

**Submission by**

**Hamilton City Council**

## **INFRASTRUCTURE FOR A BETTER FUTURE: AOTEAROA NEW ZEALAND INFRASTRUCTURE STRATEGY CONSULTATION DOCUMENT (MAY 2021) - NEW ZEALAND INFRASTRUCTURE COMMISSION**

**2 July 2021**

### **1.0 EXECUTIVE SUMMARY AND RECOMMENDATIONS**

- 1.1 Support the overall intent and direction Consultation Document Infrastructure for a Better Future: Aotearoa New Zealand Infrastructure Strategy.
- 1.2 Support the two-phased approach in shaping the actual Infrastructure Strategy. We will also be engaging in the second phase i.e., release of the Commission's Draft Strategy for feedback.
- 1.3 Provide overall support for the high-level sector input submissions made by LGNZ and Taituarā to the Commission's Consultation Document.
- 1.4 Design and progression of major reforms (e.g., Three Waters and RMA) should ultimately result in greater efficiencies for various key sectors of the economy - but they need to be better considered, managed and coordinated as an integrated package.
- 1.5 Recommend that the Infrastructure Commission takes an active role in coordination across the current Government reform processes to ensure integrated Infrastructure planning, delivery and ongoing management.
- 1.6 Hamilton City Council takes a keen interest in and is actively participating in and supports several the government's key reforms, noting that the timing and sequencing of these has the potential to create issues for efficient infrastructure planning and delivery.
- 1.7 Maori representative organisations should be partners in the development of the Infrastructure Strategy, recognising the local knowledge they will possess.
- 1.8 Environmental sustainability needs greater visibility when considering provision of infrastructure. Both embodied and operational greenhouse gas emissions should be considered in planning infrastructure. As well as incorporating this into business case guidelines, better tools are required to support infrastructure investors to understand both the embodied and operational emissions and to ensure consistent and comparable data.
- 1.9 The Infrastructure Strategy should include the framework for developing a national programme of future Infrastructure investments that are required.
- 1.10 This would allow for the Infrastructure Strategy to be used to help consider trade-offs that might be required in decision-making and build on the already completed State of Play documents for the various infrastructure sectors.

## 2.0 INTRODUCTION

- 2.1 Hamilton City Council would like to thank the New Zealand Infrastructure Commission for the opportunity to make a submission to its May 2021 Consultation Document **Infrastructure for a Better Future: Aotearoa New Zealand Infrastructure Strategy** (the Consultation Document).
- 2.2 We would like to acknowledge the considerable work and thinking that the Commission has undertaken in developing the Consultation Document.
- 2.3 We note that the Consultation Document sets out a proposed direction for development of the Infrastructure Strategy, and that the Commission will be undertaking further consultation and engagement with key stakeholders upon release of the actual Draft Infrastructure Strategy.
- 2.4 Hamilton City Council acknowledges and supports the Commission's two-phased approach to shaping the development of the actual Infrastructure Strategy and we look forward to participating in this further important engagement opportunity.
- 2.5 Overall, Hamilton City Council supports the high-level sector input submissions made by LGNZ and Taituarā to the Commission's Consultation Document. We also provided input to the draft submissions of both key sector organisations when released to the sector for feedback.

## 3.0 INFRASTRUCTURE STRATEGY AND GOVERNMENT REFORMS

### Coordination and Alignment of Multiple Reforms

- 3.1 The current Government led reform agenda has the potential to significantly impact on how infrastructure is planned and delivered across the public sector. The following reforms allow for a unique opportunity to provide infrastructure in a coordinated way. Page 36 of the Consultation Document notes the following reforms currently taking place:
  - Resource management reform.
  - Responding to climate change adaptation and mitigation.
  - Three Waters reform.
  - Health and disability sector reform.
  - Review into the Future for Local Government.
  - Emergency management reform.
  - Waste legislation review and waste strategy development.
- 3.2 While Hamilton City Council acknowledges that these major reforms should ultimately result in greater efficiencies for various key sectors of New Zealand's economy, we have concerns that such reforms need to be better considered, managed and coordinated as an integrated and coordinated package.
- 3.3 Hamilton City Council notes that the reforms of the Resource Management system and Three Waters will effectively change the form and function of local government, and also note that they precede the 'Future for Local Government' review.
- 3.4 We are of the opinion that ideally, the 'Future for Local Government' review should have been considered first, outlining the desired future state for local governance and democracy, with funding and delivery arrangements (as are being determined through the Resource Management and Three Waters reviews) following this.
- 3.5 The role of the Infrastructure Commission could be critical to help coordinate reforms to achieve key benefits relating to infrastructure. This coordinating function for infrastructure planning and delivery is particularly important in the reform design and legislative phases, noting the varying timeframes for each piece of work.

- 3.6 LGNZ share similar concerns to Hamilton City Council around this issue i.e., *“Since Government is not strategically coordinating cross-cutting reform efforts - many of which circle around longstanding issues about how we plan, fund and deliver infrastructure - it is timely that the Commission identifies a lack of system stewardship in the infrastructure space”*.
- 3.7 *“In particular, there is no one institution with sufficient powers to look across the large number of organisations involved in not only planning, building and operating infrastructure, but also shaping the institutional settings and structures. LGNZ welcomes the Commission’s intent to fill this void”*.
- 3.8 These reforms need to be complementary and well-integrated while clearly outlining responsibilities for how infrastructure is managed.
- 3.9 The Infrastructure Commission should use legislation and regulations powers to tie these new governance and management arrangements into an integrated national infrastructure planning and investment system.
- 3.10 As noted by LGNZ in its submission to the Commission, *“The Government is currently progressing major reform programmes in three waters service delivery (drinking, waste and storm water) and resource management that propose to significantly reshape the landscape of New Zealand’s institutional settings and structures for provision of infrastructure. An overarching infrastructure strategy is much needed”*.
- 3.11 LGNZ note further that *“Overall our view is that the Commission’s approach is not bold enough. It presents a missed opportunity to lead with much more innovative problem solving. After all, a step change is needed. Government is currently progressing large scale and fundamental reforms, their successes of which are contingent upon getting the Strategy right and aligned across government. It is not just about institutional structures and planning, but also about how our funding and financing framework - and the underpinning institutional settings - can drive investment in ways more responsive to local needs as well as national interests”*.
- 3.12 Noting the wide scale reforms taking place and the need to be transformative, Hamilton City Council notes that Taituarā’s submission recommends the adoption of an explicit *“Three Horizons”* approach to strategy setting, and the establishment of *“Priority Actions”*.
- 3.13 This approach recommended by Taituarā could provide clarity in terms of desired outcomes, whilst enabling flexibility on how to get there. Priority actions could provide first steps which then enable some of the more substantive changes recommended by the Infrastructure Commission.
- 3.14 Hamilton City Council support the adoption of these two recommendations. To ensure meaningful change in terms of the provision of future infrastructure, clear guidance and outcomes will need to be set by Central Government, whilst enabling local government to be flexible in their approach. This is especially important when taking into consideration Three Waters reform and the Review into the Future of Local Government.
- 3.15 To avoid potentially disparate bespoke arrangements with iwi and infrastructure providers, we recommend that mechanisms for iwi co-management of natural resources are framed at a national level in the Infrastructure Strategy and related frameworks.

### **Council Involvement with Reforms**

- 3.16 Hamilton City Council takes a keen interest in, is actively participating in and support a number of these major reforms e.g., in May 2021 we provided early high-level feedback to the Ministry for the Environment on the Government’s reform of the Resource Management system, particularly around opportunities to improve system efficiency - refer [here](#). The current Resource Management reforms will influence the future provision of infrastructure by requiring

a more integrated approach to planning for the long-term future of our cities and towns through regional spatial planning, where land use will be considered alongside infrastructure.

- 3.17 We are also actively involved in working with central government on Three Waters Reform and are supportive of the proposed approach of the reform package currently being developed. We support the programme's goals of ensuring safe, sustainable, and economically efficient delivery of Three Waters services, but note that effective transition to any new structure must be in full and equitable partnership with local government.
- 3.18 The Consultation Document asks if there any other infrastructure issues, challenges or opportunities that we should consider? (Question 3). The reform of the waters sector will remove the waters function from councils, however future planning for cities and towns needs to be closely integrated with waters infrastructure planning and investment and the mechanisms for doing this successfully need to be considered as the reform progresses.
- 3.19 A large amount of the options that are proffered within this document have been or are being considered as part of the Three Water Reform, and the establishment of Taumata Arowai. Any changes proposed by Infrastructure New Zealand align or build on the work already completed as part of the Three Waters Reform.
- 3.20 The availability and sustainable use of natural resources needs to be seriously considered. The likes of spatial planning and unlocking growth is unlikely to be successful if natural resources (i.e., available land/water allocation) are not available.
- 3.21 The reform outcomes are essential, and the future benefits for our communities and our environment are ones we should all be striving to achieve. It is important to note that in applying an Infrastructure Strategy for Aotearoa, that the importance of local democracy should not be lost and needs to be built into mechanisms that will deliver the Strategy (i.e., Three Waters Reform that proposes the separation of Three Waters infrastructure and activities from Local Government). Community input mechanisms into strategic outcomes is crucial, and any governance structure should be transparent as to how local democracy can have a voice in decision-making with regards to existing and planned infrastructure.

### **Inclusion of Iwi/Maori Partners**

- 3.22 Hamilton City Council support the position held by the Commission to partner with Maaori in the development of the Infrastructure Strategy. We have a close working relationship with our iwi partners. As a start, decision-making relating to water in our region (most notably, Three Waters infrastructure) must be directed by the vision and principles of Te Mana O Te Wai and give effect to Te Ture Whaimana/the Vision and Strategy for the Waikato River.
- 3.23 Notwithstanding this, clear guidance from Central Government needs to be provided on what aspects of the Infrastructure Strategy are for councils to respond to, and what aspects will be managed by Central Government

## **4.0 FEEDBACK BY ACTION AREA**

- 4.1 The following sections (Sections 5.0 to 7.0) provide feedback on themes raised under the various Action Areas of the Consultation Document. Where appropriate, there are references to page numbers and Consultation Document sections included.

## **5.0 BUILDING A BETTER FUTURE**

### **Climate Change**

- 5.1 It is important that both embodied and operational greenhouse gas emissions are considered in infrastructure. As well as incorporating this into business case guidelines, better tools are required to support infrastructure investors to understand both the embodied and operational

emissions and to ensure consistent and comparable data. Guidance is also required on how to manage the uncertainty around climate models, especially given the long lifetime of some infrastructure.

- 5.2 Stronger emphasis is required on reducing the risk of stranded assets due to the low carbon transition and physical climate impacts, especially for existing infrastructure. Asset renewal programmes provide an opportunity to reduce this risk.
- 5.3 Hamilton City Council supports the importance of introducing an appropriate shadow carbon price in infrastructure planning. Again, guidance around how to model this should be provided alongside business-case guidance.
- 5.4 Reducing transport emissions is important for New Zealand, but especially important in metro areas like Hamilton. As outlined in the Climate Change Commission's final advice to Government **Ināia tonu nei: A Low Emissions Future for Aotearoa**, the Avoid-Shift-Improve model should be embedded in transport planning - this will help to reduce the demand for transport infrastructure.
- 5.5 Hamilton City Council has previously and will continue to support driving a culture of waste minimisation. Hamilton City Council's Waste Management and Minimisation Bylaw 2019 requires that new buildings (including deconstruction) source separate building waste and provides a Site Waste Management and Minimisation Plan at consent stage. We consider this to be the minimum standard that should be adopted. In addition to this, we consider that a Strategy that would provide for locations of resource recovery centres close to waste producing activities would be helpful.
- 5.6 In answer to Question 6 on how else can we use infrastructure to reduce waste to landfill, to guide the waste sector, a national Infrastructure Plan should be developed that identifies where waste/resource streams are being generated, how they may change in time and what opportunities and gaps exist for new waste recovery infrastructure. These exist overseas and have driven better recovery infrastructure, especially when supported by government funding/grants.
- 5.7 Hamilton City Council supports many of the recommendations on page 52 and 53 of the Consultation Document relating to the use of business case guidelines, recognising climate uncertainty in decision-making, use of bright-line tests for resilience, using non-built transport solutions, enabling active modes of travel, consideration of insurance markets to inform climate risk planning policy, driving waste minimisation culture and efficient pricing of waste. We make further comments and recommendations relating to these proposals.
- 5.8 We note that the Consultation Document proposes a bright-line (pass/fail) infrastructure resilience test for major stresses and future impacts of climate change (F1.3). Whilst the premise of a bright-line test is generally supported, Hamilton City Council would want to understand what the bright-line test will consist of before supporting this option. This is to ensure that any unreasonable controls (i.e., unaffordable, unachievable and inequitable) which hinder the development of capital works are avoided.
- 5.9 We recommend that for the proposal to ensure non-built transport solutions have first consideration (F1.4) that the 'Avoid-Shift-Improve' framing is used to support this.
- 5.10 For the action 'Enable active modes of travel' (F1.5), in addition to increasing the density of housing, end to end travel planning also needs to be incorporated into planning for low carbon transport options.
- 5.11 With regards to F1.6, we note that a balance needs to be struck between insurance market information and other important considerations. The insurance value of proposed capital infrastructure against the actual value of the infrastructure should be analysed to allow for

robust decision-making.

- 5.12 Hamilton City Council's previous submission on the Reducing Waste Consultation Document (November 2019) supported an increased rate levy, and an expansion of waste levies to all landfill types. In addition to this, we would also recommend looking at how product stewardship (pricing for recovery is embedded in purchase cost) as a pricing mechanism to reduce waste to landfill.
- 5.13 With regards to the Taituara submission, a recommendation has been fronted which seeks the Infrastructure Commission's support of a Climate Change Adaptation Fund. Hamilton City Council supports this recommendation.

### Transition of Energy Infrastructure

- 5.14 Although not part of Hamilton City Council's core business, the reliability and resilience of power supply is a significant issue when making the transition to renewable energy. Councils operate Lifeline Utilities (the provision of safe drinking water, and the treatment/disposal of wastewater), however these require a constant provision of power to operate. Without power, councils will not be able to provide these essential services.
- 5.15 In terms of a response to Question 7 (infrastructure issues that could be included in the scope of a national energy strategy):
- We consider that there needs to be particular thought given to improving resilience of supply during a dry hydro year.
  - Energy supply infrastructure that is particularly vulnerable to weather events needs to be identified and included as part of the energy infrastructure.
- 5.16 With regards to the Taituara submission, a recommendation has been fronted which seeks the Infrastructure Commission's support of a Climate Change Adaptation Fund. Hamilton City Council supports this recommendation.
- 5.17 In addition, the decarbonisation of the energy network is essential for New Zealand to achieve net zero by 2050; the development of a National Energy Strategy will be critical in providing the pathway to decarbonisation as well as certainty to industry and businesses. The scope of the Strategy should be aligned to Recommendation 20 in the Climate Change Commission's final advice to Government - **Ināia tonu nei: A Low Emissions Future for Aotearoa**.

### Security and Resilience of Critical Infrastructure

- 5.18 Developing a framework for the definition and identification of critical national infrastructure is a priority as proposed in F6.1 and F6.2. In addition, this should be reflected in National Planning Standards as recommended by Option C1.2.
- 5.19 Local authorities construct, operate and maintain a large amount of what is deemed to be 'lifeline utilities' (water supply and wastewater capital infrastructure, as well as the supporting networks) as defined by the Civil Defence Emergency Management Act 2002.
- 5.20 Good work has already been done in the Civil Defence and Emergency Management space in terms of lifeline utilities. We consider this could act as a good base to create a definition for 'critical national infrastructure', whilst expanding this to provide for infrastructure resilience.
- 5.21 Seismic security and resilience are important for critical infrastructure. The Infrastructure Strategy should also contemplate whether there is sufficient guidance to infrastructure entities on standards for seismic performance of infrastructure. While there are requirements for seismic performance in the Building Code, there is ambiguity regarding the seismic performance required for elements of infrastructure that are critical for community functioning and well-being. For example, seismic performance standards for water reservoirs and tanks in treatment

plants can effectively be set on a project-by-project basis through the specifying of an Importance Level under the Building Code. This is arbitrary and subject to wide variation across the country.

### **Adapt to Technological and Digital Change**

- 5.22 Hamilton City Council supports the adaptation of technology and digital change and the proposals listed in F3, noting the efficiencies that are and could be achieved. For example, Hamilton City Council has been able to assess the condition of Three Water assets and create risk assessments using artificial intelligence.
- 5.23 Hamilton City Council supports the proposal to develop and implement a common set of guiding standards and protocols in consultation with industry to ensure consistency in the format and delivery of digital information (F3.5). Hamilton City Council considers that this development approach should also be applied to the creation of appropriate infrastructure metadata standards.
- 5.24 As a direct response to Question 10, the implementation of the actions could improve the collection and availability of data on both new and existing infrastructure assets. Local government will need to have the available resources and expertise to deliver good data and information, and this should be supported by Central Government.
- 5.25 Hamilton City Council supports the concept of digital twins. The benefit they provide in terms of assisting decision-making is recognised, however we note the following:
- Clarity is sought on the intended purpose of this option and consideration on what would be a reasonable timeframe for implementation of Digital Twin information technology.
  - The term 'Digital Twin' is still new to the industry. A definition should be created to ensure a minimum standard of what makes a 'Digital Twin'.
  - Similar to the matters outlined in paragraph 5.23, a minimum standard of data should be set to ensure greater levels of efficiency and consistency between infrastructure providers and industry members (and as a result, greater outcomes).
- 5.26 We also note that there may be other tools in use by infrastructure providers that potentially will provide over and above what digital twins deliver. Upon clarification of the points above, the concept of 'digital twins' should be reconsidered by the Infrastructure Commission to ensure that they deliver the best outcome for infrastructure providers.
- 5.27 Although the notion of transparency in terms of data we hold is supported, the protection of information from cybercrime needs to be seriously considered. This has been reinforced as a result of observing the impacts of the cyberattack on the Waikato District Health Board. With this in mind, we support the recommendation within the Taituarā submission relating to the incorporation of discussion of cyber security within future iterations of the Strategy.
- 5.28 In addition, the protection of commercially sensitive and confidential information needs to be considered should the infrastructure sector adopt an 'open data' approach.

## **6.0 ENABLING COMPETITIVE CITIES AND REGIONS**

### **Enabling a Responsive Planning System**

- 6.1 Hamilton City Council is supportive of the focus on legislative reform to ensure we have a responsive planning system that coordinates the delivery of housing and infrastructure and enables effective and efficient planning and delivery of lead infrastructure.
- 6.2 We are supportive of the direction of the NPS-UD to upzone around rapid-transit and centre zones as noted in C1.1, but would be cautious in accelerating these reforms, noting the

significant time and work required to successfully implement these changes through District Plan changes.

- 6.3 We are also working on the assumption that the NPS-UD directions will be consistent with the new legislation being developed through the reform of the resource management system.
- 6.4 We recognise the direction from Central Government to move from individual council District Plans to 14 regional combined plans (C1.2), but note that the detail regarding infrastructure planning, funding and delivery needs to be worked through as the reform progresses. There are a number of gaps in terms of infrastructure delivery and how this will work if planning documents are to be developed regionally.
- 6.5 Integration of high-level strategic planning into local planning frameworks and the process for doing this needs to be clear, specifically around funding requirements for implementing Spatial Plans.

### **Coordinated Delivery of Housing and Infrastructure**

- 6.6 The intended reforms to the resource management, waters and local government system are timely. However, it is critical that they are integrated and complementary, especially with regards to the detail affecting local government planning, funding, and delivery processes. Urban development and the delivery of housing will be pointless if the infrastructure and resources required to service housing are not available.
- 6.7 Hamilton City Council staff recently submitted through an early engagement process to the Ministry for the Environment on the recent Resource Management Reform (21 May 2021). A key recommendation in the submission included that growth has to be supported by infrastructure (including necessary resource consents and capacity for water allocation and wastewater discharges) and that local authorities could not have rezoned land without services and resource consents to provide the services. Our submission can be found [here](#) This consideration should be reflected in actions under C2.1.
- 6.8 Hamilton City Council supports any outcomes of the Strategy which enable infrastructure providers to fund the provision of Three Waters infrastructure, which in turn will support urban growth.
- 6.9 With regard to the idea of improving information on infrastructure capacity and costs noted in C2.3, whilst Hamilton City Council supports this, the following points are noted:
  - There is no clarity on who will drive this, and if it needs to be mandated by central government, or if the onus will be pushed onto local government. Hamilton City Council consider that Central Government should have the role of ensuring consistency of information (i.e., data format) and getting buy in from all infrastructure providers.
  - Central Government should provide funding mechanisms to enable the collection and distribution of information. Without this funding, there will be delays in achieving these goals if infrastructure providers do not have the time, funding, and more importantly the resources to undertake any works required.

### **Planning for Lead Infrastructure**

- 6.10 In terms of protecting corridors and providing lead infrastructure, we support the recognition that legislative change and new tools are required beyond the current RMA options. The method by which this will be achieved needs to be simple and fit-for-purpose. The current designation process is unsuitable to achieve these long-term aims, and effective alternatives and funding sources need to be established.
- 6.11 Hamilton City Council supports the proposal to establish a corridor reservation fund that will



protect lead corridors to ensure there is a secure funding source to be used for early corridor-protection activities.

- 6.12 However, we do note that resource management reform could go one step further and create designations for future municipal water supply. This provides certainty of water supply, enabling growth, and providing confidence to infrastructure providers to construct water supply infrastructure.
- 6.13 With this in mind, consideration of how the entire infrastructure provision process functions need to be considered i.e., from long-term planning of urban form, protection of corridors, delivery of lead infrastructure, funding mechanisms, housing development and resource requirements. This needs to be done in the context of the current systems in place under the Local Government Act that councils must adhere to.

## **7.0 CREATING A BETTER SYSTEM**

- 7.1 Aligned planning and funding cycles between local and central government, and all organisations involved in infrastructure planning, funding and delivery are required to enable certainty and coordination. In addition to the significant reform underway, looking to align cycles across different levels of government would also be beneficial. For example, councils develop a Long Term Plan and Infrastructure Strategy every 3 years with a 10 year and 30 year horizon respectively, however central government departments are not required to do the same. The Ministry of Education plan for 3 years and Waka Kotahi generally commit funding for 3-year blocks. To effectively deliver on the outcomes of spatial plans, all partners need to be able to provide the same level of certainty for investment.
- 7.2 The current framework requires councils to forecast what future decisions may be made by Central Government which have impacts on our budgeting and our ratepayers. For example, Hamilton City Council had to adopt its Long Term Plan with factors such as the impacts of the Three Waters reforms outstanding, and the Waikato Regional Land Transport Plan was adopted while the Climate Change Commission was finalising its report to Government.
- 7.3 Currently, a significant impediment to successful strategic and spatial planning are the competing priorities that are emerging between different government departments, new policy and legislation, in addition to funding of spatial plans.
- 7.4 An example of this is the competing priorities between the NPS-UD and environmental bottom lines. This is also likely to play out through the NPS Freshwater and the NPS on Soils. The requirement to deliver density and maximum capacity for houses and jobs often comes up hard against the requirements of the NPS-Freshwater.
- 7.5 These competing issues need to be resolved across central government as they will result in significant time and cost for local government to address and have impacts on the efficient planning and delivery of infrastructure.
- 7.6 Overall, central government departments need to agree on outcomes across different 'silos' before competing issues are identified at plan-making stage. In addition to this, should Central Government direct regional spatial plans to be produced, Hamilton City Council would anticipate a form of funding package to assist the preparation of these plans as part of the RMA reform process as noted in S1.1.
- 7.7 The Consultation Document proposes to investigate the establishment of a New Zealand Government Asset Management Team. It should be noted that the establishment of new entities of scale to provide water services as part of the Three Waters reform are intended to improve asset management practices, strengthen operations, provide greater financial capacity and achieve improved community outcomes. Therefore, the proposed New Zealand Government Asset Management Team needs to be specific to assets which aren't being

managed by a government established entity to avoid a double up of responsibilities.

- 7.8 Hamilton City Council supports post-implementation review of major infrastructure projects noted in S4.1. This is a process that Hamilton City Council currently undertake at the conclusion of major projects and is generally part of business cases for projects of significant value. Hamilton City Council considers that it should be consistent for all major projects in New Zealand.
- 7.9 The Consultation Document also proposes a cost benefit analysis manual for new water infrastructure (S4.4). A consistent approach to undertaking cost benefit analyses is considered to be best practice by Hamilton City Council, especially if infrastructure providers are to be asked to provide these as part of all major infrastructure projects. An opportunity to review and input into the development of this manual should be made available to all infrastructure providers.

### **Planning Process**

- 7.10 The Consultation Document has a number of options relating to reducing costs and creating consenting efficiencies with regards to infrastructure. We note that some recommendations are noted in other sections. However, in answer to Question 35 about improving the productivity of the construction sector and reduce the cost of delivering infrastructure, Hamilton City Council considers that creating efficiencies within the planning process will result in improvements in the productivity of the construction sector.
- 7.11 Such recommendations have been provided within Hamilton City Council's high-level feedback on the Resource Management Act Reform and include (i) The development of a framework that provides clear direction and weighting of respective national priorities and outcomes e.g., biodiversity versus housing supply, and (ii) precluding or expressly mandating notification of specific types of activities or activity classifications.

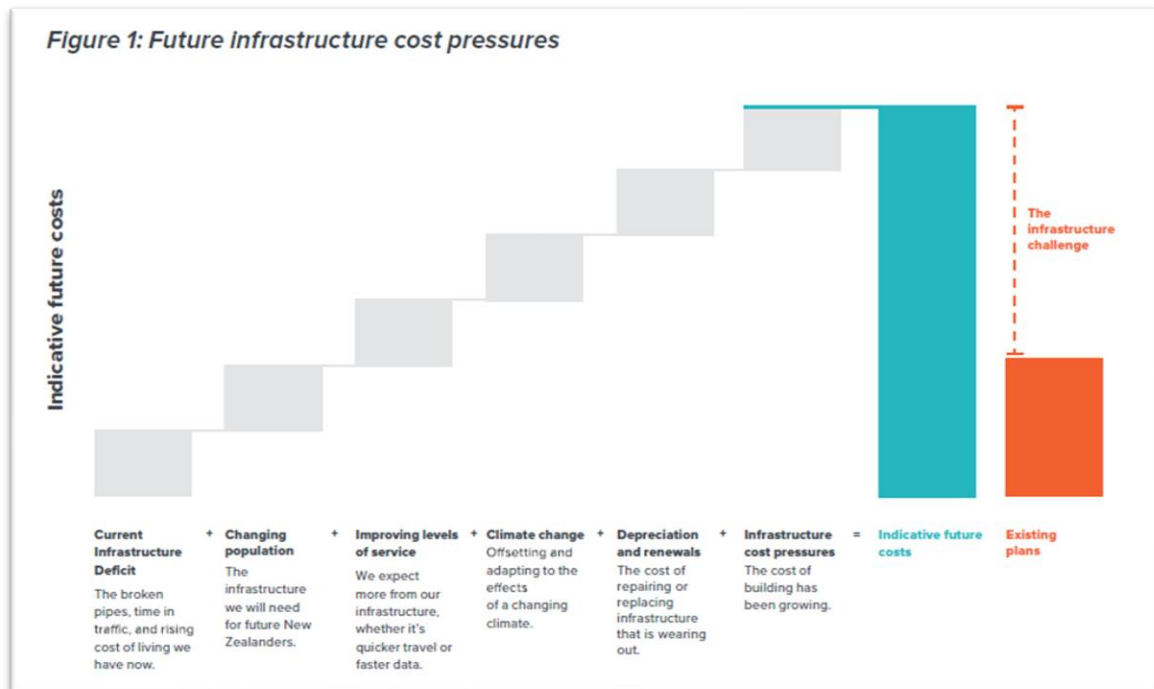
### **Developing a Programme of Future Infrastructure Requirements**

- 7.12 There is a need to have longer-term visibility and plans about what infrastructure will be required to deliver on the 2050 Vision of the Strategy.
- 7.13 Local government already undertakes long-term asset planning through a combination of the Local Government Act requirements on the 10-Year Long-Term Plan and 30-Year Infrastructure Strategy. A similar planning horizon should be used for national planning of infrastructure.
- 7.14 We recommend that the Infrastructure Commission, through the Infrastructure Strategy and accompanying information, takes a coordinating role for:
- Further developing and repeating the 'State of Plays' for each of the sectors already identified.
  - Consider expanding the 'State of Plays' to include event facilities of regional/national significance (stadia, conference centres and theatres).
  - Instigating a central framework for Infrastructure Investment and forecasting - utilising the previously identified drivers for investment (from Figure 1 shown on page 10 of the Consultation Document).
  - Working with Treasury on Better Business Case model and where this fits into infrastructure planning.
  - Providing Treasury with financial forecasts for forecasted Infrastructure Investment.
  - Identifying the common planning assumptions and specify what assumptions should be used for coordinated planning.
  - Utilising the various government departments and agencies to identify forecasted future

needs.

- Requiring standardised approaches for the development of Infrastructure Investment Plans.
- Determining how Infrastructure Investment Plans are updated - their frequency and relationship to Government fiscal forecasts and budgets.
- Establishing regular reviews of the above long-term infrastructure planning system.

7.15 We note the various components that drive the need for investment in Infrastructure. This is a useful framework to think about drivers for infrastructure in the future as shown in Figure 1 (page 10) of the Consultation Document - reproduced below.



7.16 We suggest that this framework be used to develop the Infrastructure Investment Plans for all main asset types/by sector (based on the State of Plays - refer <https://infracom.govt.nz/strategy/state-of-plays/>).

7.17 This will allow for a whole of government Infrastructure Plan to be developed and visible for decision-making and for large infrastructure investment decisions to be identified early and forecasted up to 30 years ahead.

7.18 The current approach does not commit future councils for decision-makers to a particular path, but it does signal what the potential infrastructure requirements may be based on the current planning assumptions.

7.19 Hamilton City Council also notes that, in view of Freshwater Reform and pressure on housing development, that for a priority list of projects and initiatives (S5.1), options which support Three Waters infrastructure should be given priority as their infrastructure will enable infrastructure production elsewhere (i.e., housing development).

### Common Planning Assumptions

7.20 A common set of planning assumptions are required as the basis for a national 30-year plan for investment.

7.21 Different councils use different assumptions for their infrastructure planning. While this allows for local nuances, it means that common views of the future are not necessarily shared across jurisdictions and organisations. This means it is difficult to align across the whole of New

Zealand.

- 7.22 The following assumptions could be standardised for common planning processes:
- Population demographics.
  - Land use change and timing.
  - Immigration - net international migration.
  - Net domestic migration.
  - Economic growth.
  - Industry/sector growth/decline.
- 7.23 A shared 30-Year Infrastructure Investment Plan would provide the market with visibility of the capital intentions of central government in a comprehensive way.
- 7.24 A planning scenario - delivered to the various planning entities with common assumptions would help to create a more integrated and clearer infrastructure picture of the future across a range of sectors.
- 7.25 Pipelining of potential projects would be easier to identify, and this would allow for private sector and other funding partners to plan and create new models for service planning, design and delivery.

### **Understanding Current State and Infrastructure Needs**

- 7.26 Wellbeing is influenced by infrastructure. It would be beneficial to understand the current state of infrastructure deficit by type or sector as well as what would be the forecasted requirements in the future for infrastructure to:
- Meet changing population needs.
  - Adapt and mitigate to climate change.
  - Replace existing assets that are at the end of their economic life.
- 7.27 This would allow for indicative future costs to be forecasted and compared to:
- Existing plans.
  - Fiscal capabilities based on the common planning assumptions.
- 7.28 Undoubtedly, tradeoffs will need to be made, but this should be done on understanding the likely implications and risks rather than on an ad hoc - investment by investment basis.
- 7.29 This type of information should be updated on a regular cycle so to allow for it to be kept current and reflective of up-to-date assumptions and policy direction and decisions.

### **Tradeoffs in Decision-Making**

- 7.30 Hamilton City Council understands that trade-offs and prioritisation are necessary in creating a better system. The various drivers for infrastructure investments should be linked to defined services and wellbeing outcomes. This will allow for informed public debate on whether our focus is on achieving the most important objectives. i.e., safety with transport more important than congestion and efficiency of network or travel choices.
- 7.31 Pages 34/35 are a start of looking at each sector and its challenges. The sector based 'state of plays' documents (refer <https://infracom.govt.nz/strategy/state-of-plays/>) are a good start but need to be expanded to include long-term forecasted financial requirements.
- 7.32 A synthesis of the various sector needs will be required to allow for informed decision and debate on relative priorities.

## 8.0 FURTHER INFORMATION AND OPPORTUNITY TO DISCUSS OUR SUBMISSION

- 8.1 Should the New Zealand Infrastructure Commission require clarification of the points raised in the submission from Hamilton City Council, or additional information, please contact [REDACTED] (Programme Manager - Assets Strategy) on [REDACTED], email [REDACTED] in the first instance.
- 8.2 Hamilton City Council would welcome the opportunity to discuss the content of our submission with the New Zealand Infrastructure Commission in more detail.

Yours faithfully

[REDACTED]

[REDACTED]

**CHIEF EXECUTIVE**