

## REPORT BACK ON RESOLUTION 21 (BANKS PENINSULA CHARGING)

**“21. That the proposed charging regime for the former Banks Peninsula area recommended in the report be held over, for further consideration at the seminar on 23 February 2007.”**

This was the recommendation included in Report D to the Council on 8 February, and held over:

“(3) That the following charging regime apply for the former Banks Peninsula area:

- Water and waste – a single community-wide charge (Option (1) – Universal )
- Transport – extending the common city-wide charge to the Peninsula;
- Reserves - move to a cost-based approach, using local catchments with charges similar to those being developed in the City area; and
- Surface water management – a separate Peninsula catchment, ( noting that there is no charge at this point as there is no capital expenditure proposed in the current LTCCP).”

Those parts of Report D which remain at issue are reprinted as Attachment 1.

The question to be worked through relates to the size of catchments and whether for all or some of the contribution charges the former Banks Peninsula Council area should remain separate from or be part of the now wider Christchurch City area. In addition to the information provided in Report D, the following notes endeavour to put this in context with what the Council has done in previous situations. Note that in relation to Reserves, while the intention is to move towards a number of catchments, it is now proposed that in the interim there be a city wide charge (refer to Report on Resolution 11)

### **Banks Peninsula – Single Universal Catchment or multiple catchments?**

Issues around water and sewerage:

#### **Scope of DC's**

Development Contributions can only be recovered against new development. The bulk of the schemes approved are intended to rectify existing substandard conditions. Council will need at some point to determine how it will recover the costs of this remediation from these existing uses.

The small number of potentially new households to be added to the Banks Peninsula area (496 over 10 years) means that if the direct cost of services from growth will be very high (e.g. up to 454,000 per unit), which will strangle development opportunities.

However the number itself is quite small, spreading this cost across the community provides a way of smoothing the impact and ensures a reasonable charge. The city as a community needs to provide for continued growth on the peninsula, while avoiding the extremes, creating rampant demand, or conversely making development unaffordable to all but an extreme few.

#### **Concept of charge**

The Local Government Commission direction under the amalgamation with BPDC was contained in two reports:

*Report of the Local Government Commission released to the public on August 2005*

*“Reorganisation Scheme for the abolition of Banks Peninsula District and its inclusion in Christchurch City - Local Government Commission - August 2005 “*

This report was the final determination of the LGC, and was the basis of the Banks Peninsula residents poll. A key statement in the report outlined one of the bases acknowledged by the Commission in approving the amalgamation.

*Explanatory Statement – page 27*

*“The independent financial study prepared for the Commission, on which the affected local authorities were consulted and provided input, indicates that if the proposal were to proceed, there would be significant savings to Banks Peninsula ratepayers derived **from an application of the Christchurch City rating system and policies, which take a district-wide approach to areas of benefit.**”*

The policies referred to include the Revenue & Financing Policy.

While the Commission did not specifically consider DC charges, it did recognize the benefits of amalgamation and a district wide approach which provided a level of financial support to a smaller authority.

### **Previous charging by CCC**

Extensions of the water and sewerage network have not been (and are not currently) charged to existing dwellings in CCC – examples:

- Brooklands
- Stewarts Gully
- Gardiners Rd / Husseys Rd
- Islington

Connection fees were applied, now included in the 2004 DC policy:

- Wastewater Treatment capacity upgrade – 1999 - \$607 per lot
- Wastewater reticulation Capacity upgrade – 2002 - \$477 per lot
- Water supply Headworks capacity upgrade – 1991 – \$562 per lot

### **Previous charging by BPDC**

Under their 2004 policy a range of DC's were payable:

- Water (GST Excl)
  - Governors Bay \$2,607
  - Akaroa \$10,642
  - Wainui \$759
  - Birdlings Flat \$3,238
- Sewerage – (GST Excl)
  - Governors Bay \$1,470
  - All other areas \$2,109

Charges for existing dwellings – the last significant scheme on the Peninsula was in Church Bay.

The typical charge was \$6,700. A significant number opted for lump sum payments and 42 ratepayers are on deferred payment by rates. 6 opted for postponement of the lump sum.

### **How many lots will be impacted on the Peninsula**

Under the growth model there is estimated to be 496 new households developed on the Peninsula over the next 10 years and 1255 over the next 35 years. Most are assumed to be in the serviced area and would be liable for DC's.

The total revenue impact on the whole city will be small under either a universal charging option or by catchments, but the difference will be significant on those asked to pay.

### **Comparison with the rating policies**

The catchment for rating is limited to the extent of the serviced area.

It is not differentiated based on different costs of supply. That is costs maybe different for Akaroa versus Merivale

Where a property is serviced by a Council service it is charged a common rate, irrespective of location. That is a residential property in Merivale pays the same rate (capital value for capital value) as does a residential property in Akaroa.

This policy was confirmed by the LGC as best practice. It reflects the underlying objective of local government – that is the strength of a larger Council supporting quality services.

**The following recommendation is suggested for consideration at the forthcoming Council meeting:**

**“That the following charging regime apply for the former Banks Peninsula area:**

- **Water and waste – extending the common city-wide charge to the Peninsula;**
- **Transport – extending the common city-wide charge to the Peninsula;**

- **Reserves - move to a cost-based approach, initially with a single city-wide charge but moving towards using local catchments:**
- **Surface water management – a separate Peninsula catchment, ( noting that there is no charge at this point as there is no capital expenditure proposed in the current LTCCP)."**

## **Attachment 1 - Extracts from Report D to Council 8 February 2007**

### **EXECUTIVE SUMMARY**

3. DC charges should be considered as part of the wider capital expenditure and funding decision. In considering the DC catchments and impact on charges, comparison with the rating policy which has addressed this issue confirms a single community-wide catchment approach in respect of water and wastewater. In respect to the other activities, the significant issues are the lack of a DC charge for surface water management and the future impact of the Akaroa Harbour Basin water supply improvements at \$14.9m proposed capital expenditure (not yet in the DC charges). The report sections on the activities charged for contains discussions on the specific financial impacts.
4. Fully integrating Banks Peninsula in accordance with the Memorandum of Understanding (MOU) between the former Banks Peninsula District and the Christchurch City Councils satisfies the Council's intention to do so signalled last year, the public expectation raised accordingly and also results in a more legally robust DCP for the new City as a whole. The Local Government Commission (LGC) discussion of financial impacts following amalgamation concentrates on the impact on rates (which the decision expects will be lower in Banks Peninsula as a result of the merger with Christchurch), but does not specifically discuss development contributions or any potential impact on development contribution charges as a source of funding. The LGC decision concludes that Christchurch City Council can deal with the need to provide the additional infrastructure needed in Banks Peninsula (among other things), but does not comment on what means the Council would use to fund this. There are no legal issues that arise in relation to the restructuring and reformatting of the DCP.
5. With the nature of the Banks Peninsula water and wastewater schemes being entirely separate from each other and those in Christchurch City, some issues arise, with respect to selection of the growth catchments, which have very significant effects on the DC charges attributable to the growth component of the individual Peninsula communities. In order to inform a decision on how to define the growth catchments, an analysis has been carried out for a number of different catchment scenarios, producing different development contribution charges, for the different communities. Five different catchments scenarios were developed for all of the Water Supply, Wastewater Collection and Wastewater Treatment and Disposal activities, ranging from one universal catchment to a number of catchments based on separate supplies and schemes, including variations in-between. On balance, there seems to be both more positive and less negative outcomes from selecting the simplest option, option (1), in which all growth costs are spread across the entire growth community within the new City boundaries. This option provides the highest level of subsidy for the rural community projects, however the additional cost imposed on the bulk of development across the community from a universal approach is only a 4.3% increase (\$436.00). The definition of the reserve, surface water management and transport catchments do not raise the same issues and have been relatively straight forward to determine.

### **FINANCIAL CONSIDERATIONS**

6. The DC's applicable in Banks Peninsula (and elsewhere in the new City) are dependent on the scale and scope of capital expenditure proposed in the LTCCP and any past capital expenditure with residual growth capacity. The capital expenditure program for the Peninsula is evolving following review of infrastructure needs. Secondly the Peninsula is not considered a significant growth area under the Urban Development Strategy and so the revenue flows from the application of DCs in the Peninsula are not considered significant when compared to the whole City.
7. In respect to water and wastewater, the primary driver for the significant capital expenditure on the Peninsula is to provide necessary services to the existing community, either through replacement of existing service components or extending the service to communities where the current, largely self sufficient services (septic tanks, etc), are inadequate from a public health perspective. Providing capacity for growth is a by-product, not the primary driver. As a consequence there needs to be a review of the charging policy to existing dwellings for the new connections (the Peninsula had connection charges in the order of \$6,700, whereas the former City had only minor lateral fees) and a consideration of the impact of enhanced services for those

already connected. Significant connection charges may defeat the primary objective of converting to reticulated services. That discussion will be brought to the Council later in the year. DC charges should be considered as part of this wider capital expenditure and funding decision. The Council needs to consider the equity of:

- minimal charges to new services for existing dwellings and significant DCs for new subdivisions in the same area; and
  - a (substantially) universal DC for the former City compared with a differentiated catchment areas for the Peninsula, each with their own charge.
8. In considering the DC catchments and impact on charges, comparison with the rate policy which has addressed this issue confirms a single community-wide catchment approach. This was outlined in the LGC review. The reorganisation scheme recommended *“an application of the Christchurch City Council rating system and policies, which take a district wide approach to areas of benefit”* (page 28, Reorganisation Scheme, August 2005). Alignment of charging policies is desirable.
  9. The impact of revised charges has yet to be seen in the revenue from DCs as the transition has masked the impacts. The revision of the base charge for City Water and Waste to \$9,656 (at 100% recovery) and then an increase to \$10,092 for a universal charge is not a significant change. The alternatives of separate community-based catchments with charges up to \$54,000 will be challenged by some and may result in slower take up of services, thus defeating the objectives of extending the service. If the Council proceeds with the expanded services, a substantial take up by the community is desirable.
  10. In respect to the other activities, the significant issues are the lack of a DC charge for surface water management and the future impact of the Akaroa Harbour Basin water supply improvements at \$14.9m proposed capital expenditure (not yet in the DC charges). The report sections on the activities charged for contains discussions on the specific financial impacts.

#### LEGAL CONSIDERATIONS

- 11-13 (relate to format and integration issues already resolved)
14. Other matters to be considered in relation to the full integration of Banks Peninsula's development contribution provisions are the Local Government (Banks Peninsula District) Reorganisation Order 2005, the LGC findings and decisions in relation to the reorganisation, and the Memorandum of Understanding (MOU), entered into around the time of the reorganisation, between the former Banks Peninsula District and the Christchurch City Councils.
15. The Reorganisation Order contains provisions that require that existing public services provided at Lyttelton, Little River and Akaroa be retained for 5 years, but that the Christchurch City Council is not prevented from providing additional public services. It also provides that the Banks Peninsula LTCCP continues *“until such time as the Christchurch City Council amends its existing Long-Term Council Community Plan to provide for the Banks Peninsula Ward.”* This anticipates the integration of Banks Peninsula within the Christchurch City LTCCP (which includes the DCP). There is nothing that specifically relates to development contributions, or that existing levels for development contribution charges must be maintained.
16. The LGC's decision and findings on the Reorganisation Scheme proposal, and related documents, also contain no specific discussion of development contributions. Although there are statements about the funding of capex in both the LGC decision and the supporting financial and operational issues study, neither refers to development contributions as a source of funding. The financial study states that it assumes in its modelling, in relation to roading infrastructure, that *“either liquid assets, or debt, or depreciation reserve is used to fund the capex, and additional interest costs are funded from rates where new debt is raised”*. The LGC discussion of financial impacts on the District concentrates on the impact on rates (which the decision expects will be lower in Banks Peninsula as a result of the merger with Christchurch), and does not discuss any potential impact on development contribution charges. The LGC decision concludes that Christchurch City Council can deal with the need to provide the additional infrastructure needed in Banks Peninsula (among other things), but does not comment on what means the Council would use to fund this.
17. The MOU includes commitments that the *“levels of service...[would be] ring fenced for five years from the date of reorganisation”*. This statement appears to be aimed at not reducing levels of

service; there is no express restriction on the improvement of levels of service. The potential changes in the level and type of DC charges as a result of the full integration of the DCP does not, of itself, affect existing levels of service. There is no commitment in the MOU that the DC charges will remain the same.

18. The MOU statement that "*in the interests of consistency and efficiency, the City Council's intention is over time to align services with those it provides for city residents*" appears to provide a mandate to the full integration, and potentially, for increasing levels of service to Christchurch City standards. However, the MOU also stated that "*the City Council appreciates that situations will arise where exact mirroring of existing city services may be impractical or inefficient and in such cases it intends to work with Peninsula communities to develop mutually acceptable and practical outcomes.*" This suggests that some Banks Peninsula-specific provisions may be appropriate in the revised DCP (the mirroring of charges, etc, may also be impractical in some cases), but that communication/consultation with Peninsula communities will occur in relation to the revised DCP. This will happen through the SCP process on the revised DCP and Annual Plan.
19. None of these documents require the Council to take any particular approach in determining appropriate catchments, and development contribution levels, for the Banks Peninsula areas. The Council must determine, after taking into consideration the various requirements of the LGA, what is appropriate for the whole of the City, including Banks Peninsula, in relation to its DCP.

#### **STAFF RECOMMENDATIONS**

It is recommended that :

(1,2) (relate to format and integration issues already resolved)

- (3) That the following charging regime apply for the former Banks Peninsula area:
  - Water and waste – a single community-wide charge (Option (1) – Universal – see para 31 and the table below);
  - Transport – extending the common city-wide charge to the Peninsula;
  - Reserves - move to a cost-based approach, using local catchments with charges similar to those being developed in the City area; and
  - Surface water management – a separate Peninsula catchment, ( noting that there is no charge at this point as there is no capital expenditure proposed in the current LTCCP).

#### **BACKGROUND**

(20-22) Relate to full integration, already resolved)

##### **Growth Catchments - Water Supply and Wastewater Collection, Treatment and Disposal**

23. With the nature of the Banks Peninsula water supplies and wastewater schemes independently servicing small, individual communities, some issues arise, with respect to selection of the growth catchments, which have very significant effects on the DC charges attributable to the growth component of the individual Peninsula communities.
24. In developing the Christchurch City-specific Part A of the 2006-16 DCP, a decision was made to select a minimal number of growth catchments for both water and wastewater, resulting in a similar DC charge per Household Unit Equivalent (HUE) across the City.
25. However, the approach to these catchments over the new, wider community, is much less obvious, and a decision is required on the approach to adopt.
26. In order to decide the method of catchment definition for the calculation of their development contributions it is important to consider:
  - Who are the beneficiaries of the works being carried out; and
  - The ability of the beneficiaries to pay for the works.
27. Where there are separate water supplies or wastewater schemes the obvious primary beneficiary of any growth-related works carried out on them is the owner of any new house connected to

them. If a flat rate for development contributions is applied across all supplies and schemes (which results from choosing a single, universal catchment) it could be argued that one supply or scheme is unfairly subsidising the development of another.

28. On the other hand, if the growth catchments are chosen to match the small, individual communities on Banks Peninsula, the growth cost per new connection for water supplies and wastewater schemes is very much larger than that for urban Christchurch, owing to the relatively large capital investment required and small number of projected new connections. If development contributions are set on such a basis, it could be seen as unaffordable or as discouraging development in these areas.
29. The decision about where to draw the boundaries is not just a spatial decision. Time is also a very important component. Expenditure on the Banks Peninsula schemes tends to be sporadic and the DCP can only consider works in the 10 year window of the LTCCP. The effect of highly disaggregated charges could have a perverse effect of shifting development away from areas where new infrastructure is provided to localities where no new charges are proposed. Where these localities subsequently require their own supplies or schemes to meet new growth-driven demand there will be no opportunity to recover these from established residents. Combining catchments together minimises these distortions and recognises that all areas will be progressively improved, albeit over a number of LTCCPs.
30. In order to inform a decision on how to define the growth catchments, an analysis has been carried out for a number of different catchment scenarios, producing different development contribution charges, for the different communities.
31. Five different catchments scenarios were developed for all of the Water Supply, Wastewater Collection and Wastewater Treatment and Disposal activities. These are described below:
  - (1) Universal  
One catchment for the activity, i.e. a universal rate for all new development no matter which supply or scheme a connection is made to. This option, as well as options (2) and (3), would even out any DC charges across the former City, for which the wastewater collection activity had been split into two catchments in the 2006-16 LTCCP.
  - (2) Grouped - Common Supplies and Schemes  
Grouping of supplies and schemes where there are common areas of benefit, such as around Lyttelton and Akaroa Harbours in respect of wastewater disposal, i.e. in-between the universal and separate catchment approaches. This results in four catchments in total – Christchurch City (including Lyttelton water supply), Lyttelton, Akaroa and Little River.
  - (3) Grouped - Former Boundaries  
Two separate catchments, Christchurch City and Banks Peninsula, based on the former Council boundaries.
  - (4a) Separate Supplies and Schemes – Variation 1  
A separate catchment for every supply or scheme, including the Avon and Heathcote wastewater collection catchments, as per the 2006-16 DCP, which are based on the Major Sewer Upgrade works boundary. These are restricted by Statistics New Zealand (SNZ) area unit boundaries, which results in some anomalies arising from the growth catchment not exactly matching the hydraulic catchment. Also, the Wainui and Tikao Bay wastewater hydraulic collection catchments are unable to be separated owing to both being in the same SNZ mesh block. There are two different variations of this option for the water supply activity. Variation (4a) has Lyttelton Harbour Basin water supply included as part of the Christchurch City water supply, because it is physically connected to it.
  - (4b) Separate Supplies and Schemes – Variation 2  
Same as above, except that Variation (4b) has Lyttelton Harbour Basin water supply included as a totally separate water supply.
32. The effects on the development contribution charges for each scenario are summarised below.

- (1) Universal
  - Same rate for all development;
  - All supplies and schemes cross-subsidise each other, as they do in Christchurch City;
  - The citywide approach results in only a 4.3% increase (\$436.00) over the charges otherwise faced by the majority future development;
  - Significant subsidy for development on Banks Peninsula compared to separately grouped catchments for Christchurch City and Banks Peninsula. This could enable growth in Banks Peninsula communities that would be less affordable under some of the other scenarios;
  - Connections to supplies and schemes that do not currently have works for growth planned will attract a DC charge; and
  - Smooths the financial impacts between different localities of individual improvement schemes to be funded over a number of LTCCP cycles.
- (2) Grouped - Common Supplies and Schemes
  - Smooths the financial impacts between different localities of individual improvement schemes to be funded over a number of LTCCP cycles;
  - Groups of supplies and schemes cross-subsidise each other within broad community groupings;
  - Connections to supplies and schemes that do not currently have works for growth planned will attract a DC charge; and
  - Some extremely high DC charges result for some communities.
- (3) Grouped - Former Boundaries
  - Smooths the financial impacts between different localities of individual improvement schemes to be funded over a number of LTCCP cycles;
  - Groups of supplies and schemes cross-subsidise each other;
  - DC charges for Banks Peninsula would be over twice those for Christchurch City; and
  - Connections to supplies and schemes that do not currently have works for growth planned will attract a DC charge.
- (4) Separate Supplies and Schemes
  - Growth development required for the supply or scheme is paid for by those connecting to it;
  - Some extremely high DC charges result for some communities, which could discourage development in areas with high capital charges and low growth;
  - Developers may move outside the catchment areas and establish new developments (supplies, schemes and all) to avoid the charges, or preferentially develop in areas with no or low charges now, leaving the Council with the risks; and
  - A risk that the population will settle in the nil DC charge areas now and create a future distortion.
- (4a) Lyttelton Harbour Basin water supply a part of Christchurch City
  - Developers in the former Christchurch City boundaries assist water supply developments in the Lyttelton Harbour Basin by \$341 per HUE.
- (4b) Lyttelton Harbour Basin water supply a separate water supply
  - Development contribution charge for Water Supply in the Lyttelton Harbour Basin is very high at \$18,075 and may discourage development in this area. The balance of the charge (\$3,023), is the Lyttelton Sewer charge.



**Table: Examples of Total DC Charges under Different Catchment Scenarios for Water and Wastewater**

Area	2004-14 (pre-amalgamation) DC Charges	2006-16 DC Charges (no discount)	(1) Universal	(2) Grouped - Common Supplies & Schemes	(3) Grouped – Former Boundaries	(4a) Separate Supplies & Schemes	(4b) Separate Supplies & Schemes
ChCh City and Heathcote	\$1,647	\$6,559*	\$10,092	\$9,997	\$9,656	\$10,678	\$10,337
ChCh City and Avon	\$1,647	\$5,882*	\$10,092	\$9,997	\$9,656	\$9,630	\$9,290
Lytelton	\$5,368	\$5,269	\$10,092	\$12,792	\$20,726	\$5,530	\$21,098
Akaroa**	\$16,868	\$16,868	\$10,092	\$6,432	\$20,726	\$412	\$412
Wainui			\$10,092	\$6,208	\$20,726	\$54,027	\$54,027
Little River			\$10,092	\$32,095	\$20,726	\$31,954	\$31,954

\* These charges were under predicted, due to an incorrect household unit equivalent (HUE) conversion factor in the 2006-16 calculation model. The figure should have been approximately \$10,000. No under charging has resulted from this, as the DC charges were in any case discounted to the 2004-14 level.

\*\* The Akaroa water supply improvements project that is in the capital programme (\$14.9m) is **not** included in the DC model due to current lack of certainty on the project concept, although much of this will be attributable to backlog, not growth.

33. The outcomes shown in the above table assume that no change to current City rating policies will occur as a result of the amalgamation with Banks Peninsula. In particular, that no targeted rates areas or targeted capital charges will be introduced to fund the water and wastewater infrastructural projects planned for Banks Peninsula. That is, such projects will be funded through the rates revenue gathered across the entire new City. This is the 'default' position if no rating policy adjustments are made and is consistent with what happened with Christchurch Local Body amalgamation in 1989. It is also consistent with one of the key outcomes expected from the amalgamation, that capital projects for Banks Peninsula would become more affordable due to the wider rating base, as discussed under legal considerations above.
34. To illustrate with a specific example, a new wastewater reticulation and treatment system is both planned and necessary for the Wainui community, as the existing harbour discharge consent expires in 2009 and will not be renewed. Furthermore, old failing septic tank systems create potential health issues, particularly under the conditions that can occur with holiday homes. The estimate for these works is \$3.8m. With approximately 160 dwellings to be serviced within Wainui, a targeted rate would need to recover about \$24,000 per dwelling. By contrast the project will only need to recover about \$25 per dwelling if funded across the entire new City. This would only amount to approximately \$3.00 per ratepayer per annum.
35. Targeted rates or capital charges to fund such projects would negate the anticipated benefits of the amalgamation and would simply result in the communities being unable to pay for adequate infrastructure.
36. If a targeted rate approach was taken, there would be a modest reduction in the DC charges identified in the table above. This occurs to avoid double charging of new dwelling owners for a project through both the DC charge and a targeted rate.
37. In summary, the decision about which catchment option to select is not straightforward. On the one hand, considerations of transparency and a user pays ideology could lead towards favouring the options that separate out the catchments. Such a choice would be likely to prohibit growth in many of the Banks Peninsula communities. On the other hand, consideration of affordability, consistency with the anticipated outcomes from amalgamation with Banks Peninsula, consistency with the City rating policy that spreads the cost of capital works across the entire rating base and perhaps a long term view of what Banks Peninsula provides for Christchurch, including enabling growth where it is desired, would lead towards choosing an option that generally evens out the costs. From this perspective, while there is a certain attraction to option (2), because of the logic of grouping each harbour basin, and separate from the City, issues arise with the very high DC charge that remains with the Little River growth community. It seems perhaps unreasonable that they should be required to pay nearly three times the charge that any other growth community has to pay to enjoy similar levels of service. On balance therefore, there seems to be both more positive and less negative outcomes from selecting the simplest option, option (1), in which all growth costs are spread across the entire growth community within the new City boundaries. It

must be acknowledged that this option provides the highest level of subsidy for the rural community projects, however the additional cost imposed over the bulk of the city's growth community is \$436 (4.36%). It is therefore recommended that option (1) be selected.

### **Growth Catchments - Reserves and Surface Water Management**

38. Banks Peninsula DCs for reserves are currently in the 7.5% and 20m<sup>2</sup> scenario, but there is a cap due to the fact they had a small capital programme and considered disposing of some reserves. This cap equates to about a 2% recovery, based on the cost of trying to acquire land in the Black Point subdivision in Diamond Harbour for access to the beach, and to protect the hill top.
39. The intention will be to equate to and include Reserves under the same scenario as the proposed Christchurch City's outer urban area catchment (subject to the Council's adoption of Report C within this Omnibus report), which includes some of the hill suburbs and lower land-value, flat areas. Currently we have set up two catchment areas for Reserves on Banks Peninsula, being Akaroa and Lyttelton, and follow the Community Board areas as the capital programme Schedule F, that is each Board area is spending funds derived from previous Reserves DC % charges gathered in its area.
40. With Surface Water Management, four catchments have been created for DC charges. These are Lyttelton, Northern Bays, Akaroa and Southern Bays, including Lake Ellesmere and Lake Forsyth. As there is **no** capital programme for new works currently in the budget they do not produce a DC charge.

### **Growth Catchment - Transport**

41. Staff have reviewed the capital works programme, existing and future capacity and demand, and the estimated costs of the Banks Peninsula projects to identify and allocate the growth component, to ensure that development contribution charges there are consistent with the methodology adopted for Christchurch City. For transport projects the same approach has been adopted as for Christchurch City, whereby only significant capital projects, with an identifiable growth component, have been included in works to be funded (in part) via development contributions.
42. This approach suggests that within the 2007-08 draft LTCCP, only a single major capital project (Inner Harbour Road Improvements) could be legitimately charged (in part) to developers.
43. This project, with a current estimated cost of \$4.335m across the 10 years of the life of the LTCCP, consists of a variety of improvements around the inner harbour, between Lyttelton, Governors Bay and Diamond Harbour, together with the Governors Bay side of Dyers Pass.
44. The majority of the works targeted in the project are in fact for resolution of existing safety problems, and only \$1.5m of the above capital is currently anticipated to be expended on projects that have a capacity improvement component (e.g. passing bays) - and only a proportion of that can be charged to the growth community. When the estimated growth in the inner harbour is taken into account, the following usage of the inner harbour road is anticipated (note that this does actually vary depending on location, but the figures given are for overall usage):

User Group	Percentage of Total
External (City) Catchment	23%
Existing Harbour Community	69%
Future Growth	8%
<b>Total</b>	<b>100%</b>
Non-Growth	92%
Growth	8%
<b>Total</b>	<b>100%</b>

45. When project components are taken into account, along with anticipated usage, the total capital cost of the growth component to be charged through development contributions amounts to a total of only \$95,000. Whilst consideration was given to further disaggregating this cost by specific catchments (i.e. charging inner harbour growth for their greater use of the improvements), on balance the complexity of such a mechanism was not considered justified given the sum involved, and the (growth) cost has simply been distributed amongst the whole

City Transport growth catchment, which consists of growth throughout Christchurch City along with the inner harbour settlements within Banks Peninsula.

