He Tūāpapa ki te ora

Infrastructure for a Better Future

Federated Farmers of New Zealand

2 July 2021

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SUBMISSION ON THE INFRASTRUCTURE COMMISSION'S *HE TŪĀPAPA KI TE ORA INFRASTRUCTURE FOR A BETTER FUTURE* CONSULTATION DOCUMENT

TO: Infrastructure Commission

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ABOUT FEDERATED FARMERS

Federated Farmers of New Zealand is a membership organisation, which is mandated by its members to advocate on their behalf and ensure representation of their views. Federated Farmers does not collect a compulsory levy under the Commodities Levy Act and is funded from voluntary membership.

Federated Farmers represents rural and farming businesses throughout New Zealand. We have a long and proud history of representing the needs and interests of New Zealand's farmers.

Federated Farmers aims to empower farmers. Our key strategic priorities as an organisation are that we:

- Be the respected voice of farming.
- Foster an inspired leadership network.
- Support vibrant rural communities.

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1. SUMMARY OF RECOMMENDATIONS

1.1 Federated Farmers recommends that the Infrastructure Commission should note the following key points from this submission, in particular the need for:

- Particular attention to be given to the infrastructure needs of farm businesses and rural communities.
- A rural lens to the proposed actions described throughout *He Tūāpapa ki te ora.*
- The introduction of sustainable infrastructure tools to overcome the legacy of underinvestment in rural infrastructure.
- Recognition that landowner interests are recognised as worthy of protection through proposed reforms of the infrastructure system.

1.2 Federated Farmers also recommends that the Commission recognise the need for rural New Zealand to see continued investment in network infrastructure to be able to continue to support regional economies, to hire and retain skilled staff on farm, and to fulfil the requirements of a modern business in an increasingly online world. This is also critical for social wellbeing of rural communities.

2. GENERAL COMMENTS

2.1 Federated Farmers of New Zealand welcomes the opportunity to comment on the Infrastructure Commission's *He Tūāpapa ki te ora Infrastructure for a Better Future* consultation document (*He Tūāpapa ki te ora*). We acknowledge the role the Commission plays in providing long-term strategy and planning, as well as procurement and delivery support to infrastructure development in New Zealand.

2.2 We appreciate the work the Commission has put into the development of *He Tūāpapa ki te ora.* It reads as comprehensive in its coverage, measured in its approach, and considered in the 59 actions recommended to improve the performance of New Zealand's infrastructure sector.

2.3 The primary industries (i.e., agriculture, forestry, and fishing) are crucially important for the New Zealand economy and for New Zealanders' living standards and wellbeing.

- For the year to June 2021 agriculture, forestry, and fishing are forecast to contribute almost $47.5 billion in exports, close to 80 percent of New Zealand's total goods exports of around $59.5 billion[1].
- The COVID-19 pandemic's collapse of international tourism has also lifted agriculture, forestry, and fishing's contribution to around 65 percent of the $72.6 billion of total goods and services exports for the year to March 2021[2].

[1] MPI's Situation & Outlook for Primary Industries for June 2021 (excluding forestry and seafood) and Statistics NZ's monthly Overseas Merchandise Trade Statistics for May 2021.

[2] Statistics NZ International Trade Statistics, March 2021 quarter.

- Agriculture, forestry, fishing's direct contribution to GDP is around 5-6 percent but that does not include its indirect contribution through food processing and services used by farmers and growers[3].
- As at February 2020 66,400 agriculture, forestry, and fishing businesses employed 120,800 people (excluding business owners)[4].
- Since 1978 productivity in the agriculture, forestry, and fishing sector has grown faster than for the economy as a whole[5].

2.4 Rural infrastructure is crucial not just for farmers and growers and rural communities, but also for the wider economy.

2.5 The Federation has extensive experience of infrastructure-related issues and policy proposals, especially as they relate to farm businesses and rural communities. This is both nationally and locally, where we submit to the vast majority of council long-term plans and annual plans (68 out of 78 in 2021), which include infrastructure strategies and funding and financing arrangements.

2.6 On electricity, Federated Farmers has long been involved in supporting members affected by transmission and distribution line build and upgrade projects. Our expertise on respective rights and obligations, as well as the practical reality of undertaking infrastructure builds helps inform our advice for our farmer members. Further, we have submitted on numerous proposals to reform the electricity industry and electricity pricing. Farms are in the unusual position of being both hybrid commercial-residential consumers of electricity, as well as hosts of much of the transmission and distribution networks that enable electricity supply to the rest of the country. Despite this, quality of electricity supply is a far more prevalent issue for rural consumers than urban consumers, and farms are often the last to see their electricity supply restored after an outage.

2.7 On telecommunications, the Federation has been involved in the evolution of the Rural Broadband Initiative (RBI), working with both central government and the private sector to encourage investment in the roll-out of rural telecommunications infrastructure. We also undertake an annual survey of farmers to assess their experience of internet connectivity, mobile coverage, and quality of landline voice services in rural areas. The survey also has a GIS component allowing us to produce maps of where rural connectivity is in dire need of priority attention. Analysis from last year's rural connectivity report arguably helped secure additional COVID stimulus-related funding boosts for both increasing the capacity and coverage of rural telecommunications network infrastructure. Despite this, the pace of the RBI's second stage roll-out is proving especially slow in extending connectivity to those rural areas that were missed by earlier stages of the RBI roll-out.

2.8 On land transport, Federated Farmers has long submitted on successive draft Government Policy Statements on Land Transport advocating for increased investment allocations for local road maintenance and improvement activity classes. Much of this work has been driven by the experience of our members with decades of substandard investment in maintaining the roads and bridges upon which they rely. That the local roading network is in so many instances unfit-for-purpose is particularly galling for our members given the disproportionate contribution they make towards funding road maintenance as ratepayers, with little to no improvement to the state of the roads and bridges upon which they rely.

[3] Statistics NZ GDP quarterly statistics (most recent is for March 2021 quarter).

[4] Statistics NZ annual Business Demography Statistics (most recent is for 2020, as at February)

[5] Statistics NZ annual Productivity Statistics (most recent is for 1978-2019)

2.9 On three waters, the Federation has extensive experience of advocating on local authorities' efforts on flood protection and stormwater. More recently, we have participated in advisory group-level discussions of drinking water reforms. There could be 100,000 small-scale water schemes in rural areas that risk being brought under a regulatory framework geared more towards addressing large-scale municipal drinking water supplies. The solutions for each are very different. Care must be taken to avoid unintended consequences, like the potential widespread loss of existing drinking water supply arrangements to many rural properties.

2.10 New Zealand may be one country, but its diversity presents challenges to a one-size-fits-all approach being taken on most issues. As regards infrastructure, there are obvious differences in the needs and opportunities of those in urban centres and rural communities. Population density and geographic dispersal mean rural New Zealanders are far more dependent on network infrastructure than urban New Zealanders. Loss of a rural road or bridge risks isolating entire communities. Outages in electricity supply mean disruptions to the farm operation that risk animal welfare. Loss of connectivity risks rural access to health and emergency services.

2.11 Federated Farmers' interests as regards *He Tūāpapa ki te ora* is best understood as:

2 Establishing the need for particular attention to be given to the infrastructure needs of farm businesses and rural communities.
3 Providing a rural lens to the proposed actions described throughout *He Tūāpapa ki te ora.*
4 Supporting the introduction of sustainable infrastructure tools to overcome the legacy of underinvestment in rural infrastructure.
5 Ensuring landowner interests are recognised as worthy of protection through proposed reforms of the infrastructure system.

3. SPECIFIC COMMENTS

Q1: What are your views on the proposed 2050 infrastructure vision for New Zealand?

3.1.1 Federated Farmers supports the proposed vision statement of "*infrastructure lays the foundation for the people, places and businesses of Aotearoa New Zealand to thrive for generations*". The proposed vision is self-evidently true and helpfully remains focussed on the core purpose of infrastructure as an enabling element of society and the economy.

Q2: What are your views on the decision-making outcomes and principles we've chosen? Are there others that should be included?

3.2.1 Context provided around the proposed outcomes of efficiency, equity and affordability suggest a stronger leaning towards managing expectations around what can or should be delivered vs satisfying or meeting those same expectations. That the dual aspects of managing expectations and ensuring delivery are acknowledged here is understandable. There will always be an element of over-reach in the expectations of New Zealanders on infrastructure given the diversity of interests in society and limited economic resources, land area and locations in which these expectations can be satisfied. As such, there will always need to be an element of managing expectations to infrastructure decision-making. However, we would want to ensure that there was

fair application of both in infrastructure decision-making that avoids prejudging the picking of urban winners and rural losers.

3.2.2 On the principles themselves, they seem appropriate and relatively complete. There is an unfortunate habit in this country of infrastructure investments being pursued where efficiency, equity and affordable are given little more than lip service. Further, there is disturbingly infrequent accounting of whether an infrastructure investment delivered on its promised benefits as against frequent cost over-runs. It is appreciated that efficiency, equity, and affordability are introduced as principles to guide infrastructure decision-making and hopefully lead towards a greater focus on high-quality infrastructure investment.

Q3: Are there any other infrastructure issues, challenges, or opportunities that we should consider?

3.3.1 Climate change adaptation needs to be understood to be more than sea-level rise and achieving a lower-emissions economy. Resilience to adverse events is a consideration the Commission would do well to consider, especially in light of the recent heavy rain and flood event in Canterbury, which caused huge damage to infrastructure. This is both an issue for extending the life of existing infrastructure assets, as well as ensuring that future investments are able to both endure through adverse events, but also assist in reducing the impact of adverse events on our communities. Flood protection, water storage / hydroelectricity generation, earthquake-resistant infrastructure networks, as well as more easily replaceable or reparable network infrastructure are examples of the types of investment opportunities that would assist here.

3.3.2 Affordable housing concerns appear to be seeing people move into the regions from major urban centres. Should this continue, there will be effects on major centres that are already stretched to their limits and smaller centres growing beyond what they have been used to. This shift in population presents employment challenges and opportunities to be supported by new infrastructure investment, as well as the introduction of a broader range of funding and financing tools.

3.3.3 It remains unclear when, or if, immigration limits will be relaxed given both global prevalence of COVID-19 and an over-riding preference by government for a ‘kiwis first’ approach to employment. This situation is already having an impact on business productivity with employers left to essentially poach much-needed staff from each other, with many affected businesses reducing production and, in some cases, opting to cease operating altogether for lacking the bare minimum necessary staffing. Should this continue, there will be consequences on the infrastructure sector’s capacity and the timely and affordable delivery on infrastructure projects, let alone the value proposition of infrastructure investments intended to support society and the economy.

3.3.4 Climate change policy is already changing the rural landscape with increasing occurrence of blanket afforestation on productive agricultural farmland. Recommendations in the Climate Change Commission’s final advice report to on emission unit pricing and forecast afforestation planting rates will continue to drive conversion to non-productive carbon forestry and make the harvest of post-1989 forests uneconomic with the surrender of emission units at harvest. As well as the huge damage logging trucks do to rural roads, there is a strong risk of impact on rural community viability and the provision of services for people with no option but to rely on the continuing maintenance and upgrade of extensive infrastructure networks.

3.3.5 *He Tūāpapa ki te ora* otherwise provides comprehensive coverage of infrastructure issues, challenges and opportunities.

Q4: For the 'Building a Better Future' Action Area and the Needs:

- **What do you agree with?**
- **What do you disagree with?**
- **Are there any gaps?**

3.4.1 We would broadly agree with the Needs described in this section of *He Tūāpapa ki te ora* as:

- Prepare infrastructure for climate change.
- Transition energy infrastructure for a zero-carbon 2050.
- Adapt to technological and digital change.
- Respond to demographic change.
- Partner with Māori: Mahi Ngātahi.
- Ensure security and resilience of critical infrastructure.

3.4.2 The Needs described in this section appear to be complete, albeit with some caveats as regards specific options. In particular:

- *F1.3: Require a bright-line test (pass/fail) infrastructure resilience test* does raise questions around the availability of alternatives to address Needs where proposals fail.
- *F1.4: Ensure non-built transport solutions are considered first* seems risky given the lengthy timeframes to implement transport upgrades and adjustments (both to start the process and to complete the build).
- *F1.7: Drive a culture of waste minimisation* makes sense so long as lower waste options and alternatives are available. If not, then this comes down to a trade-off between efficacy of delivery vs lower waste procurement.
- *F1.8: Efficient pricing of waste* does risk that true cost pricing could see an increase in fly-tipping on rural or peri-urban properties as a logical price evasion behaviour. True cost pricing is the ideal, but we do not live in an ideal world.
- *F2.3: Reduce barriers to spare transmission capacity where that would reduce inefficient barriers to large-scale renewable generation and the electrification of large process heating units* describes a laudable objective, but the over-building of transmission infrastructure means greater impacts experienced by affected landowners and these impacts need to be addressed.
- *F3.4: Design and launch artificial intelligence use-cases* is worthwhile as a technological innovation but does raise questions around the availability of data and informed assumptions to have regard for the peculiarities of rural infrastructure needs and circumstances as distinct from those of urban centres.
- *F6.1: Define critical national infrastructure* is worthwhile so long as reliance / dependence / absence of alternatives is included in the criteria for determining critical national infrastructure. Rural communities rely on infrastructure networks to a greater extent than urban centres for lacking alternative roads and mobile towers when there is a loss of service.

Q5: How could we better encourage low-carbon transport journeys, such as public transport, walking, cycling, and the use of electric vehicles including electric bikes and micro-mobility devices?

3.5.1 The Ministry of Transport's recent green paper *Hīkina te Kohupara – Kia mauri ora ai te iwi Transport Emissions Pathways to Net Zero by 2050* covers these issues rather well, especially in terms of urban centres. The green paper posits a number of demand-side and supply-side measures that could be combined to decarbonise the transport system.

3.5.2 Our submission on the green paper cautioned the Ministry of Transport to consider more fit-for-purpose options for rural New Zealand, given the different circumstances and non-relevance of most urban-centric options to rural communities. Lacking the population density and shorter travel distances of urban centres, alternatives to private vehicle use are almost non-existent for those in often remote locations and rural reliance on roading and other network infrastructure is arguably more pronounced.

Q6: How else can we use infrastructure to reduce waste to landfills?

3.6.1 We have no opinion to offer on opportunities to reduce waste to landfills.

Q7: What infrastructure issues could be included in the scope of a national energy strategy?

3.7.1 Property rights are a matter often missing as a consideration in energy policy. Property rights are a necessary component of the siting of generation plant, and subsequent connections to transmission and distribution networks. Infrastructure projects rely upon a range of property rights to install, operate and maintain new works.

3.7.2 There are a range of property rights obligations enshrined within infrastructure legislation. The Public Works Act 1981 enables compulsory acquisition where securing property rights through negotiation proves impossible and informs the framework for the negotiation of property rights on a willing buyer / willing seller basis.

3.7.3 While it has been some years since Transpower has undertaken major projects requiring the negotiation of property rights, its work does present an illustrative example of the importance of a better process for securing necessary property rights for infrastructure projects.

3.7.4 The planning and design of the 400kV transmission line between Otahuhu (Auckland) and Whakamaru (Waikato) was particularly contentious at the time. The proposed new line build was of a scale not previously seen in this country, would run alongside a number of existing transmission lines through private land meaning some properties would become unusable, involved the securing of consents from multiple local authorities against the objections of angry landowners, and required Electricity Commission approval to fund the project.

3.7.5 Transpower was able to overcome the many challenges and obstacles to eventually construct and commission the 400kV transmission line. More helpfully, Transpower learned from the project build and took steps to improve its behaviour towards landowners that have led to reductions in time delays and legal costs. These steps include:

- Openly consulting with affected landowners early on in the design stage to better address the impacts of the new line build or upgrade programme on affected properties.
- Development of new and additional remuneration tools as goodwill payments to move past historical landowner grievances with Transpower.
- Single points of contact to address questions or issues raised by affected landowners (where previously there was a confusing array of contractors involved).
- Standardised protocols for contractors operating on private land that meant contractors entering a farm provided advance notice of entry, that entry occurred when they indicated it would happen, and that contractors would only do the work they indicated they would be doing while on the property.

3.7.6 Transpower taking these steps has not entirely eliminated the likelihood of affected landowners exercising their rights under the Electricity Act 1992. What it has done, however, is greatly improve its behaviour towards affected landowners and so limited matters of concern to more substantial aspects such as practical implications of the line build, pylon siting on the property.

3.7.7 It has not been our experience to observe a similar level of attention by other infrastructure providers towards considering the property rights aspects of new builds. With the number and scale of infrastructure investments required to deliver on the proposed 2050 vision, it would be worthwhile for a national energy strategy to give specific regard to infrastructure providers learning from the mistakes of the past to avoid unnecessary litigation, costs, and project delays.

3.7.8 Another aspect worthy of consideration under a national energy strategy is that of more closely linking water storage and hydroelectricity generation. Much of the public policy consideration of either aspect has been in isolation from its other beneficial purpose, and this must change within government. Hydroelectricity generation contributes towards government renewable energy and climate change imperatives, while also assisting in bolstering the resilience of rural and other communities during especially dry periods. That agriculture had to deal with a global pandemic and domestic restrictions last year while also enduring drought conditions was a big ask of the sector. While there are likely to continue to be some community objections to large-scale water storage projects, the situation should be less so for medium or small-scale projects that provide both renewable electricity and community resilience.

Q8: Is there a role for renewable energy zones in achieving New Zealand's 2050 net-zero carbon emissions target?

3.8.1 The clustering of particular generation plant, such as geothermal, is already occurring to some extent given the limited geographic opportunities for doing so around the country. Standardisation of the planning rules for similar builds should already be occurring in these locations as early movers will have effectively paved the way for subsequent generation builds. As such, it makes sense to look into whether renewable energy zones or standardised planning rules through national guidance could better support the construction and commissioning of new renewable electricity generation plant.

Q9: Of the recommendations and suggestions identified in the Ministry of Business, Innovation and Employment "accelerating electrification" document, which do you favour for inclusion in the Infrastructure Strategy and why?

3.9.1 In its submission on the *Accelerating Renewable Energy and Energy Efficiency* consultation document, Federated Farmers supported (with some amendments) many of the recommendations encouraging new renewable generation builds. Targeted government support for pilot and demonstration projects, clarified planning rules, and heightened investment certainty from the introduction of Power Purchase Agreements are worthy of inclusion in the Infrastructure Strategy to broaden the range and scale of renewable energy builds that will contribute towards the country's net zero commitments.

3.9.2 Among the amendments put forward by our submission is that of property rights and landowner issues more broadly. New builds are unlikely to ever occur in or near urban areas, leading to consequences for farmers and other land-users from new generation plant and support infrastructure being built on or near these properties. An avoidable consequence of planning rule changes to support renewable energy generation is that of uncompensated takings through regulation, and care must be taken to ensure this does not occur. Landowners play a valuable role siting much of the infrastructure on which this country relies on their own properties, and a constructive on-going relationship must be found that allows the needs of both works owners and landowners to occur.

3.9.3 Targeted support for renewable energy projects must also occur at the small and community-scale, rather than an over-riding focus on large-scale projects. Diversification and dispersal of new generation builds will reduce the scale of impact on affected landowners, while also supporting the resilience of rural communities through dispersed employment and, hopefully, improved energy resilience and reliability of electricity supply. The example of Lodestone Energy's solar farms being established on productive farms in the upper North Island highlights the opportunity for energy generation to collocate with agricultural production. More projects of this type, if not this particular generation type, should be considered for inclusion in the Infrastructure Strategy.

3.9.4 An aspect that arose from the Ministry of Transport's green paper is that of needing to pace transitions towards lower emissions energy with the availability of alternatives, whether lower emissions generation plant or demand-side measures like the feebate scheme for lower emissions vehicles. Behaviour change can only reasonably be expected to occur where there are reasonable alternatives for people to take up. To do otherwise risks the relevance, value, and viability of future infrastructure investments. The pacing of infrastructure investments and measures is therefore a matter worthy of inclusion in the Infrastructure Strategy.

Q10: What steps could be taken to improve the collection and availability of data on existing infrastructure assets and improve data transparency in the infrastructure sector?

3.10.1 Infrastructure asset and performance data is generally generated for very specific regulatory purposes, meaning it is our experience that it is very difficult to discern detail from such data for application in different purposes or contexts. An example of this is our prior attempts to understand the coverage of connectivity services in rural areas. Most of the mapping data that is publicly available paints a far rosier picture than is confirmed by many of our farmer members. Federated Farmers' annual rural connectivity surveys highlight gaps in coverage and unreliable connectivity in locations that publicly-available mapping data suggests should not be an issue.

3.10.2 Similarly, quality of service data for electricity and telecommunications infrastructure is generally aggregated to a point that masks the experience on the ground by many in rural areas. Too often, outage data from reliable service levels in more urban areas drowns out the starting instances of frequent and longer-lasting outages experienced by rural consumers. Examples include electricity distribution asset performance assessments undertaken by the Commerce Commission, and data provided in support of achieving service performance requirements enshrined in Telecommunications Service Obligation deeds.

3.10.3 Farm businesses and rural households are located in parts of the country more exposed to harsh weather conditions and reliant on more extensive infrastructure networks than those in urban areas. In presenting different risks to infrastructure performance than is the case for more densely-populated groups of consumers, rural New Zealand deserves data collection and analysis that has greater regard for those differing circumstances. This is especially relevant as regards the lack of available alternatives or redundancies in rural infrastructure in comparison with urban-located infrastructure. When a rural bridge washes out a community is usually isolated. When an urban road is closed for maintenance or upgrade, commuters can usually use alternative routes to reach their destinations.

3.10.4 We note that the Commission recommends development of common infrastructure metadata standards, which should assist with increasing the interoperability of infrastructure data for multiple purposes. It has been the experience of a number of our members that the same data is often required to support reporting for varying purposes, and it is a nonsense that this should have to continue.

Q11: What are the most important regulatory or legislative barriers to technology adoption for infrastructure providers that need to be addressed?

3.11.1 Standardised planning rules and similar regulatory fixes are likely to be sought by infrastructure providers. The Federation would support such measures so long as uncompensated takings and unnecessary impacts on landowners was taken into consideration when exploring such options.

3.11.2 Federated Farmers has experience of working constructively with infrastructure providers on securing fixes for legislative barriers. One example is that of amendments to the Electricity Act 1992 enabling the siting of high-speed fibre broadband cables along existing electricity infrastructure. Our support for this effort was contingent on ensuring that affected landowners were able to free or discounted connections to the farm household within prescribed distances from the powerline's location. We would be interested in further opportunities to support proposals that improve technology adoption by infrastructure providers, where those proposals present a neutral or potentially beneficial consequence for affected landowners.

Q12: How can we achieve greater adoption of building information modelling (BIM) by the building industry?

3.12.1 We have no opinion to offer on the greater adoption of building information modelling by the building industry.

Q13: How should communities facing population decline change the way they provide and manage infrastructure services?

3.13.1 Population demography raises uncomfortable considerations for many parts of rural New Zealand.

3.13.2 Government afforestation policies are coming into conflict with regional economy imperatives. This is especially relevant since the domestic tourism industry has suffered a severe shock with the marked reduction in international visitors and many regions and districts relying on agricultural production to carry them through the tough times. With technical settings within the Emissions Trading Scheme (ETS) as they are, wherever pasture is replaced with trees will result in land-use lock-in in perpetuity. Deforestation liabilities paired with ever-increasing emission unit prices means it will always be cost prohibitive to change land-use on forested properties. Increasing afforestation on productive farms presents clear risks to the viability of rural community populations and regional economies more broadly.

3.13.3 Conversely, housing unaffordability in most urban centres is seeing a migration of sorts into more affordable housing in rural townships and nearby greenfields housing developments. Increased uptake of remote working and similar non-travel options relies upon telecommunications infrastructure that can handle the uptick in demand, but the changing nature of employment in such townships means there will need to be a necessary adjustment to infrastructure investment priorities.

3.13.4 It remains unclear, at this stage, whether the impacts of some policies will offset the effects of others on population demography in rural communities. Looking at the experience of Wairoa in the 1980s and 1990s following mass property conversions from farming to forestry saw a marked drop in population numbers as local farm workers were replaced by itinerant or commuting forestry work crews. The end result was that wages and salaries were no longer being spent to the same extent in the same townships and communities as was the case before land conversions occurred.

3.13.5 Despite any potential shifts in rural population demographics, it will remain vital that networked infrastructure will continue to be maintained and improved. There will always be farms in remote locations that need roads connected to downstream processing facilities and ports. Rural households will continue to require connectivity to overcome the tyranny of distance and sense of isolation. There are few, if any, alternatives to networked infrastructure for rural communities, and this must be taken into consideration.

3.13.6 As such, while there will need to be a readjustment of infrastructure investment priorities in areas undergoing population decline, there will also need to be some recognition of the need for infrastructure investment to continue. Whether this occurs through adjustments to cost-sharing arrangements between central and local government or a greater degree of ring-fencing of revenue to be invested where the revenue was generated is worthy of further consideration.

Q14: Does New Zealand need a Population Strategy that sets out a preferred population growth path, to reduce demand uncertainty and improve infrastructure planning?

3.14.1 Our members have been subject to prior predictions of farming as a sunset industry. This has tended to occur at times when the sector has soon undergone a period of regrowth and evolution. We would be uncomfortable with a Population Strategy being developed that sets out a population growth path for potentially misstating the future for farm businesses and rural communities. Too much is uncertain right now for us to have much confidence in such a strategy.

Q15: What steps can be taken to improve collaboration with Māori through the process of planning, designing and delivering infrastructure?

3.15.1 Māori endure many of the same restrictions and limitations on access to infrastructure services and concerns around quality of infrastructure services as our own farmer members. Māori also contribute to supporting regional communities and rural communities as primary producers with their own aspirations and imperatives.

3.15.2 We support Māori land entities being better enabled to advance in their development as this better supports the regions and communities our own members line and work.

3.15.3 We have supported Māori representation in territorial authority decision-making for increasing rural representation in territorial authority decision-making.

3.15.4 We are aware of existing limitations and constraints of Māori representation with many Māori called upon to engage in discussions / decisions with little consideration given to the lack of capability and capacity to do so. Consultation fatigue is one aspect seeing attrition in the engagement of expertise within Māoridom in territorial authority decision-making. Another aspect is territorial authorities perhaps unknowingly misunderstanding who has manawhenua on any given planning issue, and perhaps not only involving those Māori that ought to be involved.

3.15.5 There will need to be an element of upskilling to increase capability and capacity within Māoridom to be involved on behalf of their people in infrastructure planning, design and delivery. There will also need to be a recognition that Māori are not a monolith with an entirely common view of infrastructure matters. Further, the infrastructure needs of Māori vary from rohe to rohe in much the same way as the needs of one rural community differs from that of another. This means some care and attention will need to be paid to ensure a broad range of perspectives are brought to infrastructure planning, design and delivery.

Q16: What steps can be taken to unlock greater infrastructure investment by Māori?

3.16.1 We have no opinion to offer on the steps that can be taken to unlock greater infrastructure investment by Māori.

Q17: What actions should be taken to increase the participation and leadership of Māori across the infrastructure sector?

3.17.1 We have no opinion to offer on the actions that should be taken to increase the participation and leadership of Māori across the infrastructure sector.

Q18. For the Enabling Competitive Cities and Regions' Action Area and the Needs:

- **What do you agree with?**
- **What do you disagree with?**
- **Are there any gaps?**

3.18.1 We would broadly agree with the Needs described in this section of *He Tūāpapa ki te ora* as:

- Enable a responsive planning system.
- Coordinate delivery of housing and infrastructure.
- Improve access to employment.
- Plan for lead infrastructure.
- Improve regional and international connections.

3.18.2 The Needs described in this section appear to be complete, albeit with some caveats as regards specific options. In particular:

- *C1.2: Standardise planning rulebooks to increase capacity and reduce cost and uncertainty* has its risks in applying a too one-size-fits-all framework that causes problems in regions and districts that go beyond the transitional to also include the situational.
- *C2.1: Ensure the provisions of three waters infrastructure to enable growth* might potentially conflict with our preference that small water schemes supply water to 0-50 households be exempted from the regime. Most of these schemes depend on goodwill that could easily be withdrawn and leave many rural properties without drinking water supplies.
- *C2.2: Volumetric charging to fund proportion of water infrastructure* could be problematic where the cost/benefit of revenue-collection to infrastructure investment does not match up. It must.
- *C2.3: Improve information on infrastructure capacity and costs to service growth* is worthwhile so long as it does not lead to such information becoming a barrier to investment in certain regions or areas of any given region (especially rural areas). The avoidance of self-fulfilling prophecies should be sought.
- *C4.1: Develop a lead infrastructure policy, supporting implementation guidance, and a corridor protection valuation methodology* raises concerns that the corridor protection valuation methodology does not further tilt the existing balance of interests away from the landowner to the benefit of the works owner.
- *C5.2: Update the 2006 Digital Strategy* must result in better co-ordination among the various efforts across government and the private sector than the wildly ad hoc nature of most connectivity announcements in recent years. Further, regular reviews and updates to the strategy over time would have regard for changing circumstances, such as progressive phase-out of in-person services, ongoing issues around access to connectivity services, and emerging technologies.

Q19: What cities or other areas might be appropriate for some form of congestion pricing and/or road tolling?

3.19.1 We have no opinion on particular cities or urban areas that might be appropriate for congestion pricing and/or road tolling.

3.19.2 That said, congestion pricing will work best where alternatives are available for transport users to take up. This means affordable and accessible public transport services, fit-for-purpose walking and cycling options, and telecommunications infrastructure that can ably support remote working arrangements with employers. To introduce congestion pricing without these and other alternatives being available to transport users is inequitable and unlikely to deliver reduced congestion along affected routes.

3.19.3 Road tolling is perhaps better thought of less as a behaviour change measure and instead one of cost recovery for roading investments. For road tolling to be effective, consideration would need to be given to alternative transport routes and the impacts

arising from vehicle traffic instead being redirected along those routes. There are situations where road tolling has seen the tolled route all but abandoned in favour of un-tolled alternative routes.

Q20: What is the best way to address potential equity impacts arising from congestion pricing?

3.20.1 Where equity impacts are unavoidable due to lack of accessible, affordable, and fit-for-purpose alternatives to private vehicle travel along affected routes, congestion pricing should not proceed.

Q21: Is a 10-year lapse period for infrastructure corridor designations long enough? Is there a case for extending it to 30 years consistent with spatial planning?

3.21.1 Designations need to remain a use-it-or-lose-it proposition for infrastructure providers within a reasonable timeframe to minimise the impact on affected landowners and occupiers, as well as those on neighbouring and adjacent properties.

3.21.2 We have previously taken positions of non-opposition to some infrastructure corridor designations in recognition of the issues for affected landowners arising less from the designation itself. Impacts on affected landowners and occupiers instead arise from the uncertainty of occupation and continuing investment in their occupation during the designation period. In some instances, this situation has been beneficial where designations have been abandoned in favour of revised corridor routes. In other instances, affected landowners have been left sleepless and anxious from not knowing when exactly they would have to attempt to find somewhere else to live and work.

3.21.3 Proposed improvements to planning and implementation of recommended elsewhere in *He Tūāpapa ki te ora* should go some way towards reducing the need for designations to need to be extended out to 30-years before lapsing. Should any project find itself incapable of overcome expected challenges within a 10-year timeframe once planning and implementation improvements have been actioned, then serious questions need to be asked as to whether such projects should still proceed.

Q22: Should a multi-modal corridor protection fund be established? If so, what should the fund cover?

3.22.1 It is difficult to see why a multi-modal corridor protection fund would be necessary. Either the property rights are needed for an infrastructure project, or they are not. Assuming the property rights are indeed required for a project to proceed, then they should be negotiated and purchased at the time they are known to be required. In those instances where infrastructure projects require expansion to require further property rights, then those rights should similarly be negotiated and purchased at the time that a decision is made to proceed with expansion. To do otherwise risks imposing a greater degree of uncertainty on affected landowners and occupiers than should otherwise be necessary.

3.22.2 The introduction of a value-capture tax would appear as a revenue method for the fund would appear to be problematic. Value capture taxes work best as a means of cost recovery once a project has been completed and the realisation of economic benefits from an infrastructure better understood once it is already in place and in operation. For revenue from a value capture tax to instead be used as a fund for infrastructure projects in areas other than where the tax is collected has the appearance of inequity and unfairness about it.

3.22.3 Similarly, using land-value change as a basis for a targeted rate raises implementation issues around instances where an infrastructure has a negative impact on the value of affected properties. Should betterment become an over-riding criteria for a targeted rate, then this also raises issues where land valuations have not necessarily had regard for infrastructure projects pursued outside the jurisdiction of territorial authorities. An example here is that of transmission grid upgrades and new line builds where the work occurs in one part of the country for the benefit of consumers in another part of the country. Granted, this particular situation would be covered under the transmission pricing methodology, but could equally apply to roading and other infrastructure projects that cross territorial authority boundaries. Further, questions arise as to how land values could have regard for the betterment arising from such projects as distinct from more immediate influencers of land values (land sale and purchase trends, housing affordability consequences, etc.).

Q23: What infrastructure actions are required to achieve universal access to digital services?

3.23.1 Actions here would largely come down to supply-side actions improving access to digital services, and demand-side actions improving uptake of digital services.

3.23.2 Supply-side actions include:

- Accelerate the roll-out of high-speed broadband and support infrastructure (powerlines and fibre connections to fixed towers) in rural and other areas with poor connectivity.
- Closing gaps in mobile voice coverage in outdoor spaces.
- Maintain watching brief on developments with low-Earth orbit satellite networks as a potential alternative to fixed terrestrial infrastructure assets.
- Review options for voice services should low-Earth orbit satellite networks assume dominance for data connectivity.
- Monitor developments in cellphone spectrum advances (5G and 6G for fitness-for-purpose to address gaps in coverage and poor connectivity in rural areas).

3.23.3 The looming emergence of low-Earth orbit satellite services does present risks to the continuing viability of existing terrestrial telecommunications infrastructure. Fixed mobile towers frequently provide both voice and data services into rural areas, with data generally considered the more profitable aspect of telecommunications services.

3.23.4 We are aware that the Department of Internal Affairs has undertaken work to develop a Digital Inclusion Blueprint that specifically addresses issues around access to digital services. As such, we recommend the Commission consider this work to better understand the demand-side actions that might contribute to universal access to digital services.

Q24: For the 'Creating a Better System' Action Area and the Needs:

- **What do you agree with?**
- **What do you disagree with?**
- **Are there any gaps?**

3.24.1 We would broadly agree with the Needs described in this section of *He Tūāpapa ki te ora* as:

- Integrate infrastructure institutions.

- Ensure equitable funding and financing.
- Make better use of existing infrastructure.
- Require informed and transparent decision-making.
- Develop and prioritise a pipeline of work.
- Improve project procurement and delivery.
- Reduce costs and improve consenting.
- Activate infrastructure for economic stimulus.

3.24.2 The Needs described in this section appear to be complete, albeit with some caveats as regards specific options. In particular:

- *S1.2: Review roles and functions of local government and other related infrastructure providers* is necessary, but it does need to be kept in mind that there will be ongoing infrastructure needs through transition and there remains a backlog of desperately-needed infrastructure investments that are struggling to get any attention against emerging priorities.
- *S2.1: Fund tourism infrastructure* may need to revise projected revenue given New Zealand's currently closed borders to international visitors and uncertainty around the timing and pace with which the International Visitor Conservation and Tourism Levy can be expected to collect revenue for networked and other infrastructure projects.
- *S2.3: Develop a transition plan for transport pricing* needs to pace the transition to the availability and accessibility of alternatives.
- *S2.4: Use value-capture mechanisms to fund infrastructure for growth* is worthwhile for targeting funding towards those not fairly contributing to the impacts they have on infrastructure networks. An example is forestry's impact on the roading network and the underwhelming contribution they put towards its maintenance.
- *S3.3: Improve pricing to optimise use of existing infrastructure* is worth considering, but there needs to be a strong grasp on alternative behaviours and the pace of emerging technology to avoid unintended consequences on affected communities. Rural communities endure a lot for not generally being considered as distinct from urban centres, especially as regards the setting of investment priorities.
- *S7.3: Develop a planning system ore enabling of infrastructure* needs to ensure that there is consideration of matters that include landowner interests, land acquisition and reverse sensitivities to ensure a balanced approach is taken.

Q25: Does New Zealand have the right institutional settings for the provisions of infrastructure?

3.25.1 Arguably, no.

3.25.2 Approval processes take too long and are rarely satisfactory, or transparent in their decision-making. Examples include announcements in 2020 of further funding for boosting rural connectivity with priority given to surge regions and little to no certainty for when connectivity would improve for rural users. Further, decisions on road

transport projects seem to almost come from nowhere and be based on reasons that make little sense to affected communities.

3.25.3 Central government has an annoying habit of announcing infrastructure investments and then taking a long time to deliver, if at all. Examples include affordable housing, rural connectivity, and road transport projects.

3.25.4 Central government has arguably made things worse over time by requiring local authorities to take on tasks with little to no support or resources. This has contributed to a fragmented and haphazard approach to infrastructure across the country. The Productivity Commission has over the years made recommendations that should have helped the situation, but there has been little progress in response. Unfortunately, the Government is still yet to respond to the Final Report of its 2019 Inquiry into Local Government Funding and Financing.

3.25.5 Central government has also unhelpfully developed a habit for frequently shifting the goal posts for local government and infrastructure providers on preferred priorities. Examples include recent consultations on net zero carbon by 2050, three waters, and resource management reforms. That these shifts in priority appear to be occurring at a pace swifter than it takes to build infrastructure projects only serves to make infrastructure investments less certain. We saw similar consequences under previous governments where frequent revisions to technical settings underpinning the ETS led to scheme participants effectively freezing up for wanting to avoid regrets from emerging reforms.

Q26: How can local and central government better co-ordinate themselves to manage, plan and implement infrastructure?

3.26.1 This is emerging as a common thread throughout a lot of policy priorities of late.

3.26.2 Forward planning by both central and local government would appear to be an obvious place to start to better allow for co-ordination of efforts and common understanding of challenges and barriers to plan and implement infrastructure.

3.26.3 Other measures include:

- Addressing the matter of unfunded mandates imposed on local government by central government.
- More transparency from central government on infrastructure decision-making, instead of the ad hoc picking of winners that appears to be occurring.
- Greater certainty from central government of intentions and reasons for revisions to their infrastructure priorities, or infrastructure-related aspects of other priorities.
- Better or-ordination within central government of infrastructure priorities nd investments.
- Properly addressing the sustainable funding of infrastructure.

3.26.4 Again, the Productivity Commission has made similar observations, for example in its 2013 Inquiry into Local Government Regulation and Practices and in its 2019 Inquiry into Local Government Funding and Financing. Its findings and recommendations should be revisited.

Q27: What principles could be used to guide how infrastructure providers are structured, governed and regulated?

3.27.1 We have no opinion on principles that could be used to guide the structure or governance of infrastructure providers.

3.27.2 On the matter of principles that could be used to guide the regulation of infrastructure providers, this largely comes down to being able to hold providers accountable for their behaviour in undertaking infrastructure projects. This relates to both the design and planning stages of infrastructure projects accommodating the needs and reducing negative impacts on affected persons and properties. This also relates to minimising the risk of avoidable construction delays and cost over-runs eroding the benefits of infrastructure projects. Further, this also relates to ensuring that infrastructure projects deliver on the objectives and purpose of commissioning the infrastructure project in the first place.

3.27.3 Our experience of accountability of infrastructure providers is that the courts are a costly and risky forum in which stakeholders can pursue remedies to the behaviours of providers. Further, the respective rights and obligations of infrastructure providers are in many instance stilted unfairly against the interests of affected landowners and occupiers. As an example, the Electricity Act 1992 contains clear and relatively balanced rights and obligations between landowners and works owners that only apply to existing works. For new line builds and substantive upgrades, the line owner needs to negotiate for the necessary property rights on a willing buyer-willing seller basis. In comparison, roading companies appear to have more free access to compulsory acquisition powers under the Public Works Act 1981 with little in the way of protections for affected landowners or occupiers through this process.

3.27.4 Instituting an element of accountability for the behaviour of infrastructure providers should go some way to rebalance the situation of affected landowners and occupiers with infrastructure providers, and so help ensure potential impacts are better addressed and expected benefits of infrastructure projects are realised.

Q28: What steps could local and central government take to make better use of existing funding and financing tools to enable the delivery of infrastructure?

3.28.1 Existing funding and financing tools are too limited for current requirements, let alone future requirements. New Zealand is a small country with limited capital available for investment. Our regional economies will struggle to fund existing activities while the global pandemic means they are all the more reliant on local business activity. That the global pandemic also means that migrant labour is not available to cost-effectively undertake many necessary roles within primary producer businesses suggests that decreasing productivity will have an impact on regional economies.

3.28.2 As such, it is difficult to see how existing funding and financing tools could be better used given the conditions contributing to constrained private sector and local government capacity to invest. We are aware that some Kiwisaver funds have previously expressed interest in investing in New Zealand infrastructure projects but were politely refused on the back of societal concerns around privatisation and perceived difficulties around private ownership stakes in public utilities. It might be worth reviewing the extent to which non-infrastructure parties could be encouraged to invest their capital in infrastructure projects.

Q29: Are existing infrastructure funding and financing arrangements suitable for responding to infrastructure provision challenges? If not, what options could be considered?

3.29.1 Demand-side measures are worth considering to reduce or otherwise temper the need to invest in many types of infrastructure projects. That said, these must be paced with the availability and accessibility of alternatives previous discussed in earlier sections of this submission.

Q30: Should local authorities be required to fund depreciation as part of maintaining balanced budgets on a forecast basis?

3.30.1 Yes. They should.

3.30.2 Recent analysis from the New Zealand Initiative suggests that local authorities have frequently collected depreciation costs from ratepayers only to invest those funds in other local government activities. This is contributing to the current problem in many councils of severe funding shortfalls for emerging infrastructure problems and needs to be addressed to ensure this does not continue to occur.

Q31: What options are there to better manage and utilise existing infrastructure assets?

3.31.1 We have previously commented in this submission on improvements that would assist in extending the life of existing infrastructure assets. They include:

- Granular data reporting on the performance of infrastructure assets supports more accurate understanding of the state of existing assets.
- Sustainable funding and financing options assist with ensuring that necessary maintenance or upgrades can occur to extend the life of existing assets.
- Demand-side measures paced with alternatives assist with reducing wear and tear on existing assets.

Q32: Are there benefits in centralising central government asset management functions? If so, which areas and organisations should this apply to?

3.32.1 We have no opinion to offer on potential benefits in centralising central government asset management functions.

Q33: What could be done to improve the procurement and delivery of infrastructure projects?

3.33.1 We have no opinion on potential improvements to the procurement and delivery of infrastructure projects beyond recommendations made elsewhere in this submission.

Q34: Do you see merit in having a central government agency procure and deliver infrastructure projects? If so, which types of projects should it cover?

3.34.1 We have no opinion to offer on potential merits in having a central government agency procure and deliver infrastructure projects.

Q35: What could be done to improve the productivity of the construction sector and reduce the cost of delivering infrastructure?

3.35.1 We have no opinion to offer on what could be done to improve the productivity of the construction sector. We have previously argued that better addressing the interests of affected landowners and occupiers should deliver reduced litigation costs and time delays.

Q36: What components of the infrastructure system could have been improved to deliver effective stimulus spending during the COVID-19 pandemic?

3.36.1 Rural connectivity is in dire need of investment in many parts of the country but has suffered from too-slow rollout of the second stage of the RBI and uncertainty around the deployment of boost funding in 2020.

3.36.2 Water storage investment would have been invaluable in assisting with dry conditions and will be worthwhile in ensuring adequate resources to handle heightened fire risk with increasing afforestation across the country.

3.36.3 The state of many rural roads and bridges continues to worsen with land transport priorities directing investment elsewhere. As such, we are seeing situations where some primary producers can no longer get their product to market and little sign this will improve while there remains a shortfall in funding from the National Land Transport Fund for the next three years.

3.36.4 Rural New Zealand needs to see continued investment in network infrastructure to be able to continue to support regional economies, to hire and retain skilled staff on farm, and to fulfil the requirements of a modern business in an increasingly online world. This is also critical for social wellbeing of rural communities.

Submission Ends