

Section Four – Policies

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Financial Policy

Mission Statement

'Our purpose is to maintain and enhance our community for the long-term well-being of our people and environment through innovative leadership and the provision of cost-effective services.'

Underpinning Principles:

Financial Resources

That the Council must have the financial resources to provide services to the standard agreed without compromising the needs of future citizens and customers.

Cost Control

Outputs and processes must be cost effective and every effort made to contain costs in real terms.

Affordability

That the cost of services will be within an envelope of affordability that reflects, broadly, the capacity of people to pay.

Physical Capital

That investment in appropriate physical capital will deliver on current and future expectations.

Risk Aversion

That the Council will continuously assess business and financial risks.

Financial Sustainability

That the Council will manage its finances to ensure their durability, self-sufficiency and resilience.

Specific Financial Policies:

The following policies address the strategic issues that have been identified and recorded in this Financial Policy.

- 1 Statement of Accounting Policies (refer to page 178)
- 2 Revenue and Financing Policy
- 3 Liability Management Policy
- 4 Investment Policy
- 5 Development Contributions Policy.

Revenue and Financing Policy

The Local Government Act 2002 (LGA) requires the adoption of a Revenue and Financing Policy which states the Council's policies on the funding of its operating and capital expenditure and the sources of those funds.

The LGA requires the Council to manage its finances prudently and in a manner which promotes the current and future well-being of the community. The Council must ensure that each year's projected operating revenues are set at a level sufficient to meet the year's projected operating expenses. This is the "balanced budget" requirement. However, a council may choose to plan for a deficit provided it has regard to the impact on levels of service, the equitable allocation of responsibility for funding services and its funding and financial policies.

The Council adopted a Revenue and Financing Policy as part of the 2006/07 Long Term Council Community Plan and amended sections of it in subsequent Annual Plans.

In considering the sources of its funding, consideration was given to the following in relation to each activity:

- i the community outcome to which the activity primarily contributes
- ii the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals
- iii the period in or over which those benefits are expected to occur
- iv the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity
- v the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

After giving consideration to the above, the Council then considered "the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community."

Dunedin City Council's funding policy is to treat both operating and capital expenditure in the same way. That is to say, the extent to which the provision of a service by the Council is a public or private good will largely determine the extent to which rates or fees and charges fund capital

expenditure. For example, if the revenue funding policy for libraries is 95% public good: 5% private benefit, we would expect to fund the capital expenditure on book purchases in the same way, ie 95% by general rates and 5% by fees and charges. By contrast, the provision of dog walking parks (a capital expenditure) would be funded to the same extent that dog registration fees provide the funding of the dog control service (an operating expenditure).

While debt may sometimes be used to provide the immediate funding needed to acquire an asset, its repayment will be made from the same sources in the same ratio as for operating expenditure.

Options for funding Council Services

The Council uses the following sources of funding:

General Rates

This is used to fund public goods where it is not possible to clearly identify customers or users. The general rate is also used to fund activities where, for reasons of fairness and equity, consideration of the wider community good indicate that this is the most appropriate way to fund an activity.

Targeted Rates

This form of rate is used where an activity benefits an easily identifiable group of ratepayers and where it is appropriate that only this group be targeted to pay for some or all of a particular service. For example, water, wastewater, kerbside recycling.

Fees and Charges

User charges are direct charges to identifiable users or groups of users who use certain Council services such as dog control, swimming pools and building inspection. In these instances an identifiable benefit exists to clearly identifiable people and they are required to pay all or part of the cost of that service.

Development Contributions

Development contributions may be required for developments if the effect of the development is to require new or additional reserves, network infrastructure and community infrastructure of increased capacity and, as a consequence, the Council incurs capital expenditure.

Grants and Subsidies

Grants and subsidies apply to some activities when income from external agencies is received to support an activity. This is mostly made up from government subsidies such as New Zealand Transport Agency subsidies for roading services.

Other Sources of Funding

The Council also receives revenue from property rentals, interest and dividends to help offset the general rate requirement.

While borrowing may be used from time to time, usually to give effect to the principles of intergenerational equity, the repayment and servicing of the debt is funded by rates, fees and charges and other sources. In short the actual borrowing is a mechanism only; the revenue and financing policy applies to its repayment and servicing.

Summary of Funding Options

| | Operating Expenditure | Capital Expenditure |
|-------------------------------------|--------------------------|------------------------|
| General Rates | ✓ | ✓ |
| Targeted Rates | ✓ | ✓ |
| Revenue | ✓ | ✓ |
| New Zealand Transport Agency Income | ✓ | ✓ |
| Investment Income | ✓ | ✓ |
| Debt | | ✓ |
| Proceeds from Asset Sales | | ✓ |
| Development Contributions | | ✓ |
| Financial Contributions | | ✓ |
| Grants and Subsidies | ✓ | ✓ |
| Working Capital | | ✓ |
| Investments | | ✓ |

Revenue and Financing Policy – Funding Schedule

The following table outlines how it is proposed to fund each activity of the Council:

| Activity | 2009/10 Policy | | 2009/10 Budgets | |
|--|-----------------|-----------------|-----------------|-----------------|
| | Rates Revenue % | Other Revenue % | Rates Revenue % | Other Revenue % |
| Economic Development and City Promotion | | | | |
| Economic Development | 90 | 10 | 92 | 8 |
| Tourism Dunedin | 100 | 0 | 100 | 0 |
| Marketing and Communications | 95 | 5 | 98 | 2 |
| Dunedin Centre (Note 1) | 50 | 50 | 82 | 18 |
| Investment and Miscellaneous Property | 0 | 100 | 0 | 100 |
| Public Toilets | 100 | 0 | 100 | 0 |
| Stadium (Note 2) | | | | |
| Visitor Centre | 45 | 55 | 45 | 55 |
| Transport Network | | | | |
| Transportation Planning | 62 | 38 | 62 | 38 |
| Transportation Operations | 57 | 43 | 55 | 45 |
| Citipark | 0 | 100 | 0 | 100 |
| Parking Enforcement | 3 | 97 | 3 | 97 |
| Personal Safety | | | | |
| Environmental Health | 55 | 45 | 55 | 45 |
| Liquor Licensing | 50 | 50 | 47 | 53 |
| Environmental Audit Services | 0 | 100 | 0 | 100 |
| Animal Control | 30 | 70 | 31 | 69 |
| Building Control | 24 | 76 | 26 | 74 |
| Civil Defence and Rural Fires | 100 | 0 | 97 | 3 |
| Public Health | | | | |
| Water Supply | 80 | 20 | 80 | 20 |
| Wastewater | 95 | 5 | 94 | 6 |
| Stormwater Reticulation | 100 | 0 | 100 | 0 |
| Solid Waste – Land Fills (including Gas Collection and Post Closure Costs) | 16 | 84 | 4 | 96 |
| Solid Waste – Waste Minimisation | 20 | 80 | 12 | 88 |
| Solid Waste – Recycling/Kerbside | 100 | 0 | 99 | 1 |
| Solid Waste – Refuse and Litter Collection | 10 | 90 | 11 | 89 |
| City Development | | | | |
| District Planning | 100 | 0 | 100 | 0 |
| Resource Consents (Note 3) | 50 | 50 | 60 | 40 |

| Activity | 2009/10 Policy | | 2009/10 Budgets | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Rates Revenue % | Other Revenue % | Rates Revenue % | Other Revenue % |
| Architecture and Urban Design | 100 | 0 | 100 | 0 |
| Community Development and Support | | | | |
| Community Development | 100 | 0 | 100 | 0 |
| Community Housing | 0 | 100 | 0 | 100 |
| Cemeteries and Crematorium | 33 | 67 | 37 | 63 |
| Civic Leadership | 100 | 0 | 100 | 0 |
| Museums, Libraries and Art Gallery | | | | |
| Dunedin Public Art Gallery (Note 4) | 85 | 15 | 84 | 16 |
| Otago Settlers Museum (Note 4) | 95 | 5 | 95 | 5 |
| Libraries | 95 | 5 | 94 | 6 |
| Otago Museum | 100 | 0 | 100 | 0 |
| Chinese Garden | 40 | 60 | 28 | 72 |
| Sport, Recreation and Leisure | | | | |
| Aquatic Services | 57 | 43 | 57 | 43 |
| Botanic Garden | 98 | 2 | 98 | 2 |
| Parks and Reserves | 96 | 4 | 96 | 4 |
| Recreation Policy | 100 | 0 | 100 | 0 |

Note 1 – The Dunedin Centre funding policy will not be achieved during the redevelopment construction period. This funding policy will be reviewed for the 2012/13 year.

Note 2 – The Stadium Activity included in this Plan relates to the construction and financing of the proposed stadium. The operation of the stadium will not occur until the 2011/12 year, at which time the Council will have transferred ownership of it into a Council Controlled Organisation. A ratepayer contribution of \$5 million collected as part of the general rate, during construction and then for 20 years after it is operational, will contribute towards the debt servicing costs.

Note 3 – Planned increases in resource consent fees for 2009/10 have been scaled back in response to the economic downturn. This policy will be reviewed again for the 2010/11 year.

Note 4 – These two funding policies were previously one Museums funding policy.

Summary of Revenue and Financing Policy

| Activity | Outcome | Who Benefits? | Period of Benefit | Actions or Inactions that Create Need | Funding Source | Funding Source Proportion |
|----------------------------|----------------------|--|--|--|-----------------------------------|---|
| Aquatic Services | Active City | Users benefit from personal fitness and competition but there is also a community benefit in providing another option for exercise. | The Council has made a commitment to undertake this activity for the long term. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates Fees and Charges | 57% General Rates 43% Fees and Charges |
| Botanic Garden | Active City | The whole community benefits because the Botanic Garden adds to the environment and amenity values of Dunedin. | The Council has made a commitment to undertake this activity for the long term. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates Fees and Charges | 98% General Rates 2% Fees and Charges |
| Recreation Policy | Active City | Ensures the city's cemeteries, parks and reserves are appropriately managed through the development and review of reserve management plans, and other strategies and policies. | Indefinitely. Reserves that are created or administered under the Reserves Act remain in place unless there is a contrary Ministerial decision. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates | General Rates 100% |
| Parks and Reserves | Active City | The whole community benefits from the provision of recreation reserves and walkways. There are also identifiable users eg sports clubs for charging purposes. | The Council has made a commitment to undertake this activity for the long term. See above in relation to Reserves under the Reserves Act. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates Fees and Charges | 96% General Rates 4% Fees and Charges |
| Cemeteries and Crematorium | Supportive Community | Provision of well maintained cemeteries and a sensitive crematorium/chapel service is important to the community as a whole. Families using burial services are identifiable for charging purposes. | The Council has statutory and public health responsibilities to provide the service on an ongoing basis. The Council also maintains closed cemeteries. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | Fees and Charges General Rates | 33% General Rates 67% Fees and Charges |
| Chinese Garden | Supportive Community | Visitors to the garden benefit. There is also a wider economic benefit to the community through the garden as a tourist attraction. | The Council has made a commitment to undertake this activity for the long term. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates Fees and Charges | 40% General Rates 60% Fees and Charges |
| Community Development | Supportive Community | The community benefits through the provision of information, advice and assistance on matters relating to the community for the Council. Community Groups that receive advice and assistance are identifiable. | The Council has made a commitment to undertake this activity for the long term. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates | General Rates 100% |
| Community Housing | Supportive Community | Tenants, predominantly elderly people, and other people who meet the means testing criteria benefit. | The Council has made a commitment to undertake this activity for the long term. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | Rents from tenants | 100% Fees and Charges |

| Activity | Outcome | Who Benefits? | Period of Benefit | Actions or Inactions that Create Need | Funding Source | Funding Source Proportion |
|----------------------------|-------------------------|--|---|---|--|---|
| Dunedin Public Art Gallery | Culture and Learning | Visitors to the gallery. The community also benefits through the custodial role the gallery fulfils and its role as a tourist attraction. | The Council has made a commitment to undertake this activity for the long term. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates Retail revenue, entry fees, bequests | 85% General Rates 15% Fees and Charges/Other external |
| Otago Settlers Museum | Culture and Learning | Visitors to the museum. The community also benefits through the custodial role the museum fulfils for heritage pieces and its role as a tourist attraction. | The Council has made a commitment to undertake this activity for the long term. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates | 95% General Rates 5% Fees and Charges |
| Otago Museum Levy | Culture and Learning | Visitors to the museum. The community also benefits through the custodial role the museum fulfils for historic pieces and its role as a tourist attraction. | In the long term, noting that the Otago Museum Trust Board Act is in place. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates | 100% General Rates |
| Libraries | Culture and Learning | Borrowers and visitors who browse, read and research. | The Council has made a commitment to undertake this activity for the long term. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates Fees and Charges | 95% General Rates 5% Fees and Charges |
| Civic Leadership | Supportive Community | The activity supports the decision-making function of the Council and therefore benefits the community as a whole. | Indefinitely. The Council's decision-making function is provided for by the Local Government Act. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates | 100% General Rates |
| Water Production | Safe and Healthy People | Users connected to the system benefit. | Indefinitely. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. Noting however that water supply requirements are directly attributable to usage levels by individuals. | Targeted Rate Commercial Metering | 80% Targeted Rate 20% Fees and Charges |
| Wastewater | Safe and Healthy People | Users of waste water services. There are also public health benefits related to effective wastewater services. | Indefinitely. | High usage customers place higher than average demands on system capacity. Industries providing high volumes of wastewater are charged. | Targeted Rate Commercial Rates Trade Waste Charges | 95% Rates comprised 80% targeted and 20% commercial rates 5% Trade Waste charges |
| Network Management | Safe and Healthy People | Users of the system. There are also public health benefits related to effective water, waste and storm water networks. | Indefinitely. | High usage customers place higher than average demands on system capacity. Industries providing high volumes of wastewater are charged. | Water Production: Targeted Rate Commercial Metering Wastewater: Targeted Rate Commercial Rates Trade Waste Charges | Water Production Component: 75% Targeted Rate 25% Fees and Charges Wastewater Component: 95% Rates comprised 80% targeted and 20% commercial rates. 5% Trade Waste charges |

| Activity | Outcome | Who Benefits? | Period of Benefit | Actions or Inactions that Create Need | Funding Source | Funding Source Proportion |
|--|-------------------------|--|---|---|-----------------------------------|---|
| Refuse Collection | Safe and Healthy People | Domestic and commercial users of collections services. There is also a public health benefit to the community related to ensuring that streets are kept clean. | Indefinitely. | The collections are required as individuals and businesses create waste. However, through the bylaws the Council is able to impose fines for littering and illegal dumping of refuse. | General Rates Bag Sales | 10% General Rates 90% Fees and Charges |
| Landfills | Safe and Healthy People | Users of landfills. There is also a public health benefit through the safe and appropriate disposal of rubbish. | The Council has made a commitment undertaking this activity for an ongoing period. Landfills require management even after closure for in excess of twenty years for monitoring purposes. | While the landfill users require the Council to provide this facility, it is also acknowledged that at the moment it is able to be recycled or reused. | General Rate Fees and Charges | 16% General Rate 84% Fees and Charges |
| Waste Minimisation | Safe and Healthy People | The community benefits from the Council's commitment to waste minimisation and provides education to the public. | Indefinitely | Landfill users require the Council to provide this facility. The new Waste Minimisation Act 2008 has introduced a Waste Levy charged at \$10 per tonne at the landfill, 50% of which is returned to the Council. | General Rate External Revenue | 20% General Rates 80% External Revenue |
| Environmental Health, Dangerous Goods. | Safe and Healthy People | Individual licensees. The community benefits through the contribution this activity makes to public health and safety in relation to licensing food premises, and complaints in respect to noise, rubbish, potentially hazardous substances and regulation of industries that impact on public health (eg tattooists and beauticians). | The Council has made a commitment to undertake this activity for the long term. | Licensees and other people who do not comply with any aspect of regulations are required to remedy the problem. | General Rates Fees and Charges | 55% General Rate 45% Fees and Charges |
| Liquor Licensing | Safe and Healthy People | Premises that are licensed allowing them to trade. There is some public benefit in terms of reducing the incidence of intoxicated persons in public places. | The Council has made a commitment to undertake this activity for the long term. | Liquor license fees are in effect a charge on the group of premises owners whose application to serve alcohol requires this service to be undertaken. In addition, penalties apply for licence infringements. | General Rates Fees and Charges | 50% General Rate 50% Fees and Charges |
| Public Toilets | Safe and Healthy People | Users benefit. There is also a wider public health benefit to the community from ensuring adequate provision of public toilets. | The Council has made a commitment to undertake this activity for the long term. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates | 100% General Rates |
| Environmental Audit Services | Safe and Healthy People | The users of this service: Client Food Premises. | The Council has made a commitment to undertake this activity for the long term. | If a complaint is received about food premises, auditors must be engaged to certify that the problem has been rectified. | Fees and Charges | 100% Fees and Charges |

| Activity | Outcome | Who Benefits? | Period of Benefit | Actions or Inactions that Create Need | Funding Source | Funding Source Proportion |
|--------------------------------------|----------------------------------|---|---|---|--|---|
| Animal Control | Safe and Healthy People | Dog owners, as well as the community at large, in terms of educational programmes and the ability to report dog issues and seek assistance. | The Council has made a commitment to undertake this activity for the long term. | The registration fees charged to owners of dogs are in effect a charge on a group of people whose actions require this service to be undertaken. | General Rates Fees and Charges | 30% General Rates 70% Fees and Charges |
| Building Control | Safe and Healthy People | Applicants for building consents. | The Council has made a commitment to undertake this activity for the long term. | People who carry out unregulated building activity generate the need for the Council to prevent and reduce the negative effects of this activity. | General Rates Fees and Charges | 24% General Rates 76% Fees and Charges |
| Civil Defence and Rural Fire Control | Safe and Healthy People | The whole community benefits from having appropriate planning and resources in place. | The Council has made a commitment to undertake this activity for the long term. | Natural hazards exist despite individuals or groups. However rural fire fighting costs are recovered from the person(s) responsible. | General Rates | 100% General Rates |
| City Development | Sustainable City and Environment | The service benefits the general public through the ability to enjoy an aesthetically pleasing environment. | The Council has made a commitment to undertake this activity for the long term. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates | 100% General Rates |
| Resource Consents | Sustainable City and Environment | Applicants for resource consents benefit. The whole community also benefits from ensuring that development occurs with minimal adverse environmental effect and maintains environmental, and amenities standards. | The Council has made a commitment to undertake this activity for the long term. | There are no actions or inactions that require this service to be provided. Noting however that costs for private plan changes are recovered. | District Plan General Rates Resource Consents General Rates Fees and Charges | 50% General Rates 50% Fees and Charges |
| Tourism Dunedin | Wealthy Community | The tourism industry. The service also benefits the community by encouraging tourism which provides economic benefits to the City. | The Council has made a commitment to undertake this activity for the long term. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates | 100% General Rates (Note: For proportion of funding provided by the Council. Organisation has other external funding sources). |
| Economic Development | Wealthy Community | Businesses that contact the service benefit. The community also benefits from economic growth and development. | The Council has made a commitment to undertake this activity for the long term. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates External Funding | 90% General Rates 10% External Funding (Note ratio varies depending on availability of external funding). |
| Dunedin Centre | Wealthy Community | Groups and individuals using the centre. There is also a wider economic benefit to the community through the provision of conference facilities. | The Council has made a commitment to undertake this activity for the long term. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates Fees and Charges | 50% General Rates 50% Fees and Charges |
| Marketing and Communications | Wealthy Community | Groups provided with assistance for events. Masters Games participants. There is also a benefit to the community through provision of information about Council activities and facilities, and promotion of the city. | The Council has made a commitment to undertake this activity for the long term. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates Fees and Charges | 95% General Rates 5% Fees and Charges |

| Activity | Outcome | Who Benefits? | Period of Benefit | Actions or Inactions that Create Need | Funding Source | Funding Source Proportion |
|---------------------------------------|-------------------|--|---|---|---|---|
| Visitor Centre | Wealthy Community | Visitors. There is also a wider economic benefit to the city gained through encouraging spending within the city through booked accommodation and attractions, and associated retail spending. | The Council has made a commitment to undertake this activity for the long term. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates Fees and Charges | 45% General Rates 55% Fees and Charges |
| Investment and Miscellaneous Property | Wealthy Community | Revenue generation from sources other than rates benefits ratepayers and the community as a whole. | The Council has made a commitment to undertake this activity for the long term. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | Investments: Endowment properties that may only be replaced not sold Waipori Fund | 100% Investments |
| Stadium | Wealthy Community | Patrons and key tenants will receive individual benefits. There is also a wider economic benefit to the city in terms of attracting visitors to the city. | The Council has made a commitment to undertake this activity for the long term. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | Fees and Charges for operation of the stadium | 100% Fees and Charges (Operating Costs) Ratepayer Contribution - General Rates (Capital Costs) |
| Transportation Planning | Accessible City | The whole community benefits. All people use some form of transport. | Planning for future transportation needs is an ongoing task as our society evolves. | There are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates External Funding | 62% General Rates 38% External Funding |
| Transportation Operations | Accessible City | The whole community benefits. All people use some form of transport. | The roading network will be maintained indefinitely. | In general there are no actions or inactions of particular individuals or groups that contributed to the need to undertake this activity. | General Rates External Funding | 57% General Rates 43% External Funding |
| Citipark | Accessible City | Those motorists using parking services. | | Motorists wishing to park close to their destination create the need for this service. | Fees and Charges | 100% Fees and Charges |
| Parking Enforcement | Accessible City | The Community benefits from the provision of an effective parking system providing regular turn-over of parks allowing motorists to park near their destination. | The Council has made a commitment to undertake this activity for the long term. | Non compliance with parking regulations results in fines. Abandoned vehicles are also disposed of by this activity. | General Rates Fees and Charges | 3% General Rates 97% Fees and Charges |

Allanton Wastewater and Water Reticulated Services Funding Policy

The Council has approved the Allanton Wastewater and Water Reticulated Services funding policy. The key components of this policy are shown below:

The overall objectives of the Allanton Wastewater Reticulated Services Funding Policy are:

To recognise that there is a clear and demonstrated need to provide wastewater reticulation in Allanton, in terms of public health, environmental effects or other significant reasons;

To ensure that when the system is installed, each connection established, or any potential connection, is subject to charges in accordance with the Council's funding policy; and

To set the contribution payable towards the capital cost of providing new reticulated service by the Allanton Community.

The overall objectives of the Allanton Water Reticulated Services Funding Policy are:

To recognise that there is a need to provide water reticulation in Allanton;

To ensure that when the system is installed, each connection established, or any potential connection, is subject to charges in accordance with the Council's funding policy; and

To set the contribution payable towards the capital cost of providing new reticulated service by the Allanton Community.

The table below summarises the funding policy for the Allanton Water And Wastewater Reticulated Services:

| | Wastewater | Water |
|-----------------------------------|--|---|
| Existing Residential Units | Compulsory requirement to connect 20% Capital Contribution Lump sum payable per connection, or spread over 20 years | 75% agreement to connect required; if achieved connection will become compulsory for both existing and proposed residences 100% Capital Contribution Lump sum payable per connection, or spread over 20 years |
| New Residential Units | Compulsory requirement to connect 100% Capital Contribution Lump sum payable per connection | Required to connect 100% Capital Contribution Lump sum payable per connection |
| All | Annual Drainage Fixed Charge or half charge if do not connect Connection fee waived if connect at time of installation of network | Water Fixed Charge or half charge if do not connect Connection fee waived if connect at time of installation of network |

Policy on Significance

This policy is provided in accordance with Section 90 of the Local Government Act 2002.

Purpose

The Dunedin City Council seeks to act in good faith in dealings with the community. We endeavour to listen to the views of the community with regard to the various decisions and proposals dealt with. We also seek to involve the community, as appropriate.

The purpose of the policy on significance is to indicate the Dunedin City Council's approach to determining the significance of proposals and decisions in relation to issues, assets or other matters that arise outside the Annual Plan and/or LTCCP processes. If a proposal or decision is determined by this policy to be significant, the Council will ensure the public is adequately consulted under the provisions of the Local Government Act 2002 prior to the proposal being finalised.

Organisational Scope

The policy on significance is relevant to all proposals or decisions in relation to planned operations, or changes to operations of, the Dunedin City Council.

Definitions

The Council = Dunedin City Council

The Act = Local Government Act 2002

The Policy = The Dunedin City Council Policy on Significance (ie this document)

LTCCP = Long-Term Council Community Plan as defined in section 93 of the Act.

Policy Content and Guidelines

Section 1–Definition of significance

The Council will use the definition of significance, and significant as given in Section 5 of the Act.

Section 2–Criteria, thresholds and procedures

The Council will assess the significance of a proposal or decision having regard to:

- a) Implications for the present and future social, economic, environmental and cultural well-being of the City.
- b) Its consistency with existing Council policies and strategic documents.
- c) The financial costs of the proposal or decision.
- d) The effect on current levels of service.

The Council will determine the significance of each proposal or decision on a case-by-case basis. Each proposal or decision coming before the Council will be subject to an analysis guided by Section 76 of the Act which will determine its relative significance.

Where a proposal or decision is determined to be significant, the Council will:

- a) Identify all practicable options
- b) Assess those options based on the costs and benefits of each option to the present and future social, economic, environmental and cultural well-being of the district or region
- c) Assess the options in terms of our community outcomes and priorities
- d) Consider our future capacity to meet any statutory responsibilities
- e) If the significant issue or proposal concerns land or bodies of water, the Council will consult with Maori in accordance with the guidelines outlined in Section 77 of the Act
- f) Consider the views and preferences of persons likely to be affected by, or to have an interest in the matter
- g) Consideration of any specific controls imposed by other sections of the Act, or any other relevant legislation. These controls include the obligation to maintain water services (Section 130 of the Act); the disposal of parks and reserves (Section 138 of the Act);

and the obligation to provide free membership of libraries (Section 142 of the Act).

Using Section 79 of the Act as a guide, the Council will make its final decision after having fully considered any information gathered as part of its decision-making process, as well as the results of any consultation undertaken. The Council will not be bound to make or change any decisions after consultation, if it considers it will not be in the best interests of the current or future social, economic, environmental or cultural well-being of the community.

Section 3—Strategic Assets

The Council is required by Section 90 of the Act to provide a list of its strategic assets. The definition of strategic asset used in the Policy is that given in Section 5 of the Act.

Once defined as strategic assets, any significant changes to the Council's ownership or control, or any decisions to construct, replace or abandon these assets listed must be explicitly provided for in the Council's current LTCCP. If the proposal is not provided for, a special consultative procedure will be undertaken in order to change the LTCCP. The following exceptions will apply.

In the case of the Council's holdings in Dunedin City Holdings Limited, decisions relating to the management, acquisition or divestment of the assets are taken by the independent board of Dunedin City Holdings Limited under the Statement of Corporate Intent.

For the purposes of the Policy, the Council considers its strategic assets as whole single assets because it is the asset class as a whole that delivers the service. In the interests of the efficient management of resources, the Council will therefore not undertake the special consultative procedure for decisions that relate to the transfer of ownership or control, or minor construction or replacement of a part of a strategic asset, unless that part substantially affects the level of service provided to the community.

Any physical alterations to strategic assets that are required to either prevent an immediate hazardous situation arising, or to repair an asset to ensure public health and safety due to damage from an emergency or unforeseen situation, will also not have to undergo a special consultative procedure for inclusion into the LTCCP. Any actions taken will be reported in the relevant Annual Plan or Annual Report.

Significant Assets

These are the assets that are considered strategically important to support this policy.

Economic

- Regional or national roads identified in the District Plan
- Council holdings in Dunedin City Holdings Limited
- Shares in Dunedin International Airport Company Limited (specifically mentioned in the Act).

Environmental

- Water collection, treatment and distribution system
- Wastewater collection, treatment and disposal system
- Stormwater collection and disposal system
- Green Island landfill.

Social

- Moana Pool
- Collective arts and cultural bequests
- The Dunedin Botanic Garden
- The Town Belt
- Cemeteries
- Community housing (specifically mentioned in the Act).

Investment Policy

This policy is provided in accordance with Section 105 of the Local Government Act 2002.

1 Investment Policy

1.1 General Policy [Section 105(A)]

The Council Investment Policy is consistent with the Council's objectives and with the Long-Term Council Community Plan (LTCCP) and Annual Plans. The policy is to manage all of the Council's investments within its strategic objectives, invest surplus cash in liquid and credit worthy investments.

The Council policy is to undertake prudent financial management by being a risk adverse entity with activities of a speculative nature being expressly forbidden.

Financial Assets and Financial Reserves

The Council holds the following financial assets and financial reserves:

- **General Funds**
This covers funds not restricted in any way which are derived from operations.
- **Funded Reserves**
These are funds set up by the Council for defined reasons and are separately invested and accounted for.
- **Sinking Funds**
The Council is no longer required to operate sinking funds to meet future repayments of loans. There are residual sinking funds still operating.
- **Waipori Fund**
Fund established as the result of the sale of Waipori Power Generation Ltd and a 42% interest in United Electricity Ltd in October 1998.

1.2 Specific Investment Policies [Section 105(b)]

1.2.1 Mix of Investment [Section 105(b)]

The Council policy is disclosed in the matrix below which identifies the financial assets and financial reserves with the investment mix allowable.

| Types of Investment Permitted | | | | | | | |
|-------------------------------|------------------------|----------|----------|------------------------|-------------------|----------------|--------------------|
| Financial Reserves | Investment Instruments | Property | Internal | International Equities | Domestic Equities | Group Equities | Loans and Advances |
| General Funds | Yes | Yes | No | No | No | Yes | Yes |
| Funded Reserves | Yes | Yes | Yes | No | No | No | No |
| Sinking Funds | Yes | No | No | No | No | No | No |
| Waipori Fund | Yes | Yes | Yes | Yes | Yes | No | No |

1.2.2 Acquisition of New Investments [Section 105(c)]

The Council policy is disclosed in the matrix below which identifies the authority level delegated to authorise the acquisition of new investments. This authority level corresponds with the following: General Manager (GM), Senior Financial Accountant (Snr Acct). Detailed personal delegations are contained in the delegations manual and must be consistent with the Treasury Management Policy.

| Types of Investment Permitted | | | | | | | |
|-------------------------------|------------------------|----------|----------|------------------------|-------------------|----------------|--------------------|
| Financial Reserves | Investment Instruments | Property | Internal | International Equities | Domestic Equities | Group Equities | Loans and Advances |
| General Funds | Snr Acct | GM | N/A | N/A | N/A | Council | GM |
| Funded Reserves | Snr Acct | GM | Snr Acct | N/A | N/A | N/A | N/A |
| Sinking Funds | Snr Acct | N/A | N/A | N/A | N/A | N/A | N/A |
| Waipori Fund | GM | GM | GM | GM | GM | N/A | N/A |

The Waipori Fund investment decisions have been delegated to the Fund Manager equivalent to General Manager, Finance and Corporate Support.

1.2.3 Disposition of Investments

The Council policy is disclosed in the matrix below which identifies the authority level delegated to authorise the disposal of investments. This authority level corresponds with the following: General Manager (GM), Senior Accountant (Snr Acct).

Policy

| Types of Investment Permitted | | | | | | | |
|-------------------------------|------------------------|----------|----------|------------------------|-------------------|----------------|--------------------|
| Financial Reserves | Investment Instruments | Property | Internal | International Equities | Domestic Equities | Group Equities | Loans and Advances |
| General Funds | Snr Acct | Council | N/A | N/A | N/A | Council | GM |
| Funded Reserves | Snr Acct | Council | Snr Acct | N/A | N/A | N/A | N/A |
| Sinking Funds | Snr Acct | N/A | N/A | N/A | N/A | N/A | N/A |
| Waipori Fund | GM | Council | GM | GM | GM | N/A | N/A |

Revenue for each class of Financial Assets will in the first instance be returned to the relevant class of financial assets and financial reserves. The subsequent application of the revenue will be disclosed in the long-term financial strategy.

Proceeds from the sale of assets will in the first instance be returned to the relevant class of financial assets and financial reserves. The subsequent application of the proceeds of sale will be governed by statute, ie the sale of endowment land will be returned to the endowment fund to be used in the purchase of additional endowment land.

1.3 Procedures for Management [Section 105(d)]

1.3.1 Cash and Deposits

The procedures to manage this type of investment are detailed in the Dunedin City Council Accounting Manual.

1.3.2 Treasury Investments

The Council maintains treasury investments for the following reasons:

- Provide ready cash in the event of a natural disaster. This cash is intended to bridge the gap between the disaster and the reinstatement of normal income streams
- Invest amounts allocated to special funds, sinking funds and reserves
- Invest funds allocated for approved future expenditure, to implement strategic initiatives or to support intergenerational allocations
- Invest proceeds from the sale of assets
- Invest surplus cash, and working capital funds.

Investment Opportunities

The Chief Executive Officer or delegate sets overall investment strategy, by reviewing on a regular basis, cashflow forecasts incorporating plans for approved expenditure and strategic initiatives, evaluating the outlook for interest rates and the shape of the yield curve, and, where applicable, seeking appropriate financial advice.

The Council's primary objective when investing is the protection of its investment. Accordingly, only credit worthy counterparties are acceptable. Credit worthy counter-parties are selected on the basis of their Standard and Poor's (S&P) rating which must be Standard and Poor's investment grade credit rating. Credit ratings are monitored on a monthly basis by Dunedin City Treasury Limited and provided to the General Manager, Finance and Corporate Support.

In exceptional cases, investments in counterparties which do not have an S&P investment grade credit rating will be permitted, provided they are approved by the Council's Finance and Strategy Committee.

Within the above credit constraints, and subject to other considerations, the Council seeks to:

- Maximise investment return
- Ensure investments are liquid

Manage potential capital losses due to interest rate movements if investments need to be liquidated before maturity.

The following principles form the key assumptions of the operating parameters contained in the investment framework:

- Credit risk is minimised by placing limits on each broad class of non-Government issue, and by limiting investments to registered banks, strongly rated SOEs, and corporates within prescribed limits
- Liquidity risk is minimised by ensuring that all investments must be capable of being liquidated in a readily available secondary market.

1.3.3 Property Investments

The Council's investments in property aim to achieve different strategic and economic objectives depending on the category of property held. As a general rule the Council will divest properties that fail to meet the objectives of each category.

The Council reviews the performance of its property investments on a regular basis. All income, including rentals and ground rent from property investments, is included in the consolidated revenue account.

1.3.4 Internal Investments

From time to time, to facilitate prudent financial management, the Council may wish to use one class of financial asset and financial reserves by investing in another class. In all instances there is to be interest paid to that financial asset or financial reserves equal to the interest rate available on an equivalent call deposit.

1.3.5 International Equities

The Waipori Fund is the only class of financial asset or financial reserve that can be invested in listed international equities.

1.3.6 Domestic Equities

The Waipori Fund is the only class of financial asset or financial reserve that can be actively invested in listed domestic equities. The Council has acquired other shares under different circumstances including shares in co-operatives by virtue of purchases made of the goods and services offered by those co-operatives. An example is the Ravensdown Co-operative.

1.3.7 Group Equity Investments

Investments through Dunedin City Holdings Limited include shareholdings in trading and service enterprises (CCTOs). The Council's investments fulfil a specific strategic purpose as outlined in the Council's LTCCP.

The Council regularly reviews the performance of these investments to ensure strategic and economic objectives are being achieved. Any acquisition or disposition of these investments requires the Council's approval.

All dividend income from the Council's equity investments is included in the investment account in general funds. Surpluses in the investment account can be utilised to offset deficits in other accounts in general funds.

1.3.8 Loans and Advances

Loans and advances are provided to Dunedin City Holdings Limited, and other trading, cultural, sporting, community, recreational and service enterprises or activities for the promotion of economic development. The acquisition and disposition of such investments can be agreed to by Council resolution. In default the assets of these organisations would revert to the Council.

Any advances to individual property owners for basic services such as water, stormwater and drainage connections, will be subject to a charge being placed over the land pursuant to the Local Government Act 2002.

The Council ensures that interest and principal repayments are made in accordance with each individual loan agreement and that the cost of loans to Dunedin City Holdings Limited and trading and service enterprises must not be lower than the cost of similar debt to the Council.

Interest income from loans and advances is included as general fund's income.

1.3.9 Reporting

The procedure for reporting investment activity is via regular reports to the Council's Finance and Strategy Committee.

- The Investment Account is reported monthly
- The Waipori Fund is reported quarterly.

1.4 Risk Assessment and Management

[Section 105(e)]

1.4.1 Interest Rate Risk Management

The Council's investments give rise to a direct exposure to a change in interest rates, impacting on the return and capital value of its fixed rate investments.

Management implements interest rate risk management strategy by reviewing rolling cashflow forecasts and:

- Changing interest rate profiles by adjusting the average maturity of its investments to match the borrowing maturity profile. Investments held to maintain liquidity and for specific purposes are excluded
- Using risk management instruments to protect investment returns and/or to change interest rate and maturity profiles
- The following interest rate risk management instruments may be used for interest rate risk management activity:
 - Forward rate agreements
 - Interest rate swaps
 - Purchase of interest rate options products including floors, bond options and "swaptions"
 - Interest rate collar type strategies.

Selling interest rate options for the purpose of generating premium income is not permitted.

2 Foreign Exchange Policy

The Council has foreign exchange exposure through the occasional purchase of foreign exchange denominated plant, equipment and services.

Generally, all significant commitments for foreign exchange are hedged once the purchase order is placed. With the prior approval of the Council, recognition may also take place when the flow of funds can be predicted with certainty. Any foreign exchange transaction greater than NZ\$100,000.00 is transacted by Dunedin City Treasury Limited.

The following foreign exchange risk management instruments may be used for foreign exchange risk management activity:

- Forward exchange contracts
- Purchase of foreign exchange options.

Selling foreign exchange options for the purpose of generating premium income is not permitted.

Remission and Postponement Policies

Remission of rates for extreme financial hardship

Objective

The objective of this policy is to assist ratepayers experiencing extreme financial hardship which affects their ability to pay rates.

Conditions and Criteria

Only rating units used solely for residential purposes (as defined by the Council) will be eligible for consideration for rates remission for extreme financial hardship.

Only the person entered as the ratepayer, or their authorised agent, may make an application for rates remission for extreme financial hardship on the rating unit which is the subject of the application. The person entered on the Council's rating information database as the "ratepayer" must not own any other rating units or investment properties (whether in the district or in another district).

The Council will consider, on a case-by-case basis, all applications received that meet the criteria described in the two paragraphs above.

When considering whether extreme financial hardship exists, all of the ratepayer's personal circumstances will be relevant including, but not limited to, the following factors: age, physical or mental disability, injury, illness and family circumstances.

Before approving an application the Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his or her home and chattels at an adequate standard as well as making provision for normal day-to-day living expenses.

Amount of Remission

If a remission is approved, as a general rule the amount will be in the range of \$100 to \$300 for each rating year.

An approved remission will apply for the rating year in which the application is made.

Application and Approval

The ratepayer (or authorised agent) must make an application to the Council each year on the prescribed form. Copies can be obtained from the Council Offices, or Customer Service Centres.

The Council will delegate authority to approve applications for rates remission to particular officers.

Postponement of rates for extreme financial hardship

Objective

The objective of this policy is to assist ratepayers experiencing extreme financial hardship which affects their ability to pay rates.

Conditions and Criteria

Only rating units used solely for residential purposes (as defined by the Council) will be eligible for consideration for rates postponement for extreme financial hardship.

Only the person entered as the ratepayer, or their authorised agent, may make an application for rates postponement for extreme financial hardship on the rating unit which is the subject of the application. The person entered on the Council's rating information database as the "ratepayer" must not own, or have an interest in, any other rating units or investment properties (whether in the district or in another district).

The Council will consider, on a case-by-case basis, all applications received that meet the criteria described in the two paragraphs above.

When considering whether extreme financial hardship exists, all of the ratepayer's personal circumstances will be considered relevant including, but not limited to, the following factors: age, physical or mental disability, injury, illness and family circumstances.

Before approving an application the Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his or her home and chattels at an adequate standard as well as making provision for normal day-to-day living expenses.

Amount of Postponement

Where the Council decides to postpone rates, the ratepayer may be required to make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

Any postponed rates will be postponed until:

- The death of the ratepayer(s)
- Until the ratepayer(s) ceases to be the owner or occupier of the rating unit
- Until the ratepayer(s) ceases to use the property as his/her residence
- Until a date specified by the Council.

The Council may charge an annual fee on postponed rates for the period that the rates are postponed. This fee is designed to cover the Council's administrative and financial costs and may vary from year to year. The fee that will be charged in the 2003/04 financial year is \$50.

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

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that the Council will have first call on the proceeds from the sale or lease of the rating unit.

An approved postponement will apply from the beginning of the rating year in which the application is made.

Application and Approval

When requested, the ratepayer (or authorised agent) must make an application to the Council each year on the prescribed form. Copies can be obtained from the Council Offices, or Customer Service Centres.

The Council will delegate authority to approve applications for rates postponement to particular officers.

Remission of penalties

Objective

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

The intention is to have a fair and equitable approach to penalties. The Council's intention is that they are a method of encouraging payment on time, not a source of revenue.

Conditions and Criteria

- 1 Residential, Businesses (Non Residential), Farmland and Utility Ratepayers
Only the person entered as the ratepayer, or his/her authorised agent, may make an application for remission of penalties of the rating unit which is the subject of the application.

The Council will consider, on a case-by-case basis, all applications received that meet one or more of the six criteria described below.
 - a) Humanitarian grounds.
 - b) Address problems which resulted in the rate account going to the wrong address.
 - c) The ratepayer did not receive an account.
 - d) The Council made a mistake.
 - e) Problem caused by previous owners not paying rates in full before a property sale is completed.
 - f) Other miscellaneous requests where a ratepayer has a good previous history and is paying the rate account within 10 days of the penalty date, or as soon as he/she reasonably can and has some plausible excuse for tardiness.
- 2 Business (Non Residential), Farmland and Utility Ratepayers
In general, businesses are expected to be "businesslike" and to be organised to pay their rates on time. Humanitarian grounds will only be applicable to smaller businesses where there is a specific person involved.

- 3 Agreement Ratepayers
Penalties will not be applied where a ratepayer has entered into a Payplan agreement or another repayment agreement and makes the regular rate payments that are agreed to.
- 4 Payment in Full by Second Instalment Date
Where a ratepayer has not paid the first instalment by the penalty date of that instalment, but has paid the total rates and charges by the second instalment date, any late payment penalties on the first instalment will be remitted.

Amount of Remission

If a remission of the penalty is approved, it will be the amount of the penalty imposed.

Application and Approval

In general, applications for waiver will be received per telephone. There is no need for them to be in writing unless the amount is more than \$100 or the penalty refers to the previous financial year.

The Council will delegate authority to approve applications for remission to particular officers.

Remission for certain targeted rates on farmland

Objective

The objective of this policy is to provide for relief from certain targeted rates for rural land which is non-contiguous, farmed as a single entity and owned by the same ratepayer.

Conditions and Criteria

Rating units that meet the criteria under this policy may qualify for a remission of any targeted rate set on the basis of a fixed dollar charge per rating unit. The ratepayer will remain liable for at least one set of each type of charge.

The rating units must be owned by the same ratepayer.

Only one of the units may have any residential dwelling situated on the rating unit.

Where a ratepayer owns rating units that meet this criteria, and where any of the rating units lies within the district of an adjoining Local Authority which applies its sets of Targeted Rates

to the rating units in the District, the Council may waive the uniform annual charges on those rating units.

Only the person entered as the ratepayer, or his/her authorised agent, may make an application for rates remission for the rating unit which is the subject of the application.

The Council will consider, on a case-by-case basis, all applications received that meet the criteria described in the two paragraphs above.

Amount of Remission

If a remission is approved, the ratepayer will only be charged one set of Targeted Rates each rating year.

An approved remission will apply from no later than the beginning of the next rating year from when the application is made.

Application and Approval

The ratepayer (or authorised agent) must make an application to the Council on the prescribed form. Copies can be obtained from the Council Offices, or Customer Service Centres.

The Council will delegate authority to approve applications for rates remission to particular officers.

Remission for certain targeted rates on farmland and non-residential land used by the same ratepayer as a single entity

Objective and Benefit

The objective is to provide for rates relief from certain targeted rates on Farmland and Non-residential properties where the ratepayer occupies and uses the adjoining land as one unit.

Conditions and Criteria

Rating units that meet the criteria under this policy may qualify for a remission of any targeted rate set on the basis of a fixed dollar charge per rating unit or separately used or inhabited part. The ratepayer will remain liable for at least one set of each type of charge.

The granting of this remission is subject to all of the following five conditions:

- All rating units must be occupied by the same ratepayer
- All rating units must be used by the ratepayer as a single entity
- All rating units must be contiguous or separated only by road, railway, drain, water race, river or stream
- The number of Community Services Targeted rates is limited to the number of inhabited dwellings on each rating unit
- The occupier is unable to negotiate a lease compliant with the Local Government (Rating) Act 2002.

The Council will consider, on a case-by-case basis, all applications received that meet the criteria described in the paragraphs above.

Amount of Remission

If a remission is approved, the ratepayer will only be charged one set of targeted rates each rating year.

An approved remission will apply from no later than the beginning of the next rating year commencing 1st July from which the application is made until the occupier no longer meets the five criteria above.

Application and Approval

The occupier (or authorised agent) must make an application to the Council on the prescribed form. Copies can be obtained from the Council Offices, or Customer Service Centres.

The Council will delegate authority to approve applications for rates remission to the Financial Controller.

Consequential amendments to the Community Plan

There are no consequential amendments to the Community Plan.

Remission of rates on land voluntarily protected for conservation purposes

Objective

The policy is intended to link in with the Council's goal –

"To promote a quality environment and sustainable management of our resources by ensuring that existing values are not compromised and by encouraging improvement."

More specifically, the intention is to encourage property owners to protect and preserve open spaces within the city for the benefit and enjoyment of present and future generations of the people of Dunedin.

This policy does not cover urban buildings, or properties which would more appropriately fall within the Council's rates remission for development policy.

Conditions and Criteria

The Council may remit rates where a rating unit meets the following criteria:

- 1 The rating unit is within the city. It may be a part of a larger property in which case the area concerned shall be separately rated; and
- 2 The rating unit must be protected by a binding covenant or agreement such as:
 - a) An open space covenant with the Queen Elizabeth the Second Trust; or
 - b) A conservation covenant with the Department of Conservation or a local government agency; or
 - c) A heritage covenant with the New Zealand Historic Places Trust; or
 - d) A protected private land agreement where an owner has an area set aside as "protected private land" under the Reserves Act 1977; or
 - e) A Maori reservation under the Maori Affairs Act; or
 - f) A covenant similar to the above that is binding on both present and future owners; and

- 3 The conservation of the rating unit contributes to the benefit and enjoyment of citizens of Dunedin by preserving particular natural or historic or cultural features within the district. This could include, but is not limited to, the following features:
 - a) A specific area of forest or bush; or
 - b) A specific visual or scenic feature of the landscape; or
 - c) Any specific feature the conservation of which, in the view of the Council, meets the Council's goal in regard to the environment; and
- 4 The owner has applied for a rates remission under this policy.
- 5 When determining rates remission, and a particular application, the Council shall have regard to the following matters:
 - a) The desirability of preserving particular natural or historic or cultural features within the district;
 - b) Whether, and to what extent, the preservation of particular natural or historic or cultural features might be prejudicially affected if rates remission is not granted in respect of the land on which they are situated;
 - c) Whether, and to what extent, preservation of particular natural or historic or cultural features are likely to be encouraged by the granting of rates remission;
 - d) The extent to which the preservation of different types of natural, historic, and cultural features should be recognised by different criteria and conditions for rates remission, and whether different levels of rates remission should apply;
 - e) The extent to which rates remission should be available where the preservation of natural or historic or cultural features does not restrict economic utilisation of the land;
 - f) Such other matters as the local authority considers relevant.

Only the person entered as the ratepayer, or his/her authorised agent, may make an application for rates remission on the rating unit which is the subject of the application.

The Council will consider, on a case-by-case basis, all applications received that meet the criteria described in the paragraphs above.

Amount of Remission

If a remission is approved, the amount will be for all of the rates otherwise payable for a whole year, or years, or any lesser period.

Special Conditions

The Council may impose conditions on a property owner when granting relief.

Application and Approval

The ratepayer (or authorised agent) must make an application to the Council on the prescribed form. Copies can be obtained from the Council Offices, or Customer Service Centres.

Applications for rates remission under this provision shall be referred in the first instance to the Financial Controller who shall confirm that it complies with the first condition of this policy. The application shall then be referred to the Community and Recreation Services Manager who shall make a recommendation to the Finance and Strategy Committee.

Remission of rates for maori freehold land

The Council policy is that it has no different policy for the remission of rates on Maori freehold land, however other Council rates remission policies may apply.

Postponement of rates for maori freehold land

The Council policy is that it has no different policy for the postponement of rates on Maori freehold land, however, other Council rates postponement policies may apply.

Remission of rates on non-residential, farmland, residential and utilities properties following a natural calamity

Objective and Benefit

The objective is to provide rates relief to ratepayers where the use of any rating unit has been detrimentally affected by erosion, subsidence, submersion or other natural calamity, and where Government funds that rates relief.

Conditions and Criteria

Ratepayers who meet the criteria under this policy may qualify for a remission of up to 100% of their rates for the period for which the rating unit is uninhabitable or the use is detrimentally affected. The remission will apply only to each single event and to the rating unit affected by such an event.

The granting of this remission is subject to all of the following four conditions:

- Where Government has established a reimbursement scheme for rates remitted for such properties
- Applications for this remission must be in writing describing the nature of the calamity and the steps being taken to return the rating unit to a usable state and providing an estimate of the time the rating unit is expected to be affected. Council may require other records, such as insurance claims, as part of the remission approval process
- All applications must be made within three months of the event
- Council can set additional criteria for each event, as criteria may change depending on the nature and severity of the event and available funding at the time.

Application and Approval

The ratepayer (or authorised agent) must make application to the Council on the prescribed form.

The Council will delegate authority to approve applications for rates remission to the Financial Controller.

Liability Management Policy

This policy is provided in accordance with Section 104 of the Local Government Act 2002.

1 Borrowing Policy

1.1 General Policy

It is Council policy that liability management is consistent with the Council's objectives and with the Long-Term Council Community Plan (LTCCP) and Annual Plans. The policy is to achieve the lowest possible net borrowing costs achievable within the Liability Management Policy parameters, by actively managing interest rate exposures and the term of debt. The policy is to maximise the benefits from favourable interest rate movements and also to put in place proactive measures against prolonged and significant adverse interest rate movements.

The Council borrows as it considers appropriate. The Council approves borrowing by resolution. Projected debt levels are ascertained from detailed cashflow forecasts prepared during the strategic and annual planning process.

The Council's ability to readily attract cost effective borrowing depends on its ability to maintain a strong balance sheet as well as its ability to rate, manage its image in the market and its relationships with bankers. The Council seeks a diversified pool of borrowing and ensures that bank borrowings are only sought from the approved list of registered banks.

The Council raises borrowing for the following primary purposes:

- General debt to fund the Council's balance sheet
- Specific debt associated with "special one-off" projects and capital expenditures
- Finance leases for fixed asset purchases
- To fund assets with intergenerational qualities.

Council has adopted a policy to utilise Dunedin City Treasury Ltd, a 100% owned subsidiary of Dunedin City Holdings Ltd, to provide all necessary borrowings for the Council.

It is Council policy in evaluating new borrowings (in relation to source, term, size and pricing) that the General Manager, Finance and Corporate Support will take into account the following:

- The size and the economic life of the project
- Earnings, if any, flowing from the project

- The impact of the new debt on the borrowing limits
- Relevant margins under each borrowing source
- The overall cashflow requirements of the Council
- The Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/roll-over time
- Prevailing interest rates relative to term for both stock issuance and bank borrowing and management's view of future interest rate movements
- Available terms from bank and stock issuance
- Ensuring that the implied finance terms within the specific debt (eg project finance) are at least as favourable as the Council could achieve in its own right
- Legal documentation and financial covenants.

The Council has a funding policy for capital expenditure which should be read in conjunction with this policy.

1.2 Interest Rate Exposure Policy [Section 104(a)]

The Council Interest Rate Exposure Policy is to have a framework in place under which the Council can actively manage its borrowings, within overall guidelines to spread and reduce risks. The Council policy is to maintain a relative balance between financial merit exposure risk and other business risks that the Council has in its normal course of business.

The Council's borrowing gives rise to direct exposure to interest rate movements. Generally, given the long-term nature of the Council's assets, projects and inter-generational factors, and the Council's preference to avoid an adverse impact on rates, there is a general tendency to have a high percentage of long-term fixed rate or hedged borrowing.

1.2.1 Interest Rate Risk Management Strategy

Management implements an interest rate risk management strategy through the use of the following:

- Adjusting the average maturity of its borrowings, thereby managing interest rate risk within the confines of liquidity management

- The Finance Department maintains cashflow forecasts which consider the impact of interest rates on its Treasury assets and utilises natural borrowing offsets to minimise mismatches.
- Interest rate risk management products to convert fixed rate borrowing into floating rate, floating rate borrowing into fixed or hedged borrowing, and to manage maturity mismatches between its borrowings and investments.

1.2.2 Percentage of Fixed Rate Borrowing

Fixed rate or hedged borrowing is where the resultant interest rate profile is at a fixed or hedged rate for one year or more. The preferred interest rate position is reflected in Table 1 which outlines the minimum and maximum interest rate exposure bands.

Table 1: Percentage of Fixed Rate Borrowing

| Term of Exposure Year | Interest Rate Cover Range |
|-----------------------|---------------------------|
| 1-3 | 50%-80% |
| 3-5 | 30%-70% |
| 5-7 | 20%-50% |
| 7+ | 10%-30% |

1.2.3 Approved Interest Rate Risk Management Instruments

The following interest rate risk management instruments may be used for interest rate risk management activity:

- Forward rate agreements
- Interest rate swaps
- Purchase of interest rate options products including caps, bond options and "swaptions"
- Interest rate collar type option strategies.

Selling interest rate options for the primary purpose of generating premium income is not permitted because of its speculative nature.

Futures contracts are not permitted due to the administrative burden and the ready availability of other more tailored risk management products.

1.2.4 Currency Borrowings

The Council may not borrow in foreign currency.

1.3 Liquidity Policy [Section 104(b)]

The Council Liquidity Policy is to ensure adequate financial resources are available to the Council to meet all obligations as they arise.

The purpose of the Liquidity Policy is to analyse the Council's cash flows, in both the short and long term for all perceived requirements and contingencies, and the arrangement of suitable sources of liquid resources.

To ensure funds are available on repayment of debt, maturities of Treasury investments and debt are matched through rolling cashflow forecasts, Treasury investments are maintained in liquid assets and funds are available through committed and/or uncommitted bank facilities. Generally these facilities are available through Dunedin City Treasury Ltd. Our retail banks provide a modest overdraft facility.

The Council requires a minimum level of surplus liquidity to meet unexpected cash expenditure or revenue shortfall. Liquidity should be flexible enough to manage the rate payment cycle.

1.4 Credit Exposure Policy [Section 104(c)]

The Council Credit Exposure Policy is to minimise the risk of large concentrations of debt maturing or being reissued in periods where credit margins are high, and that the Council ensures debt maturity is spread widely over a band of maturities. The Council manages this specifically by ensuring that:

- No more than 25% of total borrowing is subject to refinancing in any financial year.

1.5 Debt Repayment Policy [Section 104(d)]

The Council Debt Repayment Policy is to ensure that the Council is able to repay debt on maturity with minimum impact on the Council's operations.

The Council Policy is that the application of surplus cash will have the following priority:

- 1 Repayment of debt.
- 2 Investment.
- 3 Priority Projects.

The Council repays borrowings from the specific sinking fund or special funds allocated to that borrowing or from general funds.

Currently debt is owed on individual assets being repaid over the life of the asset. The annual repayment amounts are included in the Council's Annual Plan and Long-Term Council Community Plan.

1.6 Borrowing Limits [Section 104(e)]

The Council policy will adhere to the following limits (based on the Council's latest core financial statements):

- The gross interest expense of all borrowings will not exceed 8% of total operating revenues
- The gross interest expense of all borrowings will not exceed 20% of total rates revenues.
Rates are defined as charges on the value of property, uniform annual charges and uniform annual general charges
- Pre-tax funds flow from operations exceed gross annual interest expense by 2.5 times.
Funds flow from operations is defined as operating surplus before depreciation and interest.

Information relating to the level of debt and linkage to debt servicing performance targets has been applied to the Council's LTCCP for the next 10 years.

1.7 Security Policy [Section 104(f)]

The Council policy on security is to ensure that the Council is able to provide suitable security to investors, whilst retaining maximum flexibility and control over assets.

The purpose of the Security Policy is to establish a mechanism through which the Council is able to be monitored for any security given.

The security for most Council debt will be the ability to assess rates. The Council may offer assets or rates as security for its borrowing.

The Local Government Act 2002 requires this security to be registered under the Companies Act. This registration is then available to the public.

1.8 Contingent Liabilities

The Council policy is to ensure that the business plan of the guaranteed party furthers the strategic objectives of the Council and that financial statements are received on a regular basis.

The Council, from time to time, provides financial guarantees. Should a guarantee be called up, the Council will take immediate steps to recover the money.

1.9 Reporting

The procedure for reporting against the Liability Management Policy is via monthly reports to the Council's Finance and strategy Committee. Additional reporting against borrowing limits is incorporated into the Ten Year forecasts.

Policy on Partnerships with the Private Sector

Introduction

Section 107 (2) of the Local Government Act 2002 provides a definition of what is covered by a Policy on Partnerships with the Private Sector and this has been included in the first paragraph of the Council Policy. What has not been defined is the phrase 'engaged in business'. The Council takes this to mean:

- A private sector endeavour with the view to long-run profit.

Therefore this policy excludes the dealings between the Council and not-for-profit organisations. Further, it is considered that any 'partnership' between the Council and the business entity does not need to be a profit partnership, although the Council's position on that is covered explicitly in the policy.

Policy Application

For this policy, partnership with the private sector means any arrangement or agreement that is entered into between one or more local authorities and one or more persons engaged in business; but does not include:

- a) Any such arrangement or agreement to which the only parties are:
 - i) local authorities; or
 - ii) one or more local authorities and one or more Council organisations; or
- b) A contract for the supply of any goods or services to, or on behalf of, a local authority.

When the provision of resources might be considered by the Council

- For all types of resources the primary consideration is the ability to demonstrate an expectation that identifiable community outcomes will benefit.
- For all assistance other than grants, the presence of a robust and comprehensive business plan, which clearly details the security being offered to the Council, must be present in any proposal.

What consultation will the Council undertake before making a commitment?

- Any significant proposal for a partnership with the private sector must be approved by the Council after the appropriate special consultation procedure.

What conditions will the Council impose on any proposal?

- For assistance other than grants, there must be a robust and comprehensive business plan, which will demonstrate the self-funding nature of the proposal, with an expectation of a profit position and an exit plan within five years
- Other than grants, a financial commitment that reaches \$10,000 must be appropriately secured.

How will the risks be managed?

- The Council will expect the provision of audited annual reports as well as quarterly financial statements prepared using generally accepted accounting principles (GAAP)
- Before signing of any proposal all documents will be examined by appropriate business professionals
- A General Manager of the Council will be made responsible for the partnership.

The procedures for monitoring partnership performance and contribution to outcomes

- Every quarter, the available financial statements will be reviewed by a financial analyst and the results conveyed to the responsible General Manager and the Finance Controller
- The partnership will be disclosed in the LTCCP and the Annual Plan
- The Annual Report will provide monitoring as required under the Local Government Act 2002, covering both specific requirements for measures of outcome achievements and Financial Reporting Requirements.

Development Contributions Policy

1.0 Introduction

The Council is required to have a Development Contributions Policy as a component of its Funding and Financial Policies in its Long-Term Council Community Plan (hereon referred to as the Community Plan) under section 102(4)(d) of the Local Government Act 2002. Section 198 of the Local Government Act 2002 gives territorial authorities the power to require a contribution for developments. Development Contributions provide the Council with a method to obtain contributions to fund the increased demand for reserves, network infrastructure and community infrastructure resulting from growth. Reserves, network infrastructure and community infrastructure are collectively referred to as community facilities in the Local Government Act 2002 (refer to Appendix D of this policy for the definition).

2.0 Policy Section

2.1 Purpose of the Development Contributions Policy

The key purpose of the Development Contributions Policy is to ensure that growth, and the cost of community facilities to meet that growth, is funded in a fair and reasonable manner by those who cause the need for that community facility.

In terms of this policy, growth means development that requires an increase in the capacity of community facilities external to the boundaries of the development site. Therefore the Council may require development contributions from development where:

- The effect of that development, including the cumulative effect of development, is to require new or additional assets or assets of increased capacity in terms of network infrastructure, reserves and community infrastructure
- The Council incurs capital expenditure to provide appropriately for those assets, ie network infrastructure, reserves and community infrastructure. This also includes capital expenditure that the Council has already incurred in anticipation of growth.

Development Contributions are not a tool to fund the cost of maintaining community facilities or improving/changing levels of service for existing users. These costs will be met from other sources.

2.2 Statutory Options for Seeking Contributions

Councils have the option to use either the provisions of the Resource Management Act 1991 (Financial Contributions) or those of the Local Government Act 2002 (Development Contributions) or a combination of both to obtain funds or land from developers. Councils must ensure that they do not 'double dip' for the same infrastructure.

The Dunedin City Council has decided to establish its Development Contributions Policy within the requirements of the Local Government Act 2002. However one financial contribution currently provided for in the District Plan will remain in that document because it does not fall within the scope of the Local Government Act 2002 provisions for Development Contributions. The provision is:

- Section 10: Industrial Activities - Rule 10.6.2(vii) Industrial 2 Zone landscaping requirements.
- If situations arise in future where contributions not allowed by the Local Government Act 2002 would be permissible within the Resource Management Act 1991 provisions, the Council will consider whether or not the event is of sufficient frequency and value to justify a variation to the District Plan introducing the financial contribution, ie for the avoidance, remediation or mitigation of adverse environmental effects.

The District Plan and the Code of Subdivision defines the nature and standard of works and services that are to be provided as part of a subdivision or development. These works and services are provided by the developers at their cost, and where the asset created is normally owned and maintained by the Council, they are transferred without charge into Council ownership.

The Council will seek development contributions for the following community facilities:

- Network Infrastructure
 - Water supply
 - Wastewater
 - Stormwater
- Transportation Network*
- Reserves
- Community Infrastructure, including libraries, leisure facilities and community centres*.

(*Development Contributions will not be taken for the City-wide Transportation Network and Community Infrastructure initially, although transportation contributions will be taken for local contribution areas. Further work is being undertaken to finalise these contributions which will be required in future).

Contributions for the above community facilities will be sought for the installation or improvement of assets over and above the works and services required within the subdivision or development and are usually located beyond the development boundaries. The level of such contribution is limited to the extent to which the development places additional demand on the City's community facilities.

This document establishes the policy for the receipt of contributions for the above asset areas.

2.3 Development Contributions Policy

2.3.1 Policy Approach

The sustainable management of the City's network of community facilities is important. Growth through development places demands upon such networks in the form of increased use, additions or expansion. The District Plan seeks to ensure that such demands are managed in a planned and integrated manner. The Development Contributions policy will ensure that the cost of additional demands upon community facilities as a result of growth are funded by those who cause the need for additional demand.

Where development, including subdivision, is established to densities provided for within the relevant zone in the District Plan, and can generally be accommodated using existing network infrastructure, then such development would not expect to incur a Development Contribution for network infrastructure.

Applications through the resource consent system under the Resource Management Act 1991, involving developments exceeding the relevant zone density, have the potential to exceed the design capacity of existing network infrastructure, reduce the sustainability of the resource and generate the need to provide for upgrading of or extension to, network infrastructure. These matters will be taken into account when resource consent applications are processed. This may result in declining an application, or approving the application with conditions requiring the applicant to provide works and services for the relevant network infrastructure.

Development Contributions will be payable for development that occurs in areas that are re-zoned to provide for growth, and generates the need to provide additional or extended network infrastructure. This is likely to involve either re-zoning a greenfield area or re-zoning an existing urban area at a higher density.

From time to time it may be necessary for the Council to upgrade or renew network infrastructure. In such instances it may be prudent and cost effective to provide for additional capacity to accommodate future growth at the same time as the upgrade or renewal. Where a capital expenditure project provides for increased capacity in anticipation of future growth, the Council intends to investigate the possibility of funding the growth portion by way of development contributions.

Development Contributions for reserves and the transportation network will be required on all developments creating additional units of demand.

Schedules will identify the community facility and the relevant geographic area where development contributions will be required. Each schedule will contain a map for the contribution area, the amount of contribution required, and describe the justification for the contribution.

2.3.2 Policies

The Council will adopt the following approach to charge for development contributions from development to meet the growth component of the capital expenditure for network infrastructure and reserves:

| | |
|-----------------|---|
| Policy 1 | A Development Contribution for the purchase and development of land and facilities for reserves will be payable for any subdivision or development which creates an additional unit of demand within any area of Dunedin. |
| Policy 2 | A Development Contribution for the development of new or upgraded elements of the transportation network to accommodate future demand may be payable for any subdivision or development which creates an additional unit of demand within any area of Dunedin. |
| Policy 3 | The Council may amend the Development Contributions policy to require contributions for any subdivision or development that creates additional units of demand: <ul style="list-style-type: none"> In areas that have been identified for growth through a change made to the District Plan after 19 April 2004; and In areas where capital expenditure has been or will be incurred to provide for additional capacity in network infrastructure in anticipation of future growth. |

| | |
|-----------------|---|
| Policy 4 | A Development Contribution may be payable for any subdivision or development which creates an additional unit of demand in areas identified under Policy 3 for: <ul style="list-style-type: none"> • Water Supply • Waste water • Storm water • Transportation network (roading and other transport) • Reserves. |
| Policy 5 | The Development Contribution payable will be based on the development funding up to 100% of the assessed additional cost of community facilities attributable to growth resulting from that development. |
| Policy 6 | A Development Contribution for the purchase, development and upgrade of community infrastructure may be payable for any subdivision or development which creates an additional unit of demand within any area of Dunedin. |

2.4 Adoption of Policy

This policy was adopted as part of Council's 2006/07 – 2016/17 Community Plan.

This policy will apply to developments where applications for necessary resource consents, subdivision consents, building consents or authorisations for service connection are received by the Council on or after 1 July 2006.

3.0 Rationale for Funding Growth through Development Contributions

Section 106(2)(c) of the Local Government Act 2002 requires Council's development contributions policy to explain why the Council has determined that it is appropriate to use development contributions as a funding source, by reference to the matters in section 101(3) of the Local Government Act 2002.

3.1 Community Outcomes

The development contributions policy has been established to support the following community outcomes identified in Section 1 of the Community Plan:

| | |
|---------------------------------------|----------------------------------|
| Economic well-being | |
| 1 | Wealthy Community |
| 2 | Accessible City |
| Environmental well-being | |
| 3 | Safe and Healthy City |
| 4 | Sustainable City and Environment |
| Social and Cultural well-being | |
| 5 | Supportive Community |
| 6 | Culture and Learning |
| 7 | Active City |

3.2 Justification

The Council considers that development contributions are an appropriate method of funding growth related capital expenditure for the reserve, water supply, wastewater, stormwater, and transportation networks on the following basis:

Reserves – City-wide and Local

Community outcomes to which the activity primarily contributes:

- Social and Cultural well-being – Active City
- Environmental well-being – Sustainable City and Environment.

Distribution of benefits:

Reserves are managed City- wide as a network providing a variety of active and passive recreation opportunities to all residents. The network also provides amenity, landscape and ecological benefits for City residents. Growth related capital expenditure provides for necessary upgrades of existing reserves and extensions to the network to reduce the demands growth places on facilities city-wide.

Where it is necessary to meet the demands of growth by identifying and re-zoning greenfield areas located beyond the existing urban/rural fence, new reserves may need to be provided or improvements made to existing reserves. Where such areas are identified the distribution of benefits can be directly attributed to these areas, rather than the wider community.

Period over which benefits expected to occur:

As Dunedin grows it is important that the reserve network is maintained to meet the expectations and changing demands of existing and future population through their life-cycle needs. Reserves and their associated infrastructure have benefits extending beyond the 10 year Community Plan planning horizon.

Demand generation:

Funding the cost of providing increased capacity in Council reserves and facilities, where it is attributed to growth, through development contributions rather than rates serviced debt, promotes equity between existing residents and those responsible for the Council incurring these additional costs.

Distinction between activities:

The benefits of funding additional capacity in reserves resulting from development growth through development contributions include greater transparency to quantify the cost of growth to Council in terms of providing additional capacity and then passing on the actual costs to developers through development contributions.

Improving levels of service, historical catch-up or asset replacement will be funded by other sources of revenue.

Water Supply, Stormwater, Wastewater

Community outcomes to which the activity primarily contributes:

- Environmental Well-being – Safe and Healthy City.

Distribution of benefits:

Water supply, stormwater and wastewater networks throughout the City are provided to levels appropriate to sustain the density of use provided for in that locality. These networks are recognised by the District Plan, which utilises zoning to provide for use and development to ensure sustainable management of existing infrastructure and any extensions. The three networks are grouped together as they share similarities in their management and in terms of the effects any extensions have upon them.

In order to meet the demands of growth, greenfield areas located beyond the existing urban/rural fence may be identified to be re-zoned. Likewise, existing areas within the urban/rural fence may be identified to be intensified. Where the identification of such areas requires an extension to existing network infrastructure or additional capacity, the distribution of benefits can be directly attributed to these growth areas and the new households served. Development contributions will be required for such areas rather from the rates serviced debt as existing residents do not gain any benefit.

Period over which benefits expected to occur:

Networks for water supply, stormwater and wastewater tend to have a long lifespan over which the benefits will occur. This generally extends beyond the 10 year Community Plan planning horizon.

Demand Generation:

Funding the cost of providing increased capacity in Council network infrastructure, where it is attributed to growth, through development contributions rather than rates serviced debt, promotes equity between existing residents and those responsible for the Council incurring these additional costs.

Distinctions between activities:

The benefits of funding additional capacity in these network infrastructure resulting from development growth through development contributions include greater transparency to quantify the cost of growth to Council in terms of providing additional capacity and then passing on the actual costs to developers through development contributions.

Improving levels of service, historical catch-up or asset replacement will be funded by other sources of revenue.

Transportation – City-wide and Local

Community Outcomes to which the activity primarily contributes:

- Economic well-being – Accessible City
- Environmental well-being – Safe and Healthy People, Sustainable City and Environment

- Social well-being – Active City.

Distribution of benefits:

The transportation network is maintained throughout the city at an appropriate level to ensure accessibility for all possible origins and destinations, and to provide for all possible activities. For example, the network caters for travel to work, recreation opportunities, health services, educational establishments, cultural experiences, as well as enabling industrial and commercial activities to function effectively. The DCC Transportation Strategy includes various projects which represent improvements to the network; these are required both to improve operational efficiency as a result of existing shortcomings in the network, and also to cater for the expected growth of the city. There are also other priorities, for example to improve the environmental performance of the network by providing for alternative travel modes, such as walking, cycling and public transport. Funding for maintenance and capital works is provided from the general rate with financial assistance from the New Zealand Transport Agency.

Where existing greenfield areas are rezoned in order to accommodate growth and provide additional areas for residential activity, the existing transportation network may need to be improved or extended, either for motor vehicles, and/or for non-motorised road users. In such areas, the distribution of benefits can be directly attributed to these areas and the new households served, rather than the wider community. Development contributions will be required for funding all or part of the cost of such improvements/extensions, rather than utilising the existing funding streams, as existing residents are not the major beneficiaries.

Period over which benefits expected to occur:

The transportation network has a long lifespan over which benefits will occur. This extends beyond the 10 year Community Plan planning horizon.

Demand Generation:

Funding all or part of the cost of providing increased transportation network capacity (where it is attributed to growth) through development contributions rather than rates serviced debt promotes equity between existing residents and those responsible for the Council incurring these additional costs.

Distinction between activities:

The benefits of funding additional capacity in the transportation network that is required as a result of development growth wholly or partly through development contributions includes greater transparency in quantifying the cost of growth to Council. The actual cost to Council of providing additional capacity is passed on to developers through development contributions.

Improving levels of service, historical catch up or asset replacement will be funded by other sources of revenue.

4.0 Application of Development Contributions Policy

4.1 Events that will give rise to a requirement for a Development Contribution

Under Section 202 of the Local Government Act 2002 the Council can apply a development contribution upon the granting of:

- A resource consent (subdivision or land use)
- A building consent
- An authorisation for a service connection.

The Council will generally establish contributions at the subdivision consent stage. The Council considers that the subdivision consent stage is generally the most appropriate stage to take a development contribution for the following reasons:

- Practicality of implementation
- Economies of scale in implementation costs
- Fairness, as it is at subdivision stage that the future potential demand is established
- Best available knowledge for projections and allocating budgets.

An application for resource or building consent or a service connection that is granted will attract development contributions under this policy only if the following criteria are met:

- The activity is a development and generates demands for council-provided reserves, network infrastructure (water, wastewater, stormwater, and roading) or community infrastructure; and

- The development, either alone or cumulatively with another development, requires new or additional assets of increased capacity and to provide for these assets will cause or has already caused Council to incur capital expenditure; and
- The cost of these assets is not fully met by third party funding; and
- The assets will not be directly provided by the developer; and
- Is provided for in the development contributions policy.

4.2 Capital Expenditure in Response to Growth

The Council may require a development contribution from any development for the following:

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

The total estimated capital expenditure Council expects to incur and has already incurred, as a result of growth, to meet increased demand for roading, water and wastewater, stormwater and reserves, over the next 10 years, is summarised in the table in Appendix A. The total growth component, excluding funding from other sources, of the capital expenditure will be funded by development contributions, as identified in the schedules to this policy.

4.3 The Council Use of Development Contributions

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

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

4.4 Limitations to the Application of Development Contributions

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

- Where it has, under Section 108(2)(a) of the Resource Management Act 1991 (RMA), imposed a condition on a resource consent in relation to the same development for the same purpose; or

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

In addition to the above, development contributions will not be used to fund the level of service component of the identified infrastructure works. The level of service component as opposed to the growth component of the Council's identified infrastructure works, for the network activities, relates to increasing the level of infrastructure provision due to higher public expectation, environmental or statutory obligation eg environmental standards for water quality or technological improvements.

4.5 Implementation and Review

It is anticipated that this policy will be reviewed, and if necessary amended, on an annual basis as part of the Annual Plan/Community Plan process. The review will include adjustment of figures to reflect changes in budgeted costs. (Refer to section 5.6). Any review of the policy will be via a special consultative process and may take account of:

- Any changes to significant assumptions underlying the Development Contributions Policy
- Any changes in the capital development works programme for growth
- Any changes to the District Plan
- Development of Council Strategies which affect growth
- Any changes in the pattern and distribution of development in the City
- Any changes that reflect new or significant modelling of the networks
- Any change in actual cost and/or actual interest costs
- Addition of new projects and changes, or new development contributions areas, or deletion or modification to existing projects, costs or areas
- The regular reviews of the Funding and Financial Policies, and the Community Plan
- Any other matters the Council considers relevant, including amendments to legislation and regulations.

4.6 Unit of Demand

4.6.1 Residential Activities

To attribute the level of growth-related expenditure Council has determined that every residential unit, whether a separate building or part of a building equals one Equivalent Household Unit (EHU) which equals one Unit of Demand.

The majority of development that will occur within the City will be for residential units. A residential unit consists of a household unit that generates demand for community facilities. The average household unit within Dunedin consists of 2.4 persons per household. Table 1 summarises the demand generated by an average equivalent household unit.

The household unit is considered to be a reasonable proxy for measuring most types of growth and for calculating the effects of such growth as it is used for estimating demand for most assets, is easy to understand and is a consistent method of assessing the cost of growth across the city.

Table 1: Demand generated by an average equivalent household unit in Dunedin

| Community Facilities | Unit of Demand | | | Demand per household unit |
|--------------------------------|--------------------------|-------------------|-------|--|
| | Urban | Rural Residential | Rural | |
| Water | 270 litres /person /day | NA | NA | 635 litres/household/day = 1 equivalent household unit |
| Waste water | 270 litres /day / person | NA | NA | 635 litres/household/day = 1 equivalent household unit |
| Storm water | NA | NA | NA | 1 equivalent household unit |
| Roading | Vehicle trips per day | | | 10 = 1 equivalent household unit |
| Reserves (City-wide and Local) | 1 | 1 | 1 | 1 equivalent household unit |
| Community Infrastructure | 1 | 1 | 1 | 1 equivalent household unit |

4.6.2 Commercial Residential Activities

Commercial residential activities (such as motels and hotels) are usually made up of a number of beds catering for a maximum number of people rather than household units. Therefore, for commercial residential activities, a conversion factor is required to translate maximum numbers of people to an equivalent household unit (EHU). One person equates to 0.4 percent of an

average household unit (at 2.4 persons). For example, a commercial residential activity catering for a maximum of 50 people would only generate 20 EHU's (ie 50 people X 0.4 conversion factor = 20 EHU).

Contributions for reserves will not be taken on commercial residential activities as it is considered that these activities do not generate additional demand on the reserve network.

Table 2: Units of Demand – Commercial Residential Activities

| Activity | Unit of Demand Conversion Factor | Demand per equivalent household unit |
|------------------------|----------------------------------|--------------------------------------|
| Commercial Residential | 0.4 | 1 |

4.6.3 Non-Residential Activities

Non-residential activities encompass a variety of activities, scale and intensity across the City. They include commercial, industrial and community support activities. Table 3 outlines the unit of demand for non-residential activities.

Contributions for reserves will not be taken on non-residential activities as it is considered that these activities do not generate additional demand on the reserve network.

Table 3: Units of Demand - Non-Residential Activities

| Community Facilities | Unit of Demand |
|----------------------|-------------------------------|
| Water supply | Per square metre of site area |
| Waste water | Per square metre of site area |
| Storm water | Per square metre of site area |

5.0 Significant Assumptions of the Development Contributions Policy

Section 201(1)(b) of the Local Government Act 2002 requires the development contributions policy to state the significant assumptions underlying the calculation of the schedule of development contributions. This must include an estimate of potential effects, if there is significant uncertainty as to the scope and nature of those effects.

5.1 Future Predicted Population Growth

During the last 50 years, Dunedin's population has remained relatively static. However, based on medium growth projections that the Council has prepared up to 2021, an increase of about 7.4% in the population (from 118,863 in 2006 to 128,000 in 2021), and 14% in the number of households (from 46,500 in 2001 to 52,700 in 2021) is predicted. Refer to Appendix B for a detailed explanation of growth assumptions in Dunedin.

The Council has assumed that based upon these projections, growth will continue up to 2021 equating to an additional 9,137 people and 6,200 new household units in Dunedin. These projections are consistent with those used in asset management planning data.

5.2 Community Facility Availability and Future Requirements

Based upon the best current engineering knowledge available to the Council, it is assumed that the present water supply, stormwater, and wastewater networks have sufficient capacity to serve future development that occurs to specified densities within existing zones in the District Plan.

The Council recognises that it may be necessary to investigate the identification of greenfield areas located beyond the limits of the existing urban/rural fence that can be re-zoned to meet the demands of the projected population and household growth for Dunedin City. New community facilities will either have to be provided, or the existing community facilities will have to be extended, to service the greenfield areas.

Alternatively the Council may investigate providing for future growth through intensification of appropriate areas within the existing 'urban/rural' fence. In this instance either new community facilities will have to be provided, or the existing community facilities will have to be upgraded.

From time to time Council recognises that it may be necessary to upgrade or renew network infrastructure. In such instances it may be prudent and cost effective to provide for additional capacity to accommodate future growth at the same time as the upgrade or renewal.

In the above situations, where new community facilities are provided in order to cater for growth, Development Contributions will be payable for the costs of providing for that growth.

Regardless of whether growth occurs within or beyond the existing 'urban/rural' fence, land and associated development for public reserves will be required for both population and household growth.

Council intends to investigate the possibility of capturing Development Contributions for community infrastructure, which includes assets such as libraries, leisure facilities and community centres.

5.3 Development Contribution Areas

The schedule to this Development Contributions Policy identifies the specific areas where Development Contributions apply. The schedules will be amended over time to include areas that would result from proposed District Plan changes and to areas resulting from completed District Plan changes, where those changes would result in a need to provide additional services for the resultant increased growth.

5.4 Growth in the City

It is assumed that residential development will continue within the existing developed residential areas within the city with continued apartment development in the relevant activity zones. Residential growth is also expected to continue in coastal areas such as the northern coastal settlements and the Peninsula. Development in new residential areas is expected to occur in Mosgiel. Further rural development in Dunedin, in particular rural-residential development, is assumed to continue at current trends. Non-residential development is expected to continue within all relevant zones with growth in industrial activities expected in the Dukes Road North Industrial area.

In addition, there may be other areas that experience growth in response to as yet unknown development pressures or developments. The need to provide for additional community facilities to cater for those developments will be considered at that time.

5.5 Planning Horizons

A 10-year timeframe is being used as a basis for forecasting growth and applying a development contribution. This is consistent with the Council's activity management planning horizons.

5.6 Inflation and Interest

All figures are expressed in 2009 dollars and allowance has been made for inflation and interest on the following basis:

- Inflation – The capital expenditure budgeted amounts have had an inflation adjustor applied from 2010/11 onwards. Refer to the Community Plan for details of the inflators used.
- Cost of Funds – To reflect the full cost of providing for growth allowance is made for the 'cost of funds'. From the time the capital expenditure is incurred until the time the costs are recovered from development contributions, the Council has assumed that there will be an interest cost.

The Council will review and if necessary amend the figures annually using the best available information on actual costs. (Refer to section 4.5 Implementation and Review).

6.0 Administration of Development Contributions

6.1 Schedules to Development Contributions Policy

The Schedules to the Development Contributions Policy specify:

- The development contributions required from development for capital expenditure for growth for water, waste water, stormwater, transportation network and reserves
- The development contributions payable in different areas of Dunedin as identified in the Council's policy approach in 2.3
- The event that will give rise to a requirement for a development contribution upon granting a resource consent, building consent or authorisation for service connection
- The conditions and criteria that apply on the requirement for development contributions.

Table 4 provides a summary of the schedule of contributions payable.

It is the Council's intention that when areas are identified for the purpose of growth through the District Plan Change process, the relevant contributions for development within any identified areas will be added to the Schedule by way of a special consultative procedure under the Local Government Act 2002.

The Mosgiel West Contribution Area referred to in this document is known as the East Taieri Structure Plan Area in the District Plan. This document may be updated to reflect this.

Table 4: Summary of Schedule of Development Contributions Payable

| | Development Contribution Asset Area | | | | | | Total contribution per unit of demand (exclusive of GST) |
|---|-------------------------------------|------------------|--------------|-------------|-------------|------------------------|--|
| | Reserves - City-wide | Reserves - Local | Water Supply | Waste Water | Storm Water | Transportation Network | |
| Residential (in all zones within the City) | \$540.81 | NA | NA | NA | NA | NA | \$540.81 per lot |
| Variation 9B – | NA | NA | \$2.14 | \$0.96 | NA | NA | \$3.10 per sqm site area |
| Plan Change 15 - Mosgiel East Area | \$540.81 | \$2,718.00 | NA | \$767.20 | \$1,364.00 | \$4,554.60 | \$9,944.61 per lot |
| Plan Change 15 – Mosgiel West Area | \$540.81 | \$2.55 | \$5.13 | \$1.03 | NA | \$6.73 | \$540.81 per lot + \$15.44 per sqm site area |
| Plan Change 15 – Mosgiel West- Access Road to Riccarton Road Area | NA | NA | NA | NA | NA | \$2.75 | \$2.75 per sqm site area |
| Plan Change 15 – Mosgiel East C | \$540.81 | NA | \$2.69 | \$0.73 | NA | NA | \$540.81 per lot + \$3.42 per sqm site area |

6.2 Additional Household Units

While generally development contributions will be established at subdivision consent stage, the Council's experience is that occasionally, additional demand is created by additional household units on land already subdivided and does not require land use consent. In such cases, as a matter of equity, the Council will assess and seek the appropriate development contribution at the building consent stage. If additional units of demand are created in the absence of subdivision or outside of the building consent stage the Council will require a development contribution at service connection stage.

6.3 Calculation of Development Contributions

For each network infrastructure or reserve asset area where Development Contributions are required, the development contribution payable by the developer will be calculated by multiplying the development contributions per Equivalent Household Unit by the additional number of Household Equivalent Units. The steps are shown in Appendix B.

Where only a portion of a property is to be developed in accordance with a resource consent and the balance of the site remains undeveloped, the development contribution will be taken only for that portion being developed. Future development of the property, if this occurs, will attract development contributions at that time.

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.

6.4 Credits

Development contributions are payable for increased EHU's. In calculating additional units of demand resulting from development, credit will be given for the number of existing EHU's even if no previous financial or development contributions have been paid. Generally development contributions will be required on development over and above that existing at the time of an application, where additional units of demand are created.

In calculating and invoicing development contributions, the Council will recognise and provide a credit in the form of EHU's for any pre-existing EHU's arising from:

- An existing lawfully established residential unit on the site (whether or not this will be retained in the development)
- Existing vacant site zoned Residential
- A resource or building consent capable for implementation for a building on the site, granted prior to 1 July 2006 that has not lapsed, been surrendered or cancelled
- A resource or building consent for a building on the site granted between 1 July 2006 and 22 June 2009 for which a development contribution has been calculated and paid in full prior to 22 June 2009 (the Community Plan adoption date).

Where a development will result in a lesser number of units of demand than that existing on the site at the time of application, the credit will remain with the site and not be payable to the applicant by the Council.

Where land (eg for a reserve) is transferred to the Council as the development contribution in lieu of monetary contributions for a 'local development contribution', and is sufficient to cover the cost of development contributions for multiple stages of planned development, credit may be given toward future development contributions for the balance of the title. The credit will remain with the site and is not payable to the applicant by the Council. The credit would apply only to development contributions for the purpose to which the land was given (eg local reserve contribution) and for the amount of land the Council has indicated is required for the site. Such credit is to be used within 10 years of the granting of the resource consent that resulted in the land being transferred to the Council, or the credit will expire. Additional land, landscaping, features, or facilities (eg play equipment) provided by a developer above that required for development contributions, for the benefit of the development or subdivision, or as a result of credits expiring, will be considered as a 'gift' to the city.

6.5 Payment and Invoicing of Development Contributions

The calculation of development contributions shall occur at the same time as the issuing of the subdivision, land use, building consent or service connection that triggered the initial calculation.

The contributions identified by the Council in the schedules of this Policy are no longer required pursuant to the Resource Management Act 1991 (except those financial contributions identified in 2.2 of this Policy), but are a requirement pursuant to the Local Government Act 2002 and therefore will no longer:

- Be a condition of a resource consent
- Be able to be challenged through the provisions of the Resource Management Act 1991.

The final calculation of the development contribution and invoicing shall occur at the same time as the issuing of the consents that triggered the initial calculation. In issuing a resource consent or a building consent, an advice note will be provided informing the consent holder of the requirements to pay and when the payment is to be made.

Payment of a development contribution shall occur as follows:

| Application attracting development contributions | When the development contribution is payable |
|--|---|
| Subdivision Consent | Prior to the issue of the section 224 completion certificate under the Resource Management Act 1991 |
| Land Use Consent | Prior to commencement of the consent pursuant to s208(a)(ii) Local Government Act 2002 |
| Building Consent | Prior to issuing of the building consent |
| Service Connection | Prior to giving consent to connect to the service pursuant to s208 Local Government Act 2002. |

6.6 GST Exclusive

Development contributions specified in the schedules are exclusive of Goods and Services Tax (GST) and GST will need to be added to the final calculation.

6.7 Enforcement Powers

If payment of development contribution is not received the Council will enforce powers outlined in Section 208 Local Government Act 2002. Those provisions state that until a development contribution required in relation to a development has been paid or made under section 198, a territorial authority may:

- a) In the case of a development contribution required under section 198(1)(a):
 - i) Withhold a certificate under section 224(c) of the Resource Management Act 1991
 - ii) Prevent the commencement of a resource consent under the Resource Management Act 1991
- (b) In the case of a development contribution required under section 198(1)(b), withhold a code of compliance certificate under section 43 of the Building Act 1991.
- (c) In the case of a development contribution required under section 198(1)(c), withhold a service connection to the development.
- (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 was required.

6.8 Service Connections

The Council will continue to collect service connection fees in accordance with current practice and the Local Government Act 2002 for the following assets:

- Water Supply connection
- Stormwater connection
- Wastewater connection.

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.

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 development contribution assessed and payable for that development, the Council may, at its discretion, reimburse the developer. The reimbursement will be via 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.

6.9 Extraordinary Circumstances and Private Development Agreements

Where in the Council's opinion, it is in the best interests of all parties, the Council reserves the discretion to enter into a Private Development Agreement with a developer for the provision of particular infrastructure to meet the special needs of a development. An example is where a development requires a special level of service or is of a type or scale which is not readily assessed in terms of units of demand.

The Council envisages that such agreements could be used in situations where significant developments occur or are proposed and require new capital expenditure to cater for growth

but no budgeted capital expenditure has been provided and no development contribution has been set. This situation is likely to occur where a plan change has resulted in the rezoning of an area, greenfield sites are to be developed, a structure plan has been prepared in anticipation of development of an area, or a resource consent is issued which would result in additional pressures on services or the requirement of upgraded or additional services or reserves. Agreements could also be used in situations where alternative technologies or on-site management may provide acceptable solutions.

In establishing an agreement the applicant will be expected to provide supporting information and detailed calculations of their development's roading, water supply and waste water demands in terms of units of demand.

The Private Development Agreement must clearly state the departures from the standard process and calculation, and the reasons for entering into the agreement. The agreement would also specify land to be vested in the Council, works to be undertaken on or off the site, timeframes of when infrastructure will be provided, and financial contributions required for the provision or upgrading of existing services.

Any Private Development Agreement will be subject to consideration and approval by the Council.

6.10 Remissions, Postponement and Refunds

At the request of an applicant, the development contributions required on a development may be considered for remission, postponement or refund.

6.10.1 Remission of Development Contributions

At the request of the applicant, the development contribution required on a development may be considered for remission at the Council's discretion on a case-by-case basis.

Any application for remission will be considered and determined by Council.

Remission (in whole or in part) of development contributions may be allowed in the following circumstances:

- Where the actual cost of the project or a revised estimate is lower than the cost used as the basis for the contributions indicated in this policy

- Where the applicant will fund or otherwise provide for the same reserve, network infrastructure, or community infrastructure
- Where the projects indicated in this policy are no longer to be undertaken
- Where Council determines that a Development Contribution will not be charged.

Any remission (in whole or in part) may result in the need for a private development agreement to confirm alternative arrangements.

6.10.2 Process for Consideration for Remission of Development Contributions

Remissions must be applied for before a development contribution payment is made to the Council. The Council will not allow remissions retrospectively.

Any request for remission of development contributions shall be made by notice in writing, from the applicant to the Council before development contributions required on the development are paid. Any request for remission shall set out reasons for the request.

In undertaking the review:

- The Council shall consider the request as soon as reasonably practicable
- The Council may determine whether to hold a hearing for the purposes of the review, and if so, give at least 5 working days' notice to the applicant of the commencement date, time, and place of the hearing
- The Council may, at its discretion, uphold, reduce, or cancel the original amount of development contribution required on the development and shall communicate its decision in writing to the applicant within 15 working days' of any determination or hearing.
- Where the Council decides to consider such a request the following matters will be taken into account:
 - The Development Contributions Policy
 - The Council's Funding and Financial Policy
 - The extent to which the value and nature of works proposed by the applicant reduces the need for works proposed by the Council in its capital works programme
 - The level of existing development on the site. Where multiple existing and pre-existing uses can be established the Council will have regard to the most intensive use(s).

Development contributions paid and/or works undertaken and/or land set aside as a result of:

- Development Contributions
- Agreements with the Council
- Financial Contributions under the Resource Management Act.

Any other matters the Council considers relevant.

6.10.3 Postponement of Development Contributions

The Council will not consider postponements of payment of development contributions under this policy except where a private development agreement is acceptable to the Council.

The circumstances where the Council may consider a postponement include, but are not limited to:

- Where land is proposed to be vested in the Council at a later stage of development that would cover the cost of the development contributions owed for the earlier stage
- Where network infrastructure proposed has not been installed, and the installation is likely to be delayed for some time. Payment of development contributions may be delayed until the year the work occurs.

If the Council exercises its discretion to accept a Private Development Agreement for postponement, a guarantee may be required. All costs associated with preparation of the Private Development Agreement documents (including Council legal fees) will be met by the applicant.

6.10.4 Refund of Development Contributions

The refund of money and return of land will occur in accordance with Sections 209 and 210 of the Local Government Act 2002, in the following circumstances:

- If development or building does not proceed
- If a consent lapses or is surrendered.
- If the Council does not provide any reserve network infrastructure or community infrastructure for which the development contribution has been collected within 10 years of that contribution being received. For the avoidance of doubt, the Council will not refund a contribution where a specific project does not proceed only where the service provided by that project is not provided.

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

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

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

7.0 Other Matters

7.1 Development Contribution – Money or Land

The Local Government Act 2002 provides that a Development Contribution may be money or land, or both. Under this policy the contribution shall be money unless, at the sole discretion of the Council, a piece of land offered by the developer would adequately suit the whole or part of the purpose for which the contribution is sought.

7.2 Esplanade Reserves

Esplanade Reserves and Strips do not fall within the ambit of Reserves for Development Contributions. Esplanade Reserves will continue to be dealt with under the Resource Management Act 1991 as they are at present and will generally not be discounted against development contributions due for Reserves. There may be rare circumstances where the Council desires a wider Esplanade Reserve, for example, and where additional land may be offered as partial or total payment of the development contribution liability for Reserves. This would have to be agreed with the Council's Community and Recreation Services Department and recorded in a Private Development Agreement.

Schedule A: Development Contributions for Reserves

This section outlines the development contribution rate and the justification for reserves – City-wide and local.

| TABLE A1 – Development Contributions for Reserves – City-wide 2006-2016 | |
|--|--|
| These will be applied City-wide where residential units of demand are created. | |
| Development Contribution Area | City-wide as shown in map A1. |
| Development Contribution Rate | <p>\$540.81 per Equivalent household unit (GST exclusive)</p> <p>Cost per EHU = $\frac{CE}{N} + \frac{CE}{Y} = \frac{352,240}{3,100} + \frac{3,033,000}{7,100}$ where</p> <p>EHU = cost per Equivalent household unit</p> <p>CE = capital expenditure for reserves relating to growth (adjusted figure to include inflation)</p> <p>N = total estimated number of additional residential dwellings for a 10 year period (2006-2016)</p> <p>Y = total estimated number of additional residential dwellings for a 20 year period (2006–2026)</p> |
| Unit of Demand | <p>All new allotments created at subdivision stage are assumed to be equal to the creation of a single unit of demand</p> <p>A residential unit is assumed to be one household unit that creates a single unit of demand</p> |
| Trigger for Contribution | <p>The event that will give rise to a requirement for this development contribution will be:</p> <ul style="list-style-type: none"> the granting of a resource consent under the Resource Management Act 1991; or if a resource consent is not required then the granting of a building consent under the Building Act 2004; or if neither a resource consent or a building consent is required then the granting of an authorisation for a service connection. |
| Assessed Cost of providing services attributed to growth (2009-2019) | <p><u>\$3,385,300</u></p> <p>The cost of projects at Logan Park have been spread over a 20 year growth period as the design life of the buildings is expected to be 20 years. The other reserve projects have been calculated over a 10 year growth period.</p> |

| | |
|---|--|
| Justification for the Development Contribution | <p>A network of reserve land and facilities helps to maintain the quality of life for residents in Dunedin contributing to an 'Active City' with opportunities for passive and active recreation.</p> <p>City-wide reserves in Dunedin comprise amenities such as the Botanic Garden, sports fields, stadiums or specialised recreation facilities, playgrounds, tracks, and open space for ecological, landscape, or amenity reasons, and to provide attractive and desirable city environs. These reserves provide active and passive recreational opportunities to the city community forming a network through the city. The variety of different types and locations of reserves and facilities means they cater to a wide range of people. Increased demand for reserves can therefore come from anywhere within the city. The current expectations of the City's residents for ample provision of open space and recreation opportunities need to be retained, as the City grows in size, and as the levels of development in existing areas intensify.</p> <p>The Council will generally not accept land as development contributions. This is however at the discretion of the Council. Most land requirements for reserve purposes will be obtained through sale and purchase agreements outside of this Development Contributions Policy.</p> |
| The Development Contribution will cover | <p>A share of the capital expenditure for enhancing and upgrading reserves and facilities to cope with additional demands due to increased growth in the city. The share of capital expenditure attributed to growth has been allocated at 7%, reflecting the estimated 7.4% increase in population.</p> |
| Consideration of land: | <p>Situations where Council may accept land will be where it is advantageous to the reserves network, for example, to fill identified gaps in reserve provision, or provide links or access to reserves. Acceptance of land will be by negotiation between the developer and Council, and should be carried out at the early stages of planning before resource consent is lodged. Council is unlikely to actively seek land (other than that identified in this policy) over the next few years. However, strategic planning may identify other areas where land is desirable, and these may be included during future policy reviews.</p> |
| Maximum Contributions: | <p>In establishing the development contribution rates for City-wide reserves, section 203 of the Local Government Act 2002 states that development contributions for reserves must not exceed the greater of:</p> <ol style="list-style-type: none"> 7.5 percent of the land value of the additional allotments created by the subdivision (either cash or land equivalent); and The value equivalent of 20 square metres of land for each additional household unit created by the development. |

Map A1 – City-wide Reserves Development Contribution Area



| TABLE A2 – Development Contributions for Reserves - Mosgiel East | |
|--|--|
| These will be applied in Mosgiel East where additional units of demand are created and are in addition to the City-wide contribution | |
| Development Contribution Area | Mosgiel East as shown in map A2 |
| Development Contribution Rate | <p>\$2,718.00 per Equivalent household unit (GST exclusive)</p> $\text{Cost per EHU} = \frac{\text{CE}}{\text{N}} = \frac{1,359,000}{500}$ <p>where EHU = cost per Equivalent household unit CE = capital expenditure for reserves relating to growth. N = total estimated number of additional residential dwellings at permitted density</p> |
| Unit of Demand | <p>All new allotments created at subdivision stage are assumed to be equal to the creation of a single unit of demand.</p> <p>A residential unit is assumed to be one household unit that creates a single unit of demand</p> |
| Trigger for Contribution | <p>The event that will give rise to a requirement for this development contribution will be:</p> <ul style="list-style-type: none"> the granting of a resource consent under the Resource Management Act 1991; or if a resource consent is not required then the granting of a building consent under the Building Act 2004; or if neither a resource consent nor a building consent is required then the granting of an authorisation for a service connection. |
| Assessed Cost of providing services attributed to growth (2009-2019) | <u>\$1,359,000</u> |
| Justification for the Development Contribution | <p>A network of reserve land and facilities helps to maintain the quality of life for residents in Dunedin contributing to an 'Active City' with opportunities for passive and active recreation.</p> <p>Mosgiel has a higher predicted growth than other areas of the City directly attributed to Plan Change 15 providing for additional residential areas. As a result there will be a need for two additional open space reserves with playgrounds. In the absence of Plan Change 15 no additional reserves are required within Mosgiel. On this basis, the Mosgiel East area has been specifically targeted for an additional reserve contribution, over and above the City-wide contribution. This targeted contribution will provide for the reserves to cater for the expected growth in Mosgiel East at the level that is currently enjoyed by residents in other areas of the City. Once the reserves are provided they will be maintained as part of the overall reserve network.</p> |
| The Development Contribution will cover: | The full cost of providing for the growth component attributable to Mosgiel East. |

| | |
|-------------------------------|--|
| Consideration of land: | <p>The rezoning of Mosgiel East (East A and North of East A) through Plan Change 15 results in the requirement for land for reserves to provide for people living at this site. Council will accept land in the required areas (as specified below), or a combination of land and/or money, to the equivalent of the development contribution required for this area. Land to be taken has been valued at \$110 per square metre (inc. GST) and developments contributions or credit for land have been calculated on this basis.</p> <p>A reserve will be located approximately in the centre of the North of East A development approximately 3,000m² and provide open space and a playground. A small portion of land approximately 160 m² will be added to the existing Silverstream esplanade reserve.</p> <p>A reserve is required in the southern part of site, approximately 7000 m² to provide open space and a playground.</p> <p>Other situations where Council may accept land will be where it is advantageous to provide links or access to existing or future reserves. Acceptance of land will be by negotiation between the developer and Council.</p> |
| Maximum Contributions: | <p>In establishing the development contribution rates for Mosgiel East, section 203 of the Local Government Act 2002 states that development contributions for reserves must not exceed the greater of:</p> <ol style="list-style-type: none"> 7.5 percent of the land value of the additional allotments created by the subdivision (either cash or land equivalent); and the value equivalent of 20 square metres of land for each additional household unit created by the development. |

Map A2 – Mosgiel East – Reserve Contribution Area



Legend

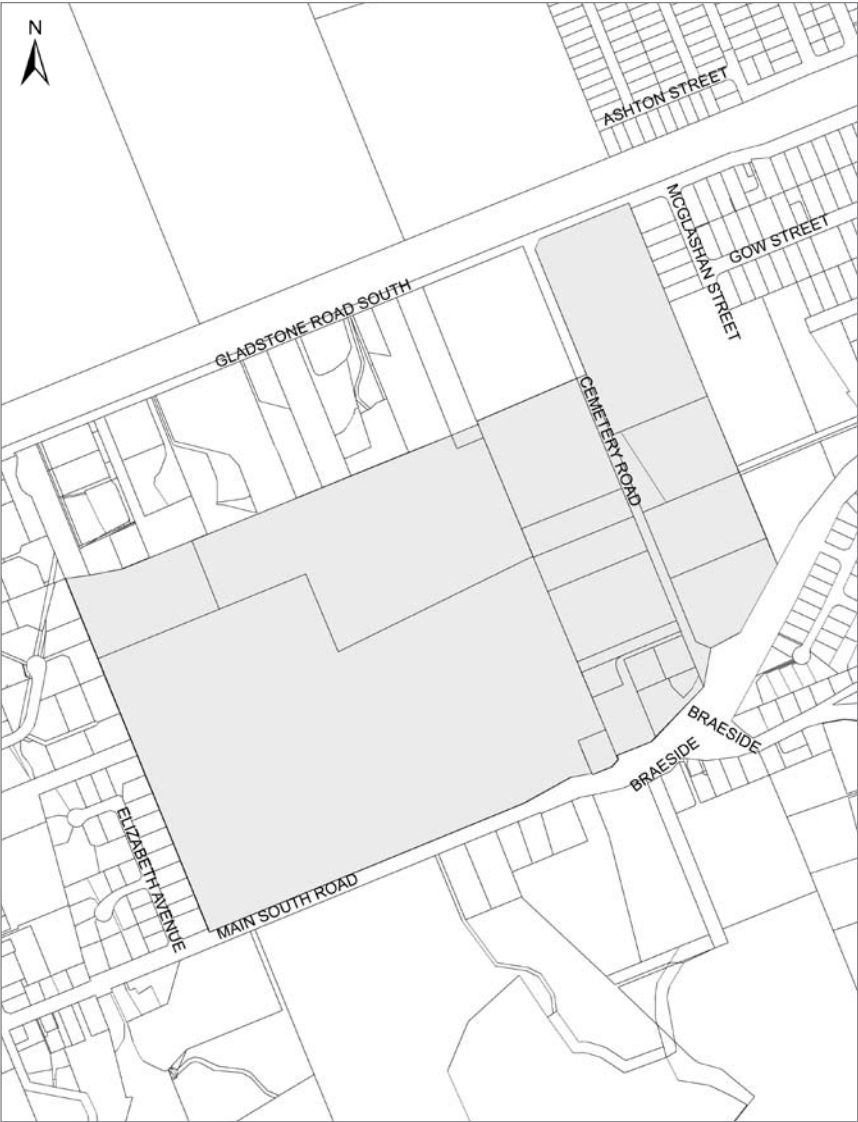
Mosgiel East Contribution Area

Parcel boundaries (and other Cadastral derived data)
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| | |
|---|--|
| TABLE A3 – Development Contributions for Reserves - Mosgiel West These will be applied in Mosgiel West where subdivision or development occurs and are in addition to the City-wide contribution. | |
| Development Contribution Area | Mosgiel West as shown in map A3 |
| Development Contribution Rate | \$2.55 per square metre (GST exclusive) $\text{Cost per} = \frac{\text{CE}}{\text{N}} = \frac{994,000}{389,100}$ where CE = capital expenditure for reserves relating to growth N = total area (m2) with potential to be developed in Mosgiel West |
| Unit of Demand | square metre of total site area subject to development (includes roads and other public areas within development/subdivision area) |
| Trigger for Contribution | The event that will give rise to a requirement for this development contribution will be: <ul style="list-style-type: none"> the granting of a resource consent under the Resource Management Act 1991; or if a resource consent is not required then the granting of a building consent under the Building Act 2004; or if neither a resource consent nor a building consent is required then the granting of an authorisation for a service connection. |
| Assessed Cost of providing services attributed to growth (2009-2019) | \$994,000 |
| Justification for the Development Contribution | A network of reserve land and facilities helps to maintain the quality of life for residents in Dunedin contributing to an 'Active City' with opportunities for passive and active recreation. Mosgiel has a higher predicted growth than other areas of the City directly attributed to Plan Change 15 providing for additional residential areas. As a result there will be a need for an additional open space reserve with playgrounds. In the absence of Plan Change 15 no additional reserves are required within Mosgiel. On this basis, the Mosgiel West area has been specifically targeted for an additional reserve contribution, over and above the City-wide contribution. This targeted contribution will provide for a reserve to cater for the expected growth in Mosgiel West at the level that is currently enjoyed by residents in other areas of the City. Once the reserve is provided it will be maintained as part of the overall reserve network. |
| The Development Contribution will cover: | The full cost of providing for the growth component attributable to Mosgiel West. |

| | |
|-------------------------------|--|
| Consideration of land: | The rezoning of Mosgiel West through Plan Change 15 results in the requirement for land for a reserve to provide for people living in this area. Council will accept land in the required area (as specified below), or a combination of land and/or money, to the equivalent of the development contribution required for this area. Land to be taken has been valued at \$110 per square metre (inc. GST) and developments contributions or credit for land have been calculated on this basis. A reserve will be located approximately in the centre of the development approximately 4000m2 and provide open space and a playground. Other situations where Council may accept land will be where it is advantageous to provide links or access to existing or future reserves. Acceptance of land will be by negotiation between the developer and Council. |
| Maximum Contributions: | In establishing the development contribution rates for Mosgiel West, section 203 of the Local Government Act 2002 states that development contributions for reserves must not exceed the greater of: <ol style="list-style-type: none"> 7.5 percent of the land value of the additional allotments created by the subdivision (either cash or land equivalent); and The value equivalent of 20 square metres of land for each additional household unit created by the development. |

Map A3 – Mosgiel West – Reserve Contribution Area



Legend

 Mosgiel West Contribution Area

Parcel boundaries Contains
Data Derived from LINZ's DCDB
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Schedule B: Development Contributions for Transportation Network

This section outlines the development contribution rate and the justification for the contributions for transportation network.

| TABLE B1 – Development Contributions for the Transportation Network – Mosgiel East | |
|--|--|
| The developer will be responsible for the full actual costs of all necessary roading within the development for each allotment or building in accordance with the Dunedin City Council Code of Subdivision. A contribution will also be imposed in the following development contribution areas. | |
| Development Contribution Area | Mosgiel East as shown on map B1. |
| Development Contribution Rate | <p>\$4,554.60 per Equivalent household unit (GST exclusive)</p> $\text{Cost per EHU} = \frac{\text{CE}}{\text{N}} = \frac{2,277,300}{500}$ <p>where EHU = cost per Equivalent household unit CE = capital expenditure for the transportation network relating to growth. N = total estimated number of additional residential dwellings at permitted density</p> |
| Unit of Demand | <p>All new allotments created at subdivision stage are assumed to be equal to the creation of a single unit of demand.</p> <p>A residential unit is assumed to be one household unit that creates a single unit of demand</p> |
| Trigger for Contribution | <p>The event that will give rise to a requirement for this development contribution will be:</p> <ul style="list-style-type: none"> the granting of a resource consent under the Resource Management Act 1991; or if a resource consent is not required then the granting of a building consent under the Building Act 2004; or if neither a resource consent or a building consent is required then the granting of an authorisation for a service connection. |
| Assessed Cost of providing services attributed to growth (2009-2019) | <u>\$2,277,300</u> |

| | |
|---|--|
| Justification for the Development Contribution | <p>The residential development of Mosgiel East will create over 500 new residential dwellings. Such growth impacts upon the transportation network, requiring additional capacity or facilities in the transportation network. To manage such demand capital expenditure is necessary involving construction of new roads, widening existing roads, improving safety of roads, construction of new footpaths and provision of public transport facilities. Land may be required for road widening. Land to be taken has been valued at \$110 per square metre (inc. GST) and developments contributions or credit for land are been calculated on this basis.</p> <p>The widening of Wingatui Road will provide for increased vehicle and pedestrian use resulting from residential development of the Mosgiel East area. The formation of pedestrian footpath will provide connectivity within the area and to the Silverstream. Improved cycle lanes and footpath on Factory Road will provide for increased vehicle and pedestrian use resulting from residential development of the Mosgiel East area. With the increased level of traffic that will be created from the residential development of Mosgiel East, good traffic management, to ensure safety and continued good traffic flows, is essential. The Council proposes installing a roundabout on the existing Factory Road/Wingatui Road intersection, and reserving land for future roundabouts should the need arise on the existing and proposed major intersections along Factory Road from Hagart Alexander Drive to Wingatui Road. This will improve the safety of the roads around the Mosgiel East area, by reducing speed, and will maintain good traffic movement, with the increased traffic levels resulting from development of the Mosgiel East area.</p> |
| The Development Contribution will cover: | A share of the capital expenditure for enhancing and upgrading the transportation network to cope with additional demands due to increased growth created by Mosgiel East. |

Map B1 – Mosgiel East – Transportation Contribution Area



Legend

 Mosgiel East Contribution Area

Parcel boundaries (and other Cadastral derived data)
Contains Data Derived from LINZ's DCDB
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| | |
|--|--|
| TABLE B2 – Development Contributions for the Transportation Network – Mosgiel West – Upgrade to Cemetery Road | |
| The developer will be responsible for the full actual costs of all necessary roading within the development for each allotment or building in accordance with the Dunedin City Council Code of Subdivision. A contribution will also be imposed in the following development contribution areas. | |
| Development Contribution Area | Mosgiel West – Eastern sections only – area (a) on map B2 |
| Development Contribution Rate | <p>\$6.73 per m2 (GST exclusive)</p> <p>Cost per m2 = $\frac{CE}{N} = \frac{2,617,500}{389,100}$</p> <p>where</p> <p>CE = capital expenditure for the upgrade to Cemetery Road relating to growth</p> <p>N = total estimated area (m2)</p> |
| Unit of Demand | Development contribution given as a cost per metre squared. To obtain development contribution for unit, multiply cost per m2 by area of lot in m2. |
| Trigger for Contribution | <p>The event that will give rise to a requirement for this development contribution will be:</p> <ul style="list-style-type: none"> the granting of a resource consent under the Resource Management Act 1991; or if a resource consent is not required then the granting of a building consent under the Building Act 2004; or if neither a resource consent or a building consent is required then the granting of an authorisation for a service connection. |
| Assessed Cost of providing services attributed to growth (2009-2019) | <u>\$2,617,500</u> |
| Justification for the Development Contribution | <p>The residential development of Mosgiel West will create around 350 new residential dwellings. Such growth impacts upon the transportation network, requiring additional capacity or facilities in the transportation network. To manage such demand capital expenditure is necessary involving, in this case, an upgrade to Cemetery Road such that there is a widened carriageway with cycle lanes, pedestrian footpaths, traffic calming in the form of 3 speed ramps, and pedestrian crossings.</p> <p>The widening of Cemetery Road will provide for increased vehicle and pedestrian use resulting from residential development of the eastern section of Mosgiel West. The formation of pedestrian and cycle paths will provide connectivity within the area. The traffic calming measures, crossing point on Cemetery Road and Gladstone Road East, construction of a footpaths on both sides will ensure the safety of vulnerable road users with the increased traffic flows resulting from the development, in particular children attending East Taieri Primary School and using Cemetery Road to walk/cycle to and from school.</p> |
| The Development Contribution will cover: | Capital expenditure for enhancing and upgrading the transportation network to cope with additional demands due to increased growth created by development of Mosgiel West. |

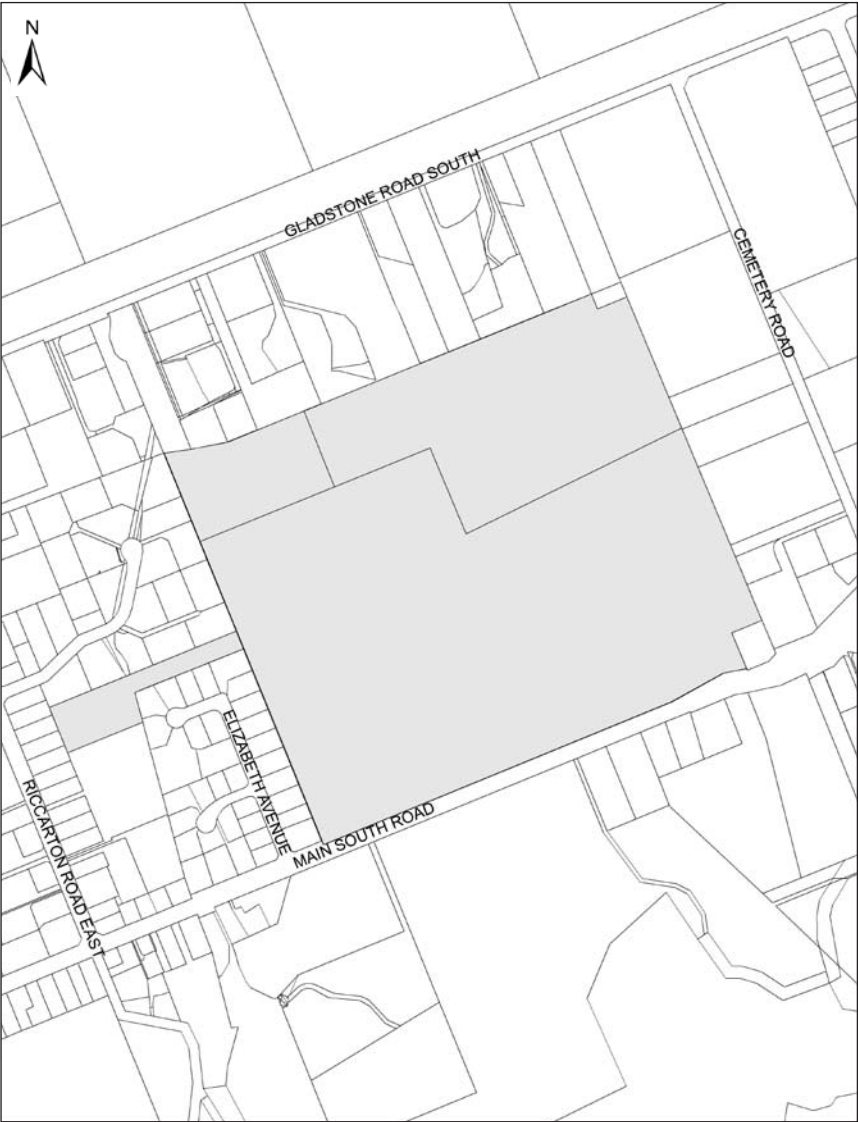
Map B2 – Mosgiel West – Transportation Contribution Area



| | |
|--|---|
| TABLE B3 - Development Contributions for the Transportation Network – Mosgiel West –Riccarton Road Access Link Area The developer will be responsible for the full actual costs of all necessary roading within the development for each allotment or building in accordance with the Dunedin City Council Code of Subdivision. A contribution will also be imposed in the following development contribution areas. | |
| Development Contribution Area | Mosgiel West Area shown on map B3. |
| Development Contribution Rate | <p>\$ 2.75 per m2 (GST exclusive)</p> $\text{Cost per m2} = \frac{\text{CE}}{\text{N}} = \frac{877,500}{319,028}$ <p>where CE = capital expenditure for the creation of access to Riccarton Road relating to growth N = total estimated area (m2)</p> |
| Unit of Demand | Square metre of total site area subject to development (including roads and other public areas within development/subdivision area) |
| Trigger for Contribution | The event that will give rise to a requirement for this development contribution will be: <ul style="list-style-type: none"> the granting of a resource consent under the Resource Management Act 1991; or if a resource consent is not required then the granting of a building consent under the Building Act 2004; or if neither a resource consent or a building consent is required then the granting of an authorisation for a service connection. |
| Assessed Cost of providing services attributed to growth (2009-2019) | <u>\$877,500</u> (Total cost of construction \$970,000 (add in interest on loans), less 20% attributable to NZ Transport Agency for benefits to the State Highway network) |

| | |
|---|--|
| Justification for the Development Contribution | <p>The residential development of the western and central part of Mosgiel West will create around 350 new residential dwellings.</p> <p>The creation of a link road providing access to Riccarton Road will allow for traffic generated by the development of the areas outlined above to access the local transportation network. The Riccarton Road access will allow traffic to be distributed more evenly across the network. This is important for safety, efficiency and sustainability, and provides choices to residents. The link will provide for both vehicle and pedestrian use resulting from residential development of the Mosgiel West area. The Riccarton Road access will allow public transport to penetrate the development, supporting sustainability and mode choice goals.</p> <p>As a result of the creation of the new link road, The NZ Transport Agency have the opportunity to close the access from Elizabeth Avenue on to State Highway 1, and construct an access from Elizabeth Avenue on to the new link road, providing a safer access for residents. This benefits the NZ Transport Agency, as State Highway 1 will be safer and more efficient as a result. For this reason, the NZ Transport Agency will fund 20% of the cost of land and construction for the Mosgiel West – Riccarton Road access. The NZ Transport Agency will fund a greater share of the construction of the new link road than is represented by the land areas which will have access to the link road. This reflects the added benefit that the NZ Transport Agency will gain in closing the existing Elizabeth Avenue access, in terms of safety and efficiency of the national roading network.</p> |
| The Development Contribution will cover: | A share of the capital expenditure for creating a link road to provide access from Riccarton Road. |

Map B3 – Mosgiel West – Riccarton Road Access Link Contribution Area



Legend

■ Mosgiel West Riccarton Rd Access Link Contribution Area

Parcel boundaries Contains
Data Derived from LINZ's DCDB
Crown Copyright Reserved

| TABLE B4 - Development Contributions for the Transportation Network – City-wide | |
|--|--|
| The developer will be responsible for the full actual costs of all necessary roading within the development for each allotment or building in accordance with the Dunedin City Council Code of Subdivision. A contribution will also be imposed in the following development contribution areas. | |
| Development Contribution Area | City-wide as shown on map B4. |
| Development Contribution Rate | <p>\$ per Equivalent household unit (GST exclusive)</p> $\text{Cost per EHU} = \frac{\text{CE}}{\text{N}}$ <p>where EHU = cost per Equivalent household unit CE = capital expenditure for the transportation network relating to growth N = total estimated number of additional residential dwellings for a 10 year period (2006-2016)</p> |
| Unit of Demand | <p>All new allotments created at subdivision stage are assumed to be equal to the creation of a single unit of demand.</p> <p>A residential unit is assumed to be one household unit that creates a single unit of demand</p> |
| Trigger for Contribution | <p>The event that will give rise to a requirement for this development contribution will be:</p> <ul style="list-style-type: none"> the granting of a resource consent under the Resource Management Act 1991; or if a resource consent is not required then the granting of a building consent under the Building Act 2004; or if neither a resource consent or a building consent is required then the granting of an authorisation for a service connection. |
| Assessed Cost of providing services attributed to growth (2009-2019) | Development Contributions will not be taken for the Transportation Network initially. This schedule will be amended in a future version of the policy to include development contributions for the transportation network, pending the outcome of further work that is currently being undertaken on the methodology and calculation for such contributions. |
| Justification for the Development Contribution | <p>The transportation network is an unrestricted public system and can be accessed by anyone and at anytime. Therefore growth attributed to additional household units in the City can impact on any part of the network.</p> <p>Such growth impacts upon the transportation network may require additional capacity or facilities in the transportation network. To manage such demand capital expenditure may be necessary involving construction of new roads, widening existing roads, sealing unsealed roads, providing additional off-street car parking, improving safety of roads, construction of new footpaths and provision of public transport facilities.</p> |
| The Development Contribution will cover: | A share of the capital expenditure for enhancing and upgrading the transportation network to cope with additional demands due to increased growth in the city. |

Map B4–City-wide Transportation Network Contribution Area



Schedule C: Development Contributions for Water Supply

This section outlines the development contribution rate and the justification for the contributions for the provision of water supply infrastructure.

TABLE C1. Development Contributions for Water Supply – Variation 9B 2006-2016

The developer will be responsible for the full actual costs of all necessary water supply infrastructure within the development for each allotment or building in accordance with the Dunedin City Council Code of Subdivision. A contribution will also be imposed in the following Development Contribution areas:

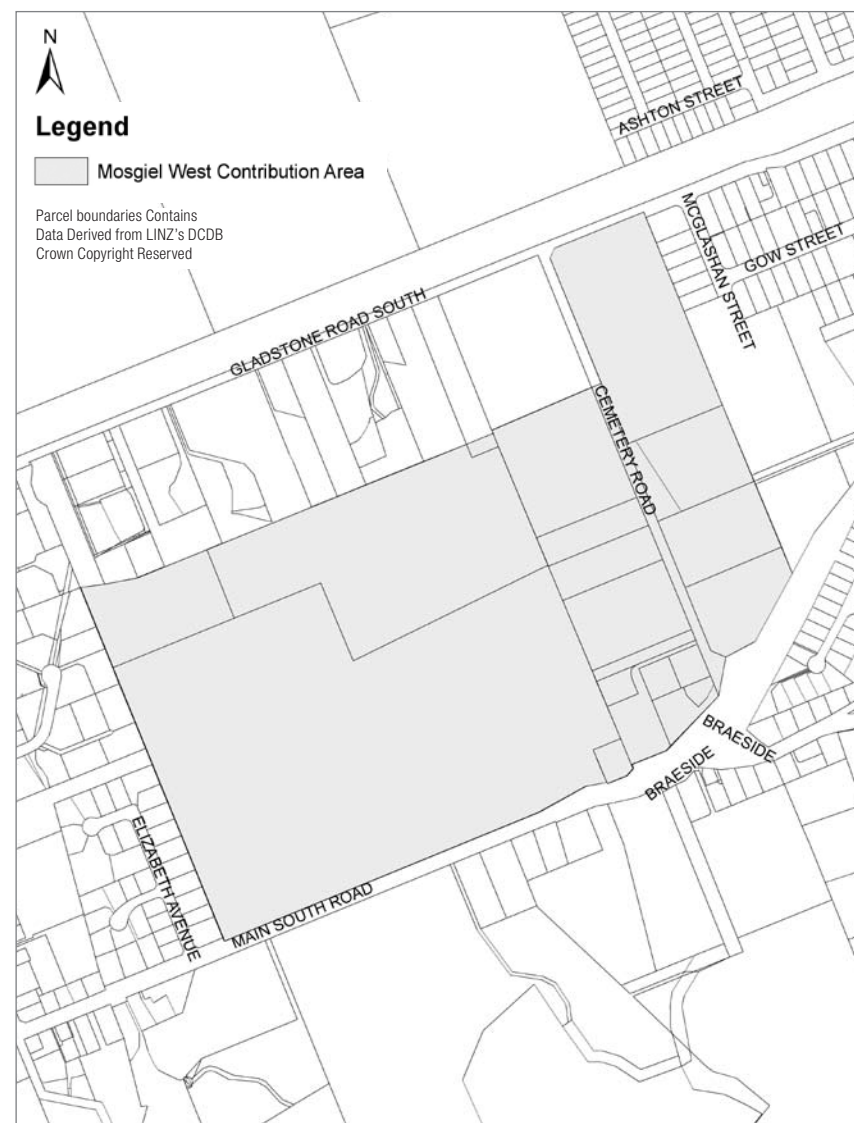
| | |
|---|--|
| Development Contribution Area | Variation 9B as shown in map C1. |
| Development Contribution Rate | <p>\$2.14 per square metre (GST exclusive)</p> <p>Cost = $\frac{CE}{N} = \frac{790,330}{370,000}$</p> <p>where</p> <p>CE = capital expenditure for water supply relating to growth</p> <p>N = total area (m2) subject to Variation 9B</p> |
| Unit of Demand | Square metre of total site area subject to development (including roads and other public areas within development/subdivision area) |
| Trigger for Contribution | <p>The event that will give rise to a requirement for this development contribution will be:</p> <ul style="list-style-type: none"> the granting of a resource consent under the Resource Management Act 1991; or if a resource consent is not required then the granting of a building consent under the Building Act 2004; or if neither a resource consent or a building consent is required then the granting of an authorisation for a service connection. |
| Assessed Cost of providing services attributed to growth (2009-2019) | \$790,330 |
| Justification for the Development Contribution | This industrial area was created as the result of Variation 9B to the District Plan. To service the additional area for fire fighting (consisting of 37 hectares) requires the installation of new water infrastructure in the form of a watermain extension from the existing watermain in the Taieri Airport runway up Carncross Street to Dukes Road. |
| The Development Contribution will cover: | The full cost of providing for the growth component attributable to the Variation 9B zone. |

Map C1 – Variation 9B Contribution Area



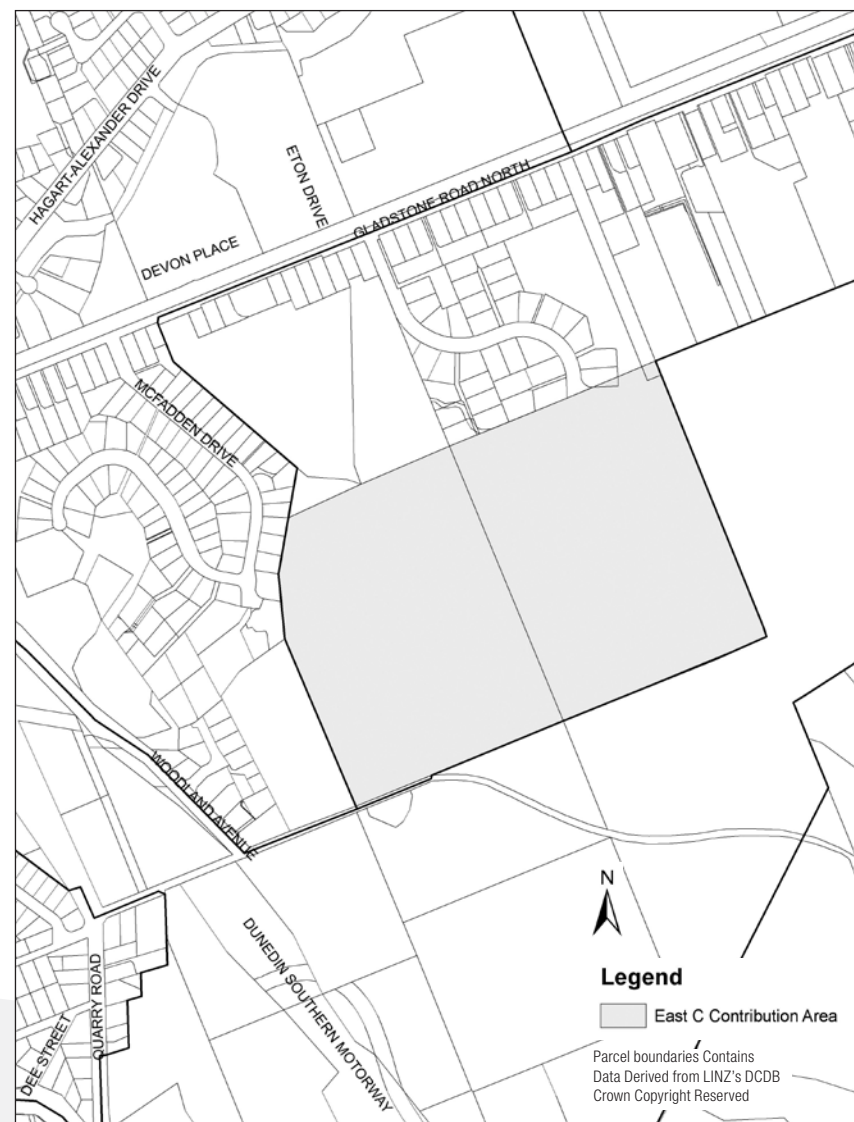
| | |
|--|--|
| TABLE C2 – Development Contributions for Water Supply – Mosgiel West | |
| The developer will be responsible for the full actual costs of all necessary water supply infrastructure within the development for each allotment or building in accordance with the Dunedin City Council Code of Subdivision. A contribution will also be imposed in the following development contribution areas. | |
| Development Contribution Area | Mosgiel West as shown on map C2 |
| Development Contribution Rate | <p>\$5.13 per square metre (GST exclusive)</p> <p>Cost = CE = $\frac{1,994,200}{389,100}$</p> <p> N 389,100</p> <p>where</p> <p>CE = capital expenditure for water relating to growth</p> <p>N = area required to be served by additional infrastructure</p> |
| Unit of Demand | Square metre of total site area subject to development (including roads and other public areas within development/subdivision area) |
| Trigger for Contribution | <p>The event that will give rise to a requirement for this development contribution will be:</p> <ul style="list-style-type: none"> the granting of a resource consent under the Resource Management Act 1991; or if a resource consent is not required then the granting of a building consent under the Building Act 2004; or if neither a resource consent or a building consent is required then the granting of an authorisation for a service connection. |
| Assessed Cost of providing services attributed to growth (2009-2019) | <u>\$1,994,200</u> |
| Justification for the Development Contribution | The existing water supply for Mosgiel is by way of a bore system. There is insufficient capacity to serve Mosgiel West therefore an alternative supply is required to be sourced. The nearest available water supply to serve this area is at the intersection of Wingatui Road and Gladstone Road North. The construction of this pipeline is required as a result of growth. |
| The Development Contribution will cover: | A percentage of the total cost for the installation of a pipeline due to growth created by Mosgiel West. |

Map C2 – Mosgiel West – Water Contribution Area



| | |
|--|--|
| TABLE C3 - Development Contributions for Water supply –Mosgiel East C | |
| The developer will be responsible for the full actual costs of all necessary water supply systems within the development for each allotment or building in accordance with the Dunedin City Council Code of Subdivision. A contribution will also be imposed in the following development contribution area. | |
| Development Contribution Area | Mosgiel East C as shown on Map C3 |
| Development Contribution Rate | <p>\$2.69 per square metre (GST exclusive)</p> <p>Cost = $\frac{CE}{N} = \frac{648,300}{241,000}$</p> <p>where</p> <p>CE = capital expenditure for water relating to growth</p> <p>N = area required to be served by additional infrastructure</p> |
| Unit of Demand | Square metre of total site area subject to development (including roads and other public areas within development/subdivision area) |
| Trigger for Contribution | <p>The event that will give rise to a requirement for this development contribution will be:</p> <ul style="list-style-type: none"> the granting of a resource consent under the Resource Management Act 1991; or if a resource consent is not required then the granting of a building consent under the Building Act 2004; or if neither a resource consent or a building consent is required then the granting of an authorisation for a service connection. |
| Assessed Cost of providing services attributed to growth (2009-2019) | \$648,300 |
| Justification for the Development Contribution | The existing water supply for Mosgiel is by way of a bore system. There is insufficient capacity to serve Mosgiel East C, therefore an alternative supply is required to be sourced. The nearest available water supply to serve this area is at the intersection of Wingatui Road and Gladstone Road North. The construction of this pipeline is required as a result of growth. |
| The Development Contribution will cover: | A percentage of the total cost for the installation of a pipeline due to growth created by Mosgiel East C. |

Map C3 – Mosgiel East C – Water Contribution Area



Schedule D: Development Contributions for Stormwater

This section outlines the development contribution rate and the justification for the contributions for the provision of stormwater infrastructure.

TABLE D1 - Development Contributions for Stormwater – Mosgiel East

The developer will be responsible for the full actual costs of all necessary stormwater systems within the development for each allotment or building in accordance with the Dunedin City Council Code of Subdivision. A contribution will also be imposed in the following development contribution areas.

| | |
|---|--|
| Development Contribution Area | Mosgiel East as shown on map D1. |
| Development Contribution Rate | <p>\$1,364 per Equivalent Household Unit (GST exclusive)</p> <p>Cost per EHU = $\frac{CE}{N} = \frac{682,000}{500}$</p> <p>where</p> <p>EHU = cost per Equivalent household unit</p> <p>CE = capital expenditure for stormwater relating to growth</p> <p>N = total estimated number of additional residential dwellings at permitted density</p> |
| Unit of Demand | <p>All new allotments created at subdivision stage are assumed to be equal to the creation of a single unit of demand.</p> <p>A residential unit is assumed to be one household unit that creates a single unit of demand</p> |
| Trigger for Contribution | <p>The event that will give rise to a requirement for this development contribution will be:</p> <ul style="list-style-type: none"> the granting of a resource consent under the Resource Management Act 1991; or if a resource consent is not required then the granting of a building consent under the Building Act 2004; or if neither a resource consent or a building consent is required then the granting of an authorisation for a service connection. |
| Assessed Cost of providing services attributed to growth (2009-2019) | <u>\$682,000</u> |
| Justification for the Development Contribution | <p>Developments of rural areas into residential areas create an increased demand to deal with stormwater and run off from hard paved surfaces. Mosgiel East Development will result in the creation of residential lots that will increase peak flows of stormwater during rain events, as a result of run off from hard surfaces. When the new pipeline was constructed on Hagart Alexander Drive in 2005/06 to deal with the flooding issues in the area an increase in the capacity of the infrastructure for the additional growth likely to result from the development of the Mosgiel East area was allowed for. The percentage of this cost attributed to Mosgiel East will be recouped as development and subdivision of this area occurs.</p> |
| The Development Contribution will cover: | 30% of the cost for the construction of the stormwater pipeline along Hagart Alexander Drive attributed to growth created by Mosgiel East. |

Map D1 – Mosgiel East – Stormwater Contribution Area



Schedule E: Development Contributions for Wastewater

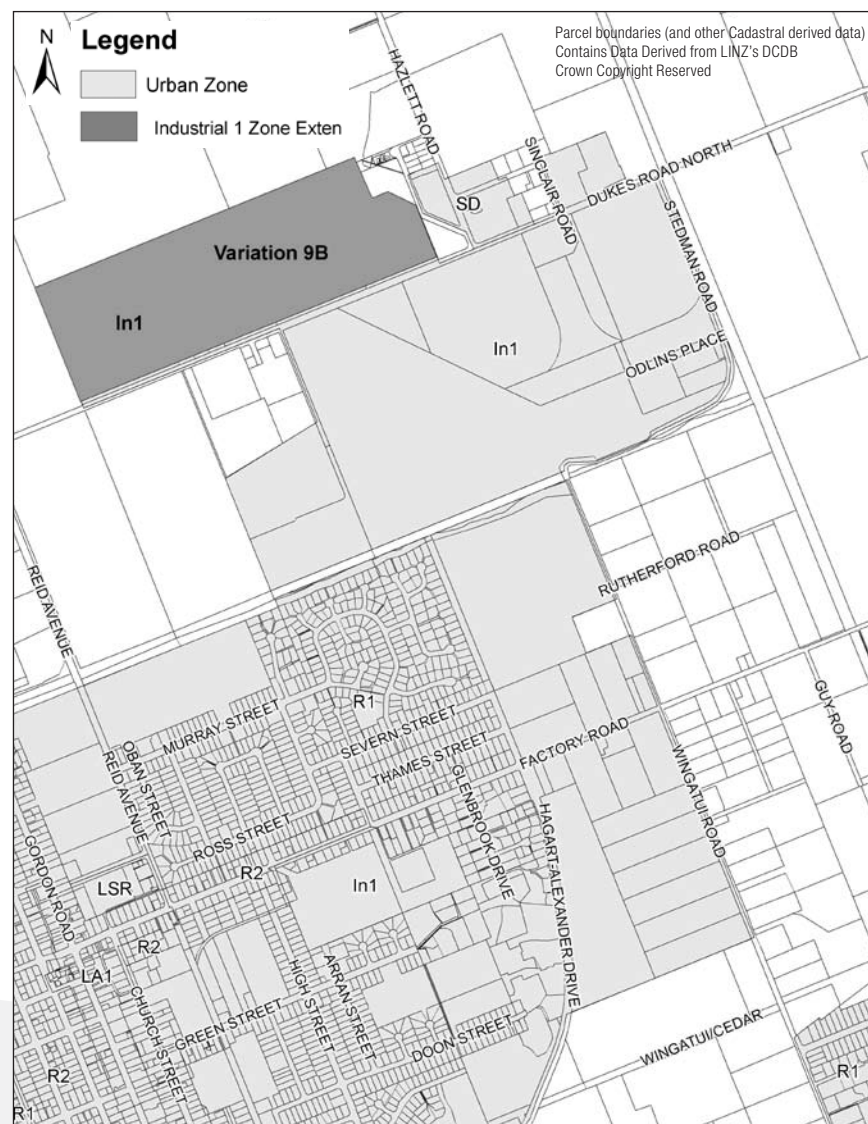
This section outlines the development contribution rate and the justification for the contributions for the provision of wastewater infrastructure.

TABLE E1 - Development Contributions for Wastewater – Variation 9B

The developer will be responsible for the full actual costs of all necessary wastewater infrastructure within the development for each allotment or building in accordance with the Dunedin City Council Code of Subdivision. A contribution will also be imposed in the following development contribution areas.

| | |
|---|--|
| Development Contribution Area | Variation 9B as shown on map E1 |
| Development Contribution Rate | <p>\$0.96 per square metre (GST exclusive)</p> <p>Cost = $\frac{CE}{N} = \frac{353,500}{370,000}$</p> <p>where</p> <p>CE = capital expenditure for waste water relating to growth</p> <p>N = area required to be served by additional infrastructure</p> |
| Unit of Demand | Square metre of total site area subject to development (including roads and other public areas within development/subdivision area) |
| Trigger for Contribution | <p>The event that will give rise to a requirement for this development contribution will be:</p> <ul style="list-style-type: none"> the granting of a resource consent under the Resource Management Act 1991; or if a resource consent is not required then the granting of a building consent under the Building Act 2004; or if neither a resource consent or a building consent is required then the granting of an authorisation for a service connection. |
| Assessed Cost of providing services attributed to growth (2009-2019) | \$353,500 |
| Justification for the Development Contribution | <p>Development of rural areas for industrial activities creates a new demand to deal with wastewater. It has been identified through modelling that the existing wastewater system in Mosgiel needs to be upgraded to accommodate the additional flow created by this new area.</p> <p>An upgrade of the pumps at the Mosgiel Wastewater Plant is required. This will be a staged upgrade. All of the cost can be attributed to growth due to the additional wastewater flow from this rezoning.</p> |
| The Development Contribution will cover: | <p>The full cost of providing for the growth component attributable to the Variation 9B zone for the reticulation upgrade.</p> <p>A percentage of the total cost for the upgrading of the pumps at the Mosgiel wastewater Plant.</p> |

Map E1 – Variation 9B Contribution Area



| | |
|--|--|
| TABLE E2 - Development Contributions for Wastewater –Mosgiel East The developer will be responsible for the full actual costs of all necessary wastewater systems within the development for each allotment or building in accordance with the Dunedin City Council Code of Subdivision. A contribution will also be imposed in the following development contribution area. | |
| Development Contribution Area | Mosgiel East as shown on Map E2 |
| Development Contribution Rate | \$767.20 per Equivalent Household Unit (GST exclusive) $\text{Cost per EHU} = \frac{\text{CE}}{\text{N}} = \frac{383,600}{500}$ where EHU = cost per Equivalent household unit CE = capital expenditure for wastewater relating to growth N = total estimated number of additional residential dwellings at permitted density |
| Unit of Demand | All new allotments created at subdivision stage are assumed to be equal to the creation of a single unit of demand. A residential unit is assumed to be one household unit that creates a single unit of demand |
| Trigger for Contribution | The event that will give rise to a requirement for this development contribution will be: <ul style="list-style-type: none"> the granting of a resource consent under the Resource Management Act 1991; or if a resource consent is not required then the granting of a building consent under the Building Act 2004; or if neither a resource consent or a building consent is required then the granting of an authorisation for a service connection. |
| Assessed Cost of providing services attributed to growth (2009-2019) | \$383,600 |
| Justification for the Development Contribution | An upgrade of the pumps at the Mosgiel Wastewater Treatment Plant is required. This will be a staged upgrade. All of the cost can be attributed to growth due to the additional wastewater flow from this rezoning. This work is planned and was scheduled to commence in the 2007/08 financial year. The percentage of this cost attributed to Mosgiel East has been calculated to be 62.4% and will be recouped as development of this area occurs. The installation of a pipeline from Mosgiel East to connect with existing Renton Street infrastructure is required to service the area. This work is planned for the 2008/09 financial year and is 100% attributed to growth. |
| The Development Contribution will cover: | A percentage of the total cost for stage 1 of the pumping station upgrade, and the installation of a sewer pipeline from Renton Street to Mosgiel East. These projects have been attributed to growth created by Mosgiel East. |

Map E2 – Mosgiel East – Wastewater Contribution Area



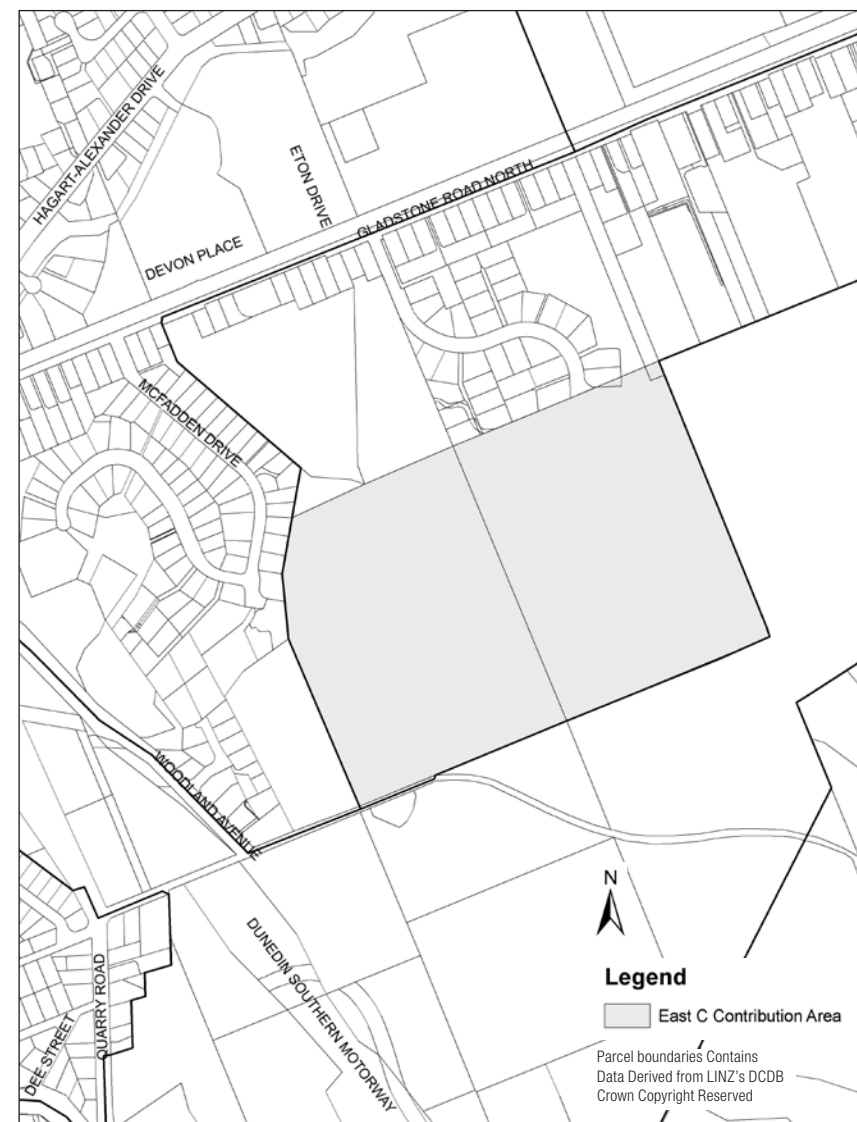
| | |
|--|---|
| TABLE E3 - Development Contributions for Wastewater – Mosgiel West | |
| The developer will be responsible for the full actual costs of all necessary wastewater infrastructure within the development for each allotment or building in accordance with the Dunedin City Council Code of Subdivision. A contribution will also be imposed in the following development contribution areas. | |
| Development Contribution Area | Mosgiel West as shown on map E3 |
| Development Contribution Rate | <p>\$1.03 per square metre (GST exclusive)</p> <p>Cost = $\frac{CE}{N} = \frac{401,700}{389,100}$</p> <p>where</p> <p>CE = capital expenditure for waste water relating to growth</p> <p>N = area required to be served by additional infrastructure</p> |
| Unit of Demand | Square metre of site area subject to development (including roads and other public areas within development/subdivision area) |
| Trigger for Contribution | <p>The event that will give rise to a requirement for this development contribution will be:</p> <ul style="list-style-type: none"> the granting of a resource consent under the Resource Management Act 1991; or if a resource consent is not required then the granting of a building consent under the Building Act 2004; or if neither a resource consent or a building consent is required then the granting of an authorisation for a service connection. |
| Assessed Cost of providing services attributed to growth (2009-2019) | \$401,700 |
| Justification for the Development Contribution | <p>Based on the design flow from the new area the existing reticulation needs to be upgraded to accommodate the increased wastewater flows.</p> <p>This extra demand on the wastewater system requires the upgrading of the existing Burns Street wastewater pumping station. Costs can be attributed to growth due to the additional wastewater flow from this rezoning</p> <p>An upgrade of the pumps at the Mosgiel Wastewater Plant is required. This will be a staged upgrade. All of the cost can be attributed to growth due to the additional wastewater flow from this rezoning.</p> |
| The Development Contribution will cover: | <p>A percentage of the total cost for the upgrading of the Burns Street wastewater pumping station and the pump upgrade of the Mosgiel Wastewater Plant.</p> <p>The full cost of upgrading the wastewater reticulation providing for the growth component attributable to Mosgiel West.</p> |

Map E3 – Mosgiel West – Wastewater Contribution Area



| | |
|--|--|
| TABLE E4 - Development Contributions for Wastewater –Mosgiel East C | |
| The developer will be responsible for the full actual costs of all necessary wastewater systems within the development for each allotment or building in accordance with the Dunedin City Council Code of Subdivision. A contribution will also be imposed in the following development contribution area. | |
| Development Contribution Area | Mosgiel East C as shown on Map E4 |
| Development Contribution Rate | <p>\$0.73 per square metre (GST exclusive)</p> <p>Cost per EHU = $\frac{CE}{N} = \frac{175,700}{241,000}$</p> <p>Where EHU = cost per Equivalent household unit CE = capital expenditure for wastewater relating to growth N = area required to be served by additional infrastructure</p> |
| Unit of Demand | Square metre of total site area subject to development (including roads and other public areas within development/subdivision area) |
| Trigger for Contribution | <p>The event that will give rise to a requirement for this development contribution will be:</p> <ul style="list-style-type: none"> the granting of a resource consent under the Resource Management Act 1991; or if a resource consent is not required then the granting of a building consent under the Building Act 2004; or if neither a resource consent or a building consent is required then the granting of an authorisation for a service connection. |
| Assessed Cost of providing services attributed to growth (2009-2019) | \$175,700 |
| Justification for the Development Contribution | <p>The existing pumping station at Gladstone Road North does not have the capacity to cater for the additional wastewater flow. The cost can be attributed to growth due to the rezoning of this land.</p> <p>An upgrade of the pumping station at Gladstone Road North is required due to the additional demand this new residential area will create on the wastewater reticulation.</p> |

Map E4 – Mosgiel East C – Wastewater Contribution Area



Schedule F: Development Contributions for Community Infrastructure

This section outlines the development contribution rate and the justification for the contributions towards community infrastructure.

| TABLE F1. Development Contributions for Community Infrastructure | |
|--|--|
| Development Contribution Rate | <p>\$ per Equivalent household unit (GST exclusive)</p> $\text{Cost per EHU} = \frac{\text{CE}}{\text{N}}$ <p>where EHU = cost per Equivalent household unit CE = capital expenditure for community infrastructure relating to growth. N = total estimated number of additional residential dwellings for a 10 year period (2006-2016).</p> |
| Unit of Demand | <p>All new allotments created at subdivision stage are assumed to be equal to the creation of a single unit of demand. A residential unit is assumed to be one household unit that creates a single unit of demand</p> |
| Trigger for Contribution | <p>The event that will give rise to a requirement for this development contribution will be:</p> <ul style="list-style-type: none"> the granting of a resource consent under the Resource Management Act 1991; or if a resource consent is not required then the granting of a building consent under the Building Act 2004; or if neither a resource consent or a building consent is required then the granting of an authorisation for a service connection. |
| Justification for the Development Contribution | <p>Development Contributions will not be taken for Community Infrastructure initially. This schedule will be amended in a future version of the policy to include development contributions for community infrastructure, pending the outcome of further work that is currently being undertaken on the methodology and calculation for such contributions.</p> |
| The Development Contribution will cover: | |

Appendix A: Capital expenditure related to growth

Summary of 10 Year estimated capital expenditure and funding for growth

| | Project | Total capital expenditure for project (\$000) 2009-2019 | Adjusted total capital expenditure for project (\$000) 2009-2019 | Growth cost to be funded by development contributions (\$000) 2009-2019 | Growth % |
|---|--|---|--|---|------------|
| Reserves | | | | | |
| City-wide | Logan Park Development | 15,030 | 30,330 | 3,033.0 | 10 |
| | Sportsground upgrades - Logan Park | 382 | 387 | 27.1 | 7 |
| | Sportsground upgrades – Bathgate Park | 254 | 277 | 19.4 | 7 |
| | Sportsground upgrades – Hancock Park | 372 | 416 | 29.1 | 7 |
| | Sportsground upgrades – Opoho Park | 254 | 292 | 20.4 | 7 |
| | Sportsground upgrades – Montecillo Park | 254 | 309 | 21.6 | 7 |
| | Playground upgrades | 2,950 | 3,353 | 234.7 | 7 |
| City-wide Reserves Total | | | | 3,385.3 | |
| Plan Change 15 - Mosgiel East Area | Reserve adjacent to esplanade reserve | 18 | 18 | 18 | 100 |
| | Reserve in northern area – acquisition and development | 369 | 379 | 379 | 100 |
| | Reserve in southern area – acquisition and development | 936 | 962 | 962 | 100 |
| Mosgiel East Total | | | | 1,359 | |
| Plan Change 15 – Mosgiel West Area | Reserve acquisition and development | 936 | 994 | 994 | 100 |

| | Project | Total capital expenditure for project (\$000) 2009-2019 | Adjusted total capital expenditure for project (\$000) 2009-2019 | Growth cost to be funded by development contributions (\$000) 2009-2019 | Growth % |
|---|---|---|--|---|------------|
| Transportation Network | | | | | |
| Plan Change 15 - Mosgiel East Area | Roundabout: Wingatui Road/ Factory Road | 590 | 702.5 | 597.1 | 85 |
| | Factory Road improvements | - | - | 434.0 | 90 |
| | Wingatui Road improvements | 833 | 1,367.6 | 1,230.8 | 90 |
| | Roundabout: Factory Road/New Road | - | - | 13.2 | 85 |
| | Roundabout: Factory Road/Centre Street/Hagart Alexander Drive | 17 | 22.4 | 2.2 | 10 |
| Mosgiel East Total | | | | 2,277.3 | |
| Plan Change 15 – Mosgiel West Area | Cemetery Road upgrade | 1942 | 2,617.5 | 2,617.5 | 100 |
| Plan Change 15 – Mosgiel West – Riccarton Road Link Area | Land purchase and formation of road | 970 | 1,076.7 | 877.5 | 80 |
| Wastewater | | | | | |
| Variation 9B | Wastewater pump station and pipe upgrade | 313.7 | 353.5 | 353.5 | 100 |
| Plan Change 15 - Mosgiel East Area | Mosgiel Wastewater Plant Upgrade | 42.5 | 50.5 | 383.6 | 100 |
| Plan Change 15 – Mosgiel West Area | Upgrade pumping station and wastewater treatment plant | 311.3 | 401.7 | 401.7 | 100 |
| Plan Change 15 – Mosgiel East C Area | Upgrade pumping station | 154.2 | 175.7 | 175.7 | 100 |

| | Project | Total capital expenditure for project (\$000) 2009-2019 | Adjusted total capital expenditure for project (\$000) 2009-2019 | Growth cost to be funded by development contributions (\$000) 2009-2019 | Growth % |
|---|--|---|--|---|------------|
| Water Supply | | | | | |
| Variation 9B | Dukes Road Ring main | - | - | 790.33 | 100 |
| Plan Change 15 – Mosgiel West Area | Pipeline construction | 1,426.3 | 1,994.2 | 1,994.2 | 100 |
| Plan Change 15 – Mosgiel East C Area | Pipeline construction | 578.3 | 648.3 | 648.3 | 100 |
| Storm Water | | | | | |
| Plan Change 15 - Mosgiel East Area | Stormwater sewer (already constructed) | - | - | 682 | 30 |

Notes:

- These figures have been inflation adjusted from 2010/11 onwards. Refer to the Community Plan assumptions for details of inflators used
- To reflect the full cost of providing for the growth component of some projects, an allowance has been made for the cost of funds in relation to these figures. From the time the capital expenditure is incurred until the time the costs are recovered from developers, the Council has assumed that there will be an interest cost. Interest on money borrowed is estimated at 7% pa
- The growth proportion of capital expenditure will be funded from development contributions. None of the capital expenditure programme above will be funded from financial contributions

- The calculations and documentation supporting the above projects are available for examination at the offices of the Dunedin City Council
- Expenditure has already occurred on the stormwater sewer. When the pipeline was constructed growth in the Mosgiel East Area was anticipated and provided for
- Where project costs are being contributed to from a number of local development contribution areas, only the portion attributed to that area is specified under the total project cost
- Expenditure for Mosgiel East Area (Factory Road improvements, Wingatui Road improvements, and land for the roundabout for Factory Road/New Road, and reserves) and Variation 9B water supply, were programmed for the 2008/09 financial year and are not shown for expenditure in 2009/19
- The adjusted expenditure for the Logan Park Development includes the anticipated interest over a 20 year period, at 7.75% and an allowance for inflation.

Appendix B: Example of Calculation of Development Contributions

| | |
|---------------|--|
| STEP 1 | Go to schedules A-F to check what contribution area your development is located within and identify the contribution rates that apply within the contribution area. |
| STEP 2 | Calculate how many units of demand your development will create (refer to Tables 1,2 and 3 in Section 4.6). |
| STEP 3 | Calculate how many credits (if any) for the development (refer section 6.4) and deduct from the units of demand identified in step 2. |
| STEP 4 | Multiply the number of units of demand (less credits) in your development by the development contribution charges identified in step 1 and add 12.5% GST. This is the total development contribution payable for your development. |

Appendix C: Growth Assumptions for Dunedin

Dunedin's population has remained relatively static over the last 50 years compared with the growth of New Zealand's other Metro areas. Dunedin's resident population for 2006 was 118863. The overall increase in population from 114,504 in 1991 to 118,863 in 2006 was 4%. The forecasted medium population growth is 7.4% to 2021 estimating a resident population of about 128,000.

Growth in the number of households has been greater than population growth, increasing by 8% between 1991 and 2006 (40,920 to 44,394). The forecasted medium growth for the number of households is 14% (52,800) to 2021 (this forecast is based upon estimates and not actual households). The increased growth in households over population reflects a predicted increase in the number of smaller households, which is consistent with worldwide trends.

Over the last decade the central/north Dunedin (ie campus area), Mosgiel and Taieri areas have experienced significant population growth. Recent subdivisions in the area between Mosgiel and Dunedin have also contributed to growth in the Saddle Hill/Fairfield area in the last five years. The greatest population increase (approximately 25%) occurred in the University area, reflecting the increase in size of student flats and expansion of hostel accommodation. Mosgiel increased by 8%, mainly due to the movement of families into recently developed areas around the fringe of the town.

The northern coastal settlements particularly Evansdale and Warrington have shown a population growth of 4% between 1991 and 2006.

Appendix D: Glossary of Terms

Activity means a good or service provided by, or on behalf of a local authority or a Council-controlled organisation; and includes:

- The provision of facilities and amenities
- The making of grants
- The performance of regulatory and other governmental functions.

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

Activity Management Plan means the Council documents that outline how the Council will manage and provide infrastructure assets.

Catchment means the area served by a particular infrastructure.

Capital Expenditure means the cost the Council expect to incur to provide infrastructure assets for the running of network infrastructure, reserves and community infrastructure.

Commercial Residential Activity has the same meaning as in the District Plan as follows:

"Means a building or group of buildings used for the accommodation of people and which are or can be let on a daily tariff, including boarding houses for 6 guests or more, and home stays for 6 guests or more."

Community Facilities means reserves, network infrastructure, or community infrastructure for which development contributions may be required in accordance with section 199 of the Local Government Act 2002.

Community Infrastructure means:

- Land, or development assets on land, owned or controlled by the territorial authority to provide public amenities
- Includes land that the territorial authority will acquire for that purpose.

Community Outcomes, in relation to a city or region:

- Means the outcomes for that city or region that are identified as priorities for the time being through a process under section 91

- Includes any additional outcomes subsequently identified through community consultation by the local authority as important to the current or future social, economic, environmental, or cultural well being of the community.

Community Support Activity has the same meaning as in the District Plan as follows:

"Means the use of land and buildings or collection of buildings which are used for the primary purpose of supporting the health, welfare, safety, education, culture and spiritual well-being of the community including childcare facilities and community police offices but excludes hospitals, recreational activities, facilities which have or require a liquor licence or which provide restaurant facilities."

Connected Equivalent Household Unit means an equivalent household unit with direct access to a service connection.

Consent Holder is the person/persons who are the applicants to whom resource consent, building consent or service connection was granted.

Development means:

- Any subdivision or other development that generates a demand for reserves, network infrastructure, or community infrastructure
- Does not include the pipes or lines of a network utility operator.

Development Contribution means a contribution:

- Provided for in a Development Contribution Policy included in the Long-Term Council Community Plan of a territorial authority
- Calculated in accordance with the methodology.

Comprising:

- Money
- Land, including a reserve or esplanade reserve (other than in relation to a subdivision consent), but excluding Maori land within the meaning of Te Ture Whenua Maori Act 1993, unless that Act provides otherwise
- Or both.

Development Contribution Areas relate to defined geographical areas to which a development contribution is applicable in relation to the service catchments within those areas for network infrastructure, community infrastructure and reserves.

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

District means the district of a territorial authority.

Equivalent Household Unit has the same meaning as Residential Unit in the Dunedin City Council District Plan as follows:

"Means a building or part of a building which is self contained at least in respect of sleeping, cooking, dining, bathing and toilet facilities, where one or more persons live together whether related or not, but excludes units where staff provide for more than 18 residents. Staff living on the site are not included in this limit."

Financial Contribution has the same meaning as financial contributions in s108(9)(a)-(c) of the Resource Management Act 1991.

Goods and Services Tax (GST.) means Goods and Services Tax under the Goods and Services Tax Act 1985 or any legislation substituted for the same.

Greenfield Areas are defined as those areas where building capacity exists. Where land is zoned residential and has capacity to provide for future development it is considered a Greenfield site.

Local Government Act 02 means the Local Government Act 2002 or any legislation substituted for the same.

Local Authority means a regional council or territorial authority.

Methodology has the same meaning as methodology in s197 of the Local Government Act 2002.

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

RMA 1991 means the Resource Management Act 1991.

Rural Development means any activity in a Rural Zone under the District Plan.

Rural Residential Development means any activity in a Rural Residential Zone under the District Plan.

Third Party Funds means funding or subsidy, either in full or in part, from a third party.

Schedule of Development Contributions means the schedule to the Council's Development Contributions Policy required by section 201 of the Local Government Act 02 and setting out the information required by section 202, namely:

- The contributions payable in each city in respect of reserves, network infrastructure and community infrastructure
- The events giving rise to the requirement for development contribution
- Specified by city and by activity.

Service Catchment means a catchment defined by reference to the characteristics of the service and the common characteristics of the geographical area (for example stormwater catchments).

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

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

Unit of Demand means measure of demand for community facilities.

Urban Zones has the same meaning as Urban Zones in the Dunedin City Council District Plan as follows:

"Means the Residential, Industry, Port, Campus and Activity Zones."

Urban/Rural Fence has the same meaning as Urban/Rural Fence in the Dunedin City Council District Plan as follows:

"Means the boundary between the Urban Zones and the Rural Zones as provided for in the Dunedin City District Plan."

Development of Maori Capacity to Participate in Council Decision-Making

The Local Government Act requires the Council to consult with Maori and to provide opportunities for Maori to contribute to its decision-making processes. The Council is working with Ngai Tahu and Non-Ngai Tahu Maori to facilitate active and meaningful participation at both the organisational and operational levels.

Organisational Level

Dunedin City Council held a formal meeting with Maori at Otakou Marae in February 2003 aimed at consolidating and further developing existing relationships between the Council and Ngai Tahu. As a result of that meeting, a Maori Participation Working Party was established to consider ways in which to further develop Maori capacity to contribute towards Council decision-making.

In 2005, following the election of the new Council, the Working Party was reconvened as an informal Advisory Group on Maori Participation. The advisory group comprises Councillors and representatives from both local runanga, Te Runanga o Otakou, and Kati Huirapa Runaka ki Puketeraki. Araiteuru Marae Council are also recognised as representing Taurahere in the city.

The aims of the Advisory Group, are:

- To provide a direct line of communication between the Dunedin City Council with Ngai Tahu runanga and Taurahere (non – Ngai Tahu Maori)
- To facilitate communication and understanding at the executive/governance level of both parties
- To provide a forum for discussion of strategic level issues
- To provide advice to the Dunedin City Council on issues relating to Maori
- To identify, set out and evaluate options for the participation of Maori in areas arising from the Local Government Act 2002.

A hui was convened by the advisory group in May 2005 to provide an opportunity for all Maori groups within Dunedin City, both local runanga and Taurahere, to meet and discuss how Maori want to participate in local government issues and what is required to facilitate Maori input. It was agreed at this meeting that a further hui be convened by the local runanga and Araiteuru Marae, to explore closer working and increased participation. The Council also offered to provide briefings for the runanga on the LTCCP and opportunities for input.

The work of the group was formalised in a Memorandum of Understanding between the City Council and Te Runanga o Ngai Tahu as Manawhenua. The purpose of the memorandum is to define mechanisms to promote and facilitate effective consultation and liaison between the Dunedin City Council and Te Runanga o Ngai Tahu. The memorandum was ratified with the runanga in early 2006 and formally signed in December 2006.

The focus since 2006 has been on implementation of the agreement. A hui was convened in September 2007 to consider economic issues facing Maori in Dunedin and to identify issues and actions. The economic use of Maori Land was identified as an issue and a database of Maori land was compiled in February 2007.

A second hui to consider social and cultural issues was convened in October 2008, along with a briefing on the Community Plan process. It is planned that environmental issues will be discussed in 2009.

Activity Level

In addition to the arrangements for progressing corporate issues and liaison described above, various Council departments have mechanisms in place for consulting with Ngai Tahu on operational matters. For example, the City Planning Department has policies and an agreed protocol in place with Kai Tahu ki Otago Ltd relating to consultation under the Resource Management Act. The Council and Ngai Tahu have also jointly produced a Guide to the Iwi Consultation Process, which is aimed at applicants for resource consent.

A number of projects have been initiated by the Working Party including creation of a database of Maori Land in Dunedin City, which was suggested following the economic hui in February 2008. The feasibility of a Maori Tourism initiative is currently being investigated jointly with the University of Otago. An investigation into building/supporting Maori Entrepreneurship is also being explored. This project is being led by Te Kupeka Umaka Maori ki Araiteuru (KUMA) the Maori Business network which has secured significant funding from Potama Trust.

Following the social and cultural hui in 2008, discussions are underway regarding potential support for the development and co-ordination of matariki activities. The aim is to create an Indigenous Festival of the Arts.

Summary of Assessment of Water and Sanitary Services 2007/08

The Dunedin City Council has a statutory obligation under sections 124-129 of the Local Government Act 2002 to prepare and consult on an assessment of water and sanitary services. This includes the provisions for water, wastewater, stormwater, public and reserve toilets, cemeteries and crematorium services.

This summary outlines the key aspects of the Assessment and provides updated information on progress made on some the issues and proposed actions.

The Council provides a range of services that are fundamental to maintaining a healthy lifestyle for the majority of Dunedin's residents. The purpose of the Assessment is to help strengthen the Council's approach to planning and providing for essential sanitary services. It also assists by involving the community and decision makers in mapping the path forward.

At a high level the forecast population and development related growth for Dunedin is not expected to place unmanageable pressure on the existing sanitary services.

For each of the services provided the Assessment identifies:

- 1 Services currently provided in the key geographic communities within Dunedin.
- 2 Service issues and future service requirements.
- 3 Proposed response to the service issues and requirements.

Summary of Assessment of Water, Wastewater and Stormwater Sanitary Services 2007/08

The Council has completed its Assessment of Water, Wastewater and Stormwater Sanitary Services. The Assessment covers services in both the urban and rural areas. The assessment is supported by the content of the Activity Management Plans for the services.

The table below outlines the services provided, key findings and improvement planning recommendations.

Overall findings

The assessments suggest that in reticulated areas there is no elevated risk in respect to public health from either water or sanitary services. The Council is aware of some specific lower level risk issues in non-reticulated areas that it will act on and continue to consult with the community and Medical Officer of Health on these services.

Water Supply

| Description of Service | Key Findings | Update on Improvement Planning |
|---|---|---|
| <p>The Council's Water service consists of four service areas, Metropolitan Dunedin plus four outlying areas:</p> <ul style="list-style-type: none"> • West Taieri • Rocklands • Outram • Northern Schemes. <p>The Council operates and maintains the water system from the catchment to the customer boundary. Key assets are 21,000 hectares of water catchment; 1405 km of pipeline; 35 pumping station; 57 reservoirs and 14 treatment plants.</p> <p>85% of the city's residents receive A Grade potable water from the Southern and Mt Grand water treatment plants, that complies with the New Zealand Drinking Water Standards 2005 (NZDWS).</p> <p>A further 3% of residents are supplied from smaller water treatment and reticulation schemes at West Taieri and Waikouaiti, which have recently been upgraded with membrane filtration technology and meet the NZDWS 2005.</p> <p>Smaller schemes at Outram and Rocklands (rural water scheme) provide chlorinated but ungraded water to populations of 734 and 12 respectively.</p> <p>12% of the city's population are not serviced by a reticulated public water supply and use either bore water (14%), surface water (12%), tankered water (2%) or roof water (72%) to meet their water needs.</p> | <p>The Council is aware of some specific lower level risk issues in non-reticulated areas such as:</p> <ul style="list-style-type: none"> • Some residents with shallow ground water bores show elevated levels of manganese and iron • From a survey of roof water systems in Allanton, 7% returned positive faecal coliform test results (although low level). <p>The Council is broadening its strategic focus from upgrading the metropolitan water supply to include Dunedin's smaller drinking water schemes. Work has been substantially completed to improve drinking water to the Northern Coast and the West Taieri schemes with commissioning of these projects due early in 2009.</p> | <p>Completion and commissioning of treatment plant and pipeline extensions for the West Taieri and Northern Coastal areas.</p> <p>Consultation and review for the proposed Allanton scheme is to be completed in 2008/09.</p> |

Wastewater

| Description of Service | Key Findings | Update on Improvement Planning |
|--|---|--|
| <p>The Council's Wastewater Service consists of 7 service areas, Metropolitan Dunedin plus 6 outlying areas</p> <ul style="list-style-type: none"> Green Island Mosgiel Middlemarch Seacliff Waikouaiti/Karitane Warrington <p>The Council operates and maintains the wastewater system from the main sewer to the point where treated effluent is discharged to the environment.</p> <p>Key assets are 860km of pipeline; 78 pumping stations and 7 treatment plants.</p> | <p>The Otago Regional Council (ORC) and Public Health South have indicated that there is no documented information, or statistical evidence available, to suggest that there is an elevated public health risk in regard to treatment/disposal via septic tanks and associated land drainage systems. The Council is however aware of specific areas that may require the Council's intervention through providing infrastructure, monitoring, and/or enforcement in line with the newly developed reticulated services policy.</p> <p>An important action arising out of the Assessment has been the development of a Reticulation Policy for the extension of water and wastewater schemes into non-reticulated areas and consultation on these policies was conducted in late 2008. A specific policy and project related to Allanton was consulted on at the same time for the provision of both wastewater and water supply extensions.</p> <p>Some of the issues identified in the Water and Sanitary Services Assessment include:</p> <ul style="list-style-type: none"> 3,000 properties in the city do not have access to piped wastewater networks Of these, 9% used inadequate disposal methods including long drops, cesspits and bucket systems Some issues with failed or leaking septic tank systems were noted in Allanton, Blanket Bay, Chain Hill, Saddle Hill, Harrington Point, Purakanui, Waikouaiti and Taieri Plains. | <p>The Council has a defined and active programme of ensuring that the city's reticulated wastewater is treated to the agreed standard. The small portion of wastewater that is managed via septic tanks is also of importance to the Council.</p> <p>Consultation and review for the proposed Allanton wastewater scheme to be undertaken in 2009/10.</p> |

Stormwater

| Description of Service | Key Findings | Update on Improvement Planning |
|---|---|---|
| <p>The Council's Stormwater Service consists of eight service areas, including metropolitan Dunedin and seven outlying areas: Brighton/Waldronville Green Island, Mosgiel, Middlemarch, Mosgiel, Outram, Port Chalmers and Waikouaiti/Karitane and Warrington</p> <p>In general, the Council's stormwater sewers are piped, with open channels running through private properties falling under riparian ownership. There are however some exceptions to this rule.</p> <p>Key assets are 361 km of pipeline and 11 pumping stations.</p> | <p>It should be noted that following a historic programme of sewer separation, the stormwater system is designed to operate independently from the foul sewerage system.</p> <p>Short term (5 year) resource consents have been granted for urban stormwater discharges into the marine environment (upper harbour and Second Beach) while work on preparing catchment management plans is undertaken. These plans will support the long term consent (35 year) applications which will be lodged in 2010/11.</p> | <p>The council plans to complete the catchment management plans currently being developed for urban catchments to comply with resource consent requirements.</p> <p>Further development of education strategies for management of stormwater to minimise adverse environmental impacts is underway.</p> |

Summary of Assessment of Public Toilet Sanitary Services 2007/08

The Council has completed its Assessment of Public Toilet Sanitary Services which primarily focuses on public health risks. The assessment captures much of what is contained in the City Property Activity Management Plan. It covers facilities in both the urban and rural areas. The table below outlines the facilities provided, key findings and improvement planning recommendations.

| Description of Service | Key Findings | Update on Improvement Planning |
|---|---|--|
| <p>The Dunedin City Council through its City Property activity provides 27 public toilets located in both rural and urban areas of the city.</p> <p>Privately owned and operated toilets in shopping malls and larger stores have not been included in this assessment.</p> | <p>Damage and vandalism at five central public toilet sites. Two of these had previously been closed but demand for the facilities has meant that Council continues to provide the service in these areas.</p> <p>A review of the Public Toilet Strategy is required to provide a clearer service demand for public toilets.</p> <p>Investigation into the development of two new public toilet facilities to maintain current service level provisions into the future.</p> <p>There is a lack of clear asset renewal programmes in place for toilet facilities.</p> | <p>The Public Toilet Service Review Report was adopted in September 2008. The report has identified an increase in the current level of service standard by renewing many existing facilities; refurbishing all public toilets to a more consistent 'fit-out' standard and the addition of new public toilet facilities to be located in North Dunedin, Kaikorai Valley, North East Valley and Ocean View (including a waste disposal site).</p> <p>In addition to this list of new public toilets a number of other locations have been identified in a cross-over with demands for reserves toilets. This has resulted in some reserves being targeted to provide toilet facilities that will be maintained to a public toilet standard and open for general public use but will be managed by the Parks and Reserves Activity. These will be located at De Carle Park, Navy Park, Marlow Park and Market Reserve.</p> <p>A programme for replacement of existing toilets has been included in the report; this will be provided in detail with the capital works programme in the Community Plan.</p> |
| | <p>Investigation into the need for 24-hour public toilet facilities in the Octagon.</p> | <p>The Public Toilet Service Review Report has recommended more investigation is required to ensure more visible and accessible service is provided in the Octagon.</p> |

Summary of Assessment of Reserve Toilet Sanitary Services 2007/08

The Council has completed its Assessment of Parks and Reserves Toilet Sanitary Services which primarily focuses on public health risks. The assessment captures much of what is contained in the Parks and Reserves Activity Management Plans. It covers facilities in both the urban and rural areas. The table below outlines the facilities provided, key findings and improvement planning recommendations.

| Description of Service | Key Findings | Update on Improvement Planning |
|--|--|---|
| The Dunedin City Council through its Parks and Reserves activity provides 58 reserve toilets for the convenience, comfort and enjoyment of visitors using parks. They are not provided for the convenience of the general public, with the opening hours linked to the activity of the area and other operational activities such as closing of gates. | Historically toilet development has occurred in association with sports grounds and scenic reserve areas. Two of these toilets contain holding tanks and one contains a septic tank as these are not located near existing sewer lines. | All reserve toilets will be reviewed for their long-term renewal requirements for inclusion in the Community Plan. Maintenance programmes for reserve toilets managed under lease agreements will be undertaken as leases are renewed to ensure that all reserve toilets are managed to a consistent level of service. |
| | There is growing demand for additional toilet facilities on reserves with large playgrounds and access to toilets facilities for spectators on sports grounds. There is also demand for toilets near remote tracks and on scenic reserves. | A new reserve toilet facility will be installed at Mosgiel Memorial Park in 08/09 following the development of a destination playground. This will be part funded by the Mosgiel Playground Trust. Work with sports clubs to evaluate the feasibility to provide public toilet access to club owned facilities during periods of booked sporting events. A review of the Public Toilet Policy in 2008 has identified a new level of service for the provision of public toilets. In a number of areas, there is a cross-over with demands for reserves toilets. This has resulted in some reserves being targeted to provide toilet facilities that will be cleaned daily and open for general public use. These will be located at De Carle Park, Navy Park, Marlow Park and Market Reserve. |

Summary of Assessment of Cemeteries and Crematoria Sanitary Services 2007/08

The Council has completed its Assessment of Cemeteries and Crematoria Sanitary Services which primarily focuses on public health risks. The assessment captures much of what is contained in the Cemeteries and Crematoria Activity Management Plans. It covers services in both the urban and rural areas. The table below outlines the services provided, key findings and improvement planning recommendations.

| Description of Service | Key Findings | Update on Improvement Planning |
|---|--|---|
| The Dunedin City Council manages 19 cemeteries throughout the Dunedin area. Five of these are closed to new burials, these cemeteries being Andersons Bay Cemetery, East Taieri Cemetery, Northern Cemetery, Port Chalmers (old cemetery), West Taieri and the Southern Cemetery. | There is increasing demand to investigate extending the life of smaller community cemeteries. The projection for demands for casket and ash burials is adequately provided at existing cemeteries for the next 4 years. | Additional land was purchased in 2008 to extend the Broad Bay Cemetery. New burial and ash beams were installed in 2008 in the Port Chalmers Cemetery to allow for further burials to extend the life of this cemetery. Investigate disposing of parts of Green Park Cemetery not suitable for burials. |
| | Pandemic planning has been undertaken to ensure that the Dunedin City Council can manage its burial services during an outbreak. | This is reviewed on an annual basis. |
| New Dunedin Cemetery | 12.98 hectares of land was purchased in 1996 on the boundary of Blackhead Road and Emerson Street, for the new Dunedin Cemetery. | This is currently under development and scheduled to open in 2010. |
| The Council provides a cremation service located at Andersons Bay Cemetery. | It is anticipated that under normal events of service demand, the capacity of the Crematorium will continue to meet the projected "medium growth rate" scenario projected over the next 10 – 15 years. | Renewal of the Elecfurn cremator is programmed and this will reduce the need to depend on back up procedures provided by other authorities. |

Resource Recovery and Waste Management Strategy 2006/07 – 2015/16

In April 2004 the Resource Recovery and Waste Working Party was established. The terms of reference for the party included overseeing the development of a waste strategy. The result of the Working Party's efforts is the Resource Recovery and Waste Management Strategy 2006/07–2015/16 which was adopted by the Council in May 2006 following a special consultative procedure.

The strategy established a vision for waste management in Dunedin and set out guiding principles, strategic objectives and initiatives. The vision of Dunedin as a sustainable city in which waste is transformed into a beneficial material or returned benignly to nature, is based on current knowledge and takes account of economic, social, cultural and environmental issues associated with resource recovery and waste management. The strategy specifically addresses management of solid waste, gaseous liquid, stormwater and hazardous waste. The Council has set itself 28 targets and is developing a detailed programme to achieve these targets incrementally via the LTCCP planning cycle. Initial implementation activities were incorporated in the 2006/07 LTCCP and further initiatives are budgeted in the 2009/10 draft LTCCP. Targets include reducing waste to landfill by way of increasing the quantities of recyclable materials diverted from the landfill. There are also targets for monitoring waste, resource stewardship, waste management services, cost recovery and funding and education, promotion and advocacy. The strategy also considers the way landfill services will be provided for the city in the future. A project to improve kerbside recycling and collection services is another key element of the strategy that has been initiated in 2008.

New legislation enacted in 2008 established an external revenue stream for the implementation of the initiatives from the Resource Recovery and Waste Management Strategy, eliminating the requirement for rates funding of these activities. The Waste Minimisation Act 2008 provides for repayment of the levy on waste to local authorities on the proviso that it is reinvested in Waste Minimisation initiatives. The waste levy is collected at \$10 excl GST per tonne of waste disposal to landfill. Other elements of the act include the compulsory reporting of quantities and compositions of waste disposal to land.

Council Controlled Organisations (CCOs)

Rationale for Ownership and Control

The Local Government Amendment (No 2) Act 1989 made provision for local authorities to set up Local Authority Trading Enterprises (LATEs) and to transfer any local authority activity or undertaking to these organisations. The Local Government Act 2002 now describes LATEs as Council-Controlled Trading Organisations.

The ownership of trading enterprises provides important diversity to the Council's income stream. Faced with an ageing population whose means are limited, the Council needs sources of income other than rates. With exposure to markets in forestry and timber, international tourism, civil contracting and electricity distribution, a crucial diversity and growth in income is assured. This takes pressure off ratepayers for what are in effect increased equity contributions each year.

In practical terms therefore, the single most important reason for the Council's ownership of trading organisations (CCTO's) is to maximise the dividends payable to the Council. This policy is tempered by the recognition of the requirements in the trading organisations themselves to repay their own debt and to maintain a level of investment that ensures their ability to produce dividends is maintained or enhanced. For this reason Dunedin City Council's Holding Company (DCHL) exercises a significant monitoring role over the group companies to ensure that they are run on strictly commercial, businesslike lines and maintain a clear focus on their ultimate purpose. This primary objective is subject to compliance with section 59 of the Local Government Act which sets statutory purposes for the ownership of CCTOs.

Each Council Controlled Trading Organisation prepares a "statement of intent" which sets out, for the benefit of its shareholders, its mission and objectives for each financial year. Each Statement of Intent is considered by Dunedin City Holdings Ltd, which then makes recommendations for acceptance by Council.

The draft objectives and performance targets of the Council-owned companies included in this plan have been provided by the companies and were confirmed through their statement of intent process, which was completed in February 2008.

As a responsible shareholder the Council, from time to time, looks at the best options for managing and utilising these City assets. It achieves this through Dunedin City Holdings Ltd which owns all the shares in the subsidiaries. Dunedin City Treasury Ltd, formed on 1 July 1993, is responsible for the management of the Group's debt and investments.

Nature and scope of activities

The following table lists the Dunedin City Council Controlled Trading Organisations. It details the extent of ownership and the main services provided by each company.

| Organisation | O/ship | Nature and Scope of the Activities |
|--|--------|--|
| 1 Dunedin City Holdings Limited | 100% | Input into the statements of intent of subsidiaries. Input into the strategic direction of the subsidiaries. Performance monitoring. Ensuring individual subsidiaries receive maximum benefits from membership of the group of companies. Approval of decisions in accordance with subsidiary constitutions. |
| Subsidiaries of Dunedin City Holdings Limited | | |
| 1 City Forests Limited | 100% | Sustainable production of logs for local and export markets. |
| 2 Citibus Limited | 100% | Provision of urban and tourist transport services. |
| 3 Dunedin City Treasury Limited | 100% | Management of financial risks and liquidity of the group, as well as the Dunedin City Council. |
| 4 Aurora Energy Limited | 100% | Provision of electricity distribution services in Dunedin City and Central Otago. |
| 5 DELTA Utility Services Limited | 100% | Management of network assets, electrical and civil contracting services throughout the South Island. |
| 6 Taieri Gorge Railway Limited | 72% | Provision of a tourist train through the scenic Taieri Gorge. |
| Associated Companies | | |
| 7 Dunedin International Airport Limited | 50% | Provision of airport services at Momona. |
| 8 Otago Chipmill Ltd | 50% | Provision of tree processing. |

Dunedin City Holdings Ltd

Dunedin City Holdings Ltd was formed on 21 October 1992 and is 100% owned by the Dunedin City Council. The Company in turn holds the shares in the various Council-owned companies. The Council sold its shares to Dunedin City Holdings Ltd on 1 July 1993. The Holding Company's activities are those of a normal holding company, together with:

- providing input into the statements of intent of each of its subsidiaries to ensure they reflect the objectives and policies of the Dunedin City Council with regard to the particular subsidiaries, in such manner and to such extent as the Holding Company is lawfully entitled to do so;
- providing input into the strategic direction of the individual subsidiary companies;
- monitoring the performance of the individual subsidiary companies; and
- ensuring the individual subsidiary companies receive maximum benefits from being a Group of Companies.

It is also responsible for recommending to the Dunedin City Council the appointment of directors to the respective boards of the subsidiary companies.

The undertaking by the Company of any activity of a nature or scope not provided for above would be subject to the prior approval of the company's shareholders (ie the Dunedin City Council).

Key Performance Targets

Performance targets are set out each year in the CCOs' Statements of Intent and approved, in the first instance, by the immediate shareholder and ultimately by Dunedin City Council.

Given the chief purpose of ownership, the key performance target of Dunedin City Holdings Limited (DCHL) is the achievement of the annual dividend. In turn DCHL seeks, as the key performance target of its subsidiaries, the achievement of its dividend targets.

It should be noted that each CCO has social and environmental performance measures, eg annual reviews of good corporate citizen activities, and, in some cases, increasing employment opportunities. Generally however, the target of achieving the prescribed annual dividend takes precedence.

The following table sets out the key performance targets and other measures 2009/2010:

| Entity | Surplus— After Tax \$'000 | S/holders Funds Total Assets % | Dividend Estimate \$'000 |
|-------------------------------|---------------------------------|-----------------------------------|--------------------------------|
| Subsidiaries of DCC | | | |
| DCHL | 8,966 | 23.2 | 12,337 |
| Subsidiaries of DCHL | | | |
| DCTL | 7 | n/a. | 0 |
| Citibus | 169 | 58 | 0 |
| City Forests | 561 | 51.02 | 2,000 |
| Aurora Energy | 16,776 | 50 | 15,500 |
| DELTA Utility Services | 4,875 | 40 | 3,500 |
| Taieri Gorge Railway | 0 | 63.2 | 0 |
| Associate Company | | | |
| Dunedin International Airport | TBA (Jan 2009) | TBA (Jan 2009) | TBA (Jan 2009) |

Outputs

Outputs sought from DCHL are:

- To maximise the financial returns achieved from and the value added by the Companies within the Group
- To ensure, insofar as it is lawfully able, that the Statements of Intent and operating strategies for each of the Group Companies reflect the policies and objectives of the Dunedin City Council in respect of the operation of that business
- To monitor the operating activities of the Group Companies to ensure that the respective Statements of Intent and operating strategies are adhered to
- To keep the Dunedin City Council informed of matters of substance affecting the Group
- To perform continual reviews of the operating strategies, financial performance and service delivery of the Group Companies
- To maintain the Group's financial strength through sound and innovative financial management
- To ensure that appropriate communication channels exist for Group Companies to report

performance and operating results to Dunedin City Holdings Ltd and Dunedin City Holdings Ltd to report to the Dunedin City Council

- To operate personnel policies and practices within the Group which promote a non-discriminatory, culturally sensitive, equal opportunity workplace
- To establish an operating environment which encourages safe work practices and an harmonious industrial relations climate
- To ensure that the Group acts as a socially responsible and environmentally aware corporate citizen.

Financial Performance Measures

The performance measures established for Dunedin City Holdings Ltd for the year ending 30 June 2010 in its Statement of Intent:

| | Target \$,000 |
|-------------------------------------|--------------------------|
| Profit after tax | 8,966 |
| Shareholder's Funds | 42,877 |
| Shareholder's Funds to Total Assets | 23.2% |
| Dividend to Dunedin City Council | 23,100 |

Non-Financial Performance Measures

- At the half year and the full year to assess economic value added and the appropriateness of rates of return for each of the Group Companies.
- Monthly reviews of the operating activities of the Group Companies by the Board of Dunedin City Holdings Ltd.
- The Chairman to report matters of substance to the Dunedin City Council within five days of occurrence.
- Continual reviews by the General Manager of Dunedin City Holdings Ltd of the operating strategies, financial performance and service delivery of the Group Companies.
- Monthly reports are received from Group Companies within 35 days of the end of the month under review.

- Reports are made to the Dunedin City Council within 45 days of the end of each quarter by Dunedin City Holdings Ltd.
- The annual credit review by Standard & Poors of the Group's financial position confirms a rating of A or better.

Council-Controlled Organisations (Not For Profit)

Non-trading Council Controlled Organisations

On 26 January 2009 Council granted an exemption under section 7 of the Local Government Act 2002 to each of the non-trading companies listed below:

- Tourism Dunedin Limited
- Dunedin Events Limited
- Dunedin Visitor Centre Limited

These companies are shelf companies registered only for the purpose of securing the names and therefore the exemption to complete the various administrative requirements of the Local Government Act 2002 is a prudent management of resources.

Tourism Dunedin

Rationale for ownership and control

Tourism Dunedin is a "not-for-profit" body overseen by a Board of Trustees. Currently the Board comprises nine trustees.

As set out in section 4, Tourism Dunedin is deemed to be a Council-Controlled organisation in terms of the Local Government Act 2002 because Dunedin City Council and other local authorities have the power to appoint 50% of the Trustees to the Board.

Tourism Dunedin was established in February 2000, following which the City Council devolved its economic development functions relating to tourism to Tourism Dunedin. Dunedin City Council pays a levy annually to Tourism Dunedin. It is proposed to pay \$1,114,400 in 2009/10. A Service Level Agreement setting out performance targets is agreed annually with the Chief Executives of Dunedin City Council and Tourism Dunedin and is monitored by DCC.

Nature and scope of activities

The principal object of Tourism Dunedin is: "to promote Dunedin and in particular to strive towards the economic advancement and development through tourism of Dunedin and the Coastal Otago region."

Other objectives include maximising Dunedin's share of regional consumer spending and enhancing recognition of Dunedin as a key visitor destination.

Its activities include:

- Co-ordinating marketing campaigns
- Monitoring and forecasting visitor numbers
- Promoting and supporting events and conventions
- Customer service training programmes to improve quality of service and hospitality.

Key Performance Measures

The City Council has had a Service Level Agreement with Tourism Dunedin since 2001. A new Visitor Strategy was adopted in 2008 and the service level agreement in future will be based on the implementation plan within the strategy. This will influence the Statement of Intent and Service Level Agreement for future years.

Dunedin City Venues Limited (DCVL)

The Draft Community Plan contained a proposal to manage and own the Awatea Street Stadium and other Council venues such as the Dunedin Centre and the Edgar Centre within a limited liability company. Following further professional advice it has now been decided to form two companies:

- Dunedin Venues Management Limited (DVML) – responsible for the management of the venues
- Dunedin City Venues Limited (DCVL) – responsible for the ownership of the venues

DVML will be formed from 1 July 2009 in accordance with the statement of intent published in the Draft Plan. The establishment and statement of intent for DCVL will be consulted upon in the 2010/11 Annual Plan consultation.

Summary of Decision-making

The Council resolved on 2 June 2009 to authorise the Chief Executive Officer to proceed with the formations of DVML.

The 31 March 2008 report to Council listed four venues that could fall under the control of DCVL and DVML. The first venues to be brought into the company are likely to be the Edgar Sports Centre and the Dunedin Ice Stadium.

The Statement of Intent below describes the key elements of DVML's structure and role, with section a) describing the benefits of forming the venues management company.

Statement of Intent

a) Objectives of the Company

- Ensure optimum and co-ordinated venue management, financial return and economic impact for Dunedin while meeting the expectations of the Council, major sponsors and partners
- To ensure a high level of accountability for the financial results of the three venues
- Provide management focus on all the property holdings held on behalf of the Council to ensure the Council objectives are met
- Assist management of the cash inflows and outflows of property assets held to best advantage
- Support and foster the co-ordinated marketing and use of facilities, utilising their purpose built qualities to best advantage
- Building commercial profitability while facilitating affordable community access where appropriate
- Improve the cash-operating surplus before depreciation (including subvention payments).

b) The Board's Approach to Governance

Dunedin Venues Management Limited is a Council Controlled Organisation (CCO). The directors' role is defined in Section 58 of the Local Government Act 2002. This section states that all decisions relating to the operation of the CCO shall be made pursuant to

the authority of the directorate of the CCO and its Statement of Intent (SOI). The board is responsible for the preparation of the SOI which is approved by the Company's shareholder, Dunedin City Council. In addition to the obligations of the Local Government Act, Dunedin Venues Management Ltd is also covered by the Companies Act 1993 and governed by directors as any company should be by law and best practice.

The board of directors meets on a regular basis to direct and control the company's activities and accepts responsibility for the overall control systems operating within the company but recognises that no cost effective internal control systems will permanently preclude all errors or irregularities. The control systems operating within the company reflect the specific risks associated with the business of the company.

The shareholder reviews and approves the SOI and the three-year financial plan. Monthly and annual reports of financial and operational performance are provided to the shareholder.

c) Nature and Scope of Activities

The main activity of the company is the management of large venues. This will entail:

- Management of day to day events, maintenance, administration and marketing
- Co-ordination and integration of company owned and managed venues, with respect to:
 - event and venue marketing
 - ticketing and reservations
 - catering
 - security services
 - accounting and administration
 - maintenance services
 - information technology service
 - human resources services
 - event soliciting
 - asset management planning.
- Provision, where needs are identified, of events and space for physically, socially or economically disadvantaged groups.

d) Ratio of Consolidated Shareholders' Funds to Total Assets

The valuation and transfer values have not been established yet. Hence, this ratio has not been able to be calculated.

e) Accounting Policies

i) General Accounting Policies

In general, the accounting policies will comply with the accounting standards of the New Zealand Institute of Chartered Accountants and approved by the New Zealand Accounting Standards Review Board, as amended from time to time.

ii) Particular Accounting Policies

The particular accounting policies which materially affect the measurement and reporting of financial performance and financial positions are contained in Appendix 1.

f) Performance Targets

i) Financial (Edgar Sports Centre)

| | 2009/10 \$'000 | 2010/11 \$'000 | 2011/12 \$'000 |
|-------------------------|---------------------------|---------------------------|---------------------------|
| Revenue - Activities | 818 | 864 | 914 |
| Council-bought services | 722 | 720 | 719 |
| Total Revenue | 1,504 | 1,584 | 1,633 |
| Operating expenses | 753 | 795 | 844 |
| Rent | 611 | 611 | 611 |
| Depreciation | 130 | 130 | 130 |
| Interest | 23 | 23 | 23 |
| Total Expense | 1,157 | 1,559 | 1,608 |
| Net Income | 23 | 25 | 25 |

ii) Non-financial Targets (Edgar Sports Centre)

- a) Monitor accessibility to venues through CERM survey and Residents' Opinion Survey.
- b) Monitor utilisation of venue spaces to identify better or alternative uses.

- c) Establish and maintain regular user surveys on quality, cleanliness, availability, service and value for money.
- d) Maintain regular, scheduled exchanges with primary user groups.
- e) Establish base user number levels and monitor for year.

g) Estimated Distribution to Shareholders

It is not anticipated that a distribution will be paid to the shareholders.

h) Reporting to the Shareholders

- 1 Annual (Prior to 31 December)
 - i) Draft Statement of Intent.
- 2 Annual (Prior to 31 May)
 - i) Statement of Intent.
 - ii) Summarised Capital Expenditure Budget for the year in question and Forecasts for the following two years.
 - iii) Updated Strategic Plan with summarised Financial Projections including a Statement of Financial Performance and a Statement of Financial Position (minimum five years).
- 3 Annual (Prior to 30 June)
 - i) Report on the achievement or otherwise of the Specific Objectives of the current year Statement of Intent.
- 4 Monthly (Within 30 days of the End of Each Month)
 - i) Activity Report - giving commentary on matters relating to the performance of the Company.
 - ii) Summarised Statement of Financial Performance, including a comparison of actual performance with budget.

5 Half Yearly (Within Six Weeks of the End of the Six Month Period)

- i) Directors' Report - giving a review of the Company's performance over the half year.
- ii) Statement of Financial Performance.
- iii) Statement of Movements in Equity.
- iv) Statement of Financial Position.
- v) Statement of Cashflows.
- vi) Notes to the Financial Statements.
- vii) DCHL Half Year Reporting Package.

6 Annual (Within Eight Weeks of the End of the Financial Year)

- i) Directors' Report - a review of the Company's performance over the full year, including a comparison of performance against objectives and key performance measures.
- ii) Statement of Financial Performance.
- iii) Statement of Movements in Equity.
- iv) Statement of Financial Position.
- v) Statement of Cashflows.
- vi) Notes to the Financial Statements.
- vii) Auditors Report on the above Financial Statements.
- viii) DCHL Full Year Reporting Package.

i) Procedures for purchasing shares in other companies

This will require the approval in writing of the shareholder, in this case Dunedin City Council.