Policy for Funding Growth – Taupō District Council Water Services

1. Purpose

This Policy outlines how Taupō District Council funds growth-related costs for water supply, wastewater, and stormwater services. It has been prepared to meet disclosure requirements under clause 4.7 of the Water Services Information Disclosure Determination 2026 and is consistent with Council's Long-term Plan 2024–2034 (LTP24–34) and related adopted policies.

2. Taupō District Councils Approach to Funding Growth (subclause(2)(a))

Taupō District Council's approach is to fund growth for water services through development contributions. The approach strikes the right balance between practical and administrative efficiency, and considerations of fairness and equity. The reasons for this approach are outlined below:

Principle for Funding Growth	**Reason**
1. Fairness and Equity	Development contributions aim to ensure that the costs of providing infrastructure and services necessary for new developments are borne by the developers and future property owners who directly benefit from them. This approach is considered fairer than placing the burden solely on existing ratepayers.
2. Infrastructure Provision	As new developments are created, there is often a need for additional infrastructure. Development contributions help fund the construction and expansion of these essential services to accommodate the increased demand resulting from population growth.
3. Sustainable Growth	By requiring developers to contribute to the cost of infrastructure and services, development contributions encourage more sustainable patterns of growth. Developers are incentivised to consider the long-term impacts of their projects and to incorporate infrastructure planning into their development proposals.
4. District Council Funding	Development contributions provide an important revenue stream, enabling the funding of the growth portion of capital projects and infrastructure upgrades without relying solely on rates or central government funding.

5. Cost recovery principle	Development contributions are based on the principle of cost recovery, whereby developers pay a proportionate share of the costs incurred by Council to provide community infrastructure to accommodate growth. This helps ensure that the costs are allocated fairly and transparently.

Under-recovery of growth component (subclause 2(b)(i))

Development contribution amounts are reviewed every three years and adjusted to reflect adjustments of project costs. However, in some instances some of the cost will not be able to be recovered and in this event the Council will need to borrow to cover any shortfall.

Multi-component projects (subclause 2 (b)(ii))

Growth projects do not generally stand alone as a 100% growth project - there are often components of increased level of service and asset renewal. A detailed assessment is made when scoping the project of the level of each component, based on forecasted growth and network capacity. The development contribution amount is calculated for a catchment using the amount of the growth portion of the projects in the catchment. The other components of the project are either funded by borrowing or from depreciation reserves.

3. Funding Tools used to Fund Growth

Growth in water services is funded through a combination of Development Contributions and Developer Agreements.

3.1 Development Contributions (subclause 4)

Development contributions are Council's primary mechanism for recovering growth-related capital costs associated with:

- Water supply networks and treatment capacity,
- Wastewater collection, treatment, and disposal capacity, and
- Stormwater conveyance and management infrastructure.

Development contributions are calculated and levied in accordance with Council's Development Contributions Policy 2024, including the use of catchments and cost allocation methodologies. Council's Development Contribution Policy can be found here: Development Contributions Policy
Council will use borrowing to initially fund a growth project where:

- Infrastructure must be constructed ahead of development, or
- Development contributions are recovered over time.

Debt repayment is aligned with the timing of the receipt of the development contributions and Council's Financial Strategy.

3.2 Developer Agreements (subclause 3)

If a developer wishes to develop an area of land that is outside the catchments outlined in the Development Contribution Policy, Council will formalise a Heads of Agreement with the developer to ensure the appropriate growth components of a project are funded. These Heads of Agreement are generally aligned with the methodology in the Development Contribution Policy. It will also cover aspects such as developer created assets that will vest in Council.

3.3 Vested Assets

A developer will create infrastructural assets during a subdivision development. In most cases the assets created will be vested in Council. These vested assets are over and above any development contributions paid for the development.

3.4 Single service level (subclause 6)

Council accounts for the revenue from development contributions and developer agreements separately and in the correct activity ensuring financial separation of revenues. Any assets vested in Council are also recorded in the correct activity.