

**BEFORE A HEARINGS PANEL  
OF THE FAR NORTH DISTRICT COUNCIL**

**I MUA NGĀ KAIKŌMIHANA MOTUHAKE O TE HIKU O TE IKA**

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| <b>Under the</b>     | Resource Management Act 1991 ( <b>RMA</b> )  |
| <b>In the matter</b> | of a request for rezoning of land in the Kerikeri-Waipapa area<br>under the proposed Far North District Plan |

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**STATEMENT OF EVIDENCE OF KENNETH MACDONALD IN SUPPORT OF SECTION 42A  
REPORT FOR HEARING 15D**

**COUNCIL FINANCES AND INFRASTRUCTURE FUNDING**

**11 September 2025**

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**1. INTRODUCTION**

**1.1** My name is Kenneth Macdonald.

**1.2** I am the Chief Financial Officer of the Far North District Council (**Council**). I have been in this position since June 2025.

**1.3** I am a Chartered Accountant.

**1.4** I have been asked to provide evidence in relation to Council finances and infrastructure funding, to support the evaluation report prepared under s 42A of the RMA.

**1.5** I have not previously been involved with the development of the Te Pātukurea – Kerikeri Waipapa Spatial Plan (**Spatial Plan**) or the Kiwi Fresh Orange Company (**KFO**) submission due to only recently being employed by the Council.

**1.6** I am however familiar with what is being sought by the KFO submission. KFO are seeking urban zoning for existing farmland. I note in my reading of this matter, I have become aware that the area being considered for urban zoning is considered an area of flood hazard.

**1.7** I have read the evaluation report prepared in accordance with s 42A of the RMA. I have also read the evidence prepared on behalf of KFO in support of its submission seeking urban rezoning of land between Kerikeri and Waipapa.

**1.8** I have read and am familiar with the Code of Conduct for Expert Witnesses contained in the Environment Court Practice Note 2023. I have complied with the Code of Conduct in preparing my evidential statement. I confirm that my evidence is within my area of expertise, consisting of being the Chief Financial Officer of the Council, and looking at rate impacts and infrastructure costs of the development. I do not provide this evidence as an independent subject matter expert, except where I state that I am relying on the evidence of another person. I have not

omitted to consider material facts known to me that might alter or detract from the opinions expressed in my evidence.

## **2. SCOPE OF EVIDENCE**

**2.1** My evidence will cover the following matters:

- (a) Council financial position and challenges;
- (b) funding mechanisms;
- (c) infrastructure expenditure required;
- (d) infrastructure costs, planning and funding;
- (e) funding impact;
- (f) development in a hazard prone area; and
- (g) conclusion.

## **3. SUMMARY OF EVIDENCE**

**3.1** The Far North District faces significant financial challenges due to its low gross domestic product and limited household incomes. This creates a tension for the Council as it seeks to balance the need for new infrastructure to support growth with the ongoing maintenance of aging assets—all while keeping rates affordable for households.

**3.2** Current funding mechanisms, including targeted rates and general rates, may not be affordable for households. Government funding is uncertain, and the Council does not yet use development contributions under the Local Government Act 2002 (**LGA**) or financial contributions under the RMA, though it is consulting on introducing a development contributions policy. Water supply and wastewater will

sit with the recently established Northland Waters CCO (with costs ultimately borne by the Far North District community) and stormwater will remain under Council responsibility.

- 3.3** While I acknowledge the potential funding mechanisms, there is uncertainty as to whether and how these will be implemented and who will ultimately be required to pay for new infrastructure. The KFO approach seems to be to seek rezoning of their site and then “sort it all out later”.
- 3.4** It is difficult to assess the financial impact of the KFO proposal on the Council and the Northland Waters CCO due to the uncertainties described above. The proposed rezoning by KFO introduces substantial financial risk. Infrastructure cost estimates are high-level but significant, and there is no clear funding strategy or binding developer agreements in place. Rezoning could create expectations that Council or the CCO will deliver infrastructure that is neither planned nor funded, potentially leading to increased debt and ratepayer burden, and displacing other strategic priorities.
- 3.5** Given the scale and significance of the financial risks, I do not consider it appropriate to rezone the KFO land in the face of such uncertainty and lack of information.
- 3.6** Additionally, the proposed site is in a flood-prone area, which raises further concerns about long-term financial liability. I would be concerned if the Council and its ratepayers were exposed to future costs from weather-related damage as has occurred elsewhere in New Zealand.
- 3.7** In light of these uncertainties, I consider that it is not fiscally responsible to proceed with rezoning unless infrastructure planning, funding, and risk mitigation are clearly addressed.

#### **4. COUNCIL FINANCIAL POSITION AND CHALLENGES**

- 4.1** The Far North District has a low gross domestic product. As a result, the district has low household incomes and our communities struggle with rate rises.
- 4.2** There is a strong tension between funding new infrastructure and the maintenance of existing infrastructure, while keeping rate increases within manageable levels for our residents. The Council is particularly conscious of this in the current recessionary climate.
- 4.3** Due to the age of existing infrastructure, significant financial investment is required for maintenance. Additionally, investment in new and upgraded infrastructure is required to facilitate growth in the district.

#### **5. FUNDING MECHANISMS**

- 5.1** The Council currently uses targeted rates for new infrastructure in some circumstances, applied to those benefiting from the infrastructure. However, with this approach, questions may arise as to whether it is financially viable for the end landowner to support this level of rate take. District-wide general rates are applied to roading.
- 5.2** Government funding cannot be relied upon as there is no certainty. General rates have affordability constraints as set out above.
- 5.3** The Council does not currently use development contributions under the LGA or financial contributions under the RMA. The Council is currently consulting the community on whether a development contributions policy under the LGA should be introduced (submissions closed on 31 August 2025). The outcomes of that process, and the scope of any development contributions introduced, are currently uncertain.
- 5.4** As noted in the infrastructure evidence of Mr Hensley, the district councils in Northland have recently resolved to form the Northland Waters CCO, a

council-controlled organisation to own and manage water supply and wastewater assets in the region. Stormwater will continue to be delivered by the Council. This will have some advantages such as cost efficiencies through shared resources, reduced duplication and economies of scale over time, improved borrowing capacity, enhanced resilience through a larger, shared workforce, improved ability to deliver large-scale capital programmes.

- 5.5** To recognise the different starting points of each council in terms of water assets, debt levels and infrastructure investment needs, the councils have agreed to a model that will see financials ring-fenced for each district and have non-harmonised water charges to start with, meaning water charges are different for residents in each district. However, ultimately funding of Far North District works will be funded by the Far North community.
- 5.6** The Northland Waters CCO will have a range of funding tools, utilisation of which will likely be considered as part of a water services strategy (including a 10-year capex programme) that will be prepared around 2027. As explained by Mr Hensley, water supply and wastewater activities will not be included in the 2027-37 Long Term Plan of the Council.
- 5.7** While I acknowledge the potential funding mechanisms, there is uncertainty as to whether and how these will be implemented and who will ultimately be required to pay for new infrastructure.
- 5.8** For a large-scale development such as that proposed by KFO, land use planning needs to be integrated with infrastructure planning and funding. This requires careful consideration of the full range of funding mechanisms available, including the use of developer agreements and financial plans and strategies of the Council and the Northland Waters CCO (to ensure long term funding is in place for the required infrastructure upgrades). This normally results in a cost share which is a more appropriate outcome in terms of Council finances and the potential effect on rates.

- 5.9** In contrast, the KFO approach seems to be to seek rezoning of their site and then “sort it all out later”.

## **6. INFRASTRUCTURE COSTS, PLANNING AND FUNDING**

- 6.1** Infrastructure costs are addressed more specifically in the evidence of Mr Hensley.

- 6.2** Significant infrastructure investment is needed, regardless of where growth is provided for. However, what is important is that urban growth is located in the right place to ensure infrastructure is provided efficiently to ensure we get the best value for investment.

- 6.3** The Council’s current infrastructure planning and funding documents are addressed in the evidence of Mr Hensley and Mr Lindenberg. In short, infrastructure for the KFO proposal is not planned or funded. Infrastructure for the intensification option recommended by Ms Trinder (in the s 42A report) is planned and funded in the short term, and future financial planning processes are available to provide for urban growth in the medium or long term.

## **7. FUNDING IMPACT**

- 7.1** Mr Hensley refers to an indicative infrastructure cost estimate for the KFO proposal in the range of \$134M to \$234M and combined costings for the KFO proposal and urban growth in accordance with the Spatial Plan of \$279M to \$482M (even with some significant costs excluded). I acknowledge that these costs are necessarily high-level at this stage.

- 7.2** Rezoning the KFO site may create expectations that the Council and Northland Waters CCO will provide the necessary infrastructure, even if that infrastructure is not planned and funded.

- 7.3** It is difficult to assess the financial impact of the KFO proposal on the Council and the Northland Waters CCO due to the uncertainties described above. In particular, there has been no integration between land use planning and infrastructure

planning and funding. There are no binding developer agreements in place for infrastructure. It is therefore not known where the infrastructure costs could ultimately fall.

**7.4** I agree with Mr Hensley that this uncertainty presents a substantial financial risk to the Council and the Northland Waters CCO that could materially affect their financial position. It raises concerns about whether it is financially viable for the responsible entities to support and fund the required infrastructure, including the KFO proposal. There may be concerns about debt levels and affordability pressure on households if they are required to fund all or part of the necessary infrastructure. There is also a risk of displacing other spending priorities and undermining other long-term planning.

**7.5** Given the scale and significance of the financial risks, I do not consider it appropriate to rezone the KFO land in the face of such uncertainty and lack of information.

## **8. DEVELOPMENT IN A HAZARD PRONE AREA**

**8.1** The land being proposed for rezoning is a recognised area of potential flood hazard. A precautionary response should be taken when looking activating urban zoning in these types of areas. If Council was required to pay out on properties affected by a significant weather event as we have seen in Auckland and Gisborne, it could potentially cause a large-scale financial impact on the Council's finances and an ongoing burden on the area's ratepayers to try to pay for these costs. I would be very concerned if KFO does not provide a high level of certainty that the Council and its ratepayers will not be called upon to pay out on properties affected by flooding in the future.



## **9. CONCLUSION**

**9.1** My conclusion is set out in the summary above.

Kenneth Macdonald

11 September 2025