6th August 2025

New Zealand Infrastructure Commission Te Waihanga
Wellington
Via portal

Tēnā koutou katoa

Draft National Infrastructure Plan

Water New Zealand (Water NZ) welcomes the opportunity to submit on the Infrastructure Commission Te Waihanga's (the Commission) draft National Infrastructure Plan (the Plan) consultation.

Water NZ is a national not-for-profit organisation which promotes the sustainable management and development of New Zealand's three waters (drinking water, wastewater and stormwater). Water NZ is the country's largest water industry body, providing leadership and support in the water sector through advocacy, collaboration and professional development. Its ~3,450 members are drawn from all areas of the water management industry including regional councils and territorial authorities, consultants, suppliers, government agencies, academia and scientists.

Approach

Due to the document's length, competing consultations and our limited resources, our submission addresses only proposals relevant to the water sector, ensuring water services and infrastructure are properly recognised in the Plan.

We provide overarching suggestions and then comment against most of the recommendations.

We note that Plan considers the water and waste sector to include drinking water, wastewater, and stormwater infrastructure and services and river control and flood protection.

Overview

The Commission has prepared a thorough, detailed draft Plan. It is an important step forward for improving New Zealand's approach to infrastructure management. The Plan comprehensively captures the challenges and opportunities facing infrastructure providers, across all sectors, as well as the distinct dynamics of the various infrastructure sectors.

We generally support the Plan, and the direction of the recommendations presented. It is firm in its focus on a disciplined approach to improving planning, funding and delivery of infrastructure.

www.waternz.org.nz | T: +64 4 472 8925 | E: enquiries@waternz.org.nz

We endorse the Plan's recognition of the need to continue maintaining and renewing existing assets as well as investing in new or improved assets.

However, the Plan does not provide specific guidance regarding its implementation. We understand this is a discussion document and feedback received on the recommendations will shape advice to Government and the final Plan. The final plan and its associated advice must be prescriptive and actionable- specify actions, owners, costs, timeframes, and monitoring and reporting methods.

The Plan appears to suggest New Zealanders will continue to pay for infrastructure in three main ways: user charges, local government rates and central government taxation. Whilst we acknowledge the infrastructure shortfall and efficiency gap (amount invested versus infrastructure delivered), we have concerns that the Plan alone will be unable to address the underlying causes, infrastructure deficits, or process deficiencies.

The Commission must be bold in their independent advice and recommendations to Government about the steps they can take to investment across infrastructure portfolios.

Key messages

- The Plan must recognise water as a taonga
- The focus on robust asset management, strategic planning and investment is welcomed.
- The Plan must coordinate and integrate government reform that relates to infrastructure.
- Greater recognition and partnership with Māori will improve outcomes.
- Spatial planning will coordinate and align land use planning, infrastructure planning and investment.
- Workforce challenges require robust leadership to resolve.
- Funding improvements should come early.
- The Plans' implementation must be monitored and reported on.
- Resilience and emergency management needs more attention in the Plan.

The following comments are contextual in nature:

- Access to safe water, sanitation and hygiene is the most basic human need for health and well-being.
- The life-supporting capacity of freshwater underpins the health of people and communities, and our economy, tourism and our clean, pure, green reputation.

www.waternz.org.nz | T: +64 4 472 8925 | E: enquiries@waternz.org.nz

- New Zealand has a significant water infrastructure deficit. Significant investment is needed, without it, three waters service delivery and environmental outcomes will continue to decline.
- Spatial planning and the funding of public infrastructure provision and land development is important. Three waters major capital works are often linked to housing development and industrial growth, supports our primary and tourism industries, and underpins safe and healthy communities and environments.
- Currently new housing developments are being put on hold or land zoned "limited or no capacity" for development or are unable to get resource consent due to capacity constraints in the network or treatment plants.
- Many drinking water and wastewater treatment plants and associated networks do not have ability to support the greenfield expansion, urban infill or industrial growth due to capacity and performance constraints.
- New housing and associated commercial or industrial development will impact both reticulation and treatment capacity, and performance.
- As a consequence, housing development, including small dwellings, may experience insufficient water supply and pressure– for drinking and for firefighting - and wastewater network and treatment capacity and performance issues.
- In addition, New Zealand's stormwater systems are likely to struggle with increasing impermeability from urban development and more frequent and intense storms. New Zealand must not continue to design stormwater for a climate we had decades ago.
- Nature-based solutions (NbS) are increasingly used as alternatives to conventional engineering. By utilising natural processes, NbS help manage hazards through measures such as Making Room for Rivers, implementing water sensitive urban design, and protecting streams and wetlands.

www.waternz.org.nz | T: +64 4 472 8925 | E: enquiries@waternz.org.nz

Comments against Recommendations

1	Clear the way for infrastructure **Workforce development**: Planning and policy should be informed by infrastructure investment, asset management plans, and the New Zealand Infrastructure Commission's long-term view.

We support the focus on robust asset management and strategic planning informed by strong data.

Aotearoa New Zealand excels at building new infrastructure but struggles with maintaining and renewing current assets. Evidence shows that renewals are under-funded in both central and local government.

Deferred maintenance may contribute to future infrastructure deficits if not addressed in a timely manner. This is what happened in the water sector. Infrastructure decisions should be made using evidence and risk-based asset management rather than political or personal preferences.

Our members have concerns that, under Local Water Done Well programme the backlog of renewals needs to be addressed at the same time water service providers are moving towards financial sustainability. This may be a significant challenge for smaller councils, particularly those whose credit ratings have been recently downgraded.

Some water organisations take a prioritised approach to infrastructure investment, for example- (1) regulatory compliance, (2) renewals, (3) resilience, (4) levels of services and (5) growth.

We support the concept of 'mokopuna decisions' being made when the Commission are considering long-term infrastructure management.

In our submission[1] to the Commerce Commission's Economic Regulation of Water Services – Information Disclosure consultation we suggested several asset management indicators which included asset criticality, asset condition, achieved levels of service and risk ratings. We recommend that two Commissions' coordinate when developing a long-term asset management approach.

[1] https://www.waternz.org.nz//Article?Action=View&Article_id=3129

2	Clear the way for infrastructure **Public sector capability**: Strengthen project leadership with standardised role expectations and improved career pathways.

We agree central and local government and water service providers need to build their capability to lead and deliver [complex] infrastructure projects successfully. However, the given the extent of investment required the capacity of the wider workforce must be acknowledged and requires greater prominence and recognition. Water Services Delivery Plans (WSDPs) being prepared around the country are assuming, in some areas, a significant year on year step up in capital expenditure. Water NZ understands the Department of Internal Affairs in their comments on accepted WSDPs has asked questions about the deliverability of water service providers' respective plans.

Unlike electricians and plumbers there is no requirement for operators or people working on a water network to be trained, except by requirements a water supplier may specify under its Water Safety Plan. Under the Water Services Act 2021 an authorisation regime must be developed – Water NZ submitted in our Local Government Water Services Bill (LGWS bill) submission that this should be in place by 2028 rather than 2031 as proposed (which pushes it out by 5 years from the current legislative requirement). In the absence of such a regime it is difficult to determine competency.

Contractors and suppliers need stability. Due to economic and political uncertainty, many have folded, moved offshore, or held back on investing in equipment, while manufacturers have slowed production. There is a considerable risk, that when the pipeline of work and funding is secured there may be a shortage of capable people to do the work.

Similarly, it is hard to recruit, develop, and retain skilled people when there is significant uncertainty about the volume of civil, planning, and project management work.

It is imperative that central government consideration is given to training and recruiting enough resource, such as vocational training and immigration policy settings, so their priorities of providing funding certainty for the capital pipeline, investment in infrastructure and growing the economy can be achieved in the timely manner envisaged.

www.waternz.org.nz | T: +64 4 472 8925 | E: enquiries@waternz.org.nz

3	Establish affordable and sustainable funding **Sustainable investment**: Forward guidance is refreshed through quarterly updates to the National Infrastructure Pipeline and ongoing updates to the Infrastructure Priorities Programme and the Infrastructure Needs Analysis.

The Infrastructure Priorities Programme and the Pipeline must recognise water

The Infrastructure Priorities Programme (IPP) aims, over time, to give central government decision-makers the information needed to confidently prioritise large projects.

Water NZ are concerned that the National Infrastructure Pipeline (the Pipeline) and the IPP do not fully represent water sector, especially ongoing maintenance and renewal projects. The IPP is open to regionally and nationally significant projects, not local projects. The $50 million and $100 million gateways mean that councils do not submit their routine lifecycle operations work. The Pipeline in the Plan only includes metro-council's new capex projects. Apart from Gore District's early-stage stormwater separation project, no other small councils are included.

The nation's flood protection schemes

The Plan's definition of water services including river control and flood protection is the only mention of flood protection infrastructure in the Plan. This is disappointing. (Noting some HBRC flood scheme projects are included in the Pipeline.)

We suggest the definition of flood protection is expanded to differentiate stormwater and river control and flood protection schemes, including their flow and rain gauge monitoring network. Local councils manage the primary and secondary stormwater systems while regional councils manage the flood protection systems, with different funding and regulation arrangements. There are some exceptions with Unitary Authorities managing both stormwater and flood protection. Each region manages their own flood protection schemes based on available resources and priorities, though at various points in time government funding has been received.

Crown-owned and related assets (rail, state highways, communication and electricity transmission, hospitals and education facilities) all receive flood protection at a cost to regional and targeted local ratepayers, with little contribution from the Crown. The benefits of protection to central government assets vastly exceed their costs.

Regional councils' current annual maintenance and capital investments in flood protection schemes total close to $200 million. However, the estimated annual capital cost of building further resilience into flood protection schemes would be at least $150m beyond their current budgets. Communities are struggling to pay for the maintenance of current flood protection

www.waternz.org.nz | T: +64 4 472 8925 | E: enquiries@waternz.org.nz

infrastructure: meeting future flood service levels with more frequent and higher magnitude weather events is beyond the reasonable capacity of ratepayers alone. Regional councils have frequently requested co-investment from central government of approximately $150m per annum to support programmed investment from regional councils.

Water NZ recommend the Plan is clear on the protection service level communities expect, and the level of central government investment required.

4	Clear the way for infrastructure **Consumer protection:** All infrastructure providers, regardless of sector have clear and well-understood transparency and accountability mechanisms that ensure that consumer interests are protected.

Focusing on water service providers, we suggest the Plan is aligned with the consumer protection (information disclosure and regulatory control periods) the Commerce Commission will apply under the Commerce Act's economic regulatory regime for water services.

6	Establish affordable and sustainable funding **Funding pathways:** Funding tools are matched to asset type (user-pays for network infrastructure, commercial self-funding for economic-development assets, and tax funding for social infrastructure) to keep the overall capital envelope affordable. User-pricing principles are applied across all network sectors so user charges fully fund investment, guide efficient use of networks and distribute the benefits of network provision.

Prices should encourage efficient and appropriate use

We support the recommendation that users or direct beneficiaries pay the full cost of network infrastructure. User revenues should cover the full whole-of-life cost to provide infrastructure services including build, maintain, and operate assets. We suggest this is supported by work to signal externalities customers are unaware of currently- the true costs of collection, treating and delivering drinking water and collecting, treating and disposing of wastewater.

Water NZ acknowledges the economic regulation of the water sector is being developed in parallel to this Plan. Initially this will focus on Information Disclosure (Watercare Services will also be subject to price quality control). There will be a need for water services providers to improve, or likely implement new pricing practices, including both fixed and volumetric charges for the provision of water and wastewater services, and revise infrastructure growth charges (for Watercare Services in Auckland) or development contributions charged elsewhere in New Zealand.

These improved or new pricing practices should incentivise conservation and leak reduction. They will also help councils understand the network, demand management and defer the need for expensive capital upgrades. Water efficiency including reuse, conservation, and demand management should be given greater prominence in the Plan.

The Plan should reflect the Government's intention under the Going for Housing Growth programme to replace development contributions with a development levy system. Shifting to development levies will provide water council-controlled organisations, with increased flexibility to charge developers for the overall cost to build the infrastructure needed to support housing and urban development.

Future charges for stormwater

The LGWS Bill allows water organisations to charge for stormwater services, alongside water supply and wastewater services. Economic regulation for water services will initially apply to drinking water and wastewater services only. There is provision for stormwater services to be designated as subject to the economic regulation regime.

Stormwater networks are more complex than drinking water or wastewater systems, with most comprising a piped network as well as above-ground 'green infrastructure'. There are greater public goods from stormwater services than received by connected properties alone. Urban stormwater systems drain rainfall runoff to avoid nuisance flooding and consequential damage to public and private property, assets and livelihoods. Traditional piped stormwater networks efficiently receive and transport a cocktail of contaminants from surrounding land uses (e.g. multiple industries, human activities, roads) to an aquatic receiving environment.

Future design for the charging of stormwater services must take account of these nuances and be consistent with key **findings of the Commission's research on stormwater pricing**[2]**.**

7	Clear the way for infrastructure **Spatial planning**: Under the new resource management system, spatial planning informs and is informed by infrastructure investment and asset management planning and the New Zealand Infrastructure Commission's independent view of long-term needs.

Water New Zealand acknowledge and **support** the strong references to spatial planning. The Plan should be informed by spatial planning.

Waters services major capital works are often linked to housing development and industrial growth, underpinning safe and healthy communities and environments. Spatial planning is a

[2] https://tewaihanga.govt.nz/our-work/research-insights/stormwater-pricing-study

core tool for aligning, integrating and coordinating land use planning and infrastructure planning and capital investment.

Under the anticipated resource management replacement legislation, requirements for both national and regional spatial plans will improve the alignment, integration and coordination of land use planning with infrastructure planning and investment.

Water NZ suggest that water service providers (now and the future) should be mandated to be active participants in regional spatial and land use planning.

8	Clear the way for infrastructure **Maximising use:** Land-use policies enable new and existing infrastructure to be used by as many people as possible.

Water NZ appreciates the sentiment behind "maximising use". However, land use policies must improve the management of natural hazard risk. This means avoiding infrastructure development in high hazard areas.

The recent proposed National Policy Statement for Natural Hazards will not apply to infrastructure (or primary production) [and apply only to new development]. Water NZ find this extraordinary.

There are cost and safety implications for infrastructure providers to service housing in hazard areas. New development should not be permitted when it requires the continuing operation or problematic placement of water services infrastructure that traverses, is located or operates in a high-risk area.

Avoiding new development and supporting infrastructure in high-risk areas is the cheapest and most effective method for saving lives and livelihoods. Land use planning regulations and decisions must take into account routine activities, such as infrastructure operations and maintenance.

Decision makers to apply a risk-based, mokopuna approach to development in hazard-prone areas, using long-term climate and hazard data.

www.waternz.org.nz | T: +64 4 472 8925 | E: enquiries@waternz.org.nz

9	Clear the way for infrastructure **An enabling environment:** The resource management system enables infrastructure with national and regional benefits, while managing interactions with surrounding land uses and negative impacts on the natural environment.

A healthy environment is an essential underpinning of our aspirations for growth and development. New Zealanders show strong concern for environmental quality, favouring approaches that improve rather than degrade the environment (box 11).

Water NZ has made submissions on Water Services Authority - Taumata Arowai's proposed national Wastewater Environmental Performance Standards[3] and while recognising the desire to reduce the cost of consenting, is concerned they are a step backwards in terms of protecting the environment, public health and cultural values.

Infrastructure provision must balance environmental impacts. Importantly, infrastructure provision must comply with the purpose and principles of the RMA, including its purpose of achieving sustainable management of natural and physical resources. As such, infrastructure must be reconsidered if the adverse effects are irreversible.

The discussion document touches on resource management legislation needing to maintain social license to build and operate infrastructure. We recommend that the Plan place more emphasis on infrastructure provision that aligns with community values, environmental protection, and te Tiriti obligations regarding Māori rights and interests in water.

Water NZ acknowledges that ensuring the integration between the Plan and concurrent statutory reform programmes is not straightforward. Nevertheless, it is important. To that end, we recommend integration and cohesion of the Plan and new resource management legislation later this Parliamentary term.

11	Establish affordable and sustainable funding **Needs based government investment:** Fiscal strategy is informed by infrastructure investment and asset management planning and the New Zealand Infrastructure Commission's independent view of long-term needs.
12	Start with maintenance **Asset management and investment planning**: Central government agencies are legislatively required to prepare and publish long-term asset management and investment plans.

We support both these recommendations to get better long-term asset management and investment planning in central government infrastructure agencies.

[3] https://korero.taumataarowai.govt.nz/regulatory/wastewater-standards/

A core competency of any capital-intensive central government agency should be the ability to produce integrated long-term plans that provide a detailed view on assets and current and future demands across their networks.

Central government sets disclosure requirements for local government and commercial entities, but not for themselves. We recommend all central government infrastructure asset management, multi-year investment planning, fiscal forecasting, and business case development undergo a level of scrutiny comparable to that required of local government assets and financial planning under the Local Government Act. Additionally, we note that certain public infrastructure sector's—such as telecommunications, energy (electricity and gas), and airports—asset and financial planning are subject to regulatory oversight by the Commerce Commission.

We consider requiring transparent, multi-year infrastructure investment and asset management plans, and supply and procurement arrangements will give certainty and confidence to the contracting and consulting engineering sector. This would then improve the sector's ability to invest in the people, equipment and technology needed to deliver infrastructure.

14	Right-size new investment **Investment readiness assessment**: All Crown-funded infrastructure proposals pass through a transparent, independent readiness assessment before funding.
15	Right-size new investment **Project transparency:** All business cases, Budget submissions, and advice on central government infrastructure investments are published.

We support the requirement that all investment proposals received by central government agencies and or submitted for Budget funding are supported by robust business cases.

We also support the agency making business cases, Budget submissions and advice (but not limited to) must be published and publicly accessible, free of charge as soon as practicable.

As indicated earlier, the LGWS Bill incorporates green infrastructure into the definition of stormwater. Therefore, business cases for developing green infrastructure, water-sensitive design, nature-based solutions, and Making Room for Rivers / Space for Water programmes should be given same weight of consideration as those for traditional, hard infrastructure solutions.

www.waternz.org.nz | T: +64 4 472 8925 | E: enquiries@waternz.org.nz

17	Right-size new investment **Learning from projects:** Post-completion information on actual project costs, delivery dates and benefits are provided and published in a standard format, enabling comparisons to what was expected when funded.

Water NZ support requiring central government agencies, local governments, and other infrastructure providers to regularly submit project information – to the Commission- including business case cost estimates, actual delivery costs, delivery target date, actual delivery date, business case forecasts of benefits, and actual realised benefits.

Conducting post project reviews is a crucial component of effective project management. Analysing a project's performance and identifying lessons learned, is essential for continuous improvement and allow for more informed future decisions.

Other comments, not directly relatable to the Recommendations

Greater recognition and partnership with Māori will improve outcomes.

Under the proposed resource management reforms there is substantially more opportunity for iwi (via Māori trusts and incorporations) to operate in infrastructure, including water services, landfills and renewable energy initiatives, and an ability to do so as operators or in partnership. However, the Plan does not address the role of iwi in infrastructure, including consideration of tangata whenua values, mātauranga Māori-led approaches, or Māori expertise and capacity required to design, deliver, evaluate, and establish effective partnerships.

The infrastructure needs of Māori communities is notably absent.

In recent years, additional to emergency responses, the recovery actions delivered by iwi Māori for their marae, trusts, incorporations and whānau resilience have been the most effective and rapid responses of any agency or organisation. This includes solar pumps, water treatment stations and multiple water tanks. The resilience in equipment and facilities benefits all people in their rohe. Should this decentralised infrastructure and resiliency be taken into consideration in the Plan?

Projects developed in collaboration with iwi, using mātauranga Māori, can result in better outcomes not only for the environment but also for quality design that delivers for local communities. The Otiria–Moerewa Flood Mitigation Project , a collaborative partnership, between Northland Regional Council and Ngāti Hine Iwi, Ngati Kopaki and Ngati Te Ara, worked with iwi and whanua to restore the natural flood flow of the awa – restoring te Mana o te Wai- whilst substantially reducing the flood risk to the townships.

The infrastructure sector needs certainty and consistency of reforms and political changes. We suggest recommendation 13 also consider stability of central government policy.

The stop-starting between election cycles, the flip-flopping of repeal and reforms and frequently chopping and changing in policy destroys confidence, leads to vacancies, disrupts investment and contributes to a backlog of investment in the water sector.

Water NZ conducts a 6-monthly sector confidence "pulse' survey. Our results from March 2025, showed a continued deterioration in business conditions with 46 percent of respondents reporting either some or significant deterioration in business conditions in the last six months. Overall, the outlook in the sector remained very subdued and more respondents reported feeling pessimistic than optimistic about the future - only 31 percent felt optimistic or fairly optimistic.

The major call from the sector was for more certainty – political certainty, regulatory certainty and funding certainty. Visibility of the Pipeline was identified as ranking high on the factors that would make a positive

Infrastructure needs to become more resilient because risks are intensifying

The scale of resilience takes many forms; the knowledge, asset, process, individual, organisational, and community level. Resilience isn't just about natural hazard risk. Infrastructure is subject to a range of vulnerabilities – hazards, attacks, human error and disruptions which have economic, operational, and security consequences.

We request part 7.3.6 makes reference to the other risks facing the water sector.

Currently, the infrastructure sector does not have consistent measures of resilience, e.g. redundancy, flexibility and diversification. The historic under investment in water infrastructure manifests as vulnerabilities; no back-up plans in the event of failure or compromise, need to build redundancy into the networks, or lack of flexibility to meet changes in supply or demand.

We suggest centrally determined minimum resilience standards which provide for local variation are likely to be necessary in measuring infrastructure resilience across sectors, and spatially and temporally.

Facilitating cooperation and information sharing for mutual benefit

Aotearoa New Zealand should avoid siloed, reactive emergency management.

We reject the claim that *sharing information and working together can impose costs on infrastructure providers*. Creating understanding, sharing information and coordination through

www.waternz.org.nz | T: +64 4 472 8925 | E: enquiries@waternz.org.nz

spatial planning and emergency preparedness has been proven to save time and money in making prudent and informed decisions.

This is especially true of proactive emergency management and adaptation planning. Disaster driven responses can be inefficient or maladaptive. Having long-term relocation plans for towns and cities is smart. For example, the Buller District Council's Master Plan does not call for an immediate move or abandonment of Westport. Instead, it outlines a long-term strategy to relocate the flood-prone town, directing growth and infrastructure development in a pre-determined area with a low risk of hazard exposure.

Having such plans in place, building strong multi-agency relationships, understanding, and testing of response arrangements, ahead of an emergency, has been shown to result in a more coordinated and efficient responses and recovery.

Conclusion

Water NZ thank the Infrastructure Commission - Te Waihanga for the opportunity to provide comments and suggestions to progress the National Infrastructure Plan.

While we support the Plan's overarching direction, there are clear areas that require further development to ensure that the Plan can provide the stable and effective approach to infrastructure provision that New Zealand critically needs.

If you have any queries in relation to this submission, please contact [redacted]

Ngā mihi nui

[redacted]

[redacted]
Chief Executive