



30 October 2018

Infrastructure Body Consultation  
The Treasury  
PO Box 3714  
Wellington 6140

To Whom It May Concern,

**RE: Consultation on the new independent infrastructure body**

Infrastructure Partnerships Australia is pleased to provide this submission to the New Zealand Treasury consultation on the form and function of the new independent infrastructure body.

Infrastructure Partnerships Australia is an independent think tank dedicated to shaping public debate about infrastructure and driving policy reform for the benefit of the national interest. As we represent public and private infrastructure owners and operators, we are eager to contribute to this consultation process. Many of our members engage across the Tasman for commercial opportunities and policy exchange.

By way of background, Infrastructure Partnerships Australia has consistently supported the development of infrastructure bodies in Australia, when committed by government, since the establishment of the first infrastructure body Infrastructure Australia (IA) in 2008.

The International Transport Forum's (ITF) *Strategic Infrastructure Planning: International Best Practice (2017)* report states:

*...the creation of Infrastructure Australia (IA) had several positive impacts on infrastructure planning. The creation of an independent body was welcomed by the stakeholders and managed to secure more bi-partisan support for project priorities. It also added greater transparency and visibility to the process of project selection and prioritisation.*

Since the establishment of IA, the proliferation and evolution of infrastructure bodies at a sub-national level has strengthened infrastructure investment decision making. It has also seen a range of structures, governance arrangements and functions develop over time to suit jurisdiction-based needs. The ITF report also states:

*Both Infrastructure NSW (INSW) and Infrastructure Victoria (IV) develop long-term infrastructure plans: a 20-year infrastructure plan in the case of INSW and a 30-year plan in the case of IV. Building Queensland's (BQ) mandate has a closer focus on the business case development, while the function of long-term strategic planning has been retained within the Queensland Government through the development of a State Infrastructure Plan.*

**We support the establishment of a new independent infrastructure body**

Independent infrastructure bodies have lifted the profile of infrastructure and made welcome contributions to the policy debate through informed research and policy development. They have also injected a degree



of rigour and transparency into the evidence base to support infrastructure decision making and related processes.

While New Zealand has excelled in some areas of infrastructure provision, such as outcomes focused Public Private Partnerships (PPP), we believe New Zealand would benefit from a long-term and consistent infrastructure strategy to ensure the best outcomes are achieved for the community. Part of the mission of the new independent infrastructure body should be to bring New Zealand to the global frontier of good infrastructure policy and delivery.

As such, we also submit the new infrastructure body have remit to consider the merits of all operating and procurement models, including the use of PPPs. Selecting or advising on the best procurement approach, tailored to achieve the desired outcomes of a project, can have significant positive impacts. In this regard, in the importance of expert and independence advice on all procurement options cannot be overstated.

### **New Zealand is the third placed market in the Trans-Tasman – and the new infrastructure body should support development of an integrated Australia and New Zealand infrastructure market**

Australia and New Zealand face many of the same challenges in infrastructure provision. Both are experiencing unprecedented population growth - much higher than global developed peer jurisdictions. This strains our existing infrastructure networks, and places pressure on government balance sheets as they seek to deliver new assets and services. We also face similar policy challenges, such as appropriate structure and regulatory model for regional water and growing urban congestion.

Both countries can also to learn from each other. For instance, New Zealand's successful roll out of the national broadband network – which was delivered on time and on budget – has important lessons for Australia. Meanwhile, Australia has successfully undertaken difficult reforms through programmes such as asset recycling.

Australia and New Zealand also both require foreign skills, capital and technology to support our growing infrastructure programmes. For this reason, both nations stand to gain through closer ties to increase the attractiveness of inbound investment.

The success of the Australia and New Zealand Infrastructure Pipeline ([infrastructurepipeline.org](http://infrastructurepipeline.org)) to support this objective provides the platform for closer integration and increased foreign investment. [infrastructurepipeline.org](http://infrastructurepipeline.org) is important because Australia and New Zealand also compete globally for skills and investment. By connecting Australia and New Zealand together, we enlarge the visibility of the commercial opportunity through presenting the market as a whole. Other regulatory, process or policy integration will also serve to present the two national markets as one.

[infrastructurepipeline.org](http://infrastructurepipeline.org) is maintained by Infrastructure Partnerships Australia on behalf of both national governments. [infrastructurepipeline.org](http://infrastructurepipeline.org) has seen steady growth in utilisation over this time, reflecting the quality of the platform but also need for an infrastructure project and investment pipeline. October has seen [infrastructurepipeline.org](http://infrastructurepipeline.org) break 20,000 monthly pageviews for the first time, as seen in Figure 1 below.

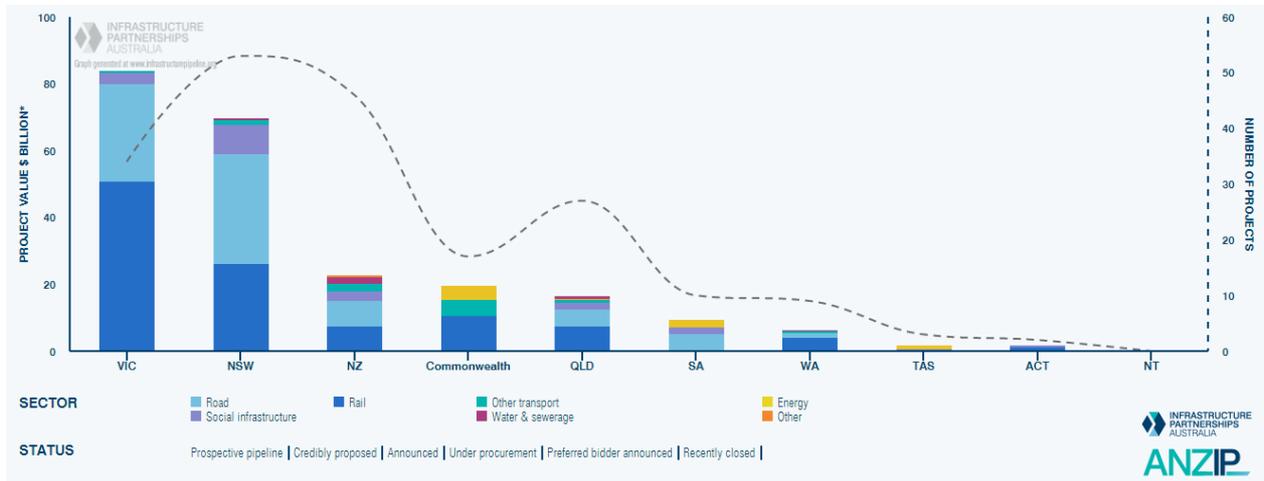
**Figure 1: Monthly pageviews, last 12 months**



Source: Infrastructure Partnerships Australia analysis of Google analytics data

At a jurisdiction level, New Zealand is also important to Australia as it represents the third largest market after NSW and Victoria, as seen in Figure 2 below.

**Figure 2: Major project pipeline, by jurisdiction (all statuses)**



Source: [infrastructurepipeline.org](http://infrastructurepipeline.org)

Due to the success of [infrastructurepipeline.org](http://infrastructurepipeline.org), we recommend the new infrastructure body integrate its project prioritisation and development programme into the existing pipeline. This will ensure both countries continue to attract capital and skills to support our growing infrastructure investment programme.

Beyond [infrastructurepipeline.org](http://infrastructurepipeline.org) we recommend the new infrastructure body seek to integrate the markets further through the strategy function. The sharing of policy, reform and project delivery is one such area. Regulatory and process changes could also incentivise increased transfer of skills and capital across the Tasman. For instance, New Zealand could recognise Australia's national prequalification system for civil infrastructure. Areas for further consideration include:

- Collaboration between the Foreign investment Review Board (FIRB) and Overseas Investment Office (OIO), possibly beginning with a trial to share due diligence or related information.
- Streamlined taxation arrangements for infrastructure investment and skills. For example, only "home" country tax treatment applied to individuals working across the Tasman on infrastructure projects.
- Determine areas for harmonised procurement policy and data standards, and
- Leverage aid funding and the expertise of Australia and New Zealand in infrastructure provision to promote increased quality and quantity of infrastructure in the Pacific region.

In summary, Infrastructure Partnerships Australia welcomes the establishment of an independent infrastructure body to lift the quality of infrastructure delivery, and to develop a long-term strategy. The new body also offers the opportunity to enhance the bilateral relationship in infrastructure with Australia, which has potential to build on the success of the joint pipeline and deliver enduring benefits.

Thank you for your consideration of this submission. Should you require further information please contact Mr Nick Hudson, Director of Economics and Policy, on +61 2 9152 6018 or [nick.hudson@infrastructure.org.au](mailto:nick.hudson@infrastructure.org.au)

Yours sincerely,



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