Schedule of Workshops and Briefings being held on:

Date:	**Wednesday 21 January 2026**
Time:	**11:30 am**
Meeting Room:	**Council Chambers**
Venue:	**126-148 Oxford Street Levin**

Workshops and Briefings

OPEN AGENDA

MEMBERSHIP

Mayor	His Worship The Mayor Bernie Wanden
Councillors	Councillor David Allan
	Councillor Mike Barker
	Councillor Nola Fox
	Councillor Morgan Gray
	Councillor Clint Grimstone
	Councillor Nina Hori Te Pa
	Councillor Sam Jennings
	Councillor Lani Te Raukura Ketu
	Councillor Jo Mason
	Councillor Katrina Mitchell - Kouttab
	Councillor Paul Olsen
	Councillor Alan Young

PAGE

ITEMS FOR DISCUSSION

File No.: 26/10

2 Optimising Fire fighting Water Supply

Author(s)	Blair Spencer **Group Manager Housing & Business Development | Tumu Rangapū, Whakawhanake Wharenoho, Pakihi**
Approved by	Monique Davidson **Chief Executive Officer | Tumuaki**

PURPOSE | TE PŪTAKE

1. The purpose of this workshop is to revisit the Fire Fighting Water supply challenge raised in a workshop during the previous council term. This session will present a proposed FENZ approved solution which we believe adds value to Council, FENZ and our Community.
2. Please note that the presentation included in the prereading has been provided as background context to ensure councillors are aware of the challenge we have been seeking to resolve. This reading includes the proposed direction arising from that workshop (highlighted as Option 3 on the 'what does this mean for our community' slide)
3. The included presentation was made during the prior triennium.
4. The presentation in the upcoming workshop is seeking to present a proposed resolution to the problem highlighted in the original workshop, one which requires a capital outlay and potential revenue recovery opportunity.

   Presentation - FireFighting Standards - April 2024.pdf

ATTACHMENTS | NGĀ TĀPIRINGA KŌRERO

There are no attachments for this report.

File No.: 26/6

3 Planning Bill & Natural Environment Bill

Author(s)	Lauren Baddock **Integrated Growth and Planning Manager | Kaiwhakahaere o ngā Whanaketanga Pāhekoheko**
Approved by	Monique Davidson **Chief Executive Officer | Tumuaki**

This matter relates to Future Fit Horowhenua District Council

Adapt to legislative and structural changes that redefine Council's role, scope, and size across Resource Management reforms

Council Workshop: Planning Bill & Natural Environment Bill

Integrated Growth and Planning Team
Wednesday, 21st January 2026

The purpose of the workshop is to provide Elected Members with an overview of the Planning Bill and the Natural Environment Bill (being the two pieces of legislation proposed to replace the Resource Management Act 1991) and to get direction on if to make a submission and the nature of any submission.

Background to Resource Management Reform

The Resource Management Act 1991 (RMA) has been the subject of discussion from both sides of the political spectrum over the past five years, with criticism including that it is:

- Too slow to respond to emerging issues and trend.
- Contains conflicting obligations.
- Has neither enabled development nor protected the environment sufficiently.
- Has contributed to housing costs/shortages and infrastructure deficit.
-

The previous Labour government repealed the RMA and replaced it with two pieces of legislation – the Natural and Built Environment Act and the Spatial Planning Act. Following the 2023 General Election, the coalition Government repealed the replacement legislation, reinstated the RMA, and expressed their intent to introduce their own legislation to replace the RMA. This work is now well underway, with two new bills being entered into Parliament at the end of 2025. These are the Planning Bill and the Natural Environment Bill. We anticipate these passing into law by mid-2026

Both bills are open for submissions, with the submission period closing on 13th February.

The Government released its goals for the new resource management system back in March earlier in 2025. The Bills largely align with the direction given earlier. Some key features are:

- Both bills would be being more enabling that RMA, focusing on the enjoyment of private property rights and the use of land and the environment.
- That the new system would have an increased level of national direction and standardisation.
- That spatial planning would be a statutory requirement.
- There would be no general Te Tiriti/Treaty principle.
- That there will be a single regulatory plan per region.

We expect the new bills to become law in the middle of 2026. Of note is how compressed implementation timeframes are – meaning we will need to start preparing for the new system now (in advance of the bills passing).

Key Documents and Legislation Summary

The bills require that Councils prepare new planning documents (together) to deliver on the purpose and goals of the new system. In particular, there will be single regulatory plan per region (called a Combined Plan) which will be made up of:

- A Regional Spatial Plan (prepared by Spatial Planning Committees)
- Land Use Plans (prepared by individual Territorial Authorities)
- Natural Environment Plans (prepared by Regional Councils).

General Comments about both Bills

A key structural difference between the proposal and the RMA is the approach of creating two pieces of separate legislation – one for the built environment (the Planning Bill) and one for the natural environment (the Natural Environment Bill). The Planning Bill is most relevant to HDC in that it is most like the functions we have under the RMA. As such, work to date has focused on this document. That said, the Natural Environment Bill will have relevance to HDC and the Horowhenua community – in particular, it will the vehicle for implementing environmental limits that will impact land use (e.g. farming, water use, wastewater discharge).

A key observation is that the bills rely heavily on secondary legislation (namely 'National Policy Direction' and supporting instruments – hereafter referred to collectively as national instruments/national direction) which have not yet been released. Amending national instruments is a more straightforward process that amending Acts (more detail to be provided at the workshop), so there is a risk relying on national instruments to drive the bills will not lead to enduring change. Rather, there is a risk that thrust of the new system will be frequently changed as Governments and their respective priorities change.

Further, neither bill contains a requirement to consider principles of the Treaty of Waitangi (Te Tiriti o Waitangi) as the RMA does. This is an intentional change that aligns with the goals the Government had earlier expressed. While the bills do require Māori interests to be provided for, as well as clear roles for post-settlement Iwi, the role of Tangata Whenua and/or Mana Whenua and pre-settlement Iwi and Hapū groups is likely to be diminished.

Lastly, in terms of general comments, neither bill contains a direction to sustainably manage land and resources (e.g. consider the needs of future generations alongside the needs of today) nor to consider the impacts of development on climate change. These changes likely signal an intentional shift in approach, but one that Council may like to consider its position on.

Planning Bill

The intent of the Planning Bill is set out in the purpose and goals. The National Policy Direction document (not yet available) will clarify how the goals are to be implemented, including how to reconcile conflict.

Purpose

The purpose of this Act is to establish a framework for planning and regulating the use, development, and enjoyment of land.

Goals

All persons exercising or performing functions, duties, or powers under this Act must seek to achieve the following goals subject to sections 12 and 45:

(a) to ensure that land use does not unreasonably affect others, including by separating incompatible land uses:
(b) to support and enable economic growth and change by enabling the use and development of land:
(c) to create well-functioning urban and rural areas
(d) to enable competitive urban land markets by making land available to meet current and expected demand for business and residential use and development:
(e) to plan and provide for infrastructure to meet current and expected demand:
(f) to maintain public access to and along the coastal marine area, lakes, and rivers:
(g) to protect from inappropriate development the identified values and characteristics of
    (i) areas of high natural character within the coastal environment, wetlands, and lakes and rivers and their margins:
    (ii) outstanding natural features and landscapes:
    (iii) sites significant historic heritage:
(h) to safeguard communities from the effects of natural hazards through proportionate and risk-based planning:
(i) to provide for Māori interests through—
    (i) Māori participation in the development of national instruments, spatial planning, and land use plans; and
    (ii) the identification and protection of sites of significance to Māori (including wāhi tapu, water bodies, or sites in or on the coastal marine area); and
    (iii) enabling the development and protection of identified Māori land.

Role of HDC under Planning Bill

As referenced above, the Planning Bill is most significant for HDC and we will have significant functions and duties under it. Key ones include:

- Being part of a Regional Spatial Planning Committee to prepare a Regional Spatial Plan (30-year focus).
- Prepare a Land Use Plan.
- Consenting under Land Use Plans.
- Implementing Regional Spatial Plans (alongside others).

Natural Environment Bill

Purpose

The purpose of this Act is to establish a framework for the use, protection and enhancement of the natural environment.

Goals

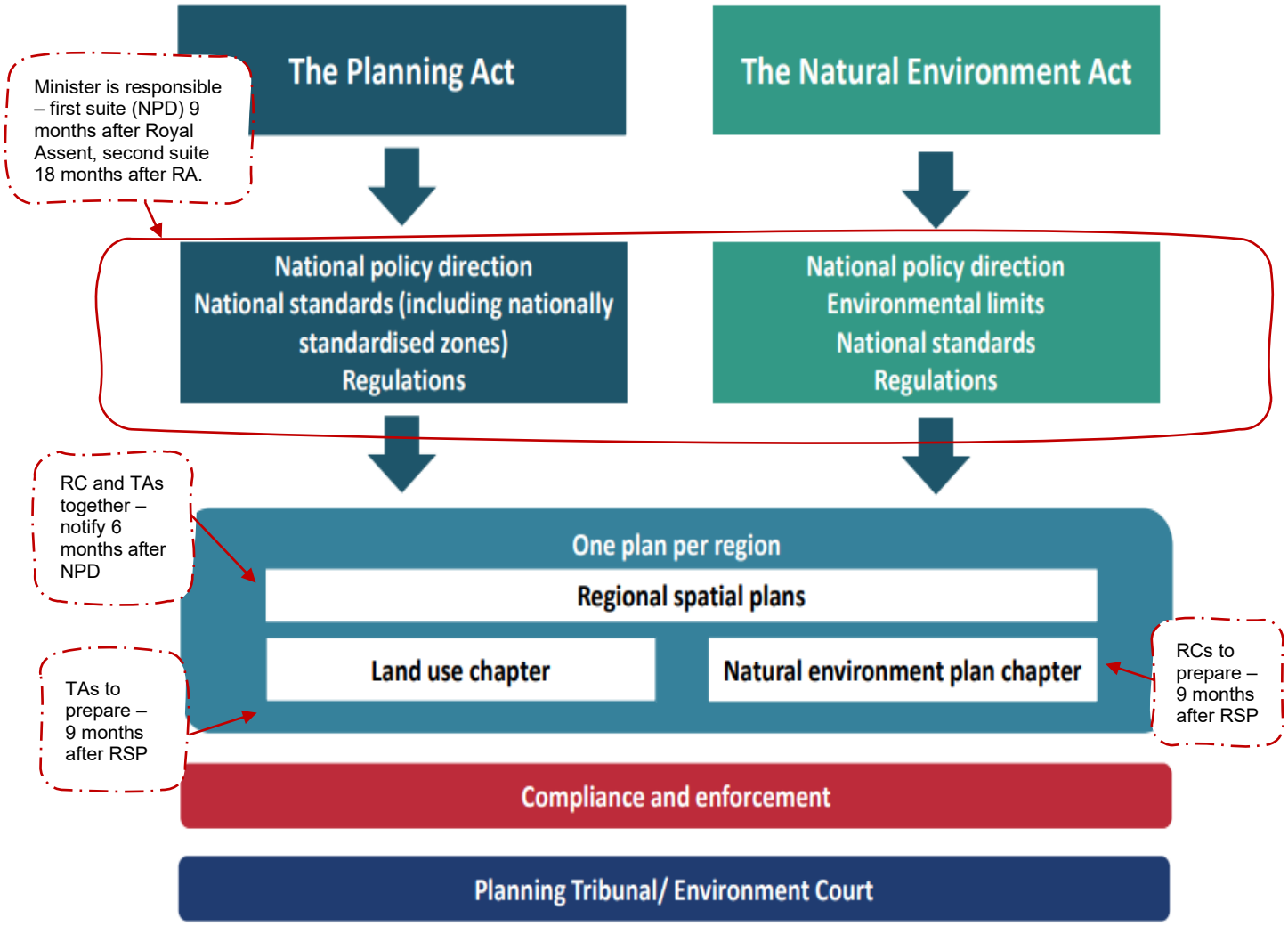
All persons exercising or performing functions, duties, or powers under this Act must seek to achieve the following goals subject to sections 12 and 69:

(a) to enable the use and development of natural resources within environmental limits:
(b) to safeguard the life-supporting capacity of air, water, soil, and ecosystems:
(c) to protect human health from harm caused by the discharge of contaminants:
(d) to achieve no net loss in indigenous biodiversity:
(e) to manage the effects of natural hazard associated with the use or protection of natural resources through proportionate and risk-based planning:
(f) to provide for Māori interests through—
  (i) Māori participation in the development of national instruments, spatial planning, and natural environment plans; and
  (ii) (the identification and protection of sites of significance to Māori (including, wāhi tapu, water bodies, or sites in or on the coastal marine area); and
  (iii) enabling the development and protection of identified Māori land

Role of HDC under Natural Environment Bill

Will have to comply with environmental limits, which may impact consents we hold for infrastructure.

Structure of new system



Strategic Impacts

The bills will have a significant impact on HDC (and all Councils). In particular:

- The focus of resource management planning documents will be different.
- HDC will contribute to planning documents but will not have its own planning documents. This will require regional level thinking by all parties.
- The role of local context and preferences to influence planning outcomes will be limited.
- There will be a significant increase in plan-related work in the short-medium term which will need appropriate resourcing, followed by an expected decrease (both plan making and consenting).

Preparing National Direction Instruments (by Minister)

National direction will be made up the National Policy Direction and National Standards. The purpose is to provide centralised direction to the planning system, including reconciling conflicts between the goals, standardising approaches to how activities and their effects are manged, and on local government processes and procedures relating to the operation and administration of the planning system.

The process for preparing National direction/instruments is contained within the Bill. While it contains specific requirements for the Minister to engage with Iwi Authorities, it does not contain a specific role for Councils. This is despite Councils being tasked with implementing national instruments via their planning documents and decisions. While the Minister can choose to consult with Councils (or any other party they consider relevant), it is not a requirement. While public notice is required, as is a submission period for those notified, the timeframe for this is based on what the Minster considers to be adequate (and the basis for making these decisions is not specified). The Minister is the decision maker on national instruments.

Preparing a Spatial Plan (Regional Councils and Territorial Authorities via Spatial Planning Committees)

The Planning Bill requires all local authorities within a region to authorities to agree on a process to prepare the plan, including key issues, roles and responsibilities and how to work with key partners and stakeholders (including central government, crown entities, Iwi authorities, adjacent Councils, infrastructure providers).

Each region will establish a Spatial Planning Committee (SPC) who will operate under terms of reference to be determined by the Councils. The SPC will have at least one member appointed by the Minister (who will determine if they have voting rights and, if so, on what matters). The SPC will appoint a secretariat will be the operational arm of the SPC and will support preparation of the Regional Spatial Plan (RSP) which will need to implement National Direction.

RSPs are required to be publicly notified but require approval from all local authorities to do so (trigger for this is a decision from the SPC to recommend to local authorities that they approve for notification). There are provisions within the Bill for if consensus cannot be reached, including a dispute resolution pathway – if disputes cannot be resolved, the ultimate decision rests with the Minster.

Submissions will be heard by an independent hearings panel, who will make recommendations. The SPC will provide advice to local authorities on the IHP's

recommendations, with local authorities to make decisions on the recommendations. The Minister may make decisions on these recommendations if certain criteria are met (e.g. if it relates to a significant infrastructure matter or other matter of national interest). As with notification, SPCs and Local Authorities must do all things reasonably practicable to achieve consensus in their decision-making, with a dispute resolution pathway that ends with a Minster decision if not resolved prior.

Appeals to the Environment Court are limited to points of law, except for matters relating to infrastructure (which have a pathway for merit-based appeals).

Preparing a Land Use Plan (by Territorial Authorities)

Territorial Authorities will prepare Land Use Plans for their District that, alongside RSPs and the Land Use Plans of other Districts, will form the single regulatory plan per region (Combined Plan).

The Land Use Plan must implement both National Direction and the Regional Spatial Plan. Much of the Land Use Plan will be standardised by National Direction – for example, TAs will choose which zones to apply (from a set list), which will have standardised provision associated with them. If using standard zones and provisions, the process for preparing the plan will be more straightforward. If wanting to use a bespoke provision (or zone), a more detailed process will apply which includes requiring the TA to justify why a bespoke provision or zone is needed.

Beyond this, the process is similar to the current plan making process in the RMA – in that it involves pre-notification engagement with key partners and stakeholders, Council deciding to notify the Plan for submissions, hearings (usually by an independent hearing panels), and decisions by Council. As with RPSs, merit-based appeals are very limited (e.g. where bespoke provisions are used). There are also new limits on the types of matters than can be controlled by land use plans – most significant is that ‘visual amenity’ cannot be controlled.

Council can consider introducing incentives to its Plan (e.g. to encourage certain land uses). It may also be required to pay regulatory relief to landowners when imposing restrictions on private property related to heritage and nature protection. If these matters (e.g. heritage and nature protection) are the subject of any future National Direction, it is possible that Council may be required to protect these matters (with limited scope to take a different approach) also required to pay compensation to landowners for doing so.

National Direction, Standardisation, Regulatory Relief

As indicated, a key feature of the new system will be:

- Increased standardisation and therefore reduced role of local voice.
- Increased Ministerial influence over plan content.
- Possibility of financial implications for Council by being required to pay regulatory relief.
- Possibility of unmitigated effects.
- Focus on use of land and environment ‘now’ with limited consideration of future.

Consenting

The new system intends to reduce the number of resource consents required for land uses. It reduces the number of activity categories and the matter than can be considered.

However, it also increases some expectations on land users, including by requiring a range of permitted activities to be registered. Of note Council will be able to consider the past compliance record of applicants when making decisions on consent applications. Beyond this, we are still working through the consenting changes and will provide more information at the workshop.

Key Timeframes

As indicated above, the key implementation timeframes are as follows:

- First suite of national direction (National Policy Direction and national standards) is to be published 9 months after Royal Assent (~March 2027). This is key for understanding what the documents Councils are responsible for need to achieve.
- Regional Spatial Strategies must be notified within 6 months of the National Direction being published (~September 2027). However, volume of work means that work will need to commence before National Direction is released. Concern that key stakeholders, like Ministry for the Environment (or its replacement) and national infrastructure providers like NZTA and Transpower will not have capacity to engage fully, given all Councils will be doing this work at the same time. Decisions on Regional Spatial Strategies within 6 months of notification (~March 2028) – concern over impacts on community engagement opportunities and capacity of wider planning sector to deliver.
- Second set of National Standards (including standards for standardised zones) to be released 18 months after Royal Asset (~ December 2027).
- Land Use Plans and Natural Environment Plans to be notified within 9 months of decisions on Regional Spatial Plan (~December 2028) – means that work will need to commence in advance of decisions on Regional Spatial Plans (capacity of sector a concern). Decisions within 12 months of notification (~December 2029).

Advantages/Opportunities

The expectation is that the new planning system will be more able to respond to development pressures and enable the use of land and environment. The statutory requirement to produce spatial plans and to include key stakeholders, including crown entities and infrastructure providers, is an improvement on the RMA (though is typically occurring in practice in a non-statutory way) and has the potential to deliver efficiencies, including better integration between land use and infrastructure planning (though refinements to the provisions may be required in order to ensure this outcome).

The level of standardisation will likely result in less duplication of effort, which should deliver savings in the long term (once transition to the new system is complete). It is expected that the proposed new system will have more reliance on upfront planning and compliance/monitoring to manage environmental effects and less reliance on consenting, which is expected to give more certainty to the development sector. Additionally, the increased focus on compliance and monitoring may lead to better environmental outcomes.

The Bills will deliver a much less litigious planning system in that they seek to dramatically limit the ability for participants in the system to appeal decisions. A key criticism of the RMA is that it is highly litigious in that it has very wide scope for ‘merit-based appeals’ which the Bills proposed to reduce significantly. In all but limited circumstances, appeals will be limited to points of law which should deliver significant time and cost savings.

Disadvantages/Risks

Risks and/or disadvantageous of the proposal include a reliance on secondary legislation (national instruments) that are not yet available. This is a risk/disadvantage for three key reasons. Firstly, with this not being available we cannot give a whole system view on the proposal and its effectiveness. Secondly, this approach may not have the intended effect of making the replacement planning system simpler for the public to understand and thirdly, it will reduce certainty for local authorities, consent applicants and the general public as regulations and national instruments can be changed swiftly without the scrutiny of the full select committee process. Related, the new system gives broad powers to the Minister – including over local matters – which both impacts local democracy and may prevent the replacement planning system from achieving the enduring outcomes it needs. In addition to reducing the role of local voice, the proposal will likely impact on the role of Māori in the new system. While the system upholds Te Tiriti/Treaty settlement legislation the absence of a general requirement to consider the principles of the Treaty means that pre-settlement Iwi/Hapū are at a disadvantage and creates the potential for new Treaty breaches to occur. While the system provides for Māori interests, consultation with Tangata Whenua is directed as being through Iwi Authorities (which is the case with the RMA, but the RMA contains a general Treaty clause). In the absence of a general Treaty clause, this could limit the role of Hapū and Marae to the same level as general public or general Māori interest.

With the reduction in what can be considered an adverse environmental effect, there is a risk of unmitigated effects and or level change that communities are not comfortable with and the absence of any goals about the long-term sustainable management of land and resources could impact the wellbeing of future communities.

Lasley, the bills propose a very quick transition. There is a risk that rushing the process will lead to suboptimal outcomes.

Other Comments

Below are a series of more general, high-level comments for Council to be aware of:

- A key matter will be how the two Bills cross over. Separating the natural environment from the built environment is challenging and will require careful drafting to ensure there are no gaps or conflicts.
- The system proposes to set up a ‘Planning Tribunal’ set up as an alternative to the Environment Court, to provide plan users with a faster and cheaper way of challenging Council decisions. However, this Tribunal are proposed to be attached to the Court and will have the ability to review a wide range of decisions, including further information request. As such, there is concern that the concept, while having some merit, will not be as fast or cost effective as hoped.
- The intention expressed in earlier Government announcements to set up a central body to oversee environmental compliance has been confirmed but will not be in place until some point after the bills pass.
- We expect the transition period to be challenging and complex. An example of this is how and if amenity effects are considered during the transition period. As indicated, visual amenity cannot be considered under the new system – and this provision comes into effect immediately after Royal Assent. However, at this stage planning approvals (e.g. resource consents) will still be being applied for and issued under the RMA and District Plans which do control amenity effects. We are working to understand the implications of this.

- The new bills propose to introduce some new limits on who can submit on planning proposals. At present, anyone can submit on a publicly notified proposal, regardless of where they live. The new bills proposal to limit this to 'qualifying residents' which is defined as a ratepayer of the district, a person whose main place of residence is in the district, a person who provides infrastructure in the district, or a person who office, or operates, in the district. This may exclude people or organisations who have valuable contributions to make.

Possible Submission Points

Possible submission points for Council to consider include:

- Whether to support or suggest refinement of the bills' purpose and goals – in particular, Council's position on whether they are sufficient and/or whether they should include reference to sustainable management (needs of future generations) and provide direction on climate change.
- Whether to support or oppose the reliance on secondary legislation.
- Whether to support or oppose the level standardisation and the role of the Minister provided for in legislation.
- Whether the role provided for Māori is sufficient.
- Whether to support or oppose the requirement for Councils to provide 'regulatory relief' to landowners.
- Whether to support or oppose the level of weight given to the exercise of private property rights.
- Whether to support or suggest refinement to the exclusion of 'amenity' under the new system.

Beyond the above substantive matters which officers are seeking direction from Council on, officers recommend that any submission provide suggested improvements on technical drafting matters (including cross over between bills, transitional provisions, and process related matters), highlight the need for proper resourcing throughout the system (Ministry for the Environment or its replacement, crown entities, and Councils) and express concern about the practicality of proposed timeframes and the capacity of the sector to deliver good outcomes in that proposed timeframes.

Next Steps

If advised by Council, the next step will be to prepare a submission on one or both Bills. Due to the condensed timeframes, the suggested approach is to bring a report to Council on the 4th of February with key submissions points to make decisions on and prepare the submission based on this (with a draft to be circulated for comment prior to lodging).

There is the option of establishing a working group if any Elected Members have a particular interest in being more closely involved.

Optional Additional Reading

- Resource management update - December 2025 | Ministry for the Environment
- Government unveils major overhaul of New Zealand's planning system | Ministry for the Environment

ATTACHMENTS | NGĀ TĀPIRINGA KŌRERO

There are no appendices for this report

File No.: 26/8

4 Rates Capping and Simplifying Local Government Submissions

Author(s)	Carolyn Dick **Strategic Planning Manager | Kaihautū Rangapū Hinonga Arawaka**
Approved by	Monique Davidson **Chief Executive Officer | Tumuaki**

PURPOSE | TE PŪTAKE

1. The purpose of this Workshop is to provide a high-level view of impacts, advantages and implications of the Government's proposals about Rates Capping and Simplifying Local Government, and, for each, to seek Elected Members' feedback on matters to include in submissions. Submissions on Rates Capping close on 4 February, and 20 February for Simplifying Local Government.

   This matter relates to Future Fit Horowhenua District Council

   Position HDC as a leader in reform opportunities for funding and collaboration

DISCUSSION | HE MATAPAKINGA

Rates Capping:

- Minister's announcement is here
- DIA letter (attached) about consultation and questions – *noting that the targeted consultation has been broadened and DIA will now accept submissions from any Council.*
- Cabinet Paper have also been released as additional background, they are here:
  - Briefing papers related to rates capping
  - Regulatory Impact Statement: Rates capping
  - Cabinet materials related to rates capping
  -

Simplifying Local Government

- The Ministers' announcement is here
- The Proposal Document is here
- DIA's webpage with additional information is here
-

ATTACHMENTS | NGĀ TĀPIRINGA KŌRERO

No.	Title	Page
A⇩	Letter to Taituarā - Consultation on a rates target model for New Zealand	20

Internal Affairs
Te Tari Taiwhenua

3 December 2025

45 Pipitea Street, Wellington

Raymond Horan
Taituarā – Local Government
Professionals Aotearoa
raymond.horan@taituara.org.nz

Dear Raymond Horan

Subject: Consultation on a rates target model for New Zealand

On Monday 1 December, the Prime Minister and Minister of Local Government announced the introduction of a rates target model for New Zealand.

The Government has agreed that from 1 July 2029, councils will operate within a target range of rates increases to help keep rates affordable for households while ensuring councils can maintain essential services and invest in infrastructure.

The Government has also agreed to targeted consultation from December 2025 to February 2026 on how to set the target range of rates increases. We are writing to you today as you have been identified as a stakeholder to engage as part of this targeted consultation. Further information on the feedback we are seeking is below.

The Government's key decisions are:

- The range will apply to all sources of rates (general rates, targeted rates, uniform annual charges), but excludes water charges and water-related targeted rates, and other non-rates revenue.
- The range will apply to the price component of rates, not volume growth.
- Under the rates cap councils will have discretion to spend rates funding as they currently do. This system does not limit spending to certain services or activities. But councils will need to comply with changes made through the Local Government System Improvements Bill.
- The range will be anchored in long-run economic indicators, such as inflation at the lower end and nominal GDP at the higher end. An additional growth component will be added for some councils.
- There will be a transition period from 2026 to 2029. During this time, councils will be required to consider the rates target when setting rates, but it will not be mandatory to operate within the range. The Department of Internal Affairs will issue guidance and undertake monitoring of councils during this time.
- From 1 July 2029, the model will allow for variations in extreme circumstances and a clear process for councils to apply for other temporary adjustments.
    - Examples of extreme circumstances are responses to natural hazards, global economic crisis, or other significant events. In these cases, councils will need to show how they will return to the band over time.

- Where councils need to raise revenue to pay for things outside of extreme circumstances, they will be able to do so through a variation process, and they would need to apply to a regulator for approval. Councils would need to provide justification and explain how they intend to return to the band over time.

- Further work is required on detailed design, including regulatory oversight. Cabinet will make additional decisions in early 2026, and legislation will be introduced before the general election.

Targeted consultation

We seek your feedback on the proposed formula and economic indicators for setting the range, including whether the preliminary range of 2-4% per capita per year is appropriate. Details of the formula and consultation questions are attached.

Consultation closes on 4 February 2026.

Feedback can be provided directly, through meeting with the Department, or by emailing ratescapping@dia.govt.nz before 4 February 2026. Given the timeframes, our preference is to meet with you as soon as possible. If you are able to do so, please send through available times.

Should you have any questions, please get in touch.

Yours sincerely,

Rowan Burns
Policy Manager

Appendix A

Proposed formula

The proposed formula is expressed in Figure 1, based on a per capita, price basis for a fixed basket of council services:

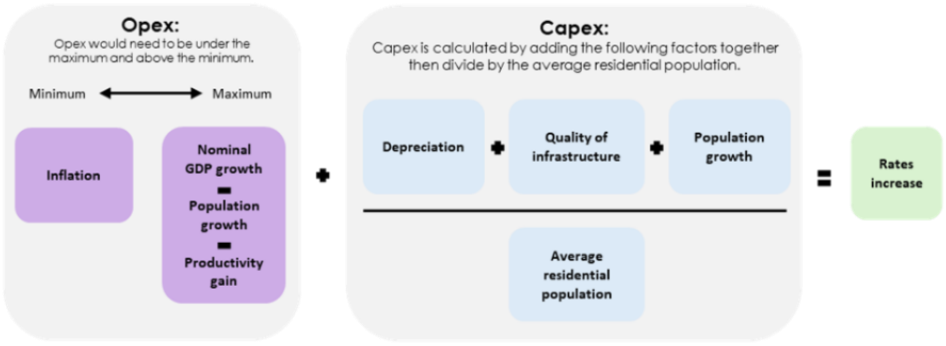


Figure 1: Proposed rates target formula

In a future 'steady state',[1] where investment is constant as a share of GDP, the infrastructure deficit has been addressed, and the share of operational spending to capital spending is constant, these factors should apply for both capital and operational spending.

To allow comparison with a price index, council capital expenditure is based on a per person or per rating unit basis and should –

- be sufficient to replace worn out assets (depreciation);
- respond to demand for more and improved infrastructure as income rises;
- be in line with GDP (quality of infrastructure); and
- increase as growth occurs, to cover the need to serve more people.

Capital spending to replace worn out assets should be depreciation funded. Rates should cover the increase in standards as GDP increases, and the portion of growth costs that are not recovered from other tools (i.e. from development contributions or the forthcoming development levies regime). This should be in line with the target.

Preliminary analysis using this formula suggests that a 2-4% target range for local authority rates is justifiable as a long-run guide and anchor to where rates increases should be.

[1] A 'steady state' is a hypothetical about the optimal level of rates as a share of GDP. Historically, rates have been approximately 2% of GDP, with infrastructure issues emerging when councils varied below this trend. As some more councils shift to water charges, total rates as a percentage of GDP are likely to need to be lower, though rates + water charges will need to exceed the historic trend for councils and water services to be financially viable and catch up on historic deficits

- *Choice of minimum*: 2% represents the midpoint target band of the RBNZ policy target. The average rate of inflation has been 2.1% since 2002, excluding the Covid-19 inflationary pressure. The average has been 2.6% including Covid. Conceptually, this reflects that councils should be maintaining service standards.
- *Choice of maximum*: As a long run anchor we believe council activity should align with national activity/growth, or GDP. Demand for council services should be reasonably in line with rises in GDP. Nominal GDP has increased at an average rate of 5.4% per annum. We analysed growth in population, household formation, and new dwellings (proxies for the rateable base for councils) which were around 1-1.5% per year on average. We also note that productivity growth has averaged to around 0.3% per year for the last decade.[2] Deducting prospective growth in the rateable base, and an allowance for productivity yields around 4% as a per capita/per rating unit increase.

This range represents the price component of council rates revenue increases. Councils grow in size over time as they support growth and serve more households and businesses with rates funded services. We will allow for growth in the total rates revenue that a council can collect as a result of this growth.

Consultation questions

1. Do you agree with the proposed economic indicators to be included in a formula for setting a rates target?
2. If not, what economic indicators do you suggest be included and why?
    a. Does setting the minimum of the target in line with inflation ensure that councils can maintain service standards? If not, why not?
3. Does the maximum of the target account for council spending on core services?[3]
4. What council spending will not be able to take place under this target range? Why?
5. Are changes to the target needed to account for variations between regions and councils? What changes do you propose and why?

[2] For a full description of NZs Productivity history, see: Treasury paper: The productivity slowdown: implications for the Treasury's forecasts and projections - May 2024

[3] Core services as outlined in the *Local Government (System Improvements) Amendment Bill 2025* being network infrastructure; public transport services; waste management; civil defence and emergency management; libraries, museums, reserves, and other recreational facilities.

File No.: 26/7

5.5 Development Contributions Consultation Submission

Author(s)	Lisa Poynton **Senior Policy Planner | Kaiwhakamahere Matua, Kaupapahere**
Approved by	Monique Davidson **Chief Executive Officer | Tumuaki**

This matter relates to Going for Growth

Integrated growth planning informs infrastructure investment and key moves

Council Briefing: Potential submission – Going for Housing Growth Pillar 2 – Development Levy LGA Exposure Draft and proposed changes to the Infrastructure Funding and Finance Act 2020

Integrated Growth and Planning Team

Wednesday, 21st January 2026

The purpose of this briefing is to inform Elected Members of the content of the exposure draft of the proposed changes to the Local Government Act and the Infrastructure Funding and Finance Act which will change the regime of collecting financial payments that developers will be liable for. Guidance is being sought on whether Council wishes to make any submission on these matters.

Background and Strategic Context

The government has recently announced changes to a number of pieces of legislation, including those that relate to the funding/cost recovery of growth. This briefing is to advise of proposed changes to the Local Government Act and Infrastructure Funding and Finance Act as part of Pillar 2 of the Going for Housing Growth programme and are intended to provide councils and developers with a flexible funding and financing toolkit to respond to growth pressures and deliver infrastructure to land zoned for housing development. The intention is that these measures will reduce the current cross-subsidisation by ratepayers, so greater and more accurate recovery from developers causing the demand for growth related services will likely result.

Consultation on both documents closes on Friday, February 20th. For the exposure draft of the Local Government Act amendment, legislation will be introduced mid-2026, and councils can start charging the new levies from 1 July 2028. The old development contributions system will remain in force until 2030 to allow for transition, and any big levy increases will be phased in over three years. Also in the background is the establishment of Central Water under the Local Water done Well umbrella. This will mean that management and renewal of water, wastewater and stormwater be a function of Central Water rather than Horowhenua District Council. Their approach to Development Levies will need to be decided by Central Water by 1 July 2026, and implemented by 1 July 2027.

The Infrastructure Funding and Finance Act Amendment had its first reading on 9 December 2025. It is expected to come into law mid 2026 if it proceeds.

Exposure Draft – Proposed Local Government Act Amendment to replace Development Contributions with Development Levies.

Key features of the development levies system include:

- Separate levies that are ring-fenced for each specific infrastructure service such as water supply, wastewater, and transport;
- Specific 'levy areas', which are expected to cover pre-defined areas that are larger than most current development contributions catchments;
- Discretion for councils to impose additional charges on top of base levies in specific locations that are particularly high-cost to service – examples of potential use include
- Developing a prescribed methodology that councils and infrastructure providers must follow to determine aggregate growth costs and standardised growth units; and
- Consideration of different models of infrastructure delivery including support for first-mover developers and recovering council costs for infrastructure owned by another entity.

Key features of the proposal	Comments on effects on HDC
A policy for taking levies will be required to be produced and reviewed three yearly.	This is as per the current LTP timeframes, so will be familiar to Council staff and developers.
Trigger for taking levies are the same as for Development Contributions	This is as per the current LTP timeframes, so will be familiar to Council staff and developers.
Development Levy Policy will have effect from the date it is notified, rather than the date it is adopted.	Likely to be a positive for Council in terms of levy take, as it will avoid the potential for a glut of applications being made between the a policy/policy amendment being notified and then being adopted, as can happen under the current system. May result in some backlash from the community if they are caught unaware by an increase. There is the potential that a notified levy is reduced through the adoption process, in which case refunds would need to be issued, and there would be an administrative burden for this.
Development Levy areas will replace the current Development Contribution areas. The proposed calculation methods for deciding on the levies will be the aggregate cost of providing infrastructure capacity for growth over the whole of the levy area, rather than being based upon specific sites and identified capital projects. Under current proposals, the geographic coverage of a levy will be the levy area. The expectation is one levy area per service per district for water, wastewater, stormwater, transport, reserves and community	Likely to be a positive for Council in terms of levy take. There will be a marked change from the current location-specific charges, which require a clear link between identified infrastructure projects in a defined area and calculating which areas benefit to charges for development across a wider area – and potentially a smoothing out of charges. The intention is that out of sequence development will be more readily captured by the larger levy areas. Suggest that any submission clearly sets out how HDC might envisage the Development Levy areas being decided, and link this back to our growth

infrastructure. It may be possible to have more than one levy area if there is "good reason". There will be the ability to have high cost overlays for sub-areas where infrastructure costs are significantly higher.	targets and locations of significant infrastructure.
Development Levies will be subject to quarterly interest until paid, and potentially three yearly reviews. Currently, interest is built into our Development Contributions model, which may not accurately reflect the actual year on year cost increases.	This appears to be a positive in terms of revenue for Council – the introduction of interest will encourage people to pay early. Regular reviews of the levy amount will mean that developers are unable to lock in levies for many years and avoid cost increases over time.
The Development Levy system includes a number of measures to make the process more potentially flexible. Developer agreements will allow for Council and developers to form agreements where a projects needs fall outside of Council's infrastructure provision timeframes and bespoke levy assessments will be possible for land that is not serviced or requires upgraded servicing.	Greater flexibility in the system is likely to be a positive in terms of encouraging growth and revenue. There will be the option to charge administrative fees to cover the additional staff time that will be required to prepare and implement these measures.
First mover developers will be able to be reimbursed through levy revenue with agreement of Council.	This is likely to encourage developers to move by providing a process for seeking reimbursement for services that will provide for sites outside of their own development. Councils will be able to reimburse developers through levy revenue and may be able to place a time limit on reimbursement, effectively sharing the risk if development is delayed. Developers will also be able to assign the right to receive reimbursements to another party which supports the current practice of establishing single-purpose entities that are wound up on completion of a project, and would enable a parent company, for example, to receive reimbursements.

The full proposed methodology for calculating Development Levies has not been included in the exposure draft, so it isn't possible to glean what effect there may be on the levy amount that the public will be charged.

Infrastructure Funding and Finance Act 2020

The IFF Act provides a model for councils or developers to fund and finance infrastructure projects that support urban development. It involves the establishment of a special purpose vehicle to finance the infrastructure needed to enable development, which is repaid by levying the properties which benefit – separately and additional to Development Contributions/Levies. Finance raised using an SPV sits off councils' balance sheets, ensuring it does not impact their debt limits.

The Amendment Bill aims to remove some of the existing barriers to using the IFF Act, improve its viability for a range of infrastructure projects, and make the levy development and approvals process simpler and more streamlined.

The IFF Amendment Bill broadens the purpose of the Act to provide general-purpose infrastructure funding that supports community needs and appropriately allocates the cost of that infrastructure. Under this new streamlined purpose, additional projects that can now access the IFF regime include:

- Water services infrastructure developed by water organisations.
- Transport, community and environmental resilience infrastructure carried out by state-owned enterprises, including KiwiRail Holdings Limited and Electricity Corporation of New Zealand Limited.
- Community infrastructure projects not owned or controlled by a council or other government entity.

Key features of the proposal

Key features of the proposal	Comments on effects on HDC
Allowing developer-led use of the IFF Act and enables it to also be used for transport projects delivered by the New Zealand Transport Agency or KiwiRail, or for water infrastructure investments delivered by new water organisations established under the Local Government (Water Services) Act 2025, as well as Community infrastructure projects not owned or controlled by a council or other government entity..	As development in Tara-Ika is starting to occur, this would be a useful tool to enable first movers to access funding to provide additional capacity within their infrastructure and therefore provide for subsequent stages, and it would also likely be useful to the first movers in the Plan Change 6A (Levin North West 1) growth area if that Plan Change is granted. One benefit of the IFF levies is that the cost of development is usually spread over a number of years (up to 50) , and is paid by the property owner who is directly benefitting from access to the infrastructure, as opposed to a development levy which is usually paid upfront by the developer (and passed on through the land price). This should have a positive impact on housing affordability, but will present an extra administrative burden and costs for Council, and an ongoing cost for those homeowners.
Allowing for one-off levies on a whole levy for a parcel of land and one-off levies on a portion of levy liability, in the occurrence of a specified event such as the issue of title or the sale of a parcel of land.	Allowing for deferral of a levy payment should have a positive effect in terms of land supply, by removing some of the financial barriers to development and allowing payment at the time that the purchase amount is available to the developer.
Increased ability for an SPV to recover funds -	This is considered to be a positive step, as it will increase the chances of SPVs being able to

Introducing an accelerated recovery regime which allows a SPV to recover funding it made available for an infrastructure in the event that a development fails and to seek to recover funds when a levy remains unpaid for four months or more.	recover their money in these situations, rather than the SPV being subject to significant risk.
Removing additional layers of approval and Ministerial consultation, streamlining process	In general, the streamlining measures would be positive. The proposal to remove the requirement for the Minister to consider the long term interests of levy payers, or affordability could result in defaulted payments, which would be an additional debt collection and administrative burden for Council, and negative effects on levy payers.

Stakeholders

As any submission would be made on behalf of Council, Council is considered to be the only stakeholder in this case.

Link to Council Priorities and Other Council Policies

The proposed legislature changes have links to the three Council Priorities adopted on 10 December 2025:

- Going for Growth
- Future Fit Horowhenua District Council (HDC)
- Financial Discipline

The amendment will also be consistent with Council's financial policies, including the Long Term Plan 2024-2044, in that is simply seeks to maintain the intent of the existing DCP (which is that small stand-alone dwellings) pay a development contribution.

Risks/Other Considerations

As Local Government is currently operating in a time of rapid change and uncertainty, the following risks and other considerations are identified:

- **Local Waters Done Well –** A decision will need to be made by Central Water by 1 July 2026 as to how they will collect development contributions/levies for three waters, and whether Council will retain a role as a collector of contributions and pass them on, or whether Central Water will collect them separately

Input/Direction Sought from Council

At this stage, Officers are seeking direction from Council about whether to progress with a submission on the exposure draft and/or amendment to the Infrastructure Funding and Finance Act and what the content of those submissions might be.

Next Steps

If Council wish to proceed with any submissions on the two documents, Council officers will draft these in consultation with Councillors, and present and outline to Council at the February 4 meeting for adoption.

Optional Additional Reading

- Development levies consultation - dia.govt.nz
- FAQs-for-development-levies-consultation.pdf
- Infrastructure Funding and Financing Amendment Bill 231-1 (2025), Government Bill – New Zealand Legislation
- Legislative Statement - Infrastructure Funding and Financing Amendment Bill - First Reading - December 2025

ATTACHMENTS | NGĀ TĀPIRINGA KŌRERO

There are no appendices for this report