



5 October 2009

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Dear Sir

## **SUBMISSION ON INFRASTRUCTURE: FACTS AND ISSUES**

Thank you for the opportunity to comment on "Infrastructure: Facts and Issues". These comments are based on the key regional strategic initiatives being undertaken in Canterbury and facilitated by Environment Canterbury:

- Canterbury Water Management Strategy
- Canterbury Regional Energy Strategy
- Greater Christchurch Urban Development Strategy
- Canterbury Transport Regional Implementation Plan.

The submission addresses the policy context and the seven questions on page ii of the document.

### **1. Policy Context**

Principle 1 considers the role of government in providing goods and services where there is private sector unwillingness (through inability to exclude, or high transaction costs), a monopoly service, or distributional objectives. There are additional circumstances where government may have a role because of market failure.

One is in relation to the management of constrained resources, such as water in Canterbury, where the "tragedy of the commons" prevails. A second is where there is economic benefit to the region and the nation associated with long-term (multi-generational) infrastructure but short-term commercial returns are marginal or non-viable. A third is where there are gains from management, as an integrated system yields greater productivity than decisions at the margin by the private sector.

This means reliance on private sector investment for rural water (item h on p.12) may not achieve the desired outcomes of the community for improved water management.

### **2. Base Information**

There is a substantial body of relevant baseline information available in the strategic documents cited above that will be of assistance to developing the national infrastructure plan.

**Our Ref:**  
**Your Ref:**  
**Contact:**

### **3. Missing Issues**

It is also noted that one key item of water infrastructure that is not considered in the Treasury document is the provision of flood protection.

In relation to energy, the focus of the Infrastructure document is on energy transmission. The Canterbury Regional Energy Strategy provides a more comprehensive approach of demand reduction, distributed generation, and centralised generation and transmission.

In relation to regional land transport, the Infrastructure document focuses on roads of national significance. For Canterbury, this is listed as the Christchurch motorway projects. These projects are identified in Canterbury Transport Regional Implementation Plan. CTRIP also provides an integrated package of land transport improvements that addresses urban congestion, rural transport for the agricultural production sector and the tourism industry.

### **4. Decision-making**

In relation to decision making there is almost always a need for multi-criteria analysis. The Canterbury Water Management Strategy uses a method of "Sustainability Appraisal" consistent with the four well beings incorporated in the Local Government Act and the Resource Management Act.

### **5. Cross-sectoral Issues**

There are some key cross-sectoral issues identified in the Canterbury strategic documents.

In the Canterbury Water Management Strategy one of the key cross-sectoral issues to resolve is the balance in allocating water between hydro generation and irrigation.

The Greater Christchurch Urban Development Strategy (GCUDS) identifies the significant efficiencies that can be gained by guiding urban development to reduce the cost of urban infrastructure services (water supply, sewerage and stormwater) and improve the effectiveness of urban transport. It is noted that the Treasury Infrastructure document recognises the need for addressing the Auckland Transport Planning and Urban Form in a similar way to what has already been achieved through GCUDS.

### **6. Regulatory Reform**

One of the key reforms that is needed in relation to implementing strategies for delivering infrastructure is the addition of strategic assessment provisions in the Resource Management Act that would facilitate projects consistent with assessed strategies and the conditions on those strategies. Such provisions exist in California and Western Australia.

A second reform is the ability to allocate constrained resources on a merit basis rather than on "first-come first-served" basis. This has led to suboptimal solutions because allocation goes to the first to apply rather than proposals with the greater resource productivity or least impact.

## 7. Aspiration

For water management in Canterbury, the Canterbury Water Management Strategy identifies targets for multiple community objectives that could be achieved by the Strategy.

For urban development in Christchurch, the Greater Christchurch Urban Development Strategy identifies the preferred urban form for future.

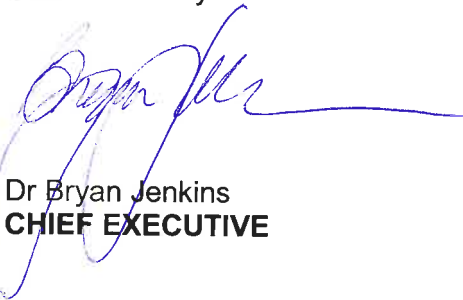
## 8. Link to Economic Growth

For the Canterbury economy one of the possible ways to achieve increased economic growth is to increase the area of irrigated land. However further expansion is constrained by water availability, inefficient use of the currently allocated water, and cumulative adverse effects of land use practices on water quality and ecosystem health. Investment in storage, irrigation infrastructure to improve water use efficiency and improved land use practices to reduce adverse effects are needed.

Given that issues relating to water infrastructure are a key for the Canterbury region we believe that investment in this area should take priority given the potential benefits to the country as a whole.

For the development of Christchurch, the Greater Christchurch Urban Development Strategy considered the most cost-effective arrangements for the delivery of future infrastructure. It also identified potential incompatibilities of infrastructure with growth issues, for example, the protection of the Christchurch aquifer recharge area from inappropriate land use development, and the protection of Christchurch airport operations from constraints related to noise because of urban development encroachment into the noise footprint.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Bryan Jenkins', with a long horizontal flourish extending to the right.

Dr Bryan Jenkins  
**CHIEF EXECUTIVE**