Section 5
Policies, Summaries and Statements

Whakarāpopoto o Kaupapa here Tuku Tahua

Summary of Financial Contributions Policy

Council is required under sections 102(4) (d) and 106 of the Local Government Act 2002 (LGA) to have either a Development Contribution Policy under the LGA 2002 or a Financial Contribution Policy under section 108(9) of the Resource Management Act 1991 (RMA).

General position statement

Council's Financial Contributions Policy has been operative since 1991. The full policy is contained in the Western Bay of Plenty District Council District Plan.

Criteria

Protection of the natural and physical environment and social, economic, cultural, and environmental wellbeing of the people and communities from the potential adverse effects of new or intensified development.

- The provision of adequate funding for and efficient utilisation of the District's infrastructure.
- A financial contributions strategy which ensures that financial contributions are charged on the basis of covering the community's costs of providing infrastructure.
- A financial contributions strategy which is responsive to the social, environmental, cultural, and economic needs of the community.
- Timing of development commensurate with the ability to make appropriate provision for infrastructure.

Summary of Financial Contributions Policy

Introduction

Growth in the District places significant pressure on Council to provide infrastructure at the appropriate levels of service. If growth is not managed in an integrated manner along with the provision of infrastructure, then the levels of service will fall short of the demands of growth and/or Council could be forced to develop infrastructure in an unplanned, ad hoc and inefficient manner.

Integration of Council's funding strategy with growth management is critical to ensure that funds are spent in the most effective manner possible. Part of the funding strategy is to ensure that those who require the expenditure pay accordingly. Financial contributions from development are seen as a key part of that strategy to make sure that new development is not subsidised by existing ratepayers where possible.

While it is acknowledged that development in the District has positive effects, it also has the potential to adversely affect the environment, including people and communities, in a range of ways. Some of these effects cannot be adequately avoided or mitigated on a site-by-site basis. Rather, they can best be addressed through the provision of new or improved infrastructure. In some parts of the District the community has already provided infrastructure ahead of development and measures to avoid or mitigate future effects are thus already in place. The types of adverse effects on the environment associated with the new development that are best addressed through integrated provision of infrastructure include:

Wastewater

Effects on the environment including property, people and their health, amenity, social and cultural values through pollution of soil, ground and surface water, the coastal area including beaches and seafood and through odour.

Stormwater

Effects on property, human life and health and amenity and cultural values through flooding, siltation, erosion and pollution of waterways and coastal waters.

Water supply

Effects on health, fire safety, amenity, economic and cultural wellbeing through adequacy and quality of supply.

Transportation and Roading

Effects on access, mobility and safety, social, cultural, and economic wellbeing through inadequate standards for the level of use.

Recreation and Leisure

Effects on wellbeing of people and communities and cultural and amenity values through inadequate or inappropriate provision of open space and facilities.

New development may also have adverse effects on indigenous vegetation and habitats of indigenous fauna through inadequate protection of and, provision for, biodiversity.

Alternative means of funding the necessary additional infrastructure, such as by rates levied on existing properties and/or loans taken out by Council can place a disproportionate burden on the existing community, which is, in effect, being asked to subsidise growth and change. This may adversely affect the economic well-being of the existing community and may be unsustainable. Conversely new development should not subsidise activities that primarily benefit existing users. There needs to be an equitable sharing of costs between existing residents and new development.

Integrated growth management (statutory context)

While Council's financial contributions policy is determined as part of the District Plan process, the schedules of works and consequent amounts payable can be updated each year through the Long Term Plan or Annual Plan process. This is to ensure that amounts charged reflect up to date costs, including actual expenditure and any necessary changes in timing or patterns of growth. Financial contributions can also be reviewed through a plan change through the RMA process. Implementation and monitoring are carried out through separate processes such as the Annual Plan and Annual Report.

General approach to calculating financial contributions

Financial contributions in the District Plan are based on a buy-in to the surplus capacity of existing infrastructure and/or the payment of a contribution to development programmes involving the upgrading of existing infrastructure or the provision of new infrastructure, both of which allow for future development. Infrastructure financial contributions are calculated in accordance with formulae set out in the District Plan and are based on approved development programmes. Some of these programmes will be established through urban growth structure plans (water, wastewater, stormwater and urban roading) which include schedules of works to be undertaken, timing and funding (particularly the split between developer and Council funding). For areas not covered by structure plans, e.g. rural areas, geographic spread and the unpredictability of the location of growth makes it difficult to implement planned infrastructure development programmes. Rather than restrict growth, Council wishes to provide for it in a responsive manner. Development of rural areas roading will be subject to financial contributions that have been developed on a broader catchment or District-wide basis.

Infrastructure provision or upgrades will be implemented through approved infrastructure development programmes that are based on criteria that are triggered by estimated growth.

The level of financial contribution is generally calculated by projecting growth for various parts of the District, establishing the need for and, capital costs of, a service or facility for the planning period (including costs which have already been incurred in anticipation of growth) to service that growth and then determining an equitable contribution. Specifically, financial contributions for recreation, transportation and ecological protection are based on future capital expenditure requirements. Financial contributions for water, wastewater and stormwater are based on recovery of the value of existing surplus capacity, plus the value of additional capacity for future dwellings.

The financial contributions for ecological protection can only be reviewed through a change to the District Plan.

Subdivision is generally a precursor to further development and intensification of the use of land, so financial contributions are generally assessed at the time that a resource consent for a subdivision, development or new activity is granted and are paid directly to Council as the relevant condition of consent provides.

Financial contributions may also apply to land use changes where the new activity has a potential future impact on infrastructure.

As part of its Annual Plan process, Council may resolve to reduce or waive any particular financial contribution that would normally be charged during that year.

A disclosure table identifying growth capital accompanies the Annual Plan, Long Term Plan and updated annually.

We are undertaking a historical review of all projects to consider whether there is any residual unfunded growth debt and if required will be subject to future consultation with the community.

Photo by the_escape_artist_nz in Waihī Beach.