



NATIONAL INFRASTRUCTURE UNIT

THE TREASURY
Kaitohutoho Kaupapa Rawa

National State of Infrastructure and Resilience

National Lifelines Forum

6 November 2014

Contents

- Context
- NIU Work Programme
- International Work

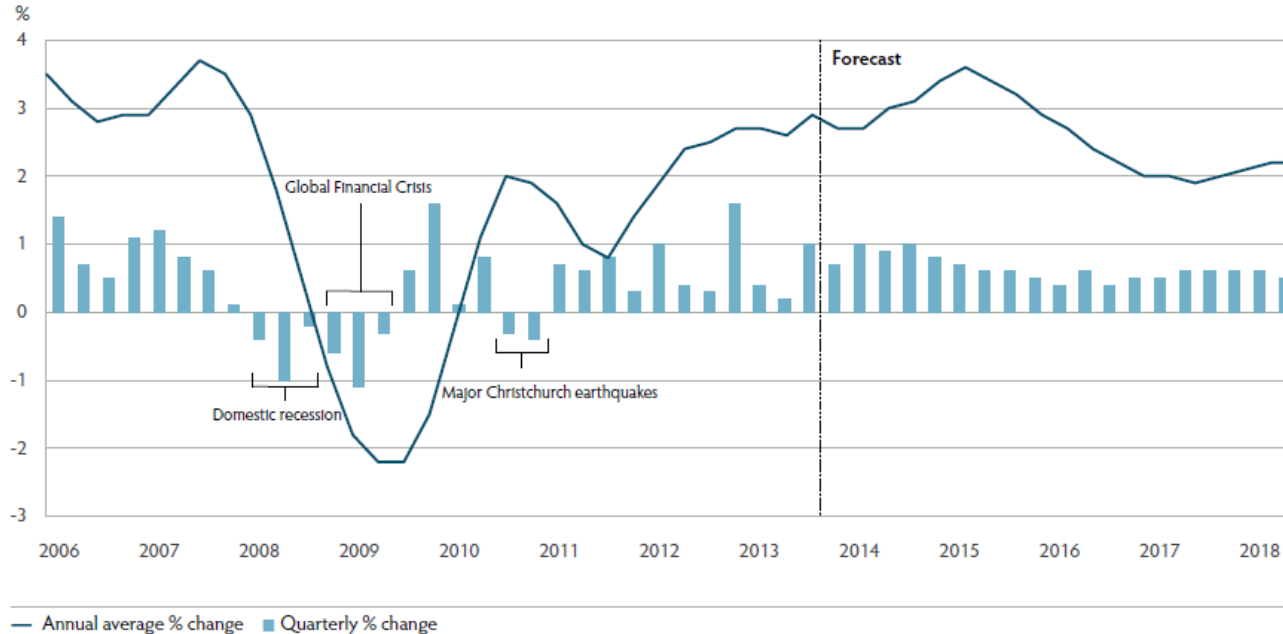


Context



Economic Context

Figure 1 – Real Gross Domestic Product



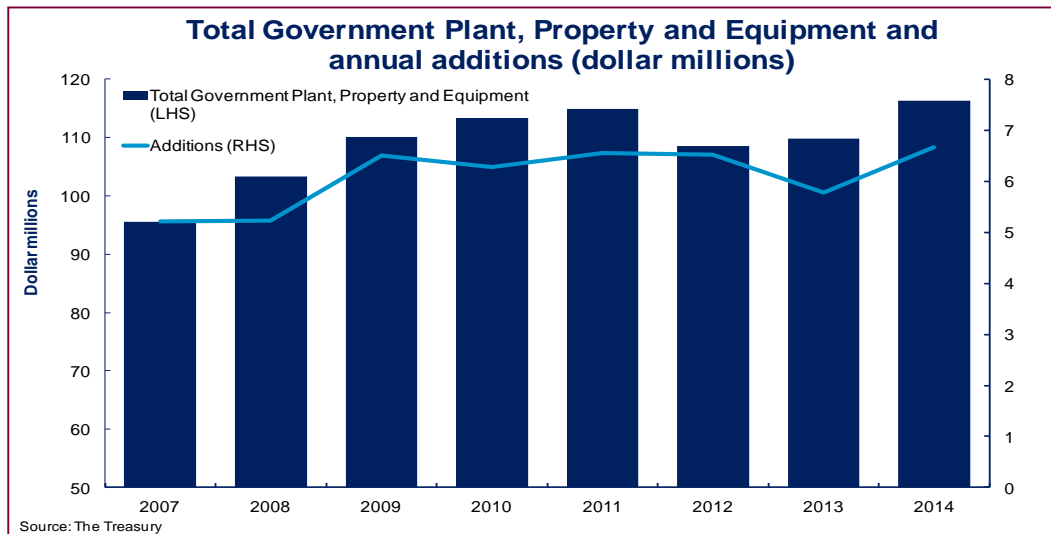
Sources: Statistics New Zealand, the Treasury

- New Zealand has sizable manufacturing and service sectors complementing a highly efficient export-oriented agricultural sector (with commodities accounting for around half of total goods exports.)
- Exports of goods and services account for around one third of real expenditure GDP.
- Since the March quarter of 2010 New Zealand's annual growth has averaged 2.3%, and Treasury forecast continued growth of 2.7% in the March 2014 year and 3.6% in the March 2015 year.
- However, we still have a “productivity gap” compared to other OECD nations.



Government Objectives

- The Government's long-term debt objective requires net debt to remain consistently below 35% of GDP and to be brought back to no higher than 20% of GDP by 2020.
- Consistent with this, the objective for the operating balance is to return to an operating surplus sufficient to meet the Government's net capital requirement, including contributions to the Government Superannuation Fund.
- The current short-term fiscal intention is for the operating balance excluding gains and losses to be returned to surplus as soon as possible and no later than 2014/15, subject to any significant shocks.
- Current forecasts are for net core Crown debt to peak at 28.7% of GDP in 2015/16, and for the operating balance excluding gains and losses to be returned to surplus in 2014/15.



\$60 billion
Potential Auckland transport investment over next 30 years

\$3.8 billion
Projected Crown spend on local infrastructure and crown assets in Christchurch

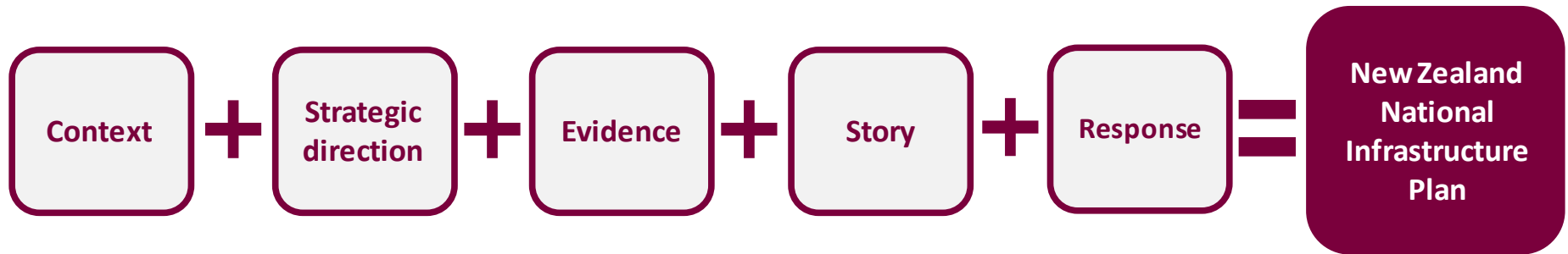
\$37.5 billion
Replacement value of three waters assets



NIU Work Programme

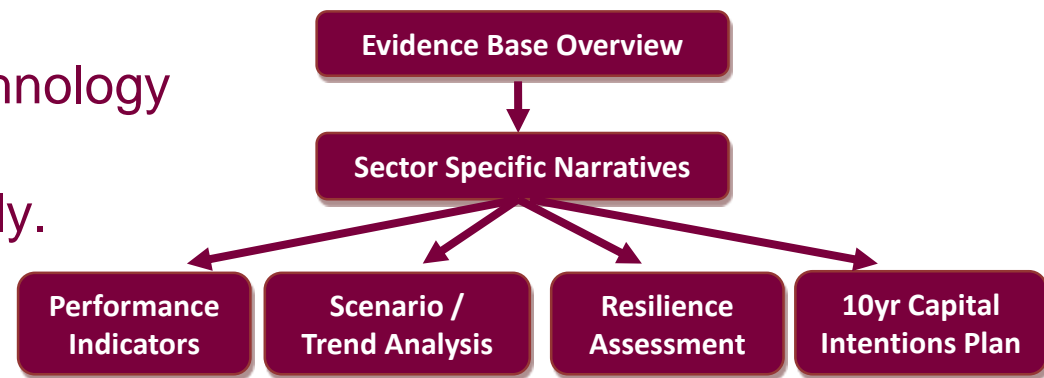


Current direction of travel



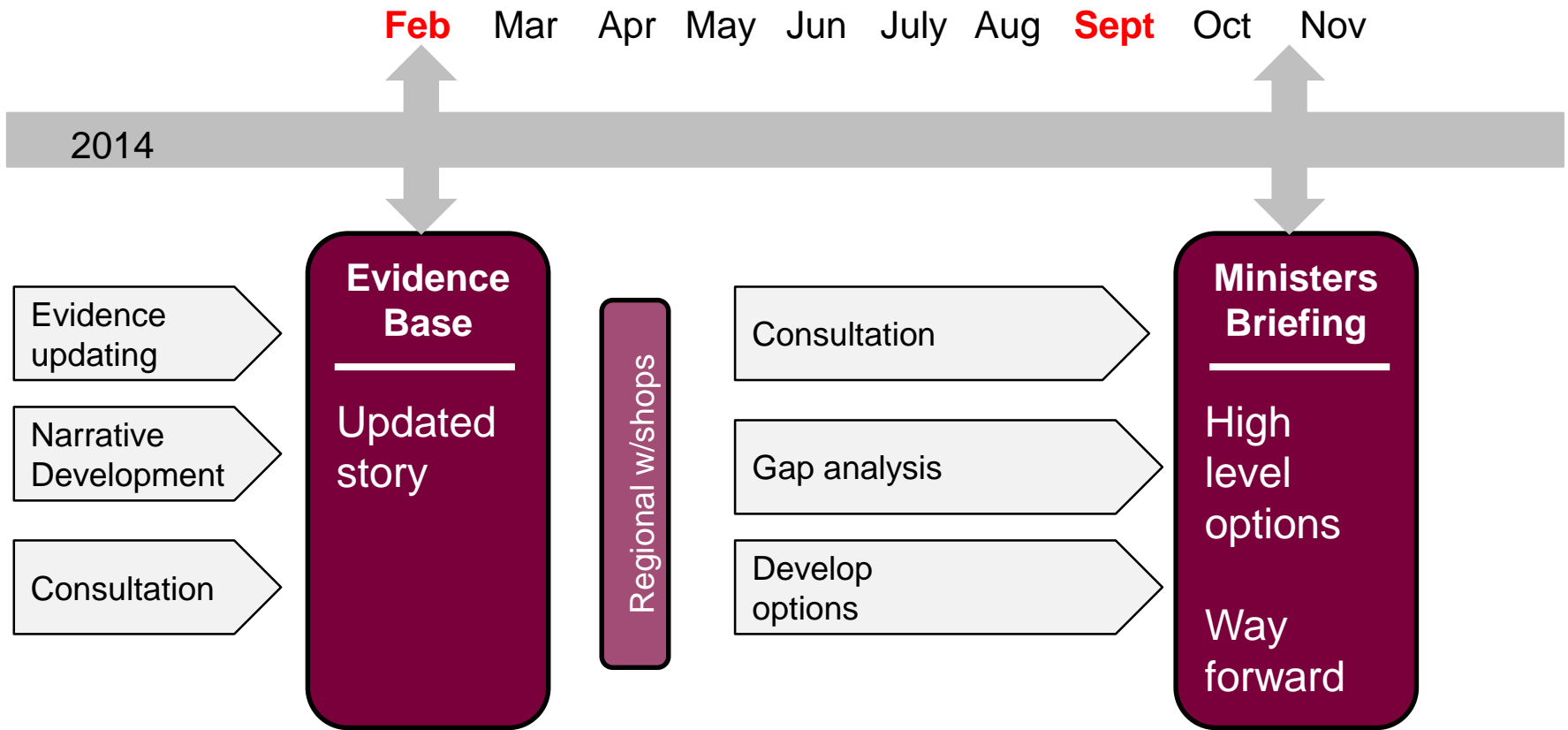
Summary of Evidence Base

- The overall state of New Zealand infrastructure is positive.
- New Zealand has broadly the right infrastructure, in the right place, providing the right quality of service.
- However, there are a number of challenges ahead and traditional systems will not be sufficient to meet these.
- It will not be possible to address these challenges with supply side options alone; infrastructure sectors will need to consider new ways to manage demand, deliver alternative sources of funding, & optimise investment where it is made.
- Changes in behaviour and technology will be crucial to delivering infrastructure services efficiently.



2014 Work Programme

Response Programme → National Infrastructure Plan



Initial 9 Priority Themes & Issues

Vision:

Changing patterns of demand.
Technology impact.
Relationship to economic growth.
Community expectations and levels of service.

Economy:

Relationship to economic growth.
Drivers and opportunities of regional growth.
Links and impact on other economic priorities and policies.

Regional integration and collaboration:

Regional collaboration – vision, planning, investment.
Integration of land use planning and infrastructure – especially transport.

Data and asset management

Data quality, consistency and transparency.
Asset management maturity.
Understanding and measuring network performance.
Informed decision making.

Resilience:

Understanding of criticality and key pinchpoints/bottlenecks.
Climate change and adaptation.
Supply chains and security.
Levels of service.

Decision making:

Data/informed decision making.
Optimisation of networks.
Cross sector coordination/prioritisation.
Auckland investment.
Governance and management.
Procurement opportunities
Useful “tools” to drive conversations.

Demand Management:

Improving asset utilisation.
Understanding of decisions makers and communities.
Levels of service.

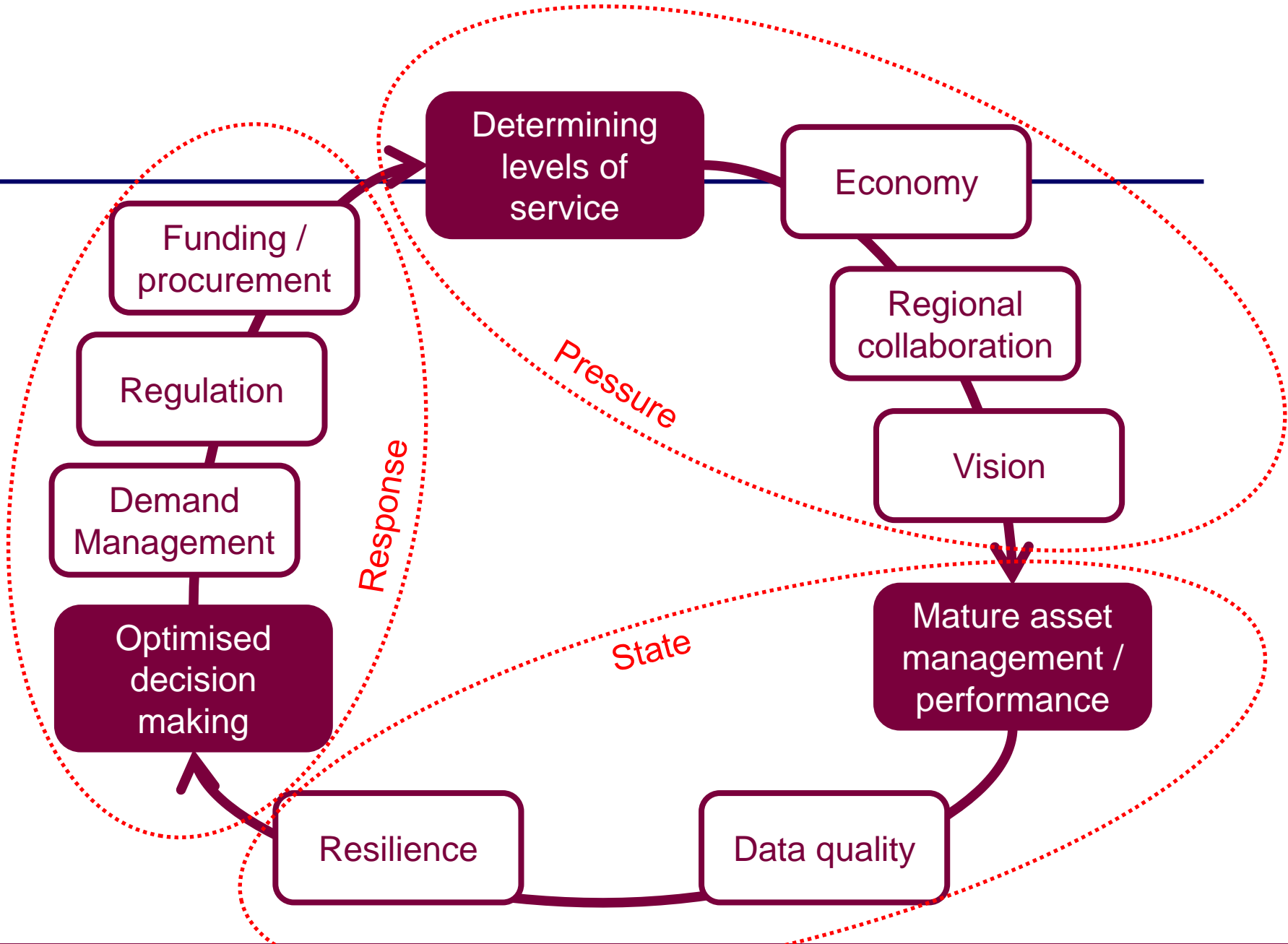
Regulations/standards:

Consideration of cost implications.
Clarity on roles and responsibilities.
Future proofing.
Inconsistencies across planning legislation.
Levels of service.

Funding:

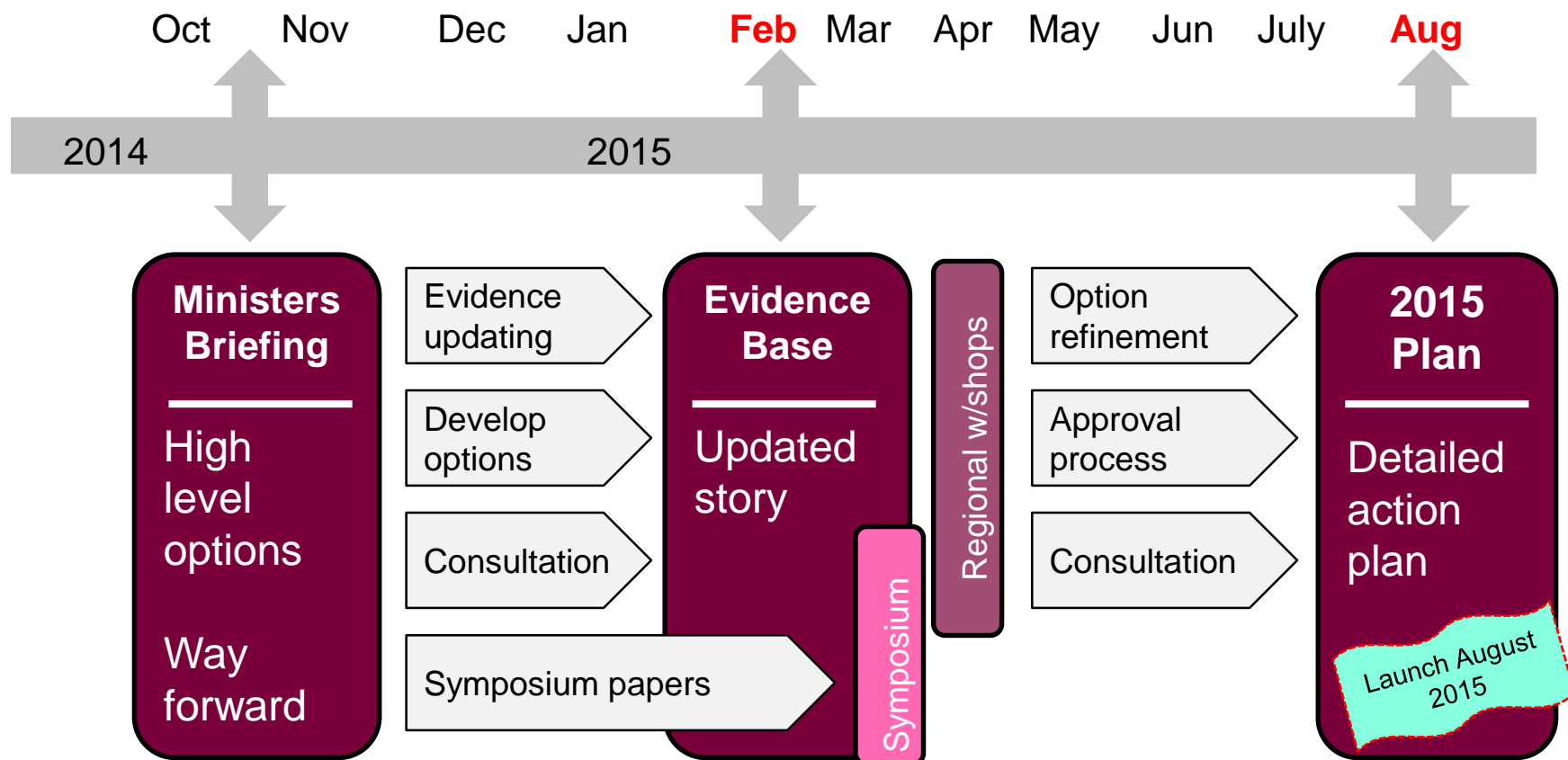
Affordability and investment certainty.
Alternative sources of funding.
Cross-sector prioritisation.
Pipeline and visibility.





Future Work Programme

Response Programme → National Infrastructure Plan



What Our Stakeholders Expect

1. Reinforce the current strategic direction (the vision and outcomes)
2. Mature the debate around future needs and responses
- 3. Be a collective infrastructure plan by NZ Inc across the private sector, central and local government**
4. Have increased specificity about the action plan and future investment programme required to achieve the strategic direction
- 5. Be underpinned by a more robust evidence base of future need and current performance**

Focus shifting from 3 and 5 → 2 and 4.



International Work



Critical Five

- Australia, Canada, New Zealand, United Kingdom, United States of America.
- Share best practice and experience relating to critical infrastructure security and resilience.
- Work programme this year includes:
 - defining criticality;
 - the link between critical infrastructure resilience and economic prosperity;
 - performance measurement of resilient infrastructure, etc.
- New Zealand will host next year's annual face to face meeting.



Asia Pacific Economic Council

- Various infrastructure workstreams, including:
 - Global Infrastructure Initiative, including Global Infrastructure Hub;
 - Asia-Pacific Infrastructure Partnership;
 - APEC PPP Experts Advisory Panel;
 - Action on Promoting Infrastructure Investment through Public-Private Partnership;
 - Senior Officials Meetings Technical Steering Groups, including Transport, Telecommunications, Energy, etc;
 - CTWG Critical Infrastructure Resilience and Security Work Stream and Framework.



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