

Full Council

19 March 2026

Report for Agenda Item | Rīpoata moto e Rāraki take [8]

Department: Strategy & Policy

Title | Taitara: Retrospective approval of Queenstown Lakes District Council submissions

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to seek the Council's retrospective approval of five Queenstown Lakes District Council (QLDC) submissions.

Recommendation | Kā Tūtohuka

That the Council:

1. **Note** the information provided in this report on the:
 - a. Proposed Rates Target Model for New Zealand;
 - b. Planning Bill and Natural Environment Bill;
 - c. Simplifying Local Government – a draft proposal;
 - d. Partial exposure draft of the Local Government (Infrastructure Funding) Amendment Bill; and
 - e. Infrastructure Funding and Financing Amendment Bill;
2. **Approve** retrospectively QLDC's submission to Department of Internal Affairs on the proposed Rates Target Model for New Zealand;
3. **Approve** retrospectively QLDC's submission to Environment Committee on the Planning Bill and Natural Environment Bill;
4. **Approve** retrospectively QLDC's submission to Department of Internal Affairs on the Simplifying Local Government – a draft proposal;
5. **Approve** retrospectively QLDC's submission to Department of Internal Affairs on the partial exposure draft of the Local Government (Infrastructure Funding) Amendment Bill; and

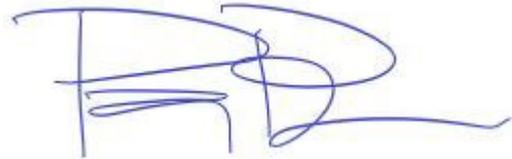
6. **Approve** retrospectively QLDC's submission to Finance and Expenditure Select Committee on the Infrastructure Funding and Financing Amendment Bill.

Prepared by:



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24 February 2026

Reviewed and Authorised by:



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24 February 2026

Context | Horopaki

1. QLDC makes submissions on proposals that could have a significant impact on the district. This paper seeks retrospective approval of submissions where the consultation timeframes did not align with a Council meeting. For all of these processes, a Council workshop was held on the 26 January 2026 to receive input from elected members on key submission points.
2. The Department of Internal Affairs, Te Tari Taiwhenua (DIA) undertook targeted consultation with the local government sector on a rate capping scheme between 3 December 2025 and 4 February 2026. The proposed ‘rates target model’ aims to regulate council rate rises to be maintained within a set band of around 2% to 4% with additional allowances and conditions. Detailed scheme design and regulatory oversight details have yet to be determined by the government. Legislation is anticipated to be released before the upcoming general election. Following the Council workshop, a draft was then circulated 27 – 30 January 2026 for further input. Council’s final submission is included as **Attachment A**.
3. The Environment Committee released the Planning Bill and Natural Environment Bill for consultation between 18 December 2025 and 13 February 2026. The Bills will replace the Resource Management Act 1991, separating land-use planning and natural resource management. The Planning Bill focuses on how land is used and developed, while the Natural Environment Bill addresses the protection and enhancement of natural resources. The Bills are intended to simplify processes, reduce costs and disputes, make planning more efficient and reduce the need for resource consents. Following the Council workshop, a draft was then circulated 4 – 11 February 2026 for further input. Council’s final submission is included as **Attachment B**.
4. DIA undertook consultation on a draft proposal to ‘simplify local government’ between 25 November 2025 and 20 February 2026. The draft proposal outlines a two-step reform programme where regional council governance is first handed over to a board of local mayors, and then the same board has two years to develop a regional reorganisation plan. The reorganisation plan is intended to assess how all councils’ functions (regional and local) should be organised for their region. The reform is intended to reduce the perceived duplication of roles between regional and local councils, as well as increase efficiency and accountability in the sector. The detailed design of the scheme, as well as key implementation details, have yet to be determined. The draft proposal was intended to get feedback on key elements, reform justifications and phases, as well as composition of the transition board. Following the Council workshop, a draft submission was then circulated for further input 11-18 February 2026. Council’s final submission is included as **Attachment C**.
5. DIA released the partial exposure draft of the Local Government (Infrastructure Funding) Amendment Bill (**the exposure draft**) for engagement from 26 November 2025 to 20 February 2026. The exposure draft outlines a proposed shift from the current development contributions regime to a new development levies system designed to better fund growth-related infrastructure and ensure that “growth pays for growth.” Following the Council workshop, a draft

submission on the exposure draft was circulated to councillors for feedback 11-18 February 2026. Council’s submission is included as **Attachment D**.

- The Finance and Expenditure Committee released the Infrastructure Funding and Financing Amendment Bill (**the Bill**) for engagement between 26 November to 20 February 2026. The Bill aims to make seeks to make the funding regime more accessible and predictable by widening access to the regime, simplifying proposal and approval requirements, and standardising rules for setting, collecting, and recovering levies. Following the Council workshop, a draft submission on the Bill was circulated to councillors for feedback 11-18 February 2026. Council’s submission is included as **Attachment E**.

Analysis and Advice | Tatāritaka me kā Tohutohu

Proposed Rates Target Model for New Zealand

- The proposed rates target model (i.e. rates cap) is intended to address cost-of-living concerns in the wake of double-digit rate rises across New Zealand over the last few years. The model is intended to focus councils on ‘the basics’ (such as roading, water and waste management) as a means to reduce rate rises.
- The proposal presents a high-level formula intended to guide the development of a more detailed rate capping scheme. The rates target model is intended to apply to all sources of rates (general, targeted, uniform general charges etc.). The band applies in aggregate only, so does not apply at the individual level.

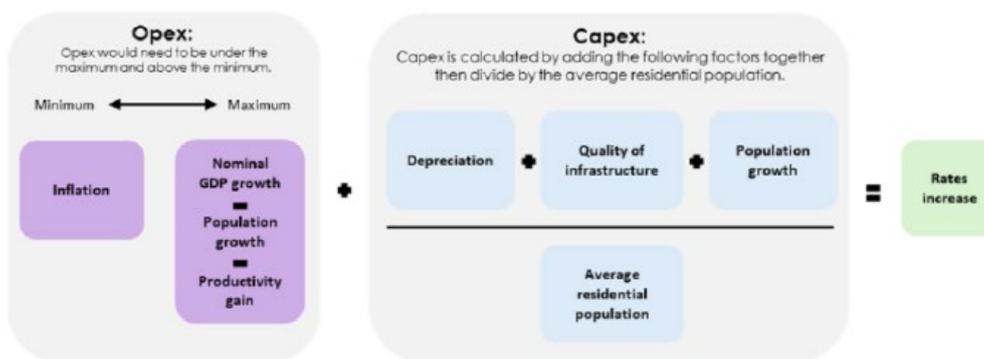


Figure 1: Proposed rates target formula

- As shown above, the upper band of the rates target is set by several long-term economic indicators, such as Gross Domestic Product (GDP), to attempt to account for growth. The minimum of the band is set by inflation in an attempt to account for rising costs of providing services. The capital expenditure element of the formula represents the costs of maintaining and building assets based on the three key cost drivers, depreciation of the assets, quality of infrastructure and general population growth.

10. Within the proposed scheme, councils would not be able to increase rates above the upper band unless they have permission from an appointed regulator. The pathways for applying for permission are:
- an unforeseen shock (such as a natural disaster), or
 - when councils need to undertake a series of large infrastructure projects (and have consulted on these projects with the community).
11. QLDC's submission is supportive of the governments intent to address cost-of-living but raises several points of concern regarding the overall efficacy and evidence base behind the proposal.
12. The proposal did not provide appropriate definitions of terms to conduct robust financial analysis. Analysis undertaken by staff with input from local experts as well as economic analysis commissioned by Local Government New Zealand (LGNZ) was used to inform submission points for discussion with elected members.
13. The main submission points can be summarised as:
- QLDC broadly supports the submissions of Taituarā and Local Government New Zealand (LGNZ).
 - QLDC raised concerns with key assumptions behind the proposal, such as assuming cost rises were due to lack of 'fiscal discipline', as well as the assumption of a 'steady state' to implement the scheme.
 - QLDC brought attention to the wide range of local government reforms impacting the sector, and the consequences a rate target band may have during times of uncertainty.
 - QLDC also called for the inclusion of region-specific indicators to the target rate formula, these include:
 - the cost of accommodating visitors and population fluctuations (particularly at peak seasons);
 - the accurate rate of local population and economic growth (both of which QLDC is amongst the top in the country).
 - Points were also raised in the submission regarding:
 - the impact alpine geography and natural hazard risks have on infrastructure costs;
 - the long-term consequences deferring costs onto future generations;

- the consideration of external price shocks outside of councils' control, such as inflation, rising asset and construction costs, into the proposed model and proposal rationale;
- the potential fiscal consequences of introducing a target rate model on council credit ratings;
- other avenues where cost-living concerns for ratepayers can be alleviated, such as through:
 - charging of rates to large areas of land managed by Department of Conservation (DOC) and Land Information New Zealand (LINZ),
 - allowing high visitation councils (such as QLDC) to more directly recover the costs of providing services to visitors through accommodation levies,
 - the benefit of an increased proportion of the International Visitor Levy (IVL) going towards local authorities and Department of Conservation (DOC) to fund visitor related activities.

Options

14. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002 (**LGA**).
15. Option 1 Agree to retrospectively approve the contents of the submission to DIA on the proposed Rates Target Model for New Zealand (Attachment A).

Advantages:

- The submission will be considered by DIA when further designing and implementing rates target model.

Disadvantages:

- No disadvantages to this option.

16. Option 2 Request that DIA withdraw the submission.

Advantages:

- If the position of QLDC is inaccurate, it could be removed from the public record going forward.

Disadvantages:

- Withdrawal of the submission would not correct any influence the submission has already had on the view of DIA.

Planning Bill and Natural Environment Bill

17. The Planning Bill and Natural Environment Bill are proposed to replace the Resource Management Act 1991 (RMA). The two Bills separate land-use planning and natural resource management as follows:

- The Planning Bill establishes a framework for planning and regulating the use, development and enjoyment of land (i.e. land use planning functions);
- The Natural Environment Bill establishes a framework for the use, protection and enhancement of the natural environment (ie natural resource management).

18. Each Bill contains a set of goals that define its scope, system objectives and procedural principles to support users and decision-makers and requires a set of national instruments which will define national level policy direction and standards that give direction to local decision making.

19. The development of regulations under the Bills is intended to work like a 'funnel'. Each Bill starts with a clear set of goals that narrow what can be considered at each subsequent level. The Government anticipates this will reduce debate, complexity, cost and litigation in developing lower order planning instruments, such as district plans.

20. The new system proposes the development of a single combined plan per region that comprises a regional spatial plan as well as natural environment and land-use plans for each territorial area. Plans are intended to be more standardised and permissive, regulating a narrower range of effects, and reducing the number of resource consents that will be required.

21. QLDC's submission expressed support for RMA reform but raised significant concerns about particular elements that pose material risks to operational capacity and strategic planning functions. Key messages raised in the submission are set out below:

- Otago Central Lakes faces unique housing challenges requiring tailored solutions.
- Fast-track land use consent processes undermine coordinated spatial planning, disrupt infrastructure sequencing, and weaken growth management.
- The new system should enable value-capture mechanisms for affordable housing to provide for the transfer of land area to a registered community housing provider.
- Regional spatial plan preparation timeframes must be reconsidered to ensure councils have timely access to relevant national standards, and to support quality outcomes.

- Territorial authorities should be involved in developing national instruments to ensure local relevance and effective implementation.
- Major government reforms must be integrated to support coherent planning, avoid misalignment, and reduce duplication and costs.
- Clearer statutory guidance is needed to resolve conflicts within the Bills, address vague terminology, and align built and natural environment domains, including natural hazards.
- Removing visual amenity assessments risks will undermine landscape coherence, economic benefits (such as from tourism activity), community expectations, and established caselaw.
- National zoning frameworks must allow for flexibility to reflect local geography, environmental constraints, and development patterns.
- The Otago Central Lakes partnership should be empowered to prepare a sub-regional spatial plan aligning with the Otago Central Lakes Regional Deal.
- The proposed regulatory relief framework is unclear, unworkable, and financially untenable; it requires removal or substantial redesign.
- Permitted activity registration processes should be removed or councils relieved from proactive compliance monitoring without substantiated complaints.
- The Bills must explicitly address climate change and strengthen frameworks for emissions reduction and climate resilience.
- Statutory obligations to uphold Te Tiriti o Waitangi, provide for Māori interests, and maintain Treaty settlement integrity must be reinstated.

Options

22. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the LGA.
23. Option 1 Agree to retrospectively approve the contents of the submission to the Environment Committee on Planning Bill and Natural Environment Bill (Attachment B).

Advantages:

- The submission will be considered by the Environment Committee and influence amendments on the Planning Bill and Natural Environment Bill.

Disadvantages:

- No disadvantages to this option.

24. Option 2 Request that the Environment Committee withdraw the submission.

Advantages:

- If the position of QLDC is inaccurate in the submission, it could be removed from the public record going forward.

Disadvantages:

- Withdrawal of the submission would not correct any influence the submission has already had on the views of Environment Committee.

Simplifying Local Government – draft proposal

25. The draft Simplifying Local Government (SLG) proposal looks to simplify how local government works through a two phased reform programme.

26. Central government’s key justifications for the proposal include:

- duplication of roles between councils (regional and local);
- lack of public understanding of council roles – leading to a lack of accountability; and
- various other inefficiencies within the local government sector.

27. Step one of the SLG proposal dissolves the regional councils and replaces them with a Combined Territories Board (CTB) made up of local mayors from regional council borders. The CTBs take over the role of regional councils, can establish committees, and are intended to act as the decision-making body for RMA replacement planning instruments (along with one member of parliament).

28. Step two involves the creation of a regional reorganisation plan for each region by their respective CTB. The process involves mapping all council functions and then recommending the best delivery model (e.g. shared service, council-controlled company, etc.) to determine how council functions should best be organised. This process is intended to encourage councils to look for efficiencies and reduce duplication. Reorganisation plans are then assessed and approved by the Minister of Local Government with advice from the Local Government Commission.

29. The draft proposal asked several consultation questions, largely focusing on the proposed focus and remit of CTBs, voting powers and central government involved on the CTBs as well as general feedback on reorganisation process and assessment criteria.

30. QLDC's submission acknowledges the case for change and is supportive of the proposals intent to simplify local government. However, there are several points Council's submission makes to ensure the reform achieves the best possible outcomes and whichever structures are created stand the test of time.

31. Key messages raised in the submission include:

- The Council emphasises the scale of reforms impacting the sector; prioritising system integration, quality outcomes, and a smooth transition period should be front of mind. This can be done through:
 - building bi-partisan support to provide certainty to the sector
 - working in partnership with councils throughout the reform process
 - incorporating the nature and scale of changes impacting the sector into implementation guidelines (including anticipated timelines), as well as providing regulatory relief to councils throughout the reorganisation process
 - providing funding for councils to undertake complex change processes, this will ensure resources are not diverted from essential services, and changes are implemented appropriately.
- The proposed Combined Territory Boards (CTBs) model can also be further refined by:
 - focusing the boards on developing reorganisation plans, not regional governance, which should remain with regional councillors during the transition period
 - allowing a diversity of perspectives, such as a Crown Commissioner/s in an advisory role.
- Council calls for more clarity on how democratic principles will be operationalised in practice for CTBs, and if the principle of 'effective representation' is to be used, factors beyond population should be considered.
- Council calls for greater autonomy from central government to legislate and raise revenue to accompany the reform package, this will give councils the necessary 'toolkit' to design lasting local solutions to local problems.

Options

32. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the LGA.

33. Option 1 Agree to retrospectively approve the contents of the submission to DIA on Local Government Simplification – a draft proposal (Attachment C).

Advantages:

- The submission will be considered by DIA and can influence the final proposal for the SLG reform programme.

Disadvantages:

- There are no disadvantages to this option.

34. Option 2 Request that DIA withdraw the submission.

Advantages:

- If the position of QLDC is inaccurate in the submission, it could be removed from the public record going forward.

Disadvantages:

- Withdrawal of the submission would not correct any influence the submission has already on the view of DIA.

Partial Exposure Draft of the Local Government (Infrastructure Funding) Amendment Bill

35. The submission is largely supportive of the reform and considers the proposed development levies (DL) system to be a significant and necessary step forward in improving the funding and financing of growth-related infrastructure. For a high-growth district such as Queenstown Lakes, a flexible levy-based system has the potential to provide greater financial stability, agility and better recovery for growth-related infrastructure costs.

36. It particularly supports the shift toward larger DL areas with aggregated costs as it will better reflect and account for the increasingly dynamic development patterns. This would be additionally supported by proposed changes to enable councils to regularly review and recalculate DLs.

37. The submission strongly recommends that robust engagement is undertaken with councils to develop DL methodology.

38. The submission notes that standardisation of aspects of the development contributions system regulations has the potential to improve the consistency, transparency and efficiency of the DL system. The submission notes that it must remain adaptable and allow councils to tailor levy

settings to reflect local differences (i.e., the visitor economy and unique geographic constraints) and ensure accurate cost recovery.

39. The concern that first-mover reimbursements have the potential to undermine the effectiveness of the system was highlighted, especially in high growth and high-cost districts such as Queenstown Lakes. QLDC recommends that councils must be able to recognise first-mover costs, however, that they also ensure that the levy pool remains available to support ongoing growth. Provision of clear statutory rules on the eligibility and timeframes for reimbursements and associated guidance is recommended.
40. The submission emphasised that if the interaction between the proposed DL system and the proposed amendments to the Infrastructure Funding and Financing Act (IFFA) is not robustly considered, changes to the IFFA could undermine the effectiveness of the DL system and materially constrain councils' ability to fund growth-enabling infrastructure. QLDC recommends that clear guidance and rules are provided to establish priority order when multiple funding tools apply (including IFFA levy mechanisms).
41. The submission also recommends the following changes to the new system:
- including solid waste infrastructure as eligible for levy recovery;
 - enabling councils to charge development levies on Crown developments;
 - ensuring clear alignment with the full scope and intent of the Reserves Act 1977 and that all relevant reserve types and community infrastructure functions remain eligible and adequately supported;
 - maintaining the current ability for councils to require or accept land in lieu of a cash contribution for reserve purposes;
 - including measures to incentivise timely development and housing delivery once services are delivered, to address land-banking issues where developers delay building on infrastructure enabled land.

Options

42. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the LGA.
43. Option 1 Agree to retrospectively approve the contents of the submission to DIA on partial exposure draft of the Local Government (Infrastructure Funding) Amendment Bill (Attachment D).

Advantages:

- The submission will be considered by DIA and influence the proposed amendments on the partial exposure draft of the Local Government (Infrastructure Funding) Amendment Bill.

Disadvantages:

- No disadvantages to this option.

44. Option 2 Request that DIA withdraw the submission.

Advantages:

- If the position of QLDC is inaccurate in the submission, it could be removed from the public record going forward.

Disadvantages:

- Withdrawal of the submission would not correct any influence the submission has already had on the views of DIA.

Infrastructure Funding and Financing Amendment Bill

45. The Infrastructure Funding and Financing Act 2020 provides a funding and financing model for the provision of infrastructure for urban development. It enables infrastructure projects to be ring-fenced from council balance sheets and recovered through levies on benefiting landowners. The 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.

46. The submission is supportive of alternative funding and financing mechanisms that enable the delivery of strategically aligned and integrated local infrastructure. However, concern was raised that the proposed amendments risk weakening the current regime by removing key safeguards.

Key recommendations:

- The Bill retains the requirement for local authority endorsement of all levy proposals and that it is amended to require all levy proposals to demonstrate direct and material alignment with relevant adopted spatial and infrastructure planning documents. This is crucial to ensure that infrastructure remains strategic planned integrated and the long-term efficiency, affordability, and sustainable service delivery can be adequately considered.
- The Bill retains Ministerial consideration of affordability and long-term impacts on ratepayers for all levy proposals. Also, that the Bill introduces additional safeguards where

levy proposals relate to infrastructure that has not traditionally been funded or delivered by local authorities. This is to prevent long-term housing affordability issues, particularly in high-growth areas where multiple levies may accumulate on the same properties.

- The commencement of the Bill's amendments is deferred until the interaction with the new development levy regime is fully assessed and implementation guidance can be issued.
- The Bill is amended so that local authorities are not assigned responsibility for collection of levies for proposals they did not endorse, unless an explicit agreement and appropriate resourcing arrangements are in place.

Options

47. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the LGA.

48. Option 1 Agree to retrospectively approve the contents of the submission to Finance and Expenditure Select Committee on the Infrastructure Funding and Financing Amendment Bill (Attachment E).

Advantages:

- The submission will be considered by Finance and Expenditure Select Committee and influence the proposed amendments to the Infrastructure Funding and Financing Amendment Bill.

Disadvantages:

- No disadvantages to this option.

49. Option 2 Request that the Finance and Expenditure Select Committee withdraw the submission.

Advantages:

- If the position of QLDC is inaccurate in the submission, it could be removed from the public record going forward.

Disadvantages:

- Withdrawal of the submission would not correct any influence the submission has already had on the views of Finance and Expenditure Select Committee.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

50. The decision to make a submission on these matters is of low significance, as determined by reference to criteria set out in the Council's Significance and Engagement Policy 2024.

51. The persons who are affected by or interested in this matter are residents, ratepayers and visitors of the district.

Māori Consultation | Iwi Rūnaka

52. Council did not engage with Iwi or Rūnaka in preparing the submissions.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

53. This matter relates to the Strategic/Political/Reputation risk category. It is associated with:

- RISK10006 Ineffective planning for property and infrastructure within the QLDC Risk Register. This risk has been assessed as having a high residual risk rating.
- RISK10009 Strategy for growth fails to meet objectives within the QLDC Risk Register. This risk has been assessed as having a high residual risk rating.
- RISK10056 Ineffective provision for the future planning and development needs of the district within the QLDC Risk Register. This risk has been assessed as having a moderate residual risk rating.

54. The approval of the recommended options will allow Council to retain the risk at its current level. It will support Council by allowing it to implement additional controls for this risk. Future changes in government policy, legislation and regulation will be monitored so issues that directly affect QLDC and the district's community can be addressed.

Financial Implications | Kā Riteka ā-Pūtea

55. There are no financial implications for Council to submit on these consultations.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

56. The recommended option is consistent with the principles set out in the following policies, plans and strategies:

- QLDC Strategic Framework;
- Vision Beyond 2050;

- 30 Year Infrastructure Strategy;
- Climate and Biodiversity Plan;
- 2024-34 Long Term Plan;
- Otago Central Lakes Regional Deal Proposal; and
- QLDC's Development Contribution Policy 2025/2026.
- Queenstown Lakes Spatial Plan July 2021
- Queenstown Lakes District Proposed and Operative District Plan

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

57. Section 10 of the LGA states the purpose of local government is:

- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) to promote the social, economic, environmental, and cultural wellbeing of communities in the present and for the future.

58. Feedback provided by QLDC in the submissions will guide decision making across both processes to better prioritise the social, economic, environmental, and cultural wellbeing of the district's present and future communities. As such, the recommendations in this report are appropriate and within the ambit of Section 10 of the LGA.

59. The recommended option to retrospectively approve the submission:

- Can be implemented through current funding under Council's Long-Term Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.

Attachments | Kā Tāpirihaka

A	QLDC submission on Rates Target Model
B	QLDC submission on Planning Bill and Natural Environment Bill
C	QLDC submission on Simplifying Local Government
D	QLDC submission on Local Government (Infrastructure Funding) Amendment Bill
E	QLDC submission on Infrastructure Funding and Financing Amendment Bill