



6 August 2025

Te Waihanga the New Zealand Infrastructure Commission
Level 7, the Todd Building
95 Customhouse Quay
Wellington 6011

Dear members of the New Zealand Infrastructure Commission

Submission from the Manawatū District Council on the Draft National Infrastructure Plan

The Manawatū District Council (MDC) thanks the New Zealand Infrastructure Commission (“the Commission”) for the opportunity to submit on the draft National Infrastructure Plan (the “draft Plan”). MDC generally supports the draft Plan, but wishes to raise a few points for the Commission’s consideration.

MDC also supports the submissions prepared by Taituarā Local Government Professionals Aotearoa and Te Utanganui Central New Zealand Distribution Hub.

MDC agrees with the Commission’s assertion that our small population and challenging landscape makes it challenging for us to build, maintain and operate affordable infrastructure. However, as drafted, we do not consider that the draft Plan (especially section 1.2, page 20) gives adequate recognition to New Zealand’s natural hazard risk exposure and the need to ensure that infrastructure is resilient to the impacts of earthquakes and extreme weather events.

MDC is forecasting an increased frequency of extreme weather events as a result of climate change, and expects that this will contribute to rising costs for repairing damaged infrastructure, Civil Defence and emergency management response to events, and community assistance. Over the period from 2016/17 to 2021/22, Council spent a total of \$9,285,041 on emergency works. In the 2022/23 financial year, Council spent a total of \$3,475,605 on emergency works relating to Cyclones Hale and Gabrielle, and lodged a claim for \$9,775,000 with NZTA for the loss of three bridges. To build more financial resilience, MDC has set aside a resilience reserve fund as well as ensuring its net debt is at least \$5 million below the debt limit to allow for emergency funding if required.

About the Manawatū District

The Manawatū District covers an area of 256,300 hectares and stretches from Rangiwahia in the north, to Himatangi Beach and Palmerston North City in the south. The western boundary of the District follows the Rangitīkei River and the eastern boundary is the Ruahine Ranges. An estimated 33,700 people live in our District (March 2024), with 52% of our residents living in Feilding.

The Manawatū District is uniquely placed in its central location as the gateway to four other regions: Hawke’s Bay, Wairarapa, Rangitīkei and Horowhenua. This central location gives the District strategic economic advantages. With easy access to four seaports, seven airports and

major Defence Force bases, it is an accessible and centralised cargo, transport, and business hub for the lower North Island and the country.

The main trunk railway, which passes through Feilding, enhances the potential for connectivity, particularly for freight. Primary industry (agriculture and forestry) comprises our biggest economic sector, making up nearly 18% of District GDP. Manufacturing and Defence (primarily the Royal New Zealand Airforce Base Ōhakea) also contributes strongly to the local economy.

The Linton Military Camp is New Zealand's largest army base, with over 2,000 personnel, many of whom live in the Manawatū District. RNZAF Base Ōhakea has 1,200 personnel, many of whom are required to live within 20 minutes of the base for short notice deployment in times of emergency. This includes Squadron 5, the P8 Airborne Surveillance and Maritime Patrol, and Squadron 3 the helicopter division. Many of these personnel live in the Manawatū District and require direct and reliable roading routes to get to base within this timeframe.

Council's strategic infrastructure goal, as set out in our Long-term Plan 2024-34 is *"to provide the Manawatū community with resilient infrastructure in a cost-effective way, meeting both current needs and future growth and demand."*

The four focus areas

MDC generally supports the four focus areas outlined in the draft Plan. In particular, we support the focus on maintenance and renewal of existing infrastructure. MDC also strongly supports the idea of cross-party agreements and commitments to ensure infrastructure decisions are guided by long-term national priorities rather than short-term political agendas.

Establishing Affordable and sustainable funding

Funding Pathways

While MDC generally supports the recommendation that funding tools are matched to asset type, we consider the expectation that user charges fully fund investment in network infrastructure to be overly optimistic. This is particularly true for rural and provincial areas that have small populations dispersed over large land areas.

MDC agrees with the submission by Taituarā that network infrastructure is rarely funded from a single source and that there are instances where the collection of a per-use charge is uneconomic and not the best available solution. For example, MDC harmonises stormwater rates across the District as a means of keeping stormwater network upgrades in our rural villages affordable.

MDC agrees with Taituarā that Councils are required by section 101(3) of the Local Government Act 2002 to consider wider policy goals than just economics when determining how to fund activities of Council. For example, urban stormwater in the Manawatū District is 80% funded through a uniform targeted rate, and 20% through general rates, while the Makino Aquatic Centre is 80-85% funded through uniform targeted rates and 15-20% through user fees and charges (admission, hireage, classes).

MDC also supports Taituarā's request that the Commission consider how development levies fit within this funding tool framework.

Council makes use of a range of local government funding tools and manages cost pressures through the use of shared service agreements, consolidated purchasing, and joint

procurements. Even with these tools, the reliance on rates as the primary source of funding for local government is considered to be unsustainable in the long-term. Inflation, increasing interest rates and rising delivery costs for infrastructure projects are all contributing to affordability concerns.

Decisions sought:

1. MDC recommends that the first recommendation under “Establish affordable and sustainable funding” be amended to acknowledge that it is not always affordable or appropriate for user charges to fully fund network infrastructure. Suggested wording is as follows:

Funding pathways: When determining the most appropriate funding tools for infrastructure, consideration must be given to asset type and affordability – with priority given to 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 where appropriate, guide efficient use of networks, and distribute the benefits of network provision.

2. That the Commission consider how development levies fit within this funding tool framework.

Transport System Reform

MDC agrees that the current system of road funding is financially unsustainable. MDC agrees with Taituarā’s submission that any shift in land transport funding from tax to user charges creates ‘winners and losers’ and therefore “*recommendations around user pays need to be tempered with some discussion pointing out the need to identify both a transition path and plan for addressing the social policy implications of a shift from tax to user charges.*”

MDC emphasises the need for transparency around proposed funding at project outset. MDC did not support the tolling proposed for Te Ahu a Turanga Manawatū-Tararua Highway. Reasons for our opposition included the retrospective nature of the proposed tolls (tolling did not form part of the original business case), as well as the potential impact of the proposed tolling on the condition of the alternative route (Saddle Road).

While MDC supports in principle the tolling of future new State Highways, this support is contingent on the following:

1. The tolling forms part of the business case at the outset of the project.
2. The toll imposed does not create a financial burden for those communities served by the road. MDC recommends that the toll charge should be in line with existing tolls in the northern part of New Zealand, that is, no more than \$2.10 - \$2.60 for light vehicles and \$5.20 - \$5.60 per trip for heavy vehicles (3,500kg and over).
3. Councils are provided with a portion of the toll revenue to cover the maintenance of those local roads that are alternative routes to the toll road, including those that were originally State Highways.

4. That once toll revenue has covered the cost of the road, that any future revenue be invested by NZTA into other key transportation projects within the region from which it was collected.

When making decisions around the possible tolling of new roads the New Zealand Transport Agency (NZTA) care needs to be taken to ensure that the cost of the toll to road users is not such that toll road becomes unattractive to users. Such considerations are highly relevant to the Manawatū Freight Ring Road project. If tolling makes the new route unattractive, heavy freight will continue to utilise alternative routes which are not been designed to accommodate the increase traffic volumes or weight of vehicles. The increased cost to maintain road pavement and repair degradation on alternative routes is ultimately borne by ratepayers.

Decisions sought:

3. That the draft Plan be amended to acknowledge that any shift in land transport funding from tax to user charges creates ‘winners and losers,’ and therefore any funding recommendation must identify both a transition path and plan for addressing the social policy implications of this change.
4. That the Commission require that the proposed funding for new roading be made transparent by requiring this to be disclosed as part of the project business case, not imposed retrospectively.

Clear the way for infrastructure

Spatial Planning

MDC supports Taituarā’s call for the completion of the statutory and policy framework for climate adaptation, alongside the discussion of land-use planning and spatial planning.

Decision sought:

5. That the Commission supports Taituarā’s recommendation that the recommendations in the infrastructure chapter of the draft Plan be amended to include more discussion of needs, business cases, land-use planning and spatial planning.

Start with Maintenance

Asset Management and Investment Planning

MDC agrees with the statement contained in the submission by Taituarā that “*Central government should place itself under the same requirements that it places on others when it comes to asset management and investment planning.*”

Decision sought:

6. That the Commission support the suggestion by Taituarā that Section 52 of the Public Service Act 2020 be strengthened to more directly refer to asset management.

Right-size new investment

Risk Management

MDC agrees with Taituarā’s recommendation that the insurance of assets be included in its recommendation regarding risk management.

MDC’s Long-term Plan 2024-34 forecasted insurance costs to increase by 32% in year 1 of the LTP, based on advice from our insurance provider. Insurance claims from damages associated

with extreme weather are likely to rise as the incidence of these events increases in the future. Given the rising cost of insurance, Council made the decision as part of the Long-term Plan 2024-34 to build a self-insurance reserve to reduce reliance on external insurance providers.

Decision sought:

7. That the Commission include the insurance of assets in its recommendation regarding risk management.

National Infrastructure Pipeline Infrastructure initiatives

MDC supports the intention of the draft Plan to endorse nationally important infrastructure projects through the Infrastructure Priorities Programme (IPP). We understand that those proposals listed in the draft Plan are those that received endorsement during the first IPP round.

MDC agrees with the submission by Te Utanganui Central New Zealand Distribution Hub that while the draft National Infrastructure Plan sets a strong direction, it is currently light on freight and logistics - areas critical to New Zealand's future prosperity and resilience.

MDC strongly supports the following three proposals within the Manawatū-Whanganui Region that have received endorsement by the Commission:

- The Manawatū Regional Freight Ring Road (Palmerston North City Council)
- Accommodation, Messing and Dining Modernisation Linton Project (New Zealand Defence Force)
- Ōhakea Infrastructure Programme Remaining Tranches (New Zealand Defence Force).

The Ring Road project is essential to enabling Te Utanganui, the Central New Zealand Distribution Hub. Te Utanganui includes KiwiRail's Regional Freight Hub, Te Ahu a Turanga Manawatū Tararua Highway, the Palmerston North Integrated Transport Initiative – Regional Freight Ring Road, and the Ōtaki to north of Levin expressway. Collectively, these projects will connect central New Zealand to the capital, and enable the movement of goods, people, and defence capability.¹ Te Utanganui is expected to generate employment and to encourage more distribution companies to the region, further boosting employment and economic growth. These investments are also expected to result in increased freight movements and to alter commuter patterns between Feilding and Palmerston North.

As outlined in the submission by Te Utanganui, Central New Zealand Distribution Hub, the Ring Road is essential for addressing congestion and safety challenges caused by high freight volumes in the region, and enhancing connectivity across the lower North Island. Expected growth in freight movements as a result of Te Utanganui will place increased pressure on MDC's local roading network.

MDC wishes to emphasise the infrastructure linkages between the Linton and Ōhakea Defence projects and the Manawatū Regional Freight Ring Road (the "Ring Road"). As noted in the submission by Te Utanganui Central New Zealand Distribution Hub, the Ring Road will directly

¹ (Te Utanganui, 2025)

benefit the Defence Force projects at Linton and Ōhakea by improving access and enhancing connectivity.

We understand that the IPP endorsement for the Ring Road only covers Stage 1 at this point and that the proposal is still in the scoping and problem solving stage. The scoping and design of the Ring Road needs to recognise the maintenance pressure that will be placed on it as a result of:

- commuter traffic to Palmerston North from Whanganui, Woodville, Feilding, Levin etc.;
- freight distribution from the wet industries of Feilding and the North East Industrial Area in Palmerston North to the proposed KiwiRail Distribution Hub; and
- growth and development as a result of Defence Force expansion at Linton and Ōhakea.

MDC endorses the request by Te Utanganui Central New Zealand Distribution Hub that the Commission consider prioritising KiwiRail's Central North Island Freight Hub in the next tranche of proposals included in the Infrastructure Priorities Programme. As outlined in their submission, this hub is a critical part of the Te Utanganui network and aligns with the Plan's goals for efficient, low-emissions freight infrastructure.

Decisions sought:

8. That the draft Plan retain the following three proposals as IPP endorsed proposals:
 - The Manawatū Regional Freight Ring Road (Palmerston North City Council)
 - Accommodation, Messing and Dining Modernisation Linton Project (New Zealand Defence Force)
 - Ōhakea Infrastructure Programme Remaining Tranches (New Zealand Defence Force).
9. That the IPP endorsement for the Manawatū Regional Freight Ring proposal is extended through to construction.
10. That the KiwiRail's Central North Island Freight Hub be included in the next tranche of proposals included in the Infrastructure Priorities Programme.

Royal New Zealand Air Force (RNZAF) Base Ōhakea Infrastructure Programme (remaining tranches)

MDC supports the Royal New Zealand Air Force (RNZAF) Base Ōhakea Infrastructure Programme, particularly in recognition of the contribution that this development will make to economic development by attracting new families to the Manawatū District. MDC has been working in partnership with NZTA and RNZAF to manage impacts on roading, wastewater reticulation and treatment that result from this expansion.

Expanding Fibre Broadband Coverage

Approximately 60% of the Manawatū District has high speed fibre. A large section of our rural areas still relies on wireless internet. Equitable access to high-speed broadband is essential for full participation in modern society. Limited connectivity undermines access to remote learning, telehealth and online health services, employment, and government services. It constrains economic development, particularly for small businesses, remote workers, and rural industries such as agriculture. Without reliable broadband, communities face greater risk

of social isolation and are excluded from vital information and civic engagement. Ensuring universal digital access is therefore critical to reducing inequality and enabling social and economic inclusion across New Zealand.

MDC generally supports the roll-out of Ultra-Fast broadband (fibre) by Chorus Limited. Our support is out of recognition that this increased broadband coverage will benefit rural-residential areas in the Manawatū District that currently do not have access. However, central government support for this proposal should not come at the expense of other Wireless Internet Service Providers (WISPs) and the contribution that they make to a digitally inclusive New Zealand. For example, Inspire Net has rolled out fibre in parts of Feilding cheaper and faster than Chorus were able to do.

Thank you again for the opportunity to submit on this draft Plan. This submission does not contain any private or confidential information.

Yours sincerely

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References

Te Utanganui. (2025, July 22). *Manawatu projects play a central part in New Zealand's future infrastructure strategy*. Retrieved from Te Utanganui:
<https://www.teutanganui.co.nz/updates/manawatu-projects-play-a-central-part-in-te-utanganui-strategy>