

SUBMISSION TO:
DEPARTMENT OF PRIME MINISTER AND CABINET –
CRITICAL INFRASTRUCTURE CONSULTATION

SUMMARY OF SUBMISSION

- We support the Government’s commitment to identify and strengthen New Zealand’s critical infrastructure for the economic and social benefit of New Zealanders.
- We are concerned that the lead time for critical infrastructure within Aotearoa-New Zealand has not kept pace with the speed of economic growth, particularly so in Tauranga – New Zealand’s fastest growing city.
- State Highway 29 at Tauriko is the sub-region’s top priority for critical infrastructure investment as an upgrade is urgently required to address multiple issues, including Tauranga’s housing deficit, protection of the upper north island freight corridor to Port of Tauranga, and to unlock much needed business land.
- The Port of Tauranga is New Zealand’s largest and most efficient port. As a critical piece of national supply chain infrastructure, the port has faced significant challenges to obtain resource consent for new and existing port infrastructure, through the existing resource management system.
- We recommend the following key improvements to improving New Zealand’s timely provision of critical infrastructure:
 - Provision is made in legislation, national direction, regional and district plans which prioritises maintenance and development of critical infrastructure, recognising that this infrastructure is essential to the health and wellbeing of New Zealanders.
 - The consenting process enables rapid and streamlined consenting of critical infrastructure developments.
 - Expanded emergency powers (compared to the powers contained in the Resource Management Act and proposed Natural and Built Environments Bill) for ports and other lifeline utilities that would enable delivery of critical infrastructure in the face of natural disasters and other resilience threats.

BACKGROUND

Priority One is the business-led economic development organisation for Tauranga and the Western Bay of Plenty. The organisation reflects a partnership between the business community and local authorities, with substantial funding and support provided by businesses and individuals committed to seeing positive change through increased economic prosperity across our community. Priority One is also contracted to deliver economic outcomes by Tauranga City Council and Western Bay of Plenty District Council.

Priority One's core role is to build the sub-region's economic depth beyond an historic reliance on population growth as our key economic driver. Our most effective contribution to the region is to focus on the creation of high skilled jobs and the ability of our own community to fill them.

It is in the context of collaborating to build a more sustainable and prosperous sub-regional economy that benefits our current community and is attractive to future residents and businesses that Priority One submits to the DPMC in respect to its consultation on critical infrastructure.

Key points for this submission:

- The Western Bay of Plenty sub-region (consisting of Tauranga City and the Western Bay of Plenty District) population has grown by 72% since 2000. The sub-region's current population is 218,000¹ and is expected to continue growing at well above the national average.
 - Infrastructure has not kept pace with the needs of New Zealand's fastest growing city.
 - New Zealand needs to urgently look at new ways of delivering critical infrastructure, including consenting and new funding and financing models.
- State Highway 29 at Tauriko is the sub-region's top priority for critical infrastructure investment as an upgrade is urgently required to address Tauranga's housing deficit, protect the upper north island freight corridor to Port of Tauranga, and unlock much needed business land.
- The Port of Tauranga is New Zealand's largest and most efficient port. As a critical piece of national supply chain infrastructure, the port has faced significant challenges to obtain resource consent for new and existing port infrastructure, through the existing resource management system.
- In addition, there are wider resiliency issues associated with SH29 from a national supply chain perspective. SH29 is the major road transport and rail freight link between the Port of Tauranga and upper North Island. Should the rail tunnel or road be cut off in the face of disruptions such as a natural disaster, this would result in a significant threat to national supply chains, which would not be simple to remedy.
- Other key infrastructure needs in the Western Bay of Plenty sub-region can be found in the Western Bay of Plenty Infrastructure Forum's recently published [action plan](#).
- We recommend the following improvements be considered to improve New Zealand's timely provision of critical infrastructure:
 - Provision is made in legislation, national direction, regional and district plans which prioritises maintenance and development of critical infrastructure, recognising that this infrastructure is essential to the health and wellbeing of New Zealanders.
 - A consenting process that enables rapid and streamlined consenting of critical infrastructure developments.
 - Expanded emergency powers (compared to the powers contained in the Resource Management Act and proposed Natural and Built Environments Bill) for ports and other lifeline utilities that would enable delivery of critical infrastructure in the face of natural disasters and other resilience threats.

Specific examples impacting on delivery of critical infrastructure in the Western Bay of Plenty sub-region:

¹ Infometrics Regional Economic Profile, 2022.

We have provided two specific examples to illustrate our point that lead times for critical infrastructure in New Zealand are outstripped by the speed of growth, particularly in rapidly growing cities such as Tauranga.

1. State Highway 29 upgrade.

Tauranga City Council is the only metropolitan council in New Zealand that is not in compliance with the National policy Statement Urban Development (NPS-UD) land supply requirements, and faces a significant shortfall in housing supply, in large part due to Government agency processes that are neither agile or aligned. Whilst it is acknowledged there are activities underway which aim to help address Tauranga's housing deficit (including IAF processes, National Land Transport plan commitments, the RMA housing amendment, Kainga Ora Tauriko West land purchase; investigation into Tauriko becoming a specified development project; and a joint initiative to investigate dynamic road pricing), it is clear that these processes on their own will not deliver the outcomes required in a desirable timeframe.

Furthermore, it is a priority to protect and improve access to the Port of Tauranga, New Zealand's largest port, and a critical piece of national supply chain infrastructure. Waka Kotahi data shows that 770,000 heavy vehicles travelled over the Kaimai Ranges (SH29) in 2019, of which 240,000 were port-related. Half of the freight going to the port is transported by rail, but road freight on SH29 continues to increase, with year-on-year figures showing around 100 extra heavy vehicles per day each year. Waka Kotahi counts at Tauriko on SH29 also provide a graphic demonstration of the urgent need for upgrading, with the vehicles per day increasing from 20,318 in 2016 to 26,116 in 2020 (when volumes would have been affected by pandemic impacts) – a 28% increase.

Therefore, the Western Bay of Plenty's most critical piece of infrastructure that needs to be delivered to address the city's housing deficit (including realising Kainga Ora's \$70m investment in Ferncliffe Farm), open up needed business and industrial land, and protect the primary road freight corridor between the Port of Tauranga, Auckland and Hamilton, is urgent investment into upgrades of SH29 at Tauriko. Yet, whilst the business case for what's needed has been completed, Waka Kotahi's current timeframe for investment is not until 2048 at the earliest. **This demonstrates that urgent change, including new models of funding, financing and delivering critical infrastructure in New Zealand are needed now.**

2. Port of Tauranga berth extension.

The Port of Tauranga (POTL) is the main New Zealand export port for dairy products, logs and kiwifruit; and imports a range of goods required for New Zealand industries – including petroleum, fertiliser, bulk liquids and stock feed.

- POTL handles more than 25m tonnes of cargo per annum, handling 32% of all New Zealand cargo, 36% of all New Zealand exports, and 42% of all shipping containers.
- As an international freight gateway, it is the only New Zealand port capable of accommodating the largest container vessels.

- The Covid-19 pandemic illustrated the types of disruptions to port operations that are possible, including widespread disruption to international supply chains.
- POTL has been pursuing developments to increase its capacity and improve resilience of the Upper North Island supply chain, including by extending the wharves at Sulphur Point and Mount Maunganui. This project will maximise the efficient use of the existing infrastructure and is needed to accommodate the trend to larger vessel sizes. Without this project, POTL will face capacity constraints within a few years, a fact that is concerning the leaders of some of New Zealand’s biggest export earners, such as Zespri, Kotahi, Oji Fibre Solutions and the New Zealand Cargo Owners Council.
- Despite the national significance of New Zealand’s ports the current resource management system makes obtaining resource consent for both new and existing port infrastructure inefficient and unreliable.
- A key issue the port faces in the current system is that local consenting processes cannot keep up with demand for new infrastructure. A clear and ongoing example of this is POTL’s current consent application for its wharf extension and associated dredging. POTL lodged its consent application in May 2021, which was direct referred to the Environment Court. Following a postponement in July 2022, the hearing concluded in March 2023 but a decision from the Court is still awaited. This delay is significant and has occurred despite the works being provided for in an outline development plan contained in the Bay of Plenty Regional Coastal Environment Plan. This illustrates the difficulties with consenting new critical infrastructure, even where it is anticipated and signalled by the planning framework.
- The resource management reform process has presented an opportunity to fix these issues and to that end POTL sought, through the select committee submission process, clear directives for enabling port infrastructure at a legislative and national planning level, along with long-term spatial planning that implements these directives and faster consenting processes. Unfortunately, the proposed Bills do not meet expectations and instead disincentivise investment into new port infrastructure by placing significant uncertainty on the ability to deliver large projects. **We are concerned that it is a real possibility that the consenting framework for infrastructure will be worse under the new regime.**

SUMMARY

We strongly support the Government’s commitment to identify and strengthen New Zealand’s critical infrastructure. New Zealand’s unique and complicated geography, together with the increasing impact of climate change, a more complex geopolitical and security environment, and the opportunities afforded by new technology have exposed the risks associated with the resilience of New Zealand’s critical infrastructure. We also emphasise that without a workable consenting framework for critical infrastructure, it will be difficult to ensure New Zealand has a resilient critical infrastructure system in the future and therefore recommend:

- Provision is made in legislation, national direction, regional and district plans which prioritises maintenance and development of critical infrastructure, recognising that this infrastructure is essential to the health and wellbeing of New Zealanders.
- A consenting process that enables rapid and streamlined consenting of critical infrastructure developments.
- Expanded emergency powers (compared to the powers contained in the Resource Management Act and proposed Natural and Built Environments Bill) for ports and other lifeline utilities that

would enable delivery of critical infrastructure in the face of natural disasters and other resilience threats.