

6 August 2025

New Zealand Infrastructure Commission – Te Waihanga
Via online lodgement system
Wellington

Tenā koutou katoa,

DRAFT NATIONAL INFRASTRUCTURE PLAN SUBMISSION

Hawke's Bay Regional Council (HBRC) welcomes the opportunity to provide feedback on the Draft National Infrastructure Plan (NIP). As a regional council, HBRC is deeply involved in the practical delivery of New Zealand's resource management and infrastructure systems. Our submission is grounded in the unique environmental, cultural, and economic context of Te Matau-a-Māui and informed by strong relationships with tangata whenua, local communities, and sector partners.

This submission reflects our regional perspective and draws on expertise within our organisation, including lessons from Cyclone Gabrielle. Experiencing these events has shaped our understanding of the challenges we face going forward in infrastructure planning, resilience, and delivery.

We support the Commission's intent to provide a coordinated, fundable, and forward-looking approach to infrastructure investment. However, we recommend several refinements to ensure the NIP is regionally responsive, aligned with climate and hazard risk planning, and capable of delivering better outcomes for our communities and environment. We also seek that the recommendations can be practically and pragmatically implemented.

Yours sincerely

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Introduction

HBRC supports the overarching goals of the Draft National Infrastructure Plan:

- Establishing affordable and sustainable funding.
- Clearing the way for infrastructure delivery.
- Prioritising maintenance and asset management.
- Right-sized new investment.

We endorse the Plan's recognition of the need for durable, long-term investment strategies, improved asset management, and greater transparency and accountability. However, we urge the Commission to:

- Strengthen focus on long-term climate resilience and adaptation,
- Recognise the complexity of funding regional infrastructure, particularly where assets and investments provide multiple social, economic, and environmental benefits requiring blended funding mechanisms,
- Address the macroeconomic and equity impacts of shifting to user-pays funding models, with special attention to the effects on low-income groups and equitable access to essential services such as public transport, healthcare, and education,
- Recognise that infrastructure investment and maintenance should not limit pathways for adaptation or embed past planning decisions that are no longer fit for purpose in a changing climate and hazard risk world,
- Recognise that spatial planning based on hazard risk, the effects of climate change, and other long-term trends and patterns underpins resilient infrastructure planning, and
- Increase emphasis on the protection of environmental values as the foundation on which our businesses, infrastructure and communities depend.

1. Establishing Affordable and Sustainable Funding

1.1 Funding Pathways and User-Pays

At a high level HBRC supports in principle the matching of funding tools to asset types—user-pays for network infrastructure, commercial self-funding for economic development assets, and tax funding for social infrastructure. However more nuance is required to adequately address the reality of infrastructure that crosses social, economic and network categories. It will be important for this nuanced approach to be closely supported by flexible and adaptable funding mechanisms.

We caution that a rigid approach does not acknowledge the multiple benefits of infrastructure which often requires blended funding pathways and an array of investment stakeholders. For example, flood protection schemes provide commercial, social, and environmental co-benefits and cannot be neatly categorised; and transport system infrastructure provides a multitude of benefits outside of direct users and is a key enabler of almost all activity.

We agree with Taituarā's submission that shifting from tax to user charges has macroeconomic and redistributive impacts, particularly on low-income groups. The reality for public transport system

funding is more nuanced and co-dependent, for example, and closely linked to equitable access to employment, medical, and educational facilities for members of the community. In Hawke's Bay this is particularly true for our lower income communities.

The current funding system for public transport services is made up of three main components:

1. National Land Transport Fund investment via NZTA – user charges via registrations, road user charges, fuel excise, etc
2. Targeted rate funding levied by HBRC – tax component
3. Bus fares – user pays component per trip

Should the funding mix set out above change in any significant manner (e.g. the removal of a current funding stream) this would disproportionately shift the cost burden to another part of the funding mix, impacting those who can least afford it and ultimately slowing community and economic development. Conversely, should additional funding mechanisms be enabled for public transport services this could unlock a significant amount of access for communities. We therefore urge careful consideration of downstream impacts on any funding mechanism discussions.

We recommend the NIP:

- Recognises the complexity of funding regional infrastructure and transport system investment, including services,
- Closely considers the realistic downstream impacts of any changes to funding mechanisms and mixes, with particular attention to the nuances we highlight above, and
- Addresses the macroeconomic and equity impacts of shifting from tax to user charges, particularly for low-income groups.

1.2 Transport System Reform

HBRC supports Taituarā's submission highlighting the need for urgent reform of land transport funding. The current reliance on fuel excise duty (FED) and road user charges (RUC) is increasingly unsustainable in light of the accelerating uptake of electric vehicles and emerging transport technologies. Reform is essential to ensure the funding system remains both adequate and equitable.

While we acknowledge that public support for road user charging remains lower than for other usage-based systems (such as electricity and water), this highlights the need for clear public communication and a well-signalled transition pathway. Without this, policy uncertainty risks delaying critical infrastructure investment and innovation.

While it is generally appropriate for users to fund the ongoing maintenance of the transport system through targeted charges, HBRC submits that this principle should not be rigidly applied to all capital investment.

Transport infrastructure—particularly in regional areas—often enables economic development that extends well beyond the direct benefits to road or rail users. Strategic investments can unlock housing, enhance productivity, improve supply chain efficiency, and catalyse long-term regional growth. These broader benefits ultimately return to the Crown through increased revenue from GST, income tax, and company tax.

Accordingly, we consider there is a strong case for continued—and in some cases increased—Crown investment in capital transport infrastructure, particularly where:

- Benefits accrue nationally or across multiple regions;
- Projects are critical to unlocking land for housing or industrial development; or
- Regional populations are too small to fully fund infrastructure of national significance.

The NIP appropriately identifies the need for greater alignment across infrastructure sectors. HBRC reinforces the importance of integrated long-term planning between central and local government, particularly for transport. As a regional council with a statutory role in land transport planning, we are increasingly observing misalignment between national funding priorities and regional transport needs.

We recommend the NIP provides a clear roadmap for the reform of land transport funding, including:

- Defined milestones for consultation and legislative change,
- Strengthened regional input into central government investment decisions,
- Greater certainty and flexibility in funding tools (including targeted borrowing, value capture, and alternative revenue mechanisms),
- Commitment to partnering with local authorities to design a durable, efficient, and equitable funding system, and
- Clear articulation of how the NIP, Resource Management Act (and subsequent reforms) and national planning instruments will operate together in practice.

1.3 Needs-Based Government Investment

While the NIP's fiscal strategy is aimed at central government, we urge that regional access to infrastructure investment is not compromised in favour of main centres. The NIP should ensure equitable distribution of funding and support for regional priorities. Such an approach would effectively take an NZ Inc approach, looking at equitable funding for investments that support or unlock opportunity for both regions and the nation.

A sound example of this would be sustained capital investment in the State Highway 2 North corridor, linking Hawke's Bay with Wairoa and on to Gisborne. This route has suffered long term resilience challenges which has hampered access and dampened commercial investment. If this route was invested in, it could unlock significant primary industry opportunity (for example, via high value horticulture) and boost a range of existing businesses (e.g. Rocket Lab) through having a reliable and resilient connection. If enabled and achieved, this would enhance both the region through new business and employment opportunity, and NZ Inc via increased premium exports, tax revenues, and global reputation.

We recommend the NIP includes:

- Commitment to equitable regional access and support for infrastructure investment, and
- Acknowledges the important role network infrastructure plays in unlocking commercial potential in our regions.

2. Clearing the Way for Infrastructure

2.1 Consumer Protection and Transparency

HBRC supports robust transparency and accountability mechanisms for all infrastructure providers. Economic regulation must be tailored to sector context; for example, water services under public ownership require performance transparency rather than profit control.

2.2 Spatial Planning

HBRC supports spatial planning as a tool to align land use and infrastructure investment. However, we strongly disagree with the premise that infrastructure investment should inform spatial planning.

Spatial planning must be informed by hazard risk, the effects of climate change, and other long-term trends and patterns to ensure people and infrastructure have long term resilience. Planning for change is an important component of this.

Cyclone Gabrielle highlighted the social impact of damaged network infrastructure, and the need for planning decisions (land use and infrastructure) to be informed by hazard risk. For example, the impacts of Cyclone Gabrielle demonstrated that our transport system is operating at the edge of its durability—resulting in prolonged disruptions and severance of communities.

The event highlighted that existing conceptions of resilience were inadequate. Lessons from the cyclone underscored the need to redefine what resilience means in the context of transport infrastructure. Subsequently the *Hawke's Bay Regional Land Transport Plan 2024–2034* defined a resilient transport system as one that *Supports our community to be prepared for future risk and which is enhanced to support future growth*ⁱ.

We recommend the NIP:

- Identifies climate resilience as a priority outcome for infrastructure in spatial planning,
- Recognises spatial planning must be informed by hazard risk, the effects of climate change, and other long-term trends,
- Places stronger emphasis on the connectivity/relationship of network infrastructure with social and economic development infrastructure, and
- Recognises the need for adaptivity to change.

2.3 Maximising use of infrastructure through land-use policies

HBRC supports in principle that land-use policies should enable both new and existing infrastructure to be used by as many people as possible.

We caution against the entrenchment of past planning decisions that may not be resilient in the face of climate change and natural hazards; and the perverse consequences of intensification, as touched on above. Simply because infrastructure exists does not mean that intensification or increased use is always appropriate—particularly in areas exposed to natural hazards or where existing networks (such as stormwater and wastewater) may not have the capacity to safely accommodate additional demand.

Likewise, planning for asset redundancy and deintensification (including flood management and coastal protection infrastructure) are particularly important to Hawke's Bay, as it is in many regions with low-lying coastal land and large flood plains.

We recommend the NIP:

- Emphasises that network intensification decisions ensure long-term community, economic, and environmental safety based on hazard and climate risk, and the capacity of existing systems and receiving environments.

2.4 Enabling Environment and Policy Stability

HBRC supports in part an enabling resource management system provided that it balances national and regional benefits with environmental protection. Policy stability is critical across the board. Frequent changes undermine local government's ability to plan and deliver clean policy settings and may stymie regional infrastructure planning and funding.

2.5 Workforce Development

We acknowledge workforce capacity as a critical impediment to infrastructure delivery. In considering national development training we would stress that support for regional tertiary institutions and trades pathways is essential to ensure that regional development is supported.

3. Start with Maintenance

3.1 Asset Management and Resilience

HBRC supports the NIP's focus on proactive, whole-of-life asset management and resilience. The lessons from Cyclone Gabrielle underscore the need to prioritise maintenance and robust asset management, transparent reporting, and independent assurance for flood protection and other critical infrastructure. Equally, suitable and adequate funding tools need to be in place to enable asset owners to maintain their assets adequately, and policy settings must also support maintenance as a primary focus area.

We caveat that support with the need to ensure that the focus on maintenance does not limit pathways for adaptation or relocation of assets in high-risk zones; and that maintenance requires a whole-of-system approach to avoid cosmetic maintenance at the cost of the less visible components of a system.

We recommend the NIP:

- Requires that a whole-of-system approach is taken in maintenance works scheduling and funding,
- Recognises that the need for adaptation pathways and relocation of communities, businesses, and/or assets in some instances will be a priority and that maintenance of infrastructure in these areas may serve to delay and defer pathways causing increased risk.

4. Right-Size New Investment

Investment Readiness, Project Transparency, and Risk Management

HBRC supports robust business cases, independent readiness assessments, and transparent reporting for significant infrastructure proposals, when appropriate and applicable.

We also recommend that the Commission broadens its risk management recommendations to include insurance considerations, learning from recent increases in insurance costs and the financial challenges faced by both central and local government.

We recommend the NIP:

- Limits substantial obligations to significant infrastructure, and
- Includes insurance considerations in its risk management recommendations.

Here ends our submission.

ⁱ Hawke's Bay Regional Land Transport Plan 2024–2034 defines resilient transport system as one that *Supports our community to be prepared for future risk and which is enhanced to support future growth, that:*

- *Has reliable and efficient travel times across key network routes.*
- *Supports and enables a demand driven increase in throughput of goods and people.*
- *Is adaptable to changes in land use, natural hazards, regulations, standards, policy, and funding.*
- *Has effective network alternatives (routes & modes) to connect our people and communities.*
- *Has stable funding to maintain appropriate and agreed levels of service.*
- *Enables safe and equitable movement across all modes and uses.*
- *Ensures there is a functioning transport route, or plan, for people and freight at all times.*