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Committee Secretariat
Finance and Expenditure Committee
Parliament Buildings
Wellington

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To the Finance and Expenditure Committee

SUBMISSION ON THE NEW ZEALAND INFRASTRUCTURE/TE WAIHANGA BILL

This submission is from Queenstown Lakes District Council, 10 Gorge Road, Queenstown, 9300.

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Yours faithfully



Mike Theelen
Chief Executive

SUBMISSION ON THE NEW ZEALAND INFRASTRUCTURE COMMISSION/TE WAIHANGA BILL

Queenstown Lakes District Council (QLDC) supports the intent of this bill to ensure a coordinated and systematic approach to planning and delivering infrastructure to improve the wellbeing of New Zealanders. However, we are concerned at a strategic level what this bill will mean for our district and whether it will solve the unique challenges we face. We appreciate the opportunity to bring these concerns to the attention of the Finance and Expenditure Committee.

1.0 The unique position of Queenstown Lakes

- 1.1 Queenstown Lakes is the country's fastest growing district and the challenges we face as a community are unique. To keep up with current and projected growth, the Council is seeking to deliver a \$1b programme of new investment over 10 years. We have already been collaborating closely with the private sector to plan the delivery of this unprecedented programme of work.
- 1.2 Our distance from other centres creates an additional challenge, and the Council and local construction industry have a lot of work ahead to attract and retain the broad base of contractors and builders needed over the next 10 years and beyond.
- 1.3 One of the outcomes of our district's growth is the need for greater flexibility with reporting and managing projected financial flows to meet the market. This includes other government agencies being able to respond with equal flexibility, notably the Office of the Auditor General. At present, our ability to easily shift capital investment is difficult. While I appreciate the need for scrutiny, we also need to be able to respond quickly and effectively to changing opportunities to be able to utilise our resources at maximum efficiency.

2.0 Innovation

- 2.1 The QLDC's infrastructure team has shown exemplary leadership and innovation to meet these challenges. They have sought broad industry input and have been open to amending work programmes that match industry capacity. For example, we are working together to revise scheduling processes to manage the delivery of capital projects for the Queenstown town centre.
- 2.2 We hope that the Committee agrees that the Commission's role will be to support local innovation of this type rather than introduce an additional level of across-the-board processes and rules.

3.0 Partnership

- 3.1 As part of our partnership discussions with government we have identified a pressing need for a joined-up investment plan to integrate long-term infrastructure needs, including the transport, health, education, housing, and social services needs of our community.
- 3.2 Fostering a clear strategy, particularly for high growth regions, is critical to our continued success and timely investment. In my view, getting a broad-based strategic view of investment flows and local needs is critical for central government, the private sector, and the region, and our partnership with central government should aim to achieve that.

4.0 The role of the Commission

- 4.1 The ability of the Commission to intervene in local processes will be useful when and where it is needed. One of our biggest constraints are the processes imposed by agencies such as the New Zealand Transport Agency, with their business case programme and focus on transactional investment creating obstacles for sound investment opportunities. We suggest that an additional role of the Commission might be to review current government processes for funding and recommend improvements.
- 4.2 We also submit that to deliver good outcomes for communities and regions the Commission becomes an advocate for investment in counter cycles. An example is the proposed programme for the Dunedin hospital rebuild where long-term labour and skills shortages demonstrate the failings of a stop-start infrastructure investment market.
- 4.3 We are very keen to see the Commission take an inclusive view of the infrastructure needs of New Zealand, but we are concerned that it may impose needless constraints on local authorities such as ours where our commercial ability is strong.

5.0 Explanatory note

- 5.1 We are pleased to note that the issues raised in our previous submission have been partially addressed, especially with regard to the Commission's scope and membership. We are also pleased that the Commission's function to develop a view on future investment will be over and above investment decisions that have already been committed to. However, decision-makers in the context of the bill appear to include only Ministers and departments. We are keen to confirm whether these prior investment decisions include those made by local government.
- 5.2 The Queenstown Lakes District Council agrees with the concerns raised in the draft submission from the Society of Local Government Managers (SOLGM), that the bill should be explicit on the role of local government as a significant provider of infrastructure.
- 5.3 In general, the exclusion of local authorities in parts of the text makes the bill's intent less clear. For instance, Clause 23 proposes significant powers to collect information, yet I understand from Treasury officials that this will not extend to local authorities. In other places, it is implicit (although not certain) that local authorities are included, for instance in reference to 'decision-making powers for Ministers and departments' (see 5.1. above).

6.0 Support function

- 6.1 The Commission's proposed support functions include 'advisory support services for local government infrastructure projects and proposed projects', including 'advice on business cases for proposed projects'. More information is needed on how these support functions will be operationalised. We also need to know under what circumstances the Commission would review a Council business case, and what the implications are if the Commission does not support it.

- 6.2 Local authorities need to have a clear understanding of the relationship between their Long Term Plans and the Commission's Infrastructure Strategy. Will there be a requirement for these documents to be aligned, and if so, how would this be managed?
- 6.3 I would also welcome detail on what is meant by the Commission acting as a "shop front" for the market. It is implied this means providing a collective picture for industry of infrastructure investment across New Zealand, but again this isn't clear.
- 6.4 The bill states that the Commission would have powers to enter into contracts and participate in project governance. Again, the mechanisms for when and how this would happen and if these powers extend to local government projects need to be clarified.
- 6.5 I understand that much of the operational detail will be determined by the Commission once it is established. However, Queenstown Lakes District Council is calling for an indication of the operational implications now as it embarks on its own significant infrastructure work programme.