

National Infrastructure Plan highlights major opportunities for improvement in capital asset planning, investment and procurement.

**Media Statement
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"The first National Infrastructure Plan highlights significant opportunities for achieving better management and delivery of public infrastructure", says the Chief Executive of the New Zealand Council for Infrastructure Development, Stephen Selwood.

"The Plan usefully documents current and short term future investment in infrastructure and describes the government's legislative reform agenda that is already underway.

"Most importantly it identifies issues of national importance that must be addressed into the future. These include:

- Developing more robust and transparent investment decision making frameworks to help prioritise investment. These must achieve the necessary balance between economic, environmental and social benefits and costs of infrastructure investment
- Achieving much better alignment between national, regional and local infrastructure development and land use planning
- Lifting public sector knowledge and skill in procurement and asset management, including the need to focus on whole of life cost effectiveness
- Ensuring that market pricing mechanisms are in place to help manage demand and provide the necessary funding for investment when needed

"The plan identifies a significant gap in understanding about future public infrastructure investment needs and how this can be funded.

"While good progress is being made, it is critical that the next iteration of the plan looks at future demand scenarios to identify capacity issues, before they arise, and decide how funding and policy gaps can be bridged in a much more timely, integrated and cost effective manner.

"This will inevitably raise some challenging public policy issues that need to be faced.

"The most politically challenging of these will be introducing full market pricing mechanisms to fund timely investment to in infrastructure.

"In transport for example it is clear that existing "pay/go" funding is not sufficient to fund the level of investment in both road and rail that is required. The transition to tolls and/or road pricing as a means to help fund transport investment must be on the agenda.

"Local government will also have to address glaring gaps in infrastructure service procurement. Reliance by most local authorities on rates funding for water should give way to volumetric pricing, for example. Direct user charging for water services is needed from a sustainability and fiscal management perspective. Water is arguably New Zealand's most significant asset. We can't afford to continue to waste it by failing to charge directly for its use.

"Improvement to procurement methods might also include more shared services by territorial local authorities; joint contracting to overcome lack of scale issues; commercial models such as franchising or concessions to the private sector to provide infrastructure services. There are significant opportunities for efficiencies by developing a programme approach whereby small projects, renewals and maintenance requirements are bundled to achieve better economies of scale.

"The development of the National Infrastructure Plan provides a very useful means of leading this policy debate and providing greater certainty to the industry and to the public at large about the Government's infrastructure policy and investment programme", Selwood says.