



TCF submission to Te Waihanga on the testing our thinking consultation (re development of a national infrastructure plan)

10 December 2024

Introduction

1. Thank you for the opportunity to offer views on the [development of a national infrastructure plan](#) and what it should cover, the problem it's trying to solve and the approach for developing it.
2. The following comments are provided on behalf of the New Zealand Telecommunications Forum (TCF). The TCF is the telecommunications sector's industry body which plays a vital role in bringing together the telecommunications industry and key stakeholders to resolve regulatory, technical and policy issues for the benefit of the sector and consumers. TCF member companies represent 95 percent of New Zealand telecommunications customers. Our members include network operators, retail service providers and the tower companies that own and operate cell towers.
3. The telecommunications sector provides critical infrastructure and services (such as internet access, messaging and voice calling) that New Zealanders, businesses and government rely on to be able to communicate, access essential services and do business. Telecommunications is also an enabler for other areas of critical infrastructure, such as electricity, fuel, banking and housing. Our infrastructure is essential for economic growth and wellbeing.
4. We note and support the Commission's comments in the consultation paper that highlight the positive infrastructure outcomes being achieved in our sector and key infrastructure issues to be addressed such as the high costs to deploy, consenting and other RMA issues, and having more enabling regulation.
5. In this submission we focus on your question concerning the most critical infrastructure challenges that the National Infrastructure Plan needs to address, and pick up on your question about regulatory issues that need to be addressed.

Question one: what are the most critical infrastructure challenges that the National Infrastructure Plan needs to address over the next 30 years?

6. We recommend Te Waihanga consider the following challenges (and opportunities) in the development of the National Infrastructure Plan and its advice to the Government:
 - a. The need for clarity on government expectations for infrastructure resiliency and other requirements
 - b. Interdependencies between critical infrastructure sectors
 - c. Including infrastructure operators early in policy and planning processes
 - d. The lack of nationally consistent and publicly accessible data sets and modelling about hazards
 - e. Constraints in the resource management system
 - f. The role of the private sector as providers and operators of infrastructure.

The need for clarity on government expectations for infrastructure resiliency and other requirements

7. Uncertainty about government expectations delays investment and reduces the quality of the investment. For example, there has been a lot of talk about resilience across government, with various work streams underway, opaque proposals and changing requirements. But it's still not clear what the strategy is and what the whole-of-government expectations are. In the telecommunications sector we are facing calls for more resilience, but with no real clarity on what the Government means.
8. Climate adaptation policy is another example. Infrastructure owners and councils need certainty on how issues such as managed or voluntary retreat will be handled. This lack of certainty will hamper investment in network expansion and upgrades, because there are risks that infrastructure will not be protected or will need to be moved, at significant cost.
9. Te Waihanga can play a critical role in facilitating a whole-of-government view on requirements, which will help enable the conversations about projects and funding to take place.

Critical infrastructure interdependencies

10. The discussion document rightly highlights (on page 19) that the complexity of the infrastructure system makes it hard for infrastructure organisations to coordinate and work together. A key issue we have identified is how to work across critical infrastructure sectors. At present there is no central government process to bring critical infrastructure sectors together to discuss their interdependencies and how to address them. This is not just important for emergency management, but to inform future investments in network build, for resilience and to prepare for climate adaptation. To provide a recent example, having prepared our sector level climate change scenarios (which raise interdependencies) we are struggling to find a forum to discuss these with other sectors.

11. The OECD talks about the importance of multi-sectoral coordination in its [policy toolkit](#) on critical infrastructure resilience. It identifies understanding complex interdependencies and vulnerabilities across infrastructure systems as a key challenge. The toolkit also recommends establishing information-sharing platforms with operators of critical infrastructure (we pick up on this issue further below), and government partnering with critical infrastructure operators from the public and private sectors to agree on a common resilience vision. It recommends establishing partnerships between governments and operators (public and private) to encourage dialogue.
12. We think multi-sector dialogue needs to be part of the process for developing and executing the plan. Te Waihanga could play a role in filling the current gap on such dialogue.

Including infrastructure early in policy and planning processes

13. Infrastructure needs to be engaged early and fully in policy and planning processes at central and local government levels. Privately owned infrastructure such as telecommunications is often an afterthought and this drives poor planning and increased costs.
14. Much of the conversation (including in this discussion document) is about publicly owned infrastructure, with little consideration of issues and requirements for privately owned and operated infrastructure. We appreciate the opportunity to be able to raise this at the “testing our thinking” phase.
15. This issue also plays out at the local government level where telecommunications is often not considered in district or regional plans and council decisions about developments and major projects. This leads to significantly higher costs to install infrastructure after the fact, and to reduced service or choice for consumers. This issue can in part be addressed through the resource management reforms with the introduction of requirements for spatial planning that include engagement with critical infrastructure.

Nationally consistent and publicly available data

16. Critical infrastructure owners, councils and central government need access to data and modelling about natural hazards. This information is needed by infrastructure owners to make decisions about the placement of infrastructure. Councils need it for zoning and hazard plans.
17. At the moment New Zealand does not have nationally consistent and publicly accessible data or modeling about natural hazards. Councils and others are commissioning or using data in different formats, and some are doing without data and research because they can't afford to pay for it. NIWA is leading by example with its recent decision to make its climate data freely available.
18. National databases with hazard information would enable long term collaborative planning about hazards and the placement of infrastructure. Without nationally consistent data and modelling (available in a format that can be used by councils and infrastructure operators) we will continue to have inefficient regional inconsistency. National consistency is essential

for maintaining and expanding national networks. We expand on this point in the following section on resource management issues.

Resource management - regulatory constraints

19. The resource management system contains regulatory barriers that make it difficult to build and maintain critical infrastructure. A key issue for telecommunications is the lack of up to date national standards for routine installation and upgrade work that takes place across the country. Without national standards more resource consents are needed and it takes longer and is more expensive to build and upgrade infrastructure. It can also mean that vital network improvements are not made.
20. The telecommunications sector is working with MBIE at the moment on proposals to update the National Environmental Standards for Telecommunications Facilities (NESTF). We also support Te Waihanga's work on a national policy statement for infrastructure and national standards for network utilities. However, it will be essential to work through potential conflicts between national standards to get the intended benefits.
21. Not treating roads as shared infrastructure corridors is another resource management barrier to infrastructure build. Current RMA rules on designations are being used as a tool to exclude other infrastructure from designated corridors. An example of this is where councils designate all roads, as has been done in Auckland by Auckland Transport. This adds more regulatory control and excludes other infrastructure providers. The preferred approach is to go back to basics and change the mindset with designations. The concept should be one of infrastructure corridors that provide for all sectors that need to put infrastructure in or on the road. This will enable more infrastructure to be deployed more quickly and with less cost.
22. The failure to engage critical infrastructure early in council planning and decisions about developments is another resource management constraint on infrastructure build and investment (discussed earlier in this submission).
23. We see these resource management reforms as critical to meeting New Zealand's infrastructure needs.

Industry economics and privately owned critical infrastructure

24. Much of the discussion document considers the challenges with government owned infrastructure where there has been years of underinvestment. For privately owned infrastructure the challenges are different and complex industry economics are at play.
25. The telecommunications sector invests around \$1.62 billion per year in fibre access, mobile, core and backhaul networks, and the IT systems needed to make all this work. As Te Waihanga notes in its State of Play report¹, the telecommunications sector is well placed in terms of the services that New Zealanders can access, compares favourably with other countries in the OECD, and performs strongly relative to other infrastructure sectors. The

¹<https://tewaihanga.govt.nz/media/5odizq2o/sector-state-of-play-telecommunications.pdf>

“testing our thinking” consultation document cites the sector as a good example of a sector that has changed, leading to improvements in the quality, choice and affordability of services².

26. While the sector continues to invest to improve service performance and resiliency, it is often not commercially viable for telecommunications companies to extend connectivity into remote regions with complex geography and low end user numbers. Consumers are generally not prepared to pay for this but do generally expect continuous and high quality connectivity no matter where they are. Digital equity issues arise for New Zealanders in some rural areas who do not have the same access to connectivity as people in cities.
27. Industry economics influence the investments the sector can make and the services it offers. If the Government wants the sector to make uneconomic investments (for rural connectivity, gold plated resilience or to provide internet access to New Zealanders experiencing income poverty) then the infrastructure plan will need to factor in government co-investment.
28. With privately owned and operated infrastructure sectors getting some better infrastructure outcomes, we suggest that Te Waihanga give further thought to how private sector providers and owners of infrastructure might play more of a role in addressing New Zealand’s infrastructure challenges.

Question 16 - what regulatory settings need to change to enable better infrastructure outcomes?

29. We have three comments to make on the regulation section. These concern:
 - a. Challenging the assumption that more regulation is inevitable
 - b. The need to keep industry specific regulation up to date
 - c. Regulatory barriers and emissions reduction.
30. The points we made earlier about the challenges with the resource management regulatory system are also relevant to question 16.

Challenging the assumption that the amount of regulation should grow

31. We think Te Waihanga should challenge the assumption (on page 74) that we should expect the amount of regulation affecting infrastructure to grow. As noted (on page 73) New Zealand used to perform strongly in OECD rankings of how much burden our regulations create, but now has a higher-than-average regulatory burden for market entry and competition.
32. Reaching for a regulatory lever to solve infrastructure problems is rarely the best way to bring about change. In areas such as resilience (discussed earlier in this submission)

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<https://media.umbraco.io/te-waihanga-30-year-strategy/qr4ccxoi/testing-our-thinking-discussion-document-plan.pdf>, page 64.

regulation is more likely to undermine the collaboration and certainty that is needed. Instead start with clear strategy and expectations about requirements.

Industry regulation

33. Industry specific regulations need to be reviewed regularly. The telecommunications industry and associated markets change quickly. New technology, or expansion of existing technology, can change market dynamics and impact competition. New technology can also bring benefits to consumers in terms of coverage, resilience and choice.
34. It is critical that telecommunications regulation keeps up with market and technology changes. Existing regulation needs to be dynamically reviewed and, where no-longer fit for purpose, amended or removed. Keeping regulation in place longer than necessary will inhibit innovation, constrain investment and distort the market, bringing negative impacts for consumers.
35. Ensuring there is regular review of any outdated industry regulation needs to be part of the infrastructure plan.

Regulatory barriers to emissions reduction

36. Question 13 asks how we can lower carbon emissions from providing and using infrastructure? And what's stopping us from doing this?
37. Sector collaboration will be needed to meet the challenge of getting to net zero. However, the regulatory environment arguably limits what is possible in terms of collaboration. The Commerce Commission has published [Collaboration and Sustainability Guidelines](#) for assessing collaboration between competing businesses for sustainability objectives. The guidelines suggest that industry commitments to sustainability-related standards could be at risk of breaching the Commerce Act.
38. We suggest the question of sector collaboration be considered as part of the work on the infrastructure plan.
39. For further information please contact kim.connolly-stone@tcf.org.nz in the first instance.

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