
Guidance
August 2026

Infrastructure Funding & Financing Act Changes

Key Takeaways

- The amended Act makes the IFF **process easier and more flexible**.
- It is likely to be **most useful for in-sequence development** that is planned but not yet funded.
- It also provides a stronger pathway for out-of-sequence development, but funding alone will not be enough.
- Councils still need to consider network capacity, sequencing, affordability and long-term asset costs.
- Operation and maintenance can now be included in an IFF levy.
- Residential charges, **could commonly be around \$1,200 to \$2,200 a year, per household** although each project will differ.
- IFF will sit alongside development contributions and potentially the proposed development levy regime. It may replace or finance some infrastructure charges, but it shouldn't result in the same infrastructure cost being recovered twice.



Background

What is the Act for?

The Infrastructure Funding and Financing Act 2020 provides another way to fund major infrastructure needed for development.

A special purpose vehicle can raise private finance for infrastructure and recover the cost over time through a levy on the properties that benefit. This allows infrastructure to be delivered without the council or developer funding the full cost upfront.

Why was the Act introduced?

Councils often need to build infrastructure before development contributions and rates revenue are received.

This can create a funding gap, particularly where councils are constrained by debt limits, renewal needs and competing investment priorities.

The original Act was intended to overcome this by allowing infrastructure to be financed outside the council's balance sheet and repaid over time by the properties that benefit.

Why is it being changed

Use of the original Act has been limited. The process has been complex, costly and difficult to apply, particularly for developer-led projects.

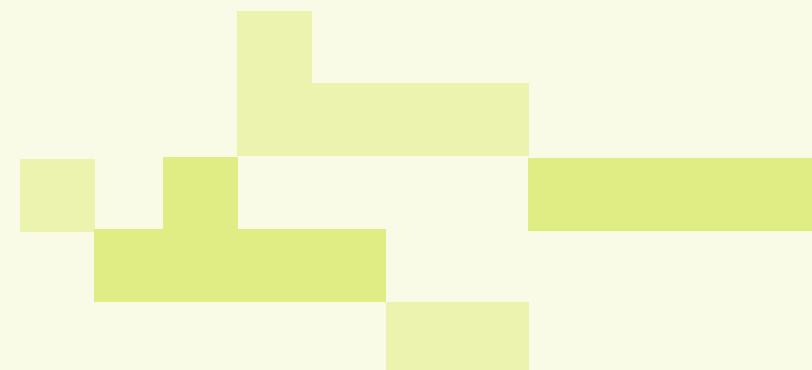
The amendments are intended to:

- simplify the approval process;
- reduce uncertainty around council and infrastructure-provider endorsement;
- allow more flexible levy structures;
- broaden the range of eligible infrastructure; and
- allow operation and maintenance costs to be included.

The changes are intended to give councils, developers and infrastructure providers a more workable funding tool. They do not remove councils from infrastructure planning or decision-making.

What has changed?

Area	Main change
Endorsement	Councils and infrastructure providers have less discretion to withhold endorsement where statutory and technical requirements are met.
Developer-led proposals	The process is clearer and more practical for proposals supported by affected landowners.
Eligible infrastructure	A wider range of infrastructure and providers can participate.
Maintenance	Ongoing operation and maintenance can now be funded through the levy.
Levy design	Greater flexibility is available, including differential charges and some one-off payments.
Approval process	Proposal and Ministerial requirements are simplified.



How does IFF relate to development contributions?

Development contributions remain the main way councils recover the growth-related cost of infrastructure from developers.

The Government is proposing to replace them with a new development levy regime, although the final form and timing are still being worked through.

The key distinction is:

Development contributions or levies recover the cost of growth infrastructure. IFF provides a way to finance that infrastructure upfront and repay it over time.

In practice, a project could involve:

- a development contribution or future development levy;
- direct delivery of local infrastructure by the developer; and
- an IFF levy to finance major infrastructure over a longer period.

The same infrastructure cost shouldn't be recovered twice. Any proposal will need to clearly separate what is being funded through the IFF levy and what is being recovered through development contributions or future development levies.

For out-of-sequence development, the total cost could be higher where additional infrastructure is needed to service the location. The important measure is therefore the combined infrastructure cost, not the IFF levy on its own.

What does this mean for development?

In-sequence but not funded

This is likely to be the clearest opportunity.

The development may already align with zoning, growth plans and intended infrastructure networks, but delivery may be delayed because the infrastructure:

- is outside the current Long-term Plan;
- is identified but not funded; or
- cannot be delivered within council debt limits.

An IFF levy can provide upfront finance and recover the cost from the development area over time.

This should shift the discussion from whether council funding is available to whether the proposed infrastructure is appropriate, affordable and capable of being operated over its full life.

Out of sequence and not funded

The amendments also create a stronger pathway for out-of-sequence development.

A developer may be able to fund the required infrastructure without relying on council borrowing or existing ratepayers. This removes a significant barrier, but it does not mean the development should automatically proceed.

The proposal still needs to address:

- planning and strategic alignment;
- connections to existing networks;
- downstream capacity;
- infrastructure staging;
- operation and maintenance;
- renewals and future upgrades; and
- any cost or risk left with the council or wider community.

The continuing role of councils

Councils have a legitimate role in carefully assessing these proposals.

They are often responsible for owning and operating the infrastructure for many decades and need to consider:

- network-wide performance;
- existing service levels;
- affordability;
- investment already made in other growth areas; and
- long-term maintenance and renewal costs.

A general statement that development is “out of sequence” may become less persuasive where the developer has resolved the funding.

However, councils can still reasonably seek changes where a proposal creates:

- downstream capacity problems;
- inefficient or duplicated infrastructure;
- unfunded operating or renewal costs; or
- wider costs that are not being met by the development.

The amended framework should support a more constructive discussion based on the actual infrastructure consequences rather than funding availability alone.

Is maintenance covered

Yes. Operation and maintenance can now be included in an IFF levy.

However, these costs must be expressly included in the proposal. The parties will still need to agree:

- which assets are covered;
- how long maintenance funding continues;
- who undertakes the work; and
- what happens when the levy ends.

Routine maintenance should also be distinguished from major renewals and future network upgrades, which may still fall to the council or infrastructure provider.

Is an IFF levy a targeted rate?

Not technically, although it may look and feel like one.

The levy is applied to a defined group of properties, collected alongside rates and used to repay the infrastructure financing.

It is part of a wider shift towards infrastructure costs being more directly allocated to the properties that benefit.

What could property owners pay?

There is no standard amount. The IFF charge will depend on the infrastructure cost, financing terms, number of properties, development timing and whether maintenance is included.

Current examples include:

- Milldale: approximately \$1,189 a year for a residential section in 2026/27.
- Te Awa Lakes: approximately \$2,136 a year for a residential property with a \$1 million capital value in the published 2032 example.

A broad initial reference range may therefore be:

- Approximately \$1,200 to \$2,200 per dwelling each year.

This should only be treated as an early guide

What does this all mean?

The amended Act creates an opportunity to consider infrastructure funding earlier in the development and spatial planning process.

For developers, the focus should be on preparing a complete infrastructure proposition rather than simply identifying a financing mechanism.

For councils, the framework provides another option to support growth without relying entirely on council borrowing or existing ratepayers.

The strongest proposals will bring councils, developers and infrastructure providers together early to agree:

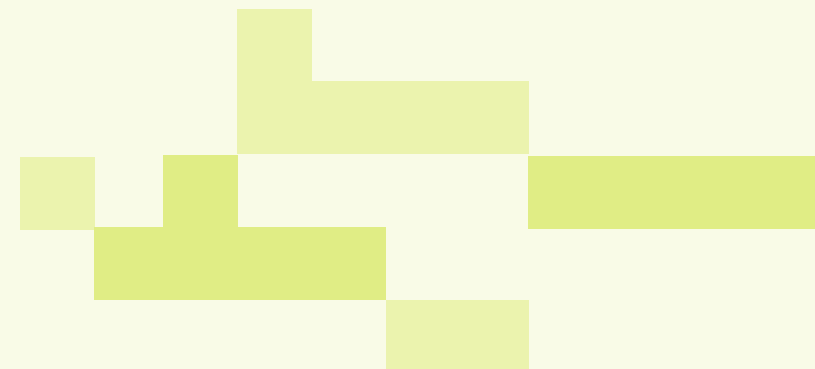
- what infrastructure is needed;
- who benefits;
- who pays;
- how risks are allocated; and
- how the assets will be operated and renewed.

Bottom Line

The amended Act removes a significant part of the funding barrier for growth infrastructure.

It is likely to be most useful for in-sequence development that is planned but not currently funded. It also improves the prospects for out-of-sequence development, provided the wider network and whole-of-life effects are properly resolved.

The funding mechanism is only one part of the solution. The overall infrastructure case still needs to work.



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