Property Council New Zealand

Property Council New Zealand

Submission on the Draft National Infrastructure Plan

5 August 2025

For more information and further queries, please contact
[redacted]

Property Council New Zealand
Foyer Level, 51 Shortland Street
PO Box 1033, Auckland 1140
09 373 3086
propertynz.co.nz

5 August 2025
The Infrastructure Commission - Te Waihanga
Via Email: info@tewaihanga.govt.nz

Submission on the Draft National Infrastructure Plan

1. Summary

1.1. Property Council New Zealand ("Property Council") welcomes the opportunity to submit a response to The Infrastructure Commission Te Waihanga ("the Commission") on the Draft National Infrastructure Plan ("Draft Plan").

1.2. Property Council supports the Commission's intention to inform future government action on implementing a 30-year National Infrastructure Plan and how planned investment can be more strategic and long-term focused. If the National Infrastructure Plan is appropriately supported, it will create greater pipeline certainty for the infrastructure sector.

1.3. We welcome the Minister for Infrastructure's (Hon. Chris Bishop) intention to create Parliamentary multipartisan support for the National Infrastructure Plan. Given the long-term nature of infrastructure investment, building political consensus will help reduce uncertainty.

2. Recommendations

2.1 At a high level, Property Council recommends that the Commission:

- Consult Property Council New Zealand and our members to gain an understanding on how an overreliance on development contribution fees risks undermining development feasibility;
- Consider flow-on impacts of the new/pending Development Levies and congestion charging with their wider affordability advice to Government.
- Revise its "fully fund" user-pay infrastructure principle to focus on closing the funding gaps, where appropriate;
- Explore how its long-term needs assessments and investment principles can be integrated into local government planning frameworks;
- Adopt a principle that 30-year plans are to be funded in 10-year increments to ensure that investment settings remain responsible to fiscal realities while providing certainty for delivery;
- Encourage the National Infrastructure Funding and Financing Agency and central government to promote international awareness of the newly launched Investment Boost policy;
- Recommend the Government expand Investment Boost to the Build to Rent sector, as internationally, Build to Rent investments align with future transport investment opportunities;

- Form long-term infrastructure views and needs in conjunction with the development sector to ensure market demand, feasibility and delivery of projects aligns with expectations;
- Adopt a clear position supporting land-use policies that improve access to, and utilisation of, existing and planned infrastructure;
- Support a hierarchical infrastructure planning approach to address the unique challenges of delivering large-scale and nationally significant infrastructure;
- Establish a centralised government property body with cross-agency oversight and dedicated property expertise; and
- Undertake further analysis of the Commission's project transparency policy to ensure that it does not breach New Zealand's competition and privacy laws.

3. Introduction

3.1. Property Council is the leading not-for-profit advocate for New Zealand's most significant industry, property. Our organisational purpose is, "Together, shaping cities where communities thrive."

3.2. The property sector shapes New Zealand's social, economic, and environmental fabric. Property Council advocates for the creation and retention of a well-designed, functional, and sustainable built environment, in order to contribute to the overall prosperity and well-being of New Zealand. We aim to unlock opportunities for growth, urban development, and productivity to improve New Zealand's prosperity.

3.3. We connect over 10,000 property professionals and represent the interests of over 550 members organisations across the commercial, industrial, retail, and residential sectors. Our members are from the private, public, and charitable sectors.

3.4. This document provides Property Council's feedback on the draft National Infrastructure Plan. Comments and recommendations are provided on issues relevant to Property Council's members. This is structured under subheadings of the recommendations provided by the Commission.

4. New Zealand's Property Industry

4.1. Property Council's recent Property Industry Impact Report 2024[1], highlights the economic benefits that property contributes to the New Zealand economy. For example:

- Property provides a direct contribution to GDP of $50.2 billion (15 percent), an indirect economic impact of $48.7 billion and an induced economic impact of $43.7 billion to GDP.
- Property is New Zealand's largest industry with nearly $2.2 trillion in property assets nationwide;

[1] Property Council New Zealand. (2024) Property Industry Impact Report 2024 https://www.propertynz.co.nz/industryimpact.

- Property is the fastest growing source of employment, supporting jobs for around 235,030 New Zealanders every year; and
- New Zealanders are unconscious property investors, with $3.6 billion invested into property via KiwiSaver schemes.

4.2. Investment in property makes a positive return. For every $1 contribution by the property industry to national GDP, this results in an additional $1.80 of flow-on economic impacts.[2]

4.3. Infrastructure is the foundation that supports the property sector, along with the economic and social activity that takes place within buildings of all types. Given the benefits, we recommend that the Commission adopts a robust, sustainable, and forward-thinking approach to infrastructure investments that strategically aligns with urban development needs and responds to population growth.

5. Establish affordable and sustainable funding

5.1. Property Council supports the Commission's statement that "*Investment must be affordable and deliver the right services in the right places at the right times.*" We also support the Commission's recommendation that funding tools be matched to asset type in order to maintain affordability. While we support user-pay systems, we caution against overreliance on development contributions or levies, which may constrain housing supply and affordability.

Funding pathways – Development Contributions and congestion charging

5.2. While developers accept contributing to infrastructure costs, this must be balanced with funding approaches that support development feasibility and growth.

5.3. Our members are increasingly concerned that rising fees are adding development risk and cost. For example, recently, councils have proposed/increased their development contributions by as much as 300 per cent or higher.[3] The new development levy scheme publicly states it is expected to also further increase developer contributions.

5.4. Planned developments are being postponed, re-evaluated or cancelled, due to increased costs. In many cases, developers are shifting toward standalone housing typologies to maintain feasibility. This runs counter to intensification goals, where additional units incur proportionally higher charges that cannot be offset by increased sales prices.

5.5. When development is no longer feasible, it impacts employment opportunities. Property Council's Impact Report 2024 shows that the property industry is New Zealand's second largest employer. A typical 100-unit apartment development project might employ around 300 people over the life of the project. A consistent property development pipeline is critical to employment and regional productivity.

---

[2] Property Council New Zealand. (2021) New Zealand 2021 Property Industry Impact https://www.propertynz.co.nz/wp-content/uploads/2021/07/PCNZ_PropertyIndustryImpact_FullReport.pdf.

[3] For example, Christchurch City Council's draft development contribution policy recommended a 356% increase in DC fees for a large-scale townhouse project (2025) and Auckland Council proposed an increase of 289% in the Inner Northwest IPA (2025) and a 268% increase in Drury (2023).

5.6. We recommend the Commission consult with Property Council New Zealand and our members to better understand how an overreliance on development contribution fees risks undermining development feasibility.

5.7. Transparency regarding sequencing and implementation of congestion charging is also critical as there will be flow-on impacts for the property sector. Introducing or changing time congestion charging boundaries (of where collection occurs and pricing tiers) will influence development feasibility, housing typology and property values. For example, those further away from the CBD will have to pay a greater price to access the road network which would impact the cost consideration for developers and buyers.

5.8. We recommend the Commission consider flow-on impacts of the new/pending Development Levies and congestion charging within their wider affordability advice to Government.

Transport system reform

5.9. A well-functioning transport system is essential to urban development, regional connectivity, and economic productivity. Property Council supports investment in transport infrastructure that contributes to decarbonisation goals, reduces travel times and enables urban growth.

5.10. User-pays models can enable infrastructure delivery by ensuring those who directly benefit also contribute to costs. We support the use of tools such as tolling and congestion pricing, provided they are transparently structured, sufficiently ring-fenced and aligned with investment outcomes. Congestion pricing must also be paired with viable alternatives to access city centres to maintain city occupancy and vibrancy.

5.11. Despite our support for user-pay models, Property Council has concerns that the Commission's user-pricing policy is to "fully fund" investment. This principle contradicts the purpose of the Land Transport Management (Time of Use Charging) Amendment Bill to "improve traffic flow in order to improve network productivity." We are also concerned that establishing a principle to "fully fund" investment may result in double dipping. For example, a new homeowner may have paid Development Levies for the new road and may also be paying a congestion charge for that same road.

5.12. We recommend the Commission revise its "fully fund" user-pay principle to focus on closing the funding gaps, where appropriate.

Needs-based Government investment

5.13. Property Council supports the Commission's recommendation that fiscal strategy be informed by long-term infrastructure and asset management planning. We support Spatial Plans as a mechanism to achieve this. However, 30-year plans should be funded in 10-year increments to balance certainty with flexibility and improve alignment between planning and delivery.

5.14. Longer-term financial forecasts carry significant uncertainty, particularly when changes such as; inflation, interest rates, construction costs, and population growth occur over a 30-year period. For example, Drury development contribution fees increased by 268 per cent in 2023, with an additional 19 per cent proposed increase in 2025 due to upward revised assumptions. This demonstrates that circumstances often change, or assumptions are not accurate, even over a brief period of time. A more adaptive approach is required, with opportunity for review and reallocation to reflect changing economic conditions.

5.15. These challenges are compounded by political incentives to keep rates low, which can discourage forward-leaning investment decisions. As a result, applying inflexible or overly long fiscal forecasts at the local level, without the ability to adapt to changing financial conditions, could entrench under-delivery rather than resolve it.

5.16. We recommend the Commission explore how its long-term needs assessments and investment principles can be integrated into local government planning frameworks to improve consistency and accountability across the system. We further recommend the Commission adopt a principle that 30-year plans are funded in 10-year increments to ensure investment settings remain responsive to fiscal realities while providing certainty for delivery.

Alternate forms of funding and financing and use of PPPs.

5.17. Property Council supports the Commission's recommendation to explore alternative funding and financing mechanisms. We strongly endorse tools such as targeted rates, PPPs, and special purpose vehicles (SPVs), which provide flexibility within debt limits and improve certainty in the infrastructure pipeline.

5.18. PPPs should play a greater role in delivering large-scale infrastructure. PPPs can unlock private sector capital and expertise, accelerate delivery and reducing lifecycle costs. PPPs allow the private sector to take on the risk that the public sector cannot nor should not.

5.19. The Commission is well-placed to provide guidance on when and how PPPs should be considered, including criteria to ensure value for money, risk transfer, and transparency. A stronger role for PPPs would help diversify New Zealand's funding toolbox and improve the resilience of the infrastructure pipeline amid fiscal pressures.

Overseas Investment opportunities

5.20. Encouraging overseas investment is critical for New Zealand, given its small market and limited fiscal capacity. Mobilising significant private capital, both domestic and international, will be essential to modernise infrastructure, strengthen economic resilience and maintain international competitiveness.

5.21. The Overseas Investment (Build-to-rent and Similar Rental Developments) Amendment Bill of February 2025 streamlined foreign direct investment to increase rental housing supply and attract investment into the Build to Rent sector, which offers more secure and quality rental options, often near key transport nodes. This amendment bill provides a strong example of how targeted policy can attract foreign investment to support housing and related infrastructure delivery.

5.22. Additionally, the recent Budget 2025 Investment Boost announcement by the government may unlock overseas investment opportunities in the infrastructure space. The Commission should look to recommend Investment Boost be extended to the Build to Rent market as internationally, Build to Rent developments go hand-in-hand with new investment in public transport networks or roading corridors.

5.23. We recommend the Commission encourage the National Infrastructure Funding and Financing Agency and central government to promote international awareness of the newly launched Investment Boost policy. We further recommend the Commission encourage the government to expand Investment Boost to the Build to Rent sector, as internationally Build to Rent investments align with future transport investment opportunities.

6. Clearing the way for infrastructure

6.1. Property Council supports the Commission's focus on removing system barriers to infrastructure delivery. New Zealand's regulatory complexity, inconsistent planning frameworks, and capacity constraints across government and industry significantly increase costs and delay investment.

Public sector capability

6.2. We support efforts to strengthen public sector project leadership through standardised role expectations and improved career pathways. We support establishing a 'centre of excellence' to promote best practice and strengthen accountability in infrastructure delivery.

Spatial planning

6.3. Spatial planning is a future mechanism to encourage future land use and policies/zoning to align. To be effective, spatial planning must be informed by credible market data and knowledge of development feasibility parameters. Early engagement with the development and infrastructure sectors is crucial to ensure infrastructure occurs in the right places at the right times.

6.4. We recommend the Commission's long-term infrastructure views are formed in conjunction with input from the development sector to ensure market demand, feasibility, and delivery of projects align with the Commission's views of where infrastructure is required.

An enabling environment

6.5. Property Council strongly supports the Commission's recommendation to ensure the resource management system enables infrastructure delivery, especially for nationally or regionally significant projects.

6.6. These challenges are most acute for large-scale, transformational projects ("megaprojects"), which require multi-year planning, cross-agency coordination, and significant private sector involvement. Globally, only 27 per cent of megaprojects are delivered on budget and just 3 per cent on time, according to Infrastructure New Zealand.[4] Getting nationally significant projects through the system faster is essential to support housing growth and regional productivity.

6.7. Our members strongly support a hierarchical planning system that provides a clear, fast, and coordinated pathway for projects that are required to unlock significant development capacity. We recommend the Commission support a hierarchical planning approach to address the unique challenges of delivering large-scale and nationally significant infrastructure. For more

[4] Infrastructure New Zealand "Policy Positions – Delivery of Megaprojects." Found here: https://infrastructure.org.nz/resources/policy-positions/

information, view [Property Council's submission on the National Policy Statement on Infrastructure].

7. Starting with maintenance

7.1. Property Council strongly supports prioritising asset maintenance across New Zealand. Historic underinvestment has created significant deferred maintenance, requiring substantial investment to restore infrastructure to a safe and functional standard. This underinvestment reflects a systemic focus on short-term service delivery rather than long-term asset stewardship. Poorly maintained assets can constrain housing delivery by reducing the capacity of networks to support growth.

7.2. A fundamental shift is required to view public assets as a strategic portfolio requiring active management and lifecycle planning. Government must recognise its dual role as a service user and asset owner, managing public property with the same discipline applied to large-scale commercial portfolios.

Asset management assurance

7.3. We support the Commission's recommendation for independent assurance of central government asset management and investment plans. This is an important step toward improving maintenance standards, particularly for critical assets such as schools, hospitals, and public housing.

7.4. However, assurance alone will not address the structural drivers of poor maintenance outcomes. Maintenance is often deprioritised due to budget constraints and short-term political pressures. Without strong central oversight and enforcement, agencies may continue to circumvent responsibilities, even under legislative mandates.

7.5. A more robust governance model is needed to ensure maintenance and renewals receive appropriate priority. Without clear accountability, asset stewardship will remain secondary to politically visible spending. This function should sit independently of core fiscal agencies (e.g. Treasury), whose mandate is primarily cost control, to ensure asset performance remains central.

7.6. We recommend establishing a centralised government property body with cross-agency oversight and dedicated property expertise. This entity should:

- Ensure compliance with health and safety and asset maintenance obligations;
- Enforce standards for renewals and lifecycle management;
- Be resourced with appropriate property management expertise to provide genuine assurance and lift asset management capability across Government; and
- Be managed according to best practice commercial property principles rather than short-term budgetary outcomes.

7.7. We encourage the Commission to explore the principles, structure and legislative settings that may be required to enable this model.

8. Ensuring right-size new investment

Project transparency

8.1. We are concerned with the Commission's recommendation to publish business cases, budget submissions and advice to Government on infrastructure investments. Business cases prepared by private entities often contain commercially sensitive information. Disclosure could compromise competitive positions and deter private investment in infrastructure delivery.

8.2. We recommend the Commission commit to further analysis to ensure that their recommendation does not undermine competition and allow privacy breaches.

9. Conclusion

9.1. Property Council thanks the Commission for the opportunity to provide feedback on the Draft National Infrastructure Plan.

9.2. We strongly support the intent of the Draft Plan to deliver a more coordinated, strategic and long-term approach to infrastructure investment. However, to achieve these objectives, refinements are required that ensure it enables housing supply, supports productivity and attracts public and private capital.

9.3. Property Council members invest, own, and develop property across New Zealand. We advocate that the Commission adopts a robust, sustainable, and forward-thinking approach to infrastructure investments that strategically aligns with urban development needs and responds to population growth.

9.4. For any further enquiries, please do not hesitate to contact [redacted] via email [redacted] or phone [redacted]

Yours Sincerely,

[redacted]

[redacted]

CEO Property Council New Zealand