

# WAI TĀMAKI KI TE HIKU

## DRAFT WATER INFRASTRUCTURE CONTRIBUTIONS POLICY 2024/25

### PURPOSE OF DOCUMENT

This is an early draft of the Water Infrastructure Contribution Policy for Wai Tāmaki Ki Te Hiku for the purposes of seeking feedback from Iwi, Councils, Watercare, and sector interest groups. This feedback will help shape the draft Water Infrastructure Contribution Policy that is used for public consultation.

It provides:

- An indication of the level of Water Infrastructure Contributions (WICs) that may need to apply to recover growth related costs, on the basis of harmonised WICs across all areas; and
- How WICs are proposed to be applied to developments and increases in commercial demand.

The WICs in this document have been developed based on the best information available to the Department of Internal Affairs National Transition Unit about past and future growth costs and growth. It is anticipated that the Wai Tāmaki Ki Te Hiku Establishment Team, working closely with local councils and Watercare will be able to improve this information and as a result, the WICs may change for the public consultation draft. This may also impact whether Wai Tāmaki Ki Te Hiku retains harmonised WICs as proposed in its public consultation draft or has different WICs for different areas.

### ADOPTION AND APPLICATION OF THE POLICY

This Water Infrastructure Contribution Policy (the Policy) was adopted by Wai Tāmaki Ki Te Hiku's board on [date tbc] and applies from 1 July 2024.

# INTRODUCTION

## PURPOSE OF THIS POLICY

1. Population and business growth increase demands on the assets and services provided by Wai Tāmaki Ki Te Hiku. As a result, significant investment in new or upgraded assets and services is required. We recover the cost of that infrastructure from development (including new service connections) and increased commercial demand through water infrastructure contributions (WICs). This policy sets out:
  - The WICs that apply in your area.
  - When and how WICs apply to your development or increased commercial demand.
  - Your rights if you disagree with how we have applied our WICs.
  - Information on how our WICs are calculated.

## NAVIGATING THIS POLICY

2. The Policy has three main parts:

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### PART 1: POLICY OPERATION

3. Part 1 provides information needed to understand if, when, and how WICs will apply to developments and an increase in commercial demand. It also explains your rights and the steps required to properly operate the Policy.

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### PART 2: BACKGROUND AND SUPPORTING INFORMATION

4. Part 2 provides the information needed to meet the accountability and transparency requirements of the Water Services Legislation Act 2023 for the Policy, including how the WICs are calculated.

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### PART 3: WATER INFRASTRUCTURE CONTRIBUTION SCHEDULE AND ZONES

5. Part 3 provides the schedule of WICs and outlines areas where WICs are payable for each service.

# PART 1: POLICY OPERATION

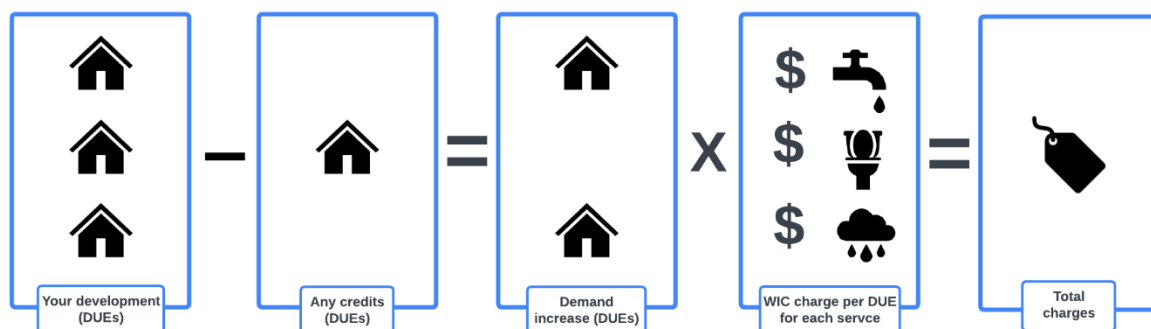
## WATER INFRASTRUCTURE CONTRIBUTIONS

### WATER INFRASTRUCTURE CONTRIBUTIONS (WICS) – SUMMARY

6. Water infrastructure contributions (WICs) may need to be paid if you are connecting to our services, developing (subdividing, building), or increasing commercial demand for our services.
7. For 2024/25 the WICs (inc GST) per Development Unit Equivalent (DUE) across Wai Tāmaki ki Te Hiku is:
  - \$3,413 for stormwater.
  - \$20,156 for wastewater.
  - \$11,604 for water.
8. These charges apply to most parts of Auckland City, Whangarei District, Kaipara District, and Far North District that are serviced by Wai Tāmaki Ki Te Hiku. Go to Part 3 of this policy to understand if the area you are in is subject to WICs.
9. Please note that the WICs are adjusted regularly, and that these may not be the only charges you are subject to. You may also be subject to connection fees, which recover the cost of installing the service connection and/or meter from our network to your section or building. Please see [link to other info on applicable charges].
10. WICs are used to fund our growth infrastructure programme. If your development or increased demand requires other infrastructure to support it, you will also need to provide that infrastructure and meet any associated costs.
11. For each service for which WICs are required, the amount payable is calculated by multiplying the number of DUEs generated by your development or increase in commercial demand (after any credits) by the WIC for that service. This is then aggregated for all services to give the total amount payable.
12. In the simple example below, a dwelling on an existing lot is demolished to enable the construction of three new dwellings. A credit is given for the existing dwelling, so the net increase is 2 DUEs. The WIC for each service is multiplied by 2 DUEs to give the total charge.

For an explanation of a DUE, see the section *Determining infrastructure impact*.

To see when credits apply, see the section *Credits*.



## WHEN DO WICS APPLY?

13. Wai Tāmaki Ki Te Hiku can lawfully charge WICs when a service connection request, resource or building consent, stage 1, 2, or 3 approval is granted, or if there is an increase in commercial demand.
14. For new developments such a commercial or residential subdivision, WICs will normally need to be paid when you request service connections after a property has title. However, we reserve the right to require WICs for developments at other stages in the development process, such as during subdivision or when a building consent is granted.
15. WICs will also be required where commercial demand increases by more than the thresholds outlined in Table 1 of this policy.
16. If WICs have been paid previously, we may still assess your development or increase in commercial demand for WICs. However, we will apply credits so that only increases in demand will attract additional WICs.
17. Development of, or plans for, new infrastructure to support growth sometimes means that areas not previously liable for WICs (or development contribution or financial contributions before that) become so. For example, building on a bare section in a subdivision may be liable for WICs whereas previously constructed houses on the same subdivision were not subject to any charges.
18. Our staff will be available to help resolve any uncertainty about whether WICs apply.

## PROCESS FOR REQUIRING WICS

19. The process for requiring WICs is outlined below.



20. See the *Assessment* section below for more detail on when and how assessments are undertaken.
21. For most developments, WICs are required when you request service connections following subdivision. The notice and invoice are issued following approval of the connection request, and payment must be made prior to the service connection being made.
22. The timing of the notice, invoice and payment steps is outlined in Table 1 for other cases when WICs may be required.
23. If a WIC requirement is not notified or invoiced at the specified time because of an error or omission, these will be issued when the error or omission is identified. WICs remain payable.
24. A WIC notice outlines the water services, number of DUEs, credits, and WICs that will apply to the development or increase in commercial demand, along with information supporting the assessment. A notice also triggers your rights to request an internal review of the WICs required, or to lodge an objection (see the section on *Review rights* below).

25. If multiple consents or authorisations are being issued for a development, a notice may be issued for each as they progress through different approval stages. However, where payments are made in relation to one of the notices, credits will be recognised for the remaining notices.
26. On time payment is important. Until WICs have been paid in full, we will not connect your property to our services or grant stage 3 approval (for building and resource consents), unless an instalment plan has been agreed.

**Table 1: Notice, Invoice, and Payment Timing**

Trigger requiring WICs	Notice	Invoice	Payment (unless a payment arrangement is agreed)
Service connection <b>(Default for most developments)</b>	Approval of service connection request		Prior to service connection.
Building consent	Within 8 weeks of consent being granted		20th of the following month after being invoiced.
Residential subdivision	WICs are required when service connection applications are granted at the time Stage 2 engineering plans are approved, for each stage of the development.		Prior to stage 3 approval
Non-residential subdivision	WICs are required when service connection applications are granted at the time Stage 2 engineering plans are approved, for each stage of the development.		Prior to stage 3 approval
Resource consent (other)	Within 8 weeks of consent being granted		20th of the following month after being invoiced.
Increase in commercial demand	When we becomes aware of actual or expected demand increases compared to baseline demand as follow: <ul style="list-style-type: none"> <li>Water demand exceeding 220 kilolitres per year.</li> <li>Wastewater demand exceeding 209 kilolitres per year.</li> <li>Impervious surface area increases by more than 50m<sup>2</sup>.</li> </ul>		20th of the following month after being invoice or in line with instalment plan

## ASSESSMENT

27. We generally require WICs when a service connection request is granted, or when we become aware of an actual or anticipated increase in commercial demand.
28. For subdivisions, WICs are required when service connection requests are approved after the subdivision process is complete and individual properties have title.
29. If no service connection request is required (or is not likely to be required) for a development, we will require WICs following the granting of a resource consent and/or building consent.

30. Notwithstanding the general approach for requiring WICs outlined above, we reserve the right to assess and if necessary, require WICs at any point, or all points, in the development process. Some other examples of when WICs may be required are highlighted in Table 2.

**Table 2: Events potentially triggering the need to pay WICs.**

Event	Examples
A property is connected to water supply, wastewater or stormwater.	<ul style="list-style-type: none"> <li>You are granted a residential or commercial service connection to one of our services for an existing lot.</li> <li>Service connection approval is given during the residential subdivision process, before new lots are given title.</li> </ul>
A building consent is granted.	<ul style="list-style-type: none"> <li>Where there are new or additional residential units at a property served by an existing service connection.</li> <li>A consent variation is approved.</li> </ul>
A resource consent is granted.	<ul style="list-style-type: none"> <li>Residential or commercial subdivision</li> <li>Land use consents or change in use that increase intensity of commercial activity undertaken at site.</li> <li>A consent variation is approved.</li> </ul>
<p>Increase in commercial demand for water services occurs:</p> <ul style="list-style-type: none"> <li>In the case of water, by more than 220 kilolitres per year above your property's baseline demand.</li> <li>in the case of wastewater, by more than 209 kilolitres per year above your property's baseline demand.</li> <li>in the case of stormwater, by creating more than 50m<sup>2</sup> of additional impervious surface area.</li> </ul>	<ul style="list-style-type: none"> <li>Request to install a larger water meter, unless this is associated only with a fire sprinkler system.</li> <li>Where a property with an existing service connection changes from a residential use to a commercial use.</li> <li>If you are a commercial customer with an existing service connection, and annual demand on your property has increased, or is anticipated to increase.</li> <li>You increase the impervious surface area on your site and notify Wai Tāmaki Ki Te Hiku.</li> <li>Additional impervious surface area on your site is detected by light detection and ranging (LiDAR), inspection, or orthophotography.</li> </ul>

31. If a subsequent resource consent (excluding a change to conditions of an existing resource consent), building consent, or service connection request is granted, a new assessment may be undertaken. Any increase or decrease in the number of DUEs, relative to the original assessment, will be calculated and the WICs required adjusted to reflect this. This means we will require additional WICs where additional units of demand are created, and WICs for those additional units of demand have not already been paid.
32. Examples of where these would be needed, include:
- There has been an increase in commercial demand.
  - The nature of land use has changed, for example from a low demand commercial use to a high demand commercial use.

33. WICs will be assessed under the Policy in force at the time:

- The relevant application for resource consent, building consent, or service connection request was submitted with all required information.
- The year commercial demand increased or is anticipated to increase above the thresholds specified in Table 2, whichever is earlier.

34. To be accepted as complete, applications must be accompanied by all required information. For resource and building consents, this is determined by:

- The relevant council's decision to accept a resource consent application for processing under section 88 of the Resource Management Act 1991.
- The building consent authority's decision that a building consent application complies with the requirements of section 45(1) of the Building Act 2004.

35. It is the date that the application (with all required information) is submitted that applies, not the date that the council, building authority, or we determine that the application has all required information.

36. If an application is withdrawn and a new application subsequently submitted, it is the subsequent application (with all required information) that determines which water infrastructure contributions policy applies.

37. When we make an assessment, we check that:

- (A) The effect of the development or increased commercial demand (together with other developments or increased demand) is to require new or additional assets or assets of increased capacity for any of our services; and
- (B) Wai Tāmaki Ki Te Hiku, Watercare, or a previous council has incurred, or Wai Tāmaki Ki Te Hiku will incur, capital expenditure to provide for those assets. This includes capital expenditure already incurred in anticipation of development.

38. We have identified areas that meet these requirements in Part 3. If you are developing or increasing demand in these areas, you are likely to have to pay WICs.

39. WICs may be waived or reduced if:

- A development or service connection does not generate additional demand for services (such as a minor boundary adjustment); or
- One of the circumstances outlined in the section *Limitations on imposing WICS* apply; or
- Credits apply as outlined in the *Credits* section; or
- Your development qualifies for a discount as outlined in the *Discounts* section.

Did you submit a complete application for consent or connection before 1 July 2024?

- The Council's development contributions or financial contribution policy and charges in force at that time will apply to that application.
- Watercare's Infrastructure Growth Charges in force at that time will apply to your service connection request.

Please contact us if you want help clarifying which policy and charges apply.

## DETERMINING YOUR INFRASTRUCTURE IMPACT

40. In order to have a consistent method of charging for WICs, the Policy is centred around the concept of a Development Unit Equivalent or “DUE” for infrastructure. In other words, an average household and the demands they typically place on water services. Table 3 summarises the demand characteristics of a DUE.

**Table 3: DUE demand measures**

SERVICE	UNIT OF MEASUREMENT	DEMAND PER DUE
water	Water use	220 kilolitres per year
Wastewater	Wastewater use	209 kilolitres per year
Stormwater	Impervious surface area	200 m <sup>2</sup>

41. How this applies to residential development and non-residential developments is outlined below. For mixed developments, the relevant residential and non-residential assessment rates are applied to the different land uses that make up the development.

## RESIDENTIAL DEVELOPMENT

42. Assessment rates for residential development are specified in Table 4. Any residential development form that does not fit within any of these will be assessed via special assessment.

**Table 4: DUEs for residential development**

DEVELOPMENT	WATER AND WASTEWATER	STORMWATER
New residential service connections, dwellings, and residential subdivision – Detached dwellings and duplexes	1.0 DUE per service connection, dwelling or lot.	
New residential service connections, dwellings, and residential subdivision – Attached dwellings units	1.0 DUE per service connection, dwelling or lot.	1.0 DUE per 200 m <sup>2</sup> impervious surface area
Small ancillary residential unit	0.4 DUEs per unit	0.3 DUEs per unit
Visitor accommodation units and retirement units	0.4 DUEs per unit	1.0 DUE per 200 m <sup>2</sup> impervious surface area
Single occupancy student accommodation rooms and aged care rooms	0.3 DUEs per room	

## NON-RESIDENTIAL DEVELOPMENT

43. For non-residential developments, we make an equivalent assessment based on the characteristics of the development and demand loadings likely to be placed on water, wastewater and stormwater services. To provide consistency, the demand measures in Table 3 have been converted for assessing non-residential developments based on gross floor area (GFA) for water and wastewater and impervious surface area (ISA) for stormwater (Table 5). We use these rates for determining DUEs for non-residential developments unless a special assessment applies, or one of the other grounds for a discount apply.

**Table 5: DUEs per 1 m<sup>2</sup>**

DEVELOPMENT CATEGORY	WATER AND WASTEWATER PER 1 M <sup>2</sup> GFA	STORMWATER PER 1 M <sup>2</sup> ISA
Industrial	0.0022	0.005
Commercial	0.0035	



Retail	0.0040	
Other non-residential	Special assessment	

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## INCREASES IN COMMERCIAL DEMAND

44. WICs will be charged for increases in commercial demand that exceed 220 kilolitres per year for water or 209 kilolitres per year for wastewater, or in the case of stormwater, by creating more than 50m<sup>2</sup> of additional impervious surface area.
45. The assessment rates will be:
- For water - 1 DUE for the first 220 kilolitres increase, and 0.0045 DUEs per additional kilolitre.
  - For wastewater - 1 DUE for the first 209 kilolitres increase, and 0.0048 DUEs per additional kilolitre.
  - For stormwater – 0.25 DUEs for the first 50m<sup>2</sup> increase in impervious surface area, and 0.005 DUEs per 1m<sup>2</sup> of additional impervious surface area.
46. For unmetered sites, this assessment will be made when a service connection application is made to increase the size of water or wastewater service connections to a property.
47. Where a commercial property is subject to water and/or wastewater metering, the assessment is based on past or expected increases in water or wastewater use compared to your property's baseline demand. Wastewater is assessed as 95% of water baseload demand if it is not metered separately.
48. Baseload demand means the property's average annual demand for water and/or wastewater over the five-year period ending the day before the start of the period used to calculate the annual demand.
49. For stormwater, this assessment will be made will be made when a service connection application is made to increase the size of stormwater service connection to a property. We also monitor impervious surface area and will require WICs if a commercial property increases this by more than 50m<sup>2</sup>.

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## SPECIAL ASSESSMENTS

50. Developments sometimes require a special level of service or have a demand profile which is materially different from typical developments. In these cases, we may decide to make a special assessment of the DUEs applicable to the development. We may initiate this process or may consider a request by the developer, in writing, to make a special assessment prior to a notice being issued.
51. In general, we will permit or require a special assessment for one or more services where we consider that:
- (A) The development is of relatively large scale, such as a supermarket, or is likely to use more than 20 m<sup>3</sup> per day in water or discharge more than 20 m<sup>3</sup> per day of wastewater; or
  - (B) The development is likely to use 50% or 5 DUEs more than the assumed demand for a service for the relevant development or land use category; or
  - (C) The development is likely to use 50% or 5 DUEs less than the assumed demand for a service for the relevant development or land use category because of the specific nature of the development and/or demand mitigation proposed by the developer; or

- (D) A non-residential development cannot reasonably be considered to fall within one of the categories listed in Table 5 and must be considered under the “other” category.
52. Where the special assessment is requested by the developer, the onus is on the applicant to prove (on the balance of probabilities) that the demand created by the development meets the requirement of criteria (C) above. If we accept this, a discounted WICs assessment (in DUEs) will apply.
53. Any application for a special assessment must be accompanied by the fee payable to recover our actual and reasonable costs of considering the request for a special assessment and assessing the WICs payable. The fee will be assessed at the time of application and a deposit will be required from the developer. We may levy additional fees to meet our actual costs, should the actual costs be materially higher than the initial assessment.
54. The demand measures in Table 3 will be used to help guide special assessments.
55. If a special assessment is undertaken, we may require the developer to provide information on the demand for services generated by the development. We may also carry out our own assessment for any development and may determine the applicable WICs based on our estimates.

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## CREDITS

56. Credits are a way of acknowledging that a:
- Lot, home or business may already be connected to, or lawfully entitled to use, one or more services (deemed credits); or
  - Financial contribution, development contribution, infrastructure growth charge, or WIC has been paid previously (actual credits).
57. This is to recognise situations where the incremental demand increase on infrastructure is not as high as the assessed number of DUEs implies. Credits can reduce or even eliminate the need for WICs but do generate refunds. Credits can only be used for development on the same site and for the same service for which they were created.
58. For properties connected to our services on or after 1 July 2024, credits are based on WICs paid in relation to that property (expressed in DUEs).
59. For properties connected to our services before 1 July 2024, the number of DUE credits available will be calculated as follows.
60. Residential lots or units: The greater of:
- The applicable assessment rate for that type of residential unit as outlined in Table 4 in relation to each service lawfully connected as at 1 July 2024.
  - Development contributions or infrastructure growth charges paid (converted from previous demand unit to DUEs). At our discretion, financial contributions paid will also be considered (see the financial contributions section below).
61. Non-residential: The greater of:

- Development contributions or infrastructure growth charges paid (converted from previous demand unit to DUEs). At our discretion, financial contributions paid will also be considered (see the financial contributions section below).
- For metered sites outside of Auckland - baseload demand. Wastewater is assessed as 95% of water baseload demand if it is not metered separately.
- For unmetered sites and for stormwater - DUEs calculated by applying the assessment rates in Table 5 by the land use (or most recent use if vacant or unused) at a site as at 1 July 2024.

62. In all cases, where credits are based on WICs, financial contributions (see below), infrastructure growth charges, or development contributions paid, they only count if they have actually been paid. If they were assessed or invoiced but not paid, they do not count.

63. Examples of how credits will apply are illustrated in Table 6.

Table 6: Credit examples

SITUATION	ACTUAL CREDITS	DEEMED CREDITS	CREDITS APPLIED
Subdivision of unserviced rural land	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• None</li> </ul>
Infill residential subdivision of existing serviced allotment into two allotments.	<ul style="list-style-type: none"> <li>• None</li> </ul>	<ul style="list-style-type: none"> <li>• 1 DUE credit i.e. one for the original allotment.</li> </ul>	<ul style="list-style-type: none"> <li>• 1 DUE (deemed credits are greater)</li> </ul>
Re-development of 6 serviced unit flats with 800 m <sup>2</sup> ISA into larger apartment block	<ul style="list-style-type: none"> <li>• 6 DUEs for all services</li> </ul>	<ul style="list-style-type: none"> <li>• 6 DUEs</li> <li>• 4 DUEs for stormwater i.e. 800m<sup>2</sup> x 0.0050</li> </ul>	<ul style="list-style-type: none"> <li>• 6 DUEs</li> </ul>
Demolition of 250m <sup>2</sup> <u>unmetered</u> industrial building on 600m <sup>2</sup> lot with 75% impervious surface at establishment date.	<ul style="list-style-type: none"> <li>• 0.75 DUEs for all services</li> </ul>	<ul style="list-style-type: none"> <li>• 0.55 DUEs for water and wastewater i.e. 250 m<sup>2</sup> x 0.0022</li> <li>• 2.25 DUEs for stormwater i.e. 600 m<sup>2</sup> x 0.75 x 0.0050</li> </ul>	<ul style="list-style-type: none"> <li>• 0.75 DUEs for water and wastewater</li> <li>• 2.25 DUEs for stormwater (deemed credits are greater)</li> </ul>
Demolition of 250m <sup>2</sup> <u>metered</u> industrial building in Auckland on 600m <sup>2</sup> site with 75% impervious surface at establishment date.	<ul style="list-style-type: none"> <li>• 0.75 DUEs for all services</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable for water and wastewater</li> <li>• 2.25 DUEs for stormwater i.e. 600 m<sup>2</sup> x 0.75 x 0.0050</li> </ul>	<ul style="list-style-type: none"> <li>• 0.75 DUEs for water and wastewater (only actual credits apply)</li> <li>• 2.25 DUEs for stormwater (deemed credits are greater)</li> </ul>

## Financial contributions

64. Credits for recognition of financial contributions paid will be assessed on case-by-case basis, as their purpose and basis for calculation varied significantly. When assessing this, we are guided by:

- Whether the financial contributions were intended as a contribution towards the previous council's costs of providing wider network capacity for growth; and
- The purpose of recognising credits as outlined in paragraphs 56 and 57.

65. Financial contributions were not always used to recover wider network infrastructure costs incurred by councils to provide for multiple developments. They were sometimes used to recover the cost of specific

works undertaken by a council for a specific development – in lieu of the developer undertaking the work themselves as a consent condition. It is not appropriate to recognise credits in these circumstances.

## YOUR REVIEW RIGHTS

66. You are entitled to request an internal review or lodge a formal objection if you consider that one of the grounds for disputing your assessment applies. Internal review and objections may only be made on the grounds (specified in section 446 of the WSLA) that:

A. We have:

- i. Failed to properly take into account features of the objector's development or increased commercial demand that, on their own or cumulatively with those of other developments or increased commercial demand from other properties, would substantially reduce the impact of the development or increased demand on requirements for assets in the water services entity's service area or parts of that service area; or
- ii. Required a WIC for assets not required by, or related to, the objector's development or increased commercial demand, whether on its own or cumulatively with other developments or increased commercial demand from other properties; or
- iii. Already required a WIC for the same purpose in respect of the same development or increased commercial demand; or (iv) incorrectly applied its water infrastructure contributions policy to the objector's development or increased commercial demand.

B. The objector will fund or otherwise provide for the same assets for which the WIC had been required.

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## INTERNAL REVIEW

67. Once you get a WIC notice, you may request an internal review of the decisions covered by the notice. To seek an internal review, you or your representative must:

- Lodge the internal review request within 20 working days of receiving the WIC notice by emailing it to ([emailaddresstocome](mailto:emailaddresstocome)). At our discretion, a request after 20 days may be accepted.
- Use the internal review form (found on [www.websitetocome.govt.nz](http://www.websitetocome.govt.nz)) and supply any supporting information with the form.
- Pay an internal review fee (\$400) at the time of lodging the request.

68. Requests for an internal review with insufficient information or without payment of fee will be returned to the applicant, with a request for additional information or payment within 10 working days.

69. Once we have received all required information and the reconsideration fee, the request will be considered by a panel of staff that were not involved in the original assessment. Before reaching a decision, the panel will consider all of the information supplied by the applicant and will consider and apply the requirements of the Policy, along with any other information that the panel considers is relevant to the internal review. An internal review decision may confirm or vary the original decision, set it aside, or set it aside and substitute a new decision.

70. We will make our internal review decision within 20 working days from the date on which we receive the internal review request, plus any time taken by the applicant to provide any additional information sought by us to support the internal review. After making it decision, we will notify the internal review applicant in writing of its decision, and the reasons for the decision.

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## OBJECTIONS

71. Objections are a more formal process that allows people to seek an independent review of Wai Tāmaki Ki Te Hiku’s decision. An application for reconsideration does not prevent the applicant from also filing an objection.
72. A panel of up to three independent commissioners will consider the objection. The decision of the commissioners is binding on you and us, although either party may seek a judicial review of the decision.
73. To pursue an objection, you must:
- Lodge the request for an objection within 15 working days of receiving WIC notice, or within 15 working days of receiving the outcome of any internal review decision. Wai Tāmaki Ki Te Hiku may agree to a request lodged after 15 days if we are satisfied that exceptional circumstances exist; and
  - Use the objection form (found on [www.websitetocome.govt.nz](http://www.websitetocome.govt.nz)) and supply any supporting information with the form; and
  - Pay a deposit.
74. Schedule 13A of the LGA sets out the objection process. While Schedule 13 references development contributions, it also applies to WIC objections (with modification as required) because of section 349E of the WSLA.
75. Unless waived by us, objectors are liable for all costs incurred in the objection process including staff arranging and administering the process, commissioner’s time, and other costs incurred by us associated with any hearings such as room hire and associated expenses, as provided by section 349H of the WSLA. However, objectors are not liable for the fees and allowances costs associated with any of our witnesses.

## OTHER OPERATIONAL MATTERS

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### REFUNDS

76. Section 349B of the WSLA states the circumstances where WICs must be refunded. In summary, we will refund WICs paid if:
- the water services entity does not use the WICs for the purpose for which it was charged; or
  - the relevant resource consent or building consent lapses; or
  - the development will not proceed.
77. We will also provide refunds where it determines that overpayment has been made (for whatever reason).

78. Where we refund WICs, it may retain a portion of the contribution equivalent to the costs we incurred in assessing, requiring, and refunding the WICs.

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## LIMITATIONS ON IMPOSING WICS

79. We will not require WICs in any of the following circumstances:
- Non-residential building work for which a building consent is required and is either less than \$20,000 exclusive of GST in value, or less than 10m<sup>2</sup> of gross floor area, unless the building consent is related to a change of land use.
  - In relation to any dwelling, replacement development, repair or renovation work generates no additional demand for any services.
  - The conversion of an existing unit developments into unit titles. This does not apply to any building consents required as part of any changes to the existing units, which will still be assessed to determine if WICs are applicable.
  - The application for a resource or building consent or service connection is made by the Crown.

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## INSTALMENT ARRANGEMENTS

80. We will consider request for instalment arrangements under sections 349 of the WSLA to pay WICs:
- Where WICs have been levied following an increase in commercial demand. In this case, instalment arrangements will be for a maximum of five years and can be regular payments or included and recovered by higher volumetric charges. If you want to request a payment arrangement, go to [www.WaiTāmakikiTeHikuwebsite.org.nz](http://www.WaiTāmakikiTeHikuwebsite.org.nz).
  - In all other instances, at its complete discretion.
81. If we agree to instalment agreements:
- Interest per annum will apply on outstanding balances at a rate 2% above the Reserve Banks official cash rate.
  - The unpaid balance at the time the instalment arrangement is agreed may be registered against the relevant property under the Land Transfer Act 2017. It will remain registered until the balance, including any accrued interest, is paid in full.
  - We may require a bond (such as a bank bond) for all or some of the money owed.

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## DEVELOPMENT AGREEMENTS

82. We may enter into specific arrangements with a developer for the provision and funding of infrastructure under a development agreement, including the WICs payable. For water services covered by a development agreement, the agreement overrides the WICs normally assessed as payable under the Policy.

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## DISCOUNTS

83. We may grant a reduction in the charges we have assessed if:

- The nature of the works to be constructed by the applicant significantly reduces the need for works proposed by Wai Tāmaki Ki Te Hiku in our WICs funded works programme; or
- The developer undertakes some of the work to be funded via WICs.

84. We will determine if a discount is warranted in these circumstances and if so, to what extent.

85. If a development has or will introduce demand mitigation, it may be eligible for a reduction in the DUEs assessed if it meets the criteria and for a special assessment for reduced demand i.e. The development is likely to use 50% or 5 DUEs less than the assumed demand for a service for the relevant development or land use category. See the special assessment section for further information. However, once the special assessment is made, there are no further reduction in the charges payable.

## Definitions

86. In the Policy, unless the context otherwise requires, the following applies:

**Accommodation unit** has the meaning given in section 197 of the LGA.

**Actual increased demand** means the demand created by the most intensive non-residential use(s) likely to become established in the development within 10 years from the date of application.

**Aged care room** means any room intended to be occupied by residents under care in a “rest home” or “hospital care institution” as defined in section 58(4) of the Health and Disability Services (Safety) Act 2001.

**Allotment (or lot)** has the meaning given to allotment in section 218(2) of the Resource Management Act 1991.

**Asset management plan** means Wai Tāmaki Ki Te Hiku’s plan for the management of assets within a service that applies technical and financial management techniques to ensure that specified levels of service are provided in the most cost-effective manner over the life-cycle of the asset.

**Attached dwelling** means a dwelling in a development of three or more attached residential units.

**Baseload demand** means the property’s average annual demand for water and/or wastewater over the five-year period ending the day before the start of the period used to calculate the annual demand. **Wastewater** is assessed as 95% of water baseload demand if it is not metred separately.

**Capacity life** means the approximate number of years that the infrastructure will provide capacity for and associated DUEs.

**Zone(s)** means the areas within which WICs are charged.

**Commercial activity** means any activity associated with (but not limited to): communication services, financial services, insurance, services to finance and investment, real estate, business services, central government administration, public order and safety services, tertiary education provision, local government administration services and civil defence, and commercial offices.’

**Detached dwelling** means a stand-alone or duplex dwelling in a development (maximum of two residential units).

**Development** means any service connection, subdivision, building, land use, or work that generates a demand for water wastewater, or stormwater services.

**Demand unit equivalent (DUE)** means demand for services, equivalent to that generated by a nominal household in a standard residential unit.

**Gross floor area (GFA)** means the sum of the total area of all floors of a building or buildings (including any void area in each of those floors, such as service shafts, liftwells or stairwells) measured:

- where there are exterior walls, from the exterior faces of those exterior walls;
- where there are walls separating two buildings, from the centre lines of the walls separating the two buildings;
- where a wall or walls are lacking (for example, a mezzanine floor) and the edge of the floor is discernible, from the edge of the floor.

See National Planning Standards 2019. <https://www.mfe.govt.nz/sites/default/files/media/RMA/national-planning-standards-november-2019.pdf>

**Water infrastructure contributions (WICs)** means water infrastructure contributions required under the authority of the WSLA and as outlined in this policy. Water infrastructure contributions can be required for water supply, wastewater, and stormwater.

**Industrial activity** means an activity that manufactures, fabricates, processes, packages, distributes, repairs, stores, or disposes of materials (including raw, processed, or partly processed materials) or goods. It includes any ancillary activity to the industrial activity.

**LGA** means the Local Government Act 2002.

**Mixed development** means any development that includes a mix of residential and non-residential land uses, and / or a mix of non-residential land uses.

**Non-residential development** means any development that falls outside the definition of residential development in this Policy.

**Policy** means this Water Infrastructure Contributions Policy.

**Residential development** means the development of land and buildings for any domestic/living purposes for use by people living on the land or in the buildings.

**Residential unit** means building(s) or part of a building that is used for a residential activity exclusively by one household, and must include sleeping, cooking, bathing and toilet facilities. See National Planning Standards 2019. <https://www.mfe.govt.nz/sites/default/files/media/RMA/national-planning-standards-november-2019.pdf>

**Retail activity** means any activity trading in goods, equipment or services that is not an industrial activity or commercial activity.

**Retirement unit** means any residential unit in a retirement village, but does not include aged care rooms in a hospital or similar facility.

**Retirement village** has the meaning given in section 6 of the Retirement Villages Act 2003.

**RMA** means the Resource Management Act 1991.

**Service** means the provision of water, wastewater and stormwater services.



**Service connection** means a physical connection from a property to a service provided by, or on behalf of, Wai Tāmaki Ki Te Hiku. In the case of stormwater, it also means drainage from a development site into Wai Tāmaki Ki Te Hiku’s stormwater network including open water bodies.

**Small ancillary residential unit** means the first residential unit ancillary to the primary residential unit on an allotment with a gross floor area of 65m<sup>2</sup> or less.

**Stage 1, 2, or 3 approval** means the approvals specified in part 10 of the WSLA.

**Student accommodation** means living accommodation, primarily used or designed to be used by registered students or guests of tertiary education institutions, and which is served by one or more communal living areas, such as lounges, study areas, laundries or kitchens.

**We / Us / Our** means Wai Tāmaki Ki Te Hiku.

**WSLA** means the Water Service Legislation Act 2023.

## PART 2: POLICY DETAILS

### REQUIREMENT TO HAVE A POLICY

87. We are required to have a policy on water infrastructure contributions under section 346 of the WSLA. The Policy meets this requirement.

### PRINCIPLES UNDERPINNING THIS WATER INFRASTRUCTURE CONTRIBUTIONS POLICY

88. Development and implementation of this policy is guided by the below principles, the principles underpinning the Funding and Pricing Plan, and those listed in section 344 of the WSLA:
- Development and increases in commercial demand should financially contribute towards the capital costs of infrastructure that provides capacity for those activities.
  - Embrace simplicity – minimise complexity of the charges and differences in systems across the large geographic area and range of communities and customers serviced by Wai Tāmaki Ki Te Hiku.
  - WICs payable is related to the level of demand being generated by a customer. Lower demand will generate lower charges and higher demand will generate higher charges.
  - Similar developments are assessed in a similar way, and determining and paying WICs is simple and easy for most our customers.
  - We will work with special and unique developments to determine fair WICs payable.

### FUNDING SUMMARY

89. We expect to incur over \$10.3 billion (excluding interest costs) on infrastructure partially or wholly needed to meet the increased demand for water services resulting from growth or increased commercial demand. This includes works undertaken in anticipation of growth by Wai Tāmaki Ki Te Hiku, Watercare, or a previous council, and future planned works as recorded in our asset management plans.
90. Of this cost, approximately \$6.7 billion (65%) is attributable to growth. In this first version of the WICs Policy, around \$5.9 billion, or 88% of the growth-related costs are expected to be recovered via WICs and development contributions and infrastructure growth charges collectively, but this will be reviewed at the next version of this policy. Our intention is to transition to full growth cost recovery from WICs over time.
91. Table 7 provides a summary of the total costs of growth-related capital expenditure and the funding sought by WICs (and development contributions and infrastructure growth charges) for each service.

Table 7. Total cost of capital expenditure for increased demand and funding sources (GST exclusive)

	Water	Wastewater	Stormwater	Total
Total capex	3,997,064,773	5,851,967,290	459,780,994	10,308,813,058

Growth capex	2,496,633,393	3,977,035,955	245,441,792	6,719,111,140
WIC/DC/IGC funded capex	2,321,869,055	3,698,643,438	245,441,792	6,265,954,285
Total capex proportion funded by WICs/DCs/IGCs	58%	63%	53%	61%
Capex proportion funded from other sources	42%	37%	47%	39%

## ZONE DETERMINATION

92. When setting WICs, we must consider how we set zones (catchments) for grouping WICs by geographic areas. The WSLA gives us wide scope to determine these zones, provided the grouping is done in a manner that balances practical and administrative efficiencies with considerations of fairness and equity. More zones mean more complexity and administration but are likely to have less cross-subsidisation from one area to another - and vice versa.
93. We will consider the following factors when weighting up zone choices:
- The principles underpinning development of this policy.
  - The nature of each type of infrastructure and how it is used by the community.
  - The benefits of signalling the costs of developing in particular areas, which may support separating areas where infrastructure requirements are markedly different.
  - The longer-term investment programme and benefit of WICs price stability over time over a larger area, rather than being too driven by the shorter term infrastructure programme in smaller areas, which may generate high WICs charge volatility.
  - The degree of commonality across different areas (supporting aggregation where appropriate).
  - The potential for and implications of vastly different per-DUE charges for areas that are near to each other.
  - The ease and certainty for developers to establish the zones and charges that relate to their developments.
  - The need to ensure major differences in prices do not undermine investments made to provide for growth by displacing growth and generating insufficient revenue.
  - The methodology used in this policy for calculating WICs, which tends to favour larger zones or a single zone to ensure a stable flow of growth costs and growth.
94. The WIC's charges and zones described in this policy relate to a single WIC across all areas serviced by Wai Tāmaki Ki Te Hiku.

## CALCULATING WICS

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## PLANNING HORIZONS

95. A 30-year timeframe has been used as a basis for forecasting growth and growth-related assets and programmes. Future growth data is derived from a mix of Statistics New Zealand forecasts, and bespoke forecasts where relevant.

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## GROWTH INFRASTRUCTURE

96. Growth assets constructed in anticipation of growth are included in the calculation of WICs, and future growth-related assets drawn from our asset management plans.
97. Capital expenditure costs are based on the forecast costs in our asset management plans, latest cost estimates, or actual costs incurred. Future capital expenditure estimates include forecast inflation and include a capital delivery efficiency factor that reflect an expectation that Wai Tāmaki Ki Te Hiku will deliver future projects more cost effectively than at present.
98. As better information becomes available the Policy and charges are updated.

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## COST ALLOCATION

99. We must consider how to allocate the cost of each asset or programme between three principal drivers – growth, level of service / backlog, and renewal. Only costs attributed to growth are used when calculating WICs.
100. As required by section 344(1)(c) of the WSLA, cost allocations are determined according to, and are proportional to, the persons who are to benefit from the assets to be provided (including the community as a whole) and the persons who create the need for those assets. For this first policy, we have relied on the cost allocations provided by previous councils and Watercare, which were subject to the same requirements.
101. Longer term, we will review and standardise our cost allocation system.

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## CAPACITY LIFE

102. The WSLA requires that WICs should be determined in a manner that has regard to the capacity life of the assets for which they are intended to be used and in a way that avoids over-recovery of costs allocated to WICs. All asset projects and programmes funded by WICs are categorised into standard 5 year capacity life categories – 5 years, 10 years, 15 years, 20 years, 25 years and 30 years. The best information available to Wai Tāmaki Ki Te Hiku is used to determine which category asset project or programme should be categorised in.

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## METHODOLOGY

103. The method for calculating WICs uses the basic equation of growth costs divided by growth costs. The growth costs used include an estimate of past capital expenditure incurred, and future growth costs for a period of 10 years, starting in 2024/25.
104. The growth costs associated with each project or programme is combined with growth costs for other growth projects with a similar capacity life (approximated to the closest 5 years) for each zone for each

service. This is divided by an estimate of growth over the relevant capacity life period (again, approximated to the closest 5 years) for areas that benefit from the growth projects or programmes. For example, projects A, B and C provide capacity for 20 years, starting in 24/25, but in different areas. The growth costs associated with these projects is summed and divided by the growth in these areas.

105. This same calculation is repeated for other projects and programmes that have common capacity lives (5, 10, 15 years etc) and then summed to generate a total WIC for that service.
106. There were practical limits to the information available for this first interaction of the WICs policy and charges, and data that was available from different sources was variable. Some simplifying assumptions were required in some cases. In some cases, unique treatment of specific data was required to enable its inclusion in the calculations.

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#### Past capital expenditure

107. Past growth expenditure included in the calculations is based on the previous programme delivered by Watercare, Auckland City Council, Whangarei District Council, and Kaipara District Council where development contributions or infrastructure growth charges applied. The information used for Auckland City Council, Whangarei and Kaipara District Councils is based on their 2021 development contributions policies and does not reflect the most up to date growth related capital expenditure in those areas. Growth capital expenditure for the last 5 years (including an estimate for 23/24) was provided by Watercare.
108. For all areas except Auckland stormwater, past growth capital expenditure is recovered over 15 years estimated growth, starting in 2019/2020.
109. For Auckland stormwater, the information available was growth costs still be recovered as at 1 July 2023 (for projects that were constructed pre-2021), rather than gross growth costs, and they have project specific capacity lives. Growth costs were spread over remaining growth for the relevant capacity life to the nearest 5 years period, starting from 23/24. An additional 3 years of growth capex was estimated for the intervening period 1 July 2021 and 30 June 2024 and was assumed to have a 10-year capacity life.
110. No past growth costs are included from the Far North District Council as they did not charge development contributions.

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#### Future capital expenditure

111. Only growth costs expected to be incurred over the 10 years starting in 2024/2025 are included in the calculations.
112. Future growth capital expenditure in Whangarei, Far North and Kaipara Districts is recovered over 20 years starting in 24/25, except for Infrastructure Acceleration Fund Projects in the Far North which are funded over 30 years.
113. Future growth capital expenditure for stormwater in Auckland is recovered over 10 years starting in 24/25. This is consistent with the capacity life for future stormwater projects as outlined in the Auckland City Council's 2023/24 Development Contributions Policy.
114. Future growth capital expenditure for water and wastewater in Auckland is recovered over 5-30 years depending on a project's approximate capacity life, starting in 23/24. Most of these projects have a capacity life of 30 years.



# PART 3: WATER INFRASTRUCTURE CONTRIBUTIONS AND CATCHMENT MAPS

## SCHEDULE 1 – WATER INFRASTRUCTURE CONTRIBUTIONS

Table S1. The following contributions per DUE apply to the areas outlined in schedule 2.

GST	Water	Wastewater	Stormwater
Exc.	\$10,091	\$17,527	\$2,968
Inc.	\$11,604	\$20,156	\$3,413

## SCHEDULE 2 – WIC ZONES

Table S2. Areas that WICs are required. WICs zone maps will be provided as the zones and charges are finalised.



Area	Details	Water	Wastewater	Stormwater
<b>Auckland City</b>				
Auckland metropolitan area	The metropolitan network area covers customers supplied by Watercare's contiguous water supply system and/or serviced by any of Watercare's wastewater treatment plants at Māngere, Rosedale, Army Bay or Pukekohe. It includes the Hibiscus Coast, Kumeu, Huapai, Riverhead, Paerata, Clevedon, Pukekohe and Bucklands. Includes the area managed by Viola.	✓	✓	✓
Beachlands and Maratei		N/A	✓	✓
Helensville and Parakai	Helensville and Parakai are areas of low supply and a connection may not always be available at a certain location.	✓	✓	✓
Kawakawa Bay		N/A	✓	✓
Northeast sub-regional	Warkworth, Snells Beach and Algies Bay (currently serviced by the Warkworth and Snells Beach wastewater treatment plants)	✓	✓	✓
Omaha/Matakana/Point Wells		N/A	✓	✓
Owhanake (Waiheke)	A WIC is payable in the case of existing commercial connections, where that connection first becomes liable for the WIC (for example, where demand increases). Connections for new customers are available subject to completion of staged upgrades to the wastewater treatment plant.	N/A	✓	✓
Southwest Sub-regional	Areas of Franklin where the wastewater treatment plant the property connects to is not the Pukekohe or Māngere wastewater treatment plant.	✓	✓	✓
Wellsford		✓	✓	✓
<b>Whangarei District</b>				
Whangarei City		✓	✓	✓
Whangarei Heads		✓	✓	✓
Hikurangi		✓	✓	✓
Ruakākā and One Tree Point		✓	✓	✓
Waipū		✓	✓	✓
Waipū Cove-Langs Beach		✓	✓	✓
Maungakaramea		✓	N/A	✓
Ōakura-Whangaruru South		N/A	✓	✓
Portland		N/A	✓	✓
Ngunguru		✓	✓	✓
Maungatāpere		N/A	N/A	✓
Mangapai		✓	N/A	✓

Waikaraka		✓	N/A	✓
<b>Kiapara District</b>				
Dargaville		✓	✓	✓
Bayleys Beach		✓	N/A	✓
Maungaturoto		✓	✓	✓
Ruwai		✓	N/A	✓
Mangawhai		N/A	✓	✓
Kaiwaka		N/A	✓	✓
Te Kopuru		N/A	✓	✓
Glinks Gully		N/A	✓	✓
Pahi		N/A	N/A	✓
Paparoa		N/A	N/A	✓
<b>Far North District</b>				
Kerikeri		✓	✓	N/A
Waipapa		✓	N/A	N/A
Okaihau		✓	N/A	N/A
Paihia and Opua		✓	N/A	N/A
Hururu		✓	✓	N/A
Kawakawa		✓	✓	✓
Moerewa		✓	N/A	N/A
Kaikohe		✓	✓	✓
Ngāwhā Springs		✓	✓	N/A
Kaitaia		✓	N/A	N/A
Whatuwhiwhi – Karikari and Tokerau Beach		N/A	✓	N/A
Haruru		N/A	✓	N/A
Kaeo		N/A	✓	N/A
Awanui		N/A	✓	N/A

Pukenui		N/A	✓	N/A
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