

↳ Key messages

- > *Infrastructure Development in Comparative Nations: Insights for New Zealand* presents valuable and contrasting comparisons between the infrastructure of New Zealand and those countries we compete with and compare ourselves to.
- > The report recommends fundamental steps that must be taken to learn from their successes and deliver our nation the infrastructure we desperately need:
 - > Strong leadership from the Government and their commitment to national infrastructure development
 - > A long term integrated national infrastructure plan
 - > A streamlined planning and approval process
 - > Integrated planning and governance
 - > Adoption of a wider range of procurement and financing options, including partnerships with the private sector based on value for money
 - > Supporting legislative change
- > Backed by substantive international research undertaken by the NZ Council for Infrastructure Development and Kensington Swan, this report takes on board input from key international organisations and is an authoritative analysis intended to constructively inform our decision makers.
- > Encouraging best practice in national infrastructure development is a key objective of the NZ Council for Infrastructure Development. With proud members and infrastructure experts Kensington Swan, we are committed to the development of world class infrastructure for the benefit of all New Zealanders.

↳ The report: main points

Gas pipeline failures depriving the central capital of gas; a single shackle failure cutting power to much of Auckland, South Island power cuts, persisting traffic congestion and numerous other issues have seen the lack of spending on New Zealand's ageing infrastructure pushed to the fore.

The trend towards infrastructure decline has been felt internationally since the seventies but NZ Council

for Infrastructure Development (NZCID) research shows that in contrast to the countries that we compete with and compare ourselves to, New Zealand has felt this infrastructure decline more acutely and has been slower to redress infrastructural under investment.

- > The World Economic Forum's latest Global Competitiveness Report (2005) ranks New Zealand 22nd in the world (19th out of 30 in the OECD) for the overall quality of its infrastructure
- > The Institute for Management Development World Competitiveness Yearbook puts New Zealand 33rd of the 51 countries surveyed (21st in the OECD) for the adequate planning and financing of infrastructure

Our country is judged by the reliability of our infrastructure and it shapes our everyday prosperity. NZCID is committed to the development of world class infrastructure for the benefit of all New Zealanders, without it we can not ultimately maintain the standard of living to which New Zealanders aspire.

Infrastructure Development in Comparative Nations: Insights for New Zealand is an NZCID and Kensington Swan initiative which places New Zealand infrastructure in the context of recent international investigations on:

- > The role of government in infrastructure development
- > The nature and extent of national infrastructure development planning in each jurisdiction
- > Planning approval and environmental consent processes for major infrastructure development projects
- > Governance
- > Responsibility for implementation
- > Identification of best practice in the use of the private sector in assisting the infrastructure development programme

There has been a significantly improved focus on infrastructure development needs within New Zealand, particularly within the last two years. Yet substantial concerns remain about: the adequacy of long term planning; the availability of funding; the adequacy of the regulatory environment, governance, planning and approval processes to enable timely investment in our infrastructure.

We acknowledge that the New Zealand Government has recognised the need for significant infrastructure development and taken action to redress the deficit. But despite the Government's best efforts progress in New Zealand is slow relative to each of the comparative locations visited.

This report examines well made comparisons between New Zealand's infrastructure development and that of international examples. Ireland, the United Kingdom, Victoria, New South Wales and Queensland all share similar land and population conditions to New Zealand. They have historically faced similar infrastructure challenges but have addressed development proactively and are now achieving a

turnaround to great effect.

It is clear that if New Zealand is to share the benefits of their learning curves and success and achieve the social, economic and environmental goals to which the government aspires, fundamental issues must be resolved with urgency. More specifically, NZCID and Kensington Swan have found six key steps that must be taken to speed up the process and deliver the infrastructure New Zealand desperately needs:

1. Government leadership and commitment to national infrastructure development
2. A long term integrated plan
3. A streamlined planning and approval process, particularly for projects of national or regional importance
4. Integrated planning and governance
5. Adoption of a wider range of procurement and financing options, including the appropriate mix of public and private financing of infrastructure based on value for money criteria. This should include greater debt financing by the government and the use of partnerships with the private sector
6. Supporting legislative change

This report is backed by substantive international research undertaken by NZCID Chief Executive Stephen Selwood and Kensington Swan's Infrastructure Business Director Paul Buetow in partnership with a number of key international organisations. The findings are constructive and topical and are expected to stimulate welcome public debate. NZCID and Kensington Swan are currently meeting with key leaders in New Zealand infrastructure. We hope this report will inform and influence central, regional and local decision making and contribute to NZCID's primary goal: the provision of world class transport infrastructure for the benefit of all New Zealanders.

Background

Copies of the report *Infrastructure Development in Comparative Nations: Insights for New Zealand* have been supplied with this briefing. Following the launch additional copies of these materials can be downloaded from the NZCID website (www.nzcid.org.nz). Information about the NZ Council for Infrastructure Development and issues related to infrastructure development are also available on this site.

I Project partners

NZ Council for Infrastructure Development



NZCID is an authority at the forefront of infrastructure development issues. Our members stem from sectors across New Zealand, equity owners, service providers, public sector agencies, major infrastructure users. Together we share a clear purpose: world class infrastructure for the benefit of all New Zealanders.

➤ www.nzcid.org.nz

Kensington Swan



Infrastructure is a specialty of law firm Kensington Swan. Their team of specialists have advised on some of New Zealand's largest infrastructure projects. They have significant experience in construction, commercial property and environmental law and can provide reputable and commercial advice to those interested in or about to embark on major infrastructure projects.

➤ www.kensingtonswan.com

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Paul is the Business Director of Kensington Swan's Infrastructure Business Unit. He has vast experience in construction law, infrastructure projects and civil and commercial litigation. The range of Paul's client base is broad, stretching from private individuals to large companies and local authorities.

Paul has dealt with a wide range of infrastructure issues. He provides specialist advice on the tender process, contract documentation, claim preparation and presentation, and dispute resolution (whether by mediation, arbitration or litigation). Paul has significant front end experience. He provides advice on major infrastructure standard and specialist construction contracts, including NZS 3910, FIDIC, Alliance and Collaborative Contracts and Public Private Partnerships.

Stephen Selwood
Chief Executive, NZCID



Stephen leads NZCID's advocacy of and investigation into key infrastructure development issues in NZ and abroad. This key role is focused on highlighting the direct link between world class infrastructure and New Zealand's capacity to achieve its economic and social potential. Stephen is particularly well known in local body, central government, & media circles for his expertise on infrastructure policy matters. He is a regular adviser, commentator & guest speaker both in the media & in public forums on these subjects. Until his CEO appointment with NZCID, Stephen held various senior management positions with the Automobile Association in both operations management and most recently as General Manager Transport Policy, responsible for leading policy development & advocacy for roading infrastructure, transport, safety & motoring issues.

↳ Questions & answers

Q1: Why was NZCID formed?

A1: To get the private and public sectors working closer together, to provide world-class infrastructure, for the benefit of all New Zealanders. Without this we will not maintain the high standard of living to which we aspire.

Q2: So you don't have any faith in government resolving NZ's infrastructure needs?

A2: NZCID is encouraged by recent positive progress the Government has made towards addresses New Zealand's infrastructure development issues. There is a limit to the amount any fiscally responsible government can commit to infrastructure development. The private sector must work collaboratively with government to fill that gap.

Q3: But a 2004 stocktake of the nation's infrastructure by PriceWaterhouseCoopers found that in many areas we're doing okay?

A3: By definition, a stocktake looks at the present situation, but what we need to focus on is our future infrastructural needs. The PWC report also made it very clear that in a number of areas, such as roading, water and waste water, and electricity our infrastructure needs improvement. *Infrastructure Development in Comparative Nations: Insights for New Zealand* presents valuable and contrasting comparisons between the infrastructure of New Zealand and those countries we compete with and compare ourselves to. The report recommends fundamental steps that must be taken to learn from their successes and deliver our nation the infrastructure we desperately need:

- > Strong leadership from the Government and their commitment to national infrastructure development
- > A long term integrated national infrastructure plan
- > A streamlined planning and approval process
- > Integrated planning and governance
- > Adoption of a wider range of procurement and financing options, including partnerships with the private
- > sector based on value for money
- > Supporting legislative change

Without world-class infrastructure in we cannot ultimately maintain the standard of living to which we aspire.

Q4: How are partnerships with the private sector going to fix the "buildability" issues in New Zealand?

A4: NZCID does not regard private financing as a panacea to the nation's infrastructure woes. However, funding constraints are a key issue which needs to be resolved for New Zealand to deliver its

infrastructure needs. To deliver these needs a long term secure and sustainable funding base needs to be agreed and committed. This will be a significant undertaking and will only be possible if potential solutions also consider the full range of funding options, including a variety of partnering arrangements.

Q5: Isn't this a case of big business serving itself?

A5: No, NZCID members stem from sectors across New Zealand, equity owners, service providers, public sector agencies, major infrastructure users. Together we share a clear purpose: world class infrastructure for the benefit of all New Zealanders. NZCID is focused on the public and private sectors working together to facilitate and encourage the provision of world-class infrastructure. In a country of four million people, that sort of collaborative approach makes sense at all sorts of levels.

Q6: Isn't this just an Auckland problem?

A6: No, meeting New Zealand's present and ongoing infrastructure needs is a matter of ensuring New Zealand's future prosperity. This is a national issue. In contrast to the countries we compare ourselves to and compete with, we have underinvested in New Zealand's infrastructure for decades. But the regions most significantly affected are not isolated to Auckland – Waikato and the Bay of Plenty, have like Auckland experienced substantial growth and diminishing investment in recent times. These three regions peg out an area collectively known as the Golden Triangle, an area characterised by high growth, concentrated distribution and inter-regional demand. By 2025 this Golden Triangle of Waikato, the Bay of Plenty and Auckland will between them comprise 54% of NZ's population and 51% of the nation's GDP.

There are other regions that are significantly impacted by either past underinvestment or future growth. Playing "catch up" in each of these regions is now placing huge pressure on a limited budget and causing unsatisfactory deferral of projects in other areas of the country. Robbing Peter to pay Paul is not the answer. We must find a means of expanding the amount of money that is available and streamlining processes so that priority projects across the nation can be funded and delivered in a much shorter timeframe.

↘ Further information

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