

# FINANCIAL CONTRIBUTIONS POLICY

## Introduction

Section 102(1) of the Local Government Act 2002 requires local authorities to adopt a development contributions or financial contributions policy.

“Financial contributions” has the meaning given to it by s108(9) of the Resource Management Act 1991, i.e.

- a) Money; or
- b) Land, including an esplanade reserve or esplanade strip (other than in relation to a subdivision consent), but excluding Maori land within the meaning of the Maori Land Act 1993 unless that Act provides otherwise; or
- c) A combination of money and land.

Development contributions may take the same form as above, but they are only available to fund additional infrastructure costs that occur as a direct result of growth. They are a tool to allocate the cost of growth to those who cause the need for the additional infrastructure.

The Kawerau District does not have the pressure on infrastructure systems that is being experienced by some territorial authorities and therefore does not have a pressing need to extend existing infrastructure systems to cope with increasing demand. The spare capacity in Council’s infrastructure means it can cope with some growth without a resulting increase in demand for community facilities. Indeed, Council wishes to encourage development in the District to further the Community Outcomes.

Where new subdivisions or developments occur, extensions to infrastructure networks are necessary. These extensions add incrementally to the demand on Council owned and operated services such as water supply and wastewater disposal and treatment. The District Plan puts in place a mechanism which makes allowance for extensions to the infrastructure network to be funded by

those who cause the demand for such an upgrade. Physical construction of the additional network capacity may not take place for some time after the development occurs.

## Policy Objective

The objective of this policy is to require subdividers and developers to meet the full cost of, and to provide or contribute to providing any works and services necessary to meet, additional demands as a result of subdivision or development.

## Policy Statement

### Development Contributions

Council’s policy in relation to development contributions is to not assess development contributions under the Local Government Act 2002, but to retain the provisions of the District Plan which allow the assessment of financial contributions.

### Financial Contributions

Subdividers and developers are required to meet the full costs of the following:

- furnishing water supply or wastewater disposal infrastructure necessary to support their subdivision or development, and
- upgrading any road or street which provides direct frontage or gives access to the subdivision or development.

For the purposes of this policy, a fair share will be assessed along the general lines that the contribution should cover the cost of the additional works or services required as a direct result of the new subdivision or development.

Financial contributions contribute to Kawerau’s Community Outcomes:

The provisions relating to financial contributions in the Operative District Plan are summarised below:

**District Plan, Section B.2.3:  
Infrastructure contributions:  
Explanation/reasons for adopting  
objective policies and methods**

The Resource Management Act allows a financial contribution to be made in the form of money or works and services as a condition of a resource consent.

The District is serviced by a water supply and wastewater disposal system which may require upgrading as a result of subdivision or development. Similarly, unoccupied land may not have been provided with developed footpaths, or berms, or have access to utility services across its frontage. Roads leading to, or within a development site may require geometric or structural improvement to accommodate the volume or type of vehicles using the road as a result of the subdivision or development.

It is reasonable that the subdivider or developer pays the costs of addressing these issues rather than the ratepayer generally.

The Act allows a financial contribution to be made in the form of cash, works and services or a combination of both as a condition of a resource consent.

It is recognised that development, facilitated by subdivision, adds incrementally to the demands on the infrastructure of the District. Existing infrastructure assets have been created by rating income, but where land being subdivided, or developed has not been so rated, there is no entitlement to a share of those assets. Purchasing into a system or providing for its expansion is considered to be a fair way of apportioning costs of an overall system.

**District Plan, Section C.7.2.8:  
Subdivision and development:**

***works and services requirements***

The Act provides for a resource consent to include a condition requiring that a financial contribution be made in the form of works or services, including the planting, or replanting of any tree or other vegetation, or the restoration or enhancement of any natural or physical resource.

Council considers that developers and subdividers should provide, or contribute to the provision of, those works and services necessary to ensure the efficient functioning of their developments and subdivisions. A contribution may also include formation of an unformed road, upgrading of a formed road where additional traffic from the activity creates additional pressure beyond what the road can cater for, upgrading of an undersized sanitary sewer or stormwater drain, or a contribution toward any sewage treatment or water supply headworks or trunk sewer, water main or stormwater drain. A contribution toward the undergrounding of all reticulation, together with individual connections to each separate allotment, lease site or dwelling unit, should also be included.

The contribution amount will be limited to the works necessary to meet the additional loading on the infrastructure, or utility service caused by the subdivision and developments, as determined by Council. In determining the amount., Council shall consider any design and operational factors provided by the developer which may benefit the wider Community.

In the case of a subdivision consent, where services are not immediately available to serve land on an application plan, but are expected to be available within five years, Council may require the applicant to pay or enter into a bond to pay to Council, such amounts as Council considers fair and reasonable toward the cost of providing such services.