



New Zealand  
**Planning Institute**<sup>®</sup>  
Te Kokiringa Taumata

## **Submission: Proposed Independent Infrastructure Body**

**Prepared by New Zealand Planning Institute (NZPI)**

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### **Introduction**

The Minister of Infrastructure, the Hon Shane Jones, has circulated a consultation document calling for the establishment of a new independent infrastructure body “to ensure better infrastructure planning”. According to the Minister’s forward, “we need to coordinate better, and we need to bring the public and private sector into the same room so we can make the most of the infrastructure we already have and ensure that our future investments deliver the right outcomes, in the right place, at the right time.” The purpose of this submission is to highlight matters we support in the proposal and to advocate for additional provisions that we believe should be incorporated in order to deliver better and integrated planning outcomes.

### **Background**

Treasury since 2009 via its National Infrastructure Unit has developed policy advice to the Minister of Infrastructure working with the National Infrastructure Advisory Board. A collaborative approach has enabled central government and its agencies to work with local government and the private sectors. In 2015 the Thirty Year Infrastructure Plan was released. A 10 Year Capital Intentions Plan that had been prepared in 2014 was refreshed in 2016. New Zealand, as with many parts of the world is facing some significant issues which will significantly increase the pressure on our struggling infrastructure. Key issues include:

- Population growth within the high growth areas as such Auckland, Auckland, Waikato, Hamilton and Tauranga golden triangle
- Under investment in critical infrastructure such as the 3 Waters but especially stormwater, and transport means that ageing assets are near the end of their useful lives, and there are limited funding options for replacement
- Natural weather events are putting the significant infrastructure located in the coastal environment at risk

- A fragmented policy and regulatory regime at central and local government levels
- Inadequate alignment between the public and private sector regarding the planning and funding of infrastructure
- Decreasing population in many local government areas leading to a declining ratepayer base to fund infrastructure

The cost of inadequate infrastructure planning includes lost production due to the hours sitting in gridlock in our major cities; declining housing affordability; increased pollution of waterways and beaches; and critical infrastructure being increasingly damaged by natural events.

### **Infrastructure Planning Needs and Priorities**

The National Infrastructure Unit has estimated that \$129 billion is expected to be spent on capital projects between 2019 and 2029. NZPI submits it is critical that the new body considers infrastructure in a comprehensive and integrated manner, recognising among other factors the very long life of infrastructure assets and the impact they have on the wellbeing of people and communities. This means that the infrastructure body needs to:

- Make decisions based on data/evidence and review and monitor success on a wide range of outcomes including against social and economic “wellbeing”
- Recognise that infrastructure is critical but it is part of an integrated system including socio-economic contribution; sustainability of food and energy production; sustainable financing; evolving employment patterns; and multimodal transport systems
- Ensuring that the “correct” problem definition of what we are trying to seek solutions to/and related outcomes is what drives asset planning, instead of deciding an “asset solution” and then defining the problem that this asset will solve.
- Providing independent and credible policy guidance that is recognised and supported by the public and private sectors
- Expand the investment opportunities and funding tools available to the public and public sectors to pay for both capital and operating costs of infrastructure

### **The Proposed Infrastructure Body (PIB)**

NZPI has considered the 16 page consultation document and papers prepared by Treasury. The functions of the Proposed Infrastructure Body cover strategy and planning, and project delivery support, and are summarised as follows:

- Assess the condition of New Zealand's infrastructure assets
- Develop a shared understanding of New Zealand's long-term infrastructure strategy
- Identify New Zealand's priority infrastructure needs
- Identify and publicly comment on the barriers to delivering good infrastructure outcomes
- Publish long-term capital intentions
- Act as a ‘shop front’ for the market and publish a pipeline of infrastructure projects

- Provide best practice guidance on infrastructure procurement and delivery
- Provide project procurement and delivery support

Key suggested outputs from the PIB include: stocktake of infrastructure assets; long term infrastructure strategy; alignment process; barrier identification; long term plans; shop front for infrastructure investors; best practice procurement guide.

A strong theme in the papers is summarised in the consultation document, that the body should “act as ‘one window to government’ for investors, linking investors to procuring entities, informing regulators on regulatory and market settings and promoting the pipeline”. The word ‘pipeline’ describes the idea that there needs to be a steady stream of projects – rather than having a lot of them happen together.

There is more than a suggestion in Treasury advice that current planning and regulation is a problem. For example, Treasury advice suggests: “the infrastructure entity could identify resource management legislation as a barrier to more efficient infrastructure-delivery, and could publicly promote spatial planning” and that: “priority projects identified by the infrastructure entity could also inform urban planning decisions made by the Housing Commission. The project list of the Housing Commission should be informed by the outputs of the spatial planning pillar and endorsed by the proposed infrastructure entity”. While these suggestions might be constructive, they risk the promotion of centralised national planning over local public participation in decision-making.

It appears that the model for much of the thinking for the New Zealand’s PIB has been selectively drawn from enabling laws for *Infrastructure NSW (INSW)* – a state body established by legislation in New South Wales, Australia. However Australia’s INSW body has a more balanced mandate than what is suggested for NZ’s PIB.

For example, in preparing long term infrastructure strategies, INSW may include the following:

- “(a) economic, social and environmental objectives against which the performance of the State’s infrastructure network can be assessed and benchmarked,
- (b) the identification, on the basis of detailed, objective and quantitative evidence, of current land use plans and population projections, deficiencies in the State’s infrastructure and the areas in which deficiencies in the State’s infrastructure network are causing the most serious economic, social or environmental costs,
- (c) an assessment of options available to deal with those identified deficiencies and to reduce those economic, social and environmental costs, including options relating to demand management and other policy, pricing and regulatory reform options,
- (d) the identification of projects and policies that will best deal with those identified deficiencies and reduce those economic, social and environmental costs.”

Significantly, these INSW matters include evaluation measures, and land use plans and population projections. They also specifically refer to demand management approaches (as opposed to just building more infrastructure), and they suggest robust option assessment processes.

### **Infrastructure Planning in Australia**

Most states in Australia have established infrastructure planning bodies like INSW. As a generalisation, while these bodies do support integrated planning, their focus has been to speed up the production of growth supporting infrastructure, and enable alternative funding streams and procurement methods including private investment and the use of PPP mechanisms. To support more rational infrastructure planning and funding at federal level (ie at national, rather than state, level), Infrastructure Australia was recently established. Its establishment, in part, was in response to perceived deficiencies in the state model of infrastructure planning upon which the PIB proposal is based. According to the website of Infrastructure Australia:

### **AUSTRALIAN INFRASTRUCTURE PLANS**

- The first [Australian Infrastructure Plan](#) was released on 17 February 2016. It is Australia's first 15-year rolling infrastructure plan. Developed following consultation on the Australian Infrastructure Audit, the Plan recommends fundamental changes to way we plan, fund, deliver and use our infrastructure through reforming the funding and operation of transport infrastructure, completing the national electricity market, improving the quality and competitiveness of the water sector and delivering a telecommunications network that responds to user demand.

The next plan is due for publication in 2021.

### **INFRASTRUCTURE PRIORITY LIST**

- We also determines which nationally significant projects should be included on the [Infrastructure Priority List](#). This is a rigorous prioritisation process that ensures there is a highly credible pipeline of nationally significant infrastructure projects. The [Infrastructure Priority List](#) is a live document that is regularly updated by the independent Infrastructure Australia Board as they approve business cases of new nationally significant projects.
- Throughout the year we publish in-depth [project evaluations](#) of business cases that we have assessed.

It is helpful to consider how this more recent Australian Infrastructure planning initiative is viewed by its constructive critics. For example, **John Stanley**, Adjunct Professor, Institute of Transport and Logistics Studies, The Business School, University of Sydney, advises:

[Infrastructure Australia's](#) latest report, [Australian Infrastructure Plan](#), is a substantial contribution to better infrastructure planning. For our cities, it cogently argues for more

compact settlement patterns and transport pricing reform. However, it has some substantial weaknesses.

## Integrating land use and transport priorities

The report's discussion about the need for more compact cities is impressive but falls into the same trap as the state governments it criticises for failing to adequately integrate land use development directions and transport priorities. The Infrastructure Priority List is rather light on initiatives that will support development of Australia's four largest cities as more compact cities, rather than just cities with a compact core....

The report clearly recognises that higher-frequency public transport services will be needed more broadly across our cities. It includes some rail projects for growth areas and bus rapid transport in some locations. It does not focus sufficiently, however, on public transport, walking and cycling projects that will help the middle suburbs achieve their potential. These are the areas where much more employment and residential development needs to take place if our cities are to become more compact. Supportive infrastructure, particularly public transport and active transport, is central to this goal.

Another illustration of the failure to adequately integrate land use and transport thinking is the discussion of servicing the outskirts of our cities. A major reason these areas have infrastructure and service delivery problems is that their development densities are too low. Yet I found no reference to the need to increase densities in outer urban areas. This would help with issues such as the need to improve public transport services and associated cost-recovery rates.

## Urban governance

There is useful discussion in the plan on governance matters but also a significant hole. The plan looks at the need to reform local government, as well as project planning and delivery arrangements, but does not consider the central governance question: "who speaks for our cities?". This is a challenge that is fundamental to our cities' common difficulties of sustaining long-term land use transport plans. The apparent answer is "state governments" at present, but the recent Sydney introduction of a Greater Sydney Commission is a very innovative step to strengthen partnerships between the state and local governments at city-wide level. This move is recognition that the right answer needs to be wider than simply the state government. New governance arrangements should have figured more prominently in the report....

Under the mayor's leadership, London is pursuing greater financial autonomy. The city is using measures such as [value capture](#) quite aggressively to increase its financial autonomy. The plan discusses value capture to an extent, but it needs a stronger focus on this as a great funding opportunity for more autonomous and accountable cities...

## Infrastructure planning vs integrated planning

The plan's discussion about long-term infrastructure planning being "an opportunity to improve the value of community engagement" needs to provide more clarity about just what this means. If long-term integrated land use transport planning had been

undertaken more effectively in Australian cities, we would not need separate infrastructure agencies at federal and state levels....

If the report is suggesting community consultation on strategic infrastructure planning that is separate to what should be happening around long-term land use transport plans, which are becoming increasingly broad in international best-practice cities, then we will have [very confused communities](#). The long-term process of planning integrated land use transport should be where strategic consultation takes place. Infrastructure would be *one* of the matters subject to consultation and infrastructure priorities *one* output from the planning process. The fundamental discussion point needs to be what we want our cities to be like in 30 to 40 years' time. Transport and other infrastructure discussions and priorities should be placed in the context of creating those cities....

## Improving the policy debate

Infrastructure Australia has done much to raise the quality of debate about infrastructure planning and delivery. Its Australian Infrastructure Plan continues this contribution. However, so far as our cities are concerned, the effectiveness of the plan will be compromised unless Infrastructure Australia walks the walk in terms of land use transport integration. It needs to align its priorities much more comprehensively with its well-framed land use development directions, and take a broader perspective on pricing reform and associated funding and governance matters. This is about better integration and delivery in the broadest sense.

NZPI submits that New Zealand should learn from what is happening in Australia in regard to infrastructure planning. What is happening at state level is part of that learning. If good integrated planning is to be one outcome of what we do in New Zealand, then a comprehensive examination of what is happening in Australia in terms of policy development is required. That way we can learn from its experience of infrastructure planning initiatives rather than simply repeating its mistakes.

### **NZPI Submissions and Recommendations**

It appears that the PIB is part of the Urban Growth Agenda, along with the Housing Commission, and “spatial planning” – interventions that could centralise planning and which could bypass local councils. The present proposal generally emphasises infrastructure supply over integrated planning processes and local public participation.

While NZPI acknowledges the planning benefits of national infrastructure construction coordination and more efficient procurement processes, we strongly advocate an integrated approach, and one which focuses at city level. There may be benefits in developing a tool kit for high growth local councils of empowering provisions – such as value uplift powers which would enable infrastructure to be funded by those who benefit from it, and such as support mechanisms for PPP type procurement methods. However this approach by itself would not address the broader integrated planning issues that are highlighted in Australia’s experience.

NZPI supports good spatial planning aimed at the development of well-functioning communities and suggests that an approach to infrastructure planning which fits within New Zealand’s existing planning

framework, and which is more likely to deliver integrated planning outcomes would be an Urban Infrastructure National Policy Statement.

NZPI accepts that the PIB is a step in the right direction however. The functions of the Proposed Independent Infrastructure Body should include:

- Assessment of condition of existing infrastructure assets
- Development of 30yr infrastructure strategy but that this is created in an “Agile” system to ensure the data and analysis of requirements and strategy directions is always relevant
- Infrastructure plans developed using integrated spatial planning, including socio-economic outcomes and community wellbeing, and environmental and financial sustainability
- Evaluation of outcomes wider than the cost of the project
- Development and support of best practice procurement and delivery methods
- Encouraging collaborative and sharing approaches with local government and private sector to develop, procure and deliver projects where there are shared interests

**END**