



15 February 2019

Local government funding and financing inquiry New Zealand Productivity Commission
PO Box 8036
The Terrace
WELLINGTON 6143

By email: info@productivity.co.nz

Dear Steven,

This inquiry by the New Zealand Productivity Commission (the Commission) is about the cost of services provided by local government and how they are paid for. It will examine the adequacy and efficiency of the current local government funding and financing framework.

This submission is presented by ChargeNet NZ Limited (ChargeNet). ChargeNet is the Southern Hemisphere's largest privately-held network of fast chargers for electric vehicles (EVs). ChargeNet has installed over 130 fast chargers across New Zealand, and plans to install at least 40 more in 2019. This will effectively complete New Zealand Transport Agency's (NZTA) goal of a fast / rapid charger every 75km across our state highways.¹ ChargeNet has partnered with, at present, 22 regional councils and territorial authorities across New Zealand to build this network, supported by environmental and EV acceleration policies at a local government level, as well as central government policies and co-funding. This submission is on the basis of those relationships and project undertakings.

This submission letter to the Commission will seek to provide a high-level overview of how ChargeNet partners with local government, the cost barriers local government face, and what central government policies are needed to support this private investment into New Zealand's critical infrastructure. ChargeNet has sought to broadly answer the following questions:

- ***What other factors are currently generating local government cost pressures? What will be the most significant factors into the future?***
- ***How will future trends, for example technological advances and changes in the composition of economic activity, affect local government cost pressures?***
- ***What role could investors play in financing local government infrastructure and how could this help address financing barriers faced by local governments? What central government policies are needed to support private investment in infrastructure?***

Relevant Background

¹ See 'Enabling a nationwide network of public charging infrastructure' <https://nzta.govt.nz/planning-and-investment/planning/transport-planning/planning-for-electric-vehicles/national-guidance-for-public-electric-vehicle-charging-infrastructure/enabling-a-nationwide-network-of-public-charging-infrastructure/>.



In May 2016 the previous government announced its Electric Vehicles Programme, which aims to increase the uptake of electric vehicles in New Zealand. The goal, 64,000 EVs on New Zealand roads by 2021, is supported by a package that removes Road User Charges (RUC) from both the light and heavy fleet until it becomes more than 2% of the national fleet and provides annual funding to accelerate uptake.²

Local governments have adopted EV acceleration priorities within their respective Regional Land Transport Plans (RLTPs).³ For instance, Auckland Transport in its 2018-2028 RLTP has established an Environmental Sustainability Infrastructure Programme, one that seeks to “include infrastructure requirements to support uptake in electric vehicles, such as charging points.” This includes enabling the private sector to invest in and expand charging infrastructure.⁴ The Otago Southland RLTP has a similar policy statement. It will look to support EVs under its energy efficiency considerations.⁵ Similar policy statements are providing this direction across the country - driven by central government requirements arising out of the GPS on land transport and our international climate change obligations. Commitment to this will require significant resources from local government.

By utilising the Low Emissions Vehicle Contestable Fund (LEVCF), local governments have been in a position to install and provide this essential infrastructure where the cost pressure to them is significantly diminished. As mentioned above, ChargeNet is a key partner with a number of Councils and has provided and installed charging infrastructure at significantly discounted cost to those Councils. ChargeNet typically maintains these chargers on an ongoing basis, including operation of the billing software, as well as essential reporting requirements to NZTA.⁶ These charging stations drive growth to the area / region, and provide critical infrastructure for a developing EV fleet, enabling New Zealanders and visitors to drive the length of the country in a zero emissions vehicle. An overwhelming majority of these sites, though, are not yet commercially viable to private investors, and it is the LEVCF that swings the balance in favour of investment, enabling local councils to drive real and measurable environmental change.

While local government may be concerned about growing costs of climate change mitigation and adaption and what that might mean for infrastructure requirements and investment, the current EV package supported by EECA’s administration of the LEVCF allows Councils to significantly reduce those costs until such time as it becomes economically viable. This quite clearly illustrates an example of central government policy stimulating an improved business

² This Low Emissions Vehicle Contestable Fund is administered by the Energy Efficiency and Conservation Authority (EECA). Further details of the EV Package can be seen here <https://www.transport.govt.nz/multi-modal/climatechange/electric-vehicles/>.

³ Under the Land Transport Management Act 2003, regional councils are required to prepare RLTPs every six years that create a blueprint for transport over the next decade. The RLTPs must be consistent with the national GPS on land transport.

⁴ See Auckland Transport, RLTP, 218-2028 available at <https://at.govt.nz/media/1977374/rltp-consultation-single-pages-small.pdf>.

⁵ See Otago Southland RLTP June 2018 available at <https://www.es.govt.nz/Document%20Library/Plans,%20policies%20and%20strategies/Regional%20plans/Otago%20Southland%20Regional%20Land%20Transport%20Plans/Otago%20Southland%20Regional%20Land%20Transport%20Plans%202018-2021.pdf>.

⁶ To be considered Public Charging Infrastructure, the charger must be reliable, meaning monitored in real time with that data submitted back to NZTA.



case for private investment to fund critical local government infrastructure at a much reduced cost.

Private investment supported by government policy

ChargeNet provides critical infrastructure in partnership with central and local government. Because of additional potential ongoing cost pressures facing local government, it is essential that local government has the opportunity to tap into alternative funding streams – for instance the EECA LEVCF fund. This fund encourages the role of private investment, and addresses financial barriers faced by local councils.

End of submission

We thank the Commission for reviewing this submission. If we can be of any assistance and elaborate further on any points made, please do not hesitate to contact the author. We look forward to continuing the conversation with the Commission throughout the consultation period.

Kind regards,

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