

BRIEFING TO INCOMING MINISTERS: INFRASTRUCTURE PIPELINE

Managing the infrastructure pipeline is a major challenge for New Zealand. This briefing outlines the impact of the challenge on the engineering profession, as well as opportunities to address the challenge.

The previous Government committed to spend \$92 billion on infrastructure projects in the next decade. This commitment was welcomed by industry. However, there is a strong sense of uncertainty surrounding these projects as the new Government forms and as ongoing contractual challenges mean the pace and scale of investment are not matching expectations. This is not a new problem.

Decades of uncertainty

Challenges facing this Government follow decades of uncertainty, as infrastructure projects have been at the inclination of Crown agencies, Ministers and/or local governors. Central, bipartisan leadership, planning and coordination have been lacking. Many engineers will cite the disestablishment of the Ministry of Works in 1988 as a policy decision which led to the fragmentation of New Zealand's delivery of infrastructure. While we are not advocating for a return of the Ministry of Works, there are lessons to be learned and opportunities for improvement.

We expect ministers will receive briefings advising that problems are due to a lack of central coordination, accountability and underinvestment. We agree with these conclusions. We also expect ministers to be advised that the problems are due to political change and uncertainty and that infrastructure development in New Zealand is so intricately connected to politics. We agree with these conclusions as well.

Engineers leave New Zealand because infrastructure is poorly managed

Uncertainty in New Zealand's infrastructure pipeline impacts the engineering profession, leading to international attrition. As the engineering profession is not only critical to New Zealand's delivery of infrastructure, but also its wider economic development, this is not good for New Zealand.

Expert engineers leave because their skills (for example specialist rail engineering skills or specialist tunnelling skills) are needed temporarily before projects are either decommissioned or completed, without certainty of future projects. As international competition for engineers increases, New Zealand will have a harder and harder time gaining the expertise it needs to deliver infrastructure projects.

If the infrastructure pipeline was better managed, we would be able to predict, upskill and retain the engineering talent we need to support New Zealand's development. Instead, we react, invest significantly in international recruitment and then lose engineers to other economies.

Next steps

We welcome the opportunity to speak with Ministers on options to improve the infrastructure pipeline, as follows:

1. **Independent oversight:** We support the establishment of an independent body to oversee infrastructure. It is our view that Te Waihanga – The Infrastructure Commission has gone some way to supporting change but lacks legislated power. We are encouraged by the coalition agreement to establish a National Infrastructure Agency. This said, we will be closely watching the powers by which it is established. An independent body will only be effective if it helps insulate infrastructure decisions from political interference.
2. **Expert input:** Infrastructure decisions are technical and require expert input to ensure they are based on merit and best practice. Engineers are available to support the government in its work to strengthen the infrastructure pipeline.
3. **Centralised leadership, data capture, coordination and planning:** As above, Te Waihanga has gone some way in supporting the sector with joined up planning and delivery. Further leadership, coordination and planning is needed, likely through the new National Infrastructure Agency.
4. **Suitable contract terms and conditions:** Government drives contracting terms and conditions as New Zealand's largest procurer. Many of our members work within firms who undertake service provision. In recent years there has been a focus on streamlining terms and conditions, reducing special conditions and strengthening procurement practice across government and industry. While this has gone some way to supporting better outcomes, there is still a lot that needs to be done. Cross-government leadership and accountability is needed.

1 Te Waihanga New Zealand Infrastructure Commission. [Pipeline Snapshot April-June 2023](#).