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10 February 2026

Department of Internal Affairs
45 Pipitea Street
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Email: development.levies@dia.govt.nz

Dear Sir/Madam

Waikato Regional Council's submission to Supporting Growth through a Development Levies System Consultation Document

Thank you for the opportunity to submit on the proposed Supporting Growth through a Development Levies System Consultation Document. Please find attached the Waikato Regional Council's (the Council's) submission regarding this document. The submission was formally endorsed by the Council's Strategy and Policy Committee on **10 February 2026**.

Should you have any queries regarding the content of this document please contact Paul Bowman, Principal Strategic Advisor, Strategic and Spatial Planning directly on (07) 8590517 or by email Paul.Bowman@waikatoregion.govt.nz.

Regards,

A handwritten signature in black ink, appearing to read "Tracey May".

Tracey May
Director Science, Policy and Information

Submission from Waikato Regional Council on the Supporting Growth through a Development Levies System Consultation Document

Introduction

1. Waikato Regional Council (the Council) appreciates the opportunity to make a submission on the Supporting Growth through a Development Levies System Consultation Document.
2. We recognise that the Government is proposing a major shift in how growth-related infrastructure is funded by replacing development contributions with a more flexible, standardised Development Levy system.
3. We acknowledge this shift is intended to support the *Going for Housing Growth* programme and remove current barriers to delivering infrastructure for housing and urban growth.
4. The Council supports the use of a development levy system to ensure councils and other infrastructure providers charge developers a proportionate amount of the total cost of capital expenditure necessary to service growth over the long term.
5. The Government will be aware that regional councils often deliver infrastructure that supports growth indirectly through provision of public transport, flood management, environmental protection, and regional water services. Sustaining levels of service in response to growth pressures demands more than routine upkeep and requires a deliberate, long-term view approach to managing the Council's flood protection and drainage network. The burden to fund this level of service currently falls largely on the ratepayers, and in the majority our targeted ratepayers.
6. The Council considers that central government should consider making development levies available to local government generally as opposed to just territorial authorities identified in Subpart 5A- Development Levies, s211A Purpose of the Bill. This is even more relevant given plans for the re-organisation of local government and rate capping over the next couple of years.
7. We set out our more detailed responses to the consultation document questions and Local Government (Infrastructure Funding) Amendment Bill in the table below.
8. We look forward to future consultation processes to incorporate the proposed amendments into relevant statutes and would welcome the opportunity to comment on any issues explored during their development.

Submitter details

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Introduction of development levies

9. The Council supports the recovery of a proportionate share of long-term, aggregate growth infrastructure costs, even when projects are not tied to a specific subdivision. This is often pertinent to downstream stormwater and flood management.
10. The Waikato region is experiencing sustained development pressure driven by population growth, Hamilton-Auckland corridor integration, and increased demand for housing. Under the current development contributions (DC) model, regional councils like WRC are constrained because cost recovery largely depends on territorial authorities' policies and is limited to planned, costed, in-sequence projects. This reduces the Council's ability to fund major regional infrastructure such as flood protection, stormwater catchment systems, and provision of public transport.
11. This results in increasing pressure for level of service upgrades in peri-urban areas that have rural drainage levels-of-service that are inadequate to meet newly intensified urban requirements.
12. The effects are evident across both scheme and non-scheme areas. In catchments without formal flood management protection, increased runoff mimics the impacts of more extreme weather. In protected areas, the consequences include higher pumping demand, increased flooding risk, more debris at pump stations, and larger maintenance burdens.
13. Flood management protection and drainage services are funded by both targeted and general ratepayers. Those who directly benefit - targeted ratepayers - cover a significant portion of flood protection costs, with the remainder funded by ratepayers across the wider region.
14. Flood management, river control works and drainage services are one of the Council's core 'groups of activities', but changing circumstances mean that the current approach to investment, and the necessary funding, are potentially creating hardship, particularly for some targeted ratepayers, who fund the bulk of expenditure in this area.
15. Access to development levies would enable better funding for:
 - Flood management protection, drainage and river management:** the Council undertakes substantial river system, flood protection and drainage works—critical in the Waikato River catchment. The ability to recover costs across a levy zone would mean that the Council could recoup growth-related investment where urban expansion increases runoff, stormwater load, or risk exposure.
 - Stormwater and waterway management:** Waikato's geography requires integrated catchment planning. Development levies would allow the Council to charge proportionately for future stormwater related capital works that respond to urban expansion.
 - Regional transport networks:** Development levies align with large investments in regional transport connectivity and resilience—which could more easily tied to growth rather than ratepayer subsidy.
16. Development levies could better recognise that transport impacts and benefits occur at a network and system level, rather than being confined to individual site-specific developments.
17. The proposed rates cap will constrain councils' ability to use rates as a funding mechanism for the types of infrastructure above.
18. We recommend:
 - a. Amend Subpart 5A—Development levies Purpose and principles section 211A so it also applies to regional councils or is open to all entities responsible for delivering the function or the growth costs in the leviable service area.

Use of development levies for cross-boundary growth costs

19. The Council considers there is ambiguity around use of development levies and cross-boundary expenditure (section 211Q–211S and associated definitions). Clarification is needed on the use of levies outside a territorial authority’s district, which presents practical, governance and accountability issues for those territorial authorities with high cross-boundary expenditure.
20. Without clarification, this may restrict councils’ ability to acquire and develop land needed to support growth, fulfil statutory duties and meet community expectations for local parks, open spaces, heritage protection and ecological and wider land drainage networks.
21. We recommend:
 - a. Amend *Section 211Q* to ensure clear statutory definitions and inclusion of qualifying cross-boundary funding tests for stormwater services as well as reserves.

Spatial Planning and three water strategies integration

22. The Council considers what constitutes “an urban community” and “a related urban community” needs defining further. As drafted, the criteria for setting levy areas sets out that a levy area must be centred on an urban community but can include related urban communities, or unrelated communities that rely on the same physical infrastructure network. It may extend into surrounding rural land that may benefit from the service the levy is required for.
23. The Council considers that for the purposes of stormwater and drainage management, the surrounding rural land affected by growth should be identified in a levy area. This could best reflect existing catchments mapped and identified by councils that have approved integrated catchment management plans (ICMPs) in place.
24. Substantially the same information is required in the water services strategies required under the Local Government (Water Services) Act 2025 (LGWSA). The development levies policy should therefore refer to the key elements of water service strategies in Section 110a) content of development levies policy.
25. The draft Bill requires disclosure of the significant forecasting assumptions underpinning the development levies policy and how they differ from any used in other relevant documents. We support that the relevant documents are the infrastructure strategy, financial strategy, regional spatial strategies, future development strategy and any other land-use plans per the proposed new Section 110A(1)(a)(iii).
26. We would like to see the inclusion of the Regional Land Transport Plan prepared under the Land Transport Management Act 2003 (the LTMA) within this section.
27. We recommend:
 - a. Amend *Section 211c) Interpretation and Section 211H Levy areas* to provide clear definitions and examples of what constitutes an ‘urban community’ and “related urban community” for the purposes of setting development levy areas. This could also align with pending national guidance on spatial plan land use chapters to help with growth allocation.
 - b. Amend *Section 110A(1)(a)* to include relevant three waters strategies and the levels of service that they intend to achieve for each leviable service for which development levies are required.
 - c. Amend *Section 110A(1)(a)* to include key elements of the relevant Regional Land Transport Plan (RLTP) under the Land Transport Management Act 2003 (the LTMA) that are pertinent to its approach to development levies.
 - d. Amend *Section 110A(1)(a)(v)* to include guidance on significant forecasting projections and alignment with guidance pending for the Planning Bill and those projections that might be mandated such as StatsNZ High projections for identified high growth councils to be used for Regional Plans.

Waikato Regional Council submission on Supporting Growth Through a Development Levies System Consultation Document

Consultation question	WRC Feedback
<p>1.1 Do you have any feedback on why development levies are needed?</p>	<p><i>Subpart 5A—Development levies, Purpose and Principles section 211A Purpose of this subpart:</i></p> <p>We acknowledge that the purpose of this subpart is to enable territorial authorities to recover from developments the cost of capital expenditure necessary to provide capacity for growth.</p> <p>The Council supports the introduction of Development Levies to better capture and recover the total costs of growth in an area but seeks that central government makes development levies available to local government generally as opposed to solely territorial authorities, given:</p> <ul style="list-style-type: none"> • Central government plans for the re-organisation of local government over the next couple of years; • Councils are also responsible for infrastructure related to urban growth, specifically flood control (like upgraded stop banks and pumpstations). There are a few examples in our region where additional flood control would be required to reduce risk in proposed urban growth areas, or where urban growth would exacerbate downstream flood risks due to increased impervious surfaces. <p>If not accessible to regional councils as an administering authority, then levies should be used by fund the wider catchment costs of capital growth that accrue outside territorial authority boundaries through their adopted Integrated Catchment Management Plans to better manage area-wide stormwater networks and maintain a level of service that protects downstream communities and farmland.</p>
<p>1.2 Do you have any feedback on the overall approach for development levies</p>	<p><i>Subpart 5A, Matters relating to calculation of levy rate and indexing:</i></p> <p>Section 211U of the Bill requires councils to set a levy area for each leviable service (water, wastewater, stormwater, transport, reserves and community infrastructure) with levies based on overall expected growth costs.</p> <p>Service networks for each of these services may cover different areas. Service networks can include wider strategic transport networks and flood management catchments that extend beyond territorial boundaries.</p> <p>We consider regional councils or their future functional replacement through LGA reform, should be able to access levies to fund the cost of capital projects for downstream stormwater management in identified catchment management plans.</p> <p>We recommend that ICMPs capture downstream flood management growth costs resulting from urbanisation of greenfield areas, especially for onsite water management that is subsequently released over time causing additional</p>

	<p>erosion and bank instability in the wider stormwater network. An ICMP should be able to map the catchment area for which 'bespoke' levies could apply.</p> <p>We further recommend inclusion of recognition in the development of development levies policies and recognition of Treaty settlement responsibilities, including those related to Te Ture Whaimana o te Awa o Waikato.</p>
How levies are determined	
<p>2.1 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?</p>	<p>The Council supports this in principle, given long network infrastructure lifecycles, but considers it hard to link future eligible capital projects in practice given political cycles where some LTP projects might be accounted for in one term and deleted/replaced or pushed out in the next.</p> <p>We consider there is a need to define what 'sufficient commitment' is for delivery and inclusion in levy aggregate growth costs.</p> <p>We consider there is opportunity to link levy triggers with future regional spatial plan delivery or identified project implementation moves identified for 'urban communities' referred in Section 211H Levy areas.</p>
Development agreements	
<p>3.1 Are there other ways that development agreements could be strengthened?</p>	<p>We consider that a development agreement should be an incumbrance on the land parcel, as often developers will on-sell or go into receivership, meaning the agreement and certainty is lost. Councils could be in a position where significant up-front infrastructure planning and expenditure is undertaken only for the developer to renege on their agreement if their own financial circumstances change.</p> <p>There should be an additional criterion in development agreements that includes a likelihood timeframe or 'delivery test' before one is entered into.</p> <p>Overseas, signed development agreements (within a set timeframe) are a precursor to release of resource consent. No signed development agreement within a set timeframe results in no resource consent being granted.</p>
Bespoke levy assessments	
<p>4.1 Are there other situations where bespoke levy assessments should be triggered</p>	<p>The Council supports bespoke levy assessments, but considers that councils should retain full discretion to decline bespoke assessments (for example, because of financial constraints, risk exposure, prioritisation).</p> <p>Clear provisions are needed for cross-boundary developments to avoid unfunded demand on neighbouring councils.</p>

	<p>Bespoke assessment could be used for unforeseen private plan changes, fast track applications or urgent flood resilience works required for downstream attenuations costs from urbanisation or significant unplanned flood events which is usually picked up by landowners through rates within regional jurisdiction.</p> <p>Bespoke development levies should also better recognise that transport impacts and benefits occur at a network and system level, rather than being confined to individual developments. Network transport benefits could be identified within Regional Spatial Plans.</p> <p>A levy approach may help address limitations of development contributions that focus on site-specific mitigation, enabling investment in strategic network connections, continuity, and wider accessibility outcomes for public transport.</p>
<p>5.1 Can you provide case studies or examples that are representative of first mover developments</p>	<p>While development levies may assist with public transport infrastructure, there is an ongoing challenge funding the upfront operating costs of public transport services in the early stages of development. Ideally, services are needed from day one, before demand is fully established, to support behaviour change and patronage growth. However, this is often constrained by demand thresholds, infrastructure delivery timing, and misalignment with NLTP funding cycles.</p> <p>The Council requests consideration of how levies could also contribute to early-stage first mover public transport operating costs, in addition to infrastructure.</p>
<p>5.2 Are there other ways of ensuring fairness to first mover developments?</p>	<p>The Council understands the risks taken on by first mover developments and there is a need to incentivise to facilitate and unlock growth. Discounts on resource consent fees and building permits would be an incentive to first mover development which is tied to infrastructure delivery.</p> <p>The Council does however raise the following concerns:</p> <ul style="list-style-type: none"> • First-mover transfers risk redirecting levy revenue away from council-funded capital expenditure to reimburse private developers. • Eligibility should be limited to significant, non-routine infrastructure that truly creates systemwide capacity, not standard consent-driven works. • The Bill must clarify how transferred levy amounts are calculated (only the “upsized” component, not full project cost). • Clear criteria are required for defining benefit areas, to avoid disputes.
<p>Use of development levy revenue</p>	
<p>6.1 What process could we put in place to provide clarity about the differences</p>	<p>The Council recommends grouping those similar projects or related projects for which levies could be used. There need to be clear standardised accounting codes for those realised/actual versus anticipated.</p>

between the anticipated and actual use of levy funds?	
Regulation making powers	
7.1 Do you agree with the proposed topics for which regulation-making powers would be established?	The Council supports a standardised levy setting practice for transparency and certainty.
7.2 Are there any unexpected or unintended impacts you think could result from standardising these parts of the development contributions system?	The Council considers that standardisation does not necessarily account for innovation, technology change or bespoke solutions to infrastructure solutions which might be practicable.
7.3 What other aspects of the current development contributions system could benefit from regulations or standardisation?	No comment.
Transition to development levies	
8.1 What time period would be suitable for moving to development levies	The Council supports a three-year phased transition from contributions to levies, aligned with LTP cycles. This supports developer certainty and manageable implementation.
8.2 How can the phase-in to development levies be used to manage the impact on developers?	The Council considers the proposed transition period will need a clear process diagram and to phase in charging for existing and committed developments with clear communication to applicants to avoid the perception of 'double dip' charges.
8.3 How do you think the phase-in proposals above would affect councils' ability to fund the infrastructure necessary to provide for growth?	The Council considers that there will be some operational complexity with phasing with potential for temporary revenue shortfall in transition years (with a shift to ratepayers or future developers).
Growth costs to be recovered by development levies	
9.1 What would be the impact of standardising how the maximum cost attributable to renewal should be determined?	No comment.

9.2 What should be considered in assigning benefit to existing communities versus development	<p>We consider that this depends on the asset, as the benefit of a new community centre asset or transport asset allocated to growth in a new levy area would arguably benefit both the existing and new community. There would need to be clear measurables on 'user' number of frequency when it comes to assigning benefit.</p> <p>A reserve or park is a good example in terms of its geographical user catchment, what is practically used by the existing community, and if this is to serve intensification for instance versus an accessibility test to serve a new growth area.</p>
Setting units of demand for charging development levies	
10.1 To what extent would greater national consistency in interpreting units of demand improve clarity, fairness, and comparability of development levies across councils?	National consistency in measurement units would enable greater transparency in growth and value costs. Flexibility of regulations should reflect local variations as density and levels of service for rural areas will be very different to Tier 1 high growth councils where the expectation is for a very different level of infrastructure demand and service.
10.2 How much flexibility should regulations allow in reflecting local conditions such as density, geography, or service delivery models	The Council considers that there is a balance to be struck and this might involve prescribing standard measurement units (which would improve comparability while allowing councils some flexibility on values). Recent flood events is a clear example of why local differences in development patterns, service use, and community expectations should be accounted for.
10.3 Are there risks in fully standardising both measurements and values for units of demand across all councils?	See answers to 10.1 and 10.2 above. There are issues of equity and fairness if attempts are not made to best reflect local conditions in the rush for standardisation.
11.1 Does this list capture the main types of residential development that councils typically assess for development contributions?	No comment.
11.2 Are any of the listed development types too broad or too narrow to be useful in practice?	See answers to 10.1 and 10.2 above.
11.3 Are there any residential development types missing from the list? Please specify and describe their characteristics.	No comment.
12.1 Does this list capture the main types of non-residential development that	No comment.

councils typically assess for development contributions?	
12.2 Are any of the listed development types too broad or too narrow to be useful in practice?	We consider that ideally, development types would align with those activity classes identified in standardised zoning as part of forthcoming national direction.
12.3 Are there any non-residential development types missing from the list? Please specify and describe their characteristics	No comment.
13.1 What are your views on using the number of bedrooms or gross floor area as indicators of expected occupancy	No comment.
13.2 Are there other indicators that better reflect likely service demand for certain types of development?	Yes, we consider water meters for water use for household demand and NZTA vehicle licensing for vehicular use by household as good indicators. Visitor numbers or customer numbers for gyms, cinemas, theatres, stadiums, aquatic centres, golf courses, sports clubs, theme parks etc are also potential indicators.
13.3 Are there other examples of development types that may warrant differentiated treatment	Yes, we consider that developments perceived to have a wider public good, environmental or community benefit may warrant differentiated treatment.
Public information disclosure requirements	
14.1 What further information would you like to see in a disclosure scheme	Councils should clearly show how they differentiate between rates and revenue received by levies. There should be a tool such as a public online database linking consented developments with the council levy determined and where the causal 'growth' nexus of expenditure is for the 'area' in terms of planned delivery and for what assets.
Other matters	
15.1 What approach do you think is most appropriate for setting the administration fee: <ul style="list-style-type: none"> • a fixed amount (per application or reassessment for example) • a formula-based calculation (based on staff hourly rate or percentage of levy charge for example) 	<p>The Council supports a sliding scale which better reflects the complexities of levy calculations depending on the development. We consider that developers should pay actual and reasonable costs of bespoke assessment work.</p> <p>The Council supports introducing regulated administration charges and recommends:</p> <ul style="list-style-type: none"> • A fixed base fee (e.g. 1 hour of staff time) plus a scalable charge for complex cases • Clarification of when the charge is payable • Consistent national practice.

<ul style="list-style-type: none"> • a sliding scale? 	
15.2 Are there any risks or unintended consequences of introducing an administration charge that we should consider?	We consider that an administrative levy will create the expectation of fast and accurate processing.
16.1 For councils: what types of intangible assets do you currently include when calculating development contributions?	No comment.
16.2 Which intangible assets do you think should be included in the levy calculation?	Downstream level of service costs for erosion and bank instability resulting additional stormwater runoff from growth and urbanisation should be included. Additionally, costs to protect downstream rural communities and farmland water quality, cultural and ecological values.
16.3 Are there any intangible assets you believe should not be included in the levy calculation?	No comment.
Further consultation on levy regulations	
17.1 Are there specific aspects of the levy regulations that you would like the opportunity to provide input on?	<p>The Council recommends that Section 110A(1)(a) includes relevant three waters strategies and the levels of service that they intend to achieve for each leviable service for which development levies are required.</p> <p>The Council further considers a stronger link should be made with reference in the Water Service Strategy to the Land Use Plans in the Planning Bill. The Water Service Strategies should be referenced in the Planning Bill similar to how LTPs are referenced in Section 68 of the Planning Bill. A better link with water service strategies developed by CCOs will align with regional spatial plan land use integration.</p>