

# SUBMISSION ON Development Levies

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**To:** Internal Affairs

**Name of Submitter:** Horticulture New Zealand

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# HortNZ's Role

## Background to HortNZ

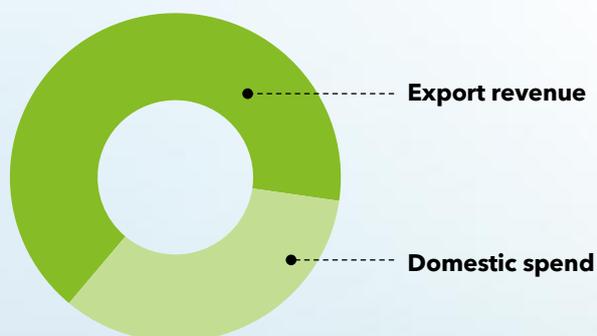
HortNZ represents the interests of approximately 4,300 commercial fruit and vegetable growers in New Zealand who grow around 100 different fruits and vegetables. The horticultural sector provides over 40,000 jobs.

There are approximately 80,000 hectares of land in New Zealand producing fruit and vegetables for domestic consumers and supplying our global trading partners with high quality food.

It is not just the direct economic benefits associated with horticultural production that are important. Horticulture production provides a platform for long term prosperity for communities, supports the growth of knowledge-intensive agri-tech and suppliers along the supply chain, and plays a key role in helping to achieve New Zealand's climate change objectives.

The horticulture sector plays an important role in food security for New Zealanders. Over 80% of vegetables grown are for the domestic market and many varieties of fruits are grown to serve the domestic market.

HortNZ's purpose is to create an enduring environment where growers prosper. This is done through enabling, promoting and advocating for growers in New Zealand.



**Industry value \$7.54bn**  
**Farmgate value \$4.89bn**  
**Export revenue \$4.99bn**  
**Domestic spend \$2.55bn**

Source: HortNZ Annual Report 2025

# Submission

Many horticulture operations, particularly RSE and related developments, fully fund and deliver their own infrastructure. This commonly includes water supply, wastewater treatment, stormwater management, on-site roading, and associated utilities. These developments are often designed to operate as standalone systems and do not rely on, or materially benefit from, council-provided infrastructure or wider municipal upgrades. HortNZ considers that an effects-based approach, supported by a clear and accessible pathway for bespoke levy assessments, is necessary to ensure water charges remain fair, proportionate, and aligned with actual infrastructure demand.

While the current development contributions system can be inflexible, it generally maintains a clearer link between the infrastructure required by a development and the charges applied. The proposed shift to a community wide development levy weakens that link by requiring developments to contribute to infrastructure that they neither use nor impact. For rural, self-contained horticulture developments, this raises equity concerns.

Although cost certainty can assist planning, HortNZ's experience is that councils rarely adjust charges even where strong evidence supports an alternative or reduced assessment. For developments that do not create demand on municipal infrastructure, a blanket community-wide levy is therefore not appropriate.

## 1. Allocating Units of Demand

We note that under the proposed development levies system, units of demand are still calculated for each individual development, using measures such as bedrooms, floor area or site area. However, those units would then be applied to recover the total cost of growth-related infrastructure across the entire levy area, rather than infrastructure that directly services the development. As a result, developments may be required to pay for infrastructure located elsewhere in the community, even where there is no clear connection between the development and the infrastructure being funded.

We do not support this approach because it weakens the long-standing principle that infrastructure charges should reflect the actual impact of a development. Applying development specific units to community wide costs risks over charging developments that place limited, seasonal, or localised demand on infrastructure, while reducing transparency around what developers are paying for. In practice, councils have at times collected contributions for specific growth-related purposes that are not delivered as originally anticipated, which further undermines confidence in a broad, area wide charging model. In our view, this shift moves too far away from an effects-based framework and does not provide sufficient safeguards to ensure charges remain fair, proportionate, and aligned with the infrastructure a development actually relies on.

## 2. Responses to Questions

While HortNZ does not support the proposed development levies system, the following comments are provided on the basis that the system may proceed.

**Q. 1** What do you think of the requirement to link future projects used in a levy calculation to growth expected in the short to medium term? How might this impact council's ability to set high-cost overlays?

We support linking development levy calculations to growth that is expected in the short to medium term, rather than long-term. This helps ensure levies reflect realistic infrastructure needs and avoids charging developers for projects that may not proceed for many years, or at all. Because horticulture investments are long-term and capital-intensive, growers need confidence about infrastructure costs before committing. Requiring growers to fund infrastructure based on distant or uncertain growth risks discouraging timely investment and unfairly shifting long-term infrastructure costs onto early movers.

**Q. 2** Are there other situations where bespoke levy assessments should be triggered?

We consider that bespoke levy assessments should be available where standard levy assumptions do not accurately reflect a development's infrastructure demand. This should explicitly include seasonal worker accommodation and horticulture facilities such as packhouses, where demand is seasonal, variable, or materially different from typical residential or commercial development. Bespoke assessments should also apply where developments connect to only some services and provide their own infrastructure.

**Q. 3** What process could we put in place to provide clarity about the differences between the anticipated and actual use of levy funds?

We support clear and transparent reporting to show how development levy revenue is used over time. Regular reporting comparing the projects used to set levy rates with the infrastructure actually delivered, and explaining any changes, would provide confidence that levies are being applied for the benefit of the levy area or high-cost overlay. This reporting could be incorporated into existing Long-Term Plan or infrastructure reporting processes.

**Q. 4** Do you agree with the proposed topics for which regulation-making powers would be established?

We support the proposed regulation-making powers. Greater standardisation across councils will improve consistency, transparency, and predictability in how development levies are set and applied however they must retain the ability to apply a local lens. This is particularly important for growers operating across multiple regions, who currently face differing approaches to assessment, charging, and reporting.

Standardisation is likely to deliver overall benefits in consistency and transparency. However, there is a risk that overly prescriptive regulations could reduce councils' ability to respond to local circumstances or recognise developments that place a lower demand on infrastructure. From a horticulture perspective, care is needed to ensure standardised settings remain flexible enough to account for different development types and infrastructure demands, and do not unintentionally increase costs where impacts are minimal.

**Q. 5** What time period would be suitable for moving to development levies? How do you think the phase-in proposals above would affect councils' ability to fund the infrastructure necessary to provide for growth? How can the phase-in to development levies be used to manage the impact on developers?

We support the proposed three-year transition to development levies and the phased introduction of any increases in infrastructure charges. This approach provides councils with time to align levy policies with long-term planning.

**Q. 6** What would be the impact of standardising how the maximum cost attributable to renewal should be determined? What should be considered in assigning benefit to existing communities versus development?

Standardising how the maximum cost attributable to renewal is determined would improve consistency and transparency across councils, providing greater confidence that development levies are funding additional growth capacity rather than early or unnecessary asset replacement. It is important that levies are not used to address existing infrastructure deficits or historic underinvestment. In assigning benefit, costs should reflect who primarily benefits from the investment, with renewals and service improvements for existing communities funded through rates, and only growth-related capacity costs recovered from development.

**Q. 7** To what extent would greater national consistency in interpreting units of demand improve clarity, fairness, and comparability of development levies across councils? How much flexibility should regulations allow in reflecting local conditions such as density, geography, or service delivery models? Are there risks in fully standardising both measurements and values for units of demand across all councils?

Greater national consistency in how units of demand are interpreted would improve clarity, fairness, and comparability of development levies across councils, particularly for growers and developers operating in multiple regions. However, regulations should retain flexibility to reflect genuine local differences such as density, geography, and service delivery models. Fully standardising both measurements and values risks oversimplifying local conditions and could lead to levies that do not accurately reflect actual infrastructure demand, potentially resulting in unintended cost impacts.

**Q. 8** Does this list capture the main types of **residential** development that councils typically assess for development contributions? Are any of the listed development types too broad or too narrow to be useful in practice? Are there any residential development types missing from the list? Please specify and describe their characteristics.

Overall, the proposed list captures the main residential development types that councils typically assess for development contributions and provides a useful starting point for improving consistency.

However, some categories particularly worker accommodation are broad and may encompass developments with very different patterns of occupancy and infrastructure demand. From a horticulture perspective, it is important that these categories allow

sufficient flexibility to recognise differences in scale, intensity, and seasonal use, rather than applying a one-size-fits-all assessment.

We do not see major residential development types missing from the list but consider it important that regulations allow councils to apply tailored metrics or adjustments where a listed development type clearly generates materially different infrastructure demand than the standard assumptions.

**Q. 9** Does this list capture the main types of **non-residential** development that councils typically assess for development contributions? Are any of the listed development types too broad or too narrow to be useful in practice? Are there any non-residential development types missing from the list? Please specify and describe their characteristics.

Overall, the proposed list captures the main non-residential development types that councils typically assess for development contributions.

From a horticulture perspective, the 'primary production and rural industry' category is very broad and includes a wide range of activities with significantly different infrastructure demands (for example, packhouses, greenhouses, and rural processing). Care will be needed to ensure this category allows sufficient flexibility to reflect differences in scale, intensity, and service demand, rather than applying uniform assumptions.

**Q. 10** What are your views on using the number of bedrooms or gross floor area as indicators of expected occupancy? Are there other indicators that better reflect likely service demand for certain types of development? Are there other examples of development types that may warrant differentiated treatment?

Using indicators such as the number of bedrooms or gross floor area is a practical and appropriate way to estimate expected occupancy and service demand and would support greater consistency across councils. However, for some development types with seasonal or variable occupancy, additional indicators such as average occupancy rates, seasonal use, or operational intensity may better reflect actual service demand.

**Q. 11** What approach do you think is most appropriate for setting the administration fee. Are there any risks or unintended consequences of introducing an administration charge that we should consider?

We do not support the introduction of a separate administration charge for development levies. Councils already recover the costs of processing development applications through existing consent fees, and the assessment of infrastructure charges is a normal and expected part of that process.

Introducing an additional administration fee risks creating **double charging**, where applicants pay once through consent fees and again through a levy administration charge for overlapping activities.

There is also a risk that an administration charge could evolve into a revenue raising tool rather than a genuine cost-recovery mechanism.