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# SUBMISSION TO NEW ZEALAND TREASURY: A NEW INDEPENDENT INFRASTRUCTURE BODY

Engineering New Zealand (formerly IPENZ) is New Zealand's peak professional body for engineers, with more than 22,000 members - and New Zealand's strongest and most influential voice on engineering issues. Today's engineers balance society's needs with the planning and designing of long-life infrastructure.

We support the creation of a new Infrastructure Body. We believe that the success of the body will rest on its ability to work constructively across interdependent organisations and entities. We also believe that a key strategic focus for the body will be resilience, integration and regional infrastructure strategic planning.

We have two overarching comments about the proposed Infrastructure Body's mandate, followed by specific comments on each of the eight proposed functions.

## MANDATE

### INTERDEPENDENCE

We agree with the Minister that there could be better coordination of infrastructure investment. The problem is well described in a Treasury discussion paper: "The decentralised and siloed nature of much of New Zealand's risk management means that insufficient attention is paid to the interconnectedness and cascading nature of risk factors."<sup>1</sup> We need to make more integrated investment decisions to address this problem.

The proposed role of the Infrastructure Body is advisory, so the challenge is to add value in a crowded policy advice environment and to be definably different from the current Treasury Infrastructure Unit

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<sup>1</sup> [Resilience and Future Wellbeing \(DP 18/05\)](#)

(Treasury Unit). The point of difference for a new body is not independence and separation, but integration and engagement – recognising the system’s interdependencies.

We concur with the Minister’s suggestion that ‘we need to bring the public and private sector into the same room’. This is a necessary condition of better integration given that most of our engineering and delivery expertise is in industry not government. Accepting interdependence between government and industry does not preclude the ability to give objective professional advice.

We suggest that discussions take place regarding the governance arrangements for the new body and that such discussions include the relevant professional bodies and associations to facilitate professional and industry engagement.

## RESILIENCE IS THE GOAL

We spoke to our vision of a resilient New Zealand in our recent publication [Engineering A Better New Zealand](#). Our vision is that we plan for and invest in resilient infrastructure. Planning and investment for infrastructure resilience is integrated across organisational and sector boundaries. It creates necessary redundancy in key utility and transportation networks. It’s prominent in central government and council long-term plans. When considering infrastructure investment, we consciously assess resilience. Decisions about future infrastructure factor in ways to reduce risk and increase resilience.<sup>2</sup>

We suggest that resilience is the overarching goal to which a national coordinating Infrastructure Body can best contribute strategic direction and practical expert advice based upon quality data and evidence.

We agree with the recent Treasury discussion paper that “a more proactive, coordinated and evidence-based approach to risk management and resilience building is required to maintain societal resilience and sustainability in the face of the complex risks we are facing domestically and globally”.<sup>3</sup> An Infrastructure Body must become one of “the institutions that enable society to absorb shocks and stresses, and support recovery from them”.<sup>4</sup>

## FUNCTIONS

We comment against each of the proposed functions of an Infrastructure Body in the context of a vision of resilient infrastructure. Also, we consider where these functions differ or add to what is currently available through the Treasury Unit:

### PROPOSED FUNCTION 1

A national stocktake of infrastructure assets is a suitable task for an Infrastructure Body. This is also achievable by Treasury Unit and is a current priority to progress. But we need any stocktake to assess not only the asset condition and suitability to meet projected demands, but the resilience of these infrastructure assets to absorb and adapt to shocks and stresses. For example, reducing vulnerability

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<sup>2</sup> [Engineering A Better New Zealand](#)

<sup>3</sup> [Resilience and Future Wellbeing \(DP 18/05\)](#)

<sup>4</sup> Ibid.

to and the consequences of sea-level rise and extreme weather events. We understand that the DPMC is to develop a National Risk Register which any stocktake must fully utilise to support the right decisions for the long term.

## **PROPOSED FUNCTION 2**

A national strategy must be integrated with the infrastructure strategies of local councils. It is notable that both examples are from a federal system where there is strong regional governance. However, local authority infrastructure investment outside of Auckland is governed at a district or city level without an overarching regional view. We need a national strategy consisting of a set of integrated regional strategies if we are to better coordinate infrastructure investment.

## **PROPOSED FUNCTION 3**

The priorities are stated as ‘Government’s highest priority infrastructure’ rather than central and local governments’ combined priorities. This is a significant limitation as considerable infrastructure challenges are faced by local government. Funding support can be directed to priority areas, but not all infrastructure is centrally subsidised (such as local roads and most three waters infrastructure).

## **PROPOSED FUNCTION 4**

Identifying the barriers to delivering good infrastructure outcomes is key to developing a meaningful national infrastructure strategy and providing relevant advice. One major barrier is government capability and capacity to make integrated long-term decisions. As the Office of the Auditor General noted in its review of local government infrastructure strategies, procurement and asset management requires improvement. There can be a lack of engineering know how at the local level. There is a need to put the right people on the ground with the required expertise to appraise options. Objective expert advice is especially needed when decisions for the long-term are not locally popular. For example, disinvesting in assets likely to become stranded due to climate change and technological transformation.

## **PROPOSED FUNCTION 5**

The publication of long-term capital intentions is a useful continuation of the work of the current Treasury Unit. The problem is that long-term capital intentions plans are not binding and can change every 3 years and so cannot guarantee a pipeline of infrastructure work for industry. We suggest that making resilience the goal will help to shift decisions to better meet the long term needs of the country.

## **PROPOSED FUNCTION 6**

The role of providing a ‘shop front’ may be particularly useful in terms of attracting the required investment as well as the expertise to deliver large projects. This is a useful extension beyond the current functions of the Treasury Unit.

## **PROPOSED FUNCTION 7**

The Treasury Unit can issue best practice guidance. But an Infrastructure Body can go further to address the specific challenges and engineering options for infrastructure development. We need experts to translate that guidance into the context to which it is being applied.

## PROPOSED FUNCTION 8

A Treasury Unit can provide procurement advice. But project delivery support extends beyond project governance and management. It also requires engaging with the engineering challenges that all major infrastructure projects encounter along the way. The Infrastructure Body may need to engage more directly if it is to make a difference on the ground across the regions.

## SUMMARY

- We support the creation of a new Infrastructure Body working constructively to address interdependencies between local and central government, and industry.
- We recommend a strategic focus on resilient infrastructure which requires spanning the boundaries and proactive engagement with communities.
- We strongly support the function of collecting and presenting data and evidence, including barriers to integration and strategic needs.
- We need regional infrastructure strategic planning. We suggest that addressing this gap should be a key task for a new Infrastructure Body.
- Last, we suggest that there is a need for leading experts to help tackle the local infrastructure challenges we face. That that means the new Body may need to be prepared to get its hands dirty out in the field.

Engineering New Zealand asks to be involved in the development, formation and the work of a new Infrastructure Body. As the peak body for professional engineers, we are committed to engineering a better New Zealand for all.



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