3 Additional information on assessing the development contribution payable

3.3.1 Cash as opposed to land for development contributions for reserves

The Council will take development contributions of either cash and/or land towards providing reserves for open space and recreation from subdivision and/or development, depending on which will more effectively add to the quality, diversity and distribution of open spaces and recreation areas in the City, as determined by the Council's Area Plans Programme and other mechanisms concerning strategic land acquisition.

The basis for development contributions for reserves is the additional actual or potential demand anticipated for open space and recreational land consequent to subdivision and/or development; that is, its effects in terms of land use and intensification. Development contributions may be in the form of land, including landscaped land (where provision is practicable, such as from larger 'greenfield' sites) or cash, according to an equivalent value if land were taken in the locality.

The Council needs to retain the ability to make decisions on the appropriateness of land needed for open space and recreation purposes. The Council acknowledges that, in designing a subdivision, the developer has an understanding of the needs of the potential occupiers and has a financial stake in ensuring that the subdivision is attractive and satisfies those needs. As the City grows, there is a continuing need for more land to satisfy open space and recreational needs, new areas of which will inevitably become more difficult to acquire in appropriate locations as the City becomes more intensively developed. The resource consent process instead provides the opportunity for the Council to consult with the developer on whether a cash and/or land contribution is appropriate in the circumstances, so that it is possible for the Council to acquire suitable land as, where and when opportunities arise. In the final analysis, the Council has the right to decide on the appropriate level of cash and/or land contribution.

The Council will seek cash and/or land contributions where they will provide for one or more of the following:[2]

[2] In this policy, this supercedes Policy 14.1.4 in Volume 2 of the Christchurch City Plan.

- the purchase or acquisition of land for district reserves in areas where there are existing or potential deficiencies in the provision of them;
- the purchase or acquisition of land for local reserves in areas where there are existing or potential deficiencies in the provision of them;
- the purchase or acquisition of land of ecological or conservation value where there is a need to protect such areas by way of public ownership;
- the purchase or acquisition of regional reserves including coastal areas, the plains, wetlands and the Port Hills, for the protection and conservation of natural, cultural and heritage landscapes, ecology and features and to contribute to the ‘Garden City’ image;
- the development of land purchased or acquired as development contributions to a usable state for local and district reserves, including to upgrade an existing reserve, either adjoining or in the vicinity of a subdivision, rather than provide a new reserve within the subdivision, if the existing reserve is linked to and serves the subdivision;
- the purchase and development of land for amenity purposes within or adjoining non-residential areas; and
- any other purpose permitted by Sections 205 and 206 of the LGA.

The following are some examples to provide a guide to the level of service expected:

- a relatively flat, useful area of land for a local reserve, accessible to the user population and of a size (at least 2,000-3,000m^2) adequate to accommodate children’s play equipment, substantial tree plantings and open space;
- a linkage, or potential linkage, along or to significant natural features, or between other areas of public open space and community facilities;
- protection or enhancement of significant mature trees, significant areas of indigenous vegetation, indigenous wildlife habitat, margins of waterways or other significant natural features;
- protection or enhancement of historic or cultural features of significance to the City’s population;
- a usable area of open space for planting as visual relief from a built or highly developed environment; or
- a flat, usable area of land for a district reserve, accessible with full road frontage and a size (at least 4ha) adequate to accommodate at least two sports fields, tree planting and other open space. To accommodate sports clubs, at least 4ha, ideally more, would be needed.

The Council accepts that there are benefits for the future occupants of subdivisions of having plenty of local open space and recreation areas. However, the Council is often asked to take over and maintain larger open space and recreation areas within a new subdivision than are required under the development contribution provisions. Because there are also additional demands from the future occupants of such subdivisions on the Council’s other open space and recreation resources, the Council also needs to ensure that it obtains sufficient cash contributions, in addition to land contributions, to fund the acquisition and development of district, metropolitan, regional and other reserves and walking and cycling tracks. While the Council is prepared to accept the vesting and future maintenance of such land, it will not accept as a credit towards the development contribution required additional land provided (over and above the development contribution requirements according to this policy) for open space and recreation where it is only for the benefit of the future occupants of the subdivision. Likewise, the Council will not accept as a credit towards the development contribution required unnecessary levels of development, such as the provision of entrance gateways and fountains, etc. If developers choose to provide such features for the benefit of the subdivision, its future occupants and its competitiveness within the market, it is appropriate that they do so at their own expense.

To avoid doubt, Section 3.3.4 does not in any way limit the Council’s discretion on whether development contributions for reserves be paid in the form of cash or land.

3.3.2 Basis of land valuation

Land valuation for the purpose of calculating development contributions for reserves will be determined by the Council on the basis of the market value at the time the development contribution is assessed as per Sections 3.2.5 and 3.2.7, but including the rights and configuration given to the land under the consent application which gives rise to the development contributions assessment, and including any rights or configuration given by consents already granted.

Without limiting the Council’s ability to recover under Section 208 of the LGA, if for any reason the development contribution is not paid within 12 months of assessment then a revised valuation will be required.

Land valuation for the purpose of vesting land will be separately calculated according to the nature of the land being vested.

3.3.3 Private developer agreements

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

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

A PDA cannot be entered into if the consent has already been granted.

An application for a PDA will be considered where it is in the best interests of the developer, the Council and the City. The Council may initiate or, at its reasonable discretion, enter into a PDA with a developer at the request of the developer before, or as part of, the consent application process for development. Representatives of the developer, the Council and, if the Council considers it appropriate in relation to its decision-making obligations under the LGA, the City will be consulted before the implementation of any PDA. The Council requires the General Managers from the Council units associated with the PDA to approve the terms of the PDA.

PDAs may be considered in the following circumstances and in any other circumstance where the Council considers the best interests of the developer, the Council and the City will be met by using a PDA, rather than requiring the payment of a development contribution under the standard provisions of this policy:

1. Where additional reserve and/or network and community infrastructure requirements for a development are supplied by the developer that will benefit the current and future requirements of growth and/or levels of service. Where the cost of the works exceeds the total DCs assessed and payable for that development, the Council may, at its discretion, reimburse the developer;

2. Where land offered by the developer is accepted by the Council as environmental compensation for development opportunities, generally in addition to, and not instead of, development contributions of cash and/or land for reserves. It is the Council's policy to apply the concept of 'environmental compensation' where land of high landscape or natural value is protected or made available for public use and/or significant public benefit will be gained from hazard mitigation measures which would substantially enhance amenity values, e.g. planting and wetland protection; and

3. Where a major infrastructure development project is being undertaken, e.g. some types of project carried out by Christchurch International Airport Limited or by Transit New Zealand.

The Council may also enter into an agreement with a developer for infrastructure provision, such as in the following situations. These will not necessarily lead to an adjustment of the development contributions payable:

4. Where the developer of a residential or non-residential subdivision applies a development contribution of cash and/or land for reserves to provide immediate landscaping and other amenities on a neighbouring or other local reserve outside the subdivision area from which it was derived; and

5. Where the developer will meet the additional costs of providing above normal levels of service for reserves or infrastructure, provided the Council agrees to the above normal levels of service for that particular reserve or infrastructure.

3.3.4 When the Council will not require a development contribution

Limitations to the application of development contributions

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

- it has, under Section 108(2)(a) of the RMA, imposed a condition on a resource consent in relation to the same development for the same purpose; or

- the developer will fund or otherwise provide for the same reserve, network infrastructure or community infrastructure (fund in this sense excludes the cost of community facilities funded by the developer in the short term but recovered from the Council in the long term); or
- the Council has received, or will receive, full funding from a third party for those works.

This does not prevent the Council from collecting a development contribution in respect of any subsequent application for consent or service authorisation for any development, where the demand assessed for the development for the same activity is more than the demand assessed pursuant to any prior consent or authorisation for that development. Where a further increase in demand is so assessed, a development contribution will be required only on the additional demand being created by the development.

Development contributions payable by the Council

Where the Crown is exempt from paying development contributions by statute, it is invited to pay development contributions as appropriate on any activities which consume infrastructural capacity. The invitation to pay will not be a condition of issue of the Section 224(c) certificate or code compliance certificate.

Development contributions exemption for the Crown

Where the Crown is exempt from paying development contributions by statute, it is invited to pay development contributions as appropriate on any activities which consume infrastructural capacity.

Development contributions payable by private development on reserves

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

Boundary adjustments

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

3.3.5 Other charges

Works and services

Nothing in this policy will prevent the Council from requiring, as a condition of resource consent, the provision of works and services usually, but not exclusively, internal to or on the boundaries of the development site required to service that development, to connect it to existing infrastructural services and to avoid, remedy or mitigate the environmental effects of the development, except where such works are provided for in the LTCCP. The City Plan defines the nature and standard of the works and services that are to be provided (refer Part 14: Subdivisions in Volume 3 of the Christchurch City Plan and Chapter 31: Subdivision in the former Banks Peninsula Proposed District Plan) and these works and services standards also apply to development fronting existing legal roads. These works and services are provided by the developer at their cost and, where the asset created is normally owned and maintained by the Council, transferred without charge into Council ownership.

Nothing in this policy will prevent the Council from requiring, at its request and cost, the provision of additional ‘extra-over’ works by the developer, such as installing a larger pipe and/or constructing a wider road through their development, in anticipation of future demand on those services beyond the boundaries of the development. Where additional extra-over works for a development are supplied by the developer that will benefit the current and future requirements of growth and/or levels of service, and where the cost of the works exceeds the DC assessed and payable for that development, the Council may, at its discretion, reimburse the developer. The reimbursement will be a contractual agreement entered into by both parties, being the developer and the Council. The payment terms of any monies will be negotiated in the terms of the contractual agreement.

Service connection

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

- Water supply connection;
- Wastewater connection;
- Surface water connection; and
- Vehicle crossing.

3.3.6 Construction demand

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

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

3.4.1 Postponement of development contributions

There are no specific situations where a development contribution will be postponed. The Council may, at its discretion, grant any postponement of any development contribution payable under this policy (such as in the situations outlined in Sections 3.1.2 and 3.2.1).

3.4.2 Review of development contributions

The Council does not consider it appropriate to provide any formal review process. Sufficient opportunities exist for any developer to discuss all matters relating to this policy with Council staff, to outline any extraordinary circumstances and for matters to be brought before the Council for a decision.

3.4.3 Remission and reduction of development contributions

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

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

3.4.4 Refund of development contributions

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

- If the development does not proceed;
- If a consent lapses or is surrendered;
- If the Council does not provide any reserves, network infrastructure or community infrastructure for which a development contribution was required; or
- If the Council does not apply money within 20 years, or use land within 10 years, or any relevant agreed period, of that contribution being received for any specified reserve purpose.

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

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

PART 3 SUBSTANTIATION OF POLICY

4.0 Basis for the policy

4.1 Statutory requirements and options for contributions

The Council has historically required those developers whose developments (including subdivision and buildings) place new demands on the City's reserves and network and community infrastructure to make a fair contribution toward the expansion of those services. An exception to this has been the network effects of incremental growth, which have been paid for by the ratepayer.

The LGA allows councils to take fair contributions from developers to fund new or upgraded reserves and infrastructure requirements caused by growth. Councils may use either the provisions of the LGA (development contributions) or those of the RMA (financial contributions), or a combination of both, to obtain funds or land from developers. The Council uses a combination of both.

Section 102(4)(d) of the LGA requires the Council to have a policy on development or financial contributions as a component of its funding and financial policies in its LTCCP and sets out the requirements and constraints that must be observed in its preparation. This DCP seeks to establish a transparent, consistent and equitable basis for requiring development contributions in order that the Council's following policy objectives are achieved:

- *To obtain from those responsible for development that places additional demands on the Council's provision of community facilities a fair and reasonable contribution towards the expansion of those services;*
- *To generate income for the City, in addition to rates and other funding options, to cover the capital costs of growth;*
- *To generate information for the Council on what infrastructure investments need to be made to cater for growth, to assist the Council and City to differentiate between investments in growth infrastructure and investments made for other purposes; and*
- *To ensure that the level of such contribution does not generally act to discourage development, recognising that the contribution will be influenced by the complexity of site works and that this may act to discourage development of a particular* area.

4.1.1 Development contributions

A development contribution is a contribution from developers of cash or land, or a combination of these, provided for under the DCP. The key purpose of development contributions is to ensure that the fiscal effects of growth, i.e. the cost of reserves and network and community infrastructure to meet growth, is funded by those who cause the need for those services.

The Council is required to use development contributions only for the activity for which they are collected. This will be undertaken on an aggregated project category basis for each of the activities, not on a project by project basis.

The Council may and will require a development contribution in respect of any activities in the City that create a demand for new reserves and infrastructure. This will include, but not be limited to, additional lots (except with respect to the unit and strata titling of existing development), additional residential units, additional non-residential development, additional accommodation and additional community services development (such as sporting, educational, religious and charitable activities) irrespective of City Plan zoning and as applicable to the development, for the following:

- to meet the growth component of the future capital expenditure budgets over the following 10 years as set down in the LTCCP for the following activities:
  - o Reserves.
  - o Network infrastructure:
    - - Water supply and conservation;
    - - Wastewater collection, treatment and disposal;
    - - Surface water management; and
    - - Transport.
  - o Community infrastructure:
    - - Leisure facilities.
    - - A summary of this expenditure is set out in Table 7.2.
- capital expenditure already incurred in anticipation of development. A summary of this expenditure is set out in Table 7.1.

The DCP contributes to the achievement of community outcomes in the LTCCP by ensuring the provision of appropriate infrastructure to meet the needs of growth.

4.1.2 Financial contributions

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

Christchurch City Plan

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

Former Banks Peninsula Proposed District Plan

- A financial contribution towards both existing and proposed facilities, works or services within the Council's approved development programme; and facilities, works and services specific to a proposed subdivision outside of the Council's approved development programme towards:
    - reserves;
    - water supply and wastewater disposal;
    - new road/s and upgrading that portion of any existing road/s outside the site being developed where expected traffic from the development will exceed 50% of existing vehicle movements; and
    - works and services specific to a proposed subdivision outside of the Council's approved development programme for stormwater disposal and other district facilities (refer Chapter 32: Development Contributions);
- A financial contribution towards esplanade reserves or strips on land use adjacent to Wairewa and Te Waihora, the coast and rivers (refer Chapters 10: Water Resources and 31: Subdivision);
- A financial contribution towards the manufacture and erection of all new road name plates (refer Chapter 31: Subdivision); and
- A financial contribution of cash in lieu of on-site parking provision (refer Chapter 35: Access, Parking and Loading).

The financial contributions in the former Banks Peninsula Proposed District Plan are not operative or enforced and will be the subject of a proposed variation to align them with the Council's approach to development and financial contributions.

The Council may in the future include site-specific provisions in the City Plan requiring financial contributions for reserves, network infrastructure and community infrastructure in exceptional circumstances that cannot be covered by the LGA or by PDAs.

The capital expenditure summarised in Table 7.1 does not include any projects funded by financial contributions.

4.2 Review of the policy

The LTCCP and therefore this policy can only be amended through a special consultative procedure. It is intended that the DCP will be reviewed every three years in parallel with the LTCCP cycle (i.e. 2009, 2012, …), but the Council may review it at shorter intervals in parallel with the Annual Plan cycle or at any time, if the Council deems it necessary to take account of:

- Any changes to the significant assumptions underlying the DCP;
- Any change in policy as the Council continues to develop and implement area plans for the City;
- Any changes to the City Plan;
- Any changes in the capital works programme for growth, including as a result of regular liaison with developers;

- Any changes in the pattern and distribution of development in the City, including as a result of regular liaison with developers;
- Any audits and reviews of the LTCCP;
- Any significant changes in cost indices; and
- Any other matters the Council considers relevant.

In addition to the above, it is intended that the Schedule of development contribution charges will be updated annually with each Annual Plan to account for inflationary adjustments to the costs of projects, changes to the service delivery project scopes to meet changes in the City and inflationary adjustments to the development contribution charges. The inflationary adjustments will be based on construction cost movements.

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

Future versions of this policy may provide for development contributions for the following additional activities, (including imposition of a DC charge for the identified catchments):

- Network infrastructure:
  - o Surface water management on former Banks Peninsula; and
  - o Other transport infrastructure, including additional cycle ways and safety improvement works.
- Community infrastructure:
  - o Other infrastructure on reserves;
  - o Sporting facilities;
  - o Swimming pools;
  - o Community halls;
  - o Libraries;
  - o Leisure facilities on former Banks Peninsula; and
  - o For non-residential developments.

5.0 Planning for growth

5.1 Growth model

City growth assumptions underpin the Council's asset management plans and capital expenditure budgets in the LTCCP for the 2006-16 period. Growth in the City has been projected for the following three components: additional residential households, additional non-residential floor area (m^2) and additional non-residential impervious surfaces (m^2).

Population and household growth is based on the medium population and household projections for the City produced by SNZ.[3] These projections assume medium rates of fertility, mortality, net migration and household structure. Non-residential growth as estimated by the Council is based on historic rates of development collected from the Council's non-residential building consent records. These were projected using either the SNZ sub-national population projections, or the New Zealand Institute of Economic Research's Employment Projections for Canterbury, whichever was appropriate for each specific business zone defined by the City Plan. Changes in impervious surfaces in the City are based on impervious information provided by Landcare Research derived from landsat satellite imagery. Impervious surface projections were then generated by using the projected non-residential growth to identify the amount and location of future change .

Growth due to increased visitors is included in the holiday home part of the residential household projections in the former Banks Peninsula area and to the extent that the non-residential floor area projection includes visitor-related development.[4]

[3] Statistics New Zealand, Subnational Population Projections (2001) base February 2005 release and Subnational Household Projections (2001) base October 2005 release.
[4] Christchurch City Council, Development Contributions Policy Growth Model: Documentation at March 2007 (updated August 2006).

Table 5.1 City growth projections					
	2006	2016	10 year percentage change 2006-16	2041	Percentage change 2006-41
Population	355,900	374,000	5.1%	399,700	12.3%
Households	142,400	154,900	8.8%	176,600	24%
Business floor area (million m^2)	7.4	8.0	8%	8.7	18%
Non-residential impervious surfaces (million m^2)	19.3	20.2	5%	20.6	7%

These projections indicate that:

- Residential growth between 2006 and 2016 will produce 12,500 additional households (8.8% growth) spread across greenfield, infill and rural locations;
- Household growth from 2006 to 2041 is estimated to produce around 34,200 additional households (24% growth);
- Non-residential growth between 2006 and 2016 is expected to be in the order of 0.6 million m^2 of new floor area, a growth rate of 8.1%;
- Non-residential growth from 2006 to 2041 is expected to be around 1.3 million m^2 (18% growth); and
- Impervious surfaces for non-residential areas of the City is expected to increase by 0.9 million m^2 (5% growth) in the ten years from 2006 to 2016 and by 1.3 million m^2 from 2006 to 2041 (7% growth).

Growth projections are subject to significant uncertainties as to the amount, timing and location of growth. Therefore the regular update and assessment of growth projections is a key component of monitoring growth and planning future infrastructure requirements. Future growth projections will be informed by The Urban Development Strategy and Action Plan for Greater Christchurch (UDS), which is expected to be adopted prior to this policy becoming operative. This will provide an updated picture of the location and nature of future residential and non-residential development.

The Council will continue to monitor the actual growth in residential development, non-residential development and impervious surfaces and compare these trends with the forecast growth from the growth model. It is anticipated that over the short term there will be periods where growth will be above or below the forecast growth. However the aim is that these periods will average out close to the forecast trend. The monitoring of actual trends versus the predicted growth will be used to adjust the growth model to improve the accuracy of forecasting over time. It will also inform future asset management planning and its subsequent capital programmes in future LTCCPs.

The increase in capital expenditure resulting from growth is not necessarily proportional to the increase in population, household or business growth, i.e. actual costs for growth will depend upon the particular capital works required.

5.2 Application of household unit equivalents (HUEs) as the unit of demand

The most equitable way to apportion the cost of new reserves, network infrastructure and community infrastructure in response to growth demand is on the basis of the number of equivalent new households expected as detailed in Section 5.1 for both residential and non-residential development. A growth model has been developed in order to predict growth throughout the City in HUEs and this growth information is presented per activity, per catchment. In the growth model, a HUE is defined as being equivalent to one 'average' household unit. It is recognised that household units vary throughout the City and that the demands they generate also cover a broad range. Given the relatively large size of the development contribution catchments and the implied averaging, the approach is considered equitable and appropriate, as well as being consistent with the level of detail recognised by the growth model itself.

The projections in Section 5.1 for the non-residential floor area (GFA) and non-residential impervious surface area (ISA) are multiplied by the equivalences in Table 5.2 to convert the non-residential growth to HUEs.

In a subdivision, 1 HUE applies per lot. In a residential development, 1 HUE applies per household unit, subject to the small residential unit adjustment. In a non-residential development, the m^2 of non-residential floor and impervious surface areas are subsequently converted into HUEs as follows.

Table 5.2 Non-residential land use HUE equivalents							
Non-residential land-use/zone classification	Measure	Water supply and conservation	Wastewater collection	Wastewater treatment and disposal	Surface water management	Transport	Leisure facilities (1)
Business 1	m² GFA	0.0035	0.0039	0.0039		0.0138	0.0028
Business 2	m² GFA	0.0035	0.0040	0.0040		0.0211	0.0028
Business 3	m² GFA	0.0031	0.0035	0.0035		0.0041	0.0028
Business 4	m² GFA	0.0050	0.0057	0.0057		0.0051	0.0028
Business 5	m² GFA	0.0041	0.0046	0.0046		0.0028	0.0028
Business 6	m² GFA	0.0033	0.0037	0.0037		0.0014	0.0028
Business Retail Park	m² GFA	0.0035	0.0039	0.0039		0.0148	0.0028
Central City & Central City Edge	m² GFA	0.0032	0.0036	0.0036		0.0065	0.0028
Other non-residential zones	m² GFA	0.0035	0.0039	0.0039		0.0062	0.0028
All zones	m² ISA				0.00375		

Note:

(1) Non-residential activities will not be charged development contributions for leisure facilities under this policy.

6.0 Rationale for funding the costs of growth through development contributions (consideration of Section 101(3) of the LGA)

6.1 Community outcomes

The following community outcomes have particular relevance to the Council's decision on how to fund growth-related reserves and network and community infrastructure:

- A city of people who value and protect the natural environment:
  - o Our lifestyles reflect our commitment to guardianship of the natural environment in and around Christchurch; and
  - o We actively work to protect, enhance and restore our environment for future generations;
- A well governed city:
  - o Our values and ideas are reflected in the actions of our decision-makers; and
  - o Our decision-makers manage public funds responsibly, respond to current needs and plan for the future;
- A healthy city:
  - o We live long, healthy and happy lives;
- A city for recreation, fun and creativity:
  - o We value leisure time and recognise that the arts, sports and other recreational activities contribute to our economy, identity, health and wellbeing; and
- An attractive and well-designed city:
  - o Christchurch has a vibrant centre, attractive neighbourhoods and well-designed transport networks; and
  - o Our lifestyles and heritage are enhanced by our urban environment.

Charging new development for additional or increased capacity of community facilities ensures an appropriate contribution to these community outcomes. For example:

- Reserves are created and developed to service growth;
- Large, efficient water reservoirs and pumping stations are built and shared across a number of developments; and
- Traffic resulting from development is managed by a programme of works that maintains existing traffic flow, pedestrian and cycle access, parking and safety standards.

6.2 Distribution of benefits and the extent to which particular individuals contribute to the need to undertake an activity

Developments, resulting in, for example, new households and businesses, cause a need for additional capacity of service provision by the Council. The benefits of this additional capacity accrue to new households and businesses generating demand for that capacity. It is therefore appropriate that development contributions fund additional capacity in reserves, water supply and conservation, wastewater collection, wastewater treatment and disposal, surface water management, transport and leisure facilities. Development contributions paid by developers are likely to be passed on through section prices to the owners of new households and businesses. Existing owners, however, gain no direct benefit from, and should not be required to fund through rates, the addition of capacity to existing networks that adequately meet their needs.

Conversely, the cost of maintaining or improving levels of service provided by the community's infrastructure to the existing population cannot be included in capital expenditure to be funded out of development contributions, as this expenditure does not benefit new households and businesses or similar growth development.

The LTCCP outlines the years in which the capital expenditure, and therefore the services which are delivered, are incurred and the asset commissioned. The benefits to the City from the capital expenditure continue for the economic life of the assets and vary for each asset class, as listed on page 184 of the LTCCP.

6.3 Costs and benefits of funding the activity distinctly from other activities

The benefits of funding additional infrastructure capacity resulting from development growth through development contributions include greater transparency and efficiency through passing on the actual costs to developers. The use of catchments also aids transparency and efficiency by identifying the variations on the cost of providing infrastructure according to the characteristics of the particular locality and the nature of the works required. Although development contributions are not a significant administrative cost once systems are established, small local catchments collection of development contributions may not be cost effective and therefore a city-wide charge will be more efficient for some activities with a larger number of widely located projects.

6.4 Overall impact on community wellbeing

Ensuring adequate levels and balance between the various sources of funding to provide appropriate infrastructure is central to promoting the social, economic, environmental and cultural wellbeing of the City. Funding the Council's net cost of providing increased capacity in the City's infrastructure through development contributions, rather than rates-serviced debt or other forms of funding, promotes equity between existing residents and newcomers.

LECG, an independent global provider of specialist knowledge in regulation, economics, financial and statistical theories and analysis, as well as in-depth knowledge of specific markets and industries, was commissioned by the Council to assess its development contributions cost allocation methodology in, and to provide advice about the likely economic impacts of, its original 2006-16 DCP. Using economic principles commonly accepted in cost allocation problems, LECG concluded that the methodology is well designed; the challenge being to implement it correctly and consistently over time. With respect to the economic impacts, the LECG approach focussed on and utilised the price elasticity of property (based on research completed by the Property Council). Their main findings were that the implementation of the original 2006-16 DCP will lead to a slowdown of construction activity in the short to medium term. However, their report also indicates that the magnitude, duration and overall impact of this slowdown could be negated by other market forces. The Council has endeavoured to include in this policy, being an amendment to the original 2006-16 DCP, and its processes the range of recommendations LECG made to ensure that DCP implementation is seamless and integrated. It has also included the majority of the recommendations of the joint Council and development industry working party.

With respect to integration, achieving charging parity with other local councils has merit, however it may be a challenge deciding what parity is. There are a number of competing issues that make fair comparison difficult, as explained below and illustrated by the comparison the Council has undertaken to date between its DC charges and those of the adjoining Waimakariri and Selwyn District Councils and the North Shore and Wellington City Councils further a field. Achieving charging parity will result in changes to charging regimes in all the local councils. The main issues that will have to be resolved include, but aren't limited to:

- Integrating the various methodologies and ensuring harmonious, balanced charging schemes;
- The mix of activities, different ways of treating costs and the varying levels of service;
- Not all development activities connecting to the services, thus charges may not compare;
- Inclusion or not of the full cost of growth, e.g. including the cost of debt;
- Selection of projects to be included in the development budget and determination of the specific capital programme parameters;
- Retention of financial contributions for some aspects of development and partial development contributions for others;
- The way the different policies treat reductions and remissions;
- Facilitating the design and implementation of standardised administrative procedures and processes in the respective councils; and
- Ensuring sustainability in the various localities, which could prove difficult as a result of varying sustainability thresholds and criteria.

Nevertheless, the Council will continue to monitor the DC charges of adjoining and other councils. Furthermore, alignment of development contributions and other development charges using, wherever practicable, consistent growth assumptions and formulas is one of the key actions and approaches of the UDS to be pursued by the Council in future.[5]

7.0 Capital expenditure in response to growth

7.1 Activities and catchments for which development contributions may be required

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

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

5 The Urban Development Strategy and Action Plan for Greater Christchurch, November 2006, page 30.

Table 7.1 Summary of capital expenditure ($ millions)								
Activity	Sum past years	Sum future years	Total cost	3rd party funding	Renewal	Backlog	Unallocated	Growth
Reserves		171.1	171.1				10.5	160.6
Water supply and conservation	11.5	58.2	69.7		24.7	8.5	1.2	35.3
Wastewater collection	22.0	105.6	127.6		5.5	71.6	0.7	49.8
Wastewater treatment and disposal	47.7	136.7	184.4		2.6	117.2	0.2	64.4
Surface water management	14.5	78.4	92.9			62.6	1.8	28.5
Transport	32.8	189.5	222.3	101.8	12.1	54.4	7.7	46.4
Leisure facilities	17.0	19.3	36.3		2.9	22.7		10.7
Total	145.5	758.8	904.3	101.8	47.9	337.0	22.0	395.7

Note:

The full schedule of past and pending growth-related capital expenditure is obtainable online at http://www.ccc.govt.nz/LTCCP/2006-16/Volume2.asp and at the Council's Civic Offices, 163-173 Tuam Street.

Development contributions will be required city-wide for the Council-funded capital works summarised in Table 7.1 resulting from growth associated with the provision of the following reserves and network and community infrastructure.

Reserves

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

- Local reserves – small to medium sized reserves intended to provide for informal, local, passive and active recreation and open space;
- District reserves – large reserves intended primarily to provide for formal, city-wide, active recreation (sporting activities and events) and open space;
- Metropolitan reserves – large reserves intended to provide for both informal and formal, city-wide and regional, passive and active recreation and open space;
- Regional reserves, including coastal areas, the plains and wetlands and the Port Hills, for the protection and conservation of natural, cultural and heritage landscapes, ecology and features – large reserves intended primarily to provide for passive recreation with a feeling of visual relief and remoteness from urbanity and to contribute to the 'Garden City' image of former Christchurch City;
- Reserves for amenity purposes within or adjoining non-residential areas;
- Pedestrian and cycling linkages along or to significant natural features, or between other reserves and community facilities; and
- Works for any other purpose permitted by Sections 205 and 206 of the LGA.

Reserves may be comprised of either soft or hard landscaping, along with associated infrastructure such as seating, lighting, play equipment, public conveniences, artworks and water features, i.e. grassed with planting, or paved with raised planters in a highly developed environment such as the Central City.

Development contributions will be required for:

- The expansion of the reserves assets portfolio, through the continued purchase of new reserves and through vesting new reserves from subdivision, to maintain a level of service providing 4.7ha of urban (local, district and metropolitan) and 13.1ha of regional reserves per 1000 people respectively; and
- The development of reserves and levels of service provided to meet new needs.

  Funding provision for growth over the next 10 years will focus on the expansion of the reserves asset portfolio, through the continued purchase of new reserves (which has averaged around 130ha per year for the last seven years) and through vesting new reserves from subdivision (which has averaged 12ha per year for the last seven years).

Strategic reserve purchases from the Port Hills Acquisition Programme is leading the purchase programme. Local reserve purchases are being made as part of the Local Parks Acquisition Strategy to balance infill housing in Living 3 Zones and to meet the goal of the strategy to ensure at least 90% of residents in the urban environment live within 400m of a reserve. In particular, additional local reserve purchases are being made in areas such as Addington, Riccarton, Central City, St Albans, Papanui and the inner city east. District reserve purchases are also factored in every second year where additional growth is occurring on a larger scale, such as in Halswell, Belfast and Burwood, due to the subdivision of rural land.

In addition to extensions to existing reserves or the formation of linkages between them, the new reserve vesting programme adds around 10 new reserves per year, which also need to be developed and levels of service provided to meet new needs. Population, as measured by the last four census periods from 1991 to 2006, has been growing at an average of 5.4% per census. The take up of vacant residential land for new housing is averaging 110ha per year (1994 – 2004). This creates the demand for new reserve assets to be developed.

Open space service levels have also been raised in many infill areas, such as the Central City, where there has been an increase in unit development leading to the purchase of houses beside existing parks to incorporate into the reserve and create greater space for new recreation equipment.

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

Significant work has been required by the Council to change from a percentage-based charge to a HUE-based charge. The current charge has been kept to a simple and easy to administer city-wide charge. The charge will be modified for 2009-19 and subsequent years based on analysis yet to be completed and may include a different charging basis for non-residential subdivisions, similar to that used for network and community infrastructure, and multiple charges based on:

- A city-wide charge applicable to both residential and non-residential land uses, being a development contributions component towards, for example:
  - o local reserves;
  - o district and major metropolitan reserves; and
  - o regional reserves; and
- A catchment-wide charge to reflect local land prices and levels of service in terms of reserves distribution and development, being a development contributions component towards, for example:
  - o the growth cost for urban reserves.

Any such changes will be reflected in the 2009-19 LTCCP, being the next review of the DCP.

Water supply and conservation

Development contributions will be required for:

- The ongoing city-wide upgrade in capacity of the water supply network of pipes and pumping stations; and
- Capital works to provide additional reservoir and pump station capacity.

Wastewater collection

Development contributions will be required for:

- The ongoing city-wide upgrade in capacity of the network of waste water pipes and pumps.

Wastewater treatment and disposal

Development contributions will be required for:

- The ongoing upgrade in capacity of wastewater treatment plants.

Surface water management

Development contributions will be required for:

- The ongoing city-wide upgrade in capacity of the network of pipes and streams that make up the surface water management system.

Transport

Development contributions will be required for:

- The ongoing city-wide upgrades of roads, public transport facilities, cycle ways and pedestrian walkways to facilitate growth.

Leisure facilities

Development contributions will be required for:

- The refurbishment of Jellie Park; and
- The establishment of a northern multi-use facility.

7.2 Growth-related capital expenditure

The total capital expenditure incurred by the Council as a result of growth to meet increased demand for the activities stated in Sections 1.2 and 4.1.1, both in the past and future is summarised in Table 7.1.

The Council’s policy is that the total growth component of the capital expenditure budgets (excluding funding from other sources, such as from LTNZ, or other money already received by the Council, as identified in the following table) will be funded by development contributions. This is because the Council wants the growth community and not the ratepayers to fund growth arising out of developments, as a fair reflection of the benefit distribution from that growth and in line with the community outcomes the Council seeks to achieve.

Backlog and renewal portions of capital expenditure are funded from sources other than development contributions.

The capital expenditure that is related to growth in the LTCCP is summarised in Table 7.2, including the portion expected to be recovered from development contributions and other sources.

Table 7.2 Development contributions summary for ten years 2006-16

Activity	Total capital programme for activity $million	Total capital costs attributable to growth $million (4)	Estimated funds from development contributions $million	Balance $million	Funding of balance
Reserves	$252.0	$160.6	$137.1	$23.5	Rates through capital funding such as borrowing.
Water supply and conservation	$112.3	$26.9	$22.9	$4.0	
Wastewater collection	$340.7	$40.0	$34.0	$6.0	
Wastewater treatment and disposal		$41.2	$35.0	$6.2	
Surface water management	Included in the $252.0 under reserves	$21.4	$15.0	$6.4	
Transport	$649.9	$28.3	$24.0	$4.3	
Leisure facilities	$45.9	$6.3	$5.0	$1.3	
Total	$1,400.8	$324.7	$273.0	$51.7	

Notes:

(1) Section 7.2 and Table 7.2 summarise and explain the capital expenditure for reserves, network infrastructure and community infrastructure identified in the LTCCP that the Council expects to incur to meet increased demand from growth. Further information on this can also be found in Volume 1 of the LTCCP, under the heading Council Activities and Programmes, Group of Activities, in particular City Development, Community Support, Economic Development, Parks and Open Spaces, Recreation and Leisure, Streets and Transport, Wastewater Collection and Treatment and Water Supply.
(2) The amounts included in Table 7.2 are 2007 un-inflated base amounts.
(3) The estimated funds from development contributions represents the anticipated receipt of development contributions over the funding periods assumed in the methodology. The amounts do not include the impact of transitional discounts being introduced for 2007 and 2008 (the impact of which is a reduction of the above amounts of $11.3 million).
(4) The capital costs attributable to growth are net of any third party funding, such as LTNZ subsidies toward Transport projects.

7.3 Capital expenditure already incurred in anticipation of growth

In the past, the Council has incurred expenditure in anticipation of development. Under the LGA the Council can recover the growth component of these projects implemented to support the future City. A 'Schedule of past projects with residual capacity' is included in the supporting information for this policy. The cost of the growth component is determined from the actual total cost to implement these projects.

Where the Council anticipates funding will be available from a third party for any part of the growth component of the capital expenditure budget, then this proportion of funding has been excluded from the total estimated growth component to be funded by development contributions.

7.4 Use of development contributions

The Council will use development contributions either for, or towards, the capital expenditure for which they were required, or for providing analogous reserves or network and community infrastructure.

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

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

- Cash – within 20 years of it being received; and
- Land – within 10 years of it being received, unless a longer period is agreed with the party who paid the contribution (in all circumstances the Council will seek to meet such an agreement).

Should the development contribution revenue not meet the target, the Council may, at its discretion, reduce the cost of capital expenditure by varying the scope of the project or substituting the project for another more suited to the growth needs of the City. There will be a review of the capital expenditure programme each year and changes to the DC charges may result. However, notwithstanding a change in any specific project, it is expected that the activity as a whole will continue to address the service level needs of the City.

8.0 How development contributions have been calculated

8.1 LGA requirements

Section 201(1)(a) of the LGA requires this policy to include, in summary form, an explanation of, and justification for, the way each development contribution in the schedule of development contribution charges is calculated. In summary, each development contribution has been calculated in accordance with the methodology set out in Schedule 13 of the LGA, by using the following six step process.

Table 8.1 Calculation of development contribution charges		
Step	Explanation	LGA reference
One	From the capital expenditure projects included in the LTCCP:	Section 106(2)(a)
	• Determine the activity for the purposes of assessing the development contribution.	Section 106(2)(d) Schedule 13(1)(a)
	• Record the catchment where the project provides capacity to meet demand.	Schedule 13(1)(a)
	• Summarise in the DCP the capital works (with a component of capacity for growth) from the LTCCP that have been included in the determination of the DC charge (refer Table 7.1).	Section 106(2)(a)
	• Deduct from the project cost all reasonably anticipated funding from third parties (typical sources of third party funding include LTNZ, Lotteries Grant, community fund raising).	Section 200(1)(c)
	• Record the capacity life of the project – the growth cost share will be assigned to the demand reported in the growth model over the capacity life of the project to a maximum of the 30 years (as referred to in the Council's Revenue and Finance Policy).	Schedule 13(1)(b)
	• Include completed projects that were constructed to provide capacity for future demand and still have remaining surplus capacity. The actual costs of these projects less third party funding are included.	Section 199(2)
	• Exclude projects which may be implemented as works and services on condition of a resource consent, etc, from the determination of the development contribution charge.	Section 200(1)(a) Section 200(1)(b)
Two	Undertake a cost allocation analysis using the Modified Shared Drivers methodology to determine the share of cost to growth.	Schedule 13(1)(a) Schedule 10(2)(1)(d)
	• The cost allocation methodology provides a procedure based on the capacity and demand requirements of the current levels of service identified in the LTCCP to determine the growth cost share of the project cost.	Section 106(2)(a)
	• The cost allocation methodology provides a consistent and equitable methodology for assessing the project growth cost share.	Schedule 13(1)(b)
	• The outcomes of the cost allocation are summarised in the DCP to state the proportion of capital expenditure to be funded by development contributions and other sources of funding (refer Table 7.1).	Section 106(2)(b) Schedule 10(2)(1)(d)

Table 8.1 Calculation of development contribution charges		
Step	Explanation	LGA reference
Three	The growth model forecasts changes in household numbers and business floor areas.	Schedule 13(1)(a) Schedule 13(1)(b)
	• Determine for each activity and catchment the changes in demand for service from the existing and growth communities over the capacity life of the project.	
	• Include measures of both household and business demand.	
Four	Undertake a funding analysis of each project to determine the total cost of growth for each unit of demand.	Schedule 13(1)(a) Schedule 13(1)(b)
	• The project growth cost share is funded by uniform annual charges from each of the incoming growth demand units (identified in the growth model) in the catchments serviced by the project over the capacity life of the project (refer above and to Section 8.4).	
Five	Aggregate the outcomes of the funding analyses for each project by activity and catchment to determine the development contribution charge for that activity and catchment.	Section 202(1) Section 202(3)
	• Present the Schedule of development contribution charges (refer Table 3.2.5).	Section 201(2) Section 202
Six	Audit and review.	
	• Undertake independent reviews of projects, cost allocation analyses and funding analyses. The purpose of the reviews is to check reasonableness of assumptions and correctness of the project data used in analysis.	
	• Internal reviews are comprehensive. External reviews are based on a mixture of selected and random samples.	
	• Adjust outcomes as appropriate.	

Further explanation as to how development contributions have been calculated is provided in Sections 8.2, 8.3 and 8.4 as follows.

8.2 Level of service

The Council's activity management plans for each activity define the relevant level of service for that activity.

From these level of service statements a capital project list to meet projected growth has been identified and costed, based on sustaining, or where necessary changing, these levels of service.

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

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

8.3 Cost allocation methodology

The cost allocation methodology used in this policy is referred to as a 'Modified Shared Drivers.' This methodology is applied to the 10 years of capital works projects expenditure set out in the LTCCP and expenditure on past projects with residual capacity for growth (summarised in Table 7.1). The methodology has been applied to the programmes of capital expenditure delivering the levels of service defined in the LTCCP.

Programmes are planned capital expenditure to deliver the levels of service, while projects are planned or completed works delivering the programmes. The analysis to determine the cost of growth has been undertaken at either project level or at programme level as appropriate for that level of service. In preparing the schedule of development contribution charges, priority has been given to high value projects.

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

- Renewal;
- Backlog;
- Growth; and
- Unallocated.

A summary of the cost allocation methodology is as follows:
- The scope and gross cost of the project are reviewed. Any non-capital (operations and maintenance costs, feasibility costs) are deducted.
- Third party funding (e.g. from LTNZ) is identified and deducted.
- The catchment is established.
- A share for renewal is deducted, taking into account the scope of assets being renewed and their remaining life at the time of renewal.
- Capacity and demand information based on current levels of service is used to allocate shares to backlog and growth.
- Any remaining share is defined as unallocated.
- Capacity and useful life information is gathered to help determine the period over which development contributions should be collected.

8.4 Funding model

The purpose of the funding model is to ensure an equitable assessment of the funding requirements to support the development contributions regime. The primary output of the funding model is an assessment of the required development contributions charges. These charges are listed in Table 3.2.5.

The model takes account of:
- The funding requirements to support the costs of growth infrastructure;
- Equitable application of those funding requirements to the incoming growth community;
- Recognition that the backlog components of the growth infrastructure are funded by the existing community, typically by rates;
- Future rating revenue from the increasing community has been estimated and incorporated into the assessment of the development contributions in the funding model as a deduction to the charge;
- Interest on funds raised to implement growth infrastructure; and
- Interest on development contributions received in advance of provision of growth infrastructure.

8.5 Significant assumptions

Information

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

Planning horizons

A 35 year timeframe is used as a basis for forecasting growth and applying a development contribution. This is consistent with the Council's activity management planning horizons.

Growth

The Council's growth model makes use of the best available information in anticipating growth of the City.

Household equivalent units (HUEs)

Refer to Section 5.2.

Financial

The following financial assumptions have been applied:

- The methods of service delivery will remain substantially unchanged.
- While these are subject to change, the Council has assumed that the funding policies of third parties such as LTNZ are subject to change, the council has assumed that they will remain the same for the period of the 2006-16 LTCCP and eligibility criteria will remain unchanged.
- All costs in the DCP are based on current known infrastructure prices in current 2007 dollars and no allowance has been made for inflation. The Council has used the best information available at the time of developing this policy to estimate the cost of individual items of capital expenditure that will be funded in whole or part by development contributions. It is likely that actual costs will differ from estimated costs due to factors beyond the Council's ability to predict, such as changes in the price of raw materials, labour, etc, and the time of capital works. The Council will review its estimates of capital expenditure annually and adjust the LTCCP.
- The interest rates used within the development contributions funding model are those defined in the budget assumptions for the 2006-16 LTCCP. While interest rates are subject to fluctuation and are reviewed annually, these are reasonable assumptions over the period of the 2006-16 LTCCP.
- Income generated from rates will be sufficient to meet the operating costs of growth-related capital expenditure into the future.

Key risks/effects

The growth and uptake predictions in the growth model may not eventuate, resulting in a change to the assumed rate of development. The Council will continue to monitor the rate of growth and will update assumptions in its capital programme and growth and funding models as required.

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

The potential economic effects on the development community of immediately introducing significantly greater charges are also acknowledged. The provision of transitional discounts for the 12 month period from 1 July 2006 while the policy was reviewed, plus changes to the timing of assessment and payment, were included to minimise such effects. Further to these initial provisions, the increase to the full DC charges will be spread evenly over the three years commencing 1 July 2007.

PART 4 APPENDICES
Appendix 1

Methodology to establish HUE equivalences

Water supply and wastewater

The methodology to establish the equivalences for both water supply and wastewater is the same and the calculations are shown below. Using typical water and wastewater daily usage figures and typical floor area allocations per person, water and wastewater usage figures per m^2 are established for a range of different non-residential land uses. These figures are then applied to the mix of these land uses that occur in the different business zones defined for the City, to arrive at water and wastewater demand figures per m^2 and by business zone. These figures are then compared to the City's household demand figures to determine the household equivalents.

Water supply					
Usage	248 L/p/day		(1)		
Occupancy	2.6 p/HH		(2)		
Average daily flow per household	644.8 L/HH/day		(3)		
Background standards (4)	Floor area per person (m^2/p)	Use per person (L/p/day)	Use per floor area (L/day/m^2)		
Commercial	40	80	2.00		
Retail	35	80	2.29		
Industrial (light/dry)	40	80	2.00		
Industrial	40	130	3.25		
Warehouse	40	80	2.00		
Education	12.5	25	2.00		
Usage per m^2	Commercial	Retail	Industrial (light/dry)	Industrial	Warehouse
L/day/m^2	2.00	2.29	2.00	3.25	2.00

Zone (5)	Commercial	Retail	Industrial (light/dry)	Industrial	Warehouse	Total
Business 1	20%	80%	0%	0%	0%	1
Business 2	5%	95%	0%	0%	0%	1
Business 3	5%	0%	25%	0%	70%	1
Business 4	0%	0%	0%	100%	0%	1
Business 5	0%	0%	0%	50%	50%	1
Business 6	0%	0%	0%	10%	90%	1
Business Retail Park	20%	80%	0%	0%	0%	1
Central City & Central City Edge	70%	30%	0%	0%	0%	1
Business type/zone	Floor area yield (m^2) (6)	L/day/m^2 (floor area measure) (7)	Household equivalents per m^2 (HH/m^2) (8)	M^2/HH (9)		
Business 1	5,159	2.23	0.0035	289		
Business 2	6,453	2.27	0.0035	284		
Business 3	5,190	2.00	0.0031	322		
Business 4	2,676	3.25	0.0050	198		
Business 5	3,339	2.63	0.0041	246		
Business 6	1,975	2.13	0.0033	303		
Business Retail Park	3,438	2.23	0.0035	289		
Central City & Central City Edge	15,962	2.09	0.0032	309		
Overall household equivalents (HH/m^2)			0.0035 (10)			

Notes:

(1) Estimate of average residential consumption per person (total abstraction minus leakage, public, commercial and industrial use divided by population).
(2) Occupancy.
(3) Usage multiplied by occupancy.
(4) From Auckland City: Sanitary Sewer Design Manual.
(5) Breakdown of proportions of development in business zones provided by the Council's Strategy and Planning Group.
(6) Floor area in each business zone provided by the Council's Strategy and Planning Group.
(7) Standard discharge per m^2 weighted by activities carried out in zone.

(8) Previous column divided by average daily flow per household.
(9) Inverse of previous column.
(10) Weighted average of household equivalents based on total floor area in each business zone.

Wastewater						
Discharge	220 L/p/day		(1)			
Occupancy	2.6 p/HH		(2)			
Average daily flow per household	572 L/HH/day		(3)			
Background standards (4)	Floor area per person (m^2/p)	Discharge per person (L/p/day)	Discharges per floor area (L/day/m^2)			
Commercial	40	80	2.00			
Retail	35	80	2.29			
Industrial (light/dry)	40	80	2.00			
Industrial	40	130	3.25			
Warehouse	40	80	2.00			
Education	12.5	25	2.00			
Discharge per m^2	Commercial	Retail	Industrial (light/dry)	Industrial	Warehouse	
L/day/m^2	2.00	2.29	2.00	3.25	2.000	
Zone (5)	Commercial	Retail	Industrial (light/dry)	Industrial	Warehouse	Total
Business 1	20%	80%	0%	0%	0%	1
Business 2	5%	95%	0%	0%	0%	1
Business 3	5%	0%	25%	0%	70%	1
Business 4	0%	0%	0%	100%	0%	1
Business 5	0%	0%	0%	50%	50%	1
Business 6	0%	0%	0%	10%	90%	1
Business Retail Park	20%	80%	0%	0%	0%	1
Central City & Central City Edge	70%	30%	0%	0%	0%	1

Business type/zone	Floor area yield (m^2) (6)	L/day/m^2 (floor area measure) (7)	Household equivalents per m^2 (HH/m^2) (8)	M^2/HH (9)
Business 1	5,159	2.23	0.0039	257
Business 2	6,453	2.27	0.0040	252
Business 3	5,190	2.00	0.0035	286
Business 4	2,676	3.25	0.0057	176
Business 5	3,339	2.63	0.0046	218
Business 6	1,975	2.13	0.0037	269
Business Retail Park	3,438	2.23	0.0039	257
Central City & Central City Edge	15,962	2.09	0.0036	274
Overall household equivalents (HH/m^2)			0.0039 (10)	

Notes:

(1) Estimate of average residential consumption per person (total abstraction minus leakage, public, commercial and industrial use divided by population).
(2) Occupancy.
(3) Usage multiplied by occupancy.
(4) From Auckland City: Sanitary Sewer Design Manual.
(5) Breakdown of proportions of development in business zones provided by the Council's Strategy and Planning Group.
(6) Floor area in each business zone provided by the Council's Strategy and Planning Group.
(7) Standard discharge per m^2 weighted by activities carried out in zone.
(8) Previous column divided by average daily flow per household.
(9) Inverse of previous column.
(10) Weighted average of household equivalents based on total floor area in each business zone.

Surface water management

The surface water management equivalence concept entails the assessment of demand for surface water management services from a unit area of non-residential land as a proportion of the surface water management demand from a typical residential site.

Residential imperviousness

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

A typical residential site impervious area was estimated from:

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

Residential imperviousness is therefore calculated as follows:

Typical residential building footprint	195m²
Typical impervious area on a residential site	+ 232m²
	427m²

Non-residential imperviousness

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

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

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

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

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

Non-residential imperviousness is therefore calculated as follows:

Share of 1m² of non-residential impervious surface related to flooding and erosion =	
1m² x flooding and erosion portion =	1m²
	x 40%
	0.40m²
Share of 1m² of non-residential impervious surface related to surface water quality =	
1m² x contaminant load ratio x surface water quality portion =	1m²
	x 60% x 2
	1.20m²
Effective equivalent area =	
Flooding and erosion share + contaminant loading share =	0.40m²
	+ 1.20m²
	1.60m²
Equivalence 1m² of non-residential impervious surface =	1.60
	÷ 427 HUE/m²
	0.00375 HUE/m²

Transport

For transport, equivalence is based upon ‘trips’ generated by an activity and the unit of measure is based on the average annual daily trips for a weekday – vehicles per day (VPD).

The methodology to establish the equivalences for transport is based on a published database of information on vehicle generation by activity type, together with the CTS (Christchurch Transport Study) TRACKS model. This model extends from the Ashley River south towards the Selwyn River. It thus covers not only the former Christchurch City, but also the principal areas associated with commuting from surrounding districts, including Rangiora, Kaiapoi, Rolleston, Lincoln, Lyttelton and Diamond Harbour.

The trip data requires adjustment to reflect that the trips observed ‘at the gate’ are driven by activities at either end. For example, a one-way trip from Home to Work (e.g. office) trip is driven by both the residence at one end and the office at the other and thus the capacity taken up by that one trip should be allocated equally between the residence and the office. In terms of this allocation, the following table gives the allocations, by trip purpose, that have been calculated using data from the Christchurch Transport Model:

Trip purpose	Residential	Non-residential
Home-based work	50.0%	50.0%
Home-based shopping	50.0%	50.0%
Home-based social	83.4%	16.6%
Home-based other	71.3%	28.7%
Non-home based	32.9%	67.1%
Light goods vehicles	32.0%	68.0%
Heavy goods vehicles	30.9%	69.1%
External (trips with an origin or destination outside the former Christchurch City)	73.1%	26.9%
Overall	51.9%	48.1%

Basic measures of transport demand from business land uses ('at the gate') adopted in the policy are:

Zone (1)	Base trips/100m² (2)	GFA for zone (former Chch City only available) (3)	Business trips - at 'gate' (4)	Adjustment factor (5)	Adjusted total trips (6)	Equivalent HUE (7)	Equivalent HUEs/100m² (8)	Adjusted equivalent trips/100m² (9)	Equivalent HUEs/m² (10)	Peak adjustment factor (11)	Equivalent HUEs/m² (12)
Business 1	30.30	268,640	81,398	0.678	55,224	5522.4	2.06	20.56	0.0206	0.67	0.0138
Business 2	46.40	549,570	255,000	0.678	173,004	17300.4	3.15	31.48	0.0315	0.67	0.0211
Business 3	9.00	1,322,070	118,986	0.678	80,726	8072.6	0.61	6.11	0.0061	0.67	0.0041
Business 4	11.30	1,689,120	190,871	0.678	129,496	12949.6	0.77	7.67	0.0077	0.67	0.0051
Business 5	6.10	2,050,510	125,081	0.678	84,861	8486.1	0.41	4.14	0.0041	0.67	0.0028
Business 6	3.00	87,310	2,619	0.678	1,777	177.7	0.20	2.04	0.0020	0.67	0.0014
Business Retail Park	32.48	126,600	41,120	0.678	27,898	2789.8	2.20	22.04	0.0220	0.67	0.0148
Central City & Central City Edge	14.35	1,725,120	247,555	0.678	167,953	16795.3	0.97	9.74	0.0097	0.67	0.0065
Total/Average	13.59	7,818,940	1,062,630	0.678	720,939	72094	0.92	9.22	0.0092	0.67	0.0062

Notes:

(1) This is the City Plan land-use zoning classification adopted within the growth model.

(2) The existing estimated land-use (HH and non-residential GFA by each land-use zone) for each of the traffic zones within the Christchurch Transport Model was provided from the growth model. This data was analysed (for 2006) to determine household trip generation (based on the notional assumption adopted for this equivalence exercise, of 10 total trips per household per day) and the 'residual' business generation ('at the gate') determined as a total across the UDS area. Only those traffic zones with exclusive land-use (e.g. all B1, or all B2, etc) were used in this analysis, the output of which is this 'base trip rate' (for non-residential activities only) per 100m² GFA, that are shown in column 2.

(3) This column summarises the estimated GFA (for the base year 2006) across the former Christchurch City area only.

(4) The estimated business trip generation ('at the gate') is shown in this column, calculated from (Column 2 x Column 3)/100.

(5) Column 5 shows the adjustment factor applied to convert the estimated non-residential trip generation ('at the gate'), given in Column 4, to the actual total trips allocated to non-residential activities, which amount to 720,829 trips a day. This factor is thus (on average) 0.675, being (720,829/1,062,630).

(6) The adjusted total trips by land use zone shown in this column is simply Column 4 x Column 5. This column thus gives the actual 'true' number trips allocated to non-residential (within the former Christchurch City) within the Christchurch Transport Model.

(7) Column 7 indicates the equivalent HUE, based on the total adjusted trips in Column 6 and the standardised assumption (for the sake of simplicity) that 1 HUE represents 10 trips per day (note that this actual value is not critical, but is required to be accounted for, as this process is about obtaining an equitable relative value of equivalence for non-residential activities compared with residential activities.)

(8) The equivalent HUEs per 100m² GFA of non-residential floor area is obtained from Column 7 (Column 3/100).

(9) This is simply the equivalent trips per 100.m², based on the standardised assumption of 10 trips/household/day (Column 8 x 10).

(10) This is simply the equivalent HUEs per m², based on the standardised assumption of 10 trips/household/day (Column 8 ÷ 10).

(11) The ability of a road to deliver adequate level of service is driven principally by peak traffic flows. These peak flows are dominated by cars travelling to/from home/business, whereas business to business trips occur predominantly outside peak times. To account for this impact a peak adjustment factor of 0.67 is applied reducing the share of demand to non-residential.

(12) The final HUE equivalence for charging is determined from Column 10 x Column 11.

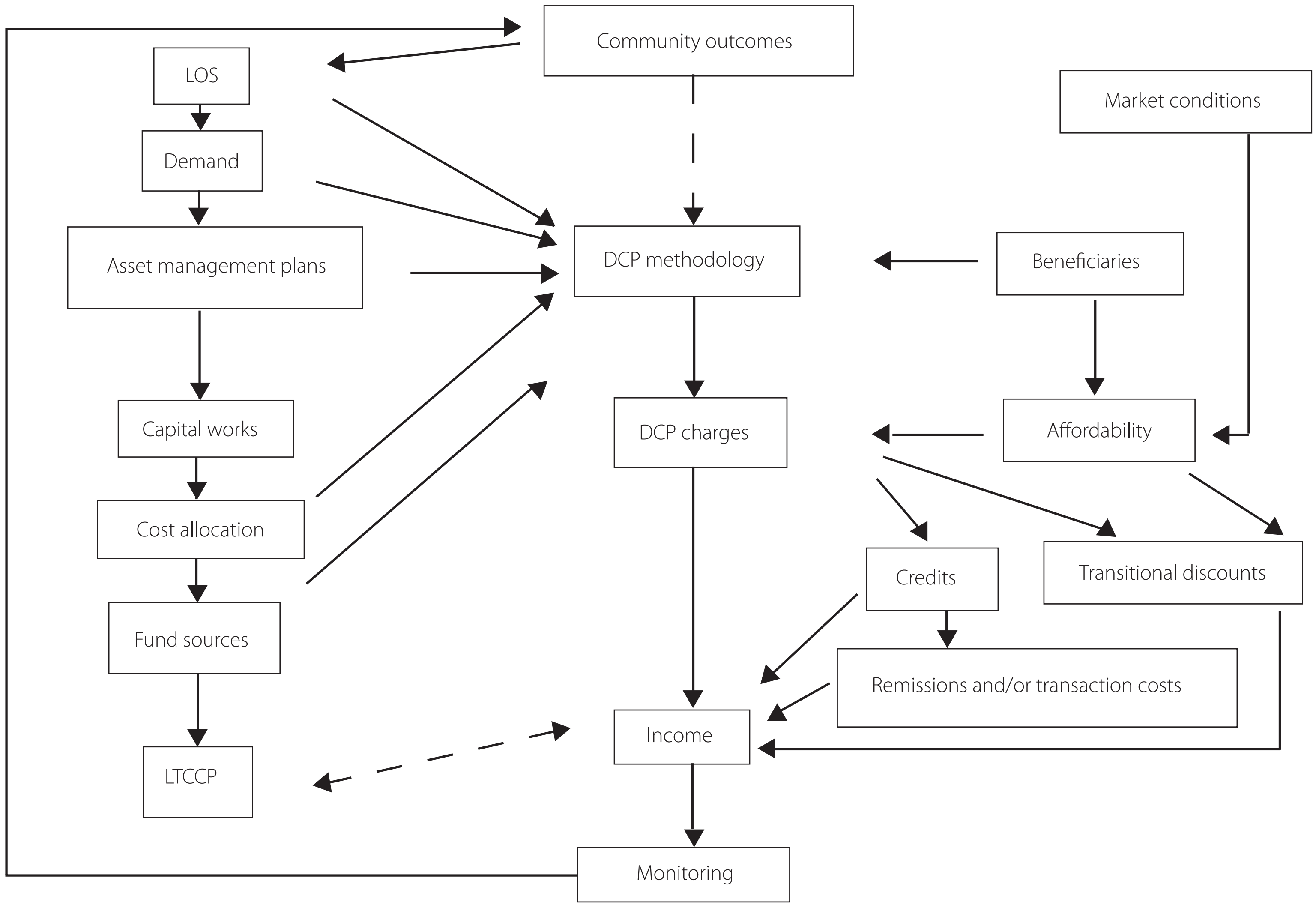
Land use	Trips (VPD) (1)	Measure	Classification (2)			Net trips (3)	Equivalence HUE/residential unit, HUE/m², or HUE/ accommodation unit (4)
			1	2	3		
			50%	20%	3%		
Residential							
Residential unit	10.0	Unit	100	0	0	10.0	1.0
Business							
Commercial premises/offices	20	100m² GFA	50	30	20	6.3	0.0042
Retail							
Centres ≥ 10,000m²	87	100m² GFA	30	50	20	22.3	0.0149
Centres < 10,000m²	160	100m² GFA	30	50	20	41.0	0.0273
Supermarket	130	100m² GFA	20	50	30	27.2	0.0181
Service stations with retail facilities	600	100m² GFA	5	20	75	52.5	0.0350
Markets	5	100m² GFA	40	50	10	1.5	0.0010
Bulky goods	40	100m² GFA	60	30	10	14.5	0.0097
Drive-in fast food restaurants	320	100m² GFA	10	20	70	35.5	0.0237
Restaurants	66	100m² GFA	60	20	20	22.8	0.0152
Industry							
Manufacturing industry	18	100m² GFA	60	30	10	6.5	0.0044
Warehouses/storage	5	100m² GFA	70	20	10	2.0	0.0013
Accommodation							
Within Central City and Central City Edge Zones	0.3	Unit	95	5	0	0.15	0.0001
Within other zones	3	Unit	95	5	0	1.5	0.0010

Notes:

(1) The source of this data is primarily the New Zealand Trips and Parking database.
(2) Many trips include a number of stops. A portion of the total trips associated with the non-residential land use is assumed to fall under each of the following three classifications:
   1 Primary: That portion where the sole purpose of the trip is to visit a single business. It is assumed that 50% of those trips are associated with that business land use.
   2 Secondary: That portion where the purpose of the trip is to visit a number of businesses. It is assumed that 20% of those trips are associated with that business land use.
   3 Incidental: That portion where the visit to the business is incidental to other purposes. For example it is likely that a visit to a service station is incidental to the primary purpose of a trip. It is assumed that 3% of those trips are associated with that business land use.
(3) The net trip rate is the basic generation 'at the gate' (2nd column) proportioned by the classification of trips.
(4) The final HUE equivalence for charging is determined by applying the peak adjustment factor of 0.67 for business trips.

Appendix 2

DCP development process – key elements and linkages



CHRISTCHURCH

CITY COUNCIL · YOUR PEOPLE · YOUR CITY

Christchurch City Council
draft 2007 Amendments to the LTCCP 2006–16

The following pages contain financial information which reflects the proposed Development Contributions Policy revisions and Jade Stadium upgrade.

2007 Amendments to 2006-2016 LTCCP
Impact of Development Contributions Policy and Jade Stadium loan revisions

Financial Overview

	Plan 2007/08 $000's	Plan 2008/09 $000's	Forecast 2009/10 $000's	Forecast 2010/11 $000's	Forecast 2011/12 $000's	Forecast 2012/13 $000's	Forecast 2013/14 $000's	Forecast 2014/15 $000's	Forecast 2015/16 $000's
Operating Summary									
Operating expenditure	280,563	289,276	300,018	315,803	322,590	330,066	337,732	343,680	350,100
Depreciation	89,888	98,050	108,267	113,289	118,974	124,621	130,091	133,072	132,823
Interest expense	10,502	18,600	26,583	27,533	28,147	28,075	27,828	27,438	27,205
Additional interest expense	329	1,023	1,471	1,837	2,329	2,834	3,349	3,874	4,407
Additional interest expense	274	1,281	2,324	2,618	2,609	2,611	2,616	2,637	2,651
Total operating expenditure	**381,556**	**408,230**	**438,663**	**461,080**	**474,649**	**488,207**	**501,616**	**510,701**	**517,186**
funded by :									
Fees, charges and rates penalties	87,489	90,192	92,756	95,547	97,521	99,674	102,061	103,471	105,296
Change in fees, charges and rates penalties	(628)	(706)	(725)	(744)	(761)	(778)	(792)	(806)	(819)
Development contributions	20,504	23,843	27,299	30,867	31,504	32,156	32,756	33,282	33,821
Change in development contributions	(10,810)	(7,627)	(3,337)	(6,349)	(6,545)	(6,686)	(6,814)	(6,928)	(7,041)
Grants and subsidies	25,305	39,670	44,042	32,762	37,658	36,105	34,642	30,778	31,458
Dividends and interest received	57,928	59,942	65,044	64,983	67,354	67,993	70,589	73,564	77,176
Additional interest income	278	1,300	2,358	2,656	2,647	2,649	2,654	2,676	2,690
Total operating revenue	**180,066**	**206,614**	**227,437**	**219,722**	**229,378**	**231,113**	**235,096**	**236,037**	**242,581**
Required operating surplus (before vested assets)	18,751	42,020	58,095	53,564	61,352	60,673	60,097	57,079	59,102
Rates required	**220,241**	**243,636**	**269,321**	**294,922**	**306,623**	**317,767**	**326,617**	**331,743**	**333,707**
Net annual impact of activities undertaken:									
Percentage (%) rate increase including growth and inflation	**6.94%**	**9.14%**	**9.20%**	**8.30%**	**2.92%**	**2.63%**	**1.82%**	**0.65%**	**-0.31%**
Percentage (%) rate increase including growth only	**2.95%**	**5.48%**	**5.93%**	**5.57%**	**0.29%**	**0.14%**	**-0.53%**	**-1.41%**	**-2.33%**

KEY

Development Contributions Policy (DCP) =

Jade Stadium Loan =

2007 Amendments to 2006-2016 LTCCP
Impact of Development Contributions Policy and Jade Stadium loan revisions

KEY

Development Contributions Policy (DCP) =

Jade Stadium Loan =

Financial Overview

	Plan 2007/08 $000's	Plan 2008/09 $000's	Forecast 2009/10 $000's	Forecast 2010/11 $000's	Forecast 2011/12 $000's	Forecast 2012/13 $000's	Forecast 2013/14 $000's	Forecast 2014/15 $000's	Forecast 2015/16 $000's
Required operating surplus consists of:									
Revenues to fund capital expenditure	37,888	55,285	62,711	54,570	59,754	58,497	57,278	53,593	54,546
Decrease in revenues to fund capital expenditure	(11,438)	(8,333)	(4,062)	(7,093)	(7,306)	(7,464)	(7,606)	(7,734)	(7,860)
Funding for debt repayment provision	2,233	3,276	4,778	5,528	6,079	6,513	6,986	7,467	7,981
Additional debt repayment provision	-	160	277	334	433	535	640	746	855
Funding for landfill aftercare expenditure	219	1,315	512	512	512	512	512	512	512
Removal of separately funded activities results	(2,178)	(2,246)	(2,212)	(2,384)	(2,399)	(2,394)	(2,387)	(2,385)	(2,072)
Operational transfers to/from special funds	(7,973)	(7,437)	(3,909)	2,097	4,279	4,474	4,674	4,880	5,140
Operating Surplus (before vested assets)	**18,751**	**42,020**	**58,095**	**53,564**	**61,352**	**60,673**	**60,097**	**57,079**	**59,102**
Capital Funding Summary									
Capital expenditure	**223,930**	**245,383**	**208,523**	**180,360**	**187,596**	**185,501**	**179,386**	**159,427**	**165,156**
funded by :									
Depreciation rated for	85,230	93,310	103,560	108,552	114,216	119,887	125,361	128,342	128,396
Sale of assets	7,239	1,404	5,871	1,491	1,531	1,568	1,603	1,634	1,666
Landfill aftercare funded from rates and reserves	1,515	1,315	512	512	512	512	512	512	512
Funding from debt repayment reserve	22,882	718	766	817	871	930	(7,827)	(27,109)	(22,652)
Funding for capital from other reserves	2,012	1,910	1,738	1,736	1,660	1,693	1,709	1,707	1,937
Revenues for capital projects	37,888	55,285	62,711	54,570	59,754	58,497	57,278	53,591	54,547
Decrease in revenues for capital projects	(11,438)	(8,333)	(4,062)	(7,093)	(7,306)	(7,464)	(7,606)	(7,734)	(7,860)
Total funding available	145,328	145,609	171,096	160,585	171,238	175,623	171,030	150,943	156,546
Borrowing required for capital works programme	**67,164**	**91,441**	**33,365**	**12,682**	**9,052**	**2,414**	**750**	**750**	**750**
Additional borrowing required for capital works programme	**11,438**	**8,333**	**4,062**	**7,093**	**7,306**	**7,464**	**7,606**	**7,734**	**7,860**
	78,602	99,774	37,427	19,775	16,358	9,878	8,356	8,484	8,610

Impact of Development Contribution Policy revisions on Groups of Activities

	Plan 2007/08 $000's	Plan 2008/09 $000's	Forecast 2009/10 $000's	Forecast 2010/11 $000's	Forecast 2011/12 $000's	Forecast 2012/13 $000's	Forecast 2013/14 $000's	Forecast 2014/15 $000's	Forecast 2015/16 $000's	Total 2007/16 $000's
Parks, open spaces and waterways										
Capital revenues	(2,366)	(2,001)	(1,470)	(2,073)	(3,043)	(3,260)	(3,477)	(3,694)	(3,916)	(25,300)
Interest expense	68	246	532	537	970	1,238	1,531	1,850	2,196	9,168
Net cost increase	2,434	2,247	2,002	2,610	4,013	4,498	5,008	5,544	6,112	34,468
Recreation and leisure										
Capital revenues	(490)	(294)	(36)	(172)	(104)	(115)	(127)	(139)	(151)	(1,628)
Interest expense	14	36	13	45	33	44	56	70	85	396
Net cost increase	504	330	49	217	137	159	183	209	236	2,024
Streets and transport										
Capital revenues	(2,577)	(2,353)	(1,987)	(2,632)	(2,688)	(2,782)	(2,872)	(2,957)	(3,044)	(23,892)
Interest expense	74	289	719	682	857	1,056	1,265	1,481	1,707	8,130
Net cost increase	2,651	2,642	2,706	3,314	3,545	3,838	4,137	4,438	4,751	32,022
Wastewater collection and treatment										
Capital revenues	(4,434)	(2,569)	(63)	(1,304)	(750)	(615)	(473)	(324)	(168)	(10,700)
Interest expense	128	315	23	338	239	234	208	162	94	1,741
Net cost increase	4,562	2,884	86	1,642	989	849	681	486	262	12,441
Water supply										
Capital revenues	(1,572)	(1,117)	(507)	(912)	(722)	(691)	(657)	(620)	(581)	(7,379)
Interest expense	45	137	184	236	230	262	289	311	326	2,020
Net cost increase	1,617	1,254	691	1,148	952	953	946	931	907	9,399
									Total increase in Net Cost	**90,354**

Parks, open spaces and waterways

Boxed figures contained in this table have been updated to reflect the financial impact of revisions to the Development Contributions Policy.

Cost of proposed services

	Plan 2007/08 $000's	Plan 2008/09 $000's	Forecast 2009/10 $000's	Forecast 2010/11 $000's	Forecast 2011/12 $000's	Forecast 2012/13 $000's	Forecast 2013/14 $000's	Forecast 2014/15 $000's	Forecast 2015/16 $000's
Activity operational cost -									
Cemeteries	1,383	1,412	1,444	1,459	1,491	1,525	1,555	1,582	1,582
Regional parks	6,987	7,291	7,563	7,598	7,705	7,834	7,970	8,117	8,033
The Botanic Gardens	4,821	4,870	5,007	5,534	5,643	5,756	5,850	5,943	5,931
Urban parks	18,233	18,948	19,588	20,014	20,485	20,972	21,303	21,698	20,926
Waterways and land drainage	14,239	15,020	15,762	16,373	17,156	17,768	18,374	18,947	19,529
Total expenditure	**45,663**	**47,541**	**49,364**	**50,978**	**52,480**	**53,855**	**55,052**	**56,287**	**56,001**
Activity operational revenue -									
Cemeteries	752	775	796	817	836	854	870	885	899
Regional parks	649	669	687	705	721	737	751	763	776
The Botanic Gardens	169	174	179	184	188	192	196	199	202
Urban parks	722	744	765	784	803	820	835	849	864
Waterways and land drainage	39	40	42	43	44	44	45	46	47
Capital revenues	5,877	7,014	8,334	8,536	8,508	8,676	8,833	8,967	9,106
Total operational revenue	**8,208**	**9,416**	**10,803**	**11,069**	**11,100**	**11,323**	**11,530**	**11,709**	**11,894**
Fees and charges	8,193	9,400	10,787	11,052	11,083	11,305	11,512	11,691	11,875
Grants and subsidies	15	16	16	17	17	18	18	18	19
Total operational revenue (by source)	**8,208**	**9,416**	**10,803**	**11,069**	**11,100**	**11,323**	**11,530**	**11,709**	**11,894**
Net operational cost	**37,455**	**38,125**	**38,561**	**39,909**	**41,380**	**42,532**	**43,522**	**44,578**	**44,107**
Vested assets	10,279	10,630	17,201	11,321	18,639	11,682	11,940	12,171	12,407
Net cost of services	27,176	27,495	21,360	28,588	22,741	30,850	31,582	32,407	31,700
Capital expenditure									
Renewals and replacements	13,206	12,242	8,581	9,496	9,859	10,175	10,571	11,009	11,309
Improved service levels	660	672	745	821	899	921	941	959	978
Increased demand	21,536	21,256	23,132	17,461	13,303	13,156	13,409	13,856	14,152
Total capital expenditure	**35,402**	**34,170**	**32,458**	**27,778**	**24,061**	**24,252**	**24,921**	**25,824**	**26,439**

Rationale for activity funding

User charges for certain services, such as cemeteries and ground hire, are collected at levels considered reasonable by the Council. In many areas, such as providing access to open spaces, charging is not feasible.

The level of revenue sought from these activities by the Council for the 10 years covered by the LTCCP is illustrated above. The balance of the net operating cost is funded by General rates, as the whole community benefits from these activities.

Development contributions are applied towards appropriate capital expenditure. The balance is funded corporately.

Recreation and leisure

Cost of proposed services

Boxed figures contained in this table have been updated to reflect the financial impact of revisions to the Development Contributions Policy.

	Plan 2007/08 $000's	Plan 2008/09 $000's	Forecast 2009/10 $000's	Forecast 2010/11 $000's	Forecast 2011/12 $000's	Forecast 2012/13 $000's	Forecast 2013/14 $000's	Forecast 2014/15 $000's	Forecast 2015/16 $000's
Activity operational cost -									
Pools and leisure centres, stadia and sporting facilities	19,200	21,264	22,590	23,808	24,540	25,208	25,798	26,366	26,790
Recreation and leisure	2,956	3,038	3,109	3,220	3,285	3,356	3,417	3,470	3,512
Recreation programmes	3,162	3,229	3,303	3,427	3,503	3,585	3,658	3,725	3,781
Sports support and promotion	1,928	2,008	2,057	2,129	2,173	2,219	2,259	2,294	2,327
Total expenditure	**27,246**	**29,539**	**31,059**	**32,584**	**33,501**	**34,368**	**35,132**	**35,855**	**36,410**
Activity operational revenue -									
Pools and leisure centres, stadia and sporting facilities	8,673	8,933	9,172	9,407	9,629	9,833	10,022	10,189	10,359
Recreation and leisure	223	230	236	242	248	253	258	262	266
Recreation programmes	638	657	675	692	709	724	738	750	762
Sports support and promotion	2	2	2	2	2	2	2	2	2
Capital revenues	244	588	1,001	1,023	1,162	1,187	1,209	1,229	1,248
Total operational revenue	**9,780**	**10,410**	**11,086**	**11,366**	**11,750**	**11,999**	**12,229**	**12,432**	**12,637**
Fees and charges	9,411	10,029	10,695	10,965	11,339	11,580	11,802	11,998	12,195
Grants and subsidies	369	381	391	401	411	419	427	434	442
Total operational revenue (by source)	9,780	10,410	11,086	11,366	11,750	11,999	12,229	12,432	12,637
Net operational cost	17,466	19,129	19,973	21,218	21,751	22,369	22,903	23,423	23,773
Vested assets	-	-	-	-	-	-	-	-	-
Net cost of services	**17,466**	**19,129**	**19,973**	**21,218**	**21,751**	**22,369**	**22,903**	**23,423**	**23,773**
Capital expenditure									
Renewals and replacements	10,817	2,063	3,507	2,545	2,685	2,616	2,677	2,725	2,778
Improved service levels	4,140	4,437	831	854	-	-	-	-	1,907
Increased demand									
Total capital expenditure	**14,957**	**6,500**	**4,338**	**3,399**	**2,685**	**2,616**	**2,677**	**2,725**	**4,685**

Rationale for activity funding

User charges for certain services, such as entry fees and hire, are collected at levels considered reasonable by the Council, in line with Council's policy of providing open access to services.

The level of revenue sought from these activities by the Council for the 10 years covered by the LTCCP is illustrated above. The balance of the net operating cost is funded by General rates, as the whole community benefits from these activities.

Development contributions are applied towards appropriate capital expenditure. The balance is funded corporately.

Streets and transport

Cost of proposed services

Boxed figures contained in this table have been updated to reflect the financial impact of revisions to the Development Contributions Policy.

	Plan 2007/08 $000's	Plan 2008/09 $000's	Forecast 2009/10 $000's	Forecast 2010/11 $000's	Forecast 2011/12 $000's	Forecast 2012/13 $000's	Forecast 2013/14 $000's	Forecast 2014/15 $000's	Forecast 2015/16 $000's
Activity operational cost -									
Cycle and pedestrian linkages - off-street	820	885	971	1,073	1,178	1,242	1,312	1,418	1,521
Off-street parking	5,630	5,939	6,224	6,566	6,808	6,975	7,069	7,214	7,376
Pedestrian malls - off-street	2,829	3,306	3,828	4,125	4,361	4,613	4,852	5,034	5,289
Public passenger transport	4,583	4,976	8,505	11,330	11,812	12,673	13,505	14,328	15,075
Streets	63,782	68,852	73,374	76,956	80,320	83,305	86,556	87,453	88,399
Total expenditure	77,644	83,958	92,902	100,050	104,479	108,808	113,294	115,447	117,660
Activity operational revenue -									
Cycle and pedestrian linkages - off-street	80	87	93	99	105	112	119	126	130
Off-street parking	6,942	7,154	7,351	7,540	7,717	7,881	8,032	8,166	8,303
Pedestrian malls - off-street	12	13	13	13	14	14	14	15	15
Public passenger transport	549	600	715	858	935	1,020	1,116	1,223	1,261
Streets	15,039	15,564	16,073	16,564	17,037	17,483	17,907	18,297	18,673
Capital revenues	16,281	31,112	36,067	24,357	29,057	27,158	25,347	21,139	21,561
Total operational revenue	38,903	54,530	60,312	49,431	54,865	53,668	52,535	48,966	49,943
Fees and charges	15,513	16,835	18,297	18,750	19,336	19,738	20,109	20,440	20,776
Grants and subsidies	23,390	37,695	42,015	30,681	35,529	33,930	32,426	28,526	29,167
Total operational revenue (by source)	38,903	54,530	60,312	49,431	54,865	53,668	52,535	48,966	49,943
Net operational cost	38,741	29,428	32,590	50,619	49,614	55,140	60,759	66,481	67,717
Vested assets	9,978	7,092	7,315	7,527	5,585	5,720	5,846	5,960	6,075
Net cost of services	28,763	22,336	25,275	43,092	44,029	49,420	54,913	60,521	61,642
Capital expenditure									
Renewals and replacements	36,262	39,172	41,993	45,204	48,781	48,059	48,805	48,641	51,367
Improved service levels	17,633	19,371	13,728	16,678	19,583	19,080	17,305	13,754	13,343
Increased demand	7,729	33,684	36,528	9,996	13,768	11,958	10,550	7,166	7,061
Total capital expenditure	**61,624**	**92,227**	**92,249**	**71,878**	**82,132**	**79,097**	**76,660**	**69,561**	**71,771**

Rationale for activity funding

User charges for certain services, such as parking fees, are collected at levels considered reasonable by the Council. Subsidies will be claimed from Land Transport New Zealand for both operational and capital expenditure to the maximum allowed. The level of revenue sought from these activities by the Council for the 10 years covered by the LTCCP is illustrated above. The balance of the net operating cost is funded by General rates, with a loading on the Business sector.

Development contributions are applied towards appropriate capital expenditure. The balance is funded corporately.

Wastewater collection and treatment

Boxed figures contained in this table have been updated to reflect the financial impact of revisions to the Development Contributions Policy.

Cost of proposed services

	Plan 2007/08 $000's	Plan 2008/09 $000's	Forecast 2009/10 $000's	Forecast 2010/11 $000's	Forecast 2011/12 $000's	Forecast 2012/13 $000's	Forecast 2013/14 $000's	Forecast 2014/15 $000's	Forecast 2015/16 $000's
Activity operational cost -									
Wastewater collection	21,067	22,343	23,366	25,116	26,111	27,045	27,957	28,738	29,371
Wastewater treatment and disposal	13,547	15,866	17,408	18,630	19,750	20,884	21,957	22,815	23,003
Total expenditure	**34,614**	**38,209**	**40,774**	**43,746**	**45,861**	**47,929**	**49,914**	**51,553**	**52,374**
Activity operational revenue -									
Wastewater collection	17	17	17	18	18	19	19	19	20
Wastewater treatment and disposal	3,553	3,663	3,764	3,861	3,952	4,035	4,113	4,181	4,251
Capital revenues	2,330	5,614	9,535	9,760	9,847	10,057	10,253	10,427	10,606
Total operational revenue	***5,900***	***9,294***	***13,316***	***13,639***	***13,817***	***14,111***	***14,385***	***14,627***	***14,877***
Fees and charges	*5,900*	*9,294*	*13,316*	*13,639*	*13,817*	*14,111*	*14,385*	*14,627*	*14,877*
Grants and subsidies	-	-	-	-	-	-	-	-	-
Total operational revenue (by source)	*5,900*	*9,294*	*13,316*	*13,639*	*13,817*	*14,111*	*14,385*	*14,627*	*14,877*
Net operational cost	**28,714**	**28,915**	**27,458**	**30,107**	**32,044**	**33,818**	**35,529**	**36,926**	**37,497**
Vested assets	1,865	1,928	1,989	2,047	2,103	2,154	2,201	2,244	2,287
Net cost of services	**26,849**	**26,987**	**25,469**	**28,060**	**29,941**	**31,664**	**33,328**	**34,682**	**35,210**
Capital expenditure									
Renewals and replacements	12,244	14,172	27,999	25,215	25,018	28,764	22,829	18,471	19,076
Improved service levels	35,016	20,182	2,578	2,198	2,712	7,939	8,338	1,443	1,484
Increased demand	21,613	13,288	2,260	1,396	1,586	3,486	2,967	1,269	1,261
Total capital expenditure	**68,873**	**47,642**	**32,837**	**28,809**	**29,316**	**40,189**	**34,134**	**21,183**	**21,821**

Rationale for activity funding

User charges for certain services, such as trade waste, are collected at levels considered reasonable by the Council. The level of revenue sought from these activities by the Council for the

10 years covered by the LTCCP is illustrated above. The balance of the net operating cost is funded by a targeted rate on serviced properties based on capital value.

Development contributions are applied towards appropriate capital expenditure. The balance is funded corporately.

Water supply

Boxed figures contained in this table have been updated to reflect the financial impact of revisions to the Development Contributions Policy.

Cost of proposed services

	Plan 2007/08 $000's	Plan 2008/09 $000's	Forecast 2009/10 $000's	Forecast 2010/11 $000's	Forecast 2011/12 $000's	Forecast 2012/13 $000's	Forecast 2013/14 $000's	Forecast 2014/15 $000's	Forecast 2015/16 $000's
Activity operational cost -									
Water conservation	236	243	249	258	263	268	273	278	282
Water supply	19,500	20,773	22,069	23,132	23,983	24,468	24,653	25,328	25,907
Total expenditure	**19,736**	**21,016**	**22,318**	**23,390**	**24,246**	**24,736**	**24,926**	**25,606**	**26,189**
Activity operational revenue -									
Water conservation	-	-	-	-	-	-	-	-	-
Water supply	2,989	3,218	3,306	3,391	3,471	3,545	3,613	3,673	3,734
Capital revenues	1,716	2,625	3,713	3,801	3,873	3,956	4,031	4,098	4,166
Total operational revenue	***4,705***	***5,843***	***7,019***	***7,192***	***7,344***	***7,501***	***7,644***	***7,771***	***7,900***
Fees and charges	*4,705*	*5,843*	*7,019*	*7,192*	*7,344*	*7,501*	*7,644*	*7,771*	*7,900*
Grants and subsidies	-	-	-	-	-	-	-	-	-
Total operational revenue (by source)	*4,705*	*5,843*	*7,019*	*7,192*	*7,344*	*7,501*	*7,644*	*7,771*	*7,900*
Net operational cost	**15,031**	**15,173**	**15,299**	**16,198**	**16,902**	**17,235**	**17,282**	**17,835**	**18,289**
Vested assets	1,515	1,567	1,617	1,664	1,709	1,750	1,789	1,824	1,859
Net cost of services	**13,516**	**13,606**	**13,682**	**14,534**	**15,193**	**15,485**	**15,493**	**16,011**	**16,430**
Capital expenditure									
Renewals and replacements	6,151	5,981	6,168	8,813	6,060	6,119	8,067	7,323	7,414
Improved service levels	872	4,055	4,337	6,466	4,100	1,310	1,790	2,374	1,588
Increased demand	2,475	3,007	4,306	3,534	3,155	4,062	3,714	3,825	3,692
Total capital expenditure	**9,498**	**13,043**	**14,811**	**18,813**	**13,315**	**11,491**	**13,571**	**13,522**	**12,694**

Rationale for activity funding

User charges (technically classified as a rate) are made for excess water supplied at the average cost of water. The level of revenue sought from these activities by the Council for the 10 years covered by the LTCCP is illustrated above. The balance of the net operating cost is funded by a targeted rate on serviced properties based on capital value.

Development contributions are applied towards appropriate capital expenditure. The balance is funded corporately.

Christchurch City Council Income Statement

Christchurch City Council

Income Statement

	Note	Plan 2007/08 $000's	Plan 2008/09 $000's	Forecast 2009/10 $000's	Forecast 2010/11 $000's	Forecast 2011/12 $000's	Forecast 2012/13 $000's	Forecast 2013/14 $000's	Forecast 2014/15 $000's	Forecast 2015/16 $000's
REVENUE										
Operating revenue	1	191,226	213,647	229,141	224,159	234,037	235,928	240,048	241,095	247,751
Decrease in development contribution revenue		(11,438)	(8,333)	(4,062)	(7,093)	(7,306)	(7,464)	(7,606)	(7,734)	(7,860)
Additional interest income		278	1,300	2,358	2,656	2,647	2,649	2,654	2,676	2,690
Rates levied		219,916	242,472	267,607	292,789	303,899	314,436	322,666	327,162	328,484
Increase in rates levied		329	1,183	1,748	2,171	2,762	3,369	3,989	4,620	5,262
Decrease in rates levied		(4)	(19)	(34)	(38)	(38)	(38)	(38)	(39)	(39)
Total operating income		**400,307**	**450,250**	**496,758**	**514,644**	**536,001**	**548,880**	**561,713**	**567,780**	**576,288**
EXPENDITURE										
Operating expenditure		280,563	289,276	300,018	315,803	322,590	330,066	337,732	343,680	350,100
Depreciation		89,888	98,050	108,267	113,289	118,974	124,621	130,091	133,072	132,823
Interest		10,502	18,600	26,583	27,533	28,147	28,075	27,828	27,438	27,205
Additional interest		329	1,023	1,471	1,837	2,329	2,834	3,349	3,874	4,407
Additional interest		274	1,281	2,324	2,618	2,609	2,611	2,616	2,637	2,651
Total operating expenditure	**2**	**381,556**	**408,230**	**438,663**	**461,080**	**474,649**	**488,207**	**501,616**	**510,701**	**517,186**
Operating surplus before vested assets		**18,751**	**42,020**	**58,095**	**53,564**	**61,352**	**60,673**	**60,097**	**57,079**	**59,102**
Vested assets		23,637	21,217	28,122	22,559	28,034	21,307	21,777	22,199	22,629
Operating surplus before taxation		**42,388**	**63,237**	**86,217**	**76,123**	**89,386**	**81,980**	**81,874**	**79,278**	**81,731**
Less tax expense / (benefit)										
Surplus after taxation		**42,388**	**63,237**	**86,217**	**76,123**	**89,386**	**81,980**	**81,874**	**79,278**	**81,731**
Net surplus for year		**42,388**	**63,237**	**86,217**	**76,123**	**89,386**	**81,980**	**81,874**	**79,278**	**81,731**

KEY

Development Contributions Policy (DCP) =

Jade Stadium Loan =

Christchurch City Council

Statement of Change in Equity

	Plan 2007/08 $000's	Plan 2008/09 $000's	Forecast 2009/10 $000's	Forecast 2010/11 $000's	Forecast 2011/12 $000's	Forecast 2012/13 $000's	Forecast 2013/14 $000's	Forecast 2014/15 $000's	Forecast 2015/16 $000's
EQUITY AT JULY 1	**4,917,001**	**5,127,689**	**5,356,253**	**5,602,665**	**5,828,505**	**6,059,917**	**6,272,749**	**6,475,872**	**6,663,382**
Net surplus attributable to:									
Revaluation reserve	168,300	165,327	160,195	149,717	142,026	130,852	121,249	108,232	110,141
Retained earnings	42,388	63,237	86,217	76,123	89,386	81,980	81,874	79,278	81,731
Total recognised revenues and expenses for the year	210,688	228,564	246,412	225,840	231,412	212,832	203,123	187,510	191,872
EQUITY AT JUNE 30	**5,127,689**	**5,356,253**	**5,602,665**	**5,828,505**	**6,059,917**	**6,272,749**	**6,475,872**	**6,663,382**	**6,855,254**

KEY

Development Contributions Policy (DCP) =

Jade Stadium Loan =

Christchurch City Council

Balance Sheet

	Note	Plan 2007/08 $000's	Plan 2008/09 $000's	Forecast 2009/10 $000's	Forecast 2010/11 $000's	Forecast 2011/12 $000's	Forecast 2012/13 $000's	Forecast 2013/14 $000's	Forecast 2014/15 $000's	Forecast 2015/16 $000's
Equity		5,127,689	5,356,253	5,602,665	5,828,505	6,059,917	6,272,749	6,475,872	6,663,382	6,855,254
Non-current liabilities	3									
Financial liabilities		169,491	294,726	358,627	368,524	368,208	364,321	360,107	355,695	351,284
Additional borrowing		11,438	19,771	23,833	30,926	38,232	45,696	53,302	61,036	68,896
Loan payable		8,000	29,400	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Amendments to repayments of existing JSL loans		-	-	1,552	471	(221)	162	(297)	(337)	(75)
Provisions		18,552	17,945	17,379	16,796	16,198	15,585	14,958	14,320	13,669
Deferred tax liability		12,837	13,275	13,694	14,095	14,476	14,827	15,154	15,448	15,748
Current liabilities	4									
Accounts payable		59,736	65,883	71,350	74,585	76,446	77,706	78,492	78,562	77,917
Financial liabilities		3,601	4,322	13,892	4,509	11,089	8,025	6,687	6,885	6,885
Provisions		12,910	12,414	12,729	13,028	13,305	13,568	13,807	14,016	14,228
TOTAL EQUITY AND LIABILITIES		**5,424,254**	**5,813,989**	**6,155,721**	**6,391,439**	**6,637,650**	**6,852,639**	**7,058,082**	**7,249,007**	**7,443,806**
Represented by:										
Current assets	5									
Cash and cash equivalents		135,179	134,258	136,467	142,708	150,117	157,968	172,053	199,476	224,035
Accounts receivable		40,664	44,848	48,571	50,773	52,040	52,897	53,432	53,479	53,041
Inventories		2,066	2,278	2,467	2,579	2,643	2,687	2,714	2,717	2,694
Financial instruments		62,347	60,946	61,105	63,468	66,574	69,976	76,387	89,184	100,728
Non-current assets	6									
Investments		1,100,429	1,167,858	1,242,086	1,258,489	1,283,396	1,298,782	1,315,155	1,330,009	1,344,693
Additional investments			160	437	771	1,204	1,739	2,379	3,125	3,980
Loan receivable		8,000	29,400	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Amendments to repayments of existing JSL loans		-	-	1,552	471	(221)	162	(297)	(337)	(75)
Investment property		13,027	13,745	14,018	14,244	14,467	14,580	14,621	14,633	14,704
Intangible assets		5,715	6,030	6,150	6,249	6,347	6,397	6,414	6,419	6,451
Operational assets		797,935	841,324	857,480	870,664	883,839	890,270	892,304	892,554	896,466
Infrastructural assets		2,771,611	2,996,976	3,193,267	3,359,349	3,519,784	3,672,383	3,811,347	3,920,312	4,031,986
Restricted assets		487,281	516,166	552,121	581,674	617,460	644,798	671,573	697,436	725,103
TOTAL ASSETS		**5,424,254**	**5,813,989**	**6,155,721**	**6,391,439**	**6,637,650**	**6,852,639**	**7,058,082**	**7,249,007**	**7,443,806**

KEY

Development Contributions Policy (DCP) = (light grey shading)

Jade Stadium Loan = (dark grey shading)

Christchurch City Council

Cash Flow Statement

	Plan 2007/08 $000's	Plan 2008/09 $000's	Forecast 2009/10 $000's	Forecast 2010/11 $000's	Forecast 2011/12 $000's	Forecast 2012/13 $000's	Forecast 2013/14 $000's	Forecast 2014/15 $000's	Forecast 2015/16 $000's
Cash was provided from:									
Rates, grants, subsidies, and other sources	335,929	383,449	423,729	442,558	461,944	474,005	483,957	486,909	491,659
Additional rates, grants, subsidies, and other sources	329	1,183	1,748	2,171	2,762	3,369	3,989	4,620	5,262
Reduced rates, grants, subsidies, and other sources	(4)	(19)	(35)	(40)	(40)	(40)	(40)	(40)	(40)
Interest received	23,729	24,887	27,985	27,441	27,810	27,946	28,539	30,011	32,233
Additional interest received	278	1,300	2,412	2,780	2,780	2,780	2,780	2,780	2,780
Dividends	34,189	35,041	37,041	37,541	39,541	40,041	42,041	43,541	44,928
Net GST									
	394,450	445,841	492,880	512,451	534,797	548,101	561,266	567,821	576,822
Cash was disbursed to:									
Payments to suppliers and employees	273,594	284,232	294,801	312,853	321,051	329,155	337,334	344,040	351,184
Interest paid	10,501	18,600	26,582	27,534	28,147	28,075	27,828	27,439	27,205
Additional interest	329	1,023	1,471	1,837	2,329	2,834	3,349	3,874	4,407
Additional interest paid	274	1,281	2,377	2,740	2,740	2,740	2,740	2,740	2,740
	284,698	305,136	325,231	344,964	354,267	362,804	371,251	378,093	385,536
NET CASH FLOW FROM OPERATIONS	**109,752**	**140,705**	**167,649**	**167,487**	**180,530**	**185,297**	**190,015**	**189,728**	**191,286**
INVESTING ACTIVITIES									
Cash was provided from:									
Sale of assets	7,239	1,404	5,871	1,491	1,531	1,568	1,603	1,634	1,666
Investments realised	1,841	1,941	2,349	12,241	2,441	9,441	6,377	5,041	5,241
Change in investments realised - JSL			1,552	471	(221)	162	(297)	(337)	(75)
	9,080	3,345	9,772	14,203	3,751	11,171	7,683	6,338	6,832
Cash was applied to:									
Purchase of assets	219,706	243,360	207,301	179,139	186,374	184,281	178,164	158,206	163,934
Purchase of investments	15,346	37,141	43,456	750	750	750	750	750	750
Additional investments		160	277	334	433	535	640	746	855
Additional investments - JSL	8,000	21,400	10,600	-	-	-	-	-	-
	243,052	302,061	261,634	180,223	187,557	185,566	179,554	159,702	165,539
NET CASH FLOW FROM INVESTING ACTIVITIES	**(233,972)**	**(298,716)**	**(251,862)**	**(166,020)**	**(183,806)**	**(174,395)**	**(171,871)**	**(153,364)**	**(158,707)**

KEY

Development Contributions Policy (DCP) =

Jade Stadium Loan =

Christchurch City Council

Cash Flow Statement

	Plan 2007/08 $000's	Plan 2008/09 $000's	Forecast 2009/10 $000's	Forecast 2010/11 $000's	Forecast 2011/12 $000's	Forecast 2012/13 $000's	Forecast 2013/14 $000's	Forecast 2014/15 $000's	Forecast 2015/16 $000's
FINANCING ACTIVITIES									
Cash was provided from:									
Raising of loans	79,802	127,874	76,111	12,723	9,091	2,455	791	791	791
Additional borrowing	11,438	8,333	4,062	7,093	7,306	7,464	7,606	7,734	7,860
Additional borrowing	8,000	21,400	10,600	-	-	-	-	-	-
	99,240	157,607	90,773	19,816	16,397	9,919	8,397	8,525	8,651
Cash was applied to:									
Repayment of term liabilities	2,457	1,918	2,640	12,209	2,826	9,407	6,342	5,005	5,202
			1,552	471	(221)	162	(297)	(337)	(75)
	2,457	1,918	4,192	12,680	2,605	9,569	6,045	4,668	5,127
NET CASH FLOW FROM FINANCING ACTIVITIES	**96,783**	**155,689**	**86,581**	**7,136**	**13,792**	**350**	**2,352**	**3,857**	**3,524**
Increase/(decrease) in cash	(27,437)	(2,322)	2,368	8,603	10,516	11,252	20,496	40,221	36,103
Add opening cash	152,976	135,179	134,258	136,467	142,708	150,117	157,968	172,053	199,476
Reclassification of short-term investments from Cash and cash equivalents to Financial instruments	9,640	1,401	(159)	(2,362)	(3,107)	(3,401)	(6,411)	(12,798)	(11,544)
ENDING CASH BALANCE	**135,179**	**134,258**	**136,467**	**142,708**	**150,117**	**157,968**	**172,053**	**199,476**	**224,035**
Represented by:									
Cash and cash equivalents	135,179	134,258	136,467	142,708	150,117	157,968	172,053	199,476	224,035

KEY

Development Contributions Policy (DCP) =

Jade Stadium Loan =

NOTES TO THE FINANCIAL STATEMENTS

KEY

Development Contributions Policy (DCP) =

Jade Stadium Loan =

	Plan 2007/08 $000's	Plan 2008/09 $000's	Forecast 2009/10 $000's	Forecast 2010/11 $000's	Forecast 2011/12 $000's	Forecast 2012/13 $000's	Forecast 2013/14 $000's	Forecast 2014/15 $000's	Forecast 2015/16 $000's
NOTE 1									
SUMMARY OF OPERATING INCOME									
Summary of group of activities income									
City development	1,036	1,067	1,091	1,119	1,146	1,170	1,192	1,212	1,233
Community support	14,191	14,617	15,020	15,404	15,769	16,103	16,412	16,685	16,966
Cultural and learning services	3,678	3,808	3,913	4,013	4,108	4,195	4,276	4,347	4,419
Democracy and governance	330	-	-	358	-	-	382	-	-
Economic development	172	177	182	155	157	161	163	167	169
Parks, open spaces and waterways	8,208	9,416	10,803	11,069	11,100	11,323	11,530	11,709	11,894
Recreation and leisure	9,780	10,410	11,086	11,366	11,750	11,999	12,229	12,432	12,637
Refuse minimisation and disposal	4,986	5,242	5,387	5,524	5,653	5,774	5,886	5,983	6,083
Regulatory services	19,496	20,002	20,553	21,080	21,576	22,033	22,457	22,831	23,213
Streets and transport	38,903	54,530	60,312	49,431	54,865	53,668	52,535	48,966	49,943
Wastewater collection and treatment	5,900	9,294	13,316	13,639	13,817	14,111	14,385	14,627	14,877
Water supply	4,705	5,843	7,019	7,192	7,344	7,501	7,644	7,771	7,900
Activity results represented in income statement	**111,385**	**134,406**	**148,682**	**140,350**	**147,285**	**148,038**	**149,091**	**146,730**	**149,334**
Other income:									
Interest income:									
Subsidiaries	7,752	10,550	13,845	13,105	12,952	12,481	12,112	11,666	11,377
Loan repayment investments	10	14	18	1	3	6	9	12	15
Short term investments	11,248	9,724	9,567	9,813	10,387	11,051	12,074	14,057	16,592
Special and other fund investments	4,729	4,613	4,573	4,523	4,471	4,414	4,353	4,288	4,264
Additional interest income	278	1,300	2,358	2,656	2,647	2,649	2,654	2,676	2,690
Total interest income	24,017	26,201	30,361	30,098	30,460	30,601	31,202	32,699	34,938

	Plan 2007/08 $000's	Plan 2008/09 $000's	Forecast 2009/10 $000's	Forecast 2010/11 $000's	Forecast 2011/12 $000's	Forecast 2012/13 $000's	Forecast 2013/14 $000's	Forecast 2014/15 $000's	Forecast 2015/16 $000's
Dividend income:									
Christchurch City Holdings Ltd									
Ordinary	32,000	32,500	34,500	35,000	37,000	37,500	39,500	41,000	42,387
Special	-	-	-	-	-	-	-	-	-
Transwaste Ltd	2,189	2,541	2,541	2,541	2,541	2,541	2,541	2,541	2,541
Total dividend income	34,189	35,041	37,041	37,541	39,541	40,041	42,041	43,541	44,928
Sundry income:									
Petroleum tax	2,355	2,426	2,493	2,557	2,617	2,672	2,724	2,769	2,815
Rate penalties	1,387	1,429	1,468	1,506	1,541	1,574	1,604	1,631	1,658
Other corporate income	6,733	7,111	7,392	7,670	7,934	8,187	8,434	8,667	8,908
Total sundry income	10,475	10,966	11,353	11,733	12,092	12,433	12,762	13,067	13,381
Total operating income	**180,066**	**206,614**	**227,437**	**219,722**	**229,378**	**231,113**	**235,096**	**236,037**	**242,581**
NOTE 2									
SUMMARY OF OPERATING EXPENDITURE									
Summary of group of activities costs									
City development	14,377	13,901	14,411	13,817	13,933	13,987	14,087	14,384	14,455
Community support	33,105	34,633	35,606	36,970	37,791	38,436	38,997	39,674	39,964
Cultural and learning services	43,781	46,089	48,351	50,655	51,962	53,079	54,332	55,691	56,942
Democracy and governance	13,000	12,468	12,651	14,165	13,490	13,629	15,003	14,224	14,276
Economic development	10,410	10,915	11,622	12,294	12,665	13,060	13,423	13,774	14,116
Parks, open spaces and waterways	45,663	47,541	49,364	50,978	52,480	53,855	55,052	56,287	56,001
Recreation and leisure	27,246	29,539	31,059	32,584	33,501	34,368	35,132	35,855	36,410
Refuse minimisation and disposal	20,475	21,749	24,641	25,602	25,862	26,427	26,948	27,417	27,720
Regulatory services	25,697	26,370	27,147	28,091	28,682	29,248	29,664	30,065	30,484
Streets and transport	77,644	83,958	92,902	100,050	104,479	108,808	113,294	115,447	117,660
Wastewater collection and treatment	34,614	38,209	40,774	43,746	45,861	47,929	49,914	51,553	52,374
Water supply	19,736	21,016	22,318	23,390	24,246	24,736	24,926	25,606	26,189
Activity results represented in income statement	**365,748**	**386,388**	**410,846**	**432,343**	**444,952**	**457,562**	**470,772**	**479,977**	**486,591**

KEY

Development Contributions Policy (DCP) =

Jade Stadium Loan =

	Plan 2007/08 $000's	Plan 2008/09 $000's	Forecast 2009/10 $000's	Forecast 2010/11 $000's	Forecast 2011/12 $000's	Forecast 2012/13 $000's	Forecast 2013/14 $000's	Forecast 2014/15 $000's	Forecast 2015/16 $000's
Other expenditure:									
Interest expense not allocated	8,484	11,295	14,698	13,970	13,826	13,364	13,005	12,571	12,294
Additional interest expense	274	1,281	2,324	2,618	2,609	2,611	2,616	2,637	2,651
Other corporate expenditure	7,050	9,266	10,795	12,149	13,262	14,670	15,223	15,516	15,650
Total other expenditure	15,808	21,842	27,817	28,737	29,697	30,645	30,844	30,724	30,595
Total operating expenditure	**381,556**	**408,230**	**438,663**	**461,080**	**474,649**	**488,207**	**501,616**	**510,701**	**517,186**
Specified expenses (included above):									
Audit fees	222	350	234	240	375	250	254	395	262
Employee benefits expense	108,125	111,000	113,915	116,917	119,405	121,765	123,915	125,791	127,688
Donations	17,902	18,083	19,007	19,675	20,205	20,708	21,182	21,614	22,055
NOTE 3									
Equity									
Capital reserve	1,733,853	1,733,853	1,733,853	1,733,853	1,733,853	1,733,853	1,733,853	1,733,853	1,733,853
Reserve funds	173,637	170,761	176,674	185,439	194,490	204,420	223,702	263,584	299,925
Asset revaluation reserves	2,318,633	2,483,960	2,644,155	2,793,872	2,935,898	3,066,750	3,187,999	3,296,231	3,406,372
Retained earnings	901,566	967,679	1,047,983	1,115,341	1,195,676	1,267,726	1,330,318	1,369,714	1,415,104
Total equity	**5,127,689**	**5,356,253**	**5,602,665**	**5,828,505**	**6,059,917**	**6,272,749**	**6,475,872**	**6,663,382**	**6,855,254**
NOTE 4									
Non-current provisions									
Provision for landfill aftercare	11,526	10,919	10,353	9,770	9,172	8,559	7,932	7,294	6,643
Provision for employee entitlements	7,026	7,026	7,026	7,026	7,026	7,026	7,026	7,026	7,026
Total non-current provisions	**18,552**	**17,945**	**17,379**	**16,796**	**16,198**	**15,585**	**14,958**	**14,320**	**13,669**

KEY

Development Contributions Policy (DCP) =

Jade Stadium Loan =

	Plan 2007/08 $000's	Plan 2008/09 $000's	Forecast 2009/10 $000's	Forecast 2010/11 $000's	Forecast 2011/12 $000's	Forecast 2012/13 $000's	Forecast 2013/14 $000's	Forecast 2014/15 $000's	Forecast 2015/16 $000's
NOTE 5									
Current liabilities									
Trade creditors	51,349	56,632	61,333	64,114	65,714	66,797	67,472	67,532	66,978
Owing to subsidiaries	8,388	9,251	10,019	10,473	10,734	10,911	11,021	11,031	10,941
	59,737	65,883	71,352	74,587	76,448	77,708	78,493	78,563	77,919
Current portion of gross debt	3,601	4,322	13,892	4,509	11,089	8,025	6,687	6,885	6,885
Provision for landfill aftercare	1,353	541	555	568	580	592	602	611	620
Provision for employee entitlements	11,556	11,873	12,172	12,458	12,723	12,974	13,204	13,404	13,606
	12,909	12,414	12,727	13,026	13,303	13,566	13,806	14,015	14,226
Total current liabilities	**76,247**	**82,619**	**97,971**	**92,122**	**100,840**	**99,299**	**98,986**	**99,463**	**99,030**
NOTE 6									
Current assets									
Receivables and prepayments									
Rates debtors	6,607	7,287	7,892	8,249	8,455	8,595	8,682	8,689	8,618
Other trade debtors	9,447	10,418	11,283	11,795	12,089	12,288	12,413	12,424	12,322
Amount owing by subsidiaries	1,493	1,647	1,784	1,865	1,911	1,943	1,962	1,964	1,948
Other receivables/prepayments	13,135	14,487	15,689	16,401	16,810	17,087	17,260	17,275	17,133
Dividends receivable	8,110	8,944	9,686	10,126	10,378	10,549	10,656	10,665	10,578
GST receivable	3,560	3,927	4,253	4,445	4,557	4,631	4,677	4,682	4,644
	42,352	46,710	50,587	52,881	54,200	55,093	55,650	55,699	55,243
Less provision for doubtful debts	(1,688)	(1,862)	(2,016)	(2,108)	(2,160)	(2,196)	(2,218)	(2,220)	(2,202)
Total receivables and prepayments	**40,664**	**44,848**	**48,571**	**50,773**	**52,040**	**52,897**	**53,432**	**53,479**	**53,041**

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Christchurch City Council

draft

2007 Amendments to the Long-Term Council Community Plan 2006–16

Companion document to the draft Annual Plan 2007/2008