Feedback form: New Zealand's draft National Infrastructure Plan

Your details

Name	[redacted]
Organisation (if applicable)	Ministry of Justice
Position (if applicable)	[redacted]
Email	[redacted]
Phone	[redacted]

About you

Please tell us which best describes you

☐ **New Zealand citizen or resident**

☐ **New Zealand business owner/operator**

☐ **Industry professional**

☐ **Community organisation representative**

☐ **Local government representative**

☒ **Central government representative**

☐ **Researcher**

☐ **Other (please specify):** Click or tap here to enter text.

Sector or topic of interest

Please list or briefly describe the topics or sectors you are providing feedback on:

Note this replaces earlier feedback that didn't include the high-level comments included due to some confusion about the process for feedback. This also includes some feedback from [redacted] *(Deputy Secretary, Corporate Services)*

Permissions

☒ I agree to Te Waihanga New Zealand Infrastructure Commission's privacy statement

☐ I would like to sign up to receive updates and communications via my email address

Publishing feedback

We might publish the feedback that you provide to us, but we will only publish your feedback if you give permission. We will remove personal details such as contact details and the names of individuals. If you do not want your feedback published, please let us know below.

☐ Do not publish this feedback

Official Information Act responses

Your feedback will be subject to requests made under the Official Information Act 1982 (even if it hasn't been published). We always remove personal details from content released under the Official Information Act.

Signature	[redacted]
Date	5/08/2025

Your feedback

- *When providing your feedback, please let us know which chapter/recommendation/topic you are responding to.*
- *Alternatively, you may indicate that you are addressing challenges, gaps or opportunities not covered by the draft National Infrastructure Plan.*
- *Please explain, and if possible, provide examples or evidence.*
- *Please also include any proposed change or improvements that would address your feedback.*

Overall comments

- **Maintenance and renewals**: These are not defined and sometimes are used interchangeably or conflated through the document. These are separate things and funded differently in Central government. We think of maintenance as operating funding and asset renewals as capital (this is not always true but probably 98% the case). Might be better to identify as maintenance (opex) and renewals (capex) through document and I believe this is also the case for local government and infrastructure agencies. These are key concepts for managing infrastructure and are identified as a major issue, but then not used consistently through the document.
- Spending on maintenance and especially **pro-active maintenance** (such as cleaning gutters, washes, painting etc) has been underfunded due to managing cost pressures in most central government agencies. Maintenance ensures that asset useful life is maximised and pro-active maintenance is generally the best "value" spend. This has been an area of consistent underfunding and often results in needing to replace infrastructure assets earlier than is optimal as the asset has failed or is unserviceable due to inadequate maintenance over time. This is potentially another reason why we are not getting value out of our investments but is not identified.
- We agree that public sector needs to be the focus, but perhaps it might be separating out "**system player**" from central government as it is the "system players" that set the rules of the investment management system not central government agencies overseeing our own performance. The report often says that central government is not doing what is says for other sectors, but there are different agencies responsible i.e. DIA sets Local Government rules and accountability and is responsible for monitoring these while Treasury sets rules for Government Agencies.
- Throughout the report "Justice" is use but this represents the "Justice Sector" that is made up of Police, Corrections, Ministry of Justice. It might be easy for any reader to infer that Justice = Ministry of Justice but that is incorrect. The Asset Management State of Play uses "Justice Sector" we believe there should be a sector called "Law and Order" and this should be included in the NIP to replace "Justice" (direct feedback from Kelvin Wilson).
- Table 5, the pipeline seems heavily weighted to water, roads and councils. There doesn't seem to be much health, education, or law and order (courts and prisons) in this pipeline. This seems odd (direct feedback from Kelvin Wilson). It seems the pipeline is built up based on "project" spend or initiation and there is no pipeline based on asset renewal i.e. even if there was an assumption of % annual renewal over current infrastructure values this would be a useful comparator to see what is missing in the pipeline. The Infrastructure Commissions own report (Building a healthy future | Research & insights | Te Waihanga) identifies $115b for Health alone over the next 30 years but there no projects identified in the pipeline. There is no "key" for the indicative $s on the pipeline i.e. what does $$$ mean?
- Is there sufficient capability or currently capacity for Treasury to implement the recommendations in the NIP that would be allocated?

https://tewaihanga.govt.nz/our-work/research-insights/building-a-healthy-future

Establish affordable and sustainable funding

- NZ can expect to spend between 5% and 7% of GDP on infrastructure. From the base report analysis this appears to be based on "capital" requirements and doesn't include maintenance and operating costs. This could be clarified in the report. We also have been using the 2% maintenance spend based on replacement value as identified by the IMF in the PIMA framework. This might be useful to signal in the report. The 60% of investment towards renewing and replacing existing assets may be correct at an overall NZ Inc level but Govt agencies for example, are funded capital via depreciation. If Govt agencies only spent 60% of depreciation (which is based on historic cost of existing assets) this would leave a significant shortfall and further deterioration of our infrastructure.
- Maintenance also needs to need to be affordable and sustainable from a funding perspective as well as investment.
- Rec 3 – Needs based investment – the asset management planning is required but might also be good to specifically call out asset renewals as part of that. We see that funding for asset renewals through fiscal strategy is required. Currently levels of depreciation funding to fund agency capital is insufficient to maintain the current level of service for infrastructure assets. By multi-year it would be good to define what is expected – is that a 10-year forward plan of capital Budget? Agree that current 4-year Budget horizon is insufficient for large projects and to identify investment trade-offs over the tactical timeframe.

Clear the way for infrastructure

- Public sector capability recommendation should also include asset management resourcing and capability as well as "project" specific.

Start with maintenance

- The recommendations against this theme are not related to maintenance but to central government planning, reporting and asset management. The recommendations also do not align to the issues identified in "start with maintenance" theme.
- There is no recommendation to address the issue of funding renewal and maintenance – as above this probably should be in the sustainable funding theme.
- The text around deferred maintenance should be expanded to deferred asset renewal. There is no recommendation on this. We believe that agencies and all infrastructure providers should be quantifying and reporting on the deferred maintenance and deferred renewals. This is in effect a "liability" for agencies and the Government that is not quantified, reported, or transparent.
- It is more cost-effective generally to make assets more resilient prior to an event but NZ couldn't afford to make all assets resilient against all hazards so likely to need an agreed prioritised credible event approach. An investment fund to make infrastructure more resilient could be considered across Government agencies.

Right size investment

- This could include more text around the difference between asset renewals and "new" projects. Often infrastructure is being completely replaced as more cost-effective than redevelopment.
- While we agree there should be more planning to evaluate project viability and prioritisation, the current project assurance and business case approach is very expensive and time consuming and may not result in anything being delivered or funded. For example, the Ministry recently spent two years working on a new build project, at a cost of $4M, to get an approved DBC, but that did not receive the necessary funding to proceed. While some of the work can be re-used there is a big time and cost commitment in business cases and not all the business case material is used to make decisions.

- **As mentioned above, the investment plan should have funding identified early to ensure agencies do not expend unnecessary funds.**
- **The right-sizing should also apply to business cases, project management, and assurance processes for asset renewals as the value of a business case should be far less than for new assets or substantially new assets. The requirements for large, high risk business cases and assurance processes have tended to filter down to other projects sometimes without the "right-sizing" of these investment management processes.**
- **The portfolio prioritisation also needs to consider the existing deferred asset renewal and maintenance otherwise the funding will go on the best "new" things while the existing assets deteriorate.**
- **We don't believe the QIR at Treasury, or the Infrastructure Commission Pipeline have an accurate view of asset renewals as it focusses on "projects".**
- **We agree there needs to be more focus on learning from projects and transparency about project delivery and benefits realisation.**

Detailed feedback

Page 17 – title says maintenance and renewals is the biggest challenge but doesn't say why and the text relates to climate change and resilience and insurance so this all gets conflated.

Box 2 identifies the need for a whole of life asset management approach that prioritises maintenance and optimisation – this should also say asset renewal but also there is no specific recommendation on this.

Page 19 – not clear $10 and $6 is capital or not.

Page 20 – In 1.2.2 Could also discuss lack of incentives and accountability to ensure sufficient pro-active maintenance.

Page 39 – the graph is very interesting but limited discussion on the 1990s to 2000s. We know infrastructure was heavily invested in the 1950 (and is often wearing out as hasn't been renewed) but would have though we have been underinvesting in infrastructure from the 1990s but the graphs say we have been over-investing. Is the productivity gap the major issue i.e. we should have been ok but due to low productivity in infrastructure delivery we are "behind" and the productivity gap increased in 2015 (when more focus on project management and investment management)?

Page 47 the comment that 40% of infrastructure workers are engaged in asset management and maintenance should be clarified. This is more managing and maintaining the assets and/or facilities management. There is very few resources doing "proper" whole-of-life strategic asset management.

Page 49 should also include workforce planning and capability of other areas such as asset management not just "project" resources as per comment about the recommendation 2 above.

Page 66 I think the funding sources of Central Govt should be clarified. Often capital injections are funded by Government debt. This is generally the correct approach as it spreads infrastructure investment over users for the long-lived assets but means the fiscal strategy and debt ceilings or targets can reduce the capital available to be funded. Asset renewals should be funded via depreciation that is funded in cash for agencies and is effectively funded by tax. Maintenance is operating funding and funded by tax.

Page 84 Summary has limited focus on maintaining and renewing govt assets that elsewhere in the report is identified as the major issue.

Page 85 Central govt is also funded by debt (noting the debt repayment also paid by tax) but needs to be identified for the comments on fiscal sustainability target make sense.

Page 87 Under the existing top-down approach – could also include lack of visibility on asset renewals and focus on "project" investment.

Page 88 There is no requirement to quantity, report or publish any data on the deferred maintenance and deferred asset renewal.

Page 89 Agencies are spending a lot of time and effort on projects and developing business cases with no Budget certainty and even Business Case approved by Cabinet may not be funded through the Budget process.

Page 95 While the graphs and may be correct for asset renewal a full cost/benefit often has limited value as the main benefit is continuing service potential. As identified above there is an issue that there is no certainty for initiatives with Cabinet-approved Business Cases but other things are getting funded. Who reads the Business case documents? What "base-level" information should support Budget decisions. The Budget template is not that useful for infrastructure projects either.

Page 97 More discussion on levels of project management could be useful i.e. often "client" project manager, outsourced "project" manager, construction company "project" manager. Do all provide the same level of value? Who is ultimately accountable? Should the client side be more about business requirements and contract management? For most agencies business cases are still outsourced. Is this the most cost-effective model? What should be done by agencies and what could be done across agencies to improve practice and make business case delivery more cost-effective?

Page 99 While the Investment Priorities Programme looks good does this replace Gateway Reviews? Assurance activities may also need to have a cost/value lens applied.

Page101 Under the first point of context could include - "lack of maintenance and asset renewal increases the likelihood of asset failure and often means the whole asset needs to be replaced at a much higher cost".

Page 103 "In theory agencies have sufficient funding to maintain and renew infrastructure" and "should be sufficient" . We don't believe that is correct as currently capital is funded for depreciation in cash and depreciation is based on the "historic cost" of existing assets. Asset renewal particularly of buildings is more expensive due to increased Building Act requirements, Resource Management Act (where this applies), Construction inflation, business case requirements, project management requirements etc. Departments are now not being funded additional depreciation related to building revaluations and this has had a significant impact and means the current funding model for asset renewals is unsustainable both at an agency and Government level. Treasury previously agreed to significant funding transfers on an on-going basis from depreciation to fund operating costs at multiple agencies as part of managing cost-pressures. The second heading the first sentence should include asset renewal as well as maintenance and the last sentence should identify DIA as the agency that sets disclosure requirements for Local Government not "Central government".

Page 105 Investing in resilience is more cost effective by no investment programme of agencies to seek funding to ensure buildings are more resilient so all is "one-off" or project specific. Could identify the incentives and accountability for resilience and insurance are weak.

Page 110 Planning stages also cost $s and resources so this needs to be "right-sized". This is focussed on project delivery, but asset renewals also need to be considered in the investment prioritisation and currently a major gap.

Page 115 We would question whether the Infracomm investment pipeline accounts for asset renewal adequately. See high level comment. No Health projects, no Justice projects, limited Corrections projects etc.