

8 October 2009

The Executive Director
National Infrastructure unit
The Treasury
PO Box 3724
WELLINGTON

Email: info@infrastructure.govt.nz

Dear Sir

RE: *Infrastructure: Facts and Issues* document

1. Water New Zealand supports the intent to develop a National Infrastructure Plan and welcomes the invitation to offer comment on the precursor document, *Infrastructure: Facts and Issues*. Robust and efficient infrastructure is an essential component to improving productivity and achieving both economic growth and social, cultural and environmental well-being.
2. The purpose statement for a National Infrastructure Plan as detailed in para 6 of the precursor document reflects our view that infrastructure planning and investment requires a greater level of national direction than is currently the case. Nowhere is this better illustrated than when considering the case of water (we note that in this commentary the use of the term 'water' should be taken to include potable water wastewater and stormwater).
3. There is an increasingly urgent need for greater central leadership and clear responsibility on water matters as the current, fragmented situation is not conducive to the long-term sustainable management of and efficient investment in New Zealand's water resources. Greater direction and leadership and clearer regulatory frameworks would create a more unified and transparent approach amongst the varied and multifarious players within the field of water management. Consistency and greater co-ordination is vital for the sustainable use and access of water for domestic, industrial, agricultural, recreational, and cultural purposes as well as for environmentally sound treatment and disposal practices and the maintenance of waterways.
4. Within the current system water policy is spread across a number of central government departments, including, but not limited to: the Ministry for the Environment, the Ministry of Health, the Ministry of Agriculture and Forestry, the Ministry for Economic Development, Treasury, the Department of Building and Housing and the Ministry of Social Development. It is unclear where the responsibility and hence the leadership for water sits within this current structure.
5. At the local and regional level 73 separate entities are responsible for three waters infrastructure and land-use planning and development and another 12 are responsible for, among other matters, flood management and water quality. These structural arrangements have resulted in considerable inefficiency in terms of inconsistency in local management practices, a lack of transparency and widely differing costs for similar infrastructure expenditures. In addition, the multiplicity of

water entities has led to both duplication and increasingly serious capacity issues, particularly for smaller utilities.

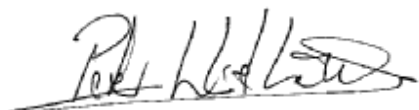
6. Fragmentation of this nature in a country of only 4.5 million people is not conducive to developing effective and integrated investment planning.
7. We note the President of Local Government New Zealand recently discussed in a news story headlined, “Local government debt forecast to double”¹, that total local government debt was forecast to be \$10.765 billion by June 2019, a rise of 99 per cent over June this year. He referred to, “long-neglected infrastructure such as.... water and sewerage systems”, “Lower Hutt’s collapsing sewers”, and referenced an unnamed council who he said would raise debt from \$100m to \$278m, “putting in new water supplies and wastewater treatment systems for several small communities”.
8. It is in this context that we would voice concern that the precursor document does not appear to adequately recognise the nationally strategic importance of water and its infrastructure requirements. It must be recognised that water is not a single use product. It will be critical going forward that water infrastructure expenditure is planned, prioritised, and funded in a far more co-ordinated manner than is currently the case.
9. In the section of the precursor document discussing the respective role of markets and government (pp 11-15), urban water is identified as solely the responsibility of local government, and irrigation water is deemed to be a private sector responsibility. While these may be accurate descriptors under current institutional frameworks, we would contend that new infrastructure funding models will need to be developed if the purpose of the proposed National Infrastructure Plan is to be achieved.
10. Similar attention will need to be given to three other areas of water management, one of which receives superficial attention in the precursor document while the other two are not addressed at all. We refer here to water harvesting and storage, stormwater, and flood management.
11. With growing demands on both surface and groundwater and the predicated effects of climatic variations it is increasingly clear that storage of water will be an important element if current agricultural productivity is to be allowed to improve. The precursor document does note the current MAF support programmes but it is clear the capital costs of significant storage projects are beyond these programmes. Similarly, the costs are such that in many cases they would place an unsustainable funding burden on the “benefit” stakeholders. This would suggest the question of funding water storage infrastructure needs to be comprehensively explored in the next iteration of the proposed plan.
12. Stormwater and flood management have considerable synergies but for the purposes of developing an infrastructure plan there are aspects of stormwater management that are worth considering separately.
13. There is an increasing awareness that stormwater runoff includes often significant levels of pollutants. In the urban environments growth pressures, aging infrastructure and the difficulties of identifying a “payer” responsible for stormwater (“rainwater”) has resulted in cases of deferred investment similar to those outlined above. One graphic demonstration of the issues around stormwater is the frequent display of warning

¹ “Local Government debt forecast to double”, Kathy Webb, The Dominion Post, 30/09/2009 (www.stuff.co.nz)

signs on Auckland's North Shore beaches following the regular rain falls. In regard to stormwater in the urban environment we would reiterate our point regarding the need for the introduction of new funding models.

14. Flood events are the most frequent and most damaging of natural hazards the country faces. In recent years a number of serious flood events have occurred, notably in the North Island. In each case, property, land damage and stock loss have been extensive. In several cases this has resulted in central government intervention during the remediation phase.
15. Prior to the institutional reforms of the late 1980's flood works were considered to be a matter of national importance. With the passage of the Resource Management Act 1991 such matters became a regional responsibility. Flood mitigation measures often involve larger capital expenditures and this has lead to less than optimum performance and delivery at the regional level. We would strongly recommend that flood management is a key element of the proposed National Infrastructure Plan.
16. This is a summation of the water related issues we believe need to be considered as the proposed Plan evolves. New policy frameworks and funding models will need to be developed if the Plan is to produce the desired outcomes. Relying on existing institutions and accepted orthodoxies on markets versus government or central/local responsibility divisions is unlikely to be productive. New and bold thinking will be required if the country wishes to achieve the level of infrastructure required to support the economic and social outcomes sought.
17. Water New Zealand supports the effort to develop a National Infrastructure Plan and would offer to assist officials with information and advice in furthering this objective.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Whitehouse', written over a horizontal line.

Peter Whitehouse
Manager Advocacy & Learning
Water New Zealand