

## **Political commitment to infrastructure encouraging but a prioritised committed funded investment programme is required.**

The New Zealand Council for Infrastructure Development has welcomed the range funding increases announced by Labour and National for investment in roading, public transport and broadband infrastructure but recommends that the incoming government develop and commit a fully funded 20 year national investment programme for public infrastructure.

“It is pleasing to see the increasing political commitment to investment for growth. Not only will this help kick start the New Zealand economy, it will provide a much needed boost for jobs in the construction industry and help lock in productivity growth for the future”, says NZCID chief executive Stephen Selwood.

“Given that New Zealand is already lagging behind other OECD nations in terms of the quality and provision of essential infrastructure, a further substantial lift in investment is required.<sup>i</sup>

“We are concerned that investments are being announced in an ad hoc basis in the absence of a prioritised national investment programme specifically targeted at addressing New Zealand’s overarching infrastructure deficit.

“It is critical that a national investment programme is developed so that projects that have the greatest positive economic and environmental gains are prioritised for early investment. This will help achieve public buy in for essential projects as they will be seen in the context of an overall plan for New Zealand.

“We also need efficient regulation and consent processes to prioritise and approve projects in the national interest that provide the best social, environmental and economic return.

“And the infrastructure sector needs certainty around a committed and funded pipeline of work to ensure that the necessary human and capital resources can be committed in a timely basis.

“For these reasons NZCID supports policies to develop a national infrastructure plan and investment programme backed by a regulatory environment that encourages public and private sector investment and innovation and which sets a clear direction for infrastructure development in the context of New Zealand’s overall national development.

“We recommend central government leadership should be provided by an “infrastructure cabinet” chaired by a Minister for Infrastructure and comprising ministers with specific interest in the sector. The infrastructure cabinet would provide an overarching, whole-of government view of national priorities and require accountability and best practice for delivery across the range of government ministries.

“The cabinet should be supported by an infrastructure advisory body, Infrastructure NZ, comprising leaders of the highest calibre from the public and private sectors. It would provide independent advice to government about the infrastructure gaps and bottlenecks that hinder growth. It would identify investment priorities, advance best practice in procurement and

recommend policy and regulatory reforms necessary to enable timely and coordinated delivery of national infrastructure.

“A key responsibility would be the development of a twenty year national infrastructure plan and programme designed to align national priorities and ensure delivery on economic goals. Reform of complex regulatory and environmental approval processes would include further streamlining of the RMA and other legislation to provide for national priorities in infrastructure development. Similarly, Infrastructure New Zealand would provide advice on appropriate use of debt to fund major projects and replace the reliance on taxes and local government rates for funding infrastructure.

“We have a tremendous opportunity to kick start the New Zealand economy through well planned investment in infrastructure. What’s required is a committed and funded policy and investment programme supported by strong government leadership to enable the infrastructure industry to get on with the job.

For more information contact

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<sup>1</sup> Evidence of New Zealand's infrastructure deficit is apparent on a daily basis including:

- urban congestion (particularly Auckland where the average traffic delay per minute at peaks times is 40% worse than a comparative city like Brisbane)
- poor safety margins on rural roads (the latest 2008 KiwiRap statistics show that 40% of the State Highway network in Northland and Auckland regions and 36% of Waikato and Bay of Plenty regions fall into the medium high to high risk for fatal or serious injury crashes – see <http://www.kiwirap.org.nz/results.html>),
- substandard public transport (particularly in Auckland and Wellington where there is a backlog on unfunded public transport projects and or capacity constraints;
- run down railways; (“Despite some improvements in the past few years, a significant investment is required just to keep some existing services running”. Finance Minister Michael Cullen NZ Government Press Release 22/7/2008),
- insufficient dry year electricity supply margin (evidenced by risks to secure electricity supply in four out of the last 8 years, 2001, 2003, 2006,2008),
- inadequate water quality and services (the last Ministry of Health survey in 2005 reported 980,000 (24%) NZrs drinking-water that failed to comply with the bacteriological Drinking Water Standards or were self-supplied: 102,000 monitored supplies had unacceptable levels of *E. coli*. 2007 summer - 40 % of monitored swimming spots had questionable water quality; 10% had levels of high bacteria, indicating that they are generally unsuitable for swimming);
- below average broadband speeds (New Zealand lies in the bottom third of OECD nations for broadband speeds);
- the lack of national facilities of sufficient scale to host international sporting and conference events (such as the lack of capacity to host a Commonwealth Games or major international conference events).