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SUBMISISON ON DRAFT INFRASTRUCTURE PLAN

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Submitter:

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Submission on National Infrastructure Plan

Te Kaunihera o Te Awa Kairangi ki Uta - Upper Hutt City Council (Council) appreciates the opportunity to submit on the Draft National Infrastructure Plan (the Plan).

Upper Hutt City Council is one of the city districts that make up part of the Greater Wellington Region. We are a Tier 1 Council under the National Policy Statement for Urban Development and currently account for 8% of the total population within the region. As such we are responsible for a range of functions including the provision of infrastructure and the development of District Plans that manage growth.

General Comments

Upper Hutt City Council (Council) is generally supportive of the Plan and in particular the recognition of fiscal constraints and household affordability.

Council acknowledges Central Government's emphasis on returning to core priorities, and notes that this aligns closely with the approach already being taken by most Councils across New Zealand. As an example, through its Long Term Plan, Council has proactively adopted a back-to-basics strategy, focusing on core activities and managing costs responsibly.

Council strongly supports the proposal that any responsiveness requirements in the new system incorporate the direction for 'growth to pay for growth'.

We can find common ground

Council agrees that maintenance and renewals, and rising costs associated with these activities, is one of the biggest challenges for infrastructure investment and recognises that infrastructure needs to adapt to changing demands.

As such, Council generally supports the view that there should be a consistent approach to infrastructure investment while retaining flexibility for the projects to change over time. However, this flexibility also needs to be applied in a way that ensures that specific local circumstances can also be taken into account.

Council also supports the view in the Plan that growth does not always happen where we expect it to, and notes that we have raised this issue in our submission on the Going for Housing Growth package as part of

Resource Management Reform. In our submission on Going for Housing Growth Council supports the requirements to account for cumulative growth in any infrastructure assessment as a key consideration when enabling large scale urban development.

The 'death by a thousand cuts' of infrastructure capacity, is a key concern surrounding existing infrastructure, particularly in a constrained funding environment. It is crucial that infrastructure capacity remains available for permitted infill (intensification) growth within existing urban areas alongside large greenfield sites.

Infill impacts on infrastructure are often more difficult to manage as they are incremental, and the sites do not have space to provide onsite solutions. It is noted that currently, the only "growth pays for growth" option for this type of development is the use of Development Contributions to fund upgrades to public infrastructure.

Therefore, Council is generally supportive of proposals to shift to development levies that will increase flexibility to charge developers for the overall cost of growth infrastructure; however, this support is dependent on the exact provisions proposed.

Council notes the pace and scale of legislative change currently underway and recommends that these changes be considered holistically. This will help ensure consistency across legislative frameworks and documents, and provide a clear process for resolving any conflicts that may arise.

Council supports the recognition in the Plan that Central Government:

- Is New Zealand's largest owner and funder of infrastructure and it sets the 'rules of the game' for other sectors.
- Accounts for 40% of our total stock of infrastructure and almost half of all infrastructure investment each year.
- Sets up oversight and accountability mechanisms for local government and commercial entities, for instance by tasking the Commerce Commission with regulation of monopoly infrastructure providers" and
- "does not always live by its own rules".

Council is concerned that costs associated with some of this regulatory oversight, for example, through the Commerce Commission and Taumata Arowai is having to be administered by Territorial Authorities. This is not something that Councils have been provided with resources to support and is an additional rate that is placed on our communities through our rates bills but not driven by Councils.

In considering funding mechanisms, Council must balance the desire for enhanced services with the affordability challenges experienced by ratepayers, ensuring that any approach remains equitable and sustainable. This approach also needs to be applied to infrastructure implemented by Central Government and that they should demonstrate financial prudence in the same way that local authorities have to demonstrate cost-effectiveness in meeting the infrastructure needs of communities..

Council acknowledges that while 'nice to haves', whatever they may be, may be more appropriately funded through a user-pays approach, it is important to recognise the financial pressures already facing our community. Many ratepayers are struggling to keep up with cost of living increases and introducing additional charges for what might be considered discretionary, but nonetheless important, services risks placing further strain on household budgets.

Council recognises that keeping our existing assets going is among the most important tasks before us to ensure that access to services will not be lost or levels of service decline. Within this LTP period Council will require \$2.092bn to renew its assets and maintain agreed levels of service. Council identifies four themes to achieve this which are to develop an optimised renewals programme, improve resilience, manage critical assets and improve asset data knowledge.

Uncertainty of funding is an issue, and it is important that the National Infrastructure Plan recognises this need. It is also important to acknowledge that investment in maintenance and renewals should not be over investment in new infrastructure to support growth, in many cases this is not an either/or situation.

We submit that the Plan should clearly signal to Central Government that funding and funding allocation must provide certainty to Local Government, regardless of who is in power, so that it allows sound and long term investment in constructing, maintaining and operating core assets.

From Strategy to Plan

Infrastructure priorities

Council notes that the Infrastructure Commission has now accepted applications for two rounds of the Infrastructure Priorities Programme and will provide a 'menu' of proposals and projects that will meet New Zealand's strategic objectives, represent good value for money and can be delivered.

We note that the priority pipeline includes Te Marua Lakes project in Wellington. This project increases water supply to the wider Wellington region and is critical to support growth. It is concerning that the Seaview Wastewater Treatment plant, which captures and treats

wastewater from the Hutt Valley is not included in the same list, as the two assets are intrinsically linked, water demand increases due to growth, then wastewater flow increases.

We submit that the Seaview Wastewater Treatment Plant must be added to the IPP program as an endorsed project

Council would also like to take this opportunity to request the inclusion of the Silverstream Bridge replacement in the Infrastructure Priorities Programme.

Increased traffic at the southern end of the city exceeds the capacity of the road network during peak hours and is causing significant delays on intersections our arterial routes. The bridge also lacks capacity to meet the 100-year flood requirements.

These roads and the bridge form a key gateway to the city from the south and upgrades are required to boost the city's resilience and support growth.

Establish Sustainable Investment

Council supports the commitment to establishing sustainable investment and acknowledges that increased investment is essential to meet future demands. While the Plan notes that the infrastructure funding mix will evolve over time, it is important to recognise that those currently facing cost-of-living pressures and struggling to pay rates may also be impacted by user-pays models.

A balanced approach is needed to ensure that changes to funding mechanisms do not unintentionally increase transport disadvantage, and that the needs of the community continue to be supported equitably.

Council notes that limited funding makes it challenging to address existing infrastructure deficits. It is also unclear whether current planning fully reflects the significant growth projected, such as the need to accommodate an additional 200,000 people in the Wellington Region, which will require substantial new infrastructure and place increased pressure on existing assets.

Council supports the intent to improve modelling to better understand infrastructure investment needs at a regional level. As a contributor to the Wellington Region Future Development Strategy, Council recommends that future infrastructure planning and funding frameworks build on this work. Modelling must incorporate regional growth projections to ensure both new and existing infrastructure can meet the demands of expanding communities.

Council further recommends that this work be undertaken collaboratively with local authorities to ensure alignment with regional priorities and community need.

Council is unclear on what basis the National Infrastructure Plan considers that water and roading investment will ease following 25 years of catch up.

While Council supports the Plan's emphasis on maintaining existing assets, it is concerned that current central government funding decision, particularly in the roading sector, are diverting resources away from essential maintenance and toward other projects. This shift is contributing to the accelerated degradation of roading infrastructure.

Council recommends that central government re-evaluate its funding allocations to ensure that asset maintenance is adequately resourced alongside new infrastructure developments to support growth. A sustained focus on maintaining core infrastructure is critical to preserving service levels, avoiding costly future repairs, and supporting long-term resilience

Council further supports the need to increase the workforce and better workforce capability to deliver infrastructure improvements. It was noted through the Natural Resources Plan hearings process that to achieve the level of infrastructure investment needed to support growth and achieve environmental performance standards that this would need a step change in the workforce.

Set up infrastructure for success

Governance and Accountability

Council supports the need for strong governance, transparency, and greater central government accountability. However, it has concerns about the following text from the National Infrastructure Plan:

“Economic regulation can also work well for local government. Unlike commercial entities, councils do not have a profit motive, but they are expected to pay for investment using their own revenue streams and can make their own decisions about investment. Where policy settings remain stable, the Commerce Commission's oversight can be effective. The Commerce Commission will soon administer economic regulation of local government water and wastewater services, complementing the role of Taumata Arowai in regulating for safe drinking water. Stormwater could also be added in future by Order in Council. Other tools can support the accountability of local government. For instance, performance benchmarking being developed by the Department of Internal Affairs has similarities to information disclosure. Such a tool would allow ratepayers to compare the performance of their council to others. Accountability is similarly supported through existing audit provisions under the Local Government Act 2002. However, expectations for accountability can be challenged by frequent changes to central government policy settings, like freshwater policy, housing, water services and resource management, among others.”

Council considers the requirement for territorial authorities to collect additional rates to fund the Commerce Commission's regulation of water and wastewater services to be inappropriate. This places an undue burden on Council resource, resources that are already part-funded by the same ratepayers and negatively affects ratepayer satisfaction. Council has not received any additional funding to support the administration of this process.

Council is therefore extremely concerned about the introduction of further regulatory tools for territorial authority functions without meaningful consultation, consideration of Council feedback, and provision of adequate resourcing.

Additionally, Council notes that benchmarking tools may fail to account for local context and circumstances, which risks misrepresenting performance and undermining public trust.

Council recommends that any new regulatory mechanisms be co-designed with local authorities, include robust engagement processes, and be supported by appropriate funding to ensure fair implementation and meaningful accountability.

Spatial Planning

Council supports the development of a system that is efficient, simple, and cost-effective, and welcomes proposals aimed at increasing development capacity for housing and business uses. However, enabling urban development within the new resource management system is complex and must be considered in an integrated manner alongside infrastructure provision.

As identified above, Council has actively contributed to the development of the 2024 Future Development Strategy for the Wairarapa-Wellington-Horowhenua region and supports the creation of long-term strategic spatial plans.

A key concern is the current pattern of fringe expansion, which often proceeds without adequate infrastructure planning. This induces growth-related costs and either requires retrofitting of service, at the expense of councils and ratepayer, or leaves areas stranded until infrastructure can be delivered. This issue must be addressed by ensuring flexibility and responsiveness in infrastructure planning processes.

Council recommends that spatial planning frameworks explicitly require infrastructure alignment for new growth areas and include mechanisms to prevent unfunded or stranded development.

Environmental Outcomes

Council supports efforts to make it easier for infrastructure providers to invest in and operate infrastructure, while ensuring appropriate environmental protections and outcomes. These objectives should be pursued as part of a coordinated and integrated reform package, rather than through fragmented or piecemeal legislation.

Council recommends that environmental and infrastructure reforms be delivered as a cohesive package, supported by clear and practical guidance, to ensure consistency and effectiveness across sectors.

Drive excellence from the core

Improve long-term investment planning

Council considers that excellence should be driven by the core and that long term infrastructure investment should be enduring over successive governments. Council also agrees that the top-down approach does make future focused planning challenging and considers that a more effective investment management system would include a mechanism for aligning top-down investment with bottom-up investment planning.

Whilst the Plan refers to top down infrastructure constraints, Council is of the opinion that better technical and financial planning on Central Government funded projects would release additional funding for local authority infrastructure development.

Budget for Maintenance, Renewals, and Resilience

Council acknowledges the critical importance of building resilience into infrastructure networks, particularly in regions vulnerable to natural hazards. The Wellington Region faces a range of risks including slope instability, flooding, and earthquakes that can significantly impact infrastructure performance and community wellbeing. The recent earthquake in Russia serves as a timely reminder of the need for proactive investment in resilience and long-term planning.

Projects such as the Silverstream Bridge Replacement and the Joint Venture water initiatives in the Hutt Valley are vital to strengthening the region's infrastructure and ensuring it can withstand future challenges.

Recommendations in the Plan

Council is broadly supportive of the recommendations outlined in the National Infrastructure Plan, provided the concerns noted above are addressed.

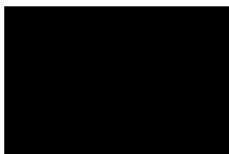
Council further recommends the following:

- Infrastructure Investment and Planning:
 - Adopt a consistent national approach to infrastructure investment, while ensuring flexibility to adapt to changing demands and local circumstances.
 - Recognise the importance of maintaining infrastructure capacity for both infill and greenfield development and address the challenges of incremental infill growth through appropriate funding mechanisms.

- Funding Mechanisms and Financial Sustainability
 - Provide funding certainty to local government, regardless of changes in central government, to enable long-term investment in maintaining and operating core assets.
 - Support the shift to development levies, provided they offer flexibility and fairness in charging for the full cost of growth-related infrastructure.
 - Balance user-pays approaches with affordability concerns, ensuring that ratepayers are not disproportionately burdened by charges.
- Regulatory Oversight and Governance
 - Fully fund any regulatory oversight functions imposed on territorial authorities, such as those administered by the Commerce Commission and Taumata Arowai.
 - Avoid introducing new regulatory tools without meaningful consultation, and ensure benchmarking tools reflect local context to avoid misrepresentation.
 - Ensure central government demonstrates financial prudence, aligning its practices with the cost-effectiveness expectations placed on local authorities.
- Spatial Planning and Growth Management
 - Build on existing regional strategies, such as the 2024 Future Development Strategy for the Wairarapa-Wellington-Horowhenua region, to inform long-term spatial planning.
- Environmental Outcomes and Reform Integration
 - Deliver environmental and infrastructure reforms as a cohesive package, supported by clear and practical guidance to ensure consistency and effectiveness.
 - Enable infrastructure investment while maintaining appropriate environmental protections, recognising the need for integrated planning and delivery.
- Maintenance, Renewals, and Resilience
 - Protect and enhance investment in existing assets, recognising that maintaining service levels and access is critical to community wellbeing.
- Infrastructure Priorities Programme
 - Critical projects like Silverstream Bridge and Hutt Valley water infrastructure be recognised as priority investments within the Plan.

Council looks forward to your consideration of our submission.

Yours sincerely



Te Tumu Whakarae | Chief Executive