

9 Financial Contributions

9.1 Significant Issues

Subdivision, use and development of land creates demand for water supply, sewage disposal, storm water disposal, road access and public reserves and community facilities.

In the absence of intervention through the Plan, the costs of providing services and of avoiding, mitigating or remedying other adverse effects will fall on the community.

9.2 Overview

The use, subdivision and development of land may impose costs on the community in a number of ways. Significant costs arise from providing works and services such as water supply, sewerage, storm water, roads, reserves and community facilities, for the benefit of land that is used, subdivided or developed. The community, through the Council, has paid a substantial part of these costs in the past, particularly the costs that arise off-site, for example, the costs of expanding the sewerage treatment system to keep pace with the increasing number of houses connected to the system.

The sustainable, efficient and effective provision of these services is not totally achieved through market mechanisms, especially as long-term cumulative effects and off-site effects are not fully recognised in the market for subdivided or developed land. Any subsidy on subdivision, use and development will tend to distort private resource management decision-making, and may compromise other objectives and policies of the Plan and the statutory purpose of sustainable management.

Financial contributions are a means, provided for in the Resource Management Act 1991, of reallocating these costs. A financial contribution may be in the form of money or land, or a combination of these. The money may be required to be paid (or land transferred) by subdividers or developers to the Council or a third party. The Resource Management Act 1991 requires the Plan to state the purposes of financial contributions, and the manner of determining the level of the contribution.

This chapter contains general Objectives, Policies and Methods relating to financial contributions. These provisions are applicable to the entire Plan. Other chapters contain material relevant to financial contributions in specific circumstances.

9.3 Objectives

9.3.1

All of the costs arising from land subdivision and development are identified and recognised.

Explanation and Reasons: Not all costs of development are allocated to developers through market forces. This objective is intended to ensure that resource management decisions are not distorted through hidden subsidies.

Costs that particularly need to be identified are those that arise through demands for servicing, and impacts on amenities, heritage and ecosystems.

9.3.2

The sustainable and efficient allocation of costs and resources in the delivery of services to new development.

Explanation and Reasons: The efficient use of existing and future services and infrastructure will reduce the environmental costs of development, and sustain the future potential of services. There may be occasions where this objective is best met by the community accepting development costs, but in most cases the costs of avoiding, remedying or mitigating the adverse effects on the environment arising from new activities will be charged to the subdivider or developer. Consequently, the wider community will not have to pay for effects that result in private benefit.

9.4 Policies

9.4.1 Effects

To ensure that the reasonable costs of, and responsibility for, avoiding, remedying and mitigating the adverse effects of activities are borne by the person carrying out the activity.

Explanation and Reasons: The effects of activities on, and adjacent to, land where new activities are established, are considered to be a cost (whether in money or land) only on the person establishing the activity. The person profiting from the activity should meet the costs.

9.4.2 Burden of Payment

To ensure that subdividers and developers:

- Meet the total costs of on-site services within a subdivision or development site to the extent this is required to service the subdivision or development site;
- Meet the total costs of any linkage or necessary expansion between the subdivision or land development and the service network, except to the extent that a demonstrated community benefit occurs;
- Meet the cost of constructing or upgrading of services necessary to avoid, remedy, mitigate or offset the adverse effects on the environment of the subdivision or development;
- Contribute towards costs incurred by the Council in providing excess capacity of services where that excess capacity is utilised.

Explanation and Reasons: The provision of adequate public utility services is an essential part of the development process. Such services include roads (including footpaths, kerb and channel and street lighting), waste-water systems, stormwater systems, solid waste disposal, reserves and community facilities and water supply systems (including collection, reticulation, treatment and disposal, where applicable).

Such services are broken into three distinct categories:

On-Site Services: These are the facilities and services internal to the development or subdivision. These are provided by the developer, at their cost, to an acceptable standard. Generally, these facilities will be vested in the Council and will be required as a condition on resource consents.

Link Services: These are the facilities required to connect the site to the public services. Generally these will be paid for by the developer, except to the extent that there are community benefits from outside the new area being serviced. This contribution will be required as a condition on resource consents.

Community Services - These are the facilities remote from the site, such as sewage treatment plants, water treatment plants and the road network. The costs of community services will be recovered through a financial contribution in money, payable to the Council, and imposed as a condition on resource consents.

9.4.3 New Development

To ensure that a financial contribution, in the form of money, is paid by developers on the creation of new activities, including new allotments and new development, for the purpose of avoiding, remedying, mitigating or offsetting any actual and potential adverse effects of such activities on the environment, that are not addressed by way of other conditions of consent.

Explanation and Reasons: As well as having direct effects on the immediate environment, the establishment of new activities places demands on existing infrastructure and results in the need for its expansion or upgrading. The community infrastructure (including water supply, sewerage, roads, reserves and community facilities) provides the efficient means of avoiding, remedying and mitigating some of the adverse effects of activities off-site, which otherwise would have to be met on-site. The community infrastructure thus allows the efficient and intensive use of the land resource to take place. In the past, a disproportionate share of costs of expansion and upgrading has been borne by the wider community.

The policy will ensure that when new activities take place, particularly subdivision and development, a reasonable proportion of the environmental costs (including the community costs) associated with such activities, is recovered by the community at the time that the activity obtains relevant consents.

9.4.4 Additional Services

To use financial contributions in money to provide additional capacity, and to meet the need for services and infrastructure within the District arising from the activity, and to avoid, mitigate or remedy any adverse effects arising from new activities. These services and infrastructure shall include the road network, water supply, sewerage, and stormwater and the provision and development of reserves and community facilities.

Explanation and Reason: The community provides and maintains most of the essential infrastructure services which underpin existing and new activities, and which avoid, remedy or mitigate actual and potential adverse effects. Money paid to the Council by means of financial contributions for permitted activities for which consents are obtained, will be applied by the Council to capital works associated with the provision of infrastructure and services or their expansion.

9.4.5 Contribution by Payment

To ensure that a financial contribution in the form of money is paid to off-set actual or potential adverse effects of an activity, when the effects cannot be addressed in terms of any of the other financial contributions policies.

Explanation and Reasons: In general, the Council will only take money in relation to activities in terms of the above policies. However, it may sometimes be appropriate to accept or require a financial contribution in order to offset an adverse effect. Such circumstances may arise where effects cannot be directly addressed on-site (for example, where a development has an adverse effect on a habitat but the effect can be off-set by creation of a replacement habitat elsewhere, or the improvement of an existing degraded habitat). Appropriate circumstances for financial contributions to off-set such effects may be suggested by a consent applicant, or by the community. For such contributions to be acceptable, a clear relationship will need to be demonstrated between the effect for which the contribution is being made and the remedy or off-setting benefit that can be achieved.

9.4.6 Calculating Contributions

To calculate financial contributions using a formula that correctly allocates the reasonable costs of avoiding, remedying or mitigating adverse effects on the environment, and that ensures double charging does not occur.

Explanation and Reasons: Rates paid to the Council following development may contain some component for the payment towards new infrastructure. This policy is intended to ensure that allowance is made for this in the calculation of the financial contribution.

9.4.7 Recognition of Positive Effects

To ensure that the calculation of financial contributions takes into account the positive effects of a development where services are to be provided, in agreement with Council, that are in excess of those required to service the development.

Explanation and reasons: The provision of services in accordance with a development can be of benefit to the community and/or the environment. Where services are provided in agreement with Council that are in excess of those required to adequately service the development, the value of the excess will be taken into account in the calculation of the financial contributions to be paid.

9.5 Methods

9.5.1 Regulatory Methods

- Rules relating to the payment of financial contributions (Policies 9.4.1 to 9.4.6).
- Subdivision rules relating to the provision of services (Policies 9.4.2 and 9.4.3).
- Resource consent conditions (Policies 9.4.1 to 9.4.6).

9.5.2 Economic Instruments

- Financial contributions in terms of Chapter 9 (Policies 9.4.1 to 9.4.6).

- Annual Plan allocation for Council purchase of land (Policies 9.4.1 to 9.4.6).

9.5.3 Council Works and Services

- Works and services relating to water supply, sewage and stormwater disposal (Policies 9.4.1 to 9.4.6).

9.6 Anticipated Environmental Results

The following results are expected to be achieved by the foregoing Objectives, Policies and Methods. The means of monitoring whether the Plan achieves the expected outcomes are set out in the Whangarei District Council Monitoring Strategy.

- The efficient and timely provision and/or upgrading of infrastructure and services so as to enable the orderly and sustainable development of the District. This includes the provision of roading, footpaths, street lighting, water supply, wastewater and storm water disposal, solid waste disposal, reserves and community facilities.
- The costs of providing and/or upgrading infrastructure and services to enable development are contributed to by those initiating such development.
- The costs of ameliorating adverse environmental effects resulting from development are borne by those initiating such development.

