

FINANCIAL CONTRIBUTIONS POLICY

PURPOSE

To provide predictability and certainty about the sources and levels of funding to meet increased demand for reserves and infrastructure resulting from growth by enabling Council to recover contributions from those persons undertaking development as a condition of a resource consent or permitted activity or where that development or activity may have an adverse effect.

STATUTORY CONTEXT

2.1 Section 106 of the Local Government Act 2002 requires a local authority to adopt a development contributions or financial contributions policy.

2.2 “Financial contributions” has the meaning given to it by section 108(9) of the Resource Management Act 1991 (RMA), i.e. financial contribution means a combination of:-

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

2.3 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.

DEVELOPMENT CONTRIBUTIONS

Clutha District Council's policy in relation to development contributions is to not assess development contributions under the Local Government Act 2002 but to take financial contributions, pursuant to Section 109 of the RMA.

FINANCIAL CONTRIBUTIONS

4.1 The objective of this policy is to require financial contributions, in appropriate circumstances, for the purpose of meeting the costs of increased demand for reserves and infrastructure resulting from growth.

4.2 Council may require that a financial contribution be made to Council as a condition of resource consent or permitted activity where that activity or development requires additional capacity from any of the following:

- (a) The recreational resources and facilities of the District; and
- (b) Wastewater, water and roading networks.

POLICY DETAILS

Council has considered all matters it is required to consider under the Act when making a policy on financial contributions. The Council has also considered the requirements in Section 106 of the Act relating to the content of such a policy. Policy resulting from these considerations is set out in this section.

5.1 Appropriate sources of funding

5.1.1 Council incurs capital works expenditure in order to:

- (a) provide additional capacity in assets to cater for new development;
- (b) improve the level of service to existing households and businesses;
- (c) meet environmental and other legislative requirements; and
- (d) Renew assets to extend their service life.

5.1.2 Section 101(3)(a) of the Act states that the funding needs to meet these expenditure requirements must be met from sources that Council determines to be appropriate, following a consideration, in relation to each activity, of a number of matters. Council's consideration of these matters as it relates to the funding of capital expenditure is outlined in the Revenue and Financing Policy. The analysis contained in the Revenue and Financing Policy is also applicable to this policy.

5.1.3 Council has had regard to and made the following determinations under each activity in relation to the

matters set out under section 101(3)(a)(i)-(v) of the Act: that financial contributions are an appropriate source of funding for water supply, sewerage, roading and reserves.

5.1.4 Section 106 of the Act requires Council to:

- (a) summarise and explain the total cost of capital expenditure that Council expects to incur to meet the increased demand for community facilities resulting from growth; and
- (b) state the proportion of that total cost of capital expenditure that will be funded by—
 - (i) development contributions;
 - (ii) financial contributions; and
 - (iii) other sources of funding.

5.1.5 These requirements are met in Schedule 1 of this policy.

5.1.6 Section 106(2)(d) of the Act requires the Council to identify separately each activity or group of activities for which a financial contribution will be required and in relation to each activity or group of activities the total amount of funding sought by financial contributions.

This requirement is met by Schedule 2 of this policy.

5.1.7 The Resource Management Act 1991 authorises local authorities to impose financial contributions to address effects associated with subdivision, land use or development. Council may require a financial contribution, as a condition of consent, in accordance with any relevant rule in the Clutha District Plan.

5.1.8 Provisions regarding financial contributions towards water supply, sewerage, roading and reserves are detailed in Section 3.8 of the Clutha District Plan and should be referred to when reading this policy.

5.1.9 Section 106(2)(f) of the Act states that if financial contributions are required this policy must summarise the provisions that relate to financial contributions.

This summary is set out in Schedule 3.

POLICY REVIEW

This policy shall be reviewed by December 2026.

SCHEDULES

SCHEDULE 1 – Capital Expenditure to meet increased demand resulting from growth and sources of funding

The growth assumption for the Long Term Plan is sufficiently low that Council has not budgeted for any capital expenditure in regard to growth for the 2024/34 Long Term Plan. Consequently there are no financial contributions in the Long Term Plan relating to the increased demand resulting from growth.

SCHEDULE 2 – Financial Contributions by Activity

As explained under Schedule 1, there are no financial contributions included in the Long Term Plan relating to the increased demand resulting from growth.

SCHEDULE 3 – Summary of Financial Contribution Provisions

Section 106(2)(f):- because the Council may require financial contributions this policy must summarise the provisions that relate to financial contributions in the District Plan. Section 3.8 of the Clutha District Plan requires the following contributions:

Roading

The financial contribution required for upgrading roads that serve subdivision and developments shall be a reasonable and equitable charge having regard to the following matters:

- (a) the current status and standard of the road both

leading to and fronting the site, and the adequacy of that road for its current use

- (b) the standard and classification of the road required as a result of the subdivision/development the expenditure required to meet this standard
- (c) the use or likely future use of the road by other parties and the contributions (if any) to be made or already made by such parties
- (d) the contributions made by Government or outside organisations towards the development of the road, and any contributions (if any) already made by the subdivider or developer provided that after having considered these factors the maximum contribution required may be determined 100% of the actual cost.

Reserves

A financial contribution for the purpose of acquiring, improving and/or developing reserves and recreational facilities throughout the district may be imposed in the following circumstances:

- (a) as a condition of a permitted activity
- (b) as a condition of a resource consent for any subdivision or development for residential or commercial or industrial purposes.

Wastewater

Financial contributions may be required where an activity, whether or not it requires resource consent, is to be connected to an existing public sewerage system.

The financial contribution shall be calculated in accordance with section 3.8 of the Clutha District Plan and applies where any subdivision or development occurs outside the boundary of the areas defined in the District Plan as an Urban Resource Area and that subdivision wishes to connect to an existing sewerage system provided by the Council and when any development occurs within the Urban Resource Area which increases the intensity of development.

Water

Financial contributions may be required where an activity, whether or not it requires resource consent, is to be connected to an existing public water system.

The financial contribution shall be calculated in accordance with section 3.8 of the Clutha District Plan and applies where any subdivision or development occurs outside of the boundary of the areas defined in the District Plan as an Urban Resource Area and that subdivision wishes to connect to an existing public water system provided by the Council and when any development occurs within the Urban Resource Area which increases the intensity of development.