

Opening and Welcome

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“UTILITIES IN THE ROAD – COMPLETING THE JIGSAW”

THE NEW ZEALAND UTILITIES CONFERENCE

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BASIL MORRISON, PRESIDENT

LOCAL GOVERNMENT NEW ZEALAND

INTRODUCTION

Welcome to the first New Zealand “Utilities in the Road Corridor” conference. And a particular welcome to representatives from the telecommunications, gas and electricity sectors.

I think this is the first time that we have ever sat down together to think about how we might jointly manage the most prime piece of real estate in our country – the road corridor.

The road corridor is that three-dimensional space that extends from the private property located on one side of the road to the private property boundary located on the other side of the road.

It includes footpaths in urban areas, and a grassy verge in rural areas. The road carriageway occupies most of the surface. Gas, electricity, telecommunications, water, stormwater, and waste water pipes and cables, may occupy the sub-surface area. Cars, trucks, trees, cafes, people, and another set of electricity and telecommunication cables, occupy the above-surface area. Competition between these different uses is growing on a daily basis, current legislation does not provide adequate provision to resolve competing interests.

Together we have a need to clarify the rights and responsibilities of all parties using the road corridor. This will require a careful balancing of the transport, amenity and public space values of the corridor and the role that the corridor plays in providing community access to utility services.

New Zealand's future is, to a degree, dependent upon riding the knowledge wave and bridging the digital divide that exists between urban and rural communities. To achieve this future, we have a shared responsibility to provide our communities with the best possible access to utility services - at least cost. The objective of this Conference is to develop a framework that will enable us to achieve that goal.

CONTEXT

Most of New Zealand's road corridor is owned by local authorities - on behalf of their communities. Local roads represent 73% of the value of the total roading network, and 89% of the length. The remainder of New Zealand's roads are state highways, managed by Transit New Zealand and we will get their perspective later in the conference from Robin Dunlop.

In the 1980's and 1990's, New Zealand went through a process of corporatisation and privatisation of gas, telecommunication, and electricity goods and services. Each of these utility operators was provided with rights of access, subject only to "the reasonable conditions". These rights were entrenched within custom-built legislation drafted for each operator. Hence, we have the Telecommunications Act 1987, the Gas Act 1992, and the Electricity Act 1992.

Local authorities were not immune from the pressure to corporatise. At many locations, local authority trading enterprises (LATEs) and business units have been established to deliver water and roading services.

The price for the efficiency gains achieved through these changes has been the loss of powers of coordination and the associated loss of commitment to the overall needs of our communities. We need to knock down the barriers that prevent utility companies from adopting a collaborative approach.

To illustrate the concerns, I will paint an extreme view of a worst case scenario for activity by utility operators. Local authorities are also subject to justifiable criticism and I will paint an equally damning picture of local authorities performance later in this speech.

- occupy as much of the road space as possible so as to exclude future competitors;
- spread their operations out so that they keep their installation, insulation, and subsequent maintenance costs down;
- not coordinate road openings (utility operators do not bear the cost of disruption to road users, pedestrians, surrounding businesses or other utility operations);
- not face up to the financial consequences of the reduction in road asset life caused by road openings.

Local authorities have to deal with the confusion created by at least six different acts of parliament that grant different rights and responsibilities to different utility operators and another set of laws that give powers to road controlling authorities.

There is a lack of clarity on what constitutes a “reasonable condition” that may be imposed by a road controlling authority when attempting to manage the effects of a utility operator, and there is a failure to adequately deal with other key issues such as the record of information. You may recall the significant disruption that occurred in downtown Wellington 18 months ago, when a utility operator broke a gas main. It took four hours to work out who owned the broken pipe, and to locate the shut-off valve. The potential risk to life and property was significant.

The Auckland power crisis provides another example of the vulnerability of our communities to utility disruption.

ISSUES

For local government, concerns about utility use of the road corridor came to a head with the recent Wellington rollout of telecommunication cables. The visual intrusion of these cables gave rise to the passing of a remit at our 2001 Annual General Meeting. This called for a working party to be established

for the purposes of “developing mechanisms through which the competing interests of the public and utility operators may be identified and successfully resolved”.

Some may say that Telecom inflamed the issue by imposing, on all other users of the road corridor, a cost for the provision of information about the location of some of their cables.

Ideally, anyone working in the road corridor should be able, with ease, to accurately locate cables and pipes and identify ‘risk’ – before commencing work. This information should be comprehensive, accurate, current, available at minimal or zero cost, and take full advantage of today’s GIS based technological opportunities.

The primary concern for road owners is damage to the road surface resulting from the adoption of inadequate reinstatement methods.

For road users the issue is sequential, continuous, and uncoordinated trenching operations that cause noise and delay. Outside our Local Government New Zealand offices on The Terrace, we know of at least seven different trenching operations that took place last year, with enormous noise and traffic hold-ups, all within a period of six months.

In parts of Auckland and Wellington, the space available within the road corridor for pipes and cables is “full”. Under ideal circumstances all network utility operators would cooperate to achieve the mutual benefits arising from combining services. This would include shared trenches and ducts. However, life is less than ideal. There seems to be a general reluctance to give up existing “property rights”.

What I have described are the issues from the perspective of the community and local authorities. There are an equally valid set of issues faced by utility operators. These may be summarised as:

- increased competition within the market and hence an increased need to contain costs;

- inconsistent treatment of different utilities by different local authorities, for example, highly variable road opening notice requirements and cost recovery provisions
- imposition of unequal and unfair treatment across existing and new utility operations, with too much favour granted to water, waste-water, stormwater and roading services;
- insufficient protection of inground services from damage by other utility operators;
- risk to the safety of workers operating in the roading corridor.

And to top it all off, local authorities have now been granted the right to rate utility networks occupying the road corridor – more about this afternoon.

Utility operators are increasingly concerned about the costs that may be imposed upon them by a local authority. They have argued that they receive comparatively few direct benefits from local authority services and that there is no consistency of approach.

SOLUTIONS

The issues that I have described sound formidable – to a degree they are. However, progress is being made. I welcome the formation of the New Zealand Utilities Advisory Group.

This Group includes representatives of all utility network operations, and road corridor owners. The Group also needs to include representatives of the Ministry of Transport, the Ministry of Economic Development, and the Department of Internal Affairs. These departments have responsibility for developing the policy framework within which utility networks may operate. I understand that negotiations are underway to achieve that end.

The Group has embarked upon a number of initiatives, which will help to resolve the identified issues. But in the end, I know that some of the issues to be addressed will be too difficult for this Group. Funding, property rights and politics are at the centre of the debate.

I therefore strongly believe that we need to open the doors of communication at the highest level and, among other things, consider the need for legislative amendment.

CONCLUSION

This Conference provides a unique opportunity to learn about the New Zealand, and international (Australia, UK) policy environment for network utility companies who operate within the road corridor. More importantly the Conference provides an opportunity to discuss the issues and challenges that we currently, jointly, face.

We have the chance, at this Conference, to reach agreement about how utility network operators and local authorities may work together, more cooperatively, to meet the needs of our communities and customers. I wish you all the best in meeting this objective.

END