



## PROACTIVE RELEASE COVERSHEET

<b>Minister</b>	Minister Bishop	<b>Portfolio</b>	RMA Reform
<b>Name of package</b>	Phase 2 National Direction	<b>Date to be published</b>	18 December

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
17 November 2025	Regulatory Impact Statement: Amending the National Policy Statement for Highly Productive Land	Ministry for the Environment Ministry for Primary Industries

#### Information redacted **NO**

Any information redacted in this document is redacted in accordance with the Ministry for the Environment's policy on proactive release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

#### Summary of reasons for redaction

N/A



# Regulatory Impact Statement: Amending the National Policy Statement for Highly Productive Land

<b>Decision sought</b>	<i>Final Cabinet decision to amend the National Policy Statement for Highly Productive Land</i>
<b>Agency responsible</b>	<i>Ministry for the Environment Ministry for Primary Industries</i>
<b>Proposing Ministers</b>	<i>Minister Responsible for RMA Reform</i>
<b>Date finalised</b>	<i>17/11/2025</i>

1. This Regulatory Impact Statement (RIS) builds on the Interim Impact Statement (FINAL Interim Regulatory Impact Statement NPS Highly Productive Land), issued on 24 July 2025. Public consultation on the proposal to remove Land Use Capability (LUC) 3<sup>1</sup> from the National Policy Statement for Highly Productive Land (NPS-HPL) was carried out between 29 May and 27 July 2025. This version has been updated in light of the submissions received and subsequent decisions by Ministers.
2. The Going for Housing Growth (GfHG) work programme is part of the Government's broader plan to tackle New Zealand's ongoing housing shortage. The GfHG plan covers that the NPS-HPL captures too much land. As such, the proposal is to amend the NPS-HPL to make more land available for urban development with immediate effect while continuing to manage and protect highly productive land (HPL) for current and future generations.
3. These changes are being undertaken in the context of wider resource management (RM) reforms (including replacing the Resource Management Act 1991 (RMA or the Act)). This has influenced the assessment, recommendation and decisions on the preferred option, which needs to support the transition to a new RM system and avoid complex changes in this transition period.

## Summary: Problem definition and options

### What is the policy problem?

4. The inclusion of LUC 3 in the NPS-HPL significantly increases the land area subject to restrictions, from 5.2 per cent (LUC 1 and 2) to approximately 14.4 per cent of New Zealand's landmass. The definition of HPL in the NPS-HPL is based on land that is classed LUC 1, 2 and 3 using the Land Use Capability Classification System (LUCCS).<sup>2</sup> All three classes are considered suitable for arable uses including cropping, viticulture,

<sup>1</sup> See Glossary for definition of LUC

<sup>2</sup> [Land Use Capability » Maps » Our Environment](#)

<p>berry production, pastoral grazing, tree crops, and production forestry.<sup>3</sup> Each class represents progressively increasing limitations that affect the range and intensity of agricultural practices that can occur on each class. Relative to LUC 1 and 2, some LUC 3 land has more restrictions on its ability to support land-based primary production.<sup>4</sup></p> <p>5. While protecting productive land remains a Government priority, the current definition of HPL overly limits urban development opportunities and does not align with the Government's housing growth priorities.</p>	<p><b>What are the policy objectives?</b></p> <p>6. The objectives for addressing the policy problem are:  <b>Objective 1:</b> Reduce the extent of land captured by the NPS-HPL so as to make more land available for urban development, whilst ensuring amendments are:  <b>Objective 2:</b> Consistent with the purpose of the RMA 1991  <b>Objective 3:</b> Consistent with the objective and intent of the NPS-HPL  <b>Objective 4:</b> Consistent with objectives for supporting a RM transition</p> <p>7. Objective 4 reflects Ministers' decisions to reduce the scope of Phase 2 amendments and avoid making changes to existing national direction that would be progressed more efficiently under a replacement RM system (CAB-25-MIN-0080 refers).</p>
<p><b>What policy options have been considered, including any alternatives to regulation?</b></p> <p><b>Option One: Status Quo / Counterfactual - LUC 3 remains in the NPS-HPL</b></p> <p>8. This option retains LUC 3 in the definition of HPL, protecting approximately 14.4 per cent of New Zealand's landmass for land-based primary production and restricting other forms of development except in limited circumstances. This option supports the original intent of the NPS-HPL but conflicts with the Government's commitment to make more land available for urban development.</p> <p><b>Option 2: Blanket removal of LUC 3 (ie, HPL is limited to LUC 1 and 2 only)</b></p> <p>9. This option removes all references to LUC 3 from the NPS-HPL. This would significantly reduce the land area subject to restrictions (from 14.4 per cent to 5.2 per cent of New Zealand), enabling more urban development. However, it risks fragmentation, loss of productive capacity, and implementation challenges due to difficulties in mapping LUC 1 and 2 land and the interspersed nature of LUC 1-3 classes.</p> <p><b>Option 3: HPL is LUC 1 and 2 plus special agricultural areas</b></p> <p>10. This option builds on option 2 adding a new land category—special agricultural areas (SAA)—to the definition of HPL to capture land important for primary production not classified as LUC 1 or 2. This option addresses some of the impacts of removing LUC 3 for protecting a finite resource, but SAA introduce complexity, require new mapping criteria, and risk misalignment with other national direction (such as the National Policy Statement for Freshwater Management (NPS-FM)).</p> <p><b>Option 4: Exempt urban development on LUC 3 from NPS-HPL restrictions, until mapping identifies appropriate areas of LUC 3 to protect (recommended)</b></p> <p>11. This option exempts urban rezoning and development (excluding rural lifestyle) on LUC 3 land from NPS-HPL restrictions via changes to the rezoning provision and interim definition. This applies until mapping identifies appropriate sections of LUC 3 to protect. This option enables the removal of restrictions on urban development on LUC 3 to have immediate effect, whilst retaining protection against rural lifestyle effects. The</p>	

<sup>3</sup> [\[rp.landcareresearch.co.nz\]](http://rp.landcareresearch.co.nz/)

<sup>4</sup> **land-based primary production** is defined as: production, from agricultural, pastoral, horticultural, or forestry activities, that is reliant on the soil resource of the land.

existing criteria for mapping HPL<sup>5</sup> remains unchanged, however the timeframe to complete the mapping is extended to the end of 2027. This extension (alongside ‘Plan Stop’)<sup>6</sup> allows time for any alternative/refined approach to identifying and managing highly productive land to be developed under the new RM system.

#### **Option 5: Revoke the NPS-HPL**

12. At the request of the Minister Responsible for RMA Reform, officials provided advice on revoking the NPS-HPL to address the Minister’s concerns about the impacts of the NPS-HPL on urban development. This option was not part of the 29 May-27 July 2025 consultation process.
13. This option removes national direction for managing HPL entirely. While this may reduce barriers to development, it risks widespread irreversible loss of productive land, undermines primary sector resilience, and misaligns with the Government objective to increase the value of primary sector exports.

#### **What consultation has been undertaken?**

14. Targeted engagement with regional councils and post-settlement governance entities (PSGE) was undertaken in September/October 2024 as part of early policy development. This engagement was limited to a select number of regional councils and PSGE, due to time constraints, availability of participants, and scope of the proposed amendments.
15. Policy development progressed relatively quickly after these hui in late 2024. Some of the policy issues that were tested with stakeholders and partners are no longer being progressed as part of Phase 2 amendments. Full public consultation on the proposal ‘to remove LUC 3’<sup>7</sup> commenced 29 May 2025 and closed 27 July 2025. The NPS-HPL was one of 16 national directions consulted on as a part of an 8-week consultation period.
16. Feedback was mixed: some supported removing LUC 3 to enable development, while others preferred retaining protections or exempting urban development only. There was general support for retaining restrictions on rural lifestyle development and for extending mapping timeframes. Feedback from public consultation informed the refinement of options, particularly the recommended Option 4.
17. Some feedback received was out of scope of the consultation. Ministers will be able to decide whether to consider this feedback as part of future RM system reform.

## **Summary: Ministers’ preferred option in the Cabinet paper**

### **Costs (Core information)**

**Outline the key monetised and non-monetised costs, where those costs fall (eg, what people or organisations, or environments), and the nature of those impacts (eg, direct or indirect)**

<sup>5</sup> Which allows areas that are or have the potential to be highly productive land to be mapped.

<sup>6</sup> The ‘Plan Stop’ prevents local authorities from progressing plan change processes whilst the RMA is being replaced (Resource Management (Consenting and Other System Changes) Amendment Act 2025)). There are exemption pathways for councils to progress work that align with government priorities, which includes housing growth and urban development, Treaty obligations, and natural hazards.

<sup>7</sup> [package-2-primary-sector-discussion-document.pdf](#)

18. Opening up LUC 3 land for urban development introduces a mix of monetised and non-monetised costs that fall across councils, primary producers, and the wider environment.

**Monetised costs** are primarily borne by councils and developers. Councils may face increased planning and compliance costs to manage compatibility issues between urban and rural activities, particularly as new RM legislation replaces the RMA. Developers could incur higher costs if reverse sensitivity issues lead to additional mitigation measures or legal disputes.

**Non-monetised costs** are significant and largely affect land-based primary producers and the environment. Allowing urban development on LUC 3 land reduces the availability of productive land, constraining future expansion or upgrades of primary production activities. This impact is indirect but long-term, and likely to be exacerbated by climate change pressures. There is also a risk of ongoing conflicts between land uses, creating social and operational challenges for both rural and urban communities.

19. The nature of these impacts varies:

**Direct impacts** include the immediate loss of productive land, which will impact the primary sector, and the reliance on the interim definition of HPL until 2027 (due to 'Plan Stop' and mapping timeframes being extended), which may limit certainty for councils and landowners.

**Indirect impacts** include reverse sensitivity issues, reduced resilience of food production systems, and potential misalignment between current national direction and the future RM framework, as well as with Government objectives for the primary sector. Whilst it is difficult to anticipate the number of proposals for urban development on LUC 3 that will come forward post these amendments, any impacts on greenhouse gas emissions are considered to be indirect. It is also noted that consideration of climate change/greenhouse gas impacts may form part of the consenting process through the application of other policies and national direction such as the National Policy Statement on Urban Development (NPS-UD) and National Policy Statement for Renewable Energy Generation (NPS-REG).

Treaty partners may experience indirect cultural and environmental losses, as permanent conversion of highly productive land to urban development could hinder protection of taonga and reduce areas suited for primary production.

## Benefits (Core information)

**Outline the key monetised and non-monetised benefits, where those benefits fall (eg, what people or organisations, or environments), and the nature of those impacts (eg, direct or indirect)**

20. The proposed option delivers both monetised and non-monetised benefits across multiple stakeholders.

**Monetised benefits** primarily accrue to councils and developers through more immediate opportunities for urban development, enabling housing and infrastructure projects that generate economic activity. Landowners also benefit directly from increased flexibility in how LUC 3 land can be used, reducing the risk of stranded assets and potentially increasing land value.

**Non-monetised benefits** include supporting councils in meeting housing growth and urban development requirements under the NPS-UD, which indirectly benefits communities through improved housing supply and affordability. The option also preserves long-term opportunities for rural and urban development by maintaining restrictions on rural lifestyle development on LUC 3, safeguarding future land-use

choices. Additionally, it aligns with Government priorities under ‘Going for Growth’<sup>8</sup> and commitments to open up land supply, reinforcing policy credibility and strategic objectives.

21. As with the assessment of indirect effects on climate (costs), it is difficult to anticipate the number of proposals for urban development on LUC 3 that may result in positive impacts on greenhouse gas emissions. It is possible that consideration of climate change/greenhouse gas impacts will form part of the consenting process through the application of other policies and national direction such as NPS-UD and NPS-REG.

## **Balance of benefits and costs (Core information)**

### **Does the RIS indicate that the benefits of the Minister’s preferred option are likely to outweigh the costs?**

22. Changing the interim definition of HPL to exempt urban development on LUC 3 from NPS-HPL restrictions, until mapping identifies appropriate areas of LUC 3 to protect will create more immediate opportunities for urban development, helping some councils meet housing and growth targets under the NPS-UD. This approach offers greater flexibility for landowners and addresses concerns about stranded assets, while aligning with Government priorities such as ‘Going for Growth’. It also maintains restrictions on rural lifestyle development to avoid long-term cumulative impacts.
23. The costs and risks of opening LUC 3 for urban development before HPL is mapped is minimised by extending the timeframes for HPL mapping whilst retaining the ability for councils to map additional areas that are or have the potential to be highly productive in preparing maps of HPL. Extending the timeframes will also allow an alternative approach to identifying and managing HPL to be developed in the new RM system.

## **Implementation**

### **How will the preferred option be implemented, who will implement it, and what are the risks?**

24. The preferred option will primarily be implemented by territorial authorities and regional councils under the RMA to inform their decision making to ensure sufficient development capacity and manage land use effects. The change under the preferred option focuses on the interim definition of HPL, as timeframes for mapping HPL (which requires a plan change) will be extended until the end of 2027 and ‘Plan Stop’ limits the plan changes councils can undertake.
25. ‘Plan Stop’ does not apply to private plan changes therefore the removal of LUC 3 from rezoning provisions (clause 3.6) will support private plan changes on LUC 3 land.
26. For LUC classification in the interim period (ie, before HPL is mapped), councils and applicants will use the latest New Zealand Land Resource Inventory (NZLRI) maps.<sup>9</sup>
27. The extension of mapping timeframes provides time for new direction on HPL mapping to be developed. If reforms do not proceed as expected, the interim definition of HPL will be replaced by maps prepared using existing criteria which allows councils to map additional areas that are or have the potential to be ‘highly productive’ having regard to the soil type, physical characteristics of the land and soil, and climate of the area.
28. Monitoring and evaluation will be led by the Ministry for Primary Industries (MPI) and Ministry for the Environment (MfE). This includes:
  - *collaborating with local government and Crown agencies to collect data.*
  - *tracking RM decisions and councils’ progress on HPL mapping.*
  - *assessing mapping quality against NPS-HPL timeframes.*

<sup>8</sup> [Going For Growth | Ministry of Business, Innovation & Employment](#)

<sup>9</sup> Since commencement of the NPS-HPL, there has been investment in improving the national LUC layer using S-Map.

- using national indicators and datasets (eg, Stats NZ reports, Our Land reports, NZLRI database).
- reviewing consent and appeal decisions, including fast-track consents, supported by improvements to the national monitoring system.

29. Findings will inform advice to Ministers on implementation and whether further Government intervention is required.

### **Limitations and Constraints on Analysis**

*Outline all significant limitations and constraints (eg, lack of data, other forms of evidence, constraint on the range of options considered, lack of time or freedom to consult)*

30. The NPS-HPL came into effect in October 2022 and requires that regional maps of HPL be notified in regional policy statements (RPS). No region has yet completed this mapping for a variety of reasons including uncertainty with the RM reform programme and changes to the definition of HPL being signalled in 2023. Therefore, there is limited evidence on the extent the NPS-HPL has restricted urban development, relative to other factors such as funding and financing arrangements. Officials have made a number of assumptions about the costs and benefits of the preferred option, however, the cost and benefits/opportunity costs of the option have not been fully assessed.
31. The housing policy priorities of the Government are contingent on the new RM system which is under development (eg, greater standardisation, property rights, etc), which presents uncertainties around how the NPS-HPL may work in the new system/align with housing commitments under a new planning regime.
32. This proposal is part of a suite of national direction proposals included in the national direction work programme. The cumulative impact of the full suite of proposals has not been assessed. There are still uncertainties over how this proposal aligns with changes being considered to other national direction.

**I have read the Regulatory Impact Statement and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the preferred option.**

**Responsible Manager(s) signature:**



**Sam Phillips, Acting Manager, Land Policy, MPI**



**Jo Burton, Manager, MfE**



Quality Assurance Statement <i>[Note this isn't included in the four-page limit]</i>	
Reviewing Agency: MfE	QA rating: Partially meets
<p><b>Panel Comment:</b></p> <p>A quality assurance panel with members from the Ministry for the Environment has reviewed the Regulatory Impact Statement: Amending the National Policy Statement for Highly Productive Land. The panel considers that it partially meets the Quality Assurance criteria.</p> <p>The RIS acknowledges the limitations that have affected the quality of the analysis. However, there remain gaps in evidence and depth of analysis. In particular, the document does not sufficiently assess the potential impacts of the recommended option, including the risk of irreversible loss of productive land currently protected under the NPS-HPL.</p>	

## Section 1: Diagnosing the policy problem

**What is the context behind the policy problem and how is the status quo expected to develop?**

### **The National Policy Statement for Highly Productive Land and urban development** *About the NPS-HPL*

33. The NPS-HPL came into force in October 2022. The objective of the NPS-HPL is to protect HPL for use in land-based primary production, both now and for future generations. Most provisions have immediate effect, placing restrictions on rezoning, subdivision and land-use proposals on HPL.
34. The definition of HPL in the NPS-HPL is based on land that is classed LUC 1,2 and 3 using the LUCCS as mapped in the NZLRI. LUC 1-3 land is typically flat or gently undulating, has inherently fertile soil and a good climate for growing a range of food and fibre.
35. Highly productive land is important for land-based primary production, export and domestic food production. A list of some of the key benefits provided by highly productive land is described in Appendix One.
36. LUC 1-3 is under pressure from the development of urban and rural lifestyle land. Policy work on the NPS-HPL began in 2019 in response to findings that there had been an ongoing reduction in the availability of LUC 1-3 for primary production due to the urbanisation of rural land and fragmentation from ad hoc rural lifestyle property development<sup>10</sup>. Between 2002 and 2019, there was a 54 per cent increase in the amount of LUC 1-3 with an urban or residential land use, and a 109 per cent increase in LUC 1-3 with a rural residential land use, making this land unavailable or restricted from use in primary production<sup>11</sup>. The urbanisation of rural land is almost always irreversible.
37. In the NPS-HPL, land must be zoned rural and not identified for future urban development to meet criteria for HPL mapping. It can include large and geographically cohesive areas of LUC 1-3<sup>12</sup> land plus any other land that has the potential to be highly productive (based on current uses of similar land in the region), having regard to the soil type, physical characteristics of the land and soil, and climate of the area.
38. Until HPL maps have been notified in an RPS, HPL is:
  - *Land Use Capability (LUC) class 1, 2, or 3 land; and*

<sup>10</sup> Documented in [Environment Aotearoa 2022](#) and [Our Land 2021](#).

<sup>11</sup> A driver of these changes is due to the spatial distribution of HPL (around urban fringes) which has made developing HPL for rural lifestyle developments attractive due to 'countryside living' with the benefit of accessibility. Another driver is the lower relative cost of developing rural land versus urban land (generally cheaper to develop rural land).

<sup>12</sup> "Large and geographically cohesive areas" are intended to give regional councils the flexibility to define the spatial extent of HPL based on pragmatic geographic boundaries (eg, roads, rivers, property boundaries), instead of requiring that every area of LUC class 1, 2 and 3 land in the region is identified and mapped as HPL.



- *zoned for rural activities; but*
  - *not identified for future urban development.*
39. The definition of HPL above, which applies until mapping is completed, (ie, notified in an RPS) is intended to avoid a ‘gold rush’ of applications on HPL occurring before mapping of HPL had been carried out (in accordance with criteria in the NPS-HPL), noting that it may include more detailed mapping than the NZLRI.
  40. The NPS-HPL was developed alongside the NPS-UD to address the ongoing, incremental loss of LUC 1-3 and to provide clear direction on when urban rezoning of HPL may occur.
  41. Under the status quo, rezoning HPL for urban development is provided for via clause 3.6(1) as follows:
 

*Tier 1 and 2 territorial authorities<sup>13</sup> may allow urban rezoning of highly productive land only if:*

    - a. *the urban rezoning is required to provide sufficient development capacity to meet demand for housing or business land to give effect to the National Policy Statement on Urban Development 2020; and*
    - b. *there are no other reasonably practicable and feasible options for providing at least sufficient development capacity within the same locality and market while achieving a well-functioning urban environment; and*
    - c. *the environmental, social, cultural and economic benefits of rezoning outweigh the long-term environmental, social, cultural and economic costs associated with the loss of highly productive land for land-based primary production, taking into account both tangible and intangible values.*

#### **How is the status quo expected to develop?**

42. Under the status quo, approximately 14.4 per cent of New Zealand’s land (around 3.8 million hectares) is considered HPL.<sup>14</sup> Retaining LUC 3 land in the definition of the NPS-HPL would support the original policy intent to protect this land primarily for activities that rely on the soil resource. Use or development that does not rely on the soil resource of HPL is subject to certain tests and requirements in the NPS-HPL (such as urban development which needs to consider alternative sites as one of the requirements).
43. Retaining LUC 3 in the definition of HPL would have variable impacts nationwide depending on the total area and proportion of LUC 3 relative to the other protected LUC 1 and 2 land classes (see Appendix Two).
44. The status quo would mean that all councils would have to apply the NPS-HPL urban rezoning tests as part of rezoning LUC 3 land and that development could only occur on this land in limited circumstances as provided for in the NPS-HPL, which is likely to be misaligned with the Government’s GfHG work programme.

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<sup>13</sup> High Growth Centres identified in the NPS-UD.

<sup>14</sup> LUC 1, 2 and 3 land based on NZLRI maps. These are conservative figures and do not account for the urban expansion on LUC 1-3 that has occurred since these maps were prepared in the 1980s.

## What is the policy problem or opportunity?

45. There was broad support for the policy intent of the NPS-HPL in its development.<sup>15</sup> Treasury<sup>16</sup> and the Ministry for Housing and Urban Development were generally satisfied that the NPS-HPL integrates with the NPS-UD.
46. However, Treasury raised concern that the NPS-HPL could unduly compromise Objective 2 of the NPS-UD {Objective 2 being planning decisions improve housing affordability by supporting competitive land and development markets}.<sup>17</sup> Treasury also raised that the inclusion of LUC 3 in the definition of the NPS-HPL significantly increases the land area subject to the restrictions of the NPS-HPL (from approximately 5.2 per cent of New Zealand's land area (LUC 1 and 2) to around 14.4 per cent, with LUC 3 accounting for approximately 9.2 per cent, see maps and tables showing the distribution in Appendix Three).<sup>18</sup> LUC 3 land makes up around two thirds of the land area currently protected under the NPS-HPL. Treasury noted that there was insufficient analysis in the development of the National Policy Statement (NPS) of the impacts that including LUC 3 could have on housing affordability.
47. Relative to LUC 1 and 2, some LUC 3 land has more restrictions on its ability to support land-based primary production, which makes it less productive than land classed as LUC 1 and 2.<sup>19</sup> Furthermore, LUC 3 makes up the majority of the land the NPS-HPL protects, which Treasury and others raised concerns with including LUC 3 in the definition of HPL.
48. Similar to the concerns of Treasury, the Government's GfHG programme to unlock land for housing, build infrastructure, and share the benefits of growth, covers that the NPS-HPL captures too much land suited for housing.<sup>20</sup> Treasury's concerns about the NPS-HPL impacting housing affordability are specifically cited in the GfHG programme.
49. Monitoring of caselaw (see Appendix Four) since the NPS-HPL has been in force has not highlighted significant unintended consequences for urban development in relation to the NPS-HPL,<sup>21</sup> however, there is research that illustrates that restrictions on the supply of land for urban development contributes to increased land and house prices.<sup>22</sup> See Appendix Five rezoning examples of HPL under the status quo.

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<sup>15</sup> A total of 250 submissions were received on the draft NPS-HPL discussion document, with 90 per cent of submitters indicating partial or full support ([Recommendations and decisions report on the National Policy Statement for Highly Productive Land](#)).

<sup>16</sup> Due to potential impacts the NPS-HPL could have on supply of land for housing, as well as the inclusion of LUC 3 in the definition of HPL, Treasury did not support the policy but thought the NPS-HPL integrated with the NPS-UD.

<sup>17</sup> [Official Information Act Response 20220394 - NPS on sensitive soils - Received 15 Sep 2022 - Published Feb 2023 - The Treasury](#)

<sup>18</sup> In the development of the NPS-HPL, protecting only LUC 1 and 2 was considered, however, there was general agreement (from soil scientists, councils, etc) that LUC 3 is also highly productive (as some LUC 3 land is on par with LUC 1 and 2, in terms of its ability to support and maintain land-based primary production). Some LUC 3 was also already protected in council plans and its inclusion made identifying and mapping HPL more streamlined (as spatial distribution of LUC 1 and 2 required more flexibility to include other areas, due to the overlapping nature of LUC 1-3).

<sup>19</sup> Noting that although the NPS-HPL takes a class level approach to managing HPL (ie, LUC class 1-3), within these classes are units which differ in their ability to support and maintain land-based primary production. Although relative to LUC 1 and 2, LUC 3 is less productive, at the unit level, some LUC 3 is on par with LUC 1 and 2 (this is out of scope of the matters covered in this RIS), but it is generally understood that LUC 3 is less productive than the other two classes (LUC 1 and 2).

<sup>20</sup> Due to proximity to urban areas and established supporting infrastructure - [Going for housing growth | National Party](#)

<sup>21</sup> Urban development on HPL has occurred since the NPS has been in force, this is discussed further in later in this paper. It is important to note however that despite urban development occurring on HPL, more work is needed to understand the role the NPS-HPL has had in limiting the supply of land for urban development and the impact on this for land and housing prices.

<sup>22</sup> See:

- Housing Technical Working Group. (2024). Analysis of availability of land supply in Auckland.

50. The scope of the policy problem being considered is to respond to the Government's direction to increase the availability of land for urban development. It is beyond the scope of these changes to consider how this may directly or indirectly impact on land prices or housing affordability.
51. On this basis, the policy problem this RIS seeks to address is to reduce the extent of land captured by the NPS-HPL to make more land available for urban development.
52. This is with the caveat that existing restrictions in the NPS-HPL on rural lifestyle development will continue. Rural lifestyle development has significantly contributed to land fragmentation that has occurred on LUC 1-3 over the last 20 years and allowing rural lifestyle on LUC 3 would further increase land fragmentation, impacting the viability to use land for primary production. Findings from Our Land reports have described how over time land fragmentation caused by increases in small parcels of land with a dwelling can impact the use of HPL for land-based primary production.<sup>23</sup>
53. Rural lifestyle development also impacts urban development. It can be harder to rezone or develop land already being used for rural lifestyle than it is to rezone or develop greenfield land for urban uses. A rural lifestyle development is more likely to have already been subdivided, ownership fragmented, investment made in certain housing types, which increases land prices making it less likely to be used for other developments and the associated impacts (including increased land prices) that rural lifestyle development has on existing and future development (both urban and rural environments).<sup>24</sup>
54. 'Urban' development is not defined in the national planning standards but in this context it is considered to include any subdivision, use or development that is enabled in a residential, commercial or industrial zone and also any commercial development that may be appropriate in a rural zone (which might include agribusiness, processing and storage facilities, transport depots, retirement villages, rural workers' accommodation etc).

### **Key underlying assumptions about the policy problem**

55. The key underlying assumption is that removing LUC 3 from the restrictions of the NPS-HPL will better enable greenfield development relative to the status quo. Although it is important to consider that it may not provide a straightforward solution to increasing the amount of land available for urban development.
56. Internal analysis shows that there are a range of 'other' constraints for using some LUC 3 land for urban development,<sup>25</sup> for example:
  - some of our fastest growing urban areas like Auckland, Hamilton, and Christchurch are firstly surrounded by LUC 1 and 2, then further out by LUC 3 land (see Figure 1) and consequently development on LUC 3 may have higher infrastructure costs than development on LUC 1 and 2 land.
  - some LUC 3 land is subject to natural hazard constraints, particularly flooding.
  - current land uses on LUC 3 could make urban development difficult, as LUC 3 land is predominantly (90 per cent) used for land-based primary production with some

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- New Zealand Infrastructure Commission. (2023). Urban land prices – a progress report. Wellington: New Zealand Infrastructure Commission / Te Waihanga.
  - Greenaway-McGrevy & So. (2024). Can Zoning Reform Reduce Housing Costs? Evidence from Rents in Auckland
  - Greenaway-McGrevy (2025). Evaluating the long-run effects of zoning reform on urban development
  - NZIER. (2015). The price is right.

<sup>23</sup> [Our-land-201-final.pdf](#) and [Environment Aotearoa 2022](#)

<sup>24</sup> Refer to [Regulatory Impact Assessment - Full Impact Statement Template](#) and analysis of land fragmentation included in MfE 'Our land' reports and Stats NZ reports.

<sup>25</sup> See [Interim-Regulatory-Impact-Statement-NPS-for-Highly-Productive-Land.pdf](#) (Appendix Three)

regional variation. The predominant current use of land-based primary production on LUC 3 land is livestock (55 per cent) and dairy (35 per cent) though this also varies regionally. The majority of LUC 3 land that is not used for land-based primary production is used for residential lifestyle.<sup>26</sup>

57. These considerations and current uses could present issues for housing developments and may impact the merits of locating this kind of development in and around LUC 3 that is currently used for different primary production activities and /or subject to natural hazards.

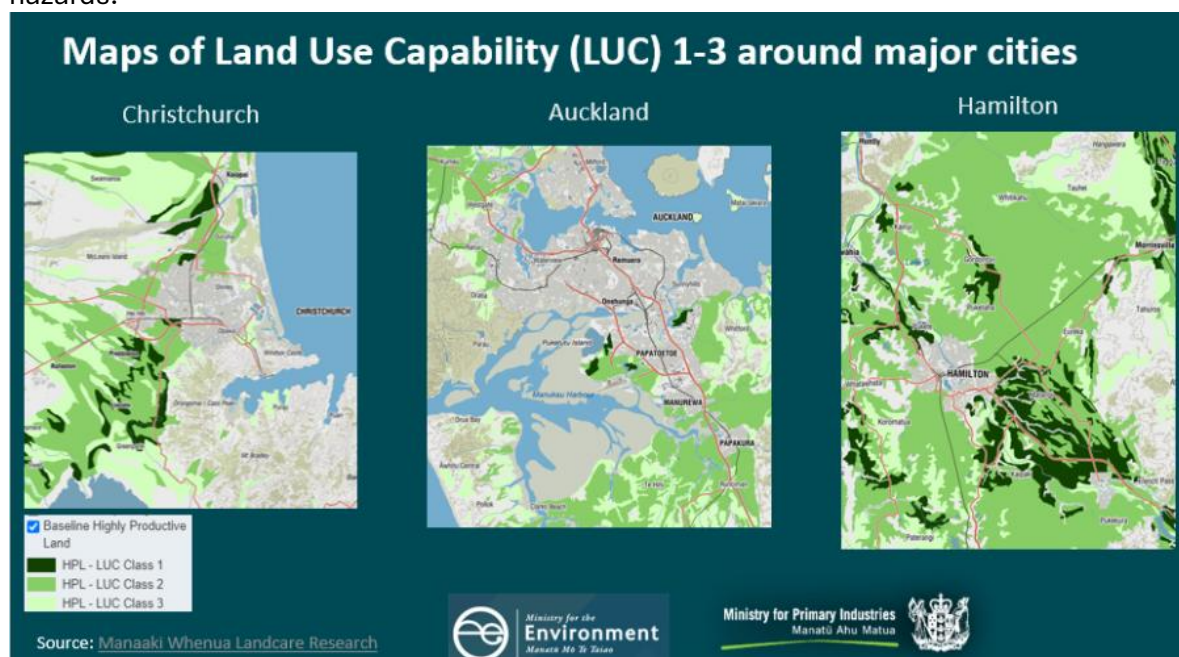


Figure 1: Maps of Land Use Capability (LUC) 1-3 around major cities

58. Despite these considerations, the key underlying assumption is that removing LUC 3 from restrictions of the NPS-HPL (at least in the short term – ie, until HPL is mapped) will provide more opportunities for more flexible land use and open the supply of land for urban development– consistent with Government direction to reduce unnecessary barriers and support a more competitive land market.
59. It is also assumed that potential implementation risks associated with removing restrictions on LUC 3 in the interim period can be managed by:
- delaying the timeframes for mapping HPL (until end of 2027) to allow a longer-term solution to identifying and managing HPL to be developed in the new RM system, and
  - retaining the existing criteria for mapping HPL provides discretion for councils to identify and map additional land that *“is, or has the potential to be (based on current uses of similar land in the region), highly productive for land-based primary production in that region, having regard to the soil type, physical characteristics of the land and soil, and climate of the area”*, should delays or changes to the replacement RM system occur.

### What objectives are sought in relation to the policy problem?

60. The objectives for addressing the policy problem are:
- Objective 1:** Reduce the extent of land captured by the NPS-HPL so as to make more land available for urban development, whilst ensuring amendments are:
- Objective 2:** Consistent with the purpose of the RMA 1991

<sup>26</sup> See [Interim-Regulatory-Impact-Statement-NPS-for-Highly-Productive-Land.pdf](#) (Appendix Four)

**Objective 3:** Consistent with the objective and intent of the NPS-HPL

**Objective 4:** Consistent with objectives for supporting a RM transition

**Objective 1: Reduce the extent of land captured by the NPS-HPL**

61. The primary objective is to ensure the amendment to the NPS-HPL addresses the policy problem (outlined above) and reduces the extent of land captured by the NPS-HPL to make more land available for urban development.

**Objective 2: Consistent with purpose of the Resource Management Act 1991**

62. An associated objective is to ensure amendments to address the policy problem are consistent with the purpose of the RMA being to promote the sustainable management of natural and physical resources.
63. It is the statutory function of the Minister for the Environment to propose and approve changes to NPSs following the processes set out in sections 46A and 52 of the RMA. This includes ensuring that the proposed national direction is consistent with the purpose of the Act (including considering the matters in Part 2). Failure to meet statutory requirements could result in judicial review or other legal challenge.
64. In terms of the management of HPL, the objective informed by s5 of the RMA is to enable the use, development and protection of this resource in a way or at a rate which enables people and communities to provide for their social, economic, and cultural well-being and for their health and safety while —
- *sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and*
  - *safeguarding the life-supporting capacity of air, water, soil, and ecosystems; and*
  - *avoiding, remedying, or mitigating any adverse effects of activities on the environment.*
65. HPL is not directly a matter of national importance under s6 of the RMA, however it is indirectly a matter of national importance in that the relationship of Māori and their culture and traditions with their ancestral lands, water, sites, waahi tapu, and other taonga is a s6 matter and via consultation iwi/Māori have told us they consider HPL to be a taonga.
66. HPL is a matter which should be given particular regard to under s7 of the RMA when achieving the purpose of the Act particularly in terms of:
- (a) kaitiakitanga
  - (aa) the ethic of stewardship
  - (b) efficient use of natural and physical resources
  - (g) any finite characteristics of natural and physical resources:
67. Section 8 of the RMA also provides a clear objective in relation to the policy problem in that achieving the purpose of the RMA, the principles of the Treaty of Waitangi (Te Tiriti o Waitangi)<sup>27</sup> must be taken into account.

**Objective 3: Consistent with the objective and intent of the NPS-HPL**

68. An amendment to the NPS-HPL to reduce barriers to urban development on LUC 3 should also be consistent with the objective of the NPS-HPL being ‘to protect HPL for use in land-based primary production, both now and for future generations’.

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<sup>27</sup> English and Māori versions available here:

<https://www.legislation.govt.nz/act/public/1975/0114/latest/DLM435834.html#DLM435834>

#### **Objective 4: Consistent with objectives for supporting an RM system transition**

69. The Cabinet Economic Policy Committee has agreed a set of objectives for the wider reform of the RM system being:

- making it easier to get things done by:
  - unlocking development capacity for housing and business growth;
  - enabling delivery of high-quality infrastructure for the future, including doubling renewable energy;
  - enabling primary sector growth and development (*including aquaculture, forestry, pastoral, horticulture, and mining*);

while also:

- safeguarding the environment and human health;
- adapting to the effects of climate change and reducing the risks from natural hazards;
- improving regulatory quality in the resource management system;
- upholding Treaty of Waitangi settlements and other related arrangements;

70. The goal is to have the replacement RM system introduced by the end of 2026.

71. Ministers also agreed to reduce the scope of Phase 2 amendments and avoid making changes to existing national direction that would be progressed more efficiently under a replacement RM system (CAB-25-MIN-0080 refers).

72. Trade-offs and tensions between objectives are inevitable. The overarching goal is to ensure the amendments address the policy problem whilst ensuring the amendments continue to achieve the objective of protecting HPL, which is a finite resource. The purpose of these amendments to the NPS-HPL is to shift towards being more enabling of development to help deliver the Government's goals to open-up greenfield land for urban development, whilst protecting our most agriculturally valuable soils.

#### *What consultation has been undertaken?*

73. Targeted pre-engagement with some regional council stakeholders and PSGE was undertaken as part of early policy development in September/October 2024. This engagement was limited to a select number of regional councils and PSGE, due to time constraints, availability of participants, and scope of proposed amendments.

#### *Pre-engagement with post-governance settlement entities*

74. In the time available, it was not possible to pre-engage with all relevant PSGE, iwi or Māori groups in relation to the potential impacts of the proposal. Groups that have either previously indicated that they wish to be consulted on further amendments to the NPS-HPL, or who have early engagement obligations arising from Treaty settlements or other arrangements were informed of the proposed changes and invited to hui. This may have partially met the pre-engagement requirements specified in Treaty settlement legislation and other relevant arrangements including relationship agreements and accords. The hui arranged for PSGE to engage with the proposal was attended by nine groups.

75. Removal of LUC 3 is likely to result in less costs to develop Māori land (not captured by the definition of specified Māori land)<sup>28</sup> as restrictions imposed by the NPS-HPL will no longer apply.

76. Feedback from PSGE that attended the hui were relatively comfortable with or indeed supported the removal of LUC 3. Though it was also noted that removal of LUC 3 would

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<sup>28</sup> See clause 1.3

not 'solve' the issue of managing the tensions when planning for future growth. Other important considerations raised were:

- interactions with freshwater management noting nutrient levels in waterbodies were already high
  - capacity of existing infrastructure as a limiting factor.
77. One PSGE supported having central government direction on growth planning – but emphasised that it was very important for decisions to be made locally and involve tangata whenua.
78. Depending on the process for identifying SAA, the determination of SAA may diminish the opportunities to involve tangata whenua in deciding the criteria and/or mapping of these areas. A usual Schedule One process coupled with the existing policy 3.3 in the NPS-HPL would be similar to the status quo for mapping HPL, therefore costs related to the changes are likely to be neutral. Other options involving a greater level of central government input and or board of inquiry options may result in less opportunities for tangata whenua involvement. It is unclear how these process options would interact with the replacement RM system.
79. During pre-engagement it was noted:
- the policy proposals do not propose to change the mechanisms that provide for Treaty settlement or other arrangements in consenting and planning processes (eg, statutory acknowledgements and participation and plan making processes)
  - requirements to notify relevant iwi/Māori groups as specified by the arrangements and RMA will continue to apply
  - PSGE and other representative Māori groups will continue to influence decision making through council planning and consenting processes
  - groups who participated in targeted consultation did not raise specific concerns related to impacts of these proposed options on their Treaty settlements.
80. Public consultation provided useful insights into Māori rights and interests in this policy proposal and to meet the Crown's obligations under settlements.

#### *Pre-engagement with councils*

81. Based on pre-engagement with some councils, we would expect some support for retaining LUC 3 in the definition of HPL, this is because:
- the removal of LUC 3 land may result in higher implementation costs for councils. The interspersed nature of LUC 1, 2 and 3 means that more detailed site-specific assessment may be required by councils, given resolution of NZLRI maps (which is at 1:50,000 and 1:63,360 scale) can limit the accuracy of determining LUC at farm scale
  - the removal of LUC 3 land would affect some districts more than others.<sup>29</sup> Many urban centres are surrounded by LUC 1 and 2 land (eg, Auckland, Hamilton and Hastings), therefore excluding LUC 3 from the NPS-HPL may not assist in enabling a supply of land for housing in some of our fastest growing areas
  - there is limited evidence that the NPS-HPL has not enabled urban development in the short time the policy has been in force.
82. Other council feedback included how the proposals for HPL would work with or align with other changes being considered to national direction such as the NPS-FM and NPS-UD.

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<sup>29</sup> Districts without LUC 1-2 land would lose the ability to protect their most productive land (eg, Queenstown and Waitaki).



83. Overall, the national direction package received 726 submissions<sup>30</sup> (for package 1 and 2). 266 submissions specifically provided content on amendments to the NPS-HPL.
84. The notified proposal was to remove LUC 3, test inclusion of SAA, and amend mapping timeframes. Based on the proposals consulted on, the key themes/issues raised were:
- Remove LUC 3: A key theme from submissions was that LUC 3 does not need to be removed to meet the objective of better enabling greenfield development. Submitters generally thought that urban development restrictions of the NPS-HPL could be removed for development on LUC 3 (ie, urban development can occur on LUC 3 without needing to meet requirements of the policy, but it remains a protected land class). Additionally, submitters generally supported maintaining the avoid policies of the NPS-HPL on rural lifestyle developments (citing this use leads to large areas of HPL being lost with minimal housing capacity benefits). Others supported removing LUC 3 as it would provide more development opportunities.
  - SAA: A general theme from submissions was that SAA are complex, in terms of developing a consistent criteria applicable to a select number of key food growing areas and decision-making responsibilities (ie, who leads the mapping of SAA and how will identification process be implemented/involvement of Māori and industry). It was also noted that SAA would inevitably lead to some important food growing areas being missed (eg, Heretaunga plains, areas in Gisborne, etc).
  - Extend or suspend mapping timeframes: General support for more time to map HPL due to the proposal to amend the definition of HPL. Others noted that extending and suspending the mapping of HPL would further prolong the restrictions of the NPS-HPL, hindering development opportunities.
85. PSGE generally supported the proposed exemption of LUC 3 from the restrictions of the NPS-HPL in principle on the basis it will result in less restrictions on how that land is used. Some noted the importance of NPS-HPL on protecting against urban development and reverse sensitivity impacts of residential development on marae activities on HPL.
- Ngāti Rangi were not aware that any consent applications in their rohe (Ohakune, Raetihi, Waiohuru) have been made more difficult because of the NPS-HPL.
  - Ngati Tamaoho remains concerned about the impact of growth and development in the urban fringes around South Auckland.
  - PSGE concerns remain on the effects of land use on freshwater degradation (Waikato River Authority, Waikato Tainui, Te Nehenehenui).
  - The importance of tangata whenua involvement in decision-making was emphasised.
  - The importance of future proofing the primary sector due to climate change was also noted.
86. There were generally mixed views across submitters on whether LUC 3 should be removed. Councils and eNGOs (environmental non-governmental organisations) generally thought LUC 3 should be kept as a protected land class, or thought the objective of opening up more land for urban development could be met with exempting urban development on LUC 3 (not removing LUC 3). Others such as developers and some primary industries welcomed more development opportunities with LUC 3 being removed.
87. There was general agreement across most submitters that SAA needed more work to mitigate potential unintended consequences.

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<sup>30</sup> The number of submitters does not correspond to total submissions as submitters could select multiple options in on-line submission forms and some submitters submitted in multiple parts.

88. There was also general agreement from most submitters that due to the policy changes being considered, the timeframes for mapping HPL should be amended.
89. Some feedback received was out of scope of the consultation. Ministers will be able to decide whether to consider this feedback as part of future RM system reform.
90. The full summary of submissions and recommendations report can be found here <https://environment.govt.nz/publications/nzcps-npshpl-npsib-npsfm-nesf-report-on-recommendations-and-decisions>.

## Section 2: Assessing options to address the policy problem

### What criteria will be used to compare options to the status quo?

91. Drawing from the objectives above, the criteria outlined in Table 1 are used to evaluate the options in this Regulatory Impact Analysis (RIA).

Criteria	Approach for analysis
<b>1. Effectiveness</b>	<ul style="list-style-type: none"> <li>Does the option achieve the four key objectives outlined in paragraph 60 and provide regulatory certainty?</li> <li>Does it provide a solution to the identified problem?</li> </ul>
<b>2. Efficiency</b>	<ul style="list-style-type: none"> <li>Is it cost-effective?</li> </ul>
<b>3. Alignment</b>	<ul style="list-style-type: none"> <li>Does the option integrate well with other proposals underway as part of Phase 2 national direction changes relating to urban development, freshwater management, papakāinga and natural hazards?</li> <li>Impact on relevant current national direction?</li> <li>Is it reducing complexity and providing clarity for local government on how to address tensions between national direction instruments?</li> </ul>
<b>4. Implementation</b>	<ul style="list-style-type: none"> <li>Does it support consistent decision making and management by councils, and provide clear direction on the role and responsibility of central government, tangata whenua, landowners and other stakeholders without causing implementation issues or difficulties?</li> </ul>
<b>5. Treaty of Waitangi</b>	<ul style="list-style-type: none"> <li>Does the option take into account the principles of Te Tiriti o Waitangi?</li> <li>Does the option uphold Treaty settlement obligations?</li> </ul>

Table 1: Criteria used to assess options

### What scope will options be considered within?

#### *Ministers' direction and GfHG work programme*

92. As discussed above in the policy problem and objectives sought in relation to the policy problem, the scope of the options considered for the 'removal of LUC 3' have been influenced by Ministerial direction and alignment with Government priorities for the GfHG work programme, as well as ensuring our most agriculturally valuable soils are protected.
93. Other matters that have influenced the scope of the options include the scope and pace of RM reform.

### *Scope and pace of RM reform*

94. The timeframe to gazette an amended NPS-HPL by the end of 2025 (when public consultation closed on 27 July 2025), has limited the identification of options, and level of analysis and extent officials could quantify the costs and benefits of the proposal and associated options. Undertaking changes to national direction under phase 2 in parallel with legislative reform to replace the RMA have also influenced the scope of the options, particularly, transitional arrangements for mapping HPL and whether these are progressed before the new legislation is in place, or when the new system is operative.

### **Options considered but not recommended**

95. Non-regulatory options, such as updating the Implementation Guidance, would not sufficiently address the policy issues described. Guidance is not legally binding and therefore cannot extend or amend the scope of an NPS.

### **What options are being considered?**

#### **Option 1 – Status Quo / Counterfactual - LUC 3 remains in the NPS-HPL**

96. The status quo would mean LUC 3 remains in the definition of HPL, protecting around 9.2 per cent of New Zealand's landmass (in addition to around 5.2 per cent for LUC 1 and 2).
97. The status quo option aligns with the intent and objective of the NPS-HPL to protect the best highly productive land (ie, LUC 1-3) for use in land-based primary production both now and for future generations and support Government's objectives for the primary sector. See Appendix One for some of the key benefits of HPL.
98. This option does not align with the Government's commitment to exclude LUC 3 from the NPS-HPL.

#### **Option 2 – HPL is LUC 1 and 2 only (blanket removal of LUC 3)**

99. Option 2 removes all references to LUC 3 from the NPS-HPL, including in both the interim definition of HPL and the criteria for mapping HPL, meaning HPL would be based on LUC 1 and 2 only. This would have immediate effect, aligning with the Government commitment to remove LUC 3, however it raises implementation issues.

### *Removal of LUC 3 from the criteria for mapping HPL*

100. Removing LUC 3 from the mapping criteria of highly productive land was explored as an option to open more land to urban development.
101. The NZLRI maps used to identify LUC 1-3 are generally based on data from the 1980s, which is likely to be inaccurate in categorisation. LUC 1 and 2 land is often closely located to LUC 3 land, with urban development enabled on LUC 3 potentially affecting the surrounding LUC 1 and 2 land. In some cases LUC 1-3 have similar characteristics and topography (which makes it difficult, using NZLRI, to distinguish between the classes).
102. Therefore, the blanket removal of LUC 3 from the criteria for mapping HPL will have some implementation issues and would require consequential amendments to the mapping criteria such as:
- amend 'large and geographically cohesive' (clause 3.4(5)(b))
  - amend whether small and discrete areas of LUC 3 should be included in HPL mapping clause 3.4(5)(c)(d)
  - amend requirements for mapping scale and use of site-specific assessments (clause 3.4(5) (a))

- remove discretion for councils to map other land that has the potential to be based on current uses of similar land in the region), highly productive for land-based primary production in that region, having regard to the soil type, physical characteristics of the land and soil, and climate of the area as in clause 3.4(3).

103. The feedback received during public consultation did not result in a clear or immediate solution to the issues relating to mapping LUC 1 and 2 areas only.

#### *Anticipated impacts of Option 2*

104. Option 2 opens more land for urban development in some regions. However, not all LUC 3 is fit for urban development. For instance, some LUC 3 land is situated in hazard zones or may be too far from existing urban infrastructure to be deemed desirable development projects.
105. Option 2 significantly reduces the land area protected for land-based primary production.<sup>31</sup>
106. Option 2 also allows rural lifestyle developments to occur on LUC 3. This impacts not only the viability to use land for primary production, but for urban development as well, because it can be harder to rezone or develop land already being used for rural lifestyle than it is to rezone greenfield land for urban uses. A rural lifestyle development is more likely to have already been subdivided, ownership fragmented, investment made in certain housing types, which increases land prices making it less likely to be used for other developments.
107. The blanket removal of LUC 3 in the NPS-HPL does not guarantee a significant increase in housing development, and is likely to increase land fragmentation, and reverse sensitivity issues.
108. Option 2 may not significantly support the Government's housing priorities and would not align with Government priorities for reducing consenting barriers for primary industries, nor does it align well with the objectives of the NPS-HPL. Therefore, the blanket removal of LUC 3 in the NPS-HPL is not the preferred option.

#### **Option 3 - HPL is LUC 1 and 2 plus Special Agriculture Areas (SAA)**

109. Option 3 defines HPL as LUC 1 and 2 plus SAA. SAA would be a new category of land protected under the NPS-HPL. Ministers directed SAA to be limited to key food growing such as Pukekohe and Horowhenua,<sup>32</sup> with the intent to protect important food growing areas that could be impacted by the policy proposal to remove LUC 3.
110. The process for identifying SAA and decision-making responsibilities were tested as part of public consultation, including SAA:
- a. being mapped by local authorities following a Schedule 1 process; or

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<sup>31</sup> From 14.4% down to 5.2% of the country's land mass.

<sup>32</sup> These two areas were directed by Ministers, and the 'key food growing areas' intent by Ministers is likely to omit other 'key' food growing areas. For example, the largest area of vegetable and cereal crop production is on the Canterbury Plains, and areas such as Gisborne and Bay of Plenty (amongst others) are also important food growing areas that may not be captured by SAA. Furthermore, areas that may not service the country as a whole play important regional and district roles in food production and would not be captured by SAA.

- b. having greater central Government involvement either by direct insertion under the RMA via s55(2)(c)<sup>33</sup> or being determined by a Board of Inquiry (BOI) or the Environment Court (EC) as a matter of national significance (via s142).<sup>34</sup>

*Key considerations for this option*

111. Some key considerations to ensure the workability of the SAA include:

- ensuring the criteria for identifying SAA are defensible and support robust decision making, are consistent with the objective of the NPS-HPL and future-proofed
- access to relevant data
- whether a schedule one process will be desirable to identify SAA
- whether the identification of SAA should be integrated with the identification of future urban areas and/or consider freshwater implications
- the capacity of councils to undergo plan changes ahead of wider RM system reforms.

*Alignment of this option with other national direction*

112. The implementation of SAA will need to consider how they are intended to work alongside changes to the NPS-FM. Limiting SAA to Pukekohe and Horowhenua could lock SAA into horticulture, particularly vegetable production, which is an intensive land use. SAA could therefore misalign with efforts to address freshwater quality in both of these areas.

*Anticipated impacts of Option 3*

113. Option 3 opens some LUC 3 land, not captured as SAA, to rural lifestyle development.

114. The introduction of SAA also brings implementation risks as highlighted during public consultation ie adding another land category such as SAA to the policy will be a complex process. There is a significant risk that limiting identification criteria to only capture some key food growing areas, could miss other important areas for national and international food markets (such as the Heretaunga Plains).

115. The intent of SAA was generally supported, however, more work is needed to ensure that there are no unintended consequences of protecting some areas for the type of land use currently used for (eg, vegetable production), which could be impacted by climate change, shifting market preferences, innovation, etc. Based on submissions received and consideration of how SAA could be implemented, officials recommend further consideration of SAA be undertaken as part of the new RM system.

116. Further consideration of SAA as part of in the new RM system provides more time to:

- refine the policy intent against the overarching objective of the NPS-HPL to protect HPL for land-based primary production (not just a particular type of land use)
- align the intent of SAA with other national direction relating to urban development and freshwater management

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<sup>33</sup> s55(2): A local authority must amend a document, if a national policy statement directs so,—

(a) to include specific objectives and policies set out in the statement; or

(b) so that objectives and policies specified in the document give effect to objectives and policies specified in the statement; or

(c) if it is necessary to make the document consistent with any constraint or limit set out in the statement.

<sup>34</sup> (s142) **Minister may call in matter that is or is part of proposal of national significance**

(1) This section applies if a matter has been lodged with a local authority and—

(a) the Minister, at his or her own initiative, decides to apply this section; or (b) the Minister receives a request from an applicant or a local authority to make a direction for the matter under subsection (2).

- align the intent of SAA with the objectives of the new primary legislation system replacing the RMA.
117. SAA are likely to align better with the intent of the new system where there is a greater focus on standardised zones and spatial planning, compared to the RMA. Similar to issues with mapping criteria, officials don't consider it feasible to introduce SAA as part of the interim definition of HPL under the RMA.
118. The recommendation to defer further consideration of SAA to the new system aligns with the feedback received during public consultation and the recommendation to:
- extend the timeframes for mapping HPL until the end of 2027; and
  - retain the existing criteria for mapping HPL; and
  - provide an interim solution to the policy problem by changing the interim definition of HPL to exclude urban development on LUC 3 from NPS-HPL restrictions – see Option 4 below.
119. Option 3 is not recommended for the current set of amendments.

**Option 4 –Exempt urban development on LUC 3 from NPS-HPL protections until mapping identifies appropriate areas of LUC 3 to protect (recommended)**

120. Option 4 removes restrictions on urban development on LUC 3 land during the interim period, (ie, with immediate effect and effective until HPL is mapped).
121. Under Option 4, the timeframes for mapping HPL will be extended until the end of 2027. This extension will provide an opportunity for further direction on identifying and managing HPL in the new RM system to be developed.
122. The existing mapping criterion that provides discretion for councils to protect additional areas<sup>35</sup> will not be changed. This mapping criterion is considered to provide sufficient backstop for the protection of land best suited to primary production<sup>36</sup> should changes to the new RM system be held up.
123. Option 4 involves the 'least' amendments to the NPS-HPL, thereby making this option the most straightforward to implement. These amendments are:
- changing the interim definition of HPL clause 3.5(7) to exclude LUC 3 land subject to a resource consent for subdivision, use or development for activity (other than rural lifestyle) from being considered HPL
  - exempting urban rezoning plan change proposals on LUC 3 from needing to meet the tests in clause 3.6; and
  - suspending/pausing requirements on regional councils to map HPL by extending timeframes for mapping until the end of 2027.
124. Under Option 4, restrictions on rural lifestyle developments on LUC 3 class land would be retained.
125. Rural lifestyle development is a particularly significant driver of the loss of HPL. This development often causes the fragmentation of productive land, resulting in irreversible land use change, and the loss or underutilisation of land for primary production purposes. It can also make urban development more difficult due to land assembly and multiple owners of land which contributes to increased land values.
126. There are some costs and risks associated with exempting urban development on LUC 3 via the interim definition including:

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<sup>35</sup> Where "land is, or has the potential to be (based on current uses of similar land in the region), highly productive for land-based primary production in that region, having regard to the soil type, physical characteristics of the land and soil, and climate of the area" clause 3.4(3).

<sup>36</sup> Including protecting LUC 3 from rural lifestyle development.

- the reliance on NZLRI (which has limitations at the farm/site scale) to inform LUC classification may result in restrictions being applied/not applied based on information that is not necessarily accurate to the site
- as with Options 2 and 3, (at least until HPL is mapped) land use decisions on LUC 3 may result in an irreversible loss of highly productive land and/or adverse effects on the use of surrounding HPL in some districts and regions.

127. However, these costs/risks are mitigated because:

- the existing criteria for mapping HPL remains unchanged. This allows councils discretion to protect additional areas including large and geographically cohesive areas of LUC 1-3 and to map areas that are or have the potential to be highly productive<sup>37</sup>
- the timeframes to complete the mapping is extended to the end of 2027. This extension (alongside 'Plan Stop') allows time for any alternative/refined approach to identifying and managing highly productive land to be developed under the new RM system
- changes to the interim definition will allow latest NZLRI maps to be used to determine LUC status<sup>38</sup>
- detailed site-specific assessments of the productive capacity of the subject site (identified as LUC 1 and 2 using NZLRI maps) will still be considered by decision makers as part of weighing evidence for plan changes on (clause 3.6) and also as part of the resource consent process (clause 3.10). Other checks and balances in the existing RMA system (such as s88 requirements and notification) will also help to avoid, remedy or mitigate adverse effects during this transition period.

128. The details of this option have been informed following feedback from public consultation.

### **Option 5: Revoke the NPS-HPL**

129. At the request of the Minister Responsible for RMA Reform, officials provided advice on revoking the NPS-HPL in its entirety to address the Minister's concerns about the impacts of the NPS-HPL on urban development. This option was not part of the May-July 2025 consultation process.

130. A small minority of submitters suggested the entire NPS-HPL should be revoked on the basis that the market should be left to determine the best use of land.

131. However, revoking the NPS-HPL may not result in a significant increase of urban development, this is because:

- revoking the NPS-HPL will not remove the requirement under the RMA for local authorities to manage soil resources, although it is unlikely they will prepare new policies or overlays to protect HPL in the short term due to the 'Plan Stop'.
- whilst it is unlikely they will prepare new policies or overlays to protect HPL in the short term due to the 'Plan Stop', local authorities may not rezone land for urban purposes due to other reasons (eg, availability of transport and infrastructure and spatial plans indicating preferred future growth areas for their districts and regions).

132. This option would also mean no national direction is in place to strategically manage the use or development of HPL, which is a finite resource. This would pose significant risks to the primary sector's contribution to the economy and is misaligned with Government

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<sup>37</sup> Having regard to the soil type, physical characteristics of the land and soil, and climate of the area.

<sup>38</sup> Since commencement of the NPS-HPL, there has been investment in improving the national LUC layer using S-Map, this covers approximately 85% of LUC 1-3.



agenda on 'Getting Back to Farming', the 'Going for Growth' plans and doubling export value priorities. This increases the risk of:

- **fragmentation and loss of productive capacity:** since the 1970s, Auckland has lost over a third of its most versatile land to development, with remaining areas often fragmented into parcels under 8 hectares.<sup>39</sup> While pace of loss differs, such trends are experienced across the country<sup>40</sup>
- **reduced climate resilience and higher cost of living:** events like Cyclone Gabrielle and the Auckland floods in 2023 caused widespread crop damage to two major food bowls, highlighting the need for flexible production areas. When supply is disrupted, food prices rise—fruit and vegetable prices increased by around 45 per cent in the nine years to March 2023, contributing to cost-of-living pressures<sup>41</sup>
- **expansion of rural residential development:** lifestyle blocks (<2 ha) drive further fragmentation from rural residential development, which can also create conflicts with existing farming operations (known as reverse sensitivity), leading to further constraints on production.<sup>42</sup>

133. Collectively, these impacts could reduce the primary sector's contribution to the economy and undermine Government objectives for primary sector export growth and resilience.
134. As revoking the NPS-HPL was not part of the consultation process, this option would require a statutory process under RMA section 46A, or a legislative process through the introduction of a bill to Parliament that explicitly revokes the NPS-HPL.
135. Officials do not recommend this option.

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<sup>39</sup> [State of the environment report - Knowledge Auckland](#) (2025)

<sup>40</sup> Curran-Cournane, F., et al. (2021). "Cumulative effects of fragmentation and development on highly productive land in New Zealand." *New Zealand Journal of Agricultural Research* **66**: 1-24.

<sup>41</sup> Vatsa, P. and A. Renwick (2024). "Food prices in New Zealand: implications for feeding people better." *Journal of the Royal Society of New Zealand*.

<sup>42</sup> Andrew, R. and J. R. Dymond (2012). "Expansion of lifestyle blocks and urban areas onto high-class land: an update for planning and policy." *Journal of the Royal Society of New Zealand* **43**: 128-140.

## How do the options compare to the status quo/counterfactual?

Table 2: Multi criteria table comparing proposed options relative to the status quo

Criteria	Option 1 Status Quo/ Counterfactual (retain LUC 3)	Option 2 Strict Removal of LUC 3	Option 3 LUC 1-2 plus SAA	Option 4 Exempt urban development on LUC 3 from NPS-HPL protections until mapping identifies appropriate areas of LUC 3 to protect	Option 5 Revoke the NPS-HPL
<b>Effectiveness</b>  Does it provide a solution to the identified problem whilst being consistent with: <ul style="list-style-type: none"> <li>the purpose of the RMA</li> <li>objective and intent of the NPS-HPL</li> <li>a smooth RM transition</li> </ul>	<b>0</b>  Ensures the availability of HPL (including LUC 3) for use in land-based primary production for future generations consistent with the objective of the NPS-HPL and purpose of the RMA. However, is unlikely to address the policy problem, as retaining LUC 3 in the NPS-HPL would not provide easier pathways for housing and urban development.	<b>-</b>  Significantly decreases the area subject to the NPS-HPL. However, may compromise land-based primary production to the extent that the policy is not consistent with the objective of the NPS-HPL or purpose of the RMA. Enabling rural lifestyle on LUC 3 land would raise land values, increase fragmentation and reverse sensitivity issues which could compromise future rural and urban development opportunities.	<b>-</b>  Will provide more land for urban development compared to the status quo but less than Option 2. The introduction of a new land category (not clearly defined) could result in inconsistencies with the objective of the NPS-HPL and/or purpose of the RMA. High risk of implementation issues including litigation around where /how boundaries are drawn. This could undermine the transition of the NPS-HPL to the new RM system.	<b>+</b>  Provides immediate policy change to enable more urban development to support GfHG. Consistency with the objective of the NPS-HPL and purpose of the RMA is supported by retaining restrictions on rural lifestyle and retaining existing mapping criteria. Extending mapping timeframes will provide time for any alternative/refined approach to identifying and managing HPL to be developed which will support RM transition.	<b>-</b>  Goes beyond the proposal to remove LUC 3. Would enable irreversible land use on LUC 1-3 including urban development and rural lifestyle development. Poses a significant risk to the viability and resilience of New Zealand primary sector.
<b>Efficiency (cost effective)</b> <b>Is it cost-effective?</b>	<b>0</b>  Neutral	<b>-</b>  Highly complex for mapping just LUC 1 and 2.	<b>-</b>  Highly complex for defining and mapping SAA.	<b>+</b>  Retains existing mapping whilst extending timeframes to support a smooth RM transition.	<b>-</b>  Increases uncertainty and inconsistent approaches during transitional period.

Criteria	Option 1 Status Quo/ Counterfactual (retain LUC 3)	Option 2 Strict Removal of LUC 3	Option 3 LUC 1-2 plus SAA	Option 4 Exempt urban development on LUC 3 from NPS-HPL protections until mapping identifies appropriate areas of LUC 3 to protect	Option 5 Revoke the NPS-HPL
<b>Alignment</b>  Does the option: <ul style="list-style-type: none"> <li>integrate well with other proposals underway as part of Phase 2 national direction changes?</li> <li>impact on relevant current national directions?</li> <li>reduce complexity and providing clarity for Local Government on how to address tensions between national direction instruments?</li> </ul>	<b>0</b>  Aligned with Government priorities to protect our most productive land, and to double the value of exports by 2034. However, misalignment with work being undertaken to better enable urban and housing development, under the NPS-UD and GfHG programme.	<b>-</b>  Aligned with Government work being undertaken to better enable urban and housing development, as LUC 3 (9.2% of NZ or 65% of land currently protected by the NPS-HPL) would be removed from NPS-HPL restrictions. However, lacks clarity for councils on managing conflicts between urban and rural lifestyle development on LUC 3 land.	<b>0</b>  Better alignment (than the status quo) in terms of reducing consenting barriers for urban development, as parts of LUC 3 (not identified as SAA) would be exempt from NPS-HPL restrictions. However, SAA could be misaligned with efforts to address freshwater issues in some areas (eg, Pukekohe and Horowhenua). Further work would be required to align SAA with other existing and emerging national direction, and the replacement RMA.	<b>+</b>  Aligned with Government efforts to address New Zealand's housing issues and provides clarity to councils to allow more flexible land use on LUC 3. Also, as LUC 3 land is protected from rural lifestyle development this option aligns with Government priorities to protect our most productive land, and to double the value of exports by 2034. Retaining existing criteria whilst extending timeframes for mapping avoids potential misalignment with national direction (existing or proposed) on freshwater management.	<b>-</b>  Aligns with Government priorities to address New Zealand's housing issues. However, misalignment with the objective of the NPS-HPL compared with the status quo, and with other Government objectives such as doubling exports and 'Going for Growth'.

Criteria	Option 1 Status Quo/ Counterfactual (retain LUC 3)	Option 2 Strict Removal of LUC 3	Option 3 LUC 1-2 plus SAA	Option 4 Exempt urban development on LUC 3 from NPS-HPL protections until mapping identifies appropriate areas of LUC 3 to protect	Option 5 Revoke the NPS-HPL
<b>Implementation</b>  Does the option support consistent decision making and management by councils, and provide clear direction on the role and responsibility of central government, tangata whenua, landowners and other stakeholders without causing implementation issues or difficulties?	<b>0</b>  Consistent with how some council plans and technical LUC handbooks refer to highly productive land (ie, generally associated with LUC 1-3 land). However, councils' required mapping timeframe has passed (by October 2025), and Regional Policy Statements (for HPL maps) are unlikely to exist in the new RM system. The status quo would create uncertainty around mapping for councils, tangata whenua and landowners.	<b>-</b>  Implementation issues could be avoided by aligning with other national direction to support the GfHG programme. However, given that the distribution of LUC 1 and 2 is in dispersed with LUC 3, this option will require amendments to mapping criteria. Preparing revised mapping criteria within Phase 2 national direction timeframes would create high risks, including litigation over boundary decisions.	<b>-</b>  Mapping SAA (led by Central Government or Local Government) is significantly more complex than the status quo. A new land category based on particular industries, and/or existing infrastructure/markets (rather than inherent quality) is contrary to the existing objective of the NPS-HPL and more consultation would be required.	<b>+</b>  Supports more flexible land use on LUC 3 by better providing for urban development on LUC 3 compared to the status quo. Avoids impacts associated with rural lifestyle development (ie, fragmentation and increased land values). Allows the latest NZLRI maps to be used to determine LUC status and whether the exemptions apply or not. Relies on other tools within the existing RM system to avoid, remedy or mitigate adverse cumulative and reverse sensitivity effects on HPL during the transition period (ie, before HPL is mapped).	<b>0</b>  Provides more flexibility for using LUC 1-3 for use and development that is not land-based primary production, addressing issues raised by some councils that implementing the NPS-HPL alongside the NPS-UD can be difficult.  However, no direction provided to manage HPL, which prior to the NPS-HPL taking effect, saw councils taking differing approaches to protect HPL (no strategic direction for management of a finite resource).
<b>Treaty of Waitangi</b>  Does the option: <ul style="list-style-type: none"> <li>take into account the principles of Te Tiriti o Waitangi?</li> </ul>	<b>0</b>  During the development of the NPS-HPL iwi/Māori were generally supportive of the intent of the NPS-HPL.	<b>0</b>  Public consultation presented useful insight into the rights and interests of Treaty partners and Māori regarding the removal of LUC and possible introduction of SAA. An assessment of the proposal under section 8 of the RMA is included in the summary of submissions report <a href="https://environment.govt.nz/publications/nzcps-npshpl-npsib-npsfm-nesf-report-on-recommendations-and-decisions">https://environment.govt.nz/publications/nzcps-npshpl-npsib-npsfm-nesf-report-on-recommendations-and-decisions</a> . It is noted that: <ul style="list-style-type: none"> <li>No changes to the involvement of iwi/Māori/tangata whenua are associated with these options.</li> <li>Making it easier to rezone/develop LUC 3 may suit some Treaty partners more than others depending on their aspirations and values.</li> </ul>			<b>0</b>  Revoking NPS-HPL was not an option discussed with Treaty Partners. Would likely to result in reduced costs to develop land owned by Māori (not captured by the

Criteria	Option 1 Status Quo/ Counterfactual (retain LUC 3)	Option 2 Strict Removal of LUC 3	Option 3 LUC 1-2 plus SAA	Option 4 Exempt urban development on LUC 3 from NPS-HPL protections until mapping identifies appropriate areas of LUC 3 to protect	Option 5 Revoke the NPS-HPL
<ul style="list-style-type: none"> <li>uphold Treaty settlement obligations?</li> </ul>		<ul style="list-style-type: none"> <li>Exemptions for urban development on LUC 3 land can support Māori housing and economic development if growth areas are co-designed with iwi/hapū, while avoiding undermining Māori primary production aspirations,</li> <li>Alignment with Treaty principles of partnership is embedded in how and where urban development on LUC 3 land occurs, if practical protections for Māori land and interests remain</li> <li>The removal of LUC 3 can also support equity by improving Māori access to housing in well located areas and reduce costs.</li> </ul> <p><i>Active protection of taonga:</i></p> <ul style="list-style-type: none"> <li>Versatile soils and productive whenua (including lands with mahinga kai potential) are of intergenerational importance; allowing urbanisation on LUC 3 may diminish those taonga unless Māori groups are involved in planning.</li> </ul> <p><i>Rangatiratanga:</i></p> <ul style="list-style-type: none"> <li>Rezoning pressure may constrain future choices for Māori if market dynamics mean further use and development being provided for on HPL.</li> <li>Distributional effect: loss of peri-urban productive jobs can disproportionately affect Māori workers in horticulture and associated sectors.</li> <li>Changes to the definition of ‘specified Māori land’ are outside the scope of these amendments and may be revisited as part of the new RM system.</li> <li>The main Treaty settlement concern relating to the NPS-HPL was raised by the Waikato River Authority (WRA) and Te Nehenehenui, which is the PSGE under the Maniapoto Claims Settlement Act 2022. Waikato-Tainui also commented that “all urban development in our rohe must align with Te Ture Whaimana, which provides the primary direction for the health and wellbeing of our tuupuna awa. Urban intensification that increases discharge, impervious surfaces, or sedimentation must be evaluated through this lens” (Te Whakakitenga o Waikato Incorporated).</li> <li>The WRA consider that retaining restrictions on urban and rural lifestyle sprawl over the most fertile and versatile soil of the Waikato region is important whilst noting that there may be a case for council planned urban growth and plan changes to enable a timely supply of urban zoned land.</li> </ul>			definition of ‘specified Māori land’). However, some iwi/Māori have raised concerns that urban development of land around Māori land impacts their enjoyment and use of their land and revoking the NPS-HPL would expose a taonga to greater development.
Overall assessment	0	-	-	+	0

**Key:** ++ much better than doing nothing/the status quo, - worse than doing nothing/the status quo,

+ better than doing nothing/the status quo, - - much worse than doing nothing/the status quo, 0 similar to making no change retaining the status quo

**What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?**

136. The preferred option for addressing the policy issues covered in this RIA is Option 4: Exempt urban development on LUC 3 from NPS-HPL restrictions, until mapping identifies appropriate areas of LUC 3 to protect (recommended). In addition to removing restrictions on urban rezoning proposals on LUC 3 (which requires a plan change), this option also excludes NPS-HPL restrictions on any subdivision, use and development (that is not rural lifestyle) on LUC 3 land that may occur without needing a change to the underlying zoning.<sup>43</sup>
137. The intent of this option is to be more enabling of urban development on LUC 3. Restrictions on rural lifestyle development would be retained to prevent land fragmentation and rising land values, which could undermine both future urban development and the viability of land-based primary production.
138. This option aligns with the intent of the NPS-UD by allowing urban development to occur in locations where there is demand, while retaining future options for urban development. It is harder to rezone/develop land already being used for rural lifestyle than it is to rezone greenfield land for urban uses. A rural lifestyle development is more likely to have already been subdivided, ownership fragmented, investment made in certain housing types, which increases land price.
139. This option is focused on changes to the interim definition of highly productive land and extending the timeframes for mapping highly productive land (without changing the mapping criteria) allows time for a longer-term solution to managing highly productive land in the new RM system to be developed.
140. Retaining the existing criteria for mapping HPL (including discretion for councils to map and protect additional land helps to ensure any cumulative impacts on HPL from enabling urban development on LUC 3 in the long term are minimised.
141. Changes to the interim definition ensures changes will have immediate effect and minimises the need to change other implementation clauses relating to subdivision, use and development of highly productive land (eg, clause 3.8-3.10) by exempting any development that is not rural lifestyle on LUC 3 land.
142. Option 4 aligns with the Government's agenda on 'Getting Back to Farming', the 'Going For Growth' plans, and doubling export value priorities, as it will retain restrictions on rural lifestyle development on LUC 3.

**Is the Minister's preferred option in the Cabinet paper the same as the agency's preferred option in the RIS?**

143. Yes. The Minister's preferred option is the same as agencies' preferred option covered in this RIS (Option 4).

**What are the marginal costs and benefits of the preferred option in the Cabinet paper?**

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<sup>43</sup> For example, applications under the Fast-track Approvals Act 2024 and, primary production development such as packhouses and processing plants, and also retirement villages which were raised in submissions.

Table 3. Summary of the marginal costs and benefits of the preferred option on affected groups

Affected groups (identify)	Comment <i>Nature of cost or benefit (eg, ongoing, one-off), evidence and assumption (eg, compliance rates), risks.</i>	Impact \$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.	Evidence <b>Certainty</b> High, medium, or low, and explain reasoning in comment column.
<b>Additional costs of the preferred option compared to taking no action</b>			
Territorial and Regional councils	Opening up LUC 3 for urban development will impact the ability of councils to protect this land class for land-based primary production. Enabling urban development on LUC 3 may create issues with compatibility between different activities. These are ongoing considerations likely to be further complicated by new primary legislation to replace the RMA being introduced later this year.  The 'Plan Stop' and extension of timeframes for mapping HPL effectively means the interim definition of HPL (and reliance on NZLRI to provide LUC status) will apply until the end of 2027, which will likely frustrate partners and stakeholders due to ongoing restrictions/uncertainty in direction.	High	High
	Progressing amendments to RMA national direction before the new replacement legislation is introduced potentially presents alignment and scope issues for how the NPS-HPL may transition in the new system.		
Farm operators and industry organisations	Could increase reverse sensitivity issues and reduction in future potential expansions or upgrades in primary production activities due to LUC 3 being open for urban development. These ongoing considerations are likely to be exacerbated by climate change.	High	Medium
Central government	Progressing amendments to RMA national direction before the new primary legislation has been introduced potentially presents alignment and scope issues for how the NPS-HPL may transition in the new system.	High	High



	More permissive pathways for urban development on LUC 3 likely to impact strategic management of a finite resource in HPL. A significant amount of the land the policy protects will now be open for urban development, risking permanent loss of HPL.		
<b>Additional costs of the preferred option compared to taking no action (contd)</b>			
Treaty partners	Will affect Treaty partners differently depending on their aspirations. However, some Treaty partners raised in their submission the permanent loss of HPL to urban development would hinder protecting a taonga in HPL and reduce future areas suited for primary production.	Medium to High	Medium
Landowners and developers	May not go far enough in terms of making urban development easier, investment uncertainty and continued restrictions until 'Plan Stop' is lifted (noting some exemptions can apply).	High	Low
Future generations	<p>Whilst it is difficult to anticipate the number of proposals for urban development on LUC 3 that will come forward post these amendments, any impacts of the preferred option on greenhouse gas emissions are considered to be indirect. It is also noted that consideration of climate change/greenhouse gas impacts may form part of the consenting process through the application of other policies and national direction such as NPS-UD and NPS-REG.</p> <p>The opportunity costs for future generations have not been assessed. Furthermore, the policy shift to exempt urban development on LUC 3 will impact the future optionality of using LUC 3 for different land-based primary production (which for instance has environmental and social costs). This is because using HPL for urban development is almost always permanent and irreversible.</p>	Medium	Medium
<b>Total monetised costs</b>	Not available	NA	NA
<b>Non-monetised costs</b>	Not available	NA	NA
<b>Additional benefits of the preferred option compared to taking no action</b>			
Regional councils	Provides more immediate opportunities for urban development across the country, which allows councils to work toward meeting their	High	High

	housing growth and urban development requirements under the NPS-UD. The option also maintains restrictions on rural lifestyle on LUC 3.		
<b>Additional benefits of the preferred option compared to taking no action (contd)</b>			
Farm operators and industry organisations	Provides more flexibility in how LUC 3 is used which addresses concerns raised in submissions of 'stranding assets' (eg, when land cannot be used for primary production due to constraints in land being able to support land-based primary production, and it cannot be used for other activities due to restrictions of the NPS-HPL).	Medium	Medium
Central government	Aligns with commitment made in GfHG to open up the supply of land for urban development. Furthermore, it aligns with 'Going for Growth' priorities of the Government.	High	Medium
Treaty partners	Will affect Treaty partners differently depending on their aspirations. However, some Treaty partners raised in their submission the permanent loss of HPL to urban development would hinder protecting a taonga in HPL and reduce future areas suited for primary production.	Medium to High	Medium
Landowners and developers	Longer term certainty that urban development on LUC 3 is provided for.	High	Medium
Future generations	Greater flexibility in land use opportunities to use LUC 3 for urban purposes.	Medium	Medium
<b>Total monetised benefits</b>	Not available	NA	NA
<b>Non-monetised benefits</b>	Not available	NA	NA

## Section 3: Delivering an option

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### How will the proposal be implemented?

144. The NPS-HPL was developed under the RMA, meaning it is implemented by territorial authorities and regional councils as part of their functions and roles under the RMA. Any amendments will need to be given effect to by councils through their RM functions including:

- ensuring there is sufficient development capacity; and
- controlling any actual or potential effects of the subdivision, use, development, or protection of land.

145. The preferred option involves a change to the interim definition of HPL. The criteria for mapping HPL will remain unchanged from the status quo, however timeframes for completing the mapping of HPL will be extended until end of 2027. This extension aligns with the 'Plan Stop' period and removes doubt that councils are expected to continue prioritising the mapping of HPL. This extension will allow time for direction on identifying and managing HPL in the replacement RM system to be developed. Retaining the existing mapping criteria means councils will continue to have discretion to map additional areas that are or have the potential to be highly productive should the RM reform programme be delayed beyond December 2027. This will provide a backstop for avoiding significant cumulative impacts on highly productive land that may result from the changes to the interim definition being in effect over a longer timeframe.
146. Councils and applicants will need to continue to rely on the NZLRI for determining LUC classification (as in the status quo) however, this is seen as a better solution than the implementation risks associated with allowing site specific assessments to determine LUC classification and whether the NPS-HPL applies or not. This is acceptable given this is an interim solution that will only apply during the transition from the RMA to the new RM system. Should the replacement RM system not proceed in the expected timeframe then the interim definition of HPL will be replaced by maps prepared using the existing mapping criteria.
147. Improvements to NZLRI maps undertaken post-2022 can be used to assess which land the NPS-HPL applies to.<sup>44</sup>

### **How will the proposal be monitored, evaluated, and reviewed?**

148. MPI and MfE will gather data on the implementation of the amended NPS-HPL, including:
- obtaining data through collaboration with local government and relevant Crown agencies
  - monitoring RM decisions that seek to ensure sufficient development capacity and control the effects of the subdivision, use, development, or protection of land
  - using statutory environmental reporting including (eg, Stats NZ and Our Land reports) and regional council zoning layers (eg, FARMLUC, NZLRI database of land resource information) to obtain data
  - gathering data of consent and appeal decisions including fast track consents through improvements to the national monitoring system identified as part of research undertaken by MfE in 2024.<sup>45</sup>
149. As part of ongoing monitoring of how the proposals have been implemented by councils, this will be used to inform advice to Ministers about how the policy is being implemented and whether Government intervention is required.

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<sup>44</sup> Including improvements underway using S-maps likely to be completed by mid-2026

<sup>45</sup> [2024 MfE National Monitoring System NPS-HPL Report.pdf](#)

## Appendix One - some of the key benefits provided by HPL described in the [Market Economics 2020 CBA](#):

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The benefits below are based on the CBA developed for the NPS-HPL as a whole (ie, not specifically on urban development on LUC 3), these are likely to be affected by the proposal to exempt urban development on LUC 3 (eg, due to more enabling pathways for urban development).

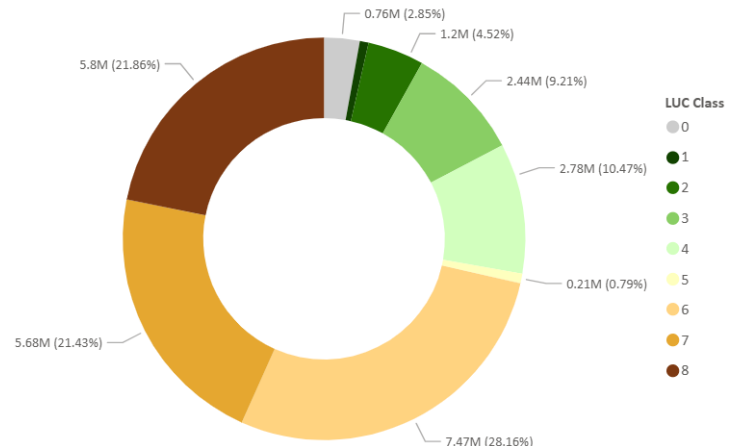
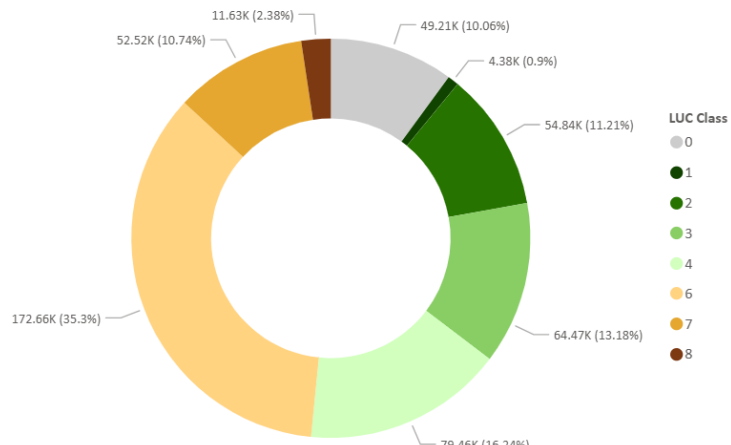
- **Environmental** – *direct and indirect ecological services such as water purification/filtration, water storage for plants to use and flood regulation, habitat for many different creatures (supporting biodiversity), nutrient cycling and climate regulation through carbon sequestration. Also, using HPL for land-based primary production is positive from an environmental perspective as HPL needs less intervention to be used efficiently and effectively to generate food and other natural resources. Conversely, less productive land requires more inputs such as fertilisers and irrigation that can lead to negative environmental outcomes.*
- **Economic** – *81.8% of New Zealand's merchandise exports come from the food and fibre sector. A large proportion of New Zealand's position as a major food and fibre exporter is supported by the productivity of the land. Food and fibre export revenue for the year to 30 June 2022 is expected to reach \$52.2 billion and the sector accounts for 11.1% of New Zealand's gross domestic product (as at 31 March 2020). Primary sector activities also support employment and businesses across the primary sector value chain and in the wider rural community. A total of 367,000 people were employed in New Zealand's food and fibre sector as of 2019, representing 13.8% of the total workforce.*
- **Social** – *there are numerous societal benefits to retaining HPL for land-based primary production, including contributing significantly to the social fabric of rural communities, supporting inter-generational employment and supporting and shaping the identity of rural communities, particularly for people who gain meaning and identity from living in a rural area used for land-based primary production. Locally sourced food also meets societal expectations that people will have access to produce from a local source that is in the freshest condition with a small carbon footprint. There are also societal benefits to be gained from taking steps to preserve our food producing ability and gifting a legacy of sustainable food production to the next generation.*
- **Cultural** – *Māori have had a long history and a close interdependent relationship with the natural environment, particularly soil resources. Feedback provided by various iwi through consultation on the proposed NPS-HPL confirmed that land and soil resources are a precious taonga for Māori as tangata whenua (people of the land). As New Zealand's productive land and soil are important cultural and spiritual resources for Māori, the retention of HPL for land-based primary production often aligns with Māori aspirations for whenua. Another key aspiration is the ability to develop Māori land for a range of activities, including residential and commercial activities. Feedback from iwi submitters on the proposed NPS-HPL supported the protection of highly productive whenua, particularly the focus on restricting lifestyle development, which was recognised as a factor that compromises the productive potential of the land. Iwi submitters on the proposed NPS-HPL also noted the importance of protecting highly productive soils and land from the irreversible effects of uncontrolled urban rezoning. However, iwi submitters were also clear that Māori*

*land should not be unduly constrained with respect to potential development options, as Māori land often has other limitations that make it difficult to develop.*

*In addition to the benefits outlined above, an important non-market value benefit of HPL is its option value. This is a non-use value that relates to the willingness of current generations to pay for retaining the option to use HPL sometime in the future. Option value in this context is the opportunity to use HPL for land-based primary production as well as derive benefit from its air, water and climate regulating functions. If HPL is not protected, then this option value is lost (an opportunity cost).*

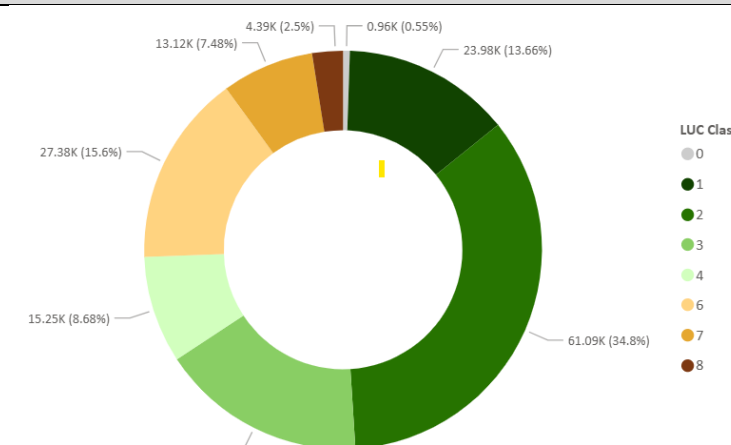
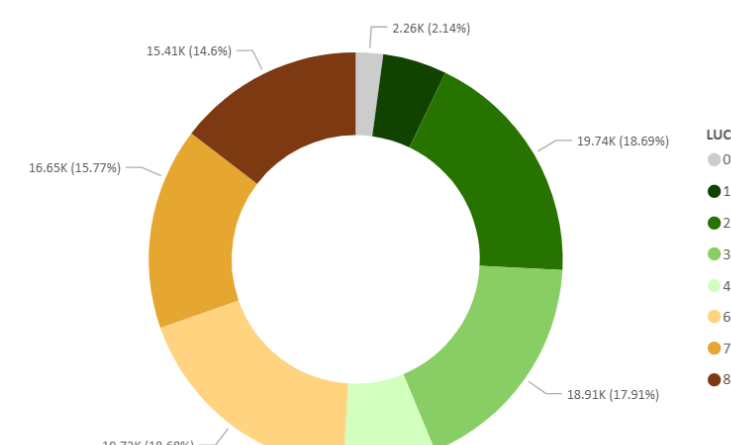
## Appendix Two – How removal of LUC 3 may impact a range of Regions and Districts around NZ

LUC Information using NZLRI maps. Areas selected to illustrate the variety of different LUC distribution and growth pressures around NZ (note, some regions don't have all land use classes).

	Extent of LUC 1-8	Pressures on HPL	Impact of reducing restrictions on urban development on LUC 3 <sup>46</sup>
New Zealand	 <p>15% LUC 1-3    10% LUC 3</p>	Varies depending on the Region/District	Varies depending on the Region/District
Auckland	 <p>22% LUC 1-3    13% LUC 3</p>	<p>Largest City in NZ. Urban Population: 1.5 mill Rural Population: 300,000</p> <p>Pressure on land for both urban and rural uses. Centre for vegetable growing. Pukekohe accounts for 3.5% of NZ land under fruit and vegetable production, but contributes 26% of NZ's domestic value of vegetable production<sup>47</sup>.</p>	<p>Will provide greater opportunities for urban development and other rural activities on LUC 3.</p> <p>Only 9% of District still protected by NPS-HPL restrictions</p>

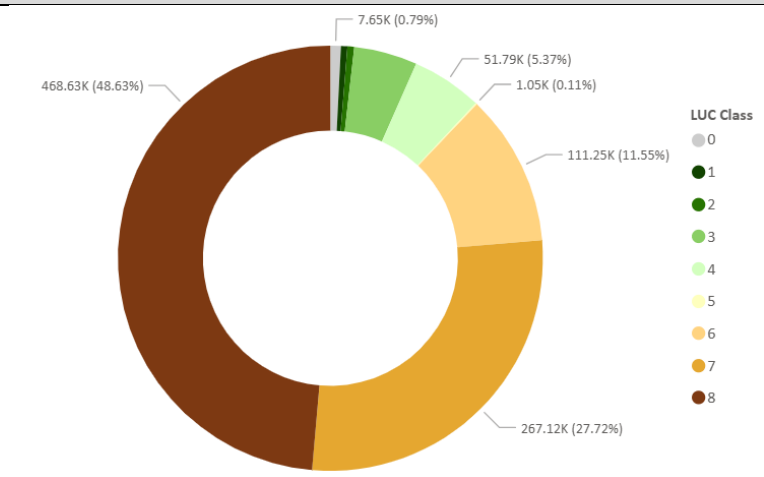
<sup>46</sup> More flexibility for what land use may occur on LUC 3 land. Retaining existing pathways for activities on LUC 1 and 2.

<sup>47</sup>Deloitte, *New Zealand's food story: The Pukekohe hub Prepared for Horticulture New Zealand* August 2018.

	Extent of LUC 1-8	Pressures on HPL	Impact of reducing restrictions on urban development on LUC 3 <sup>46</sup>
Matamata-Piako	 <p>57% LUC 1-3    17% LUC 3</p>	<p>Majority of District is LUC 1-3. 70% of this is LUC 1 and 2.</p> <p>Important for dairying.</p>	<p>Will provide greater opportunities for urban development and other rural activities on LUC 3.</p> <p>40% of District still protected by NPS-HPL restrictions</p>
Horowhenua	 <p>41% LUC 1-3    18% LUC 3</p>	<p>56 % of LUC 1-3 land is LUC 1 and 2</p>	<p>Will provide greater opportunities for urban development and other rural activities on LUC 3.</p> <p>26% of District still protected by NPS-HPL restrictions</p>



	Extent of LUC 1-8	Pressures on HPL	Impact of reducing restrictions on urban development on LUC 3 <sup>46</sup>
Central Hawkes Bay	<p>25% LUC 1-3    20% LUC 3</p>	80% of LUC 1-3 land is LUC 3. Centre for wine and fruit growing.	<p>Rural activities may be compromised depending on the uptake of opportunities for urban development.</p> <p>Only 5% of District still protected by NPS-HPL restrictions</p>
Marlborough District	<p>6% LUC 1-3    4.6% LUC 3</p>	Large District. Centre for wine and fruit growing not just on LUC 1-3 land.	<p>Rural activities may be compromised depending on the uptake of opportunities for urban development.</p> <p>Only 1.4% of District still protected by NPS-HPL restrictions</p>

	Extent of LUC 1-8	Pressures on HPL	Impact of reducing restrictions on urban development on LUC 3 <sup>46</sup>
Tasman District	 <p>5.8% LUC 1-3    4.8% LUC 3</p>	<p>Large District. Centre for wine, fruit and vegetable growing.</p>	<p>Rural activities may be compromised depending on the uptake of opportunities for urban development.</p> <p>Only 1% of District still protected by NPS-HPL restrictions.</p>
Selwyn District	 <p>21 % LUC 1-3    13% LUC 3</p>	<p>Rural District that serves wider Christchurch urban growth.</p> <p>Centre for arable farming</p>	<p>Will provide greater opportunities for urban development and other rural activities on LUC 3. Some rural activities may be affected.</p> <p>8% of District will still be protected by NPS-HPL restrictions</p>

	Extent of LUC 1-8	Pressures on HPL	Impact of reducing restrictions on urban development on LUC 3 <sup>46</sup>
Grey District	<p>1% LUC 1-3      1% LUC 3</p>	<p>Small District. Low Urban Growth Pressure.</p> <p>No LUC 1 and 2 in the District or in the West Coast Region.</p>	<p>None of the District or the West Coast Region will be protected by the NPS-HPL.</p>
Southland District	<p>16.5% LUC 1-3      11% LUC 3</p>	<p>Large District – relatively low urban pressure.</p> <p>Centre for arable farming</p>	<p>Will provide greater opportunities for urban development and other rural activities on LUC 3. Some rural activities may be affected.</p> <p>5.5 % of District will still be protected by NPS-HPL restrictions</p>

## Appendix Three - LUC 1-3 distribution in NZ Regions

LUC 1-3 distribution in NZ Regions (hectares and percentage of LUC 1-3)

New Zealand Regions	LUC 1	LUC 2	LUC 3
Auckland	4,383 (3.5%)	54,850 (44.3%)	64,491 (52.1%)
Bay of Plenty	2,834 (2.2%)	53,156 (40.7%)	74,639 (57.1%)
Canterbury	23,132 (2.8%)	270,025 (32.2%)	544,793 (65.0%)
Gisborne	5,631 (8.0%)	15,329 (21.7%)	49,746 (70.4%)
Hawke's Bay	17,492 (9.6 %)	26,426 (14.6%)	137,500 (75.8%)
Manawatū-Whanganui	33,922 (8.7%)	171,435 (43.9%)	185,306 (47.4%)
Marlborough	2,450 (3.9%)	11,396 (18.3%)	48,303 (77.7%)
Nelson	0 (0.0%)	688 (26.2%)	1,942 (73.8%)
Northland	435 (0.3%)	36,165 (28.3%)	91,106 (71.3%)
Otago	3,082 (0.8%)	47,244 (12.0%)	342,901 (87.2%)
Southland	1,095 (0.2%)	171,396 (31.2%)	377,726 (68.7%)
Taranaki	36,369 (19.6%)	55,667 (30.0%)	93,389 (50.4%)
Tasman	4,712 (8.4%)	4,943 (8.8%)	46,504 (82.8%)
Waikato	46,298 (8.0%)	252,338 (43.6%)	279,558 (48.4%)
Wellington	5,194 (4.2%)	29,653 (24.2%)	87,599 (71.5%)
West Coast	0	0	14,671(100%)
NZ Total	187,028 (4.9%)	1,200,712 (31.4%)	2,440,175 (63.7%)

## Appendix Four – Case Law examples of Subdivision and Urban Rezoning under the NPS-HPL

### Plan Changes for Rezoning cases

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#### Influential rezoning case from 2025:

- Successful appeal to rezone approx. 30ha of highly productive land from rural to residential, for approximately 750 homes. Note that Auckland Council has lodged a High Court appeal against this decision [*Gardon Trust v Auckland Council*] (see table 8 below).

#### Summary of Rezoning Cases related to the NPS-HPL from Westlaw New Zealand (legal research platform) from gazettal (19 September 2022) until 18 December 2024:

- Out of six appeals against zoning decisions:
  - Four appeals were successful due to NPS-HPL provisions not applying
  - One appeal was unsuccessful due to land being defined as highly productive land (LUC 1)
  - One appeal was partly successful – LUC 3 land retained rural zoning.
- One case found that the Court must have regard to the NPS-HPL when considering site-specific zoning matters [*Balmoral Developments (Outram) Ltd v Dunedin City Council*].
- One case found that the land classification stands at commencement date [*Blue Grass Ltd v Dunedin City Council*].
- One case ruled that infrastructure that supports the use of highly productive land (eg, seasonal worker accommodation) helps to give effect to the NPS-HPL [*Horticulture New Zealand v Waikato District Council*].
- In one case it was concluded that the benefits of rezoning outweighed the “loss” of highly productive land [*Diamond Creek Farm Ltd v Waikato District Council*].
- In one case, councils applied under s86D of the RMA for orders that specified that the rules in the proposed Wairarapa Combined District Plan have legal effect from the date of public notification. This was to change their approach to rural subdivision due to fragmentation, and in some cases complete loss, of highly productive land to small-lot /rural lifestyle development [*Re Masterton District Council*].

### Plan Changes for Subdivision Cases

#### Summary of Subdivision Cases related to the NPS-HPL from Westlaw New Zealand from gazettal (19 September 2022) until 18 December 2024.

- Of the eight subdivision cases, five were appeals against Council decisions to decline subdivision applications. Four of these appeals were successful due to NPS-HPL provisions not applying (productive capacity being maintained, constraints making the site unproductive, and land not defined as highly productive land). One appeal was declined due to the provisions in the Auckland Unitary Plan (the provisions of the NPS-HPL did not apply).

## Appendix Five – rezoning HPL under the status quo

Since the NPS-HPL took effect (October 2022), there have been several examples of private plan changes (PPC) adopted by councils where highly productive land (based on the interim definition) has been rezoned for urban purposes (ie, changed from a general rural or rural production zone to an urban zone), see examples summarised below.

### *Examples of adopted urban rezoning of highly productive land in operative plans*

Location & plan change	Description and status
Selwyn PPC80	Rezoning approximately 98 hectares of current rural land to industrial use. <ul style="list-style-type: none"> <li>PPC80 became operative in June 2023 and provides more land for business operations.</li> </ul>
Matamata-Piako PPC58	Rezoning approximately 14ha of rural land to a General Industrial Zone. <ul style="list-style-type: none"> <li>PPC58 became operative in August 2024 and works to address shortfall of industrial land for economic development.</li> </ul>
Manawatū PPC1	Rezoning 31.36 hectares of land for the purposes of housing development. <ul style="list-style-type: none"> <li>PPC1 became operative in December 2023 with a capacity to build up to 160 homes.</li> </ul>
Nelson PPC28	Rezoning approximately 287 hectares of land for urban development. <ul style="list-style-type: none"> <li>PPC28 became operative in December 2024 with a capacity for around 750 homes.</li> <li>Note: Appeal led to zoning changes in PPC28 and LUC3 land retained rural zoning.</li> </ul>
Kaipara PPC84	Rezoning and modifying planning provisions on 218.3 hectares of land in Mangawhai. <ul style="list-style-type: none"> <li>PPC84 became operative on 21 January 2025 with a capacity for around 600 homes.</li> </ul>

It is important to note however that some PPC applications for rezoning highly productive land have been declined on the basis that they did not meet national direction requirements, including the NPS-HPL and the NPS-UD. A recent example is Western Bay of Plenty's PPC95 to rezone around 12ha from a rural to predominantly residential zone. PPC95 was declined by the council and an independent hearing commissioner due to loss of highly productive land and because the NPS-UD does not apply to the application.<sup>48</sup>

The status quo will likely continue similar trends where some urban use of HPL is successful and others are declined, subject to provisions of the NPS-HPL, NPS-UD and regional/district priorities.

<sup>48</sup>The site is not intended to be an urban environment in a statutory or non-statutory planning instrument. This decision has been appealed, ENV-2025-AKL Classic Developments Holdings Limited v Western Bay of Plenty District Council Notice of Appeal (Final).pdf (11388038v1).pdf

## Glossary

eNGOs Environmental non-governmental organisations  
 GfHG Going for Housing Growth  
 HPL Highly Productive Land  
 LUC Land Use Capability\*  
 LUCCS Land Use Capability Classification System  
 MfE Ministry for the Environment  
 MPI Ministry for Primary Industries  
 ND National Direction  
 NPS National Policy Statement  
 NPS-FM National Policy Statement for Freshwater Management  
 NPS-HPL National Policy Statement for Highly Productive Land  
 NPS-REG National Policy Statement for Renewable Energy Generation  
 NPS-UD National Policy Statement on Urban Development  
 NZLRI New Zealand Land Resource Inventory  
 PSGE post-settlement governance entities  
 RIA Regulatory Impact Analysis  
 RIS Regulatory Impact Statement  
 RM Resource Management  
 RMA or the Act Resource Management Act 1991  
 RPS Regional Policy Statement(s)  
 SAA Special Agricultural Areas

\* In the NPL-HPL: LUC 1, 2, or 3 land means land identified as Land Use Capability Class 1, 2, or 3, as mapped by the New Zealand Land Resource Inventory or by any more detailed mapping that uses the Land Use Capability classification. “The LUC Class is an assessment of the land’s capability for use, while allowing for its physical limitations, and its versatility for sustained production. There are eight classes with limitations to land use increasing, and versatility for land use decreasing, from LUC Class 1 to LUC Class 8.”

LUC Class	Arable cropping suitability*	Pastoral grazing suitability	Production forestry suitability	General suitability
1	High ↕ Low	High ↕ Low	High ↕ Low	Multiple use land
2				
3				
4				
5	Unsuitable	Low	Low	Pastoral or forestry land
6				
7				
8		Unsuitable	Unsuitable	Conservation land

*Increasing limitations to use* (left arrow)  
*Decreases use utility of land* (right arrow)

\*Includes vegetable cropping

Figure 5: Increasing limitations to use and decreasing versatility of use from LUC Class 1 to LUC class 8<sup>49</sup>.

<sup>49</sup> [An introduction to LUC » New Zealand Land Resources Portal - Manaaki Whenua - Landcare Research](#)