New Zealand Construction Industry Council

The cohesive voice driving industry well-being and performance for a better built environment for New Zealand.

2 July 2021

NZCIC Submission - Infrastructure for a Better Future - Aotearoa New Zealand Infrastructure Strategy Consultation Document

Introduction

The New Zealand Construction Industry Council (NZCIC) is a not-for-profit industry association of associations in the building and construction, design, and property sectors. It is the collaborative voice of the built environment industry in New Zealand and operates at the interface between government and industry. NZCIC Members are also not-for-profit organisations and peak bodies for professions involved in the delivery of our built environment — designers and specifiers, contractors and suppliers, and a range of other building professionals. See full Member list here.

Q1. What are your views on the proposed 2050 infrastructure vision for New Zealand?

NZCIC supports the vision: He Tuapapa ki te Ora- Infrastructure for a Better Future.

A bold vision for the future of infrastructure is vital for future prosperity in Aotearoa and a high-performing construction sector. This vision needs to closely align with other related strategies, such as the Government Policy Statement on Housing and Urban Development.

Ultimately these visions and strategies must surpass political cycles and enable sustainable infrastructure and built environment, which is only achievable with the support of a well-functioning construction sector and enabling legislation.

Q2. What are your views on the decision-making principles we've chosen? Are there others that should be included?

We agree with the decision-making outcomes and principles. It is important that these principles also encompass a collaborative system which is inclusive of all the actors in the sector.

Q3. Are there any other infrastructure issues, challenges or opportunities that we should consider?

We agree that Aotearoa is a prosperous country, but our infrastructure has been neglected by successive governments and used for political posturing. We will not reduce our infrastructure deficit to any extent until we have long term programmes of work which are depoliticised and not subject to the three-year political cycle.

Skills shortages are a persistent constraint on construction capacity, these will only be overcome if the sector has a long-term pipeline of contracts so that industry can make appropriate investments in training and innovation.

Q4. For the 'Building a Better Future' Action Area and the Needs:

What do you agree with?

We agree with the proposed actions and needs.

Are there any gaps?

The actions and needs must closely align with other government strategies, such as the Government Policy Statement on Housing and Urban Development. We must also be very careful that efforts to decarbonise New Zealand industries does not impose added cost to the extent they become uncompetitive, and products are imported from other counties with lower costs and higher embodied carbon.

Q5. How could we better encourage low-carbon transport journeys, such as public transport, walking, cycling, and the use of electric vehicles including electric bikes and micro-mobility devices?

Improved urban design will reduce carbon emissions from transport; this must include travel for occupations not located in city centres, such as manufacturing, processing and logistics industries located in regions and city fringes.

Q6. How else can we use infrastructure to reduce waste to landfill?

Waste will be significantly reduced by transitioning to a circular economy. Renovating/repurposing buildings rather than demolition and replacement is a good example of reducing waste and reducing embodied carbon from new materials.

Q7. What infrastructure issues could be included in the scope of a national energy strategy?

The infrastructure strategy should ensure there is fair transition for those manufacturing businesses which currently rely on natural gas for high value process heat, (which electricity is unable to deliver) for their manufacturing processes.

Current recommendations from the Climate Change Commission with respect to retiring large users of natural gas and electricity (Methanex and NZ Aluminium smelter) may result in globally higher emissions if overseas producers use higher emission fuels in their processes.

Q8. Is there a role for renewable energy zones in achieving New Zealand's 2050 net-zero carbon emissions target?

We do not have a view on this.

Q.9. Of the recommendations and suggestions identified in the Ministry of Business, Innovation and Employment "accelerating electrification" document, which do you favour for inclusion in the Infrastructure Strategy and why?

We do not have a view on this.

Q10. What steps could be taken to improve the collection and availability of data on existing infrastructure assets and improve data transparency in the infrastructure sector?

Government can take a lead in collecting and sharing data to demonstrate how they are achieving carbon reduction targets.

Q11. What are the most important regulatory or legislative barriers to technology adoption for infrastructure providers that need to be addressed?

The user pays system for Standards in New Zealand has negatively impacted the development and maintenance of Standards in New Zealand which constrains the uptake of innovative and new technologies, such as low carbon cement products.

Q12. How can we achieve greater adoption of building information modelling (BIM) by the building industry?
Government should mandate the use of BIM on all new government construction projects as well as utilising BIM models as the foundation for Asset Management.

Q13. How should communities facing population decline change the way they provide and manage infrastructure services?
We do not have a view on this.

Q14. Does New Zealand need a Population Strategy that sets out a preferred population growth path, to reduce demand uncertainty and improve infrastructure planning?
A population strategy will assist in balancing demand for infrastructure; however, the aging population may mean immigration continues to be needed to fill skills shortages in construction and other sectors.

Q15. What steps can be taken to improve collaboration with Māori through the process of planning, designing and delivering infrastructure?
We agree with the proposed steps detailed in the Outcomes and Principles.

Q18. For the 'Enabling Competitive Cities and Regions' Action Area and the Needs:
What do you agree with?
We believe this is well defined in the discussion document.

Are there any gaps?
New Zealand's manufacturing sector accounts for 13% of GDP and a similar proportion of New Zealand's jobs. The manufacturing sector also plays an important role in maintaining resilient supply chains. Manufacturing should not be disadvantaged by efforts to decarbonise which may lead to product being imported from other jurisdictions with lower carbon costs and higher levels of embodied carbon.

Q19. What cities or other areas might be appropriate for some form of congestion pricing and/or road tolling?
We do not have a view on this.

Q.20 What is the best way to address potential equity impacts arising from congestion pricing?
We do not have a view on this.

Q21. Is a 10-year lapse. Period for infrastructure corridor. Designations long enough? Is there a case for extending it to 30 years consistent with spatial planning?
We do not have a view on this.

Q22. Should a multi-modal corridor protection fund be established? If so, what should the fund cover?
We do not have a view on this.

Q23. What infrastructure actions are required to achieve universal access to digital services?
All New Zealanders need universal and equitable access to digital services, including those in regional and rural areas.

Q24. For the 'Creating a Better System' Action Area and the Needs:
What do you agree with?
We agree with the problem description.

Gaps.

Needs are well defined in the discussion document and need to be extended to cover depoliticising infrastructure spending in favour of strategic, evidence-based procurement programmes.

Q25. Does New Zealand have the right institutional settings for the provision of infrastructure?
New Zealand's current institutional settings are complex, fragmented, and inefficient.

Q26. How can local and central government better coordinate themselves to manage, plan and implement infrastructure?
A simplified system with more equitable funding instruments would lead to greatly improved procurement of infrastructure.

Q27. What principles could be used to guide how infrastructure providers are structured, governed and regulated?
We do not have a view on this.

Q28. What steps could local and central government take to make better use of existing funding and financing tools to enable the delivery of infrastructure?
We do not have a view on this.

Q29. Are existing infrastructure funding and financing arrangements suitable for responding to infrastructure provision challenges? If not, what options could be considered?
We do not have a view on this.

Q30. Should local authorities be required to fund depreciation as part of maintaining balanced budgets on a forecast basis?
Depreciation is an important part of infrastructure budgeting. Maintenance and depreciation should not be competing with operational budgets and should be separately budgeted.

Q31. What options are there to better manage and utilise existing infrastructure assets?
We do not have a view on this.

Q32. Are there benefits in centralising central government asset management functions? If so, which areas and organisations should this apply to?
We do not have a view on this.

Q33. What could be done to improve the procurement and delivery of infrastructure projects?
A central well-resourced agency to support procurement of infrastructure would improve planning, procurement, and delivery of infrastructure, and free up resources in agencies to concentrate on core business.

Q34. Do you see merit in having a central government agency procure and deliver infrastructure projects? If so, which types of projects should it cover?
A central well-resourced agency to support procurement of infrastructure would improve planning, procurement, and delivery of infrastructure and free up resources in agencies to concentrate on core business. This could apply to capital projects over a prescribed value.

Q35. What could be done to improve the productivity of the construction sector and reduce the cost of delivering infrastructure?
The biggest barrier to a high performing construction sector is the "boom bust cycle" which has pervaded the sector for decades. Government accounts for approximately 20% of construction spend, and this will increase if we are going to reduce the infrastructure and housing deficits.
Depoliticising infrastructure and government housing spend can provide a smoother construction pipeline and enable counter-cyclic spending, which both support investment in training, research and development, and innovation.

Q36. What components of the infrastructure system could have been improved to deliver effective stimulus spending during the Covid-19 pandemic?
New Zealand should have a strategically prioritised pipeline of infrastructure projects complete with business cases which can be rapidly mobilised when the construction sector faces rapid drops in demand. Counter-cyclic spending supports industry investment and contains construction costs.

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