

National Infrastructure Plan

Upper South Island workshop

February 21, 2011, 9.30am-12.30pm, Canterbury Development Corporation, Christchurch.

BACKGROUND

The Upper South Island workshop was held to discuss infrastructure challenges and opportunities in the Canterbury, West Coast, Marlborough, Nelson and Tasman regions.

The workshop was attended by CEs and General Managers (or their delegates) with responsibility for substantial infrastructure assets in the region. It was hosted by Richard Forgan, Brian Hallinan, Emma Quigley, Olivia Sullivan from the Treasury's National Infrastructure Unit, and facilitated by Miles Shephard.

OPPORTUNITIES

The workshop identified the following economic opportunities for the upper South Island:

- Christchurch International Airport is an example where a level of protection from urban growth is provided (reverse sensitivity) and this is clearly important to preserve the integrity of the current assets as well as enable future growth.
- Water resources in Canterbury provide an opportunity, as does the development of exploration, transportation and storage infrastructure. It also provides a way of increasing the value of agricultural production and a mechanism for adaptation to climate change.
- There is an opportunity to pursue developing communications linkages between the South Island and Australia as well as providing sites for satellite technology.
- There are opportunities to further develop industries in Christchurch. For example the manufacturing sector, particularly 'adding value' to exports of raw material. Other industries include the tourism industry, by attracting cruise ships, the natural resource industry, primarily extracting offshore resources, and the air training industry.
- The OECD cite Christchurch as being more responsive than other cities in New Zealand to transformational change, this is something that the region should leverage off.
- There is an opportunity to create better linkages between central and local government, particularly in the aftermath of the September earthquake. The earthquake created challenges that need to be faced jointly by Central and Local Government, but also a sense of collective purpose to overcome these challenges.

- The region has an abundance of people who have returned home from overseas as a consequence of the global financial crisis who are not currently being used to their capacity.

CHALLENGES

The workshop identified the following challenges and issues with current infrastructure provision and practices:

- Need to protect transport corridors (e.g. Passenger Transport opportunities) for future development. This is about preserving options and avoiding future costs. We also need to make sure that the different transport modes are coordinated and interact seamlessly. But we also need to make sure that appraisal methods (e.g. cost benefit analysis) take into account peak demands.
- Security of supply for energy is of concern given the region imports a significant amount of energy and energy vulnerability is something that needs to be kept in mind and may require some thinking about how to address this (e.g. generation in the region, what about nuclear energy?).
- There needs to be a step change in how to manage the investment risks and environmental risks about water development. The status quo is suboptimal. A rural and urban divide has been created and these two groups compete for the same resources, but have different perspectives and this needs to be managed by someone. There is also an issue with who makes the decisions on allocation issues. For example land use planning is undertaken by the Territorial Authorities and decisions on water are taken by the regional council. A less immediate issue, but one that needs to be thought about is to ensure that the regulatory environment is future proofed so that changes relating to water management don't create monopolies.
- Accommodating future airport growth will be a challenge and will require decisions to be made about land use around the airport and access to the airport.
- Urban strategy and land use decisions are important and this needs to have statutory backing to have any effect.
- Getting better broadband and telecommunications access to rural areas is important, for environmental monitoring and to enable higher value agriculture to be produced. This implies the need for a much more coordinated approach across sectors.
- Addressing a long term funding challenge, we need to work out who funds what and where there are costs (such as environmental costs) that the market won't cover, establishing a market, and then working out how these costs will be managed and by whom.

- Election cycles don't fit with infrastructure development and economic planning which is something that presents a challenge to long term planning that is required in both areas.

WHAT CAN THE NATIONAL INFRASTRUCTURE PLAN (NIP) DO?

- There needs to be much better leadership from Central Government and then coordination between Central and Local Government, but if Central Government is going to lead, this needs to happen after having talked to Local Government. Tools need to be developed which manage this consultation process, investment and governance (particularly in the irrigation space).
- Need to be realistic about the growth targets that are being pursued.
- Need to expose key issues, don't have to solve them in the National Infrastructure Plan. But can't be silent on the fact that tensions exist between things like hydro generation and irrigation.

PRIORITIES

Short Term

- Water – get the economics sorted and get funding clarity and tools for development. Specifically taking account of the work of the Land and Water forum.
- New industries – leverage off the Universities and CRI's to develop research and knowledge based industries. Encourage the development of Cruise ship facilities at the port to develop tourism opportunities.
- Earthquake recovery – immediate period of rebuilding required
- Climate Change Adaptation – although this is a long term issue, there is a need to think about how decisions now might impact on adaptation. Need to work out what our environmental 'bottom lines are'.
- Planning – although planning is long term, political cycles for both Central and Local Government are much shorter, need to manage the tensions that this creates. Coordination is also a major issue and there is a need for all parties involved in infrastructure development to be more 'joined up', but a feeling that there are entrenched views which may act as a barrier to this and that the current governance arrangements might need to be reassessed.
- Transport corridors – need to preserve these in the short term to provide long term options.
- Electricity and Communication Networks – Need for reliable and stable international connections and need to make sure that these are protected from future development. A sense that there is a need for more clarity about demands, expectations and performance.

Medium Term

- Water – build infrastructure in a collaborative manner and also develop the market. The worldwide shortage of food provides a market opportunity that the region can participate in.
- Earthquake recovery – generated a sense of common purpose that post-earthquake needs to be applied to position the region for future growth.
- Transport – establish sustainable funding sources.
- Electricity Networks – need to be clear about the ongoing environmental impacts.

Long Term

- RMA reforms – need to monitor these and ensure that the regulatory settings more broadly are appropriate.
- Water – preserve the infrastructure and resources and put in place funding/operational models.
- New industries – develop research and knowledge related industries.
- Transport – establish sustainable funding sources.
- Electricity Networks – need to be clear about the ongoing environmental impacts.