



Cabinet Economic Policy Committee Paper: National Infrastructure Plan Information Release

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In Confidence

Office of the Minister for Infrastructure

Cabinet Economic Policy Committee

National Infrastructure Plan

Proposal

- 1 This paper sets out the purpose and scope of the National Infrastructure Plan, including a cross-agency approach for its development.

Relation to Government priorities

- 2 This paper relates to implementation of the National Infrastructure Plan that was signalled in National's Infrastructure Manifesto and committed to in coalition agreements between the National Party and ACT and New Zealand First parties.

Background

- 3 In May 2022 the Infrastructure Commission (the Commission) delivered the New Zealand Infrastructure Strategy. This identified the challenges facing our infrastructure system over the next generation and provided a long-term strategic vision for infrastructure as the foundation of a thriving New Zealand.
- 4 In April 2024, Cabinet noted that my priorities for the infrastructure portfolio include developing a 30-year National Infrastructure Plan [ECO-24-MIN-0048 refers]. This is to be developed by the Commission by the end of 2025 and will include:
 - 4.1 A National Infrastructure Pipeline: A national view of infrastructure projects which are planned and being planned (focus is on 0-10 years).
 - 4.2 An Assessment of Infrastructure Priorities (the Infrastructure Priorities Programme): A structured independent review of un-funded infrastructure proposals and problems in various stages of planning, including initiatives that avoid the need for investment in physical infrastructure (focus is on 5-15 years).
 - 4.3 An Infrastructure Needs Analysis: An analysis of long-term infrastructure needs at a sector and/or regional level, rather than a project level (focus is on 5-30 years).

Purpose of the National Infrastructure Plan

- 5 The National Infrastructure Plan will provide a shared long-term view of infrastructure investment needs and priorities. This will enable governments, councils and the private sector to leverage best value from our infrastructure investment over

time. The Plan will support robust decisions that ensure infrastructure investment is affordable for current and future generations, and supports thriving communities and a high standard of living.

- 6 It will be used to both inform government decision-making and to develop an enduring long-term consensus on infrastructure investment. This will ensure we make better use of existing assets, and new investments provide value for money.
- 7 I also expect the National Infrastructure Plan will be used to inform City and Regional Deals, although any potential deals will not be approved through the development of the National Infrastructure Plan. Over time, the Infrastructure Priorities Programme will also provide a menu of potential infrastructure investment proposals that deliver national and regional benefits, which can inform other Government decision-making, such as eligibility for fast-track consenting.
- 8 I have asked the Commission, an autonomous Crown entity and the government's independent infrastructure advisor, to develop the National Infrastructure Plan, as this will provide the objectivity and rigour needed to:
 - 8.1 increase private sector confidence to invest in people, technology, and equipment, which improves capacity to deliver, drives efficiencies, and delivers cost reductions.
 - 8.2 build public trust and confidence that infrastructure is well-planned; provides safe, reliable and accessible services that are good value for money; and meets future needs.
- 9 The National Infrastructure Plan is being developed as a 'strategy report' under the New Zealand Infrastructure Commission Act 2019. The Plan will not bind the government or other infrastructure providers, although the Act requires the government to provide a response.

Scope of the National Infrastructure Plan

- 10 The Commission's National Infrastructure Plan will provide an assessment of current and future infrastructure needs and identify the priorities for infrastructure for the next 30 years. It will address three key questions.
 - 10.1 **What infrastructure will be needed and what should we be spending over the next 30 years?** This infrastructure needs analysis will consider historic infrastructure spend, future asset renewal and maintenance needs, population and economic growth projections, hazards and threats, and climate change. This will be broken down by sector and, where possible, region. This will not include fiscal advice but will provide insights that might inform fiscal advice.
 - 10.2 **What infrastructure investment is currently planned over the next 10 years?** This will build on the Commission's existing National Infrastructure Pipeline (New Zealand's national dataset of infrastructure projects, which includes projects, for example, from the National Land Transport Programme) and Treasury's Quarterly Investment Reporting. It will also consider the likelihood of planned investment being delivered on time and budget.

- 10.3 **What is the gap between the long-term infrastructure need and planned investment, and how do we address this gap?** This will include:
- 10.3.1 Credible, currently un-funded, high-quality projects and proposals of national importance that the present and future governments can choose to invest in or support.
 - 10.3.2 Identified policy and system reforms to support improvements to infrastructure delivery, including making best use of existing infrastructure.
- 11 To address these three questions, the National Infrastructure Plan will include information from the Infrastructure Needs Analysis, National Infrastructure Pipeline, Infrastructure Priorities Programme (see paragraph 4 above) and publicly available sources. The exact form of the Plan will be developed iteratively over the next ten months and will be supported by a combination of written reports and digital products.
- 12 The first National Infrastructure Plan will cover infrastructure investment needs across sectors and regions. Existing information gaps will prevent coverage of all sectors and regions in the first plan. However, the Commission expects these gaps to be filled in future plans as policy and system reforms are implemented, and information maturity and capability improve, allowing better information collection.
- 13 The National Infrastructure Plan will not be a complete list of all infrastructure that should be built over the next 30 years. This reflects the importance of optionality valued by asset owners as demands and technologies inevitably change. However, I expect an initial list will be developed through the first National Infrastructure Plan and will become more comprehensive over subsequent plans.
- 14 The Commission is underway with the work programme to deliver the National Infrastructure Plan. It has:
- 14.1 continued to develop the reach of the National Infrastructure Pipeline and the insights drawn from it. At June 2024, the total value of infrastructure projects in the Pipeline contributed by 85 infrastructure providers stood at \$147.6 billion with a projected annual spend for 2024 of \$16.5 billion if all planned projects proceed. The total value of projects in the Pipeline has more than doubled since June 2022 (\$72 billion from 48 contributing institutions).
 - 14.2 socialised the Infrastructure Priorities Programme with central government agencies.
 - 14.3 begun development of the Infrastructure Needs Analysis through its Research Insights work, specifically the report: Build or maintain? New Zealand's infrastructure asset value, investment and depreciation 1990-2022.

Development of the National Infrastructure Plan

Information Requirements

- 15 The development of the National Infrastructure Plan is a significant programme of work requiring collaboration with, and information from, government departments and agencies with a role in providing New Zealand's infrastructure services, and local authorities. This includes information on current, planned and anticipated infrastructure investments and asset management.
- 16 Some government agencies already provide infrastructure investment and project information to both the Treasury and the Commission, including:
 - 16.1 Investment reporting to Treasury. This includes Quarterly Investment Reporting on government investments in planning and delivery and annual reporting on intentions (10-year capital and operating forecasts of investment need for asset maintenance, renewals, replacements and new assets) and benefits (once an asset is operational, where the benefits are being achieved).
 - 16.2 Information to the Commission for inclusion in the National Infrastructure Pipeline. This information includes details on infrastructure programmes and projects spanning the planning horizon, from maintenance and renewal through to new build (including initiatives needed to restore services after a disruption, and non-built solutions that avoid the need for new infrastructure).
- 17 In developing the Plan, the Commission will seek to use information that is already being collected but it is likely to need further information over and above this. This may include, for example, capital investments not currently in the National Infrastructure Pipeline or Quarterly Investment Reporting, as well as infrastructure investment and asset management information from local authorities.
- 18 The Minister of Finance and I have directed Treasury and the Commission to work together to minimise any unnecessary duplication in information gathering and reporting processes, ensuring alignment and consistency where appropriate.
- 19 The Commission will engage with Treasury and other government agencies on the development of the National Infrastructure Plan and, in particular, the approach to assessing current and long-term infrastructure needs.

Assessing Infrastructure Priorities

- 20 The Commission will be undertaking a structured independent review of un-funded central and local government (and potentially private sector) infrastructure proposals and problems in various stages of planning that are submitted by project proponents (the "Infrastructure Priorities Programme"). This could also include initiatives that avoid the need for investment in physical infrastructure (such as pricing measures – like tolls or congestion pricing – to manage demand for specific infrastructure services, or digital solutions).
- 21 The Treasury's investment approval process and Quarterly Investment Reporting is focused on prioritisation and sequencing of infrastructure investment from a Budget

perspective. The Infrastructure Priorities Programme is an independent infrastructure planning tool that examines both the importance of problems/proposals and the readiness of solutions to those problems. This is important for three reasons:

- 21.1 It will improve public transparency and visibility over investment readiness, allowing decisions to be made in a staged manner and dampening pressure for premature project announcements.
- 21.2 It will help improve value for money, for instance by signalling that a proposal is addressing an important problem but that further work is needed to find a solution that is affordable given the size of the problem.
- 21.3 It will assist in developing an enduring political consensus on priority infrastructure problems and proposals.
- 22 This assessment of infrastructure projects and proposals will provide a 'menu' of potential high-quality infrastructure proposals of national importance that can be used by current and future governments to inform investment planning purposes.
- 23 The Infrastructure Priorities Programme will be open to un-funded projects and proposals submitted by central and local government, and potentially the private sector. For central government projects, the Commission will work with the Treasury on information for assessment, so that the process to submit information is streamlined for agencies. In this way, it will supplement Treasury's Quarterly Investment Reporting and investment approval processes.
- 24 The assessments from the Infrastructure Priorities Programme will help the Commission to meet its obligations as a system leader under Cabinet Circular CO(23)9. This will ensure the Commission can provide robust, high-quality and detailed infrastructure advice on particular projects when required for Quarterly Investment Reporting and the Budget process. There would be no obligation on the government to fund proposals assessed through the Infrastructure Priorities Programme, although I would expect positive assessments could be a precursor to funding.
- 25 Similarly, there would not be any obligation for other government infrastructure decision making agencies, such as the New Zealand Transport Agency, to submit self-funded projects to the Infrastructure Priorities Programme or to fund proposals assessed through the Infrastructure Priorities Programme. I expect, however, that the Commission's independent assessment process could provide an additional level of assurance for investment decisions.
- 26 The Commission will not develop project proposals (although it may identify potential problems that merit further investigation). It will rely on project proponents, including central and local government agencies, to submit un-funded proposals to be assessed. Ministers may wish to encourage agencies to submit their proposals for assessment.
- 27 The outcome of proposals assessed through the Infrastructure Priorities Programme will be published on the Commission's website on an annual basis and endorsed proposals will be included in the National Infrastructure Plan.

- 28 The assessment framework has been designed to be consistent with current requirements for good project planning (for example, Treasury's Better Business Cases model), so that little additional work or information should be required from agencies. This will provide a strong incentive to agencies to follow accepted planning processes, such as business case preparation.

Government response to the National Infrastructure Plan

- 29 The National Infrastructure Plan is being developed as a 'strategy report' under the New Zealand Infrastructure Commission Act 2019.
- 30 The statutory process and timelines for finalising the Plan and the Government's response are as follows:
- 30.1 The Commission will provide a draft to me by June 2025. I will then have 90 days to provide comments on that draft.
- 30.2 The Commission must provide the final Plan within 90 days of receiving my comments (end of 2025).
- 30.3 I must table the final Plan in Parliament as soon as practicable after receiving it.
- 30.4 I must present a statement of the Government's response to the Plan to Parliament within 180 days (June 2026). The Act does not prescribe what the response must include or look like.
- 31 The Commission will work closely with Treasury during the development of the National Infrastructure Plan to enable the Government's response to be developed soon after the final Plan is tabled in Parliament.

Cost-of-living Implications

- 32 This proposal deals primarily with the process to deliver the National Infrastructure Plan, so is unlikely to have any direct cost of living implications.

Financial Implications

- 33 This proposal has no financial implications. Costs to develop the National Infrastructure Plan will be met out of the Infrastructure Commission's baseline funding and reserves.

Legislative Implications

- 34 This proposal has no legislative implications as it deals primarily with the process to deliver the National Infrastructure Plan.

Impact Analysis

Regulatory Impact Statement

- 35 Regulatory impact analysis requirements do not apply to this proposal as it deals primarily with the process to deliver the National Infrastructure Plan

Climate Implications of Policy Assessment

- 36 A Climate Implications of Policy Assessment (CIPA) is not required for this proposal as it deals primarily with the process to deliver the National Infrastructure Plan. Climate implications will be considered as part of the development of the National Infrastructure Plan.

Population Implications

- 37 This proposal deals primarily with the process to deliver the National Infrastructure Plan, so is unlikely to have any significant population impacts. Assessment of population impacts, including infrastructure needs and issues of particular relevance for iwi, hapū and Māori, will be part of the development of the National Infrastructure Plan.

Human Rights

- 38 This proposal will have no implications for human rights as it deals primarily with the process to deliver the National Infrastructure Plan.

Use of external Resources

- 39 No external resources were used to provide a material contribution to the preparation of the policy advice in the paper.

Consultation

- 40 The Infrastructure Commission has prepared this Cabinet paper in consultation with the Treasury, the Ministry of Business, Innovation and Employment, the Department of Prime Minister and Cabinet, the Public Service Commission, the Ministry of Health, Te Whatu Ora Health New Zealand, the Ministry of Education, the Ministry of Justice, the Department of Corrections, the Ministry of Defence, Te Puni Kōkiri, Te Arawhiti, the Ministry of Transport, the New Zealand Transport Agency, the Ministry of Foreign Affairs and Trade, the Ministry of Housing and Urban Development, the Department of Internal Affairs; the National Emergency Management Agency and the Ministry for Primary Industries.
- 41 The New Zealand Defence Force was informed and has provided feedback relevant for the development of the National Infrastructure Plan.
- 42 Other government entities with infrastructure-related functions will be informed following Cabinet decisions being taken.

- 43 Government agencies with infrastructure-related functions will continue to be involved in the development of the National Infrastructure Plan.

Communications

- 44 I am the Minister responsible for making statements about the National Infrastructure Plan. I have spoken about the Government's priorities for infrastructure, including the National Infrastructure Plan on many occasions this year.
- 45 I will provide updates to the Infrastructure and Investment Ministers Group, stakeholders, and the public as the plan is developed.

Proactive Release

- 46 I propose to proactively release this Cabinet paper within 30 business days of decisions being confirmed by Cabinet.

Recommendations

The Minister for Infrastructure recommends that the Committee:

- 1 **note** that the Minister for Infrastructure’s priorities for the infrastructure portfolio include developing a 30-year National Infrastructure Plan [ECO-24-MIN-0048 refers];
- 2 **note** that the National Infrastructure Plan will provide an assessment of current and future infrastructure needs and identify the priorities for infrastructure for the next 30 years;
- 3 **note** that the Infrastructure Commission will develop the National Infrastructure Plan as a strategy report under the New Zealand Infrastructure Commission Act 2019 by the end of 2025;
- 4 **agree** that central government agencies and local authorities be requested to assist the Commission with the development of the National Infrastructure Plan, which may include providing information on current and future investment intentions and asset management requirements;
- 5 **note** that, where possible, Treasury and the Commission will use information that is already being collected; and are working together to align and streamline information requests to avoid duplication and provide consistency;
- 6 **note** that the Commission will engage with Treasury, other government agencies, and stakeholders on the development of the National Infrastructure Plan and in particular, the approach to assessing current and long-term infrastructure needs;
- 7 **note** that the Commission will be undertaking structured independent reviews of un-funded central and local government (and potentially private sector) projects and proposals in various stages of planning, including initiatives that avoid the need for investment (the “Infrastructure Priorities Programme”);
- 8 **agree** that central government agencies and local authorities be encouraged to submit un-funded projects and proposals for independent assessment by the Commission through the Infrastructure Priorities Programme;
- 9 **note** that the Infrastructure Priorities Programme will inform both the Commission’s input on infrastructure proposals through Budget process (as a system lead under Cabinet Office circular CO (23) 9) and the development of the National Infrastructure Plan;
- 10 **note** that the Commission will work closely with Treasury to streamline the development of the Government’s response to the National Infrastructure Plan before June 2026;

- 11 **agree** that the Minister for Infrastructure will provide regular updates on progress to the Infrastructure and Investment Ministers Group.

Authorised for lodgement

Hon Chris Bishop

Minister for Infrastructure