

Submission

The Treasury – New Independent Infrastructure Body Discussion Document

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SUBMITTED TO: Infrastructure Body Consultation
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Introduction

Ashburton District Council welcomes the opportunity to submit on the proposed new Independent Infrastructure Body (Body) released by The Treasury. This submission is from the Ashburton District Council (Council) highlighting issues as they relate to this organisation.

Located between Selwyn and Timaru Districts respectively, more than 34,100¹ residents live in our district, with our main town of Ashburton accounting for 19,280 or 56% of residents. The rest of our residents live rurally or in smaller towns or villages.

Ashburton District is one of New Zealand's fastest growing rural districts with a population increase of 22% since 2006 (approximately 2% pa). This period of rapid but consistent growth follows an earlier period of little to moderate growth. Recent growth has occurred in both urban and rural parts of the district and is considered to have been driven primarily by strong growth in the local rural economy.

Ashburton District Council faces the same significant challenges that other territorial authorities do in delivering core infrastructure, regulatory services and public services in a cost-efficient manner in a world that is rapidly changing. Our district has come through a rapid growth period with the changing land use in the agricultural sector. With these changes we have seen many benefits for the district as well as less favourable effects such as the impact of heavy traffic on our roads.

Our current Long-Term Plan 2018-28 has been developed recognising issues the community identified through the Our Place campaign and signals from central government. Accordingly we plan to invest more in our roads and infrastructure to maintain the high levels of service the community expects. On average, Ashburton District Council spends over 45% of its annual expenditure on the infrastructure activities of transportation, drinking water, wastewater, stormwater and waste reduction and recovery.

Ashburton District Council wishes to make the following comments on the proposed new Independent Infrastructure Body.

¹ Source: Statistics New Zealand Population Estimates 30 June 2017

1. What do you think are essential features of the new independent infrastructure Body, so it can deliver on its core purpose to strengthen infrastructure strategy, planning, investment and delivery (note functions are discussed below)?

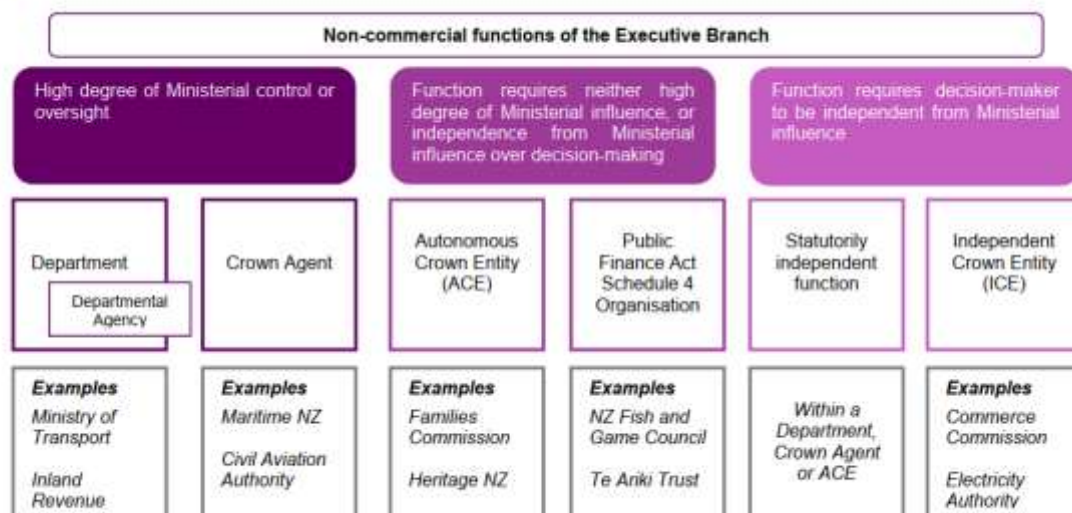
Council believes the following essential features are necessary for the proposed independent infrastructure Body (Body):

- 1.1 **Independence** - it is essential that the Body is clearly independent from political influence. The Body must be able to provide politically neutral, ‘free and frank’ advice to central government that considers opportunities, risks, benefits, costs, and pitfalls for any options under consideration.
- 1.2 **Transparent** – the Body must function in an open, transparent and collaborative manner with central government, local government, industry and the general public of New Zealand.
- 1.3 **Accountable** – Body must be held accountable for the quality and integrity of the work it produces. This could be achieved through a peer-review system on international counter-part organisations highlighted in the consultation document.
- 1.4 **Future-focused** – it is crucial that the Body takes a long-term (of at least 30 years) view. This view must be beyond the immediate priorities and preferences of the government of the day. Council believes this will foster an effective stewardship approach which is needed for the delivery of quality infrastructure that meet the needs of New Zealanders both now and into the future.

2. What relationship should the independent infrastructure Body have with the government?

- 2.1 Council is firmly of the view that the Body should be considered an independent Crown entity with absolute independence from ministerial influence. Achieving this will ensure that public confidence is maintained with regard to the independence of their functions.
- 2.2 Council submits that the Body should be established by statute and report independently to Parliament.

Figure 3: Options for organisational form



Adapted from 'Machinery of government supplementary guidance: Main organisational design choices', SSC.

2.3 Council envisions that the Body would interact in a formal and highly prescribed manner with central government to support and maintain this independence.

2.4 Council would support the Body having the ability to provide a formal financial impact assessment regarding central government decisions that impact or influence infrastructure.

2.5 Council does not believe that the level and form of independence should vary according to each different function of the Body.

3 Thinking about the possible functions proposed in this document (listed below), how important is each function on a scale of 1 (not very important) to 5 (essential)?

Functions to consider and comment on:

- ▶ 3.1 Assess the condition of New Zealand's infrastructure assets

Not very important					Essential
1	2	3	4	5	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

- ▶ 3.2 Develop a shared understanding of New Zealand's long-term infrastructure strategy

Not very important					Essential
1	2	3	4	5	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

- ▶ 3.3 Identify New Zealand's highest priority infrastructure needs

Not very important					Essential
1	2	3	4	5	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

- ▶ 3.4 Identify and comment on the barriers to delivering good infrastructure outcomes

Not very important					Essential
1	2	3	4	5	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

- ▶ 3.5 Publish long-term capital intentions

Not very important					Essential
1	2	3	4	5	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

▶ 3.6 Act as a 'shop front' for the market including publish a pipeline of infrastructure projects

Not very important					Essential
1	2	3	4	5	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

▶ 3.7 Provide project procurement and delivery support

Not very important					Essential
1	2	3	4	5	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

▶ 3.8 Provide best practice guidance on project procurement and delivery

Not very important					Essential
1	2	3	4	5	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

4 Thinking about each possible function individually (including any additional functions you have listed above) how could the new independent infrastructure Body best achieve each function?

Functions to consider and comment on

▶ Assess the condition of New Zealand's infrastructure assets

Response:

4.1. Council believes it is important that the Body talks to asset owners prior to beginning any asset condition assessments. This is to ensure that there is not a duplication of surveying/reporting that local authorities already provide central government agencies and organisations.

4.2 Council considers that an intermediary data exchange system could be a useful tool for the Body to collect and collate data from local authorities. This would be preferable than the Body requiring all of local government to record data into a common database using common data standards.

4.3 Council hopes that the Body would be able to keep abreast of regional research initiatives and apply these to the national context where possible to avoid the duplication of research undertakings.

▶ Develop a shared understanding of New Zealand's long-term infrastructure strategy

Response:

4.4 Council supports the view that a critical role of the Body is to develop a shared understanding of NZ's long-term infrastructure via the development of a high level strategy. Council believes that this would result in a high-level direction setting document that has a primary focus on nationally-significant infrastructure projects and a secondary focus on regional and local infrastructure.

4.5 Council supports Water New Zealand's view "that the Government should be required to respond to the strategy by either adopting its recommendations or publishing reasons for different views. This requirement is critical for the Body to have influence and standing. Agencies should not be compelled to align plans to the strategy, but their failure to do so should be subject to ongoing assessment by the Body and the Government should be required to explain why agency plans are not consistent."

4.6 Council suggests that each territorial local authority's (TLA) 30 year Infrastructure Strategy, as required under Section 101b of the Local Government Act 2002, would provide an ideal start point from which the Body could collate information on infrastructure throughout New Zealand.

4.7 Council believes that the joint initiative between the New Zealand Transport Agency (NZTA) and Local Government New Zealand (LGNZ) called the Roding Efficiency Group (REG) has proved to be beneficial to the transportation sector and this may offer useful insight for the Body. In particular Council suggests that the REG has endeavoured to bring a nationally consistent approach to data collection within the transportation sector that can then be used as a means of nation-wide performance appraisal.

4.8 Council suggests that a key learning from the REG process is to recognise the importance of being clear and transparent with local authorities as to the financial implications of any joint initiatives. Doing so builds credibility and will foster genuine partnerships.

▶ Identify New Zealand's highest priority infrastructure needs

Response:

4.9 Council considers this is linked closely with the previous point of 'identifying a shared understanding of NZ's long-term infrastructure strategy'. Only by truly understanding the 'pinch points' and critical areas will the Body be in a position to understand the wider drivers behind establishing the highest priority infrastructure needs.

4.10 Council suggests that the Body should function as an advisor to government and regulatory agencies should priority infrastructure needs be identified that have substantial risks and impacts on people's health and safety. Any response to these needs should remain the responsibility of government or regulatory agencies.

- ▶ Identify and comment on the barriers to delivering good infrastructure outcomes

Response:

4.11 Council suggests that it is important to engage with those who are involved in delivering infrastructure services to assist with identifying the barriers and constraints. These stakeholders should include local and central government, contractors, consultants and representative industry organisations.

4.12 Council considers this function to be closely linked to procurement issues.

- ▶ Publish long-term capital intentions

Response:

4.13 Council believes this should be undertaken in a clear, open and transparent manner. While the primary audience will be central government and stakeholders, the wider public of New Zealand should have the opportunity to be kept well informed also. This may mean a communication and engagement approach that is towards the ‘involve/collaborative’ end of the International Association Public Participation (IAP2) engagement spectrum.

- ▶ Act as a ‘shop front’ for the market including publish a pipeline of infrastructure projects

Response:

4.14 Council supports an open and transparent approach to this ‘shop front’ concept, with the publishing of infrastructure projects in a public manner.

4.15 Council would like to see the Body integrate this approach across the infrastructure sector, including identifying skill gaps and shortages and the types of training opportunities required to support the delivery of the infrastructure services needed.

- ▶ Provide project procurement and delivery support

Response:

4.16 Council supports this approach but reiterates that this needs to be undertaken openly and transparently.

4.17 Council firmly believes that the Body should maintain a high-level guidance-only oversight of infrastructure projects and should not be directly involved in procurement or delivery support. To do so could expose the Body to questionable levels of influence.

- ▶ Provide best practice guidance on project procurement and delivery

Response:

4.18 Council supports the Body becoming the principal source for procurement expertise, knowledge and capability in New Zealand. Council believes that the Body could provide a research depth and knowledge of international approaches that local authorities simply don’t have the resources to undertake.

4.19 Council considers that the Body could assist with achieving best practise consistency in local government by developing standard processes for assessment of tenders, and standard contractual terms.

4.20 Council would be highly concerned however, if the Body were to take on an authoritative role instead of a guidance approach.

5. How could the new independent infrastructure Body best work with local government and the market to help them plan long-term infrastructure?

5.1 Council suggests that the following approach could be taken by the Body to work effectively with local authorities:

- Understand the work of local governments including planned projects as per Long-Term Plans and Infrastructure Strategies,
- Identify the consistencies and inconsistencies and the history of how these have been established/integrated over time,
- Commit to working with all Council's openly and collaboratively, as the work we are all doing is ultimately about ensuring our community's infrastructure needs are well served.

5.2 Council believes that the Body should be providing local government with oversight of what areas to focus on and where we should be focusing our infrastructure project spend.

5.3 Council firmly believes that the Body should not encroach into the technical detail of specific industry areas (such as Water NZ). Council would rather the Body focused on the oversight of all infrastructure and provide local government with international research studies and case studies, and leave technical and delivery best-practise guidance to the specific industries.

6. How could the new independent infrastructure Body best engage with the market?

6.1 Council does not believe that the Body should be engaging directly with the market, and believes to do so could expose the Body to unnecessary risks. Council foresees the Body should function with a clear delineation between the market and the Body.

6.2 Council considers that the primary function of the Body with the market should be through the provision of information about long term capital intentions and a pipeline of infrastructure projects. This will provide the market with greater certainty to enable the retention and building of capacity and capability by the private sector.

7. What information should a published pipeline of infrastructure projects include?

7.1 Council suggests that the following information should be included in any published pipeline, for each project:

- Outline of project (including location)
- Project priority
- Scale of project
- Indicative cost
- Timeframe
- Responsible agency/ies

- Options of the project
- Cost/benefit analysis of the project
- Identification of risks and opportunities for the project
- Expected repercussions if the project does not proceed

7.2 Council foresees this as being a fundamental role of the Body to bring credibility and wisdom to the infrastructure needs of New Zealand.

8. What type of support could the new independent infrastructure Body provide to the market in order to act as a ‘shop front’ (Function 6)?

8.1 Council considers that the Body should only be advising the market of what the projects should be through its global list of projects. Council does not support the Body entering into the procurement realm in any way, shape or form. This is considered to be crucial aspect to its function, as the Body will be reliant on its independence when engaging in market and industry research. Any perceived or actual involvement of the Body within the procurement space may jeopardize its independence, and future access to information may be compromised.

8.2 Council believes that the Body could provide advice as to the most appropriate procurement model for responsible agencies. For national –scale projects there could be value in the Body assisting with the timing and process for engaging with the market, advising on the evaluation of tenders and providing feedback to industry.

8.3 Council believes that the physical act of delivering the infrastructure projects should be left for the responsible agency and the market to deliver.

9. How could the new independent infrastructure Body best assist local government to support and deliver infrastructure projects?

9.1 Council considers that the Body could provide local authorities with guidance and direction for delivering infrastructure projects. The development of a consistent approach, by establishing first what we do, why we do what we do and what does and doesn’t work, should be a long-term focus of the Body.

9.2 Council believes that a guidance approach will be better received by local government than an authoritative approach as there could be entrenched ideas that are difficult to move. Council suggests that local government will always be concerned with any loss of autonomy as Council’s are often what ensures that local and community needs are met and ultimately held to account by their communities.

ADC thanks the New Zealand Treasury for the opportunity to submit on the new Independent Infrastructure Body discussion document.



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