



Registered Master Builders Association of New Zealand Incorporated

Submission on Auckland Council's Draft Contributions Policy 2025

December 2024

The Registered Master Builders Association submission on Auckland Council’s Draft Contributions Policy 2025

The Registered Master Builders Association (Master Builders) welcomes the opportunity to submit to the Ministry of Business, Innovation & Employment (MBIE) on *Auckland Council’s Draft Contributions Policy 2025*.

About Master Builders

The Master Builders represents over 3,000 commercial and residential builders and are the leading sector advocates on the built environment. Our members have been building the places where New Zealanders live, work, and play, since 1982.

Our sector is a key contributor to the New Zealand economy. For the year ended March 2024, the construction sector contributed 6.2 per cent of the country’s real Gross Domestic Product (GDP) accounting to over \$17.2 billion¹. It also employed 294,100 people (or 10 per cent of the country’s total workforce) in the year ended September 2024².

We are working hard to lead the change our sector needs by ensuring we have the regulatory systems and processes in place to build faster and better. We are supporting our members to grow their capability and business acumen to ensure a strong and healthy sector; to innovate and make the most of new technologies so we meet the climate change challenge; and to attract, train and retain skilled talent. We are proud to be New Zealand’s best builders.

At Master Builders we are committed to transforming the sector and rebuilding our economy. We are focused on building better homes, communities and workplaces, and ultimately better lives for all New Zealanders. We want to ensure that the houses that we build now are well-built, accessible, affordable, and appropriate to the needs of our ever-changing society. We are building a better New Zealand.

Our members are supported on the ground by 23 branches across 6 regional hubs:

Branch hub	Serving
Auckland	Auckland, Northland, Coromandel
Midlands	Waikato, Tauranga, Whakatāne, Rotorua, Taupō
Central North Island	Taranaki, Whanganui, Hawke’s Bay, Manawatū, Gisborne
Cook Strait	Wellington, Wairarapa, Nelson, Marlborough, West Coast
Canterbury	Canterbury, Ashburton, South Canterbury
Southern	Otago, Central Otago, Gore, Southland

¹ Statistics New Zealand – Infoshare: Gross domestic product – March 2024

² Statistics New Zealand – Infoshare: Household Labour Force Suvey – September 2024

1. Introduction

- 1.1 The Registered Master Builders Association (Master Builders) appreciates the opportunity to provide feedback on Auckland Council’s Draft Development Contributions Policy 2025. As a leading representative of the building and construction sector, we recognise the importance of development contributions (DCs) in funding essential infrastructure to support Auckland’s growth.
- 1.2 However, we hold concerns about the potential impacts of the proposed policy, particularly in terms of housing affordability, development feasibility, and the sustainability of the construction sector.

2. Concerns About the Proposed Increases

- 2.1 Master Builders are concerned about the magnitude of the proposed increases in DCs, which in some areas rise as high as 289%.
- 2.2 These increases, such as the \$119,000 DC charge in Tāmaki, are disproportionately high and could significantly impact housing affordability.
- 2.3 The resulting costs are likely to be passed on to homebuyers, further exacerbating existing affordability issues.
- 2.4 Moreover, these elevated costs threaten to make residential and commercial development financially unviable, leading to project delays, cancellations, and a reduction in overall housing supply.

Table 1: Current and Proposed DC’s per household

Area	Current DC	Proposed DC	Percent Increase
Inner Northwest	\$25,167	\$98,000	289%
Tāmaki	\$31,157	\$119,000	282%
Mt Roskill	\$20,406	\$52,000	155%
Māngare	\$18,123	\$29,000	60%
Drury	\$70,000	\$80,000	19%

3. Issues with Long-Term Funding Approach

- 3.1 Master Builders is concerned about policy’s reliance on a 30-year funding horizon, which adds further complexity and uncertainty.
- 3.2 Accurately forecasting long-term projections of infrastructure costs, population growth, and inflation over such an extended period is inherently challenging. This approach risks over-collection and inefficient allocation of funds, which can undermine trust in the system.
- 3.3 The lack of clarity around the allocation of contributions, particularly for stormwater and other critical infrastructure, exacerbates these concerns. Significant discrepancies between initial estimates and actual costs could further burden developers and ratepayers.

- 3.4 We recommend scaling back the proposed DC increases to ensure fairness and sustainability. Phased implementation of the increases would mitigate abrupt impacts on project feasibility. Replacing the 30-year funding model with a more manageable 10-year incremental funding approach would allow for periodic adjustments aligned with international best practices.

4. Public – Private Collaboration

- 4.1 Master Builders advocates for greater collaboration between Auckland Council and the private sector. Meaningful engagement with developers and other stakeholders can foster a more balanced and equitable approach to funding Auckland’s growth.
- 4.2 We recommend exploring alternative funding mechanisms such as targeted rates, contributions from Crown Infrastructure Partners, and support from the National Infrastructure Agency. These measures would help distribute the funding burden equitably among developers, future property owners, and existing ratepayers.
- 4.3 By adopting such measures, Auckland Council could equitably distribute the burden of infrastructure funding among developers, future property owners, and existing ratepayers.

5. Conclusion

- 5.1 In conclusion, while Master Builders recognises the importance of DCs in supporting Auckland’s growth, we believe the current draft policy imposes unsustainable costs on residential and commercial developers, homebuyers, and the wider construction industry.
- 5.2 We urge Auckland Council to adopt a more balanced and collaborative approach to ensure that infrastructure funding does not hinder the deliver of affordable and sustainable housing.
- 5.3 We remain committed to working with Auckland Council and other stakeholders to achieve these goals.
- 5.4 We thank you for the opportunity to make this submission.

Matthew Aileone
General Manager Policy and Advocacy

Charlotte Knowles
Senior Strategy and Advocacy Advisor