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New Zealand Infrastructure Commission
Level 7, The Todd Building
95 Customhouse Quay
Wellington 6011
Email: info@infracom.govt.nz

Submission on He Tūāpapa ki te Ora – Infrastructure for a Better Future

Tēnā koutou

We welcome the opportunity to provide feedback on the Infrastructure Commission's consultation document *He Tūāpapa ki te Ora – Infrastructure for a Better Future*.

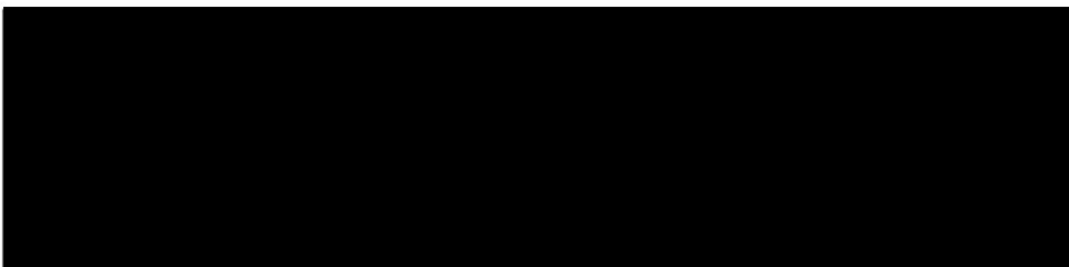
We acknowledge the scale of the infrastructure challenges which we face as a nation. In facing up to these challenges, we support the Commission's 2050 vision for infrastructure that "lays the foundation for the people, places and businesses of Aotearoa New Zealand to thrive for generations."

We support the Commission's proposals that infrastructure investment decisions be guided to achieve outcomes that are efficient, equitable, and affordable. We would emphasise that gaining a rigorous and realistic understanding of affordability constraints will be a critical foundation in developing an achievable national infrastructure strategy.

We also support the Commission's proposals that infrastructure investment decision-making principles are future-focused, transparent, focused on options, integrated, and evidence-based. Our submission offers some suggestions where the Commission could consider extending these principles.

On the following pages we have provided comments on specific questions in *He Tūāpapa ki te Ora – Infrastructure for a Better Future*. We have been selective in the questions we have responded to, focusing our comments on areas where we have operational expertise and areas of particular relevance for Kāinga Ora.

We look forward to discussing these issues further with the Commission and to contributing to the infrastructure foundations that underpin the wellbeing of current and future generations of New Zealanders.



General Manager Urban Planning and Design

General Manager Strategy, Finance and Policy

Kāinga Ora – Homes and Communities

Our roles

The Kāinga Ora–Homes and Communities Act 2019 sets out the operating principles that we need to consistently apply as an organisation. They reflect the way that Kāinga Ora works: a well-connected, engaged and partnership-based approach across all aspects of our work. These operating principles are put into action in the areas of:

- public housing solutions that contribute positively to wellbeing
- housing supply meets needs
- well-functioning urban environments
- stewardship and sustainability
- collaboration and effective relationships.

Our operating principles ensure that across all parts of Kāinga Ora we dedicate our effort consistently and contribute to the wellbeing of current and future generations; where there are others that we can work with, we must work together to achieve outcomes.

In addition to our governing legislation, there are other legislative, policy and strategic settings that guide the development of our role and how we operate. These include:

- the Urban Development Act, which provides for the establishment of ‘specified development projects’ that Kāinga Ora may deliver, partner on or enable, and which provides for associated regulatory and funding powers to streamline housing and urban development processes
- Budget funding allocations and borrowing policy settings to ensure we will deliver the Government’s housing priorities
- the Government Policy Statement on Housing and Urban Development (presently in draft), which sets out the Government’s overall direction and priorities for housing and urban development.

Infrastructure

Kāinga Ora takes a strategy-led approach to all of its work. This includes taking a strategy-led approach to the planning, funding and delivery of the infrastructure that is essential for Kāinga Ora to effectively perform its roles.

Kāinga Ora continues to work with the Ministry of Housing and Urban Development, other central government agencies and local councils to resolve infrastructure funding and financing constraints. Kāinga Ora also continues to work with the Ministry and other agencies on the Resource Management reforms and Three Waters reforms that will, over the medium to long term, reshape our country’s infrastructure systems. Kāinga Ora recognises the critical importance of developing a long-term Infrastructure Strategy for Aotearoa/New Zealand and we welcome the opportunity to engage with the Infrastructure Commission on this work.

Comments on He Tūāpapa ki te Ora – Infrastructure for a Better Future

1. Outcomes and principles to guide good infrastructure decision making

Discussion question 2

‘What are your views on the decision-making outcomes and principles we’ve chosen? Are there others that should be included?’

1. There is a risk that a focus on ‘efficiency’ (i.e. value for money infrastructure decisions) over resilience (which requires multiple paths, networks and contingencies) may leave our infrastructure exposed to issues like climate change and societal transformation, which we know will take place, but cannot be certain about the exact form of change. A focus on efficiency may also not recognise when we do not have appropriate tools available to effectively translate social/environmental benefits into financial values. The 30-year Infrastructure Strategy should ensure a total value analysis approach is applied if we are to truly prioritise broader outcomes.
2. The *future-focussed* decision-making principle refers to responsiveness to changing circumstances including climate change. In later sections of *He Tūāpapa ki te Ora* it appears that the focus of this responsiveness is to physical risks, rather than ensuring we are future-focussed in terms of the significant shifts in transport modes and lifestyle-shifts required for a zero-carbon future.
3. Equity appears to predominantly be considered in relationship to funding (with this explicitly specified in *He Tūāpapa ki te Ora*). Equity should also be considered in terms of the actual barriers customers/users are facing. For example, is providing traditional forms of infrastructure always appropriate for the local communities’ needs.
4. *He Tūāpapa ki te Ora* states that decision-making around infrastructure will be guided by Te Tiriti o Waitangi yet does not specify an outcome or principle which reflects that. A possible outcome would state that infrastructure investment will result in the development of Māori land to support wellbeing (economic, social, cultural, and environmental), and a principle could be that Partnership with Māori will be prioritised in accordance with Te Tiriti o Waitangi.
5. Two further possible additional guiding principles could be:

Build smart – Infrastructure solutions prioritised based on the PAS 2080 carbon management in infrastructure, which makes sense financially too. First, don’t build (find solutions that reduce demand), build less (maximise use of existing assets), build clever, and build efficiently.

Future fit – adding a *future fit* principle to guide decision-making would complement the proposed *future focussed* principle. A *future fit* principle would involve consideration of how our cities need to operate in the future and what risks will they be exposed to, and how infrastructure that exists today, because of the current way our cities operate, can be reinvented to support the way our cities need to operate in future. Priority would be given to investing in (or reinventing) infrastructure that is needed to support that future. A *future fit* principle would encompass the need for infrastructural *resilience*. This would include the need for climate change resilience, as emphasised in *He Tūāpapa ki te Ora*, and resilience in relation to other forms of risk.

Discussion question 3

Are there any infrastructure issues, challenges or opportunities that we should consider?

Influence on other systems and culture

6. *He Tūāpapa ki te Ora* would benefit from more focus on the interconnectedness and influence infrastructure has on broader systems, and the way broader decisions impact on infrastructures. This is partly recognised through the 'shared' and 'interconnected' principles, however these principles do not seem to be translated throughout the document.
7. The narrative and actions around the role infrastructure can play in building communities or promoting whanaungatanga is missing/not translated throughout the document. e.g. The role of local cycling and walking routes, collective/shared infrastructure, social infrastructure enabling people to come together and improving community resilience.
8. The *He Tūāpapa ki te Ora* section 'What's on the horizon' 'Transport' would benefit from more emphasis on active modes (walking, cycling) and micro-mobility options. 'What is on the horizon' should include increased cyclist activism, legal challenges to policies that are inconsistent with climate and sustainability outcomes (e.g. the Mill Road judicial review), and increased demand for equitable access to infrastructure that has already been built/invested in (notably roads).

Fair access

9. *He Tūāpapa ki te Ora* could be clearer that current infrastructure provision does not equitably serve particular groups (e.g. people in lower socio-economic groups and rural Maori). For example, the 'Building a better future' section on transport could acknowledge that whanaungatanga needs to be considered in relation to the importance of vehicle transport to meet Tikanga responsibilities such as attendance at tangihana, hui-a-lwi, hui-a-Hāpu, and supporting whanau.

Shocks

10. *He Tūāpapa ki te Ora* refers to Covid-19 as a 'shock' that infrastructure has had to cope with, for example telecommunications infrastructure becoming an immediate priority. The impacts of climate change are potential shocks of a different order of magnitude that require urgent, coordinated, sustained changes in our infrastructure systems and built environment.

Water infrastructure

11. *He Tūāpapa ki te Ora* focuses on introducing metering as an efficiency measure. This should be supplemented by a focus on the benefits of deploying a broader suite of measures, for example water storage, water recycling, leak reduction, and water efficient technologies and appliances.

2. Building a Better Future

Discussion question 4

12. Table 1 responds to discussion question 4. Table 2 (next page) responds to specific action points under action option F1.

Table 1

Building a Better Future Action Areas and Needs	
Question	Comment
What do you agree with?	<ul style="list-style-type: none"> • Partner with Maori; Mahi Ngātahi • Respond to demographic change • Ensure the security and resilience of critical infrastructure • Prepare infrastructure for climate change (meaning change in weather patterns)
What do you disagree with?	Nil
Are there any gaps?	<p>Housing</p> <ul style="list-style-type: none"> • Housing is a long lifespan asset, which may extend over 100 years. Today's decisions about the design, location and construction of housing and associated infrastructure needs to be flexible to change and able to allow for a future aging population, wider demographic changes, changes in weather patterns, and extreme weather events. <p>Climate change</p> <ul style="list-style-type: none"> • A gap exists around the role that infrastructure has to play in transitioning the country to Zero-Carbon 2050 (including housing, transport and water infrastructure i.e. not just energy infrastructure). • The climate change commentary is partial (prepare for climate risk to infrastructure). A gap exists around the role infrastructure can play in reducing emissions, how the right kind of infrastructure in the right place is critical to enabling the behavioural changes that are needed, and the possibility that we are building, or currently have, infrastructure that is unfit for future purposes. • The climate change commentary could highlight the risks of stranded assets (both exposed infrastructure e.g. in flood plains or in areas where managed retreat has occurred – and outdated technologies e.g. fossil fuel focused distribution infrastructure), and the urgent need for sustained changes in investment patterns, behavioural and consumption habits. • New Zealand requires infrastructure that can continue to operate and adapt to changing weather patterns, more frequent extreme weather events and address changing demographic dynamics.

Table 2

Building a Better Future action area options F1 – Prepare infrastructure for climate change		
Option	Sub-option	Comment
F1.1: Adapt business case guidelines to ensure full consideration of mitigation and adaption	Require all infrastructure projects to directly assess climate change impacts (mitigation and adaption), including transition risks	Support: in many cases this is existing good practice.
F1.3: require a bright line (pass/fail) infrastructure resilience test	Require that, where appropriate, proposals for new major capital works (abridged)	Support. A resilience test should be standard good practice for asset management.
F1.4: Ensure non-built transport solutions are considered first	Charging to reduce demand	<p>Recommend adjustment to this option:</p> <p>Charging to reduce demand can disadvantage the lower paid work force who often need to travel in private vehicles to work locations.</p> <p>We suggest rewording as follows (or similar) “prioritise public transport and active modes.”</p> <p>Need to refer to funding to support behaviour change. It also needs to align with the National Policy Statement – Urban Development (NPS-UD) in respect to walking and cycling catchments.</p>
	Lowering the cost of public transport at non peak times	<p>Recommend adjustment to these options in line with comments above. Travel mode-shift needs a suite of tools to support, of which this is one of them. But this list doesn’t go far enough (e.g. funding is not clear) and sub-options are too limited.</p>
	Real time parking pricing	
	Density targets and supply requirements through zoning policy	As above, noting this is part of the NPS-UD.

Building a Better Future action area options F1 – Prepare infrastructure for climate change		
Option	Sub-option	Comment
F1.5: Enable active modes of travel	Improve the uptake of low-carbon transport options by increasing the density of housing (up zone) areas within a cycling catchment of all major employment areas.	<p>Recommend adjustment to this option:</p> <p>‘Enabling active modes’ should be more than just increasing density within a cyclable catchment of employment areas. All active modes need to be in scope (e.g. walking, cycling, scooters). These modes need to link with transport systems to cover off the ‘last mile’ of a commute and the catchments should refer to urban centres and public transport routes as well.</p> <p>This recommendation would align with the NPS-UD which seeks intensification within walkable catchments of urban centres and public transport networks.</p> <p>Recommend rewording as follows:</p> <p>Improve the uptake of low-carbon transport options by increasing the density of housing (up zone) areas within walkable catchments of city / town centres and walkable catchments of frequent / rapid public transport networks</p>

Discussion question 5

'How could we encourage low carbon transport journeys, such as public transport, walking, cycling, and use of electric vehicles including e bikes and micro-mobility devices?'

13. A suite of tools can be adopted, and supported by funding to encourage behavioural change to low carbon transport journeys. These include:
 - Government Agencies (including Kāinga Ora) working collaboratively across the transport sector, including local and central government, to ensure joined up thinking, funding and shared outcomes
 - developing a local transport and land-use environment that aligns with the NPS-UD in regard to walking and cycling catchments and encourages the demand for journeys to be met by sustainable and active modes, and journeys to be kept local where possible including:
 - ensuring areas of higher housing densities are well connected to sustainable transport networks to maximise access to a range of services that support wellbeing and to encourage mode shift opportunities.
 - designing streets and spaces that are safe for children to navigate and play and are pedestrian friendly, including providing shade, seating, landscaping, are easy to cross and are universally accessible
 - providing cycling infrastructure that is designed to cater for all users by being safe, comfortable and equitable
 - providing a public transport system that is accessible, reliable, frequent, affordable and easy to navigate.
14. *He Tūāpapa ki te Ora* tends to use a transport hierarchy of transport that is 'roads first'. This hierarchy should be reversed to walking, cycling, public transport and then cars.
15. The theme around 'use and management of existing infrastructure' risks deflecting attention from the more robust system change that is required. e.g. focusing on better use of motorways through congestion charging, rather than enabling a mode shift (bus lanes, bike lanes etc.).
16. The focus on electrification of vehicles is too dominant. The wider function of streets in building places, communities should also be included rather than just roads as a place for cars. All actions relating to transport at the moment heavily focus on congestion charging – this is one solution but the prioritisation of public transport, walking and cycling should be emphasised.

Discussion question 6

How else can we use infrastructure to reduce waste to landfill?

17. It is unclear if this section is solely referring to waste reduction in relation to infrastructure construction. If it refers to creating the infrastructure to support a circular economy, then it understates the investment in resource recovery infrastructure and jobs that is required.

3. Enabling Competitive Cities and Regions

C1 - Enable a responsive planning system & C2 – Coordinate delivery of housing infrastructure

18. Tables 3 and 4 respond to discussion question 18. Table 5 responds to specific action points under C1 and C2.

Discussion question 18 in relation to C1 - Enable a responsive planning system

Table 3

Building a Better Future Action Areas and Needs	
Question	Comment
What do you agree with?	<p>Kāinga Ora generally supports the actions set out in C1 and notes that these actions are already underway. In the Infrastructure Strategy, the action items under C1 could be framed as the Commission supporting these actions/reforms.</p> <p>While there has been reluctance by some Council's to implement the NPS-UD, this has sometimes been for justifiable reasons around the timing of the NPS-UD in conjunction with existing processes and resourcing issues.</p>
What do you disagree with?	No disagreement.
Are there any gaps?	Consideration could be given to recommendations that would incentivise these changes.

Discussion question 18 in relation to C2 – Coordinate delivery of housing infrastructure

Table 4

Building a Better Future Action Areas and Needs	
Question	Comment
What do you agree with?	<p>Agree that integration of housing and infrastructure is critical. The Auckland Transport Alignment Programme and Urban Growth Partnerships are good examples of this already occurring</p> <p>Agree that infrastructure to support additional housing is expensive for many different reasons, and often the developer is not meeting their reasonable share. Reasons can be:</p> <ul style="list-style-type: none"> • For intensification areas the poor state of the existing infrastructure is a significant factor • In some greenfield areas the development cost and operational cost to Councils and house owners should be considered. The NPS-UD provides useful guidance to encourage intensification <p>Hobsonville Point is a good example of a new development in a good location and of integration of land use and infrastructure. It was adjacent to a motorway, and bulk water and wastewater reticulation. Also a good example of collaboration between local government and Crown/developer.</p> <p>Agree that increasing density of development is a good way to reduce overall costs per additional dwelling. Again Hobsonville Point is an example of higher density, with appropriate amenity, and therefore lower infrastructure costs.</p> <p>Agree that transit-oriented development, or at least focussing density on main public transport links is important and again supported by the NPS-UD</p> <p>Agree that new housing development should mitigate impacts on water networks. Integrated stormwater management including the requirement for rainwater tanks (appropriately sized for the location) is important. This has been successful at Hobsonville Point and now mandated in many locations.</p>
What do you disagree with?	No comments.
Are there any gaps?	None identified

Table 5

Enabling Competitive Cities and regions action area options C1 – Enable a responsive planning system & C2 Coordinate delivery of housing and infrastructure		
Option	Sub-option	Comment
C1.1 Continue to review and reform urban planning	Accelerating the implementation of the NPS-UD	Support: Kāinga Ora is contributing to cross-agency work underway to stream-lined planning processes to accelerate implementation of the NPS-UD.
	Monitoring and enforcing council compliance with NPS-UD	Support monitoring Council compliance with NPS-UD requirements. We note that the Resource Management Advisory Panel on RMA reforms identified a lack of formal central government powers to monitor and enforce Council compliance (the Ministry for the Environment and Ministry for Housing and Urban Development lack these powers). The RMA reforms will propose that a formal requirement is incorporated in the National Planning Framework so that the Minister for the Environment has the ability to require compliance.
	Adopting independent hearings panels to review impending district plan changes	Support the use of independent decision makers for plan change/reviews.
	Requiring that current resource management reforms be appropriately enabling of urban development	Support and are contributing to the comprehensive Resource Management reform programme that is underway.
C1.2 Standardisation planning rulebooks to increase capacity and reduce cost and uncertainty	<p>Merge regional and district plans into 14 combined plans.</p> <p>Prior to developing combined plans, develop the National Planning Standards into a nationally standardised planning rulebook and local authorities are required to adopt with limited variations.</p>	Support the current Resource Management reform programme. The reforms will significantly strengthen the national direction provided to local authorities and simplify planning processes. However it will be critical to ensure that the Government's objectives of standardisation, simplification, and cost reduction are thoroughly embedded in the new legislation, and also consistently flow through into local authority practices.

Enabling Competitive Cities and regions action area options C1 – Enable a responsive planning system & C2 Coordinate delivery of housing and infrastructure

Option	Sub-option	Comment
C1.3 Set targets for housing development capacity and triggers for release of additional development capacity	If the National and Built Environments Act (NBA) is signed into law, develop a national direction, in the form of the new National Planning Framework (abridged).	<p>As above, Kāinga Ora supports the development of a National Planning Framework.</p> <p>Kāinga Ora recommends against further intensification targets. We note that the NPS-UD appropriately prioritises urban intensification but does not address the associated infrastructure issues. Community infrastructure that is typically provided by Councils, such as community facilities and parks, are often considered to not be critical, or not prioritised for funding. They are however critical for successful intensification and well-functioning urban environments.</p>
C1.4 Review and realign Crown holdings	Review major public landholdings to identify opportunities for land swaps, releases of land for development and relocations of major public facilities to more optimal locations (abridged).	Kāinga Ora supports this option. We note this is a reframing of existing Crown and local authority initiatives.
C2.1 Ensure the provision of three waters infrastructure to enable growth		<p>Kāinga Ora supports this option. The three waters infrastructure is a critical enabler of growth. Also critically important are transport and parks infrastructure whose role should not be overlooked as enablers of increased housing density. The 30-year Infrastructure Strategy should ensure a well-rounded infrastructure programme is developed, striking an integrated, well-rounded balance between all of the infrastructure elements.</p> <p>The three waters reforms are expected to achieve the increased balance sheet capacity to provide the funding for critical water infrastructure needed to enable growth.</p>

Enabling Competitive Cities and regions action area options C1 – Enable a responsive planning system & C2 Coordinate delivery of housing and infrastructure

Option	Sub-option	Comment
C2.2 volumetric charging to fund proportion of water infrastructure		Kāinga Ora supports this option. Such charging should be standard practice
C2.3 Improve information on infrastructure capacity and costs to service growth		There is a degree of reliance on Council/asset owners which maintain their respective Asset Management Systems. This can pose a challenge to working collaboratively in this area. The 30-year Infrastructure Strategy could consider actions to overcome this challenge/constraint.
C2.4 Conduct post-implementation reviews of transit-oriented development opportunities		Kāinga Ora supports this option.
C2.5 Implement regional spatial; planning		Kāinga Ora supports this option.
C2.6 increase the use of water-sensitive urban design measures to reduce pressure on water networks		Kāinga Ora supports this option.

4. Creating a Better System

S1 Integrate infrastructure institutions

19. Kāinga Ora supports the Three Waters reforms and Review of Local Government referred to in S1. Kāinga Ora may provide input to these reforms once more detail is made available through the engagement processes specific to those reforms.

S2 Ensure equitable funding and financing

Discussion question 24

20. Kāinga Ora's response to relevant parts of discussion question 24 are set out in Table 6.

Table 6

Creating a Better System S2 – Ensuring equitable funding and financing	
Question	Comment
What do you agree with?	<i>S2.1 Fund tourism infrastructure</i>
What do you disagree with?	<i>S2.5 Enable land-value change as a basis for a targeted rate</i> While this has some conceptual appeal it is likely to be challenging to justify and implement.
Are there any gaps?	None identified
Other comments?	<i>S2.3 develop a transition plan for transport funding</i> This proposal would require careful consideration of the costs involved in developing and implementing the proposal <i>S2.4 Use value-capture mechanisms to fund infrastructure for growth</i> This may be appropriate as part of a suite of available tools but are likely to be challenging to implement.

Discussion question 28

'What steps could local and central government take to make better use of existing funding and financing tools to enable the delivery of infrastructure?'

21. Kāinga Ora's response to this question is as follows:

- Local government borrowing and debt limits could be increased if necessary, to enable more capital expenditure for infrastructure
- New Zealand Transport Agency co-funding of transport infrastructure could be refined to provide greater certainty to local government
- All Councils could be required to rate on a land value basis. This would incentivise development rather than land banking and provide greater certainty of development contributions
- Infrastructure requirements and costs for growth could be identified earlier to ensure the sale and purchase of land for development recognises future infrastructure cost responsibilities.

Discussion question 29

'Are existing funding and financing arrangements suitable for responding to infrastructure provision challenges? If not, what options could be considered?'

22. Kāinga Ora's response to this question is as follows:

- Existing funding and financing arrangements are unsuitable, particularly for urban intensification
- Consideration could be given to amending the development contributions section of the Local Government Act. The current system poses one-sided risks on Councils, requiring them to accurately forecast growth across different types of infrastructure and catchments, and over extended time periods. It would be more effective to allow Councils much greater flexibility to set charges, based on long-term average costs of the marginal unit of growth.
- Consideration could be given to accelerating the development of improved tools to assess non-financial values.
- An opportunity exists to create a hypothecated nationwide infrastructure fund that is supported by taxes collected under bright line tests, increased revenue associated with the removal of interest rate deductability, and potentially redirecting some of the GST collected from growth.

General comments

23. The delivery of infrastructure by local government is a critical prerequisite for Kāinga Ora's medium and large scale housing development and redevelopment projects.
24. The funding of that infrastructure is a critical constraint for our current and proposed projects, particularly the redevelopment projects that are intensifying existing urban areas.

25. These constraints are mainly due to the poor state of existing infrastructure and therefore the high costs of providing additional capacity. An added complication in this situation is determining who pays for the required new infrastructure as it is normally a combination of poor existing infrastructure (general funded by local authority rates) and increasing demands on infrastructure capacity (generally funded by development contributions).
26. The most challenging infrastructure components for large scale urban intensification are frequently those at a scale between the bulk infrastructure and those provided by the developer (generally internal or adjacent to the development site). This 'middle component' is often difficult to fund, plan and construct.
27. Kāinga Ora agrees that the existing tools available to local government are not fit for purpose. New mechanisms such as the Infrastructure Funding and Financing Act assist but are generally only applicable to greenfield developments. Similarly, the recent Housing Acceleration Fund measures assist with, but do not resolve these issues.