



SOUTH WAIRARAPA  
DISTRICT COUNCIL

*Kia Reretahi Tātau*

# Financial Contributions Policy

Date of Approval	29 June 2009
Policy Number	M600
Revised	25 June 2025
Next Review	30 June 2028

# Financial Contributions Policy

## 1. Introduction

As further subdivision occurs and new activities are established within the Wairarapa, the existing infrastructure and amenities come under pressure. Financial contributions and Development contributions are ways of ensuring that any adverse effects from subdivision and development on the environment or on community resources are minimised, including ways of offsetting any adverse effects with a contribution toward environmental improvements. Such contributions can be in the form of money, land, works or services and may include the provision of roads and services, the protection of an important historic or natural feature, the visual enhancement of a site through landscape treatment or the provision of access to a hitherto inaccessible river or stream.

Council does not take Development Contributions, instead Council utilises the Financial Contributions policies and rules contained in the Wairarapa Combined District Plan (WCDP).

Financial contributions for subdivision and land use consents may include the costs of upgrading and expanding community works and services as a result of the proposal, including (but not limited to) public roads, public water supplies, and the disposal of wastewater and stormwater. This section deals with the requirements for financial contributions, either as a standard of a permitted activity, or a land use or subdivision consent.

Where a financial contribution is required as a condition of a permitted activity or resource consent, the purpose, circumstances in which a contribution may be required, and the amount of that contribution are stated. For some types of contributions, a maximum contribution is specified to ensure such contributions are equitable and not unreasonably onerous for some forms of development.

Contributions for land use development through the resource consent process will be sought in full, unless a previous contribution has been received in the subdivision of the site. Conversely, if a contribution was paid at the time of land use development, then no contribution may be required at the time of any subsequent subdivision consent in recognition of the previous contributions.

## 2. Proposed Wairarapa Combined District Plan

Council utilises the Financial Contributions policies and rules contained in the Wairarapa Combined District Plan (WCDP) 2011. The contributions within the WCDP are no longer sufficient to meet the costs of growth and development in the district. The Wairarapa Combined District Plan (WCDP) is being reviewed and there will be changes to the way financial contributions are calculated. Financial contribution amounts will be adjusted to reflect the costs of growth and development in the district including (but not limited to) public roads, public water supplies, and the disposal of wastewater and stormwater within our towns.

The District Plan review is still underway and the amounts and timing of when the new charges will apply remains unconfirmed. Both the current and proposed provisions are listed below.

## 2.1. Financial Contributions – Operative WCDP (current)

### Type of Contribution

Reserves Contribution

### Value of Contributions

Urban 3% of Land Value of each new lot  
Rural 2% of Land Value of each new lot  
Land Use activities 0.25% of the value of each residential unit.

Roading Contribution

Urban 2% of Land Value of each new lot  
Rural 3% of Land Value of each new lot  
In the rural zone a maximum of \$7,500 plus GST applies per new lot for the Roothing and Reserves contributions combined.

Infrastructure Contribution

- Payable where connections can be made to Masterton urban infrastructure services, \$5,000 (plus GST) per lot or per each residential equivalent use of the services.
- Payable by existing lots for new connections to Masterton urban services, \$2,000 water supply, \$3,000 sewerage connection.
- Capital contributions are payable to join/ connect to rural water supply and sewerage schemes – on connection for exiting lots and on creation of title for new lots following subdivision. Amounts payable for specific schemes are listed in the fees and charges appendix of the Long-term Plan (LTP).
- Capacity specific infrastructure charges may be levied per the WCDP (in accordance with the RMA). These charges are dependent on a development's assessed impact on the future network upgrade needs. The current applicable charges are listed in the fees and charges appendix to the LTP.

Development Levy

Charged on commercial developments of over \$1m, 0.5% of the assessed value of the development. On alterations of commercial premises in excess of \$50,000, 0.5% of assessed value of the alterations.

## 2.2. Financial Contributions – Proposed WCDP

Type of Contribution	Value of Contributions
Reserves Contributions	Urban 3% of Land Value of each new lot Rural 2% of Land Value of each new lot Land Use activities reserves contribution = 1% of the value of each additional residential unit
Transport Contributions	Urban 3% of Land Value of each new lot Rural 3% of Land Value of each new lot In the rural zone a maximum of \$20,000 plus GST applies per new lot for the Roding and Reserves contributions combined. Subject to annual review using BERL Local Government Cost Index. Land Use activities, transport contribution = 1% of the value of each additional residential unit or value of residential unit equivalent for non-residential activities.
Infrastructure Contributions (Water, wastewater & stormwater)	<ul style="list-style-type: none"> <li>• Payable where connections can be made to Masterton urban infrastructure services, is an urban services contribution, calculated on a 'Buy-In approach'. Contribution amount is calculated per lot or per each residential equivalent unit of the services.</li> <li>• Also, payable by existing lots for new connections to Masterton urban services, is an urban services infrastructure contribution calculated on a 'Buy-In approach'. Contribution amount is calculated per lot or per each residential equivalent unit of the services.</li> <li>• 'Buy-In approach' for MDC is defined in this policy (and the LTP) and is based on the 2023 water, wastewater and stormwater network valuations.</li> </ul> <ul style="list-style-type: none"> <li>• Capital contributions are payable to join/ connect to rural water supply and sewerage schemes – on connection for exiting lots and on creation of title for new lots as a result of subdivision.</li> </ul>

Amounts payable for specific schemes are listed in the fees and charges appendix to the LTP.

- Capacity specific infrastructure charges may be levied per the WCDP (in accordance with the RMA). These charges are dependent on a
  - development's assessed impact on the future network upgrade needs. The current applicable charges are listed in the fees and charges appendix to the LTP.
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### Three Waters Infrastructure Buy-In Approach

The three waters infrastructure assets have been valued as at 30 June 2023. The number of rateable units charged is assessed as at July 2023. An adjustment factor that varies for each District has been identified as needed to ensure the buy-in price for new connections reflects variances in recent investment, future technology and scale as growth occurs.

For 2024/25 the urban network infrastructure contribution amount is \$14,255 (+GST) per residential unit equivalent (RUE) as per calculation set out below. For developments with smaller residential units, a discount regime will apply where studio and one-bedroom units = 0.4 RUEs and 2 bedroom units = 0.75 RUEs.

### Development Levy

Charged on commercial developments of over \$1m, 0.5% of the assessed value of the development. On alterations of commercial premises in excess of \$50,000, 0.5% of assessed value of the alterations.

### 2.3. Infrastructure 'Buy in' calculations

The following calculations support the amount (\$ value) set as the infrastructure contributions to buy- in to Masterton District Council urban services network and will be applicable when decisions on submissions on the Proposed District Plan are notified. Those decisions may change the financial contribution requirements.

### 2.4. Proposed WCDP - Infrastructure Buy-In Formula

$$\text{\$A x [B/B+C]} \text{ x AF}$$

Where:

A = the replacement cost of the specific reticulation system after adjustment for capital expenditure in this activity at the time the connection is sought;

B = the number of residential equivalent connections to be added to that reticulation system (technical detail provided), and;

C = the total number of existing connections to that reticulation system.

AF = Adjustment Factor which discounts the charge, decided by Council as part of the Development and Financial Contributions Policy and Long Term Plan.

\* The adjustment factor discounts the full replacement value per connection down to a value that allows equalisation of the variation in investment between the three Districts. It also allows Councils to recognise the impact on future developments if the buy-in price suppresses growth opportunities.

The financial contributions amounts will be set out in the Fees and Charges document for each financial year. The adjustment factor will be set by Council each financial year, alongside the Long Term Plan or Annual Plan for that year.