

Ministerial Address: Capital Intentions and Financing Infrastructure of the Future

Hon Bill English
Minister of Finance

NZCID Building Nations Symposium
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The challenges

Broadly, New Zealand has a good infrastructure base for today. However, to be successful over the next 30 years we need resolve a number of challenges ...

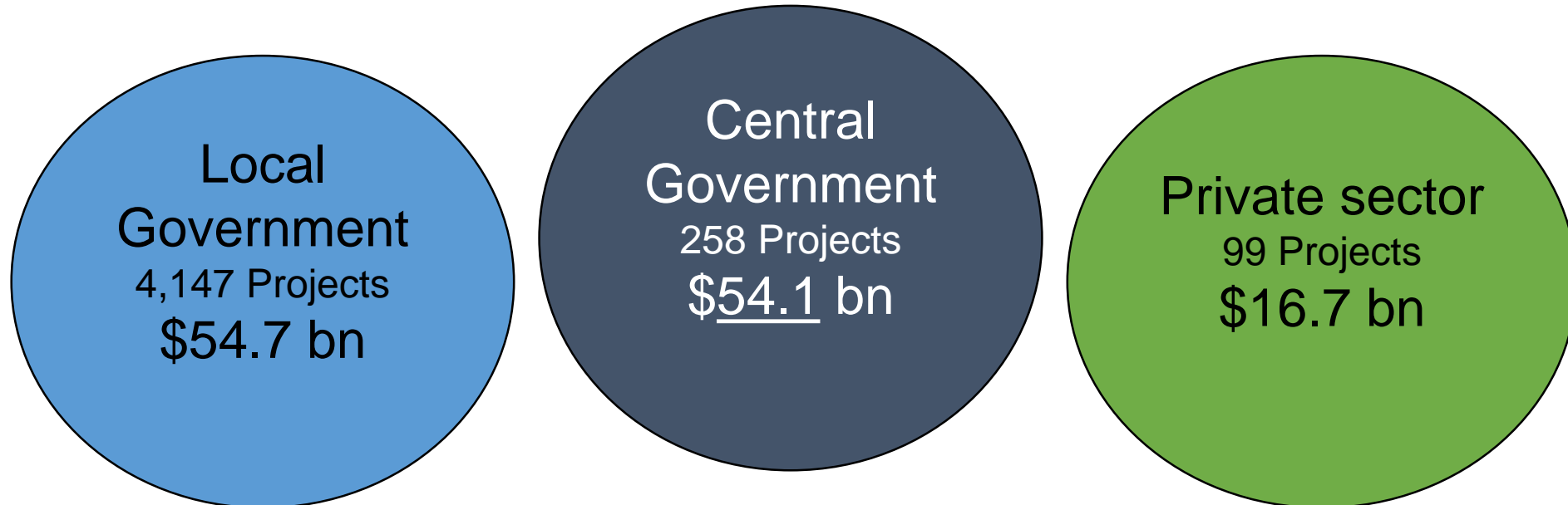
- Ageing assets and infrastructure networks
- Affordability constraints
- Population ageing
- Regional growth and decline
- Productivity gaps
- Technology change and cyber security risk
- Infrastructure pinchpoints, especially in Auckland
- Shift in economic gravity to Asia and the opportunities this provides
- Climate change and limits on natural resources

Strengthening the investment system

- Focus is on:
 - Delivering outcomes, not just building more assets
 - Getting a better understanding of all-of-government investment decisions
- New requirements and tools for central government include:
 - Long-term investment plans – 10 years for investment-intensive agencies and 4 years for other agencies
 - Investor Confidence Ratings
 - Investment Panels
 - Better Business Case approach
 - Reset the Government Rules of Sourcing
 - Use of shared infrastructure standards
 - Growing the trans-Tasman procurement market.

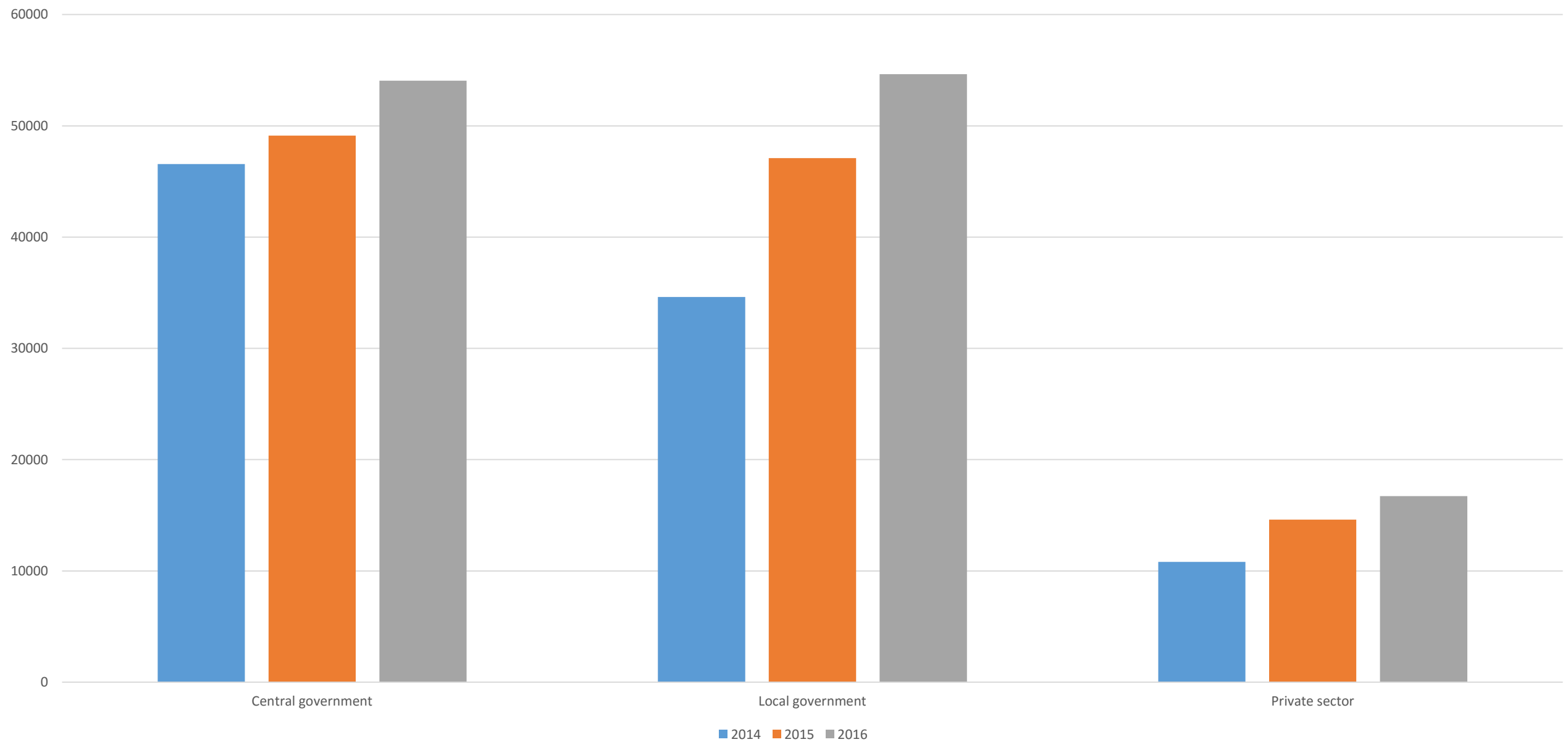
Ten-Year Capital Intentions Plan 2016

- First in 2014 and second in March 2015
- For the period 2012-25, latest figures show 4,504 projects totalling \$125 billion
- Total increase from 2015 of \$14.7 billion
- \$100 billion estimated to be spent from 2016-25



Total infrastructure spend, actuals and estimates 2012 – 2025

(\$m)



Meeting Auckland's Future Challenges

- Measures to increase the supply of housing include:
 - Special housing areas and the development of under-utilised Crown land
 - Proposed amendments to the RMA to reduce council rule complexity
 - Proposed amendment to the Local Government Act, which aim to give councils new options for how they fund and deliver services
 - A proposed National Policy Statement on Urban Development Capacity
 - Proposed Urban Development legislation to enable the establishment of urban development authorities
 - \$1 billion Housing Infrastructure Fund.
- Auckland Transport Alignment Project
 - Exploring road network pricing and technology to reduce congestion and increase ride sharing

Need for new delivery models

- New delivery models will help bring innovative new services and the efficient use of public money
- PPPs must now be considered for large-scale infrastructure investments
- There are ongoing challenges with encouraging greater use of new delivery models
- At the local level, collaboration is part of the answer.

Thank you.