

The Treasury

Submissions on a New Independent Infrastructure Body Information Release

February 2019

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New Zealand



IPWEA

INSTITUTE OF PUBLIC WORKS
ENGINEERING AUSTRALASIA

P O Box 25415
Wellington 6146

25 October, 2018

Infrastructure Body Consultation
The Treasury
PO Box 3714
Wellington 6140

Per email: infrastructure@treasury.govt.nz

Infrastructure - Background of Submitter

This submission is made by the Institute of Public Works Engineering Australasia NZ Division (IPWEA NZ)

1. The Institute of Public Works Engineering Australasia (IPWEA) is the peak industry organisation for professionals involved in and delivering public works infrastructure, engineering services, and education to the community in New Zealand, Australia, and Canada. The Canadian Government has recently awarded a substantial contract to IPWEA (via its affiliate NAMS Canada) to conduct asset management training for over 1,200 asset management practitioners over the next 18 months.
2. IPWEA provides leadership, advocacy and services to its 4,000+ members, and 25,000+ forum subscribers. One of these services is the National Asset Management Strategy (NAMS) programme which has been a highly recognised and widely utilised service throughout New Zealand, Australia, and just recently, Canada. It has also been adopted in many other overseas countries. IPWEA's publications on infrastructure management have been sold to over 140 countries.
3. IPWEA covers public works and services delivered by all tiers of government and its membership encompasses both the public (70%) and private sectors (30%) involved in delivering critical public works and services to enhance the liveability of our cities and regions for our communities.
4. Almost all of New Zealand and Australia's professional consultancy firms which specialise in public sector infrastructure and asset management including roads, water, buildings, power, rail, ports and airports - have managers and staff who are members of IPWEA.
5. This submission is from the NZ Division.



The Proposal for consultation

6. IPWEA NZ strongly supports the establishment of an Independent Infrastructure body.
7. This continues on from IPWEA NZ's support of the initial creation of the National Infrastructure Plan and the overall improvement in the country's delivery and management of infrastructure
8. IPWEA NZ supports the overall intent of the proposal and the proposed body.

Functions

9. IPWEA NZ supports the functions as outlined in the consultation document but suggests that the key function of **asset management** has been overlooked. Best practice asset management would make a significant difference to the delivery and affordability of NZ's Infrastructure.

Additional functions

Asset Management

10. This entity should include as one of its functions the inclusion and **promotion of proper “asset management” practices**. One of the key issues facing NZ is that we don't manage very well, the infrastructure we already have.
11. And we don't follow good asset management practices on new infrastructure.
12. Examples of this are repeatedly noted in OAG reports for both central and local government.
13. Recent examples in the Health sector have highlighted inappropriate asset management practices.
14. Through a lack of understanding of asset management principles and the condition of the assets, organisations have not been developing planned renewals and funding programmes.
15. To clarify: – this is not about “maintenance schedules”, but a “whole of asset life” approach to deliver the service through better management of assets. It is to insure that those assets continue to be managed effectively and efficiently to maximise their life-cycle fitness for purpose, and that a programme of renewal and investment is properly developed.
16. There is a tendency in NZ, that we decide we need something and then procure it – but omit to manage it over its life and through renewals and changing demands. In many areas we could deliver the services required, at an acceptable community level, if the assets were properly managed.
17. For example, IPWEA NZ suggests that Wellington could manage a substantial amount of its growth and demand by improved asset management and renewals, rather than resorting to constantly building new infrastructure.



Resilience

18. Promoting Infrastructure resilience needs to be a key function of the entity. This is to ensure that investments in infrastructure provide for resilience in design, or alternative future solutions are allowed for, to save on repair costs and minimise economic disruption.
19. There is also a need to ensure that resilience is a key function across all networks, not just individual infrastructure components.
20. There is also a need to ensure that infrastructure resilience links-in with other agencies' approaches to resilient communities – e.g. Ministry of Civil Defence and Emergency Management's ***Proposed National Disaster Resilience Strategy***.

Climate Change

21. As noted above in Resilience, the entity needs to have a focus on climate change which is consistent with a national approach, across all infrastructure. IPWEA has just released a Practice Note (PN12.1) for the industry on *Climate Impacts on Useful Life of Infrastructure* which could assist the agency.

Centre of Excellence

22. The entity needs to be a centre of excellence. The entity does not need to “re-invent the wheel” as much of the good practice and knowledge already exists in NZ, however—unfortunately it is not always applied in practice.
23. The entity needs to be well resourced, with competent people, so that it is seen as a credible centre of knowledge
24. As noted above, a centre of excellence should focus on best practice in ***asset management***.

Future Talent for the sector

25. The entity needs to have a function where it works with other players in the sector to support the recruitment and retention of skilled people. This is an industry that is currently struggling to meet those demands and, left unchecked, this will become a major constraint on the future delivery and management of NZ's infrastructure.
26. The entity needs to be a champion and facilitator for this through collaboration with the Tertiary Education Commission (TEC) and other training suppliers, including IPWEA NZ.

Coverage

27. The entity needs to be able to assist and support all infrastructure owners, not just central government, but local government and other agencies that provide works used by the public, e.g. rail, ports, airports, electricity.

Governance

28. The entity should be independent and report to parliament – rather than the Minister, to reduce political influence, and reporting should be evidence based.



Conclusion

IPWEA NZ supports the establishment of an Independent Infrastructure Body. The body must be well resourced and maintain the confidence and support of the infrastructure industry.

The functions of the body should be expanded to include, in particular, the adoption of best practice asset management.

The body should cover all infrastructure and “public works” regardless of ownership.

Yours sincerely,

[1]

Peter Higgs
Business Manager
IPWEA NZ

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