



SUBMISSION: A new independent infrastructure body

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A handwritten signature in black ink, appearing to read "Andrew Curtis", with a long horizontal stroke extending to the right.

(Andrew Curtis, CEO Irrigation NZ)

IrrigationNZ (INZ) would appreciate the opportunity to engage with Treasury around our submission.

INZ is submitting in support of the establishment of a new independent infrastructure body.

We have included our comments on the consultation questions below.

Overall – what do you think?

1. What do you think are essential features of the new independent infrastructure body, so it can deliver on its core purpose to strengthen infrastructure strategy, planning, investment and delivery (note functions are discussed below)?

We support the idea of an independent infrastructure body providing overall strategy around infrastructure planning, identifying priorities and gaps in infrastructure provision and providing technical support for project development.

Given the wide range of projects covered by the term infrastructure in New Zealand, the new body will need to have a number of appropriately skilled staff with expertise in different infrastructure areas and aspects. Having staff with a background in major project development would be helpful to advise project developers on the issues they need to consider when developing project plans.

2. What relationship should the independent infrastructure body have with the government?

a. In particular, what level and form of independence does the body need to be credible and influential from your perspective?

b. Should the level and form of independence vary according to the different functions? If yes, please elaborate. Possible functions – what do you think?

We think the new infrastructure body should be independent of government but with the power to make policy recommendations to Treasury. For example, one of the issues noted in the consultation document affecting infrastructure provision relates to skill shortages which is influenced by government policy.

The body will need to have close relationships with a number of government entities, for example the proposed Climate Change commission to avoid conflicting policy direction. It would therefore be appropriate for the new organisation to form close relationships with local and central government in order to understand and complement their future plans. However, we would still see the body as being an independent organisation.

Some thought would need to be given to the status of the body because it may hold commercially sensitive information from private companies about their future development plans and be subject to Official Information Act requests.

3. Thinking about the possible functions proposed in this document (listed below), how important is each function on a scale of 1 (not very important) to 5 (essential)?

The Treasury has proposed the new body would have the following functions, INZ views the priority of these as below:

- Assess the condition of New Zealand's infrastructure assets – 4
- Develop a shared understanding of New Zealand's long-term infrastructure strategy – 5
- Identify New Zealand's highest priority infrastructure needs – 5
- Identify and comment on the barriers to delivering good infrastructure outcomes – 5
- Publish long-term capital intentions – 4
- Act as a 'shop front' for the market including publish a pipeline of infrastructure projects – 4
- Provide project procurement and delivery support – 3
- Provide best practice guidance on project procurement and delivery – 3

4. Are there any other functions, in addition to the proposed list above, the new independent infrastructure body should carry out? If so, please rate the importance of each additional function on a scale of 1 (not very important) to 5 (essential).

Policy advice to government should not be limited to commenting on barriers to delivering good infrastructure outcomes, it should also include the future actions and incentives that could be taken to encourage and support infrastructure development.

5. Thinking about each possible function individually (including any additional functions you have listed above) how could the new independent infrastructure body best achieve each function?

There would need to be widespread detailed consultation with central and local government and the private sector to achieve the first two functions, and the desired outcome may prove challenging for the private sector due to commercial sensitivities.

To identify priorities there also needs to be consideration of 'drivers of change', e.g. climate change, new technology and consumer trends, as well as wider consultation with infrastructure providers and the public.

Identifying barriers to delivering good outcomes could benefit from a review of successful and unsuccessful major projects, both in New Zealand and internationally.

To act as an effective 'shop front' the infrastructure body would need to develop reach into both New Zealand and international finance and construction companies. The mechanism for this will require careful consideration – and consideration of whether individual contacts are made or contacts through existing channels, such as industry bodies for example.

Potentially the project procurement and delivery support channels could be overwhelmed with demand, so the delivery mechanisms will have to be carefully thought through. For example, some functions might be deliverable via toolkits or seminars while other services might be better delivered on a one on one 'expert consultant' basis.

The provision of services may also impact upon current service providers commercial offerings, and distort the market. The infrastructure body would need to consider how to manage this to ensure stability in the long-term for the infrastructure sector to be resilient to political change.

The body could also look at how to best capture and share the lessons learned from different infrastructure projects.

6. How could the new independent infrastructure body best work with local government and the market to help them plan long-term infrastructure?

Smaller local authorities are potentially more in need of assistance than larger councils. We would suggest consulting with LGNZ and business groups and seeking their comments on what would work best.

Project delivery and support – what do you think?

7. How could the new independent infrastructure body best engage with the market?

See comments above.

8. What information should a published pipeline of infrastructure projects include?

The location, cost/ scale, type, proposed timeframes for start and completion, the value of the project - including the socio-economic contribution it makes, alongside project contacts.

9. What type of support could the new independent infrastructure body provide to the market in-order to act as a 'shop front' (Function 6)?

A prominent online presence, including in languages other than English with key points of contact. Building relationships with key investment and construction company contacts in NZ and internationally.

10. How could the new independent infrastructure body best assist local government to support and deliver infrastructure projects?

Consult with local government and seek their advice on this issue.

Other comments

11. Are there any other comments you wish to make? This could include comments on the form and governance of the new independent infrastructure body.

INZ would like to see the new infrastructure body assess and include productive water use (including irrigation) in its infrastructure planning and support work.

Nearly 800,000 hectares of farmland is irrigated in New Zealand and NZIER estimates that this contributes over \$5.4 billion to New Zealand's GDP annually. Several ex-post studies of irrigation development in New Zealand have found irrigation has a positive effect on local communities and results in population growth, higher household incomes and higher employment levels.

We estimate that approximately \$2.5 billion is currently invested in infrastructure which supplies water to farms through irrigation schemes in New Zealand. We estimate that the value of on farm irrigation systems and technology investment is a further \$4 billion.

Irrigation scheme infrastructure is not just used by farms but is also used to supply stock water, water for environmental purposes (for example to raise river levels in times of low flows) and for town water supplies.

Irrigation schemes are continuing to invest in modernising their schemes, to achieve four main goals:

- To use water more efficiently
- To improve environmental outcomes
- To reduce energy use
- To improve farm productivity.

A number of schemes have shifted from border dyke irrigation to modern spray irrigation systems. This allows for water to be used more efficiently and the irrigated area to be expanded. It also has positive environmental benefits as there is less unintended drainage of water into groundwater and streams, resulting in less nutrient run-off. A number of schemes have also shifted to gravity fed irrigation systems as part of this change which reduces pumping and electricity use.

Internationally, there is increasing interest in, and use of, nature based solutions to improve water availability and quality. We are starting to see these solutions adopted in New Zealand. For example a number of managed aquifer recharge projects are now underway with positive initial results reported. The projects are helping to replenish groundwater levels and reduce nitrates in groundwater.

With government funding being discontinued for a number of irrigation projects, some projects which would have resulted in positive environmental and economic outcomes are struggling to progress. For example, in Central Otago, the Falls Dam (constructed in the 1930s) needs to be strengthened to meet building standards. The Otago Regional Council is also consulting on raising river flows which may mean that the dam height needs to be raised to provide more storage capacity to allow for more water to be used to supplement river flows. Farmers would also like to increase the capacity of the dam to provide more water.

The government's recent Zero Carbon consultation also indicated that a substantial expansion in horticultural, viticultural and arable land would be needed to shift agriculture to a lower emission production model. Most cereals, wine, fruit and vegetables is grown on irrigated land in New Zealand and our dependence on irrigation will grow as our rainfall becomes more variable, regions become hotter and more drought prone as is predicted to occur this century due to climate change.

New irrigation development will be required in many areas in order to shift to the new agricultural production model the government envisages.

About IrrigationNZ

INZ represents over 3,500 irrigator members nationally, including most large irrigation schemes as well as individual irrigators. Our members include a wide range of farmers/ growers – dairy and cropping farmers, horticulturalists, winegrowers, and sheep and beef farmers. We also represent over 120 irrigation service industries – manufacturers, distributors, irrigation design and install companies, and irrigation decision support services.

INZ's members make up approximately 50% of New Zealand's consented irrigation use. We hold regular irrigation scheme forums and we would be happy to host representatives from the new infrastructure body at a scheme forum or facilitate a discussion on the body's behalf.

As an organisation we actively promote best practice irrigation and carry out a range of training and education activities. Over the last 5 years we have trained over 3,000 irrigators on different aspects of irrigation best practice to improve water use efficiency.

INZ members share the same goals as other New Zealanders:

- to see improvements to their waterways
- to make a contribution to their communities
- to make a living for themselves and their families.