



Day 1 - Session 2 – Strategic Planning: How do other jurisdictions develop and implement their long-term infrastructure plans?

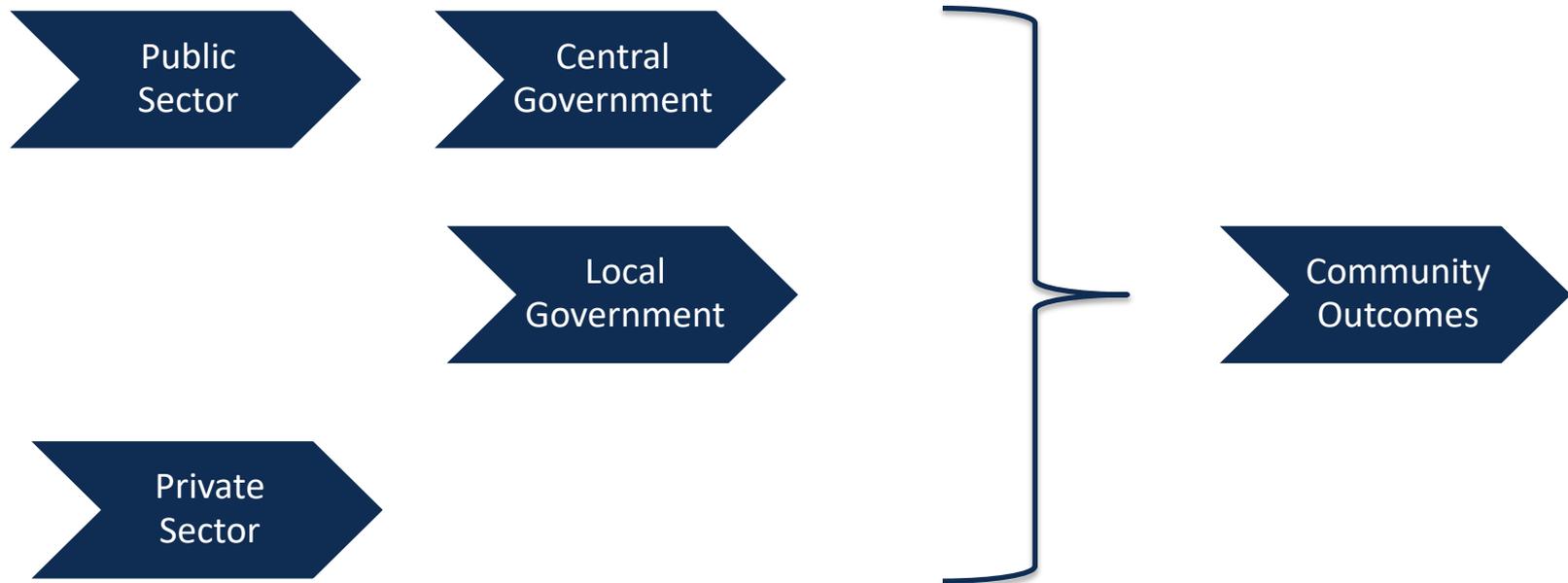
The New Zealand Case

Dr Haydn Read

Head of Infrastructure Programmes (Auckland Council)

Visiting Scholar IFSD

Infrastructure in New Zealand



 Central
Government

THE THIRTY YEAR NEW ZEALAND INFRASTRUCTURE PLAN

2015

Key challenges

- NZ has a number of aging infrastructure networks that will need renewing
- There will be affordability constraints
- NZ's population is aging
- Some of our regions will grow and others will shrink
- To keep our economy growing, our infrastructure needs to support higher levels of productivity
- Technology is driving change everywhere
- NZ's growing economy will create infrastructure pinch-points
- The world's economic centre of gravity is shifting towards Asia
- Our climate is changing, and our natural resources are under pressure.

The response

- NZ needs to make a step-change in our approach to infrastructure planning and management.
- Simply building things to address our problems is no longer sustainable.
- We need a better understanding of the levels of service we want to deliver, more mature asset management practices and use of data, and more effective decision-making that considers non-asset solutions.

The Action Plan focuses on:

- developing national, shared data standards for infrastructure;
- establishing regional centres of excellence or similar arrangements to support decision-making;
- investigating options to support long-term, integrated regional infrastructure plans;
- more transparent infrastructure pipeline data;
- investigating options for enhanced procurement governance for larger procurements;
- a longer-term review of planning legislation and alignment;
- updating the Resource Management Act (RMA) to improve the national planning framework;
- developing a trans-Tasman procurement market with Australia.

This shift will drive the two outcomes sought from the Plan – better use of existing infrastructure and better allocation of new investment.

August 2015

Context

The investment strategy outlines the principles that the Government wants to apply to the selection, decision making and management of the Government's investment portfolio.

Purpose and Use of the Government Investment Strategy

- Owning the right assets, managing them well, funding their maintenance sustainably, and managing risks on the Crown balance sheet, are all critical ingredients to securing the ongoing provision of high-quality, cost-effective public services that New Zealanders value.
- The focus of the Government's investment is on activities where the Government has a strong rationale for intervention – to achieve social, economic, environmental and cultural; objectives that the market cannot deliver alone.
- Ministers will use this strategy to guide their approach to the selection, decision making and management of the Government's investment portfolio.
- In the State sector, Chief Executives, Boards, investment decision makers and asset managers will use the strategy to guide their approach to the selection, decision making and management of their agencies' investment portfolio.
- It complements, and is aligned to, the Government's *Fiscal Strategy*.

Principles

The Government (and those with delegated responsibilities) is entrusted by the citizens of New Zealand with the use of taxpayer and Crown owned resources. It will:

- Take considered and active** of taxpayer and Crown resources over a long term investment horizon
- Continually assess** existing investments and assets
- Balance investment** across the Government's interests and
- Inform decision making** processes with information and evidence
- Consider the relative value** of investment proposals against other proposals
- Give preference to** initiatives aligned with the priorities of the Government.
- Move resources** (including funding, assets and capability) to where they have the greatest overall effect
- Accept** a level of risk in order to obtain the benefits from investments,
- Expect** agencies, in the first instance, to provide for current and future needs
- Inform and constrain** (eg, timing and maximums) its investment decision making and management
- Review, and periodically report on,** the performance of the Government's investment portfolio

Initial Guidance for the Preparation of Long Term Investment Plans in the Health Sector



version date 4 November 2015

Purpose

This document provides guidance on the content expected to be provided in a health-sector Long Term Investment Plan. The document builds on the generic LTIP guidance provided by Treasury (see <http://www.treasury.govt.nz/statesector/investmentmanagement/think/ltip/guidance>).

Note: items that are *italicised* in this document are extracts from the Treasury documentation.

Background

LTIPs are part of the new Treasury system for monitoring investments across government, the Investment Management and Asset Performance (IMAP) system. The IMAP system took effect from July 2015.

Timelines and Process

All DHBs are required to complete an LTIP.

Treasury's process initially only applies to selected "investment intensive" agencies, including eight DHBs: However, in order to ensure consistency in reporting from the sector, the Ministry will apply the LTIP process to all DHBs (replacing the current requirement for a Regional Capital Plan). A phased approach will be adopted for the non-investment intensive agencies, to allow sector learning from the new process to be shared.

Process One: Tier 1 and 2 Investment Intensive Agencies

Applies to: Northland DHB, Waitemata DHB, Auckland DHB, Counties Manukau DHB, Waikato DHB, Capital & Coast DHB, Canterbury DHB, and Southern DHB.

Review by: Treasury

Process Two: non-Investment Intensive Agencies

Applies to: Bay of Plenty DHB, Taranaki DHB, Lakes DHB, Tairāwhiti DHB, Whanganui DHB, MidCentral DHB, Hawke's Bay DHB, Hutt Valley DHB, Wairarapa DHB, Nelson Marlborough DHB, West Coast DHB, South Canterbury DHB

Review by: Ministry of Health

LTIPs must be formally refreshed every three years. However, an agency should be reviewing its LTIP regularly.

Introduction to LTIPs

- **LTIPs should cover at least ten years**
- **LTIPs must address the regional context**
To minimise the reporting burden, the Ministry has agreed that the LTIP will replace the current requirement for a Regional Capital Plan. However, the requirement for regional capital planning has **not** changed. LTIPs are submitted by an individual DHB, but they **must** reflect the regional view. One way to achieve this would be to work as a region to agree a core document that could then be supplemented by the DHB-specific information.
- **LTIP documents should be stand-alone**
If information exists in a separate document, it may be appropriate to summarise the information and reference the source document. You may choose to use the executive summary from documents, such as the Asset Management Plan, where this information is consistent with the LTIP requirements.
- **Further guidance will be provided in the future**
As the LTIP process is new, further guidance will be provided as the process becomes embedded. The Ministry and Treasury will provide feedback to the sector after the first tranche of LTIP assessments. This information, and your feedback, will be used to improve the guidance for the subsequent process.
- **Any format is acceptable**
There is no mandatory format for the LTIP. The information below may be presented in any structure.

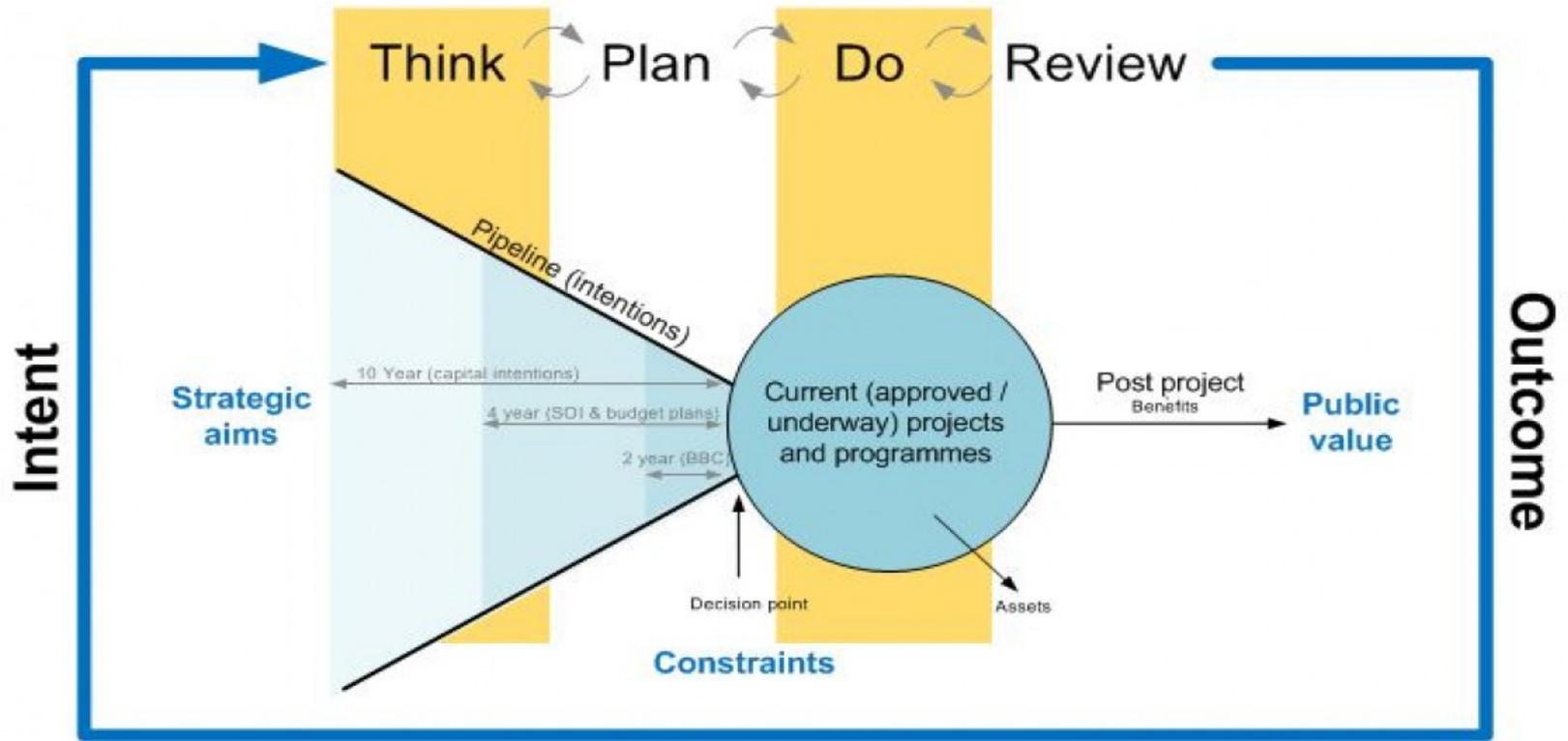
NZ Government Investment management system

The investment management system means the processes, rules, capabilities, information and behaviours that work together to shape the way investments are managed throughout their life cycles.

Within the Treasury, the work in this area is led by the [Investment Management and Asset Performance team](#). Working alongside other State sector agencies, IMAP has the ambition to get the government investment management system effectively turning intent into outcomes.

The investment management system is complex, with interrelated cycles spanning months or years. The system has to effectively convert business unit, agency, sector and all-of-government needs into outcomes in a way that gets the best value for New Zealand (given financial and other constraints).

The investment life cycle is made up of four phases: think, plan, do and review. Together these create an ongoing dynamic as ideas are tested, refined and adopted or discarded within an agency and across government. Each phase has different implications for agencies and decision makers.



Think

Think - investment possibilities: To anticipate as much as possible what will be required to transition to the outcome, and satisfy the intent while maintaining services.

Plan

Plan - investment choices: To analyse and decide which investments to undertake considering the optimal overall value from the limited resources, and the current risk appetite.

Do

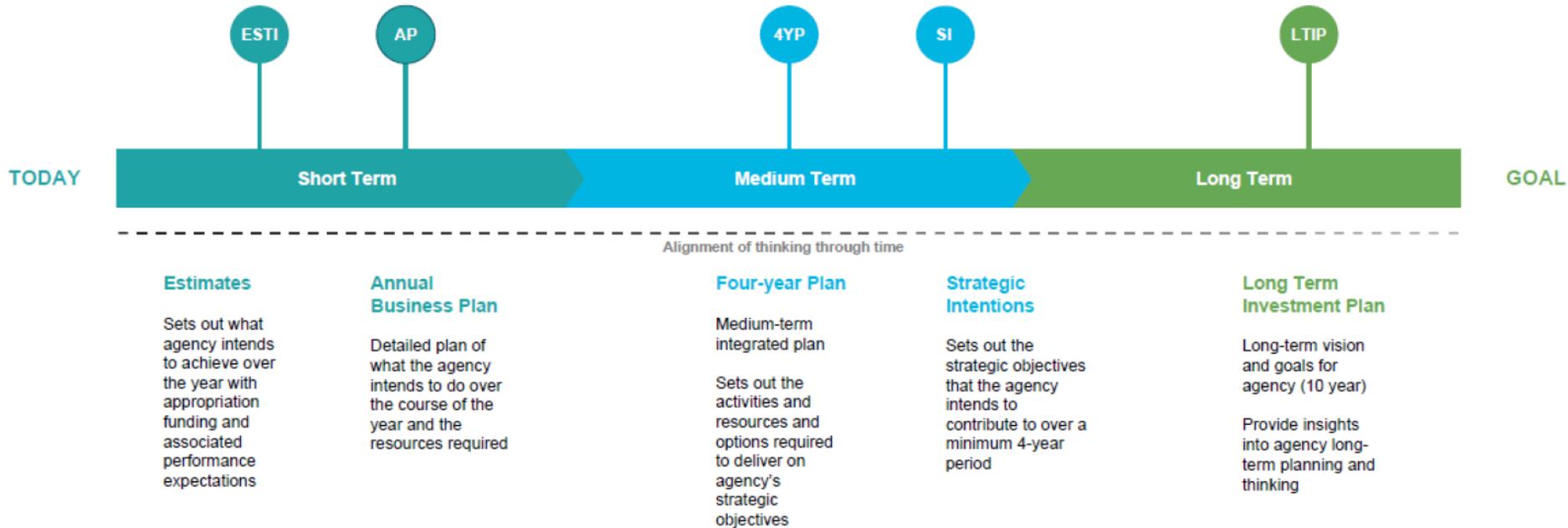
Do - investment development: To give chosen investments the greatest possibility of realising the benefits promised, while maintaining controls to avoid loss of value.

Review

Review - investment performance: To review the performance of investments against expectations. To encourage promised benefits to be realised and assets to be operated near optimal levels of performance. To use any lessons learned from the performance of investments to inform and improve the development of future investment activity.

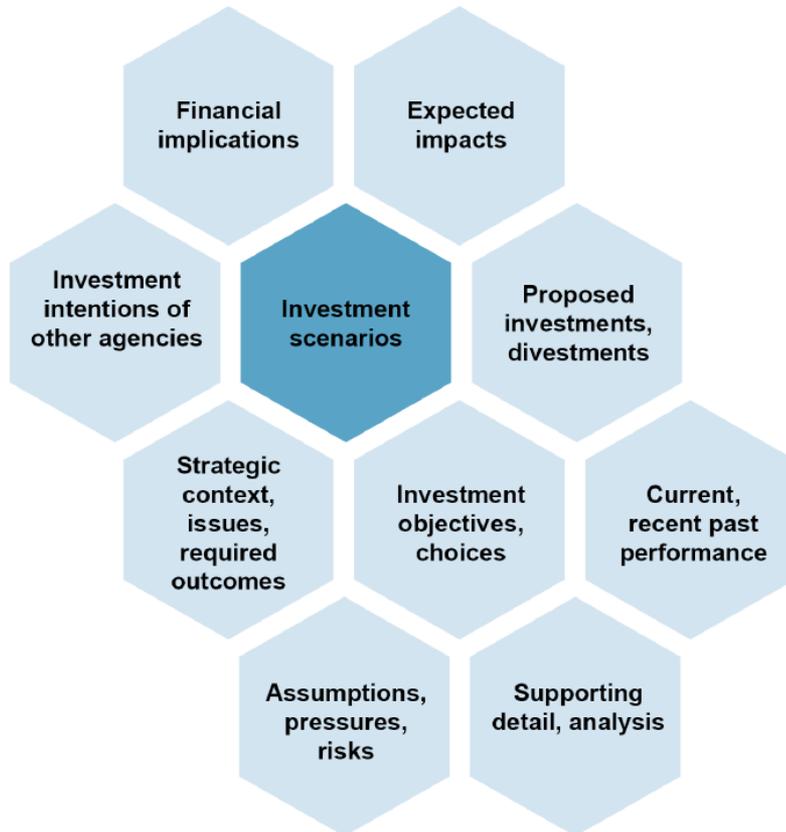
NZ State Sector Planning Cycle

Typical planning outputs produced by investment-intensive agencies in the State services

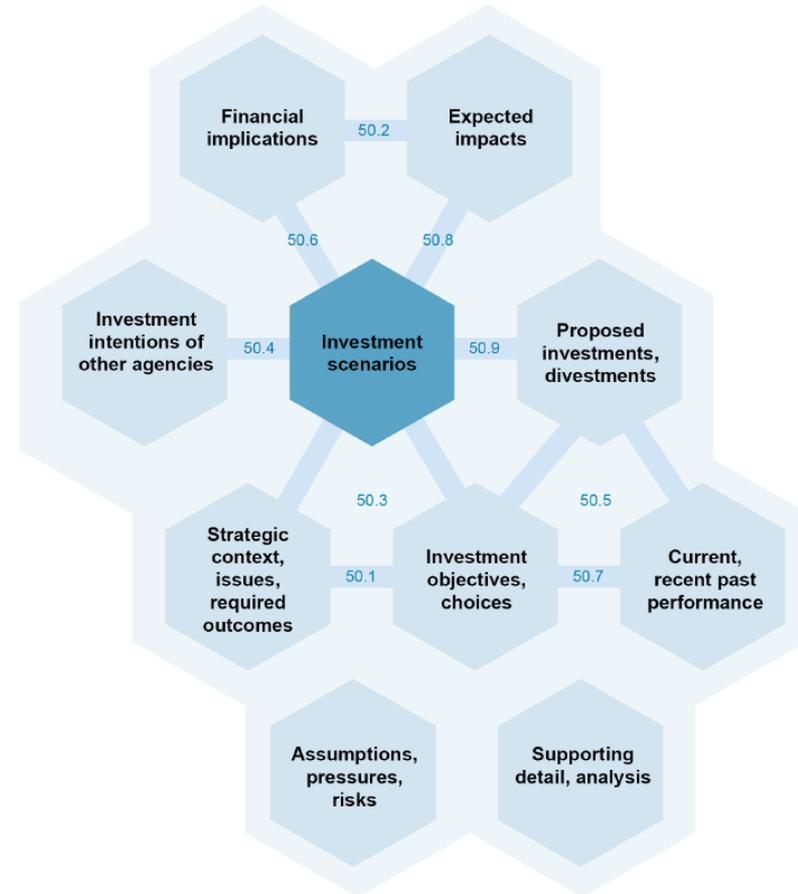


NZ State Sector Planning Cycle

LTIP content building blocks



Interplay between LTIP contents and assessment criteria



Key:

References to numbers (eg 50.6) relate to the assessment criteria in CO(15)5.

Arrows show the logical connections between the LTIP contents, and the rationale for moving from the current situation through investment scenarios to impacts over time.

INVESTMENT PIPELINE

New Zealand Government's Capital Intentions 2015 – 2019

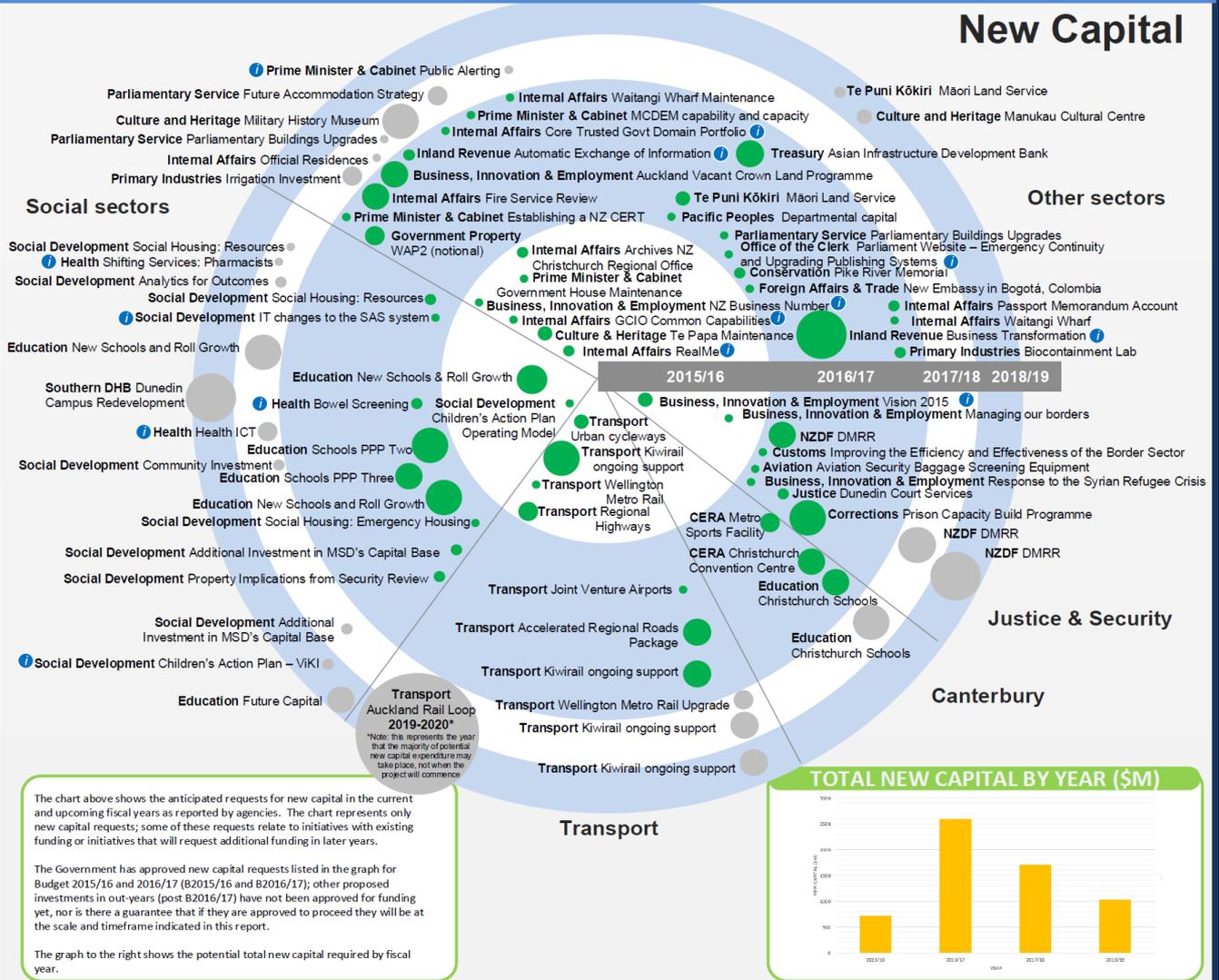
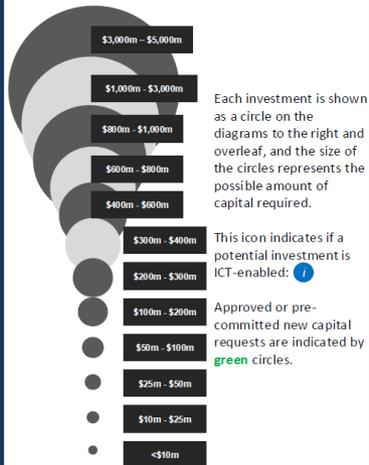
ABOUT THIS REPORT

Owning the right assets, managing them well, and funding them sustainably are all critical ingredients to the ongoing provision of high-quality and cost-effective services that New Zealanders value.

This report provides an indication of potential and existing capital investments in the current and upcoming fiscal years to run, grow and transform public services. The potential investments shown are not commitments but forecast intentions that will be subject to prioritisation and approval activities including the [Investment Panel](#), [Investment Ministers](#), and Budget processes. If a potential investment is approved in the future, it may not be within the timeframe or cost bracket indicated in this report.

Some information has been withheld for commercial or security reasons.

LEGEND



The table below identifies some key local and central government led infrastructure investment initiatives. The NIU publishes an annual Ten-Year Capital Intentions Plan with details of all identified projects. This report is available at www.infrastructure.govt.nz

The Action Plan

This is the first Infrastructure Plan that details a comprehensive suite of actions that will be undertaken to deliver on the new approach. In some cases the work is underway, whereas other actions are the start of a work programme that may take a number of years to deliver results.

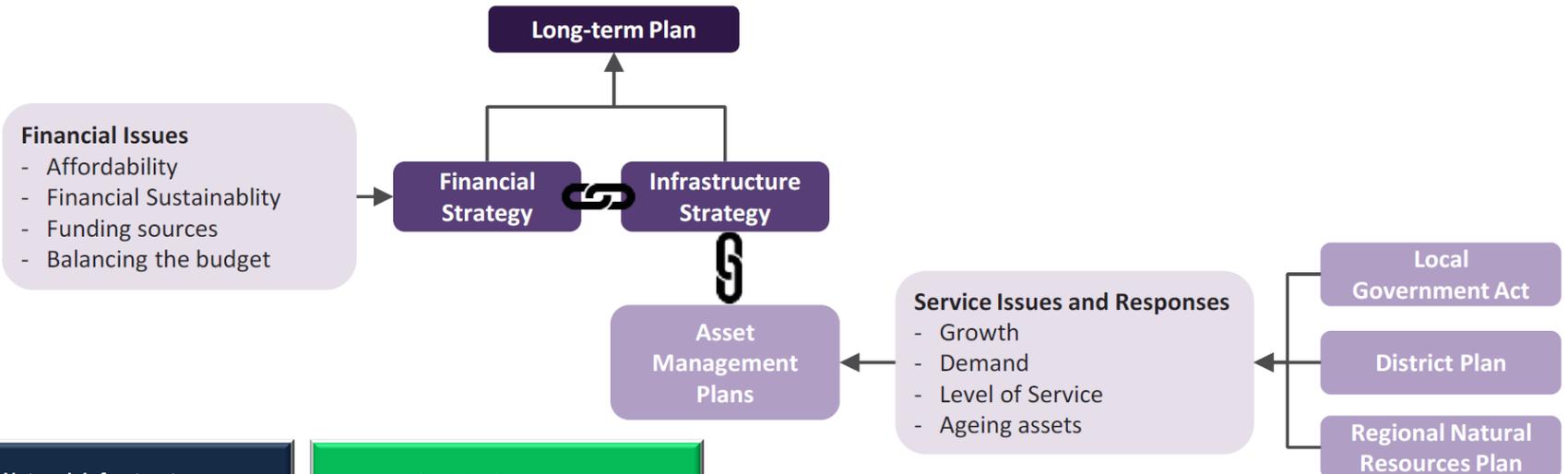
New approach	Action	Next steps and timeframe
Strengthening Asset Management Practices	A. Develop national metadata standards for roads, water and buildings to ensure a consistent base to build evidence, undertake forecasting and deepen capability.	Central and local government to finalise metadata standards for three asset types (roads, water infrastructure, and built assets) by mid 2016 including an implementation plan.
Strengthening Asset Management Practices	B. Establish regional centres of excellence or similar arrangements for collating and making available the data obtained through shared metadata standards. This initiative will also explore the costs and benefits of any new entity providing the necessary analytics to interrogate the data and support local decision-making.	Central and local government will work through the arrangements established under the action on <i>shared data standards</i> above to build this capability and the necessary governance structures.
Increasing Understanding of Levels of Service and Future Drivers of Demand	C. Investigate options to support long-term integrated regional infrastructure plans, potentially with legislative recognition incorporating central and local government objectives.	The NIU will work over the next 12 months with local and regional government to determine the best way to implement this action considering the large amount of work underway in the RMA and housing policy areas.
Optimising Decision Making	D. Changes to the Resource Management Act to improve the national planning framework and enable more responsive and efficient infrastructure and housing supply.	These changes will be captured in the Resource Management Bill planned to be introduced in 2015.
Optimising Decision Making	E. Commitment to the longer-term review and alignment of planning legislation.	This will be sequenced to follow the implementation of the Resource Management Bill to be introduced in 2015. Work is expected to start on this action in 2017.
Optimising Decision Making	F. Strengthen the transparency and quality of infrastructure pipeline data through the annual production of the Ten-Year Capital Intentions Plan and increasing the level of detail available in years one to three, including timing and planned procurement methodology.	The NIU will work with agencies to develop and enhance current data collection and reporting and publish in the NIU's 2016 Ten-Year Capital Intentions Plan.
Optimising Decision Making	G. Investigate options for enhanced procurement governance of large/significant procurements – developing scale and building capability – including market engagement, coordination, risk pricing and the use of more sophisticated procurement tools with a focus on innovation and outcomes.	MBIE and NIU will investigate options over 2015/16 with changes implemented from 2016 onwards. Potential scope to include local government can be considered, possibly as a later phase.
Optimising Decision Making	H. Expand and develop the trans-Tasman procurement market with Infrastructure Partnerships Australia and the Global Infrastructure Hub.	The NIU and MBIE will progress discussions with our Australian partners with a view to having an initial version in place by mid-2016.

Type of infrastructure	Infrastructure project/programme	Budgeted cost (million)	Period
Transport	Auckland Waitematā harbour crossing	\$4,500	From 2025
	Auckland City Rail Link (CRL)	\$2,500	To 2025
	Auckland Western Ring Route - Waterview road connection	\$2,250	To 2020
	Wellington Transmission Gully road	\$1,500	To 2020
	Panmure corridor road	\$1,097	To 2035
	Hamilton Eastern Bypass road	\$982	To 2019
	Puhoi-Wellford State Highway	\$755	To 2026
	Christchurch northern arterial road	\$215	To 2019
	Wellington integrated public transport ticketing system	\$32	To 2022
Telecommunications	Ultrafast Broadband Programme	\$1,500 + \$210	To 2020
	Rural Broadband Programme	\$300 + \$100	To 2020
	Mobile Black Spots Fund	\$50	To 2020
Health	Christchurch Hospitals redevelopment	\$600+	To 2019
	Dunedin Hospital campus redevelopment	\$300	To 2025
Education	New Schools and Kura Programme	\$1,000	To 2022
	Greater Christchurch Education Renewal Programme	\$1,140	To 2022
Housing	Upgrade Programme for social houses	\$2,004	To 2022
	Expansion Programme for social houses	\$2,312	To 2022
	Christchurch City Council Social Housing Rebuilds	\$34	To 2017
Water	Auckland Central interceptor waste water system	\$965	To 2025
	Waikato Water Treatment Plant No.2 and Watermain	\$400	To 2025
	Huia Water Treatment Plant Upgrade, Auckland	\$241	To 2023
	Waiairi Water Supply Project (stage 1), Tauranga	\$65	2017-2021
	Lyttelton Waste Water Treatment Plant	\$52	To 2022
	New Wanganui Waste Water Treatment Plant	\$32	2017-2020
	Dunedin Stormwater trunk mains	\$36	To 2024
	Christchurch Northern Trunk Sewer	\$35	To 2020
	Waikiki Reservoir, Invercargill	\$34	2040-2045
	Hamilton replacement of water mains	\$33	To 2022
	Coastal Tasman Water Supply Pipeline	\$32	2032
	Waihou Piako pump renewal programme, Waikato	\$31	To 2045
	Palmerston North water pipe replacement	\$28	To 2025
	Hastings stormwater works	\$22	To 2022
Waimea Community Dam, Tasman District	\$25	To 2020	
Whau Valley Water Treatment Plant, Whangarei	\$19	To 2018	
Other Facilities	Earthquake strengthening of Wellington City Council buildings	\$49	To 2022
	TSB Stadium redevelopment, New Plymouth	\$27	To 2025
	Flatbush pools and leisure space, Auckland	\$27	From 2020
	Aquatic centre building, New Plymouth	\$21	To 2022
	Development of Porirua landfill	\$17	To 2025

Local Government in New Zealand

The legislation that defines this sector is the Local Government Act 2002. This Act establishes 16 local government regions in New Zealand, nine of which are in the North Island. Eleven of the regions across the country are administered by regional councils (the top tier of local government) and five by unitary authorities, the most recent of which is Auckland Council, created in 2010.

The second tier of local government comprises territorial authorities. They consist of 13 city councils, 53 district councils and one special council for the Chatham Islands, a total of 67. A city is defined in the Local Government Act 2002 as an urban area with 50,000 residents.



- Network infrastructure**
- Roads/transport
 - Water supply
 - Wastewater
 - Stormwater
 - Flood protection

- Social infrastructure**
- Libraries
 - Community services
 - Community health services
 - Parks and open spaces
 - Corporate property
 - City housing
 - Recreation services

Local Government NZ



Stormwater

Service Plan

2015-2025

Infrastructure Strategy Greater Wellington Regional Council

'Looking after the assets that matter for the next thirty years'

Wellington City Council | Stormwater Service Plan – Final Working Draft v3.4

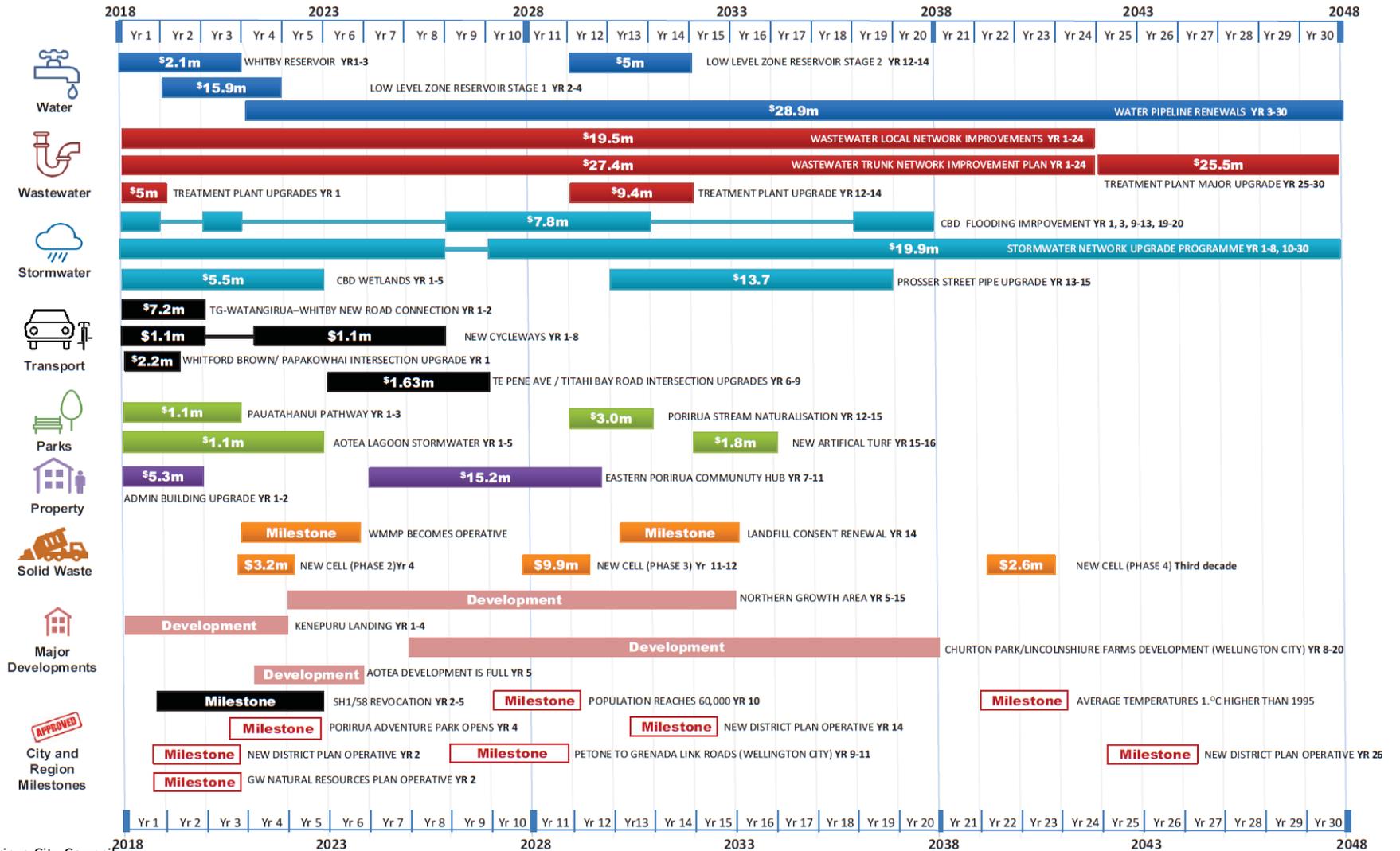


Wellington City Council
Infrastructure Strategy 2015-2025



Local Government in New Zealand – Porirua City Council

MAJOR PROJECTS AND CITY MILESTONES TIMELINE



Local Government in New Zealand – Porirua City Council, Mangere (Auckland Council)

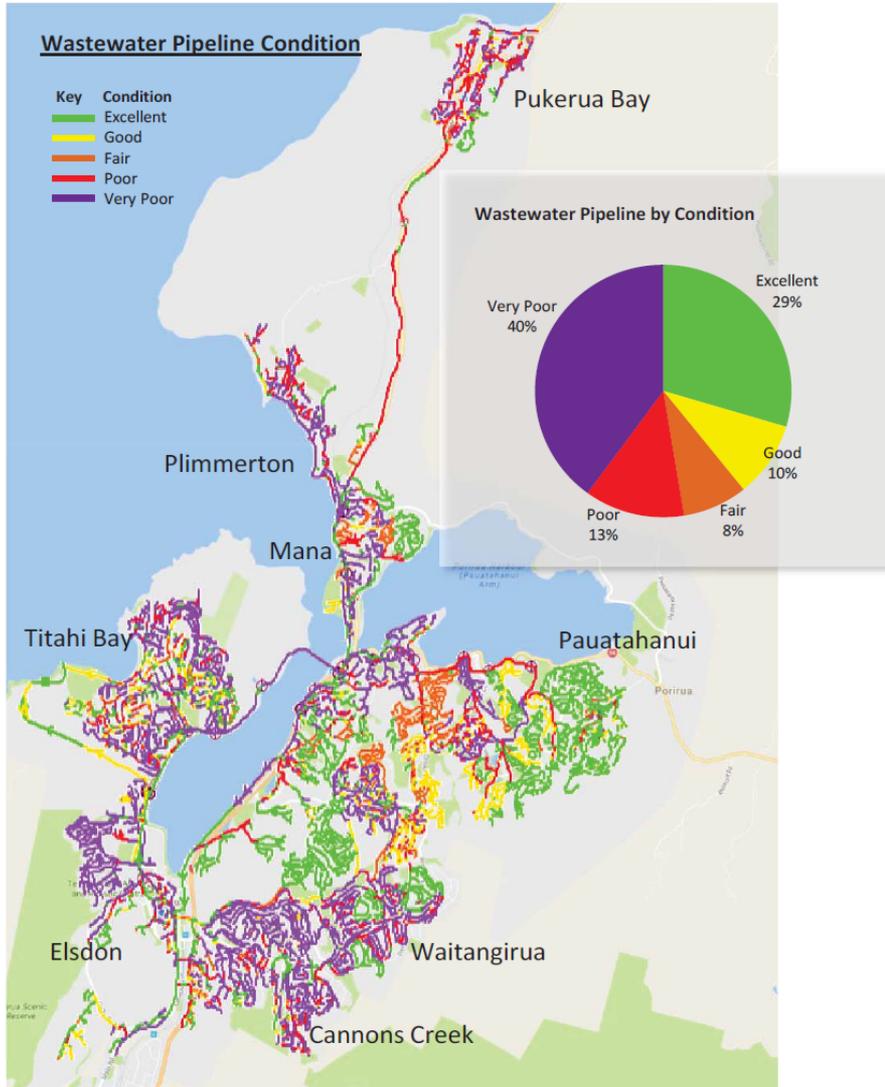


Figure Map of Wastewater Network by Pipe Condition

Condition Rating System – Forecast Remaining Useful Life				
Very Low (Very Poor) 0 – 3 years	Low (Poor) 4 – 10 years	Medium (Average) 11 - 30 years	High (Good) 30 – 50 years	Very High (Very Good) 50 – 100+ years
5	4	3	2	1

Condition – 2018

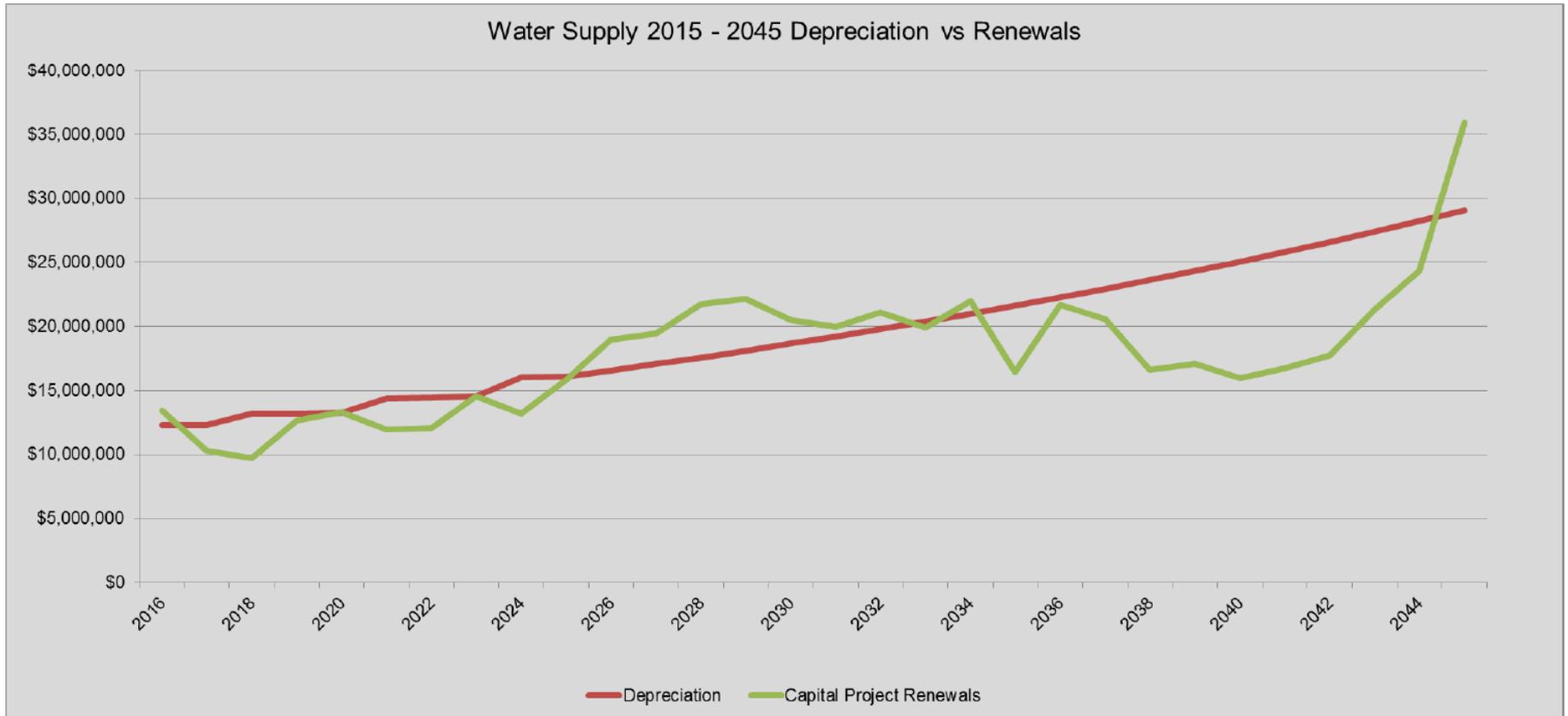


Condition – 2048 (30-year Infrastructure Strategy)



Source Porirua city Council, Auckland Council

Local Government in New Zealand – Wellington City Council



The above graph shows the projected capital renewal expenditure and depreciation funding for 30 years of water supply activity. The movement in renewals reflects the age and condition of the asset and its replacement cycle.

Then comes 'the how'.....

Better Business Cases