

BEFORE THE TIMARU DISTRICT COUNCIL

IN THE MATTER of the Resource Management Act 1991

AND

IN THE MATTER of the Proposed Timaru District Plan Hearing G
(Financial Contributions)

**STATEMENT OF EVIDENCE OF NATHAN HOLE ON BEHALF OF
ROONEY GROUP LIMITED AND OTHERS**

Dated 19 June 2025

MAY IT PLEASE THE HEARING PANEL:

1. My full name is Nathan Henry Hole. I am employed by Rooney Group Limited (**RGL**) as Senior Advisor – Environmental Policy & Projects.
2. I hold the qualification of Bachelor of Science (Environmental Science) from Lincoln University.
3. I have over 16 years' experience working as a resource management planner for both district and regional councils, including 9 years as Planning and Regulations Manager at Mackenzie District Council, and Team Leader – Consents and Compliance at Timaru District Council from November 2018 to August 2021. I have been employed by RGL in my current role since August 2021.
4. I am providing this evidence in my capacity as an employee of RGL, not as an independent expert, although my evidence represents my professional view and is within my area of expertise.
5. I am authorised to provide this evidence on behalf of Rooney Group Limited, Rooney Holdings Limited, Rooney Earthmoving Limited, Rooney Farms Limited, Timaru Developments Limited, Mr GJH Rooney and Mr Ryan De Joux (**Rooney Group**).
6. While I am an employee of RGL, I have read the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2023 and agree to comply with it. I confirm that the issues addressed in this statement of evidence are within my area of expertise. I have not omitted to consider material facts known to me that might alter or detract from the opinions that I express.

SCOPE OF EVIDENCE

7. In relation to the matters being considered by Hearing G, Rooney Group made submissions and further submissions in relation to the Financial Contributions provisions and Future Development Areas (**FDAs**). The scope of my evidence is limited to those submissions, and this particular statement of evidence relates only to the Financial Contributions provisions and Appendix 7.
8. I have read Mr Willis' section 42A report and largely agree with the proposed recommendations in relation to Rooney Group's submission points.

APPLICATION OF PRODUCER PRICE INDEX

9. Rooney Group made a submission seeking that New Zealand's Producer Price Index for construction outputs (**PPI**) should not be applied to those financial contributions that are taken for completed infrastructure that provides additional capacity for future development. That is, for work that has already been completed, Council should only be seeking to recover the actual cost through a financial contribution based on the completed construction cost. Council should not apply PPI to the original calculated cost beyond the point of completion, when the actual costs are known. PPI is irrelevant at that point.
 10. This has been addressed by Mr Dixon in his evidence and assessed by Mr Willis in his officer's report. I agree with Mr Willis' assessment of the matter and in particular his comments at paragraph 7.7.9 on page 17 of his report where he states, *"This is not intended, or available under the proposed rules. Rather, the provision enables the Council to cover the increase in costs which have taken place between the time the financial contribution has been calculated and the time the contribution is payable in order to pay for the works to be undertaken."*
 11. This appears to be somewhat different from how the Council actually applies PPI in relation to its infrastructure financial contributions under the Operative District Plan, and was the reason for Rooney Group's submission on this point.
 12. As an example, Council's financial contribution for the Waimataitai Sewer Catchment relates to a combination of completed and proposed upgrades, both required to support future growth within the catchment. My understanding is that the contribution is based on difference between the cost of replacement and the cost of the upgrade for each line section required to be upgraded to support the anticipated future growth. Rooney Group accepts and supports this approach.
 13. However, Rooney Group does not agree with the approach of continuing to apply PPI in relation to completed sections of pipe replacement within the financial contribution catchment. Upon the completion of each section of line upgrade, the financial contribution payable should be adjusted to reflect the actual cost of the completed works, and the pending works to which PPI would continue to apply. In other words, the quantum of the contribution payable should be regularly adjusted to reflect the mix of completed and projected work that the financial contribution was originally based on.
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14. While this requires an adjustment of the financial contribution payable upon completion of each section of costed work, this ensures PPI is not being applied to work constructed at an earlier time which has the potential to inflate the contribution payable compared to the actual cost, which is what the Council states it is only seeking to recover.
15. Council's current approach of maintaining an equitable approach ensuring all contributions are paid based on the same initial calculated cost and adjusted with PPI is different from recovering the actual and projected costs of the projects to which the contribution is payable and is different from what the Proposed District Plan (**PDP**) anticipates.
16. The above points are about practice, not the drafting. In terms of Mr Willis' recommendations in relation to the infrastructure financial contributions, Rooney Group does not oppose these.

OPEN SPACE AND RECREATION FINANCIAL CONTRIBUTION

17. Rooney Group opposes the amount of the contribution proposed for Open Space and Recreation, being 4% of the land value as described under 2.0 of Appendix 7.
18. I accept the evidence provided by Mr Dixon that the 4% contribution when compared to other similar councils is moderate. However, the point of the Rooney Group submission is that this is still a significant increase from the contribution of \$500 required by the Operative District Plan. This will have a flow on effect on the affordability of land development.
19. Rather than simply increasing the contribution to be comparable to neighbouring councils, the Council needs to determine whether or not the increase is required, and what the contribution will fund. Without this analysis, it is likely that substantial reserve funds will be acquired over time without the benefit of the contribution being realised by the developer.
20. Council's Long Term Plan 2024-34 (**LTP**) does not identify any expenditure from open space and recreation financial contributions over the term of the plan despite the subdivision reserves being identified as \$294,000¹.
21. The Revenue and Financing Policy² in the LTP for Parks and Recreation identifies that in some circumstances revenue received from open space and recreation financial contributions may

¹ Attachment 1 – Reserve Fund Summary: Restricted Reserves – Page 135 Timaru District Council Long Term Plan 2024-2034

² Attachment 2 – Revenue and Financing Policy, Parks and Recreation – Page 180 Timaru District Council Long Term Plan 2024-2034

be used to fund qualifying expenditure. The policy shows that no operational funding is sourced from financial contributions.

22. In addition, the relevant Funding Impact Statement³ (**FIS**) in the LTP (Recreation and Leisure) does not identify any capital funding from financial contributions over the term of the LTP.
23. From the information available there does not appear to be any need for the Council to increase its open space and recreation financial contributions as none of the current contributions held are budgeted and forecast to be used.
24. Moving from a fixed fee of \$500 to 4% financial contribution will significantly increase the cost of developing sections in the Timaru District. As submitted, on a \$300,000 section that is a \$12,000 open space and recreation contribution alone without any additional infrastructure contributions added.
25. It is suggested that the percentage based open space or reserve contributions that other councils use were introduced when section values were a lot lower and therefore the actual amount paid was a lot lower. Similar to a seller paying a real estate agent commission where there would be a point in time when a 4% commission was a modest fee compared to 4% against current market values.
26. The value of residential land is determined by the market, and a developer cannot simply add the cost of the revised financial contribution to the price of the section and expect to sell that section at an increased price. In addition, commercial developers will be GST registered and therefore are required to pay GST on the sale of section. This means on the sale of a \$300,000 section, the developer actually receives \$260,870.
27. In addition, a developer does not receive any income until a section is able to be sold, that is, the record of title has issued. A developer has to be able to afford to carry the cost of the development until sections are able to be sold, and then it may take some time for the number of sections sold to equal the cost of the development, before any profit is realised.
28. A significant amount of capital is required to be invested upfront, and there can also be a significant lag before any income is received, even during favourable market conditions. For example. Timaru Developments is currently constructing a 57 allotment residential

³ Attachment 3 – Funding Impact Statement, Recreation and Leisure – Pages 62-63 Timaru District Council Long Term Plan 2024-2034

subdivision at Pages Road in Gleniti that received subdivision consent in February 2022. Construction commenced in May 2024 and will be nearing completion in December in 2025 with records of title not expected until sometime in 2026.

29. To achieve growth within the district it is important that it remains viable for continued residential development. The proportionally lower fixed open space and recreation contributions of the Operative District Plan have helped offset the higher infrastructure costs and financial contributions that developers face in the district. There is also no financial information available from the Council to support the need to raise the contributions, other than to suggest the increase it is in line with other similar councils.

N H Hole

19 June 2025

Rooney Group Limited

ATTACHMENT 1

Reserve Fund Summary: Restricted Reserves

Name of Fund	Activity	Purpose	Forecast Balance 1 July 2024 (\$000s)	Funds Deposited 2024-2034 (\$000s)	Funds Withdrawn 2024-2034 (\$000s)	Forecast Balance 30 June 2034 (\$000s)
Mackay Bequest - Library	Recreation and Leisure	For the purchase of books relating to art for the Timaru Library.	133	0	0	133
McCarthy Bequest - Library	Recreation and Leisure	For general purposes at the Timaru Public library	15	0	0	15
McCarthy Bequest - Parks	Recreation and Leisure	For general purposes at the Timaru gardens	53	0	0	53
Museum Acquisition Fund/Alan Ward Fund	Recreation and Leisure	For the purchase of articles for the Museum.	11	0	0	11
Russell C Hervey Fund	Recreation and Leisure	For providing improved services to the Timaru Library.	85	0	0	85
Reserves from Subdivisions/ Development Levy	Recreation and Leisure	Development of reserves within the District as set out in the Local Government Act 1974 Section 288.	294	0	0	294
Sevicke-Jones Bequest	Recreation and Leisure	For the purchasing of art works for the Aigantighe Art Gallery	3	0	0	3
Timaru Maritime and Transportation	All of Council	For the purpose of Timaru Maritime and Transportation	5	0	0	5
Fishing Huts - Rangitata	Recreation and Leisure	Each fishing hut area retains it own annual surplus or deficit (including capital income and expenditure) which accumulates over its lifetime. Each individual reserve balance is only available for use by that fishing hut area.	0	0	0	0
Fishing Huts - Strathoena	Recreation and Leisure	Each fishing hut area retains it own annual surplus or deficit (including capital income and expenditure) which accumulates over its lifetime. Each individual reserve balance is only available for use by that fishing hut area.	75	0	0	75
Geraldine Community Board	Democracy	Each community board area (for which targeted rates are levied) retains it own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rated board. Each individual reserve balance is only available for use by that board.	54	0	0	54

Parks and Recreation

Service Provided	Community Wellbeing Outcomes	Who benefits/creates need?	Funding (operating and capital expenditure)
This activity provides and maintains parks, reserves, sports grounds, gardens and off-road tracks across the district.	Enhanced Lifestyle Sustainable Environment Connected Citizens	<p>Private Benefit: Individuals and groups that use the parks and sports facilities accrue benefits, some from specific facilities (e.g. skateparks, sportsgrounds). Note: Council considers that allocating costs only to the users of these facilities would not be practical, would deter use, and would not meet community wellbeing outcomes.</p> <p>Community-wide Benefit: The whole community benefits from provision and access to parks facilities across the district such as for active and passive recreational pursuits, health, education and wellbeing. Facilities contribute to community pride and perception of the district.</p>	<p>Operating Expenditure Rates: 90-100% 60% UAGC 40% General Rate</p> <p>User Charges: 0-10% Sport ground leases and user charges</p> <p>Capital Expenditure Borrowing: Loan costs are funded in the same way as operating expenditure. Lump Sum Contributions: Some capital contributions paid for facilities (e.g. sports surfaces) by user groups. Financial Contributions: Council charges financial contributions for the acquisition and development of recreation and open space under the provisions of the District Plan. This funding source may be used in some instances to fund qualifying capital expenditure. Grants: Council may seek grant funding, fundraising and sponsorship to support capital works.</p>

ATTACHMENT 3

Council Activities: Recreation and Leisure

Funding Impact Statement

	Annual Plan 2023/24 \$000's	Budget 2024/25 \$000's	Forecast 2025/26 \$000's	Forecast 2026/27 \$000's	Forecast 2027/28 \$000's	Forecast 2028/29 \$000's	Forecast 2029/30 \$000's	Forecast 2030/31 \$000's	Forecast 2031/32 \$000's	Forecast 2032/33 \$000's	Forecast 2033/34 \$000's
Sources of Operating Funding											
General Rates, Uniform Annual General Charges (UAGC), rates penalties	15,074	18,135	23,458	27,668	28,214	28,820	29,897	32,176	33,795	34,674	35,442
Targeted Rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	98	3,096	100	103	148	151	154	157	160	163	166
Fees and charges	1,587	1,678	1,889	2,249	2,726	2,915	3,001	3,086	3,174	3,260	3,350
Internal charges and overheads recovered	216	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	2,305	2,627	2,558	2,544	2,630	2,687	2,800	2,867	2,866	2,930	3,085
Total Operating Funding	19,280	25,536	28,006	32,564	33,717	34,573	35,852	38,286	39,996	41,028	42,043
Applications of Operating Funding											
Payments to staff and suppliers	16,120	18,963	18,461	19,290	19,665	20,266	20,887	21,529	22,223	22,809	23,569
Finance costs	800	2,485	4,090	6,124	5,832	5,814	5,781	5,496	5,429	5,350	5,276
Internal charges and overheads applied	-	1,787	2,635	3,684	4,534	4,764	5,232	7,306	8,494	8,786	9,092
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total Applications of Operating Funding	16,920	23,235	25,187	29,098	30,032	30,844	31,900	34,331	36,145	36,945	37,937
Surplus/(Deficit) of Operating Funding	2,360	2,301	2,819	3,465	3,686	3,729	3,952	3,956	3,851	4,082	4,106

Council Activities: Recreation and Leisure

	Annual Plan 2023/24 \$000's	Budget 2024/25 \$000's	Forecast 2025/26 \$000's	Forecast 2026/27 \$000's	Forecast 2027/28 \$000's	Forecast 2028/29 \$000's	Forecast 2029/30 \$000's	Forecast 2030/31 \$000's	Forecast 2031/32 \$000's	Forecast 2032/33 \$000's	Forecast 2033/34 \$000's
Sources of Capital Funding											
Subsidies and grants for capital expenditure	12,000	10,400	580	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	7,347	31,009	37,005	(190)	(381)	(617)	(165)	(1,349)	(1,485)	(1,460)	(1,560)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of Capital Funding	19,347	41,409	37,585	(190)	(381)	(617)	(165)	(1,349)	(1,485)	(1,460)	(1,560)
Applications of Capital Funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	9,749	41,829	37,718	1,622	1,071	863	279	399	291	415	302
- to replace existing assets	11,965	1,783	2,748	1,912	2,321	2,265	3,508	2,208	2,075	2,207	2,244
Increase/(decrease) in reserves	(7)	98	(62)	(259)	(87)	(16)	-	-	-	-	-
Increase/(decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total Applications of Capital Funding	21,708	43,710	40,404	3,275	3,304	3,113	3,787	2,607	2,365	2,622	2,546
Surplus/(Deficit) of Capital Funding	(2,360)	(2,301)	(2,819)	(3,465)	(3,686)	(3,729)	(3,952)	(3,956)	(3,851)	(4,082)	(4,106)
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Activity Depreciation Expense	2,367	2,156	2,854	3,707	3,758	3,790	3,963	3,971	3,980	4,133	4,143