



Factsheet 3: Improvements to the Infrastructure Funding and Financing Act

Background

The Infrastructure Funding and Financing (IFF) Act provides a way to fund and finance infrastructure projects that support housing and urban development. The Act was introduced to help deliver infrastructure projects free from local authorities funding and financing constraints.

Through the IFF Act, a Special Purpose Vehicle (SPV) is used to fund infrastructure rather than a council or other infrastructure authority. Finance raised using an SPV sits off councils' balance sheets, ensuring it doesn't impact their debt limits.

Those benefitting from the infrastructure for example, landowners in the area serviced by the new infrastructure, will be charged a levy by the SPV. These levies are charged annually for a specified amount of time, up to a maximum of 50 years. Levies are collected by councils alongside rates and then passed on to the SPV.

Initially, the IFF Act was expected to be a funding and financing tool for infrastructure for greenfield residential development. However, to date IFF Act levies have been used for two city-wide infrastructure projects and no levy proposals have been received for infrastructure for residential developments.

Proposed changes

The IFF Act is largely fit for purpose, however changes are needed to help improve its usability. The proposed changes are intended to:

- remove unnecessary barriers to using the IFF Act
- improve the viability of the IFF Act for a range of infrastructure projects, particularly developer-led projects
- make the levy development and approvals process simpler.

The legislation to implement these changes is expected to be introduced in September 2025 and enacted in mid-2026. There will be opportunities for public feedback as part of this process.

Streamlining the levy approvals process

The time and effort required for applicants to have a levy approved is a key barrier when trying to use the IFF Act.

We're proposing several changes to streamline this process, while still ensuring the interests of potential levy payers are protected.

These changes include:

- simplifying requirements for levy proposals and recommendation reports



- simplifying the mandatory considerations the Minister must take into account when assessing a levy. This in turn would reduce the extent of supporting evidence applicants need to include in their proposals.
- removing the requirement to assess a levy's affordability for proposals supported by developers and other existing landowners. In greenfield areas, levypayers self-assess affordability and opt-in to the levy when deciding to purchase a property. As such, Ministerial consideration of whether a levy is affordable should not be required if existing landowners are supportive. While targeted at greenfields, this change would also apply to brownfield developments where existing landowners are supportive of the levy.
- Improving certainty for developer-led proposals by limiting councils' ability to withhold the necessary endorsements.

Scope of the IFF Act

We're proposing several changes to broaden the scope of the IFF Act, improving its flexibility and viability for a range of infrastructure projects.

These changes include:

- Broadening the Act's purpose beyond just addressing local authority financing and funding constraints. This will better reflect developer-led use of the tool and broaden the scope of projects the Act can be used for. For example, enabling the IFF Act to be used by NZTA or new water organisations established through Local Water Done Well reforms.
- Enabling levy deferrals to manage any affordability concerns and better support the use of the IFF Act for value capture.
- Enabling IFF Act levies to be set without a direct link to a specific infrastructure project, if the IFF Act is being used to finance payment of a development levy.

We also propose making several technical and remedial changes to improve the functioning of the Act. Officials are also continuing to investigate whether there are any further changes that could be made to improve the Act's flexibility and support its use for a range of infrastructure projects.

Using the IFF Act now

The IFF Act can continue to be used to fund and finance infrastructure projects while it is being amended. Councils or developers who would like to use the IFF Act should contact National Infrastructure Funding and Financing Ltd. (NIFF), formerly Crown Infrastructure Partners. [National Infrastructure Funding and Financing | New Zealand](#)