The Infrastructure Challenge

• The role of infrastructure
• The state of infrastructure
• Some challenges ahead
• Difficulties with our investment
• This is exposing some
• Who is going to pay?
• Using our existing assets
• What Infracom will be doing
The Role of Infrastructure

- good infrastructure spend is important for economic growth
- it is also a key to community life
- i.e. it has both economic and social drivers

Photo credit: Fletcher Building
The State of Infrastructure in New Zealand

- roads, bridges, tunnels, 3 waters piping, electricity, gas, telco

- social infrastructure including schools, hospitals, prisons

- mainly owned by central or local government

- constituting a large part of the Crown’s balance sheet

- some of it old & under-maintained
Some Challenges Ahead

- NZ is growing and changing
- Our infrastructure expectations are high
- Auckland growth is dominating
- there appear to be significant gaps
Difficulties with our Infrastructure Investment

- our record has been slow and expensive

- (but countries like Australia report the same)

- NZ is a costly topography with a spread-out population

- we have political cycles of spending

- we have expectations of private default rights
This is Exposing some Tensions

- we insist on big roles for tiny local authorities

- our investments are driven by different objectives

- we have wide consenting rights

- there are impending tensions between Auckland growth and the rest of NZ

- there is an urban tension between densification and spread
Who is Going to Pay?

- there are huge fairness issues with long term investments
- there is room for innovative funding and financing
- but “value capture” is important for fairness
- should old or young generations pay?
Using Existing Assets Better

- room for saving on some expenditure
- technical possibilities to improve usage
- demand management, eg through congestion pricing
What Infracom will be Doing

- 30 year infrastructure strategy
- 3 - 5 year project pipeline
- helping with procurement and project management
- advising on some big projects
NZ Infrastructure Commission/Te Waihanga

Role: to lift the quality of NZ’s infrastructure planning, procurement and delivery.

Autonomous Crown Entity. Independent board

Advisory only, with information gathering powers. Decisions with Ministers

4 key outputs:
• 30-year infrastructure strategy
• Quarterly pipeline
• Procurement support
• Advice to Government on specific initiatives

Photo credit: Wynyard Edge Alliance
Our mandated deliverables

Strategy and Planning
Infracom will develop a 30-year infrastructure strategy. Broad consensus. Report to Government by end 2021, then 5 yearly.

Major Projects Advisory
Best practice guidance on infrastructure procurement & delivery. Guardian of the NZ public private partnership programme.

Infrastructure Pipeline
Market ‘shop front’. Iterative process. Should inform the strategy and vice-versa.
Current focus and major opportunities

Ministerial direction to review:
• Upper North Island Supply Chain management
• Opportunities for use of public private partnerships (PPPs)
• Future of NZ port sector

Also taking an interest in the system settings around:
• Auckland Light Rail
• Review of Resource Management Act
• Infrastructure Funding & Financing legislation
• Three waters review

These will inform our 30-year strategy and consideration of systemic issues arising.

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