

Property Council New Zealand

Submission on the Infrastructure Funding and Financing Amendment Bill 2025

20 February 2026

For more information and further queries, please contact

Bella Leddy

bella@propertynz.co.nz

0297786114

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Finance and Expenditure Select Committee
Parliament Buildings
Wellington 6160
Via Email: fe@parliament.govt.nz

Submission on the Infrastructure Funding and Financing Amendment Bill 2025.

1. Summary

- 1.1. Property Council New Zealand (“Property Council”) welcomes the opportunity to provide feedback on the Infrastructure Funding and Financing Amendment Bill 2025 (‘the Bill’) which was introduced on 26 November 2025.
- 1.2. New Zealand faces a longstanding infrastructure funding deficit, driven by population growth, historic underinvestment in renewal and maintenance, and over-reliance on local authority balance sheets. This has constrained councils’ ability to respond to growth, prioritise renewal and has contributed to declining infrastructure performance.
- 1.3. The Infrastructure Funding and Financing Act 2020 (‘2020 Act’) was intended to address these challenges. While Property Council supported its intent, the framework proved overly complex and difficult to use in practice, resulting in very low uptake and limited impact. Consequently, the underlying infrastructure funding problem has persisted.
- 1.4. Property Council supports the intent of the Bill to improve the accessibility and usability of the Infrastructure Funding and Financing (‘IFF’) framework, particularly to support housing growth. However, aspects of the Bill retain unnecessary complexity and uncertainty that risk continuing to deter uptake.

2. Recommendations

- 2.1 At a high level, Property Council recommends:
 - There is a statutory obligation requiring the Ministry of Housing and Urban Development (‘the Monitoring body’) to publish a suite of standardised, tiered IFF templates;
 - The Monitoring body publishes formal regulations/statutory guidance for beneficiary identification and cost allocation;
 - Levy proposals are required to include a completed beneficiary and cost allocation cost schedule using a template;
 - Supplementing the opt-in system with a ballot-based approval process or a Business Improvement District (‘BID’)-style model;
 - Where either of the ballot-based or BID style thresholds is met, the Minister must treat the levy as supported for the purposes of clause 17, new section 27;
 - The Monitoring body publishes guidance for cross-agency coordination;
 - Better alignment and cross-references to the Urban Development Act;
 - The Monitoring body publishes governance best practice standards for SPVs recommending private sector representation and transparent procurement rules;

- For developer-led projects or where developers bear significant levy risk, statutory recognition of private sector board seats is enabled;
- The recovery of Operation & Maintenance costs (or at least a portion of the cost) through rates, or a targeted rate over the life of the infrastructure;
- That levy proposals be required to include mandatory reconciliation schedules that clearly and transparently set out the sources of all funds; and
- That statutory guidance or standardised templates be developed to support the consistency of mandatory reconciliation schedules.

3. Introduction

- 3.1. Property Council is the leading not-for-profit advocate for New Zealand’s most significant industry, property. Our organisational purpose is, “Together, shaping cities where communities thrive.”
- 3.2. The property sector shapes New Zealand’s social, economic, and environmental fabric. Property Council advocates for the creation and retention of a well-designed, functional, and sustainable built environment, in order to contribute to the overall prosperity and well-being of New Zealand. We aim to unlock opportunities for growth, urban development, and productivity to improve New Zealand’s prosperity.
- 3.3. We connect over 10,000 property professionals and represent the interests of over 550 members organisations across the commercial, industrial, retail, and residential sectors. Our members are from the private, public, and charitable sectors.
- 3.4. This document provides Property Council’s feedback on the [Infrastructure Funding and Financing Amendment Bill 2025](#) and all recommendations are provided on issues relevant to Property Council’s members. Reflecting the diversity of our membership, Property Council members may wish to comment in greater detail on issues specific to their business. Accordingly, we support individual members providing separate submissions addressing those matters.

4. Reducing complexity

- 4.1. The Bill currently requires bespoke negotiation, drafting and vetting of levy proposals, Special Purpose Vehicle (‘SPV’) Constitutions, levy administration agreements and supporting materials. This is administratively burdensome, expensive and unpredictable.
- 4.2. Many viable projects, particularly smaller greenfield projects or bundled mid-size projects do not have the resource or capacity to understand this complexity. Our members report they are often deterred by the fixed transactional costs under the 2020 Act as this increases risk for lenders and raises project costs.
- 4.3. Property Council recommends there is a statutory obligation requiring the Monitoring body to publish a suite of standardised, tiered IFF templates, including:
 - Model levy proposal;
 - Standard-from SPV constitution;

- Standard levy administration agreement;
- Financial modelling template; and
- A beneficiary and cost allocation template.

Clear methodology for beneficiary identification and cost allocation

- 4.4. Property Council is concerned that while the Bill requires levies to be imposed on beneficiaries, it provides minimal guidance on how beneficiaries should be identified, how benefits can be quantified or how costs should be allocated. This lack of clarity reduces transparency and creates a risk of inconsistent or inequitable levy outcomes.
- 4.5. Property Council recommends that the Monitoring body publishes formal regulations/statutory guidance on:
- Beneficiary identification methodologies;
 - How to quantify expected benefits (value uplift, usage, avoided costs);
 - Allocating costs proportionately across first-wave and second-wave beneficiaries; and
 - The treatment of network assets.
- 4.6. We recommend levy proposals are required to include a completed “beneficiary and cost allocation cost schedule” using this template.

5. Legitimacy mechanisms for brownfield levy areas

- 5.1. In brownfield contexts, the Bill enables infrastructure levies to be imposed on existing landowners for upgrades they have not anticipated, without a clear democratic or legitimacy mechanism. This increases the risk of objections, delays and legal challenge, which may unintentionally shift development toward greenfield locations, undermining intensification objectives.
- 5.2. The introduction of the opt-in system under the Bill is a welcome step towards streamlining the consent process in brownfield contexts. However, this may only capture a subset of stakeholders and does not guarantee broad-based support of an IFF levy.
- 5.3. We recommend supplementing the opt-in system with a ballot-based approval process or a Business Improvement District style model.
- 5.4. A ballot-based approval process could require a double majority of the affected properties and capital value. A BID-style opt-in process could apply where commercial precincts approve levies collectively.
- 5.5. We recommend that where either of these thresholds is met, the Minister must treat the levy as supported for the purposes of clause 17, new section 27.

6. Cross-agency and private sector participation

- 6.1. Most projects considering the use of IFF levies involve Regional Levy Authorities (“RLA”), the Monitoring body, National Infrastructure Funding and Financing Limited (NIFFCo), the Treasury, Local Government Funding Agency, Water Service Entities, NZTA/KiwiRail and sometimes Kainga Ora. The Bill expands on who can be an RLA but does not clarify how agencies should coordinate.

- 6.2. Our members report that poor coordination increases delays, cost and delivery risk, reducing the attractiveness of the IFF framework.
- 6.3. We recommend the Monitoring body publishes guidance for cross-agency coordination covering roles and responsibilities, information sharing expectations and timeframes for inter-agency approvals.

Alignment with the Urban Development Act and Kainga Ora SDP Pathways

- 6.4. In 2020, the Government introduced the Urban Development Act which enables Kainga Ora to facilitate specified development projects (“SDPs”). SDPs are intended to improve urban development outcomes through a mix of housing types, transport connections, employment and business opportunities, infrastructure, community facilities, and green spaces.
- 6.5. There is some overlap between the purposes of the Urban Development Act and the Bill but no discussion of how SDPs work alongside SPVs. Kainga Ora-led SPVs include complex infrastructure components that could be funded through IFF levies, yet the two regimes operate in silos. This unnecessarily causes higher administrative costs and duplicates processes.
- 6.6. Property Council recommends better alignment and cross-references to the Urban Development Act to ensure that Kainga Ora can set up SPVs alongside SDPs.

SPV Governance does not provide for private sector participation

- 6.7. Property Council is concerned that SPV governance remains entirely government-led, with no provision for private sector representation, even in developer-led projects. Excluding private sector expertise reduces accountability, delivery efficiency and the attractiveness of developer-led SPVs.
- 6.8. We recommend the Monitoring body publishes governance best practice standards for SPVs recommending private sector representation and transparent procurement rules.
- 6.9. We recommend that for developer-led projects or where developers bear significant levy risk, statutory recognition of private sector board seats is enabled.

7. Operation and Maintenance Costs

- 7.1. In Property Council’s submission on the Infrastructure Funding and Financing Bill 2020, we raised concerns about the lack of clarity regarding how Operation and Maintenance (‘O&M’) costs would be funded once infrastructure assets are vested in a local authority or relevant agency.
- 7.2. This issue remains unresolved under the Bill. While the IFF framework enables earlier delivery of infrastructure, it provides insufficient direction on how ongoing operation, maintenance and renewal costs will be funded once assets are vested. This creates uncertainty and risks inconsistent approaches across asset classes and regions.
- 7.3. Reliance on development contributions/levies (‘DCs’) to recover O&M costs would be inequitable and economically inefficient. DCs are, by design, a front-loaded charge imposed on new development, meaning they place the full burden of long-term operational costs on first purchasers rather than on the wider group of users who benefit from the infrastructure over its

life. This undermines intergenerational equity, inflates upfront housing costs, and can adversely affect development feasibility.

- 7.4. We recommend the recovery of O&M costs (or at least a portion of the cost) through rates, or a targeted rate over the life of the infrastructure. This would improve intergenerational equity and ensure that all those who benefit from the infrastructure help pay for it.

8. Double dipping risk

- 8.1. Property Council strongly supports the introduction of clause 54, new section 95A which acts as a necessary safeguard against the risk of double dipping in the collection of infrastructure levies. Clear separation between funding sources is essential to maintaining equity, transparency, and confidence in the IFF framework, and to encouraging its uptake by councils, developers, and infrastructure providers.
- 8.2. While new section 95A appropriately establishes the principle that levy funding must be reduced to reflect any “previous contributions”, the provision is currently too high level to ensure consistent and enforceable application in practice. Without standardised requirements, levy costs risk becoming opaque and difficult for levy payers to scrutinise.
- 8.3. To strengthen the effectiveness of new section 95A, Property Council recommends that levy proposals be required to include mandatory reconciliation schedules that clearly and transparently set out:
 - The total capital cost of the infrastructure project;
 - Amounts funded or proposed to be funded through development contributions/levies, water charges, rates, or other contributions;
 - The portion of costs already recovered; and
 - The remaining unfunded balance proposed to be recovered through an IFF levy.
- 8.4. Property Council further recommends that statutory guidance or standardised templates be developed to support consistent application of mandatory reconciliation schedules across councils and infrastructure providers, particularly for staged, bundled, or multi-agency projects where funding sources may evolve over time.

9. Development Levy reform

- 9.1. Property Council opposes the Bill’s departure from the core design of the Infrastructure Funding and Financing Act 2020. The 2020 Act required levies to fund a specified infrastructure project within a defined levy area, with revenue ring-fenced to that project.
- 9.2. The Bill materially broadens this framework by enabling wider infrastructure classes, larger or less defined levy areas, and more flexible application of levy revenue. In doing so, it weakens the clear geographic and functional nexus between the infrastructure funded and the land subject to the levy.
- 9.3. These amendments appear designed to facilitate the proposed development levy reforms. Property Council opposes this shift in approach and refers the Committee to our separate submission on Development Levies for detailed analysis.

10. Conclusion

- 10.1. Property Council members invest, own, and develop property across New Zealand. We thank the Finance and Expenditure select committee for the opportunity to provide feedback on the Bill. **We wish to speak to our submission.**
- 10.2. Property Council supports the intent of the Bill to improve the accessibility and usability of the IFF framework. We consider the recommendations outlined above necessary to reduce complexity, improve coordination and ensure the framework is credible and workable in practice.
- 10.3. For any further enquiries, please do not hesitate to contact Bella Leddy, Advocacy Advisor, via email bella@propertynz.co.nz or phone 0297786114.

Yours Sincerely,



Leonie Freeman
Chief Executive
Property Council New Zealand