Attachment A: Workshop Slides

# Central Government Reforms

## Workshop on open consultation processes

26 January 2026

QUEENSTOWN LAKES DISTRICT COUNCIL

# Agenda for the day

| Indicative timing | Topic |
|---|---|
| 09:30-10:30 | Intro + **Simplifying Local Government** |
| 10:30-10:45 | Morning tea |
| 10:45-12:30 | **RMA replacement bills** |
| 12:30-13:00 | Lunch |
| 13:00-14:00 | **Rates capping** |
| 14:00-14:15 | Break |
| 14:15-15:15 | **Development levies** |
| 15:15-16:00 | **Infrastructure Funding and Financing Act** |

# Contents of slide deck

# Purpose of this workshop

- > Provide Cllrs with a high-level overview of key reform processes.
- > Discuss key issues affecting the roles and responsibilities, capability and capacity of QLDC, and the district's wellbeing.
- > Obtain feedback from Cllrs to inform submissions to Government on reform processes
- > Structure of workshop
  - > Officers to present on each reform process
  - > Cllrs to provide feedback on each reform process to inform submission drafting

# Local Government Simplification

Pennie Pearce, Campbell Guy

# Background to “back to basics” reforms

Refer Attachment B

**Decision making**

Setting clear roles and effective legislation for local government, saving time and balancing democratic principles

**Systems and processes**

Giving councils modern regulatory tools and balancing efficiency gains over services and costs

**Transparency & accountability**

Ensuring ratepayers know what they’re paying for and supporting councillors to represent their communities

**Funding and financing**

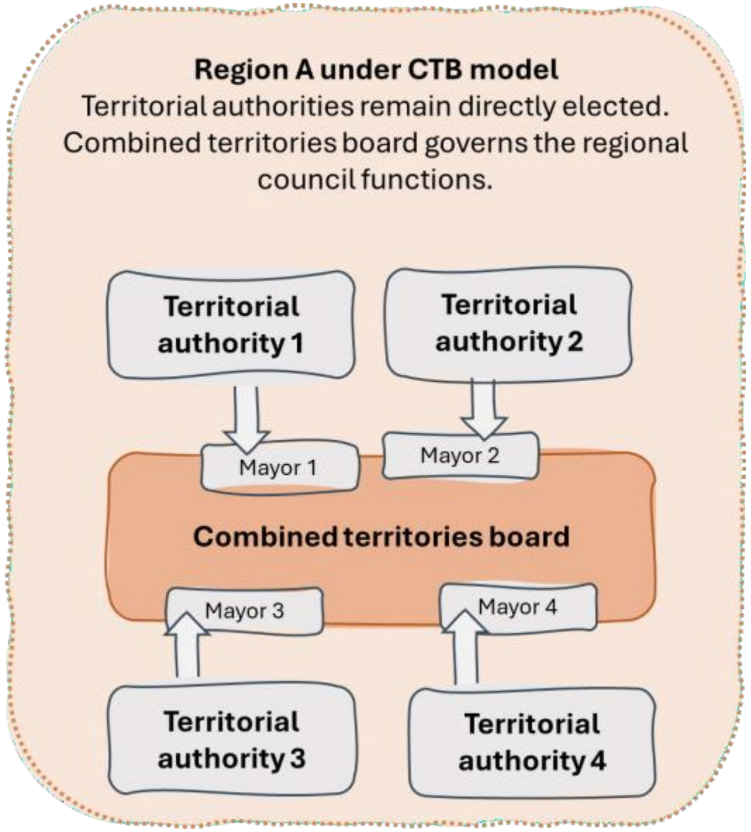
Expanding council funding options and borrowing limits so the cost of investments can be better spread over time

# Proposal – Step 1: Unifying Regional Governance

> Replace elected regional councillors with a Combined Territories Board (CTB) of city and district mayors.

> Local Government Commission moderates voting to balance population, representation, and urban/rural interests.

> Regional council organisation remains, but under new governance.




**This is preferred option, but the proposal outlines alternatives:**

- Add a Crown Commissioner to the CTB, or
- Replace regional councillors entirely with Commissioners.

Refer Attachment C and D

# Proposal – Step 2: Enable Locally-Led Reorganisations

- CTB or Crown Commissioners to draft a **Regional Reorganisation Plan (RRP) for efficient, cost-effective delivery** of council infrastructure and services.
- RRPs may include **amalgamations, shared services, joint council companies**.
- RRPs due in **2 years**; must meet statutory criteria and undergo consultation. Affordability is key.
- **Minister of Local Government makes the final decision**, advised by the Local Government Commission and other ministers.

**Rapid Review of Regional Council Functions**

Government agencies will immediately review regional councils' statutory roles to identify functions that could be removed or returned to central government.

The result will be available to inform RRPs.

# Proposal – Step 2: Enable Locally-Led Reorganisations

**Councils to determine arrangements that best meet the needs of their regions.**

No template for this but these criteria will guide plan development

**Big-picture fit**

...support national priorities, strategies and goals (like housing, infrastructure, and competitive business settings)?

**Affordable now and in the future**

...provide a financially responsible arrangement that will manage rates increases and support them to manage assets well?

**Better services**

...reorganise local services so they work better and cost less?

**Clear leadership**

...set out who does what and who is responsible across councils?

**Local say**

...let decisions happen at the right local level? Does the plan provide fair and effective representation of communities of interest?

**Treaty arrangements**

...show how all Treaty settlement commitments administered by councils and other agreements with iwi/Māori will be given effect to or improved?

**Can it be done**

...include a realistic plan for putting the plan into action (e.g. how council staff might be moved)?

# The Minister is seeking feedback on...

**The Role of Crown Commissioners**

*How much power (if any) should Crown Commissioners have on the CTBs?*

Minister is open to:

- No Commissioners on CTBs
- Commissioner (non-voting)
- Commissioner (veto power)
- Commissioner (50% vote)
- Commissioners replace boards

**Voting arrangements on CTB's**

*How should voting power be distributed across CTBs when population size is so different across council's?*

Proposal is that Local Government Commission use 'effective representation' principle to adjusting voting power.

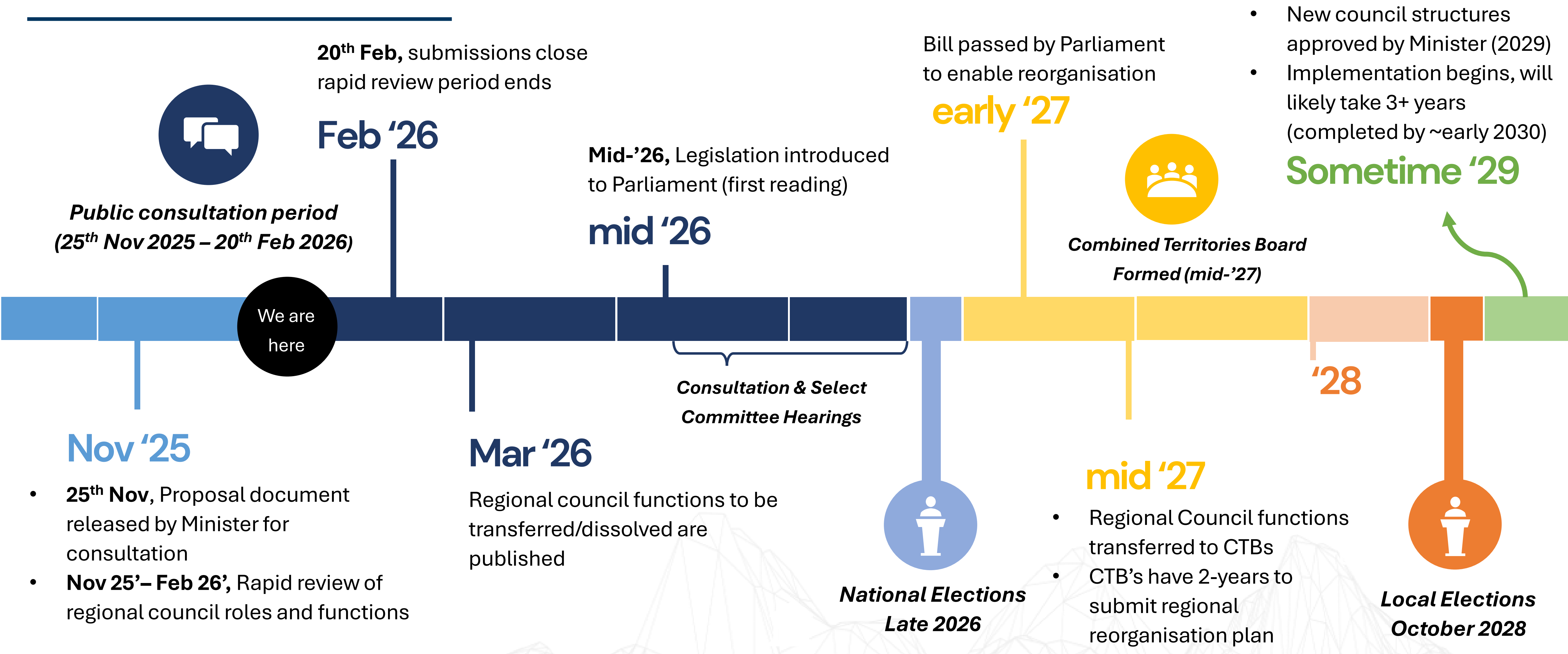
Minister is open to other using principles, such as:

- Democratic legitimacy (e.g. one mayor one vote)
- Effective representation (ensure minority representation)
- Effective governance (most practical for decision making)

**3. Do you support the proposal to develop a regional reorganisation plan?**

**4. What do you think about the criteria to assess reorganisation plans?**

# Timeline of LG Simplification Reform



# Discussion Starters – Simplifying Local Government

Better coordination and simplification in the sector is needed...

...but whether proposed reforms achieve this depends on how they're implemented ...

...and how they work together with the wider reform programme (RMA, Rates Capping, etc.)

# Discussion Starters – Unifying Regional Governance

> CTB structure appears to **increase workload**, without commensurate renumeration changes

> **Non-voting Crown Commissioner** has potential to provide **useful perspective** on boards, especially considering QLDC and CODC's position as regional deal partners

> **Population based voting** would significantly **reduce QLDC say** on CTB

> Would **'effective representation' based voting** on the CTB provide a **better regional voice**? Inclusion of what components would better represent QL interests - economic contribution, non-resident population?

# Discussion Starters – Enable Locally-led Reorganisations

- Do we have an interest in the **rationale** to be used to justify **centralising or dissolving regional council functions** during rapid review?
- How could the **2026 national elections** impact the simplification reforms?
- How could the **2028 local body elections** impact the simplification reforms?
- Do the proposed reorganisation assessment criteria **reduce local autonomy**?
  - ‘big picture fit’ reduces scope to address local challenges in favour of national direction,
  - ‘better services’ and ‘cost less’ are contradictory
  - Minister has final say and can override CTB decisions

# Submission Points – Discuss & Provide Direction

**Submission due**
**20 February 2026**

# RMA Replacement Bills

Onur Oktem, Alyson Hutton

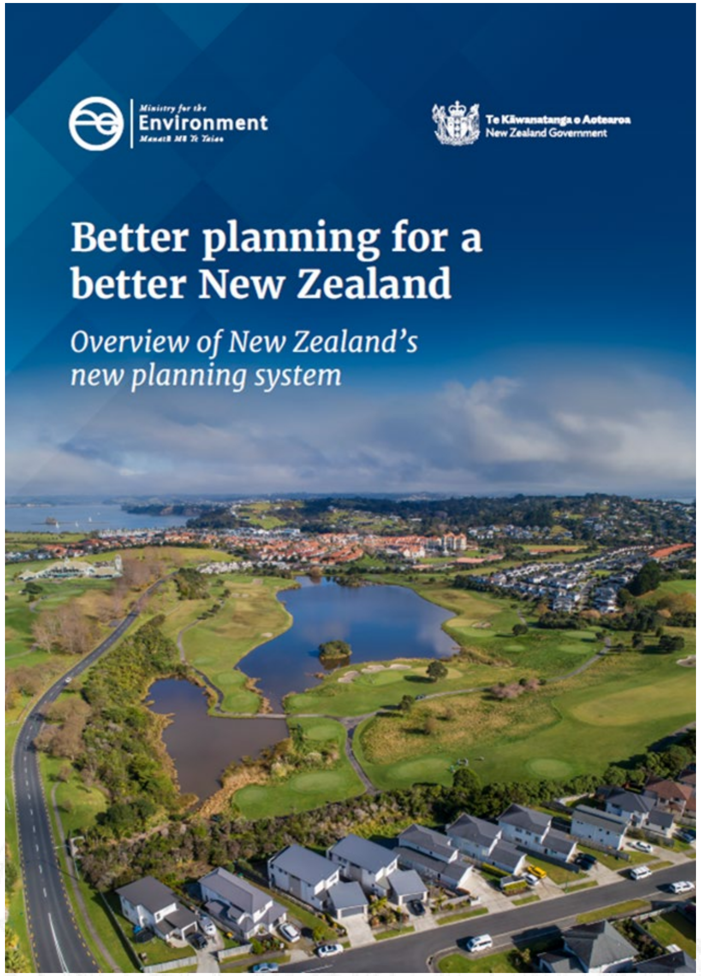
# Completely a new system – government aims:

> Unlock growth, reduce infrastructure costs, protect the environment, improve resilience to natural hazards.

> Free up property rights and make rules simpler.

> Ministers call it a 'game changer' and a 'once in a generation shift towards growth, choice and possibility'

> At its core, the new system is designed *to make things easier so that things get done while protecting what really matters*




Refer Attachment E

# Bills are based on 10 core principles

- Narrow the scope of the effects it controls
- Establish two Acts with clear and distinct purposes
- Environmental limits and how they are to be developed
- Use of national standards to reduce the need for consents
- Shift the system focus to compliance monitoring and enforcement
- Use spatial planning to lower the cost of future infrastructure
- Requiring one regulatory plan per region jointly prepared
- Rapid, low-cost resolution of disputes between neighbours and between property owners and councils
- Uphold Treaty of Waitangi settlements and the Crown's obligations
- Provide faster, cheaper, less litigious processes within shorter, less complex and more accessible legislation

# Potential positives – QLDC to support

> **Standardised Zones and Provisions**

> **Compulsory Spatial Planning and Binding Environmental Limits**

> **Resolving Land Use Disputes Through the ‘Funnel’**

> **Eliminating Lengthy Local Plan-Making**

> **Focused Dispute Resolution**

# Spatial Planning – key changes

> Statutory weight

> Regional Spatial Plan that is developed by **ALL** local authorities within the region

> Strategic direction for growth infrastructure within environmental limits and constraints over a 30+ year period

> Influences regional land transport and long term plans

> Critical links with the Water CCO

# Key legislative changes for discussion are:

1. Effects Framework S14 (narrow, introduces ‘out of scope’ effects)
2. Goals of Planning Bill S11 (removal of ‘sustainable management’ RMA, S5)
3. Permitted Baseline threshold (removal of ‘less than minor’ effects)
4. Funnel decision making (removal regional>district hierarchy and settle disagreements at the top of the funnel > shifting local government powers
5. Regulatory relief S92 (introducing compensation mechanisms)
6. Activity status (removal of controlled and non-complying activities)

# Key legislative changes for discussion are (contd)

7. Planning Tribunal (introduces an improved dispute mechanism – less Environment Court)

8. Notification requirements (restricts the use of ‘public notification’, introduces ‘targeted notification’ moving away from RMA’s broad participatory approach –

9. Ministerial Powers (significantly increased while the RMA was largely a devolved system where decision-making sat with local councils)

10. New designation process (moves away from RMA’s ad-hoc approach)

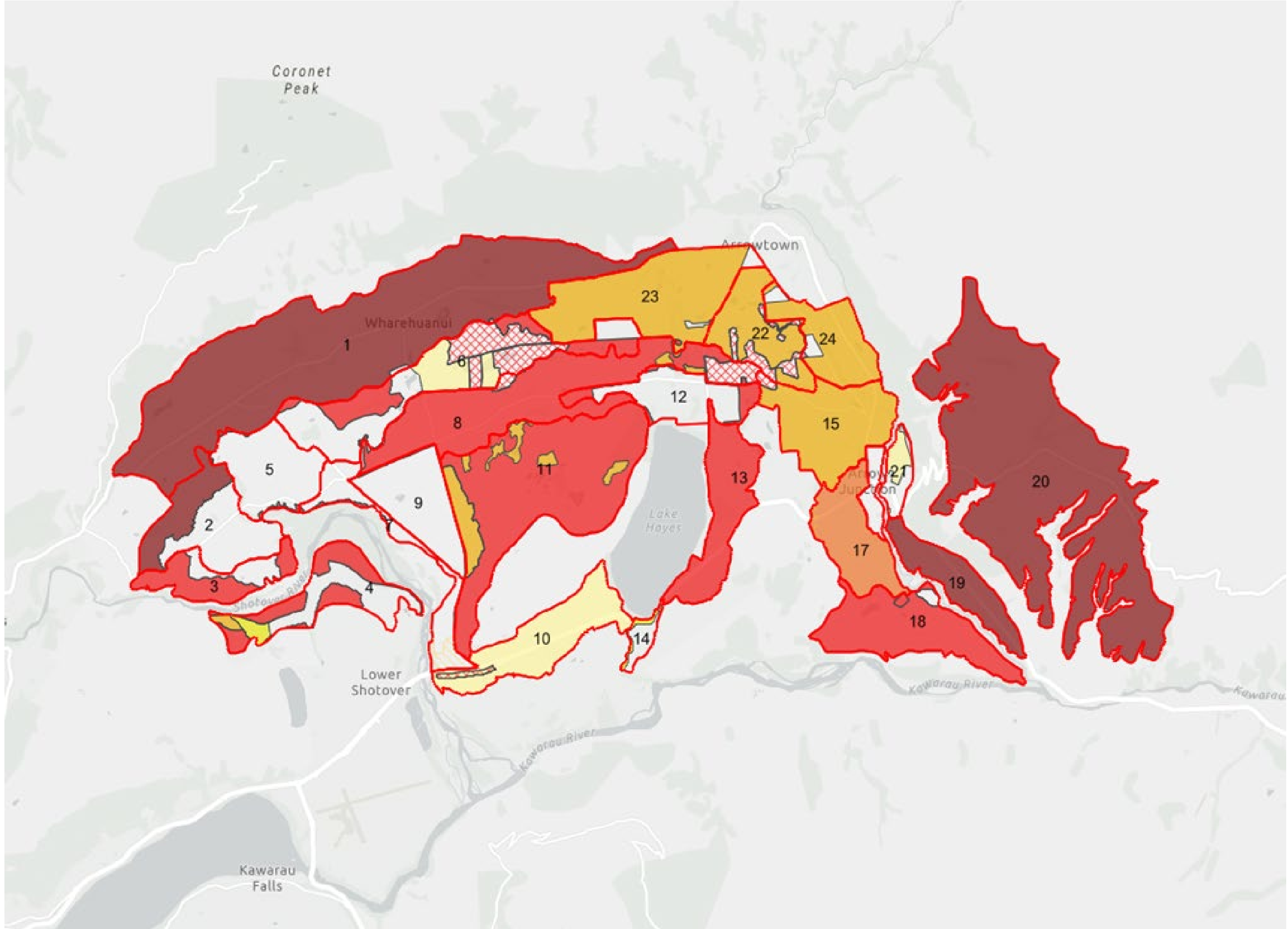
11. Financial Improvements (Retain the power to charge but now explicitly empowered to fix charges)

# Operationally and strategically challenging topics

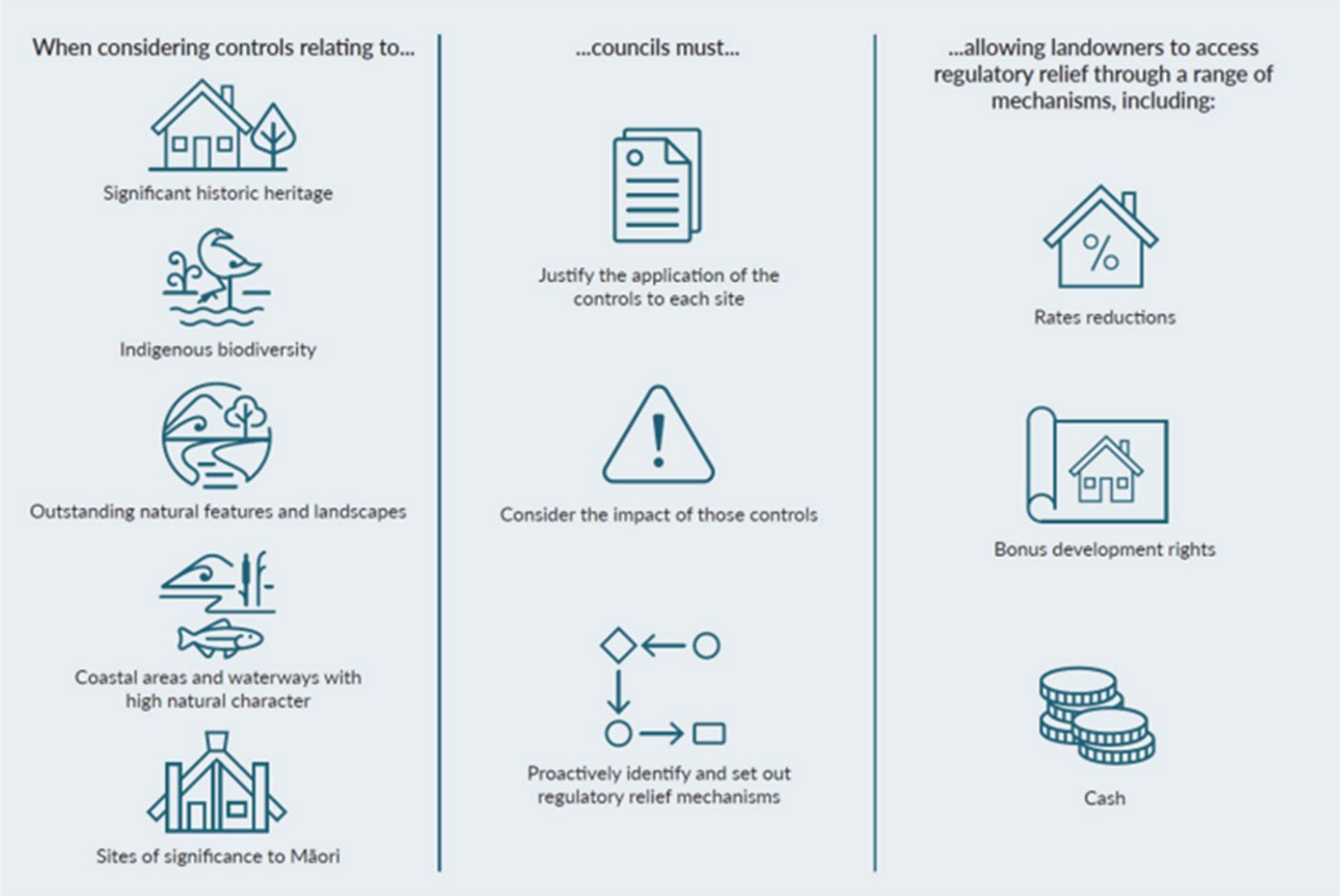
1. New effects framework (S14)
2. Regulatory Relief (S92)
3. Permitted Activity Rules (S38)
4. Existing land uses (S20)

# New effects framework

Section 14 narrowly defines the scope of effects for land-use decisions, explicitly excluding: Visual amenity, general landscape effects, private views, internal site layout, retail distribution, precedent.



# Regulatory Relief s92 → Part 4 of Schedule 3

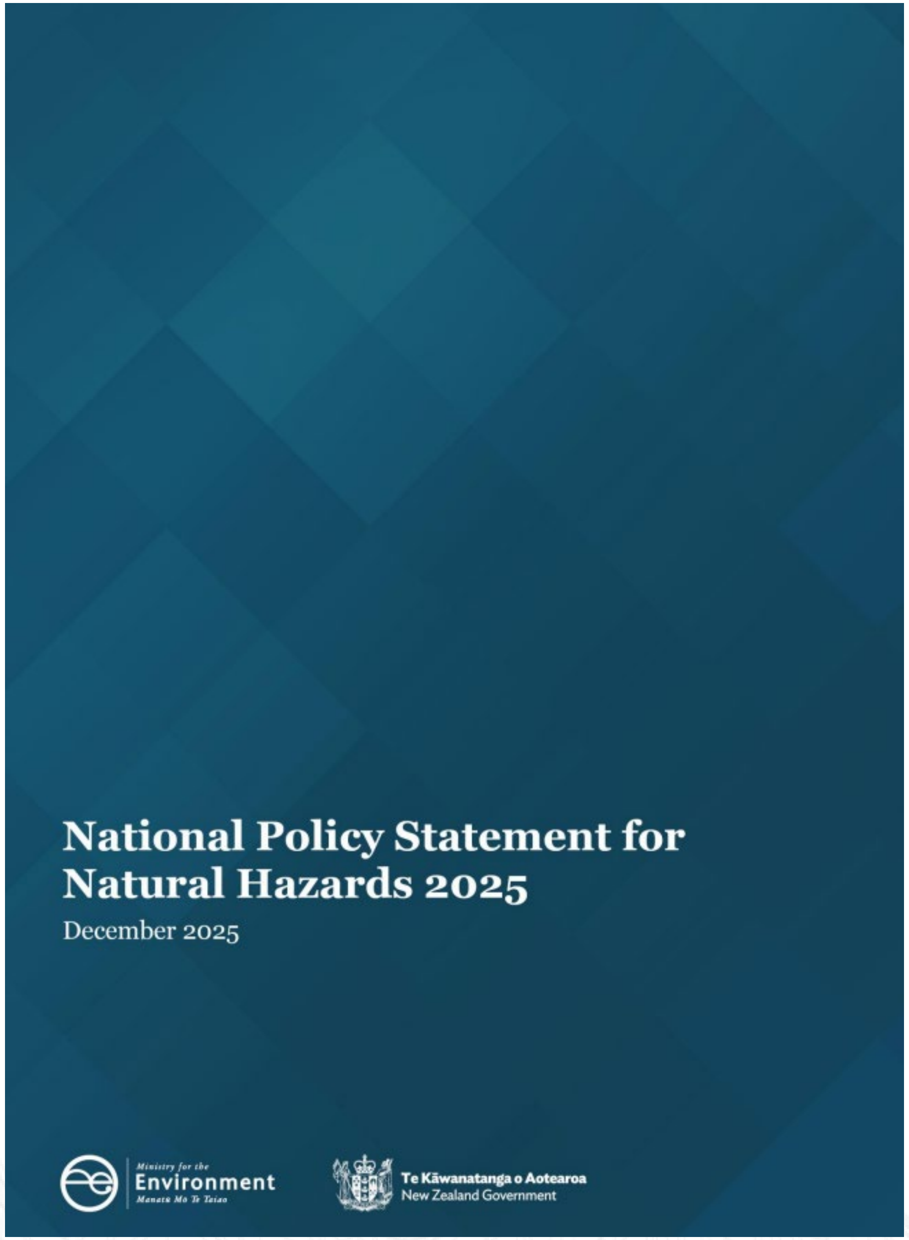


# Permitted Activity Rules (S38)

- Under the **Planning Bill**, the **Section 38 (Permitted activity rules)** framework represents a major shift toward a more permissive system, allowing many activities to proceed as of right provided they adhere to national standards or specific local requirements.
- The framework is designed to reduce the volume of planning consents by ensuring that activities meeting standard requirements are not subjected to an upfront consenting process.

# Existing land uses (S20)

> Section 20 of the **Planning Bill** outlines the framework for **"grandfathered" land use rights**, allowing established activities to continue even when new rules are introduced that would otherwise prohibit them.



# Submission Points – Discuss & Provide Direction

- Whether you see any of these topics being a submission point?
- Do you agree or disagree with the points made?
- Additional concerns and questions that need to be shaped as a submission point?

**Submission due**
**20 February 2026**

# Rates Target Model

Pennie Pearce, Paddy Cribb, Peter Edie

# Proposal – Rates Target Model

Refer Attachments F – M

### LOWER BOUND (2%): ALIGNED WITH INFLATION

Based on Reserve Bank's midpoint inflation target.

*This figure is consistent with the average inflation rate of 2.1% since 2002 (excluding COVID-19 period)*

Designed to ensure councils can collect enough revenue to cover the rising costs of the services and assets they already have (like maintaining roads).

### PROPOSED RATES TARGET RANGE

(per capita, per year)


**Additional growth component for expanding districts**

Preliminary analysis indicates this is a justifiable long-run target range; the actual range will be specific for each council

### UPPER BOUND (4%): ALIGNED WITH ECONOMIC GROWTH

Derived from long-run GDP growth (~5.4%), adjusted for growth (~1.5%) and productivity gains (~0.3%).

*Population growth is subtracted because new ratepayers generate extra revenue; the cap applies only to price increases for existing ratepayers, not overall revenue.*

Intended to allow for the sustainable expansion of services and infrastructure quality in line with economic growth.

# Proposal – Rates Target Model: Scope

- ✓ Applies to all rates sources (general, targeted, uniform general charges)
- ✓ Applies at the aggregate rates level only
- ✓ Must be “considered”, and will be monitored by DIA, from 1 July 2027.
- ✓ Must be complied with, and will be regulated, from 1 July 2029
- ✗ Does not apply to water related rates
- ✗ Does not apply to non-rates revenue sources

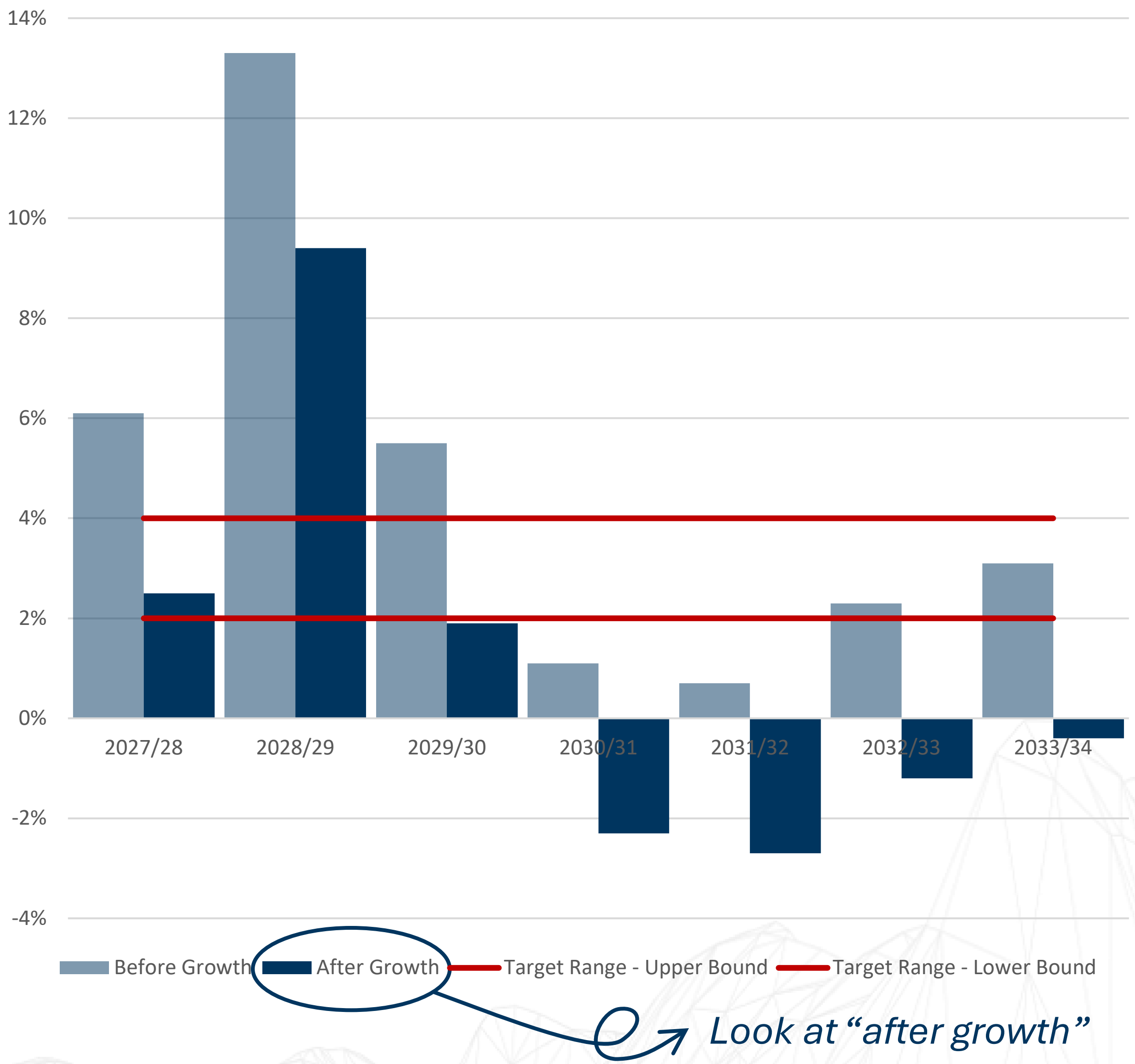
# Proposal – Rates Target Model: Variations

## Proposed model includes two types of variations when councils may need to raise higher rates revenue than what the target range allows

| SITUATION 1 | SITUATION 2 |
|---|---|
| • Unpredictable, unforeseen, extreme circumstances, at Minister's discretion<br>• No planned spending<br>• Need fast response to emergency situations<br>• Would not require justification | • Where councils need to raise revenue for particular projects outside extreme circumstances<br>• Example: Large scale infrastructure projects<br>• If proposed rises are significant and sustained, regulator would need to give approval before LTP consultation. Councils would need to consult on the variation as part of their LTP process.<br>• Require justification, will need to show LGA financial management principles have been met |

**In both situations will need to show how council intends to return to the target over an agreed timeframe**

# QLDC Current Rates Increases (excluding water)




- High level first pass analysis, more detailed analysis underway (including investigating the 2028/29 spike).
- Reflects current LTP investment programme; significant transport and community infrastructure investments were deferred when water had to be added to 2024 LTP.
- Not using DIA's formula, this is based on current way of expressing rates increases per rating unit.
- Rates increases **must be above 2%** in the new model as well as below 4%, implying an increase in investment likely needed.

# Timeline

*Targeted consultation*

We are here

**Nov '25**

Cabinet agrees to rates target model

**4 Feb '26**

Submissions close

*Consultation & Select Committee Hearings (sometime in this period)*

**2026**

**Mid '26**

Bill introduced to parliament and referred to select committee

**National Election**

**Dec '26**

Legislation enacted

*Transition period: Councils must "consider" rates target range, DIA will monitor*

**2027 – 2028**

**Local Elections**

**1 Jul '29**

Rates target and regulatory framework in place

# DIA is seeking feedback on...

? Proposed formula and economic indicators for setting the target range

? Accounting for variations between districts / councils

**Cabinet has already made decisions that:**

✓ Rates will be capped within a target range

✓ Delivery within the range will be regulated

✓ 1 June 2029 implementation date

# Discussion Starters – Proposed formula and economic indicators for setting the target range

- Formula difficult to apply in practical terms e.g. what is the actual figure that you would use to represent “quality of infrastructure”, is the “capital expenditure” part of the formula intended to be used to set the target, or to calculate your actual increase to compare to the target? *Benje Paterson has been asked for advice to inform submission.*
- How would unexpected spikes in inflation, population growth, GDP be allowed for?
- Is the variation process (situation 2) intended to allow councils with an infrastructure deficit “catch up” before having to keep rates in the target range?
- How can councils provide evidence to the regulator for a variation that communities support a project when they have to apply to the regulator before the consult with the community?

# Discussion Starters – Accounting for variations between districts / councils

- Calculating the rates increase on a "per resident" basis would give a disproportionately high figure for QL, visitor numbers should be included. *On a peak day QL's population doubles.*

- The "nominal GDP growth" figure should be district specific not national. *In 2024 QL GDP growth was 6.4% vs 1.4% for NZ*

# Submission Points – Provide Direction

**Submission due**
**4 February 2026**

# Development Levies

Paddy Cribb, Anita Vanstone

# Going for Housing Growth Context

**Going for Housing Growth is structured around three pillars that will make system changes to address the underlying causes of housing supply shortage in New Zealand.**

**GfHG has 3 pillars designed to improve affordability and address underlying causes of NZ's housing supply shortage**

**Pillar 1:** Freeing up land for urban development, including removing any unnecessary planning barriers

**Pillar 2:** Improving infrastructure funding and financing to support growth

**Pillar 3:** Providing incentives for communities and councils to support growth

**PILLAR 2 OBJECTIVES**

- Enabling the growth-related costs of infrastructure to be better recovered from developers (or owners of new houses) by providing adequate funding and financing tools
- Improving incentives to zone land for additional housing and invest in infrastructure to facilitate additional housing supply
- Improving incentives to develop land in the near-term instead of 'land banking'
- Encouraging development that makes efficient use of infrastructure

**KEY CHANGES**

- Replacing development contributions with a development levy system – **focus area of this material**
- Improvements to the Infrastructure Funding and Financing Act
- Changes to targeted rates

# Development Contributions: Overview

- Governed by the LGA (sections 101-106, and 197-207)
- Legislation enables Councils to require developers to pay DCs – but with constraints
- Key principle behind DCs is that “growth pays for growth”
- DC policy sets out how development contributions will be assessed in accordance with legislative requirements. Must separately identify each activity or group of activities for which a DC will be required and specify the total amount sought by DCs.
- Councils are required to identify the total cost of capital expenditure & then attribute it to each unit of demand by which growth has been assessed in the different catchment areas.
- The portion of capital expenditure funded by DCs must be justified – including distribution of benefits and overall wellbeing.
- Collected at 224c or the time of Code of Compliance (whichever is the sooner)

# Development Contributions: Challenges

**There is increasing uncertainty around where and when development will happen – and greater competition for growth servicing.**

**Government has determined that infrastructure providers need a more flexible and responsive funding mechanism to respond to growth in an efficient and consistent way.**

**KEY CHALLENGES**

- Development contributions may only be charged where a development creates a need for growth related investment by a council – **the causal nexus approach**. This creates inflexible and small/narrow DC catchments.
- LGA requires a DC to be consistent with the Policy that was in effect at the time of application. The value of associated infrastructure can change between assessment and invoicing, meaning the true cost of enabling infrastructure is not recovered from the benefiting developer.
- Council must fund growth infrastructure upfront (typically through lending) – but has little certainty around when those costs will be recovered via corresponding DCs.

# Development Levy Proposal

Refer Attachments
N – Q

- Proposal goal is to better funding growth-related infrastructure by replacing development contributions with a development levy system that is more flexible, better capture cost of growth and is nationally consistent.

- The key shift is moving from project specific cost recovery, alongside showing alignment with the 30-year Spatial Plan and Infrastructure Strategy (*previously only the 10-year LTP*).

- The proposal also introduces oversight by the Commerce Commission and mandates policy reviews and stakeholder consultation.

# Development Levy Proposal: Key Features

> Creation of Levy zones, which aggregates charges across larger areas covering entire communities or service networks (moving away from project defined catchments).

> High-cost levy zones can be created where an area is particularly expensive to service, an ‘extra over’ charge can be applied – this additional charge is ringfenced for the provision of infrastructure within the corresponding area.

> Levies are no longer linked to the life of the consent, can be reassessed on a 3-year cycle.  Timing of payments can now be charged when a consent is granted

> Providers required to use a nationally prescribed methodology to ensure consistent application of DLs. Alongside government oversight will be strengthened through Commerce Commission monitoring and mandatory policy reviews

> A process will be established for proposed developments outside of a levy zone.

# Development Levy Proposal: Key Features

| Aspect | Development Contributions (DCs) | Development Levies (DLs) |
| --- | --- | --- |
| **Policy & Planning Horizon** | Requires a policy focused on specific projects. Planning and cost recovery based on the 10-year LTP. | Requires a policy explaining strategy and cost recovery aligned with 30-year Infrastructure Strategy, Financial Strategy and Land-use Plans & Strategies (e.g. Spatial Plan). |
| **Grouping of Projects & Areas** | Charges are tied to specific developments and identified infrastructure projects. No grouping of projects or areas for cost recovery, each project is treated separately. | Costs are aggregated across larger areas called levy areas covering entire communities or service networks. High-cost overlays can be set for sub-areas with higher infrastructure costs. Allows for cross-subsidisation within levy areas (for the specific service collected i.e. water for water). |
| **Basis of Calculation & Use of Revenue** | Cost recovery is based on the actual cost of specific, identified capital projects. Revenue must be used for the specific projects for which it was collected. | Cost recovery is based on the aggregate cost of providing infrastructure capacity for growth across the levy area. Revenue must be used for the benefit of the levy area (and overlays, if applicable), not tied to specific projects. |
| **Assessment & Charging** | Charges are fixed at the time of consent application and whilst subject to interest, cannot be reassessed. | Levies are assessed when notified of development and can be charged as a lump sum when consent is granted. Subject to interest and 3-yearly reassessment to ensure alignment with actual growth and policy changes. |

# Timeline

| What | When |
|---|---|
| Partial exposure draft and consultation document released | 20 November 2025 |
| Submissions close | 20 February 2026 |
| Bill introduced | May 2026 |
| Bill passed | Quarter 1 2027 |
| Council can begin to charge development levies | From July 2028 |
| DCs repealed (with saving provision for outstanding DCs) | July 2030 |

# Submission Points – Discuss & Provide Direction

**Submission due**
**20 February 2026**

# Infrastructure Funding and Financing Act

Jesse Taylor

# Infrastructure Funding & Financing Act 2020

- The purpose of the Act is to provide a funding and financing model for the provision of urban development that (a) supports the functioning of urban land markets; and (b) reduces the impact of local authority financing and funding constraints; and (c) supports community needs; and (d) appropriately allocates the cost of infrastructure.

- The Act established a legislative tool that enables infrastructure projects to be ring-fenced from council balance sheets. Special Purpose Vehicles (SPVs) are used to raise finance and deliver eligible infrastructure. Funding is recovered through infrastructure levies on benefiting landowners for periods up to 50 years.

- Local authority water and transport infrastructure, along with some community amenities and environmental resilience infrastructure, can utilise the tool. Requirements ensure no ‘double dipping’ with other funding sources.

- The IFFA was intended to address financial constraints that delay viable urban development projects, and to effectively remove recourse to the council if a funded project/development fails. Despite this, uptake to date has been low - attributed to time consuming and costly proposal development and approval processes and limitations on eligibility.

- This Amendment Bill seeks to make funding **more accessible and predictable** by widening access to the regime, simplifying proposal and approval requirements, and standardising rules for setting, collecting, and recovering levies.

# Key changes

Refer Attachment R

- **Simplified proposal development & approval requirements.** Levy proposals will require less detail, reducing the time and costs associated with preparing a proposal. Council's ability to endorse (or veto) proposals will be materially constrained. Ministerial considerations, approvals, and consultation requirements will be reduced.

- **Broader scope & eligibility.** The Act will become a more general-purpose infrastructure funding & financing mechanism, with a much broader range of applications.

- **Levy administration, payment, recovery, and public disclosure processes.** There will be increased flexibility in how levies are structured and paid (in particular, one-off charges tied to development stages introduced). Recovery of unpaid levies will be strengthened. Public disclosure requirements will be increased.

- **IFFA will align to the Local Government (Water Services) Act 2025** frameworks (incl. charging methodologies and penalty caps) + information sharing requirements between water organisations and local authorities to enable councils to administer water-related levies within the district.

# Council's involvement will be reduced & constrained

> Some discretions and mandatory considerations imposed on local authorities when approving infrastructure projects for funding under the Act will be removed.

> The amendments require Responsible Infrastructure Authorities to endorse the technical specifications of proposed infrastructure provided they are compatible with the wider network and the ongoing maintenance costs can be met. Council will not be able to consider other broader aspects of a proposal (as it can now).

> Amendments appear to favour project-level expediency over long-term integration and servicing efficiency.

> By broadening eligibility & reducing council involvement, development outside of agreed servicing plans could more readily occur, potentially in areas where council has not planned or budgeted for the cumulative effects of that growth.

> There is no clear requirement for IFF-enabled projects to be aligned with broader planning frameworks e.g. regional spatial strategies.

# Ministerial obligations will be reduced

- Technical specifications of proposed infrastructure won't require Ministerial approval if the proposer is also the RIA <u>or</u> if the proposal specifies that the infrastructure will not be vested with a RIA.
- If landowners and any purchasers of the land support the levy proposal, the Minister will not be required to consider affordability or long-term impact on ratepayers.
- The Minister will no longer be required to consult with responsible ministers for other legislation *(e.g. Commerce Act, Consumer Finance Act, Local Government Act, Local Government (Rating) Act, Public Finance Act)*.

- Ministerial approval of technical specifications may provide a useful safeguard for Councils where infrastructure isn't planned to be vested (but may require Council to take over in future).
- Waiving affordability tests may result in future cost barriers to purchasing a property that is subject to a levy order.
- The current obligation to consult other ministers provides a final system-level check. Removing this will expedite the process and improve predictability, but may create greater risk of misalignment with other national, regional, or local priorities and programmes.

# IFFA will be a more general-purpose funding mechanism

- Existing purposes of supporting urban land markets and reducing impact of local authority funding constraints are removed.
- The broadened scope will enable IFFA to be utilised for a wider range of infrastructure e.g. water organisations, NZTA, KiwiRail, privately-owned/controlled infrastructure, etc.
- Expanded infrastructure eligibility parameters will provide for the inclusion of more projects, including recently completed projects and projects with blended funding.

- Greater access to off-balance sheet funding may remove some of the affordability tensioning that currently occurs due to funding constraints.
- Ability to bypass affordability assessments and council endorsements may result in multiple levies over properties (incl. some relating to infrastructure not traditionally funded by ratepayers or developers).
- The inclusion of projects with blended funding will make the IFFA more flexible, but could create additional work in ensuring no funding overlaps occur, particularly with DCs (or DLs).

# Submission Points – Discuss & Provide Direction

**Submission due**
**20 February 2026**