LOCAL GOVERNMENT INFORMATION SERIES

ANALYSIS OF 2007/08 FINANCIAL CONTRIBUTIONS

2008/02
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Prepared for the Department of Internal Affairs by

SPM
Simplifying Asset Management
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Table of Contents

Introduction .................................................................................................................. 6
Purpose .......................................................................................................................... 6
Scope ............................................................................................................................ 6
Methodology .................................................................................................................. 7
  Contribution Taxonomy ................................................................................................. 7
  Contribution Values ...................................................................................................... 7
  Combined of Total Contribution Values ........................................................................ 8
Reserves ........................................................................................................................ 8
Other Data Sets Analysed ............................................................................................ 8
Analysis ....................................................................................................................... 8
  Growth ......................................................................................................................... 9
  Financial Contribution Policies ...................................................................................... 12
  Financial Contribution Activities .................................................................................. 14
  Financial Contributions Charges .................................................................................. 15
  Reserves ...................................................................................................................... 17
  Financial Contribution Revenue .................................................................................... 18
Additional Issues ......................................................................................................... 19
Conclusions .................................................................................................................. 20

Appendices
Appendix A - Data Extract Table
Appendix B - Policy Examples
The Department of Internal Affairs engaged SPM Consultants Limited to conduct a review of 2007/08 financial contributions in order to assess the variability and levels of financial contributions in use, and to undertake a preliminary analysis of the actual costs charged through the use of residential financial contributions. The project did not consider the particular merits of individual contribution policies; the methodology councils use to calculate demand; the actual costs for non-residential development; the relationship between actual costs and the total cost of new housing; or information about development contributions.

This report describes the taxonomy developed to categorise and describe financial contributions and the associated cost impacts. It describes the process of data extraction and collations necessary to gather the required information, and explores the trends and variations in financial contribution costs within councils and between different local government sectors. Following an initial review of the financial contributions, policies contributions were categorised for analysis as reserves, network infrastructure (transport, watersupply, wastewater, and stormwater), and community infrastructure (parks infrastructure, community services, other, and cash in lieu of parking).

The review found that most territorial authorities (70 out of 73) have a financial contributions policy. 42 of the 70 also have a development contributions policy. The quality of the available information meant it was not feasible to undertake a quantitative analysis, but the majority of the financial contributions policies are formula based.

The most persistent trends are for the larger territorial authorities and those with the highest growth rates to have development contributions policies. The smaller councils and those with low or negative growth rates are more likely to have financial contributions policies. They are also less likely to have an overlapping development contributions policy.

Based on the information available, the 73 territorial authorities are expecting to collect total revenue of $73.3 billion during the period from 2006 - 2016. It is unclear how much of this is made up of financial contributions revenue because of the way the information is presented and reported. In a number of cases it appears that financial contribution revenue and development contributions revenue are reported together, or financial contributions revenue reported as development contributions revenue.

The review found insufficient consistency in the way contributions were defined to allow any significant quantitative analysis. Based on the information provided it is however possible to show that the bulk of the territorial authorities charging financial contributions adopted a formulaic approach to the assessment of charges. Others presented a schedule of different charges relating to the location or catchment of the development. These varied from zero (where there is no charge for that activity) to one (for a single citywide charge) up to as many as 32 different catchments and charges for an activity.

Overall, while the Local Government Act 2002 (LGA 2002) attempts to cast financial contributions and development contributions in a similar frame, there are subtle and important distinctions between them which may explain why there is substantially less quantitative data available for financial contributions. Development contributions are principally a funding tool to recover a portion of the costs of growth. Financial contributions are sets of rules as a mechanism to mitigate the effects of growth. Development contributions tend to be lead by strategy, finance, or infrastructure, while financial contributions tend to be lead by the land-use or environmental planning groups.
Introduction

1. The analysis of 2007/08 financial contributions examines the way in which New Zealand’s councils have adopted the policy which was introduced in the Resource Management Act 1991. Financial contributions were introduced to provide local governments with the ability to collect funds required to connect new developments to infrastructure and to share the costs of the community infrastructure. The analysis looks at the range and levels of financial contributions for 2007/08 and the actual costs that are charged through the use of residential financial contributions. A taxonomy was produced which provided a template for the data extraction methods and a basis for this report. Initially the District Plans were examined for each council to determine whether or not they have a financial contribution policy and what activities they are currently charging contributions for. They were then examined further by looking at the variations in the basic methods that councils were charging within their catchments and across the community. Comparisons were also made between rural, provincial and metropolitan councils. This report outlines how financial contributions are being used and considers the reliance that councils have on them for funding.

Purpose

2. The primary purpose of this report is to gain a greater understanding of the use of financial contributions throughout New Zealand’s councils. More specifically, the report relates to the way in which the councils are using financial contributions and reporting on the cost of impacts both as a whole and for the individual components of the contributions.

Scope

3. Policy and scoping taxonomy: Council financial contributions policies as at 2007/08 were scanned and taxonomy developed for categorising and reporting on the cost impacts of the contributions as a whole and of the individual components of the contributions. Variations within individual council charges have been recognised by the collection of low, median and high charges across catchments where applicable. The data was collected in such a way that the analysis can be repeated at a later date for a comparison of charges over time.

4. Extraction and collation of data: Data was extracted from council financial contribution policies found in their District Plans which were provided by the Department of Internal Affairs. The data was extracted using the taxonomy outlined in this report.

5. Trend analysis: An analysis was undertaken of variations of financial contribution costs within councils and between different types of councils which were categorised by sector. Trends for all types of contributions were analysed and reported on with specific details analysed for residential contributions. Variations between actual costs and costs indicated in policies were also analysed.

6. Factors that are beyond the scope of this project include the methodology that councils are using to calculate demand; detailed analysis of the actual costs for non-residential development; the relationship between any actual costs identified and the total cost of new housing; and collection or collation of information about the LGA2002 contributions.

7. This project does not look at the merits of individual policies.
Methodology

8. The actual methodology used to collect and analyse the development contribution data is defined below.

Contribution Taxonomy

9. It was considered that the categorisation for the types of development contribution provided under the LGA2002, in section 199, three major categories of development contributions, were also appropriate for categorisation of financial contributions policies. The categories for analysis were further divided as follows:
   i. Reserves
      a. Reserves
   ii. Network Infrastructure
      a. Transport
      b. Water Supply
      c. Wastewater
      d. Stormwater
   iii. Community Infrastructure
      a. Parks Infrastructure
      b. Community Services
      c. Other
      d. Cash in Lieu of Parking

Contribution Values

10. For each of the nine categories listed above there are a number of contributions charged in each council depending on the location or catchment of the development. This varies from zero (where there is no charge for that activity) to one (for a single citywide charge) up to as many as 32 (the highest number of catchments found for a single activity).

11. Rather than attempt to correlate this numerically disparate data three values per activity - low, median, high, were assigned for each council,
   - Low: the lowest value and in many cases may be zero
   - Median: the simple numerical median of the charges for that activity (Note that there is insufficient data to develop a weighted median)
   - High: the highest for that activity

12. Within the District Plan the Financial Contributions Policy often does not state the actual charges for an activity or the areas for which an activity is charged. As a result of this, the Data Extract Table (Appendix A) was created incorporating a comment on the method which a council uses to calculate financial contributions. Many of these council policies imply that they charge “full actual costs”. We have recognised from local knowledge of councils actual financial contributions charges, that in reality this is not always the case. There are often financial contributions charges that are located in other sections of District Plans that can not be easily accessed. For this reason the table only shows what the costs appear to be from the council policy.
Combined of Total Contribution Values

13. Due to the differences in demand, infrastructure provision and capacity for different activities across a city or district the high value for one activity will not necessarily geographically align with the high value for another activity.

14. Taking these geographic differences into account the ‘Total Contribution - High’ would not necessarily be the sum of the high values for each of the nine activities.

15. A total contribution has not been determined as there is uncertainty as to the make up of the financial contributions charges. Financial contributions charges are the result of the resource consent process and are often negotiated or modified as an aspect of establishing the consent provisions.

Reserves

16. In many cases Financial Contributions Policies do not specify a numerical value for the contribution for reserves. Options for charging under this section of the policies is provided as follows:

- A percentage charge based on the land (or curtilage) value.
- Is there a fixed charge? If so, what?
- Is there are combination of fixed charge are variable rate? If so, what?
- Is there a local, catchment or citywide land valuation methodology?
- Is there a $/m² maximum cap? If so, what?

Other Data Sets Analysed

17. Statistics NZ Household Growth data from 1996 to 2021 was used as this is one of the main comparators of the residential financial contribution data. It is a far more effective global proxy for growth than raw population.

18. Analysis was also undertaken by comparing total contribution revenue against total capital spend.

Analysis

19. Some New Zealand councils retain the use of financial contributions to support the costs of development in the local area.

20. While some councils have allocated fixed costs to certain activities in particular areas, many of them appear to charge the actual cost of a particular development’s use of an activity. There are also a significant number of councils that use a formula that they have created to calculate costs. For these reasons the financial contributions for a development are often calculated on a case by case basis, therefore the data on variations in charges is limited and there is no ability to compare total charges between councils.

21. Only three councils list ‘cash-in-lieu’ of parking as a financial contribution. In general cash-in-lieu of parking is different in character from other infrastructure activities and is generally site specific and controlled under the District Plan. It is anticipated that other provisions in the District Plan will control charges or consent conditions relating to the provision of parking at a development site.

22. Despite 70 of the 73 councils with a financial contributions policy indicating the potential for detailed analysis there is a scarcity of numerical data. 35 councils use a formula to determine their charges, thus charges are determined by the nature of the development.
Only five councils have a schedule of charges independent of other charging considerations. Thus it is difficult to provide a reasonable quantitative analysis.

<table>
<thead>
<tr>
<th>Method of Determining Charges</th>
<th>No. of Councils</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formula</td>
<td>18</td>
</tr>
<tr>
<td>Formula &amp; Schedule</td>
<td>17</td>
</tr>
<tr>
<td>Schedule</td>
<td>5</td>
</tr>
<tr>
<td>Unclear / Unknown</td>
<td>30</td>
</tr>
<tr>
<td>No FC Policy</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>73</strong></td>
</tr>
</tbody>
</table>

23. Note that financial contributions are not always consolidated into a single section within the District Plan. Thus additional charges may apply that have not been identified for this project.

24. It is unclear whether all the financial contributions policies are operative. It is anticipated many will have been superseded in whole or in part by the operative development contributions policy. However some may stay ‘operative’ until a subsequent variation to the District Plan. We are aware that some development contributions policies specifically identify which financial contributions will not be charged if a development contribution is sought. This data is not available for this study.

**Growth**

25. Although not specifically required by the brief, no analysis of financial contributions policies has any proper context without also considering the growth being experienced by the territorial authorities.

26. Statistics NZ Household Growth data from 1996 to 2021 was used as this is one of the main comparators of residential financial contribution data. It is a far more effective global proxy for growth as it relates to residential demand for infrastructure rather than raw population.

27. It is considered that a 20 year range is more appropriate as a window for assessing growth than the 10 years of a Long Term Council Community Plan (LTCCP) as the majority of infrastructure being provided by territorial authorities will have a growth capacity of more than 10 years. As the Statistics NZ forecasts are currently based on the 2001 census, the range 2001 - 2021 has been chosen.

28. From 2001 the number of households in NZ is expected to grow from 1,440,100 by 402,000 or 27.9% to reach 1,842,100 by 2021.

29. Of the 73 territorial authorities, the top 5 (Auckland, Manukau, Christchurch, North Shore and Waitakere) account for an increase of 194,200 households or 48.3% of the total growth in households from 2001-2021. Together with the next 4 (Tauranga, Rodney, Hamilton & Wellington) these nine account for more than 65% of the total growth in households from 2001-2021.

30. Over that same time period 11 districts are expected to experience a net decline of 2,800 households between them.

31. This analysis, at a territorial authority level, ignores the changes in demand for infrastructure caused by net migration within a territorial authority. For example, the growth in a township area may be more dramatic than indicated by these figures if it coincides with a decline in households in the rural areas elsewhere in the same territorial authority.

32. In some cases the infrastructure to support such internal migration may be already exist and in effect be re-usable. An example of this might be a district-wide library facility. In other cases, such as a water treatment plant for the growing township, the internal migration can place additional demands on the existing infrastructure.
33. Often the ability of a local authority to cope with growth is a function of the rate of change rather than the absolute numbers. Eleven territorial authorities are forecast to experience more than 40% growth in the number of households from 2001 - 2021.

34. The highest growth rate of 82% is forecast for Queenstown-Lakes District although in absolute terms they are only ranked 19th with a growth of 5,700 households. This is probably also an example of where the use of the medium normally resident forecasts from the 2001 census are somewhat limited as Queenstown-Lakes is trending above the medium scenario and has a significant visitor population throughout the year.
Figure 2 Percentage Change in Household Numbers 2001 - 2021
**Financial Contribution Policies**

35. Every local authority (which includes regional councils, unitary authorities, city councils and district councils) is required by s102(4)(d) of the Local Government Act 2002 to adopt a policy on development contributions or financial contributions. That is not to say that every council must ‘charge’ contributions, but they must include such a policy in the LTCCP, even if it only says that they will not charge any contributions.

36. Regional councils are restricted to financial contributions under the Resource Management Act 1991 (RMA) as they cannot charge development contributions, while other territorial authorities (city and district councils), having understood the costs of growth (a requirement of Schedule 10 of the LGA2002), may choose whether or not to charge any contributions. Note this study reviews the financial contributions policies of territorial authorities.

37. Of the 73 territorial authorities, 70 have a financial contributions policy and three do not. There was insufficient information to establish whether these policies are operative or not. Some may be operative but the charges not applied because charges under the development contributions policy are given precedence. Of the seven that do not have financial contributions policies, six have development contributions policies, with one (Wairoa District) having no contributions policy at this time.

38. Of the 70 territorial authorities that have a financial contributions policy, 42 also have a development contributions policy of some kind. There is no statutory prohibition on having both an operative financial contributions policy and an operative development contributions policy concurrently. The restriction is that a development should not be charged a financial contribution if, and to the extent that, it has also been charged a development contribution for the same purpose (s200 LGA2002). Feedback from individual councils indicates that there is likely to be a reduction in the amount of overlap between the two contributions regimes in future as the 2009-19 LTCCPs are adopted and the Resource Management Act processes take their course.
39. Looking at the use of financial contributions policies based on the size of territorial authorities and their rate of growth. With two notable exceptions, only two councils with less than 20,700 households as at 2001 (which is Invercargill in 18th place) or less than 26% forecast growth over 20 years (which is Marlborough in 22nd place) continue to use only financial contributions policy. Those two exceptions are Rodney District, which has a long history with financial contributions, and Western Bay of Plenty, which is working on a SmartGrowth initiative. SmartGrowth is a combined initiative with the three Western Bay councils (Western Bay of Plenty District Council, Tauranga City Council and Environment Bay of Plenty), tangata whenua and other key organisations to develop a long-term plan to manage growth in the sub-region.

40. Figure 5 illustrates the relationship between household growth and the use of contributions policy.
Figure 5 Contributions Policy vs Household Growth

Financial Contribution Activities

41. There is a wide variety of descriptions and groupings of the contribution activities used by each territorial authority. In some cases these descriptions are clear and their alignment with the principal activities affected by the development and the main asset management plans (AMPs) in which the assets built using the financial contribution revenues will ultimately reside is obvious.

42. Examples where this is not the case include:
   - ‘Wastewater Network’ and ‘Wastewater Treatment’ which are grouped together as Wastewater
   - ‘Roading’, ‘Footpaths’, ‘Public Transport’ & ‘Parking’ etc which are grouped together as Transport
   - Activities such as ‘Libraries’, ‘Leisure Centres’, ‘Community Centres’, ‘Cash in Lieu of Parking’ which are grouped together as Community Services

43. While some of these community services activities, such as ‘Refuse & Recycling’ and ‘Solid Waste’ could be safely grouped together, their number were so small that all contributions without a clear alignment were grouped together as Other.
The frequency of use of activities by the 70 territorial authorities with financial contributions policies was as follows:

<table>
<thead>
<tr>
<th>Number of Activities</th>
<th>Number of Councils Separating Charges by Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
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<tr>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>?</td>
<td>47</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
</tr>
</tbody>
</table>

**Financial Contributions Charges**

44. For each of the nine contribution activities listed above, the data from each of the 70 financial contributions policies was extracted. As anticipated there was insufficient consistency in the way contributions were defined to allow any significant quantitative analysis. A qualitative view of the financial contributions is provided as a result (flowing text, maps and charts, and Appendix A- Data Extract Table).

45. The bulk of the territorial authorities charging financial contributions adopted a formulaic approach to the assessment of charges. Others presented a schedule of different charges relating to the location or catchment of the development. These varied from zero (where there is no charge for that activity) to one (for a single citywide charge) up to as many as 32 different catchments and charges for an activity.

46. Rather than attempt to correlate this numerically disparate data, three values per activity - Low, Median, High, were assigned for each council:

- **Low:** the lowest value and in many cases may be zero
- **Median:** the simple numerical median of the charges for that activity (Note that there is insufficient data to develop a weighted median)
- **High:** the highest for that activity

47. A complete table of this data extraction is included in Appendix A.

48. The objective was to take these activities and then sum them to give a Low, Median and High figure for the total contribution (excluding reserves) payable for a single residential development. However, with very few policies providing actual charges a meaningful analysis such as this was not possible.

49. Figure 6 summarises the methods of calculating financial contribution charges by region.
50. Figure 7 presents the number of councils using each method of calculating financial contribution charges.
Figure 7 Methods of Calculating Financial Contributions

Reserves

51. Only 22 of the 70 territorial authorities with financial contributions policies choose to collect contributions for reserves using this mechanism. While there is a greater history of collecting contributions for reserves compared to network or community infrastructure, it is probably this history that has influenced those territorial authorities to continue with the Financial Contributions provisions of the RMA 1991 for this particular purpose.

52. It is not immediately apparent from the data provided which territorial authorities are utilising the transitional savings provisions in the RMA 1991 to keep alive Part XX of the LGA 1974. This would permit charging for reserves without the need to complete all the requirements of an operative policy within the district plan under the RMA 1991.

53. Mechanisms for charging for reserves include:
   - 7 use a fixed fee for all or part of the contribution
   - 12 use a percentage of value for all or part of the contribution
   - 3 use a value based on an equivalent land area for all or part of the contribution

54. In addition there are a range of modifiers used including:
   - Maximum charges
   - Maximum land values rates per square metre

55. Across the local government sectors, ten rural councils, five metropolitan and seven provincial councils have a financial contributions policy for reserves.
Financial Contribution Revenue

56. Ideally it would be possible to compare the financial contribution revenue anticipated for the 10 years from 2006 - 2016 to the total revenue for each territorial authority for the same period.

57. Unfortunately such data is not readily available. In many cases it simply does not exist, or at best is grouped together and indistinct from development contribution revenue and possibly the value of vested assets.

58. Note of the 44 territorial authorities with development contributions policies, 42 also have financial contributions policies of some kind and extent. Surprisingly, the data provided showed that only 31 of these forecast development contributions revenue with the remaining 13 either not forecasting revenue or classifying it in a way that could not easily be extracted. Of the 31 that do forecast income it is likely that financial contribution revenue is mixed together with the development contribution revenue.

59. Interestingly, of the 29 territorial authorities with no development contributions policy, seven actually did forecast development contribution revenue. The most probable reason for this is that these figures actually represent financial contribution revenue. The seven territorial authorities and their forecast revenues are listed in the following table.

60.

<table>
<thead>
<tr>
<th>TA</th>
<th>Territorial Authority</th>
<th>Assumed Financial Contribution $000</th>
<th>Financial Revenue</th>
<th>Assumed FC as % of Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Rodney District</td>
<td>$205,281</td>
<td></td>
<td>9.98%</td>
</tr>
<tr>
<td>5</td>
<td>Western Bay of Plenty District</td>
<td>$103,934</td>
<td></td>
<td>13.74%</td>
</tr>
<tr>
<td>17</td>
<td>Waikato District</td>
<td>$54,841</td>
<td></td>
<td>8.12%</td>
</tr>
<tr>
<td>31</td>
<td>South Wairarapa District</td>
<td>$3,454</td>
<td></td>
<td>2.49%</td>
</tr>
<tr>
<td>26</td>
<td>Mackenzie District</td>
<td>$5,398</td>
<td></td>
<td>4.61%</td>
</tr>
<tr>
<td>38</td>
<td>Waimate District</td>
<td>$100</td>
<td></td>
<td>0.09%</td>
</tr>
<tr>
<td>10</td>
<td>Central Hawke's Bay District</td>
<td>$2,488</td>
<td></td>
<td>11.55%</td>
</tr>
</tbody>
</table>

61. While s102 and s106 of the LGA 2002 attempt to cast financial contributions and development contributions in a similar frame and possibly interchangeable, there are subtle and important distinctions between them which may help to explain why there is substantially less quantitative data available for financial contributions. Development contributions are principally a funding tool to recover a portion of the costs of growth, and are fully integrated with schedule 10, the LTCCP processes, and the other financial tools of the LGA 2002. In comparison financial contributions are sets of rules in District Plans, pursuant to the RMA 1991, as a mechanism to mitigate the effects of growth. They are not integrated with, and are at best ‘lightly-interfaced’ with the LGA 2002 tools and processes.

62. Furthermore, while ideally each contributions regime should utilise a team approach from the various disciplines of infrastructure, parks and open space, land-use and environmental planning, strategy and policy, finance and business services etc, the predominant leadership disciplines tend to be quite different. For development contributions the leadership of the process tends to be from strategy, finance, or infrastructure. For financial contributions the leadership is most often provided from the land-use or environmental planning groups.

63. This is not to say that any group is better placed than another to lead these processes, and highly competent individuals from whatever discipline can successfully determine the
charges and assess the income streams; however the priority and emphasis generally provided by environmental planning groups is quite different from strategy, finance and infrastructure. The former lies within a regulatory framework while the latter groups lie within a financial and infrastructure planning framework. The former is more immediate (related to specific developments) in its view while the latter groups are long-term in their view (related to long-term demands on infrastructure arising from as yet undefined developments).

Additional Issues

64. In addition to the other matters already covered in the Analysis section, a number of other questions were raised in the request for quotation these are discussed below.

What is the range of residential financial contributions currently used/utilised by councils in terms of the identified additional cost they indicate for (a) sections; and (b) household equivalent units (HEU)?

65. The range of financial contributions charged by territorial authorities is described in Appendix A. Note the majority of the financial contributions are either by formula or an unknown method. It is not possible to accurately describe the full range of financial contributions.

What range of variation in HEU’s is observed across individual councils?

66. All of the territorial authorities with operative financial contributions policies used a Household Equivalent Unit (HEU), Household Unit Equivalent (HUE) or some similar term as their principal unit of demand for residential financial contributions.

What is the range of non-residential development contributions currently used/utilised by councils in terms of the identified additional cost they indicate for developers?

Where are the costs for non-residential developments indicated to fall?

Can the range observed in non-residential development contributions be linked to council type (territorial authority/regional council and metro/provincial/rural), council location or population growth?

67. While some of the financial contributions policies include provision for charging non-residential developments there is general less clarity as to the methodology than for residential financial contributions. There are varying degrees of sophistication in these regimes but this does not particularly align with the three local government sectors.

What potential issues might arise from excessive dependence on financial contributions for future income?

68. There are a range of potential issues that might arise from excessive dependence on financial contributions for future income. These problems will crystallise if the contribution income is substantially less than expected, significantly later than expected, or in the worst case scenario if the policy was somehow invalidated and all contributions needed to be refunded.

69. In the situation where there is a downturn in the expected rate of growth, it would follow that the contribution income would be lower and somewhat delayed. The capacity provided by the infrastructure investments will still be available for future growth; however it may take longer for that capacity to be taken up. The territorial authority would need to carry the debt associated with those infrastructure investment longer and would incur additional interest costs. Depending on the particular structure of the District Plan provisions the updating of
the particular formulas or charges may necessitate the processing of a plan change or variation to the District Plan to reflect those additional costs of the capital expenditure.

70. In some circumstances the territorial authority may determine that future growth will not occur (within the reasonably foreseeable future) and more drastic action may be required to ‘write off’ a portion of the additional capacity provided in some infrastructure or facility.

71. A further and significant risk to a financial contributions regime lies in appeals to the conditions of consent that impose the contributions. Decisions are made by commissioners and judges as to the appropriateness of the contribution condition within the context of the consent application, and not necessarily placing the same emphasis on the cumulative effects and/or financial implications over time that may have been contemplated when the policy was established.

72. In each of these cases the territorial authority would need to manage the financial consequences of each scenario by a combination of additional debt and increases in other funding sources. This would normally mean substantial increases in general rates to help recoup the costs of growth.

Is the actual cost identified in the financial contributions policy actually passed onto a developer/builder? (is there any variation between what is actually charged versus what is supposed to be charged)?

What are the reasons (if any) for this variation?

73. There is generally too little information provided in the financial contributions policies to determine whether there is any variation between what is actually charged and what is supposed to be charged.

74. There is a risk through the consent condition appeal processes of the RMA that charges will be reduced as noted above.

Challenges with the Data supplied for the project

75. The RMA 1991 provides a flexible mechanism for individual territorial authorities to determine the structure of their financial contributions policy. With that flexibility comes a corresponding difficulty in extracting data, and comparing policies and schedules of charges in a way that is both robust and meaningful. This is further compounded by the lack of clarity identifying which policy (development contributions or financial contributions) applies and for which activities. The data available does not lend itself less to a meaningful quantitative analysis.

Conclusions

76. Most territorial authorities (70 out of 73) have a financial contributions policy. 42 of the 70 also have a development contributions policy.

77. It has not been possible to undertake a quantitative analysis with the information available. The majority of the financial contributions policies are determined by as formulaic or some other undefined method.

78. The most persistent trends are for the larger territorial authorities and those with the highest growth rates to have development contributions policies. The smaller councils and those with low or negative growth rates are more likely to have a financial contributions and less likely to have an overlapping development contributions policy.

79. In total across the 73 territorial authorities, $73.3 billion is expected to be collected from all forms of revenue from 2006 - 2016. It is unclear how much of this is made up of financial contributions revenue.
80. The analysis of the 2007-08 financial contributions policies is summarised in Appendix A.

81. The existing methodology, with possible enhancements as identified in the Improvement Plan, will provide greater opportunities for analysing future financial contributions policies.
<table>
<thead>
<tr>
<th>CITY / DISTRICT</th>
<th>Network Infrastructure</th>
<th>NOTES</th>
</tr>
</thead>
</table>
| Invercargill City | | 1 
| Gore District | | 2 
| Southland District | | | 
| Clutha District | | 3 
| Dunedin City | | 4 
| Queenstown-Lakes District | | 5 
| Central Otago District | | 6 
| Chatham Islands Territory | | 7 
| Waimate District | | 8 
| Mackenzie District | | 9 
| Timaru District | | 10 
| Ashburton District | | 11 
| Christchurch City | | 12 
| Hurunui District | | 13 
| Westland District | | 14 
| Kaikoura District | | 15 
| Marlborough District | | 16 
| Nelson City | | 17 
| South Wairarapa District | | 18 
| Masterton District | | 19 
| Wellington City | | 20 
| Lower Hutt City | | 21 
| Tararua District | | 22 
| Manawatu District | | 23 
| Rangitikei District | | 24 
| Wanganui District | | 25 
| South Taranaki District | | 26 
| New Plymouth District | | 27 
| Napier City | | 28 
| Hastings District | | 29 
| Wairoa District | | 30 
| Opotiki District | | 31 
| Kawerau District | | 32 
| Whakatane District | | 33 
| Rotorua District | | 34 
| Western Bay of Plenty District | | 35 
| Otorohanga District | | 36 
| Waipa District | | 37 
| Hamilton City | | 38 
| Matamata-Piako District | | 39 
| Waikato District | | 40 
| Hauraki District | | 41 
| Thames-Coromandel District | | 42 
| Franklin District | | 43 
| Papakura District | | 44 
| Auckland City | | 45 
| Waitakere City | | 46 
| North Shore City | | 47 
| Rodney District | | 48 
| Kaipara District | | 49 
| Far North District | | 50 

The notes section on the table comments on how the financial contributions appear to be charged when analysing the policy from a council’s district plan. This may not be the case, especially for those where the comment is along the lines of “full actual costs”. The council may have allocated charges, but these may have been located in another part of the district plan.  

NOTE: 63 Changes exclude GST  

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