

16. Financial Contributions

Explanatory Statement

1. Background

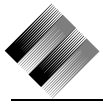
Growth in the District places significant pressure on the Council to provide infrastructure at the appropriate levels of service. If growth is not managed in an integrated manner along with the provision of infrastructure, then the levels of service will fall short of the demands of growth and/or the Council could be forced to spend funds in an unplanned, ad hoc and inefficient manner.

Integration of the Council's funding strategy with growth management is critical to make certain that funds are to be spent in the most effective manner possible. Part of the funding strategy is to also ensure that those who benefit from the service pay accordingly. Financial contributions from development are seen as a key part of that strategy to make sure that new development is not subsidised by existing ratepayers.

While it is acknowledged that development in the District has positive effects, it also has the potential to adversely affect the environment including people and communities in a range of ways. Some of these effects cannot be adequately avoided or mitigated on a site by site basis. Rather, they can best be addressed through the provision of new or improved infrastructure. In some parts of the District, the community has already provided infrastructure ahead of development, and measures to avoid or mitigate future effects are thus already in place.

The types of adverse effects on the environment associated with new development that are best addressed through integrated provision of infrastructure include:

- wastewater – effects on the environment including property, people and their health, amenity, social and cultural values through pollution of soil, ground and surface water, and the coastal area including beaches and seafood; and through odour.
- stormwater – effects on property, human life and health, and amenity and cultural values through flooding, siltation, erosion, and pollution of waterways and coastal water.
- water supply – effects on health, fire safety, amenity, economic and cultural wellbeing through adequacy and quality of supply.



- roading - effects on access, mobility and safety, and social, cultural and economic wellbeing through inadequate standards for the level of use.
- recreation – effects on wellbeing of people and communities and cultural and amenity values through inadequate or inappropriate provision of open space and facilities.

New development may also have adverse effects on indigenous vegetation and habitats of indigenous fauna through the lack of protection and provision for biodiversity.

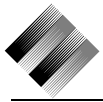
The adverse effects of new development may be able to be absorbed by the environment to a limited extent, but the effects can become significant when they are cumulative. Adverse effects may be specific to certain catchment areas (wastewater and stormwater), they may be district-wide (effects on arterial roads, reserves), or they may be a combination of both.

In promoting sustainable management as the Act requires, it is the Council's role and responsibility to ensure that the infrastructure needed to avoid or mitigate, and in some cases to remedy, the adverse effects of growth and change are provided in an efficient, economical and timely manner.

In general terms, it is expected that new development, as well as providing land for infrastructure, and covering on-site costs and costs of connection to services, will also pay fully for their share of off site costs that are incurred in providing infrastructure to serve that development.

Alternative means of funding the necessary additional infrastructure, such as by rates levied on existing properties, and/or loans taken out by the Council, can place a disproportionate burden on the existing community, who are in effect being asked to subsidise growth and change. This may adversely affect the economic wellbeing of the existing community, and may not be sustainable. Conversely, new development should not subsidise activities that primarily benefit existing users. There needs to be an equitable sharing of costs between existing residents and new development.

It is also important that the Council control or avoid the expense of public funds on works that have not been programmed. Council has a Long Term Financial Plan (that incorporates both the Long Term Financial Strategy and Annual Plan). Capital works undertaken out of time with that Plan can cause difficulty with funding other planned growth and logical programming of infrastructure.



2. Integrated Growth Management (Statutory Context)

The Council undertakes the forward planning and review of infrastructure through the preparation and approval of its Long Term Financial Strategy (LTFS), its Recreation and Leisure Plan and other action plans, with implementation, monitoring and updating carried out through the Annual Plan process.

Along with the District Plan, which facilitates growth by providing opportunities for development through zoning, activity performance standards and financial contributions, the LTFS provides for overall integrated financial management of growth by providing a strategy to fund new and enhanced infrastructure in the context of the community's longer term costs.

The Act describes a contribution in money or land towards provision of infrastructure, or towards other means of avoiding, mitigating or offsetting a potential adverse environmental effect resulting from development as a "financial contribution".

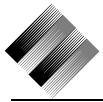
The Act also requires that financial contributions are spent in "reasonable accordance" with the purpose for which they were taken. The Local Government Act includes requirements for the accounting and expenditure of financial contributions.

3. General

Financial contributions in this Plan are based on a buy in to the surplus capacity of existing infrastructure and/or the payment of a contribution to development programmes involving the upgrading of existing infrastructure or the provision of new infrastructure, both of which allow for future development.

The detailed methods used to achieve integrated management of effects through financial contributions are the rules which are set out later in this section of the Plan. The rules have been developed based on the principle that there must be a reasonable connection (either direct or indirect) between the potential effects of the activity, the contribution paid, and the benefit received by the development or activity against which the fee is charged. Benefits to the developer may include the ability to progress ahead of the Council's programming of services.

The level of financial contribution is generally set by carrying out projections of growth for various parts of the District, establishing the need for and capital costs of a service or facility for the planning period (including costs which have already been incurred in anticipation of growth) to service that growth, and then determining an equitable contribution.



Council has, or is preparing, infrastructure development programmes for urban growth areas within its District for water supply, wastewater, stormwater and urban roading. The works will be identified in urban growth structure plans made operative under this Plan. The cost of these works will then be identified in Council's LTFS and Annual Plan and will be used in calculating the financial contributions.

For the rural area of the District, its size and the unpredictability of the location of growth makes it difficult to implement planned infrastructure development programmes. Rather than restrict growth, the Council wishes to provide for it in a responsive manner. Development in the rural area will be subject to financial contributions that have been developed on a broader catchment or District-wide basis. Infrastructure provision or upgrades will be implemented through approved infrastructure development programmes and based on criteria that are triggered by actual growth.

Where land is proposed to be developed outside an area covered by an approved development programme and/or the Council has not budgeted for the community's share of infrastructure or services costs, the developer will be expected to pay for the full cost of infrastructure and services. Alternatively, such applications may be declined.

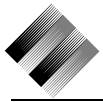
Where a developer pays for a service which is within the Council's Long Term Financial Strategy, the additional cost will be refunded at the time that growth in the area yields the financial contributions to refund the developer.

Because subdivision is generally a precursor to further development and intensification of the use of land, financial contributions are generally assessed at the time of subdivision, with payment to be made in accordance with standard consent conditions. Financial contributions also may apply to land use changes where the new activity has a potential future impact on infrastructure.

The legislation allows Council to take financial contributions for infrastructure not in its ownership. While this is not a preferred strategy for Council, it needs the flexibility to do so if it is considered such action is in the best interests of the community.

4. Recreation

- (a) The availability of reserves and community facilities for recreation, for social and cultural purposes, and for amenity purposes, helps avoid or mitigate adverse social, cultural and physical effects which would otherwise arise with growing demands on existing resources.

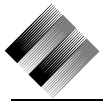


- (b) A district-wide approach to the planning and provision of reserves and recreational facilities and the application of financial contributions has been taken for the following reasons:
 - (i) Reserves and recreational facilities are available for the use of and therefore benefit all residents of the District.
 - (ii) Use of reserves and recreational facilities transcends local, ward or other defined catchment boundaries.
 - (iii) A defined catchment or area of benefit approach would create greater inconsistencies and anomalies than a District-wide approach and would be unnecessarily complex to implement and administer.

- (c) The Recreation and Leisure Plan is an approved development programme identifying the recreation needs of the District over a 10 year period which allocates the costs of meeting the needs between new growth and existing population.

- (d) Financial contributions required to achieve an approved development programme are based on percentage of land value rather than a formula providing a set monetary contribution because such an approach:
 - (i) is self adjusting in terms of inflation.
 - (ii) reduces potential for cross subsidisation by generating more funds in areas where land values are higher and reserves and recreational facilities provision therefore more expensive.
 - (iii) is similar to traditional and generally accepted approaches to reserves contributions and is therefore well understood by the community.

- (e) While urban and rural development are to be treated consistently, for reasons of equity in rural areas the amount of land assessed for financial contribution purposes will be that of an assumed house site rather than the total property area - ie the financial contribution will be based on the assessed residential value of the rural property.



- (f) Where consistent with the Recreation and Leisure Plan, financial contributions may, at the Council's absolute discretion, be taken in the form of land.

5. **Roading**

There are two roading financial contributions:

(a) **Rural**

A Consent Order approved by the Environment Court in 1999 sets out the basis for this contribution.

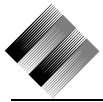
The Rural Catchment financial contribution is payable in respect of rural development and is based upon the costs of the works needed to mitigate the future effects of growth upon the roading network within each rural Catchment.

The purpose of the financial contribution is that the developer pays for capacity consumed and the improvements needed to mitigate the effects of traffic added as a result of development, thereby ensuring the road controlling authority has the financial ability to sustain the network.

For the purposes of this financial contribution, the District has been divided into three Catchments as follows:

- West - Katikati and Waihi Beach Wards (including all of Work Road)
- Central - Kaimai Ward (excluding Work Road)
- East - Te Puke and Maketu Wards

The financial contribution payable within each catchment shall be derived from the formula set out in 16.3.5(a). For the 1999/2000 financial year, the amount of financial contribution shall be levied uniformly over the three Catchments but thereafter Council shall retain the discretion to levy the financial contribution differentially between each Catchment and to alter the financial contribution within each Catchment by no more than plus or minus 10% annually until the amount determined by application of the formula is reached. This is to manage the effects of growth and traffic impact on the roading network as they are likely to vary between the Catchments, to ensure a nexus between the impact of development and the fee payable, and that the cross subsidy between Catchments is minimised. The 10% limit is to provide a level of certainty to the development community about what to expect in the future.



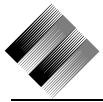
Minor urban settlements not listed in Rule 16.3.5(b) (such as Te Puna, Maketu and Te Kauri Village) pay the same level of roading financial contribution as the surrounding rural catchment, based on the effect new residential lots place on the rural road network. Since this is the same effect as new rural lots, it is equitable that each pays the same level of financial contribution.

(b) **Urban**

This financial contribution was also set by the Consent Order referred to in (a) above and is a specified amount. The level set addresses the requirements for the small settlements in the District, but is inadequate for the larger urban centres which will cater for ongoing growth. A formula similar to rural roading has been introduced for urban areas where structure plans or their equivalent have been prepared.

6. Water Supply, Wastewater and Stormwater

- (a) Financial contributions for water supply, wastewater and stormwater services are based on the provision of reticulation, treatment and disposal as appropriate through specific schemes and thus vary across the District. These schemes are described and capital works are costed and reviewed as necessary through the Long Term Financial Strategy and Annual Plan processes, through urban growth structure plans, or through the Special Consultative Procedure under the Local Government Act.
- (b) The financial contribution levied is based on the full cost of providing adequate infrastructure to avoid or mitigate the adverse effects of lack of such infrastructure per new household unit or equivalent.
- (c) Where the community has planned and paid for growth ahead of demand (and there is thus surplus capacity), the financial contribution will be calculated on the basis of the costs that the community has incurred in providing that supply to date.
- (d) Where there is no existing spare capacity, the financial contribution will be calculated on the full cost of providing additional capacity per household unit or equivalent.
- (e) Where the infrastructure required to serve a subdivision development or other activity is not available or is inadequate, Council may decline consent for any discretionary or non-complying activity.



7. Ecological Protection

A financial contribution to avoid, remedy or mitigate adverse effects on ecological features in the District will be charged in respect of newly created additional lots or, in the case of existing lots, in respect of new dwellings.

Because of the incremental cumulative effects (both direct and indirect) of new development on ecological features throughout the District, the ecological financial contribution is charged on a district-wide basis.

The financial contribution is a fixed dollar amount (to be adjusted annually in accordance with the Consumer Price Index) based on the fencing and other costs associated with Council's adopted environmental enhancement programme.

In any particular case the ecological financial contribution may be reduced or waived in recognition of ecological protection or enhancement measures which have already been or are proposed to be undertaken on the property concerned.

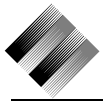
8. Review Process

All financial contributions are calculated in accordance with approved infrastructure development programmes involving planning periods of at least 10 years. Financial contributions will be applied in a manner consistent with the adopted Long Term Financial Strategy, which is reviewed each year through the Annual Plan process. Each Annual Plan will incorporate figures for financial contributions related to the first year. Because of the nature of some of the formulae used, the actual dollar amounts of the financial contributions that are calculated and set may vary from one year to another.

This allows the changing nature of the variables within the financial contribution formulae to be taken into account while still providing the development community with an acceptable degree of certainty. This process also provides for the incorporation of proposed new infrastructure in response to actual growth pressures in the District.

The financial contributions for ecological protection and urban roading for settlements without structure plans are specified amounts and will only be reviewed through district plan change processes.

Financial contributions can also be reviewed in accordance with infrastructure development programmes approved through the Local Government Act (S.716A Special Consultative Procedure) or plan change under the RMA.



9. Reductions of Financial Contributions

Council is aware that new or reviewed financial contributions may cumulatively impact on the community because the levy(s) may be sufficiently high that it is a disincentive to growth. This is particularly so in the initial years of newly introduced levies. Whilst Council's funding policy is based on cost recovery, there needs to be flexibility to cater for situations where the pursuing of such policy is clearly not in the wider community interest.

For example a low rate of growth caused by high levies making subdivision uneconomic will decrease the amount of financial contribution levy collected. Any shortfall therefore caused in funding the associated infrastructure would fall back onto the existing community (ratepayers).

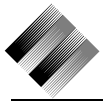
To provide flexibility in dealing with such situations as part of its Annual Plan process, the Council may resolve to reduce or waive any particular financial contribution that would normally be charged during that year. Similarly Council may use the Special Consultative Procedure of the Local Government Act (S.716A) or the plan change process under the RMA.

Such resolution will be recorded in the Annual Plan. This will be done only where it is shown that wider community detriment would be likely to occur if full financial contributions are charged. Such a community subsidy is intended to be applied only where a clear net disbenefit to the community (either the wider community or a particular sector of the community) concerned would otherwise occur. Notwithstanding the annual review, the Council may assess applications on a case by case basis and reduce or waive a financial contribution where this is in line with the criteria included in the Plan.

10. Assessment and Payment of Financial Contributions

A financial contribution can be a condition of a resource consent. The Rules specify the level of financial contribution based on a residential lot or dwelling. For other activities requiring consents, the Council may require that a financial contribution be paid as a specific condition of consent.

The basis for determining the appropriate level of contribution will generally be the "household equivalent" (see definition). Where extraordinary or exceptional demands on services will be made by the activity, the principle of a reasonable connection between effects, contributions and benefits received set out in Section 3 of this Explanatory Statement, including the assessment of effects on the environment, will apply to the level of contribution determined.



Financial contributions are assessed at the time that a resource consent for a subdivision, development or new activity is granted, and are paid directly to the Council as the relevant condition of consent provides.

The financial contribution regime for the Rangiuru Business Park (for roading, stormwater, water supply, wastewater and reserves) seeks to ensure full recovery and has been based on a specified dollar amount per square metre of developable land (which as defined in Rule 16.3.9 includes the area of any local roads that may be vested in Council but not the area of the entrance/collector roads shown on the Structure Plan and which are included in the Financial Contribution Schedule).

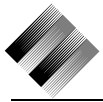
The Council will apply this financial contribution regime irrespective of the nature and demands of the actual land use. This is because infrastructure has been or will be provided to meet the infrastructural demands of a wide range of potential industrial activities within the developable area of the business park. Costs have been or will be incurred which need to be recovered from business park developments and any reduction in financial contributions collected from any part of the business park would result in a shortfall of revenue.

11. Guide to Financial Contributions

Further explanation of financial contributions and details of administration are included in the Guide to Financial Contributions, which the Council will regularly update.

16.1 Significant Issues

- 16.1.1 Subdivision and the subsequent associated intensification of development and/or land use activity has the potential to adversely affect the environment. This can be particularly significant when there are potential cumulative adverse effects.
- 16.1.2 New development and new activities create the need for the provision of new or upgraded infrastructure.
- 16.1.3 The potential exists for the costs of providing new or upgraded infrastructure to be allocated in a manner disproportionate to the benefits received by the existing community and new end users.
- 16.1.4 Full cost recovery of infrastructure may act as a disincentive to growth in a manner detrimental to existing communities.
- 16.1.5 In some circumstances there may be pressure for development ahead of the Council's ability to provide infrastructure.



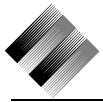
16.2 Objectives and Policies

16.2.1 Objectives

1. Protection of the natural and physical environment and the social, economic and cultural wellbeing of people and communities from the potential adverse effects of new development.
2. Ensure adequate funding for and efficient utilisation of the District's infrastructure.
3. A financial contributions strategy which ensures that financial contributions are charged on the basis of covering the community's costs of providing infrastructure that avoids, mitigates or offsets potential off-site adverse effects of new or intensified development.
4. A financial contributions strategy which is responsive to the social, environmental and economic needs of the community.
5. Avoid allowing development ahead of the Council's ability to provide infrastructure.

16.2.2 Policies

1. Avoid, mitigate or offset potential adverse effects on the natural and physical environment from new or intensified development through the use of financial contributions, and other measures.
2. Mitigate the effects of new and intensified development on infrastructure in the District through expenditure of financial contributions.
3. Avoid or mitigate potential adverse effects of new and intensified development by securing an appropriate financial contribution when a resource consent is obtained for a subdivision, development or land use activity.
4. Allocate the costs of infrastructure in an equitable manner over both existing and new users and ensure that such costs are not borne unfairly by the wider community
5. Where appropriate levy contributions differentially to reflect the circumstances of different parts of the District.
6. Regularly review the actual or potential effects of applying financial contributions and where an identified wider community detriment or a detriment to a particular sector of the community would be created, reduce or waive (as appropriate) the particular financial contribution that would otherwise be charged.



7. Where appropriate, reduce or waive financial contributions that would otherwise be payable in recognition of specific environmental protection or enhancement measures proposed to be undertaken.
8. Provide a mechanism whereby a financial contribution can be taken to address or offset localised effects outside any approved development programme, or in lieu of works that would otherwise be undertaken by a consent-holder.
9. Ensure that full costs of infrastructure and services are paid when subdivision and development requires such provision outside an approved development programme.
10. Ensure that developers who fund infrastructure ahead of time in an approved development programme, are refunded only at the time that development funds are available.

16.3 Rules

16.3.1 Interpretation

For the purposes of these rules:

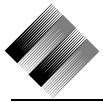
- (a) infrastructure includes water, wastewater, stormwater, roading and recreation facilities;
- (b) where financial contribution calculations are based on a formula referring to dwellings or household equivalent and the activity is not a dwelling, the calculation shall be based on a derived household equivalence, taking into account the likely use of services and facilities by that activity.

16.3.2 Application of Financial Contributions

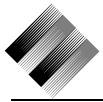
Unless specified otherwise in the rule to which a particular contribution relates, financial contributions will be charged in respect of:

- (a) additional lots created by subdivision which will qualify for the erection of a dwelling or that provide for the establishment of a commercial or industrial activity, as a permitted or controlled activity.
- (b) all land use consent applications for new or intensified land use activities.

Provided that:



- (i) in accordance with Objective 16.2.1.4 and Policies 16.2.2.6 and 7 above Council may reduce or waive in part or in whole for a specified period or for a particular activity, any financial contribution (including a particular part(s) of the formula contained in 16.3.6) that would otherwise be charged in order to avoid or mitigate an identified detriment to the wider community or an identified detriment to a particular sector of the community that warrants attention in the better fulfilment of the Act's purpose. Assessment criteria include:
- extent of previous undertakings, or gifting of land or other tangible assets;
 - special categories of activities or development with identified community benefits such as heritage protection, the protection of native ecosystems and species, and provision of social, cultural or community services.
 - the quantum of the levy(s) and the markets ability to pay.
 - significant increases in the levy(s) from one period to the next(or through the introduction of a new or revised financial contribution) that may create inequities or hardship.
- (ii) where payment has already been made under previous legislation or a previous consent, a further financial contribution will not be levied for the same service.
- (iii) any such reduction or waiver is undertaken using the Annual Plan process, the Special Consultative Procedure of the Local Government Act, or the plan change process under the RMA.
- (iv) This section shall not apply to network utilities in relation to the subdivision or development of a utility site where the site is not staffed and does not require connection to Council's wastewater, stormwater or water supply.
- (v) With regard to specific applications for resource consent for additional dwellings on multiple owned Maori land, consideration will be given to the following criteria in addition to those listed in (i) above with respect to the reserves financial contribution:
- size and cost of the dwelling being constructed
 - location of the property and the associated land value
 - applicability of the Long Term Council Community Plan Outcomes.



16.3.3 Infrastructure Standard

When a subdivision, development or other activity requires provision of infrastructure by the Council that is not available or is inadequate and is not programmed in the current financial year, and the calculated financial contribution is not adequate to cover the full cost, the Council may decline consent where the application is for a discretionary or non-complying activity.

Except that:

This provision shall not apply where the need for the activity to obtain a resource consent arises solely from the provisions of Sections 9, 10 and 11 of this Plan.

16.3.4 Recreation

Application – this rules applies to development in the District except to activities (excluding dwellings and accommodation facilities) in the Commercial, Industrial and Rangiuru Business Park zones.

The financial contribution for reserves and recreational facilities shall be a land or monetary contribution (or combination thereof) equivalent to a maximum of seven and a half percent of the current market value of the additional lots created provided the recreation contribution is based upon the cost of the works needed to provide for the future growth in the district as listed in the Recreation Action Plan contained in the Long Term Council Community Plan and shall be calculated annually using the following formula:

$$\frac{CA}{LVA} \times \frac{100}{1} = \begin{array}{l} \text{Percentage of land value} \\ \text{Financial Contribution per additional subdivided lot or} \\ \text{dwelling} \end{array}$$

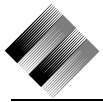
Where

CA = Value of additional capacity projects remaining to be funded in the planning period of the Recreation Action Plan. (Note this includes the situation where Council has previously incurred capital expenditure in a prior year but there has been a shortfall of funding or where there has been an excess of income over planned expenditure).

L = Number of estimated dwellings remaining during the planning period.

VA = Average value of lots created in the previous year.

and that:



- (a) in the case of a new rural lot the area of land valued shall be limited to an assumed 2000m² house site within such lot;
- (b) where agreement between the Council and the applicant cannot be reached the current market value shall be as assessed by a registered valuer acceptable to both parties, subject to the costs of obtaining such valuation being met by the applicant;
- (c) any remaining dispute arising from the above shall be determined in accordance with Section 357 of the Act;
- (d) the Council shall consider a Maori Reservation set aside under Sections 338 and 440 of the Maori Land Act 1991 (Te Ture Whenua Maori) in lieu of a reserves contribution;
- (e) The Council shall retain full discretion as to whether to accept money or land as payment of the required financial contribution.

16.3.5 Roding

(a) Rural and Minor Urban Roding Financial Contribution

- (i) Application – this rule applies to development in the District except for those areas specified in Rule 16.3.5(b).

The financial contribution is to be applied (collection and expenditure) on the basis of the following Catchments:

West Katikati and Waihi Beach Wards (including all of Work Road)

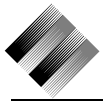
Central Kaimai Ward (excluding Work Road)

East Te Puke and Maketu Wards

The Roding financial contribution is based upon the cost of the works needed to mitigate the future effects of growth upon the roading network within the District as derived from the following formula:

$$\frac{CA-CR-S-B}{L} = \text{financial contribution per additional subdivided lot.}$$

Where:



- CA= the capital value of the existing and future roading assets during the planning period of the next 10 years
- CR= replacement cost of that portion of the roading asset required to just meet existing needs
- S= the subsidies to be received for roading works within the planning period of the next 10 years
- B= financial contributions funds collected and currently unspent at 1st October 1999 (\$1.2m)
- L= 2,750, being the number of lots, additional dwellings or new dwellings estimated during the 10 year planning period.

- (ii) Until the end of the 1999/2000 financial year the financial contribution per lot calculated in accordance with the formula shall be \$4,200 for each Catchment.
- (iii) Council shall have the discretion to levy the financial contribution differentially between each Catchment through the Annual Plan process and to alter the financial contribution charged within each Catchment by no more than plus or minus 10% in each year of the amount of the financial contribution at the time of the review.

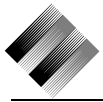
(b) **Urban Roading Financial Contribution – Specified Areas**

Application – this rule applies to development within the Residential, Rural-Residential, Commercial and Industrial Zones at Waihi Beach (including Athenree), Katikati, Omokoroa and Te Puke.

$$\frac{CA-CR-S}{L} = \text{financial contribution per additional subdivided lot and household equivalents.}$$

Where:

- CA= the capital value of the existing and future roading assets during the planning period of the next 10 years
- CR= replacement cost of that portion of the roading asset required to just meet existing needs



S= the subsidies to be received for roading works within the planning period of the next 10 years

L= new dwellings and household equivalents estimated during the planning period.

16.3.6 Water Supply, Wastewater, and Stormwater

(a) Residential

Financial contributions for water, wastewater and stormwater shall apply to the defined catchment or area of benefit for the infrastructure concerned and shall be calculated annually using the following formula:

$$\text{Financial Contribution} = \left\{ \begin{array}{l} \text{value of additional capacity} \\ \text{for future dwellings and} \\ \text{household equivalents} \end{array} \right\} + \left\{ \begin{array}{l} \text{value of existing} \\ \text{surplus capacity} \end{array} \right\}$$

$$= \left\{ \frac{((\text{CN}-\text{ID}=\text{AF})-\text{RF}+\text{I})\text{X}}{\text{F}} \right\} + \left\{ \frac{\text{NV}}{(\text{F}+\text{E})} \right\}$$

Where:

CN = Cost of new project(s) which provide an increased level of service to existing dwellings and household equivalents, and additional capacity for future dwellings and household equivalents.

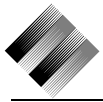
ID = Cost of new project(s) times percentage share of increased level of service to existing dwellings.

AF = Share of additional capacity for future dwellings and household equivalents, and increased level of service for future dwellings.

RF = Estimated contribution from future dwellings and household equivalents through payment by rates of interest on loan financing the project.

I = Interest on cost of loan over life of project(s) assessed at Council's current cost of borrowing.

X = Long Term inflation adjustment



NV = Residual value of existing infrastructure based on optimised depreciated replacement cost less outstanding loans.

F = Number of estimated future dwellings and household equivalents within the area of benefit of the infrastructure based on growth projections.

E = Number of existing dwellings and household equivalents within the area of benefit of the infrastructure.

(b) **Commercial and Industrial**

Financial contributions for water, wastewater and stormwater shall apply to the defined catchments or area of benefit for the infrastructure concerned and shall be based on derived household equivalents (HHE) outlined below.

The determined household equivalent development contribution for water, wastewater and stormwater will be paid at the time of subdivision and any subsequent land use activity requiring resource consent will be assessed to determine what additional financial contributions may be payable.

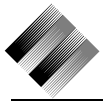
(i) **Stormwater**

300m² of developable land equates to one (1) household equivalent (developable land is any land that has potential to be used for building, hard stand and parking or access purposes).

(ii) **Water and Wastewater**

The household equivalent is equal to one (1) except for the following activities where the number of household equivalents will be determined by specific assessment:

- fastfood outlets/takeaways, restaurants, catering facilities and the like
- service stations with car wash facilities
- accommodation and recreational facilities including hotels, motels, community centres and Marae
- process manufacturing including coolstores and packhouses
- garden centres and nurseries
- butcheries
- drycleaners and Laundromats
- education facilities
- hospitals and laboratories



- crematoriums and mortuaries
- concrete plants and yards
- waste handling facilities.

The household equivalent for water and wastewater is measured at 0.5m³ day. Where a financial contribution has already been paid at the time of subdivision for the allotment that the activity is occupying, this amount will be deducted from the final charge (applies only to the first commercial or industrial activity on a site).

16.3.7 Ecological Protection

Financial contributions for ecological protection and or enhancement shall be a monetary contribution of \$366 + GST per lot or dwelling as determined by the circumstances set out hereunder, such contribution to be adjusted annually in accordance with the Consumer Price Index through Council's Annual Plan & Budget.

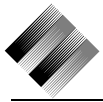
Ecological financial contributions will be charged on subdivisions in respect of additional lots created by subdivision approved after the date this provision becomes operative, where such lots will qualify for the erection of a dwelling as a permitted or controlled activity.

Provided also that Council may reduce or waive the financial contributions where legally binding environmental protection or enhancement measures have already been or are proposed to be undertaken on the property concerned in conjunction with the principal activity. In such cases the principal activity (subdivision or land use) shall be deemed to be a limited discretionary activity in respect of the environmental protection or enhancement measures concerned. Such measures shall be the subject of a report and recommendations from an appropriately qualified independent person acceptable to Council.

Ecological financial contributions shall be spent within the catchment they were derived from, the Catchments being West (Waihi Beach and Katikati Wards), Central (Kaimai Ward), East (Te Puke and Maketu Wards).

16.3.8 Other Methods

Where the infrastructure required to service a subdivision, development or activity is not available or is inadequate, and is not programmed in the current financial year, the applicant has the option of undertaking the necessary upgrade. Such upgrades shall be in compliance with any approved infrastructure development programme and may require the applicant to pay the full cost of providing the service including the provision of any necessary land, full installation costs, and any additional costs in upgrading reticulation and / or treatment facilities to provide adequate capacity.



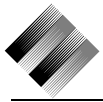
Where a consent holder pays for or provides such a service that is included in Council's Long Term Financial Strategy, the additional cost will be refunded at the time that development necessary to fund the servicing of the land has occurred, and thus the funds have become available.

16.3.9 Rangioru Business Park Zone

- (a) As set out below, financial contributions shall be payable for subdivision and development in the Rangioru Business Park Zone to pay for trunk infrastructure as identified in the structure plans in Appendix (ix) and the associated financial contribution schedule.
- (b) The financial contribution shall be in accordance with the attached financial contribution schedule (specified dollar amount per square metre of site area so used), adjusted annually to reflect updated construction cost estimates or completed project costs, and the financing costs (based on the 90 day bank rate [BKBM FRA rate] plus 1.5%).
- (c) The Financing costs are to be charged quarterly in arrear on the last day of March, June, September and December in each year on the actual Capital expenditure at the start of the quarter as approved in the schedule less the Financial Contributions received during the quarter.
- (d) In addition further financing costs (based on the 90 day bank rate [BKBM FRA rate] plus 1.5%) resulting from the assumed average delay of three years between the setting of Financial Contributions and their receipt are to be charged annually on 1 July on:
 - (i) the Capital expenditure as approved in the Schedule
 - (ii) the Financing costs calculated as in (c) above.

The financial contribution schedule including the holding costs are indicative only. The actual financial contributions will reflect the actual construction costs to be determined at the time resource consents are granted, taking into account the amounts listed in the financial contributions schedule and any relevant costs listed in the Council's Annual Plan.

If, as a consequence of any amendments to the capital works programme, the allocation between public/network and developer benefit needs to be updated, this may also occur through the Annual Plan process (excluding those items listed under "1.00 Rooding infrastructure", where the "public/network" contribution will remain at 0%).



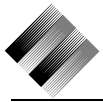
- (e) "Site area":
- **excludes** the areas set aside for trunk infrastructure as identified on the structure plans, such as local purpose reserves (stormwater), local purpose reserves (amenity), pedestrian/cycle access, collector and entrance roads, and the Tauranga Eastern Arterial interchange.
 - **includes** the area of all local and private roads and other infrastructure not specifically required by the structure plans.

In respect of development, "site area" relates to the total area of the lot or the total area of the tenancy area in which the development is located. For the Seeka site being Lots 1 and 2 DPS 3521 the site area shall exclude the developable area shown on Plan 011318-S-R400 Rev A in Appendix 6 - Financial Contribution Calculations of the Private Plan Change Request - Metroplex Rangioru Business Park Volume 1 November 2005

- (f) The financial contribution is payable at the time of subdivision or development **whichever happens first**. Where a financial contribution has already been paid at the time of subdivision in respect of any land, there shall be no further contributions payable at the time of development. Where a financial contribution has already been paid at the time of development in respect of any land, there shall be no further contributions payable at the time of any subsequent subdivision.
- (g) Financial contributions at the time of subdivision are payable at subdivision completion stage (i.e. Section 224 application). Financial contributions at the time of development are payable at building consent stage or at the time land is used for Rangioru Business Park Zone purposes.
- (h) In respect of the Rangioru Business Park, where Council does not expect to be able to fund much of the trunk infrastructure needs for the foreseeable future, financial contributions from developers shall be collected by Council and paid directly to any prior developer or agency which has funded trunk infrastructure services in accordance with the financial contribution schedule and the structure plans.

16.3.10 Te Puke West Industrial Area

- (a) Financial contributions for roading pursuant to rule 16.3.5 shall not apply in respect of the development of land within the Te Puke West Industrial area.
- (b) Financial contributions pursuant to rule 16.3.6 shall apply only in respect of water supply and wastewater.

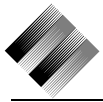


- (c) In addition to foregoing clause (b), financial contributions shall be payable for subdivision and development within the Te Puke West Industrial Area in accordance with the Te Puke West Industrial Area Financial Contributions schedule contained in Appendix IX(g). The following shall apply to such contributions:
- (i) The dollar amounts payable per metre of site area shall be adjusted annually to reflect updated construction costs estimates or completed construction costs and the Financing costs (based on the 90 day bank rate [BKBM FRA rate]) plus 2%.
 - (ii) The financing costs are to be charge quarterly in arrear on the last day of March, June, September and December in each year on the actual Capital expenditure at the start of the quarter as approved in the schedule less the Financial Contributions received during the quarter.
 - (iii) In addition to the foregoing, further financing costs based on the 90 day bank rate [BKBN FRA rate] plus 2% resulting from the assumed average delay of three years between the setting of Financial Contributions and their receipt are to be charged annually on 1 July in respect of:
 - the Capital expenditure as approved in the Schedule;
 - the Financing costs calculated in accordance with foregoing clause (ii).
- (d) Where, in lieu of payment of financial contributions, a developer constructs any of the infrastructure referred to in the Te Puke West Industrial Area Financial Contributions schedule and that constructed infrastructure will also serve land within the Te Puke West Industrial Area beyond the land under development at the time, Council will collect financial contributions from subsequent developers benefiting from such previously established infrastructure in accordance with the Te Puke West Industrial Area Financial Contributions schedule contained in Appendix IX(g). The contributions collected shall then be paid directly to the prior developer concerned.

16.4 Proposed Esplanade Reserves, Esplanade Strips and Access Strips

Explanatory Statement

Council has adopted a Reserves Strategy (1991) and a Reserves Action Plan 1992 which comprehensively document the future requirement for recreation reserves in the District. The Reserves Strategy was adopted after extensive public consultation and formed the basis of the Reserves Action Plan.



Reserves serve functions other than recreation. The Act particularly specifies the need for esplanade reserves and strips for conservation purposes. Council intends to secure at subdivision from lots that are less than four hectares those esplanades that are predominantly in natural vegetation. For other sites (ie lots four hectares or greater) other techniques are more cost effective than purchase by Council eg Regional Council Farm and Environment Plans, Department of Conservation acquisition/protection. (See also Section 9).

16.4.1 Significant Issues

1. The District has a rapidly growing population and a visitor industry that is placing increased demands on reserves assets.
2. The integration of available methods to secure appropriate access to and along key waterways.
3. Esplanades have an important conservation role regarding riparian protection and water quality.

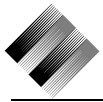
16.4.2 Objectives and Policies

16.4.2.1 Objectives

- (a) Provide a network of reserves and facilities which satisfies the sport and leisure needs and aspirations of residents and visitors to the Western Bay of Plenty District whilst enhancing the natural, historic, educational and amenity values of the District.
- (b) Encourage the protection of high quality riparian areas for conservation purposes.
- (c) Require the provision of public reserve lands and other amenity to minimise the effects of activities on the surrounding environment and community.

16.4.2.2 Policies

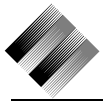
- (a) Gain reserve lands for sport and leisure, walkways and esplanades in line with the priorities identified in Council's Reserves Action Plan, through the criteria as set out in the District Plan, and by any other appropriate means.
- (b) Provide better access to reserves and facilities within reserves that enhance informal and unstructured leisure activities.
- (c) Require the protection of riparian areas covered in native vegetation as esplanade reserves or strips or by other appropriate means, eg riparian margin retirement.



16.4.3 Rules

16.4.3.1 Subdivision (taking of esplanade reserves or strips for recreation purposes)

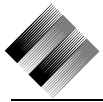
- (a) Land required for esplanade reserves or strips (regardless of lot size) is shown on the planning maps and listed in Appendix IV.
- (b) In addition to (a) above, the requirement for an esplanade reserve or esplanade strip may be applied to provide access to swimming holes, picnic sites and waterfalls.
- (c) Esplanade reserves and strips may be waived in the following circumstances:
 - (i) where the land is already or will be protected in perpetuity by way of subdivision consent notice, Queen Elizabeth II National Trust covenant, Reserves Act covenant or other registrable legal instrument acceptable to Council subject to appropriate alternative provision being made for public access along the water body concerned.
 - (ii) where an existing structure is located within the 20 metre reserve and an appropriate esplanade reserve cannot be vested.
 - (iii) where the subdivision is a boundary adjustment.
 - (iv) where a public work is or is to be located on the foreshore or bank of a waterway and for reasons of public safety and security the reserve and public access is not appropriate.
 - (v) where by reason of security an esplanade reserve would be inappropriate and security cannot be assured by some other means. For example where there is defence lands, sensitive machinery, irrigation works or activities.
 - (vi) where by reason of public safety, an esplanade reserve would be inappropriate and public safety cannot be assured by some other means. For example physically dangerous sites, port activities, including reclamations, defense lands, industrial subdivisions for activities including hazardous substances,
 - (vii) where there are exceptional circumstances such as undue hardship, impracticality, cultural sensitivity.
- (d) Esplanade reserves and strips may be reduced below 20 metres in the following circumstances:



- (i) where an existing structure is located within the 20 metre reserve and an appropriately smaller esplanade reserve can be vested.
 - (ii) where a work or network utility is or is to be located on the foreshore or bank of a waterway and for reasons of public safety and security the reserve and public access over the full 20 metres is not appropriate.
- (e) Esplanade reserves and strips of greater width than 20 metres may be taken in the following circumstances:
- (i) where there is a significant identified feature (excluding the Tauranga Harbour, Matakana Island, Maketu Estuary and Waihi Estuary Landward Edge Protection Yard) that extends beyond 20 metres.
 - (ii) where Council considers the river bank is prone to erosion or slippage.
 - (iii) where topography creates the need to form public access at a greater distance from the river or foreshore.
- (f) Council may substitute an esplanade strip for an esplanade reserve. Instances where esplanade reserves will be required are where there is a higher level of recreational use. An esplanade strip is more likely to be required where only infrequent access is necessary. Where an esplanade strip substitutes for an esplanade reserve and protection of native bush or vegetation is required then the esplanade strip instrument shall include provisions to this effect.
- (g) Council shall consider a Maori Reservation set aside under S.338 and S.440 of the Maori Land Act 1993 (Te Ture Whenua Maori) in lieu of an esplanade reserve or strip.

16.4.3.2 Subdivision (protection of riparian areas through the taking of esplanade reserves or strips for conservation purposes)

- (a) Where lots which are less than four hectares are being formed, an esplanade strip or similar instrument shall be created for conservation purposes except where an esplanade has been identified for access in accordance with Rule 16.4.3.1 in which case it shall be created in accordance with that rule.
- (b) Where lots which are four hectares or more are being formed and the riparian area is covered in predominantly native vegetation, an esplanade strip or similar instrument shall be created for conservation purposes except where an esplanade has been identified for access in accordance with Rule 16.4.3.1 in which case it shall be created in accordance with that rule.



16.4.3.3 Resource Consents

As a condition of a resource consent Council may require the setting aside of an esplanade reserve or strip or access strip to mitigate the effects of an activity.

16.4.4 Other Methods

16.4.4.1 Regional Council Farm and Environment Plans are suitable for targeting specific areas, particularly where lot sizes are four hectares or greater.

16.4.4.2 The Department of Conservation has a financial role in terms of subsidies (fencing etc) and, if necessary, acquisition.