

# Council Policy

## Draft Financial Contributions Policy

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<b>Associated Documents:</b>	<b>N/A</b>

# 1. Introduction

The Kawerau District Council (“Council”) is required to adopt a development or financial contributions policy to address the capital expenditure, which may be required as the result of, or in anticipation of growth in the Kawerau District.

Council’s infrastructure is currently sustainable with limited pressure on existing systems. The spare capacity means it can cope with some growth, without a resulting increase in demand for community facilities. Therefore, Council does not have a current need to extend existing infrastructure.

Council will continue to encourage development in the District to further deliver on community outcomes and promote social, cultural, economic and environmental wellbeing.

This policy has been prepared in accordance with the Local Government Act and sets out any development or financial contributions that may be required to meet the demands for infrastructure for our District.

## 2. Policy Purpose

The purpose of the policy is to provide predictability and certainty to stakeholders in how infrastructure for growth is to be funded.

A development or financial contributions policy is required to ensure the cost of growth and extensions to infrastructure, are funded by the subdividers or developers that create the need for the additional infrastructure. Development contributions are not a tool to fund the cost of maintaining infrastructure or improving levels of service for existing users.

## 3. 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 on the infrastructure as a direct result of the subdivision or development.

## 4. Legislative Requirements - Definitions

Section 102(1) & 102(2)(d) of the Local Government Act 2002 (“LGA”), requires Council to adopt a policy on development or financial contributions as part of its funding and financial policies in its Long Term Plan.

**Development Contributions** has the meaning given by s197(2) of the LGA

#### Explanatory notes

Section 197(2) of the Local Government Act 2002 defines **development contributions** as a contribution:

- (a) Provided for, in a development contribution policy of a territorial authority; and
- (b) Calculated in accordance with the methodology; and
- (c) Comprising of
  - i. money,
  - ii. 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 Te Ture Whenua Maori Act 1993 unless that Act provides otherwise; or
  - iii. both.

Section 198(1) of the LGA gives the power for Council to require a development contribution when granting a resource consent for a development, a building consent or an authorisation for a service connection.

**Financial contributions** has the meaning set out in s108(9) of the Resource Management Act 1991 ("RMA").

#### Explanatory notes

Section 108(9) of the Resource Management Act 1991 defines **financial contributions** as a contribution of:

- (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 Te Ture Whenua Maori Act 1993 unless that Act provides otherwise; or
- (c) A combination of money and land.

Section 108 of the RMA also provides Councils with the authority to grant resource consents with any condition the authority considers appropriate including financial contributions, provision for a bond, the requirement to provide services or works including the protection, planting, or replanting of any tree or other vegetation or the protection, restoration, or enhancement of any natural or physical resource.

These provisions do not preclude Council from using and investigating other funding sources as appropriate.

## 5. Policy Statement

### 5.1 Development Contributions

Development contributions 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.

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

## **5.2 Financial Contributions**

Development contributions under the LGA are different from financial contributions under the RMA.

Financial contributions are used to cover the cost of any new development, including any physical and environmental costs, such as roading improvements, water supply and wastewater piping and connections, storm water systems, reserves, footpaths and parking.

When granting resource consents, Council may include conditions requiring financial contributions or requiring works to be undertaken for the purpose of achieving the objectives of the District Plan.

Financial contributions are intended to cover a fair share of the cost of expanding the capacity of existing infrastructure to cope with additional demand from new development or activity.

Council's financial contributions policy requires subdividers or developers of land to meet the full costs of the following:

- Installation of water supply and/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, the determination of a fair share, will be assessed on the basis that the contribution should cover the cost of the additional works or services required, as a direct result of the new subdivision or development.

## **5.3 Operative District Plan Provisions**

The Operative District Plan sets out the specific provisions relating to financial contributions and are summarised below:

### **5.3.1 District Plan, Section C7.4: Infrastructure Contributions: *Introduction, Objective and Policies***

In the event of a new subdivision or development, upgrading of the infrastructure networks is often necessary to service the development. This upgrading adds incrementally to the demand on Council owned and operated services.

The objective is to allocate the cost of additional services and roading infrastructure necessary to meet the demands, to those undertaking the subdivision or development.

Subdividers and developers are required to meet the full costs of providing upgraded roading and service infrastructure necessary to support their subdivision or development.

Financial contributions adequately compensate for any impact on existing services to ensure no degrading of infrastructure.

New subdivision or developments contribute to providing new or upgrading existing public reserves.

### **5.3.2 District Plan, Section C.7.7.8: Subdivision and Development Rules: *Works and Services Requirements***

Council considers that the subdividers and developers should provide a financial contribution, or contribute to the provision of, the works and services necessary to ensure the efficient functioning of their developments and subdivisions.

A contribution may include:

- Formation of an unformed road,
- Upgrading an existing formed road where additional traffic creates pressure beyond the road capacity,
- Upgrading of an undersized wastewater pipeline
- Contribution to the wastewater treatment or water supply headworks
- Contribution to the wastewater main or water supply main trunk sewer, water main
- Provide storm water drainage
- Contribution toward the undergrounding of all reticulation, together with individual connections to each separate allotment, lease site or dwelling unit.

The contribution amount will be limited to the works necessary to meet the additional loading on the infrastructure, or utility service, as determined by Council. In determining the amount of any financial contribution, 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.