

Supporting Report

The proposed draft *Utu Whakawhanake – Development Contributions Policy 2025*

1. Executive Summary

The proposed draft Utu Whakawhanake – Development Contributions Policy 2025 (draft Policy) proposes to reintroduce development contributions (DCs) in the Far North District for the first time since 2015. This proposed draft Policy seeks to establish a sustainable and equitable mechanism for funding infrastructure needed to accommodate growth, ensuring that developers, rather than existing ratepayers, meet a fair and proportionate share of new infrastructure costs.

The proposed draft Policy is firmly grounded in the Local Government Act 2002 (LGA), aligns with relevant Council strategic objectives, and has been benchmarked against similar councils to ensure its proposals are both justified and defensible. Infrastructure categories covered include roads, water supply, wastewater, stormwater, parks and community facilities. DC charges are calculated using a transparent methodology based on Household Unity Equivalents (HUEs), which reflect the demand developments place on Council assets.

Critical features of the proposed draft Policy include:

- **Transparent Cost Allocation:** Costs are apportioned based on demand modelling and principles of equity and intergenerational fairness, ensuring beneficiaries pay their share.
- **Affordability and Equity:** Use of both quantitative and qualitative data used to support more affordable fees in low-growth areas.
- **Robust Consultation and Accountability:** Formal consultation, clear mechanisms for revisiting the proposed draft Policy periodically, and accessible charging schedules empower stakeholder involvement.
- **Alignment with Vision and Strategies:** The proposed draft Policy underpins Council's vision for resilient, sustainable growth and links directly to documents including Te Pae Tata - Three Year Long Term Plan, Infrastructure Strategy, Te Pātukurea– Kerikeri Waipapa Spatial Plan, and Far North 2100.
- **Exemptions** Certain developments are statutorily exempt such as Crown and Council developments. Council is required under section 102(3A) of the LGA to ensure that the Policy supports the principles of the Preamble to Te Ture Whenua Maori Act 1993. Using its discretionary powers to meet this requirement along with its broader statutory obligations, Council have decided to exempt housing and papakāinga developments on Māori land from development contributions. Reasoning for this decision is provided at clause 34.4 of the draft Policy.
- **Benchmark Analysis:** Comparative review demonstrates that proposed DC charges found in clause 19 of the proposed draft Policy are not excessive and respond appropriately to the District's infrastructure needs and growth pressures.

By reintroducing DCs, Council seeks a fairer, more transparent approach to growth-related funding. The proposed draft Policy places particular priority on open engagement with Iwi/Māori and the wider community, as well as prudent stewardship for current and future ratepayers.

A review of the DCs approach revealed that key findings include the reintroduction of charges closely reflecting infrastructure demand, the alignment of the proposed Policy with both statutory and community objectives, and the provision of targeted exemptions. The proposed draft Policy proposes Schedules and charging methodologies that ensure proportionality and transparency. The anticipated outcomes are strengthened financial sustainability for growth-related infrastructure and a measurable shift in funding responsibility from existing ratepayers to developers, supporting the District's long-term resilience and prosperity.

Purpose

To help Elected Members and the public better understand the proposed draft Policy and feel prepared to take part in the upcoming consultation process.

Context

The Far North District Council has not collected DCs since 1 July 2015 due to an amendment made to the Development Contributions Policy in 2014. Consequently, all infrastructure projects, including those related to growth, have been primarily funded by existing ratepayers and external funding streams. This reliance on existing ratepayers is not a sustainable solution for supporting growth in the long-term neither is it equitable.

In response to these challenges, Council is considering adopting the proposed draft Utu Whakawhanake-Development Contributions Policy 2025, to replace the current 2015 Development Contributions Policy. The proposed draft Utu Whakawhanake-Development Contributions Policy 2025 aims to reintroduce the requirement and collection of DCs in reply to growth pressures, and the need to establish a transparent and equitable funding mechanism for growth-related infrastructure.

TABLE 1: FNDC-Development Contributions Policy Timeline

Date/Period	Action/Status
2001	Council adopts first Development Contributions Policy to fund growth-related infrastructure
2014	Development Contributions Policy 2013 is amended to suspend development contribution charges. (Development Contributions Policy 2015 – current). Response due to the post-Global Financial Crisis negatively impacting development activity.
2014-2022	Development Contributions Policy 2015 remains unchanged through its two statutory reviews. Council relies on Financial Contributions and Development Agreements for infrastructure requirements (note only 2 significant developments have entered into Development Agreements and Financial contributions were only taken for reserves and carparking as per the Financial contributions Policy in the District plan)
2021-2031 Long Term Plan review	Development Contributions Policy 2015 reviewed as part of the Revenue review. Council commits to reintroduce development contributions.
16 December 2021	Council resolves to amend the Development Contributions Policy 2015 for the 2024-2034 Long Term Plan
June 2022	Growth projections reviewed to inform future infrastructure needs

2023	Three Waters reforms introduced by Central Government prevent application of development contributions to three waters infrastructure. Council had insufficient evidence for other infrastructure assets to include in a Development Contributions Policy.
17 February 2024	Central Government repeals Three Waters legislation. Council regains development contributions powers for waters infrastructure.
14 March 2024	Council approves development of a draft Financial Contributions chapter for the District Plan that will progress as a plan change following the Proposed District Plan adoption.
March – June 2024	Staff prepare and internally review infrastructure projects to inform the draft Development Contributions Policy. Draft Development Contributions Policy reviewed internally by staff – best practice
12 June 2024	Elected members provide feedback on draft Development Contributions Policy at Council workshop
14 November 2024	The Development Contributions Policy Review report presented to Council. Council resolves to develop a new Policy rather than amend the Development Contributions Policy 2015 (res: 2024/158).
November 2024 – July 2025	Staff prepare a new draft Development Contributions Policy for public consultation.
11 March 2025	Elected members provide feedback on a draft Development Contributions Policy direction at Council workshop
July 2025	Council considers the Draft Policy for public consultation using a section 83 LGA process.

The proposed draft Policy has been developed in alignment with recent Council decisions and historical directions (Table 1).

The proposed draft Policy, is statutorily compliant with the LGA, addresses the Policy issues identified in the review of the current 2015 Development Contributions Policy, and complies to Council directions.

The proposed draft Policy establishes a transparent and robust framework that achieves legislative compliance and addresses the Policy issues found through the review of the Development Contributions Policy 2015.

2. How the draft Policy supports Council to achieve its statutory obligations under the LGA.

The draft Policy aligns and supports Council to achieve its obligations under the purpose of Local Government¹, financial responsibilities², and the principles relating to local authorities³ under the LGA in the following ways:

Section 10 LGA: Purpose of Local Government

To “*enable democratic local decision-making and action by, and on behalf of, communities and promote the social, economic, environmental and cultural well-being of communities in the present and for the future*”.

a. Enabling Democratic Local Decision-Making

The proposed draft Policy must be adopted by Council resolution and requires public consultation in accordance with either section 82 or 83 of the LGA⁴. These statutory consultation processes include opportunities for formal written or verbal submissions and the transparent reporting of results to the community.

Public involvement is further enabled through regular reviews triggered at least triennially or in alignment with the Long Term Plan (LTP), giving the community repeated and meaningful opportunities to influence decision-making related to infrastructure funding, prioritising and growth.

b. Promoting Community Well-being

The proposed draft Policy ensures that the costs of growth-related infrastructure are met by those who create the demand, rather than existing ratepayers. This principle supports economic and social well-being by providing the infrastructure necessary for a thriving, inclusive community.

By funding necessary infrastructure, needed to support new housing, business, and community facilities, the proposed draft Policy will enable Council to deliver good-quality local services and amenities. This approach ensures that the needs of both current and future residents identified in the community outcomes of the LTP are met, supporting long-term social, environmental, and cultural well-being of communities.

The proposed draft Policy sets out, in clear and accessible terms, how DCs are calculated, what they fund, and how they benefit the community. Regular reporting and public availability of Council’s strategic documents including the Schedule of Charges and funded projects contained in the proposed draft Policy ensure that decision-making remains transparent and accountable, supporting informed participation and decision-making by all stakeholders.

Section 101 LGA: Financial Management

Under section 101 LGA, Council must manage their financial affairs prudently and in a way that promotes the current and future interests of their communities, including considering equitable allocation of costs and the distribution of benefits when setting funding and financial policies.

a. Prudent Financial Management

The proposed draft Policy establishes a framework for prudent financial management by ensuring that the costs of growth are shared fairly between developers and existing ratepayers. It integrates DCs into Council’s LTP, financial strategies, and Infrastructure Strategy ensuring sustainable and aligned infrastructure funding.

¹ [Section 10 Local Government Act 2002](#). *Purpose of Local Government*

² [Section 101 Local Government Act 2002](#). *Financial Management*

³ [Section 14 Local Government Act 2002](#). *Principles relating to local authorities*

⁴ The different statutory consultation processes will be dependant of the level of significance the decision has, determined by [Council’s Significance and Engagement Policy 2021](#).

This alignment is supported by regular review and adjustment of key assumptions and the Schedule of Assets to ensure ongoing relevance and fiscal responsibility.

b. Fairness, Equity and Intergenerational Responsibility

The proposed draft Policy promotes fairness and equity through a transparent cost allocation methodology base on Household Unit Equivalents (HUEs). Proposed provisions for exemptions and credits⁵ further support equitable outcomes. Intergenerational equity is maintained by linking DC charges to demand and capacity usage, ensuring that both current and future beneficiaries contribute appropriately to the cost of growth.

c. Transparency and Accountability

All calculations, assumptions and Schedules of Fees and Assets are made available for public inspection in the proposed draft Utu Whakawhanake – Development Contributions Policy 2025, supporting transparency and accountability in financial management.

Transparency is further enhanced through public availability of all Policy calculations, supporting data, and reporting on how DCs are spent. The Council will regularly publish updates on DCs collected and infrastructure projects funded, ensuring accountability and empowering public scrutiny. The clear documentation of decision-making processes and Schedules will help build stakeholder trust and support ongoing effective engagement.

d. Equity, Affordability, and Exemptions

In considering the proposed draft Policy for the Far North District, it is essential to recognise the District's unique demographic and cultural context. The Far North has one of the highest proportions of Māori residents in New Zealand, and the Council acknowledges its statutory and moral responsibility to support equitable and affordable development outcomes for low growth areas and Tangata Whenua within its District.

d.1. Equity and Affordability for low-growth communities

Council has addressed equity and affordability by relying on quantitative data, such as population projections and demographic information to determine how much and where DCs should apply. In areas identified as having low or no projected growth, the Council also considers qualitative evidence of local development or housing initiatives to inform cost allocation. This approach helps ensure that DC charges remain proportionate for low-growth communities, supporting continued development rather than creating prohibitive costs that could discourage investment or stall progress.

d.2. Consistent Application of Payment Terms to Ensure Fairness

The proposed draft Policy does not provide for delayed payments of DCs. However, it proposes that payment plans may be considered as part of Council's debt recovery processes. While such payment plans may support flexibility in DC recovery, the proposed draft Policy does not provide for formal postponement or remission of DCs.⁶ This approach is intended to ensure the timely recovery of growth-related infrastructure costs for Council's fiscal purposes, while enabling development activity to proceed.

⁵ Particularly for Māori land and papakāinga housing developments.

⁶ Except in extraordinary circumstances.

d.3. Exemptions

Exemptions contained within the proposed draft Policy are limited and tightly defined. Infrastructure works initiated by Council are exempt from DCs, as are developments by Central Government departments⁷, however, Crown Entities⁸ and State-Owned Enterprises⁹ must pay.

Equity is also addressed in the proposed draft Policy by including exemptions for Māori land and papakāinga housing developments.¹⁰ This is a discretionary decision of Council and responds to its obligations set out in section 102(3A) of the LGA. This section requires Council to support the principles of the preamble of Te Ture Whenua Maori Act 1993, which places significant emphasis on the retention, occupation, and development of Māori land for the benefit of its owners, their whānau, and Hapū.

Historically, Māori land has faced significant legal and procedural barriers to development that are not encountered with general land titles not administered by Te Kooti Whenua Māori – The Māori Land Court. These challenges have included issues of multiple ownership structure, access to finance, and land tenure, all of which have limited Māori capacity to utilise their land for housing and community purposes. The DC exemption in the proposed draft Policy is designed to reduce some of the enduring structural disadvantages, promote housing accessibility, and enable Māori to realise the collective and intergenerational aspirations attached to residing on their whenua. It honours Council's obligations under the Treaty of Waitangi to provide partnership, participation, and protection, and works towards better supporting Māori social, cultural, and economic wellbeing through removing barriers to housing development on Māori Land.

It must be noted that the exemption is not based on the ethnicity of the landowner but is tied to the unique legal status of Māori land under Te Ture Whenua Maori Act 1993, and the directions provided within the LGA. Developments on general land¹¹, do not face the same historic, financial or statutory constraints and therefore are not eligible for this exemption.

To ensure fairness, the exemption does not extend to commercial, industrial, or other non-residential activities undertaken on Māori land. Commercial or industrial developments, regardless of land status will be required to pay DCs under the proposed draft Policy. This distinction maintains the integrity of the draft Policy's exemption which is to support papakāinga and housing development on Māori land for the benefit of Māori communities, rather than subsidising commercial or industrial enterprise.

The analysis, undertaken using Council's statutory obligations, and key strategic documents, whilst considering both objective and subjective evidence, determined that an exemption as opposed to a remission or postponement, offers the greatest levels of certainty, predictability, and transparency for the Policy and the public. This approach provides compliance with the statutory Policy requirement under section 102(3A) of the LGA and alignment with Council's strategic directions. Unlike remissions and postponements, exemptions do not permit discretionary decision-making during the implementation of the Policy. This guarantees the consistent application of Policy provisions and provides security for Council's future financial forecasting.

⁷ Section 8 Local Government Act 2002 – Crown is not bound by the Local Government Act 2002. As a result, government departments that are classified as part of the Crown – such as government departments responsible for health, education, Police and other responsible for supplying civic infrastructure are exempt from DCs.

⁸ Examples of Crown Entities are: Kāinga Ora, Health New Zealand (Te Whatu Ora), Tertiary education institutions such as Universities, Wānanga, and Polytechnics etc.

⁹ Examples of State-Owned Enterprises are: KiwiRail, Power companies, Landcorp, New Zealand Post (including Kiwibank) etc.

¹⁰ This acknowledges the importance of housing accessibility and the principles of the Te Ture Whenua Maori Act 1993 / Maori Land Act 1993, by removing financial barriers to developing housing on whenua Māori.

¹¹ Excluding general land titles held by Māori under Te Kooti Whenua Māori - Māori Land Court.

While the proposed draft Policy has included these exemptions for Māori land and papakāinga developments, it is acknowledged that targeted consultation with Māori stakeholders was not undertaken during the Policy drafting stage. Recognising that partnership with Māori is a cornerstone of local government decision-making, the current formal consultation process is viewed as a critical opportunity for Iwi, Hapū, and Māori landowners to provide feedback. Their insights will help shape the final Policy and any future implementation.

Section 14 LGA: Principles Relating to Local Authorities

Under section 14 LGA, Council is required to act in an open, transparent, and democratically accountable manner while considering the diverse needs of their communities. They must ensure prudent stewardship of resources, take a sustainable development approach, and promote the social, economic, environmental, and cultural well-being of both current and future generations.

a. Transparency and Accountability

The proposed draft Policy is detailed in the methodology, assumptions, and legislative context for DCs, ensuring that stakeholders can scrutinise Council's decisions.

Regular review cycles and associated public consultation as mandated by the LGA, ensure ongoing community engagement and responsiveness to changing needs.

The effectiveness of the Policy will be measured through regular analysis of growth forecasts verses actual development and the success of infrastructure projects funded by DCs. Key performance metrics, such as infrastructure delivery timelines and satisfaction among developers and the public, will also be tracked.

Scheduled reviews will assess affordability, equity, and alignment with community aspirations, ensuring the Policy adapts to changing circumstances.

b. Sustainable Development

The proposed draft Policy rationale for funding growth through DCs is robust. It promotes sustainable development by using catchments and project specific allocation to ensure the costs of growth are shared fairly between developers and the wider community. This approach further supports intergenerational equity, sustainable and equitable funding for growth-related infrastructure.

c. Community Well-being

The proposed draft Policy crosslinks to the LTP and ensures that infrastructure and growth funding remain anchored to broader social, economic, environmental, and cultural objectives identified through community engagement.

d. Prudent Stewardship and Efficient Use of Resources

The proposed draft Policy requires periodic reviews and updates, transparent cost attribution, and efficient use of capital which all contribute to stewardship and efficient resource management in line with section 14 of the LGA.

The proposed draft Policy is structured to directly support Council's obligations under sections 10, 101, and 14 of the LGA. It embeds principles of transparency, equity, sustainability, and prudent financial management throughout its provisions, ensuring that the Council's approach to funding growth-related infrastructure is robust, fair, and legally compliant.

3. What is a development contribution?

A DC is a charge imposed by councils on developers who are creating new subdivisions, or new buildings or when a new service connection is required. These charges help to fund the infrastructure required to support growth. This includes Council assets like roads, water supply, wastewater, stormwater, parks and community facilities. DCs are governed by the LGA.

The purpose of a development contributions Policy is to ensure that the costs of growth are shared fairly between developers and the wider community, in accordance with the LGA. They are linked directly to the demand that new developments place on Council infrastructure.

a. Development Contributions vs Financial Contributions

It is important to distinguish between DCs and Financial Contributions (FCs). DCs are enabled by the LGA and are intended to fund infrastructure required for growth. In contrast, FCs are made under the Resource Management Act 1991 (RMA) and are designed to address the direct environmental effects of a particular development. FCs are used to avoid, remedy, or mitigate adverse environmental effects, often as a form of offset or compensation. They are used to ensure that the costs of mitigating these effects are shared fairly and not imposed on the wider community.

TABLE 2: Comparison Table between DCs and FCs

	Development Contributions	Financial Contributions
Enabling Act	Local Government Act 2002	Resource Management Act 1991
Purpose	Find growth-related infrastructure	Mitigate / offset environmental effects
Imposed by	Council	Council and Regional Council
Trigger	Subdivision, building, or service connection	Resource consent application
Calculation basis	Share of growth-related costs	Environmental effects, as per plan
Policy integrations	Must align with the Long Term Plan and Asset Management	No required integration with asset management.

4. Key Elements of the proposed draft Policy

a. Purpose and Scope

The purpose¹² of the proposed draft Policy is to enable Council to recover a fair, equitable, and proportionate share of the capital expenditure required to service growth in the Far North District. It will apply to developments that generate additional demand for infrastructure, including subdivisions, new buildings and changes in land use.

The proposed draft Policy covers three main categories of infrastructure:

- Network infrastructure: roads, water supply, wastewater, and stormwater
- Reserves: parks and sports fields; and
- Community infrastructure: libraries, public toilets and playgrounds as examples¹³.

¹² Section 197AA Local Government Act 2002

¹³ Section 199 Local Government Act 2002

Any development that creates a new or increased demand on this infrastructure (whether residential or non-residential) may be subject to a DC, including those requiring subdivision consent, building consent, or service connections.

The proposed draft Policy will directly impact developers by establishing a fair, predictable framework for infrastructure funding, allowing for clearer project planning. For existing ratepayers, it reduces the burden of funding new infrastructure primarily from rates, promoting equity. The wider community will benefit from improved public amenities and a funding approach that anticipates and accommodates future growth.

Affordability has been a core consideration, particularly with exemptions for Māori land titles, while incentives for development are maintained through clear, upfront charges and regular Policy review to reflect prevailing economic conditions.

b. Statutory Framework of a Development Contributions Policy

The proposed draft Policy has been developed in accordance with the LGA specially sections 102, 106, 197-211, Schedule 13 and Schedule 13A.¹⁴ If the Council intends to collect DC, it is required to adopt a DC Policy that complies with these statutory requirements. Under the LGA, the proposed draft Policy must be consulted on before being adopted.

Key legal requirements for DC Policy content include:

- Provision/s that give effect to the principles of the Preamble to Te Ture Whenua Maori Act 1993 / Maori Land Act 1993¹⁵
- Clear methodologies for calculating DCs
- A Schedule of DC charges
- Processes for developers to object or seek reconsideration of their DC assessments
- A Schedule Assets¹⁶ that include the identified growth-related projects from Council's LTP and Infrastructure Strategy.

c. Wider statutory framework

The proposed draft Policy sits within a wider statutory framework and is summarised in the table below:

Table 3: Wider Statutory Framework

Framework Element	Key Statute / Instrument	Purpose / Role	Effect on DC Policy
DC Policy	Local Government Act 2002	Main statutory authority and requirements for DC Policy contents	Enables the creation, amendment and power to require and collect DCs for growth-related infrastructure
Financial Contributions Policy	Resource Management Act 1991	Alternative funding mechanism via resource consent conditions	Must ensure there are clear Policy boundaries to avoid 'double dipping' and that financial contributions address environmental mitigation resulting from the development.

¹⁴ The legislative framework is located in Part G of the proposed draft Utu Whakawhanake – Development Contributions Policy 2025

¹⁵ Section 102(3A) Local Government Act 2002

¹⁶ Section 201A Local Government Act 2002

Land Acquisition	Public Works Act 1981	Governs compulsory/negotiated land acquisition for infrastructure	Governs the process for Council acquiring land for public works (including infrastructure funded by DCs), ensuring fair compensation and due process.
Reserve Management	Reserves Act 1977	Applies to land vested as public reserve	Applies when land acquired or vested through DCs is designated as a public reserve, setting requirements for classification, management and use.
Long Term Planning	Councils LTP	Integrates DC Policy with Council's strategic and financial planning	The DC must be integrated with Council's LTP, which sets out Long Term infrastructure strategies, funding needs, and community priorities.

d. Calculation Methodology

DCs are calculated using a unit of measurement known as the Household Equivalent Unit (HUE), which reflects the demand an average house places on infrastructure (Clause 20: Tables 1-4). The assessment process involves identifying the relevant catchment and type of development, calculating the number of HUEs generated, apply any credits for existing or previous land use and multiplying the net Hues by the relevant charges for each infrastructure activity listed in the Schedule of Fees (clause 19).

e. Schedule of Charges/Fees and Assets

The proposed draft Policy includes a detailed DC Fees Schedule¹⁷ by infrastructure activity and catchment areas, (clause 19) as well as a Schedule of Assets (Section 1) to be funded through DCs. These charges are set per HUE and are regularly reviewed to account for updated cost estimates and changes to projected growth.

f. How are the charges set in the Fees schedule? (Clause 19)

The proposed draft Policy fees schedule is determined by using the Growth, Funding and Cost Allocation Models.

f.1. Growth Model: Quantifies Demand

- The growth model forecasts how much and where growth will occur (e.g., new dwellings, commercial developments).
- It estimates the number and type of developments expected over a defined period of time and in specific catchments.
- This model is used to calculate the *demand* for new or upgraded infrastructure, expressed in HUEs or similar units.
- The Growth Model answers: *How much new or upgraded infrastructure is needed, and who is creating the demand.*
- Role in Cost Allocation: Identifies the scale and additional infrastructure capacity required solely due to growth

f.2. Funding Model: Allocates cost and sets DC fees

- The funding model determines how the cost¹⁸ of growth-related infrastructure is distributed between different groups (e.g., developers, existing ratepayers, and future ratepayers)

¹⁷ Section 202 Local Government Act 2002

¹⁸ Costs also include an interest component. Interest rates are informed and calculated on the "growth component" of a project using Council's Revenue and Financing Policy found in the Far North District Council, [Te Pae Tata – Three Year](#)

- The model allocates the capital costs of a new/upgraded piece of infrastructure/asset between:
 - Growth (funded by DCs)
 - Existing demand (funded by rates and other sources)
- The Funding Model applies the cost allocation to the demand calculated by the growth model and sets the actual DC fees.
- The Funding Model answers: Who pays for what share of the infrastructure, and how much does each development pay?
- Role in Cost Allocation: Assigns the appropriate share of projects costs to each band (growth, renewal, backlog) based on causation and benefit.

f.3. Cost Allocation Methodology: “The Bridge”

- Cost Allocation is the critical link between growth modelling (forecasts demand) and the funding model (which determines who pays for the infrastructure).
- The Cost allocation model ensures that costs are distributed fairly between new development (growth), existing users (renewal) and, where relevant, backlog (addressing historic shortfalls).

These are the fundamental elements that go into calculating development contributions. Interest is another component and is set by the Revenue and Financing Policy adopted as part of councils Long Term Plans. GST is added once the DC charge has been finalised.

[Long Term Plan 2024-2027](#). The interest is calculated over the time expected for Council to recover the ‘growth component’ and forms part of the Funding model.

**Example:
Scenario 1**

- Town Z has a permanent residency population of 2000.
- Quantitative (Infometrics / Stats NZ) project only a population increase of 30 people over the next 30 Years.
- Average household size (NZ) is 2.7.
- Engineering analysis determines that Town Z water main replacement and upgrade will cost \$4,000,000 but will increase the capacity from 2000 to 2,500 people.
- The driver for the water main project has been identified as 'Renewal' and 'Growth'.

Calculations: Estimated population increase ÷ NZ Avg. household size = Growth
 $30 \div 2.7 = 11$ new households (Growth model)

Project drivers = Growth share as per Cost Allocation Table bands (blue sections in the table below)
 Renewal and Growth (Cost Allocation model)

Growth share ÷ new growth HUEs = DC charge per HUE
 $\$400,000 \div 11 = \$36,363.60$ per HUE (Funding model)

Scenario 2 below, uses the same information contained in **scenario 1** apart from the population projection data used to determine the levels of growth is qualitative.

Quantitative data from Infometrics and NZ Stats shows that there is no projected population growth for Town Z. To ensure DCs remain fair, and affordable, Council has instead based the town's population projections on a planned 160-house residential development, as indicated and evidenced through recent resource consents and plan change applications over the next 30 years.

Calculations: 160 new houses (Growth model)
 ~~$\div 2.7$ NZ Avg. Household size = 59 new households~~

Drivers of project = Renewal and Growth (Cost Allocation Table)
 $\$400,000$ (10% Growth share) ÷ ~~59~~ = ~~\$6,779.70~~ 160 = \$2,500.00 per Hue (Funding model)

Example: Simplified DC calculation Table

Scenario	Project Cost	Growth share	Renewal share	Backlog share	Growth HUEs	DC Fee per HUE
Scenario 1	\$4,000,000	10% (\$400K)	85% (\$3.4 M)	5%(\$200K)	11	\$36,363.60
Scenario 2	\$4,000,000	10% (\$400K)	85% (\$3.4 M)	5%(\$200K)	59 -160	*\$6,779.70 \$2,500.00

*Corrections made 6/8/2025

Disclaimer:

These examples are for demonstration only, to illustrate how growth modelling, cost allocation, and funding models interact in calculating DCs. They are simplified to aid understanding and do not represent actual Council policies or financial advice, nor do they include interest components or GST.

5. Development contribution fees - Comparative analysis

For completeness a comparative analysis has been completed to provide context, evidence, and benchmarking to support the proposed draft Policy proposed DC charges (clause 19). Comparing Council's approach to developing its DC charges with that of similar councils helps ensure that the proposed draft Policy is:

- *Reasonable and proportionate* when compared to other councils facing similar growth, geographic and infrastructure funding challenges;
- *Defensible* in the event of objections, or legal scrutiny by showing that the charges and methodology are broadly consistent with sector practice;
- *Transparent and equitable*, ensuring that DCs reflect fair cost recovery principles across different infrastructure activities and locations;

By benchmarking the proposed DC charges and methodologies across a relevant set of councils, Far North District Council can better ensure that its Policy strikes the right balance between supporting growth, funding infrastructure sustainably, and maintaining affordability and fairness for developers and communities.

Justification for Comparative Analysis – Council selection

The selection of Kaipara, Whangārei, Central Otago, Queenstown Lakes, Hastings, and Tasman District Council's for DC charges comparison with the Council's proposed draft Policy is based on geographic, demographic, rating base, and DC Policy comparability.

Regional and demographic comparability:

Kaipara and Whangārei District Councils

Both are immediate geographic neighbours in Northland. Comparing against them is essential because we share similar infrastructure challenges, regional economic drivers, and variabilities due to their proximity. Northland councils have overlapping development pressures and often serve rural and semi-urban populations, aligning their DC Policy context with Council's proposed draft Utu Whakawhanake – Development Contributions Policy 2025.

Queenstown Lakes and Tasman District Councils

These districts have a comparable in land area, dispersed rating base, and face significant tourism related growth. Both councils, particularly Tasman, closely match Council's land area and rating base, the most direct comparators for geographic spread and rural servicing costs. Queenstown Lakes also mirrors Council in managing growth while balancing urban and rural needs.

Central Otago District Council

This council was chosen as it features a large area, modest but growing population, and a rural-urban mix like the Far North District. This allows benchmarking of policies in setting with challenging infrastructure extension requirements.

Hastings District Council

Hastings is notable for being another large, mixed urban-rural council outside Northland, frequently reference as a case study for its comprehensive DC Policy and the inclusion of multiple infrastructure assets. Its experience with balancing agriculture, residential, and commercial demands provides a useful point of reference for Council, which is also working through growth and diversification.

Land area and rating base comparability:

Most of these councils either match Far North District in land area ($\pm 50\%$) or have a similar dispersed and moderately sized rating base. This means that their Policy decisions must account for high infrastructure costs spread over a large land area and a relatively limited pool of ratepayers¹⁹.

Variation in growth dynamics:

The group of councils chosen, captures a spectrum of growth contexts

- Queenstown Lakes²⁰ and Hastings District²¹ Councils manage intense growth and the resulting infrastructure pressures.
- Tasman²² and Whangārei²³ District²⁴ Councils are more rural but still contend with steady population increases or seasonal swings.
- Kaipara²⁵ and Central Otago²⁶ District Council's experiences with dispersed population centres echo Council's own demographic and service network.

Context for Māori population benchmarks

Although the councils selected for comparison share similar geographic and infrastructure characteristics with the Far North District, it is important to acknowledge that Far North stands out for its substantially higher proportion of Māori residents.

This demographic distinction is significant, as it brings a unique cultural, equity and community engagement considerations that are not present to the same extent in the comparator councils. As such, while benchmarking DCs against these councils provides valuable insights, Councils Policy decisions must also be interpreted and where appropriate, tailored in recognition of its specific catchment profile and obligations to Māori.

Table 4: Average DC charge per HUE/Activity – Council Comparison

District Council	Average DC charge per Activity				
	Water supply	Wastewater	Stormwater	Average DC charge	Difference
Kaipara	\$4,638.30	\$27,322.20	\$7,571.00	\$37,531.50	\$6,123.00
Whangārei	\$11,833.90	\$4,309.40	Other funding ²⁷	\$16,143.30	(\$15,265.2)
Central Otago	\$10,813.85	\$9,241.80	Other funding ²⁸	\$20,055.65	(\$11,353.20)
Queenstown Lakes	\$9,830.60	\$11,607.10	\$3,454.90	\$24,892.60	(\$6,515.9)
Hastings	\$3,934.00	\$17,097.00	\$5,784.00	\$26,815.00	(\$4,593.50)
Tasman	\$10,321.30	\$18,902.60	\$18,902.60	\$56,141.00	\$24,732.50
Far North	\$8,574.00	\$29,571.00	\$136.00	\$38,281.00	\$6,873.00
Average mean	\$8,563.40	\$16,864.40	\$7,169.70	\$31,408.50	

¹⁹ Key factors that influence both the structure and justification of DC charges.

²⁰ Queenstown Lakes District Council (May 2025): [Queenstown Lakes District Demand Projections](#).

²¹ Hastings District Council (June 2023): [Strategic Growth Infrastructure Solution Review](#).

²² Tasman District Council (2024): [Tasman Growth Projections 2024-2054](#).

²³ Whangārei District Council (2024): [Whangārei Future Development Strategy](#) – A roadmap for growth over the next 30 years

²⁴ Infometrics: [Population Projections - Whangārei District](#).

²⁵ Kaipara District Council (July 2024): [Long Term Plan 2024-2027](#)

²⁶ Central Otago District Council (June 2025): [Taking the Journey Together – Te haere tahi. 2025-2034 Long Term Plan](#)

²⁷ Whangārei District Council funds its Stormwater activities through Financial Contributions.

²⁸ Central Otago District Council funds its Stormwater activities through a mixture of general and targeted rates.

Calculation Methodology Used for Table 4

Average DC charges per Activity were calculated by summing DC fees for each Activity across all catchments within a council. Then dividing the total by the number of catchments assigned a charge for that activity. Only catchments with an applicable fee were included, providing a true per-Activity mean to overcome the variation of charges between catchments of the councils. This supports robust benchmarking between diverse councils.

Analysis results

The analysis concludes that the proposed DC charges Schedule²⁹ are well founded and comparable to similar councils. The proposed water supply charge aligns closely with the comparator average, indicating a sound, evidence-based approach. The nominal stormwater charge reflects the single project with a small cost allocated to growth.

Wastewater DC charge

The proposed wastewater DC charge is the highest among all councils, reflecting the scale of investment required to upgrade wastewater infrastructure in Kerikeri, Kaikohe and Kawakawa.

The total cost of these upgrade is approximately \$87 million, of which \$43 million is attributable to anticipated growth-related demand and is therefore recoverable through DCs.

While Kerikeri is experiencing measurable growth, quantitative modelling indicates little to no projected population increase in Kaikohe and Kawakawa. In these catchments, investment is primarily driven and justified by qualitative³⁰ population projections to demonstrate need and justification for investment.

Analysis Conclusion

The proposed DC charges are justified and consistent with established best practice in transparent benchmarking and Policy development.

When assessed against charges set by comparable councils, the overall contribution levels are reasonable and not excessive, particularly when the specific factors driving the higher wastewater charge are considered.

The elevated wastewater component reflects essential infrastructure investment and the use of qualitative demand projections in areas with limited quantifiable growth. This does not render the total proposed charge disproportionate; rather, it underscores the need for clear Policy rationale and effective stakeholder communication.

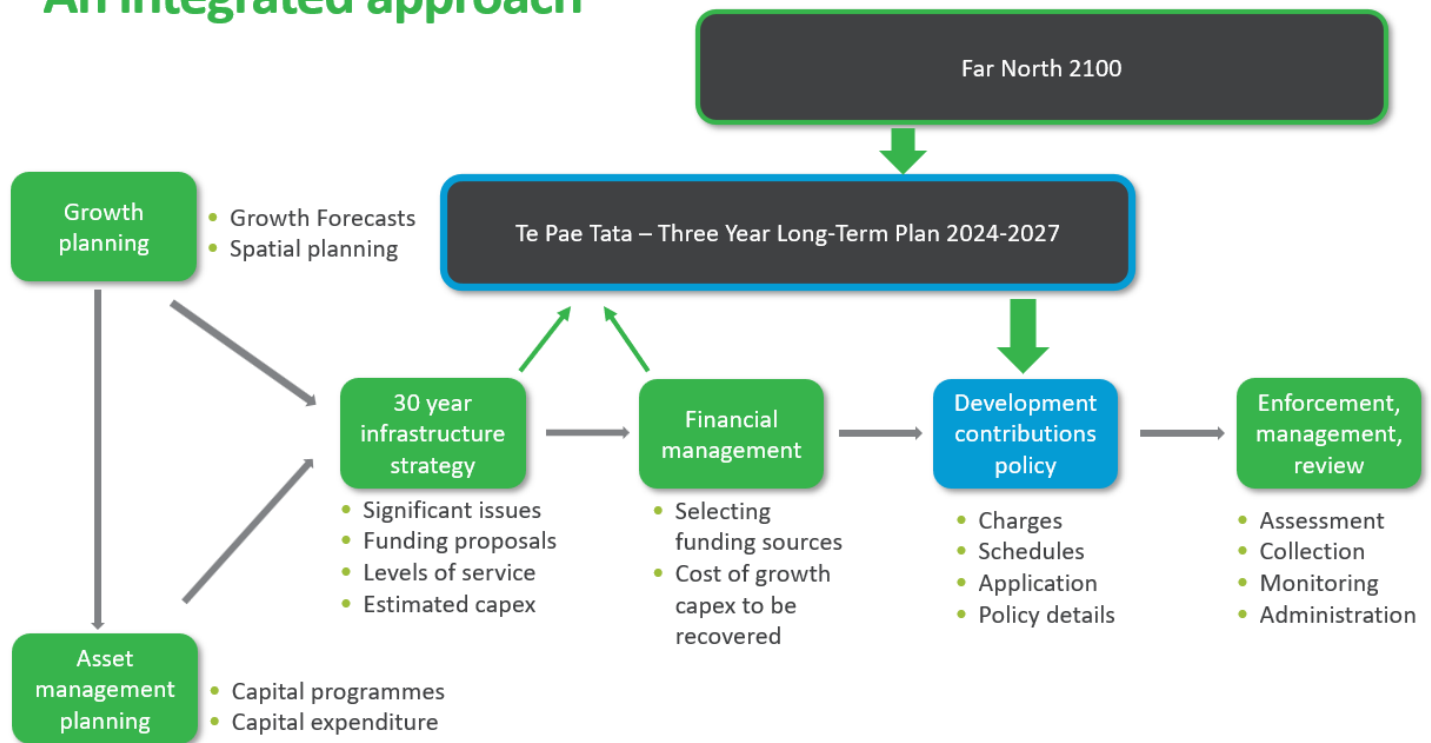
6. Alignment with Council's Strategic Documents

The proposed draft Policy is intentionally structured to align with Councils strategic documents and supports consistency of Council direction and can be seen in the diagram below. Table 4 demonstrates the clear mapping of Policy clauses to the strategic objectives and directions of all documents, ensuring that infrastructure funding and planning for growth are coordinated, sustainable, and responsive to community needs.

²⁹ Clause 19 of the proposed draft Utu Whakawhanake – Development Contributions Policy 2025.

³⁰ Population projections were modelled using planned housing developments known to Council for these areas, and central government funding.

An integrated approach



Far North 2100 is the district's long-term vision, setting strategic objectives around community well-being, sustainable prosperity, stewardship, resilience, and partnership with Māori.

Te Pae Tata – Three Year Long Term Plan 2024-2027 (TPT-LTP) sets the Council's immediate priorities, financial strategies, and infrastructure delivery for 2024-2027, with a strong focus on resilience, recovery and sustainable growth.

The *Infrastructure strategy* adopted as part of the TPT-LTP sets out how Council will manage, maintain, and invest in the District's core infrastructure over the medium and long term. The current strategy has a five-year planning horizon, with a focus on recovery and laying the groundwork for sustainable resilient growth in the future.

Te Pātukurea– Kerikeri Waipapa Spatial Plan (Spatial plan) is developed to guide the future growth, land use, and infrastructure investment in the Kerikeri and Waipapa catchment area. It sets a long-term vision for how these areas will develop, ensuring growth is sustainable, coordinated, and aligned with the aspirations of current residents, tangata whenua, and wider District.

The proposed draft Policy is intentionally structured to align with Councils strategic documents to provide consistency of Council direction. Table 5 demonstrates the clear mapping of Policy clauses to the strategic objectives and directions of all documents, ensuring that infrastructure funding and planning for growth are coordinated, sustainable, and responsive to community needs.

Table 5: The proposed draft Policy alignment with Councils strategic documents

The proposed draft Policy (Part/clause)	Alignment with Far North 2100	Alignment with Te Pae Tata-Three-Year Long Term Plan 2024-2027	Alignment with Te Pātukurea–Kerikeri Waipapa Spatial Plan	Alignment summary
About this Policy/ Purpose/ Policy Objectives (Part A: clauses 4-5)	- Advances four well-being's - Promotes equity	- Funds growth infrastructure - Supports community well-being - Ensures fairness and transparency	- Supports sustainable growth - Aligns with projected population and well-being focus	Establishes fairness, transparency, and well-being as core drivers; ensures growth pays for growth and supports strategic priorities.
Statutory Context (Part A: clause 7)	Supports long-term vision, stewardship, and evidence-based planning	- Integrates with the TPT-LTP and Infrastructure Strategy - Ensures statutory compliance	Integrates with spatial plan and growth projections	Embed the Policy 2025 within Council's strategic and long-term planning framework.
Policy Review and Consultation (Part A: clause 8; and Part E: clauses 28-29))	- Enables adaptive management and continuous improvement - Enables democratic participation and partnership with Iwi/Hapū.	- Requires regular review - Mandates public consultation - Requires community engagement and transparent decision-making	- Ensures ongoing alignment with spatial plan objectives - Involves hapū and stakeholders in ongoing community consultation	Maintains alignment with evolving community priorities and strategic direction Requires public and Māori engagement in Policy review, aligning with participatory and partnership objectives.
Activities for which DCs are charged (Part B: clause19)	Supports resilient infrastructure, economic growth, and community well-being	Funds core infrastructure (water, wastewater, stormwater, transport)	Funds infrastructure for growth areas and urban change	Directly funds TPT-LTP and spatial plan-identified growth infrastructure, enabling sustainable development
Test for development (Part B: clause 15)	Promotes equity and intergenerational fairness	- Ensures growth-driven infrastructure - Protects existing ratepayers	Links to growth areas and sequencing in spatial plan	Ensures only developments that create demand contribute, supporting equity and fairness.
Assessment and HUE Methodology (Part B: clause 17, Land Use Activity Tables)	Enables data-driven, evidence-based planning	Provides evidence-based transparent demand assessment	Reflects growth projections and housing typologies	Uses robust modelling and transparent assumptions for

				infrastructure and growth planning.
Tangata Whenua Development – Residential Activity (Part B: Clause 17.h; and Exemptions in Part F: clause 32)	- Advances Te Ao Māori, Partnership, cultural well-being, and equity. - Empowerment of Māori communities	- Partners with Māori - Enables papakāinga and whenua Māori housing.	Supports tangata whenua aspirations, supports affordable housing and cultural values in land use.	Exempts housing and papakāinga developments on Māori land and from DCs, supporting partnership, equity, and cultural well-being.
Schedule of Assets and Catchment Areas (Sections 1 and 2)	Supports place-based planning, sustainable prosperity, and resilience	Links directly to TPT-LTP capital works and asset management schedule and programmes	Funds infrastructure for identified growth areas and catchment-based planning	Ensures DCs fund TPT-LTP and spatial plan prioritised projects and spatially targeted infrastructure
Remissions, Postponements, Refunds (Part D: Clauses 25-27)	Advances equity, stewardship, and adaptive management	Provides flexibility and fairness	Supports affordable and responsive development	Offers mechanisms of fairness and adaptability in changing circumstances
Development Agreements (Part F: clause 30)	Encourages innovation, collaboration, and economic development	Enables flexibility and partnership with developers	Supports bespoke infrastructure solutions for complex developments	Enables negotiated solutions for infrastructure delivery, supporting innovation and partnership
Rationale for Funding Growth (Part H: clause 35)	Advances sustainable prosperity, stewardship, and intergenerational responsibility	Promotes prudent financial management and intergenerational equity	Ensures growth-related costs are met by beneficiaries	Allocates costs fairly between current and future residents, supporting long-term community well-being
Community Outcomes Reference (Part H: clause 36)	Supports social, economic, environmental and cultural well-being's	References TPT-LTP community outcomes: healthy, safe, connected, sustainable, prosperous communities	Promotes well-being, resilience, and connected communities	Direct reference to TPT-LTP and FN 2100 outcomes ensures Policy 2025 supports strategic community outcomes.
Transparency of Funding (Part H: clause 40)	Enables accountability, evidence based decision-making, and continuous improvement	Provides open, accessible information on charges, assets, and methodology	Supports public reporting and transparent infrastructure planning	Promotes informed participations and monitoring, aligning with all plan's emphasis on transparency
Capital Expenditure and Schedule of Assets	Supports futureproofing, resilience, and	Funds growth-related capital works linked to the TPT-LTP and	Funds infrastructure for projected growth and sequencing of	Ensures DCs directly fund TPT-LTP and Spatial plan prioritised

(Part I: clause 42, and Section 1)	plan-based investment	Infrastructure Strategy	projects for demand	infrastructure, supporting sustainable and resilient communities.
---	-----------------------	-------------------------	---------------------	---

7. Risks and Limitations

While designed for fairness and sustainability, the proposed draft Policy faces several notable risks. There is a risk of under-recovery if actual growth does not meet projections, potentially resulting in funding shortfalls. On the other hand, excessive charges could disincentivise development, impacting District growth targets.

The modelling approach, although robust, is inherently subject to limitations based on available data and assumptions about future growth. The Council acknowledges these uncertainties and commits to monitoring trends, adapting the Policy as needed to ensure DC charges remain equitable and aligned with actual growth and infrastructure needs.

Table 6: Identified risks and mitigation approaches

Risk	Potential impact	Mitigation approach
Under-recovery of costs	Funding shortfall for infrastructure	Regular reviews, flexible adjustment of DC charges
Overcharging / developer exit	Slowdown in development	Benchmarking, ongoing consultation
Model limitations	Misaligned projections and DC charges	Periodic updates, validation against data

8. Conclusion

The proposed draft Policy provides a robust, transparent, and equitable framework for funding growth-related infrastructure in the Far North District.

It aligns with legislative requirements, best practices, and Council's strategic objectives, ensuring that the costs of growth are shared fairly and that infrastructure investment supports sustainable community development.

Through comprehensive consultation and regular review, the proposed draft Policy is designed to remain responsive to the needs and aspirations of the District's residents, developers and stakeholders.

Looking forward, Council will undertake formal public consultation on the proposed draft Utu Whakawhanake – Development Contributions Policy 2025, inviting feedback from communities, developers, and Iwi/Māori. Following consultation, submissions will be reviewed and the proposed draft Policy refined where appropriate before being considered for final adoption by Council.

The Council encourages all interested parties to participate actively to ensure the proposed draft Policy best meets the needs of the Far North District now and into the future.