

INFRASTRUCTURE

Photo: 123RF



AT THE CROSSROADS

INSIDE

CHRIS BISHOP
We need to say 'Yes'
a lot more

SARAH SINCLAIR
Are we going to do
what it takes?

ANNE GIBSON
Fletcher Construction
bows out?

NICK LEGGETT
Get the vision right

SIMON BRIDGES
Energy reform
critical

**Building Nations
Summit gets
under way**

**PROJECT
WELLINGTON**
Capital business
leaders talk
infrastructure

INFRASTRUCTURE A Herald Business report

Is NZ at an inflection point?

New Zealand is at an inflection point and we have two choices. That is the stark message from Infrastructure Minister Chris Bishop: "One option is we grow slowly – or not at all."

"We muddle along, take years to make tough decisions, react to things as they come up, and just largely accept the status quo. I call this managed mediocrity," says Bishop in today's *Herald* Infrastructure report.

"The other option is that we make the tough decisions that successive governments have put in the too-hard basket – on planning, housing markets, transport pricing, and more."

Not only is Bishop the Minister of Infrastructure, but he also holds the Housing and Transport portfolios and is responsible for the Government's Resource Management Act reforms.

It's a tall order for a politician who was sworn into Cabinet little more than 18 months ago. His performance across a suite of demanding portfolios is integral to New Zealand's future economic success.

At the 2025 Building Nations symposium – which gets under way in Wellington today – Bishop will share insights on the Government's long-term planning, funding priori-



**Infrastructure
Fran
O'Sullivan**

ties, and the critical policy shifts needed to drive delivery and improve outcomes across the country.

His address will be keenly absorbed: not simply by the near 1000 people who are converging on Wellington for the two-day summit, but also by offshore investors who are considering whether to invest in the Government's own pipeline of infrastructure projects, or into private sector and iwi ventures where success is dependent on robust infrastructure that enhances productivity.

It's nearly five months on from the New Zealand Infrastructure Investment Summit, which took place in Auckland in March.

The Prime Minister's flagship summit was one of several initiatives undertaken to promote new and upcoming investment opportunities and to elicit private sector interest in New Zealand's infrastructure, growth

sectors, and iwi opportunities. Reports suggest it was an outstanding success. Some 70 delegates from global organisations attended; they were from 16 countries, and importantly represented NZ\$6 trillion funds under management.

A Treasury paper released last month identified key ongoing risks with achieving the summit's desired impact:

- Not following up on post-summit actions, including an all-of-government approach to investment;
- Lack of bipartisanship on infrastructure projects and pipeline;
- Slow or stalled delivery of announced infrastructure projects or policy/legislative reform;
- Inability to convert the announced infrastructure pipeline into investable projects and,
- Failure to demonstrate to potential investors that there is a long-term pipeline of work.

Invest NZ has been set up as a dedicated agency for facilitating foreign direct investment in New Zealand, and the "shop front" for investors – providing it with a clear responsibility for broad investor and market engagement and facilitating the promotion of both public and private investment opportunities.

Investment banker Rob Morrison chairs the Invest NZ board having formerly led a private sector reference group for the new entity.

NZTE chair Charles Finny and former NZ Super Fund chair Catherine Savage are also directors.

The core purpose of Invest NZ is to increase the flow of foreign direct investment into New Zealand – in essence, serving as a "one door" shopfront for investors, actively targeting large global investors and investment opportunities of scale, supporting mid-cap deals that have the potential to become larger over their lifetime and welcoming and working with experienced, skilled investors via the Active Investor Plus Visa.

It's notable that a CEO has yet to be appointed – the process is still at an early stage. Keeping the momentum up in an internationally volatile environment is important for Government and business alike.

There are plenty of thought-provoking contributions in today's report. Enjoy the read.

Fran O'Sullivan

Delivering a vision for New Zealand



**Infrastructure
Natalia Rimell**

Building Nations will challenge decision-makers to look beyond short-term fixes and election cycles

New Zealand's premier infrastructure event, the Building Nations symposium, gets underway in Wellington today bringing together some of the country's most influential decision-makers, thinkers and innovators.

The theme for 2025 – A Vision For New Zealand – is centred on creating infrastructure that focuses not just on delivering projects, but on building a shared vision for what New Zealand can be.

The two-day event held at the Tākina Wellington Convention and Exhibition Centre will challenge decision-makers to look beyond short-term fixes and election cycles and to consider how infrastructure reform can deliver benefits not just for today, but for future generations.

Infrastructure New Zealand CEO Nick Leggett says Building Nations is where New Zealand's infrastructure leaders come together to connect, collaborate and shape the future.

"It's about forging the relationships, ideas and directions that will help deliver a stronger, more resilient nation where infrastructure is the building block."

Close to 1000 delegates are expected, making this one of the largest events in the summit's near two decades history. ANZ chief executive Antonia Watson will give the opening



Antonia Watson

address followed by Finance Minister Nicola Willis speaking for the Government.

All eyes will be focused on Minister for Infrastructure, Housing, RMA Reform and Transport Chris Bishop who will speak to the Government's vision for delivering a "resilient, future-ready infrastructure system". He will share insights on long-term planning, funding priorities, and the critical policy shifts needed to drive delivery and improve outcomes across the country.

The first international keynote speaker, Andrew Tan, will talk to one of New Zealand's most pressing issues



Leo Varadkar

– how to build a bipartisan vision to drive infrastructure investment.

A former Temasek International managing director with a prior three decades career spanning high-profile roles in Singapore's senior administrative service, Tan will explore how bipartisan approaches can unlock long-term investment, accelerate delivery and lift national productivity. The keynote address is billed as challenging delegates to think beyond political cycles and focus on the partnerships, policies, and funding strategies that can transform infrastructure outcomes for generations to come.

"As a nation, we have always viewed infrastructure as strategic to the country's economic growth, prosperity and well-being," says Tan. "This cuts across the political spectrum."

"There is broad-based recognition that sustained investment in core infrastructure such as roads, ports, airport and public housing have been an essential element of Singapore's competitive advantage."

"Singaporeans themselves expect no less."

Bishop and Labour's Infrastructure spokesperson, Kieran McAnulty, will later take the conference inside the in-depth discussions on cross-party collaboration taking place which are critical to unlocking long-term infrastructure progress.

On the international front, Tan will

tomorrow be followed by former Taoiseach (Prime Minister) of Ireland Leo Varadkar who will take the stage to talk on excellence in delivery and ensuring equitable outcomes. He is billed as bringing a global perspective on how governments can deliver major infrastructure projects that not only meet performance targets but also ensure fairness and equity for communities.

Varadkar served as Taoiseach from 2017 to 2020 and from 2022 to 2024. Through the Project Ireland 2040 plan, investment in public infrastructure budget more than doubled during his time as Prime Minister from under €6b a year to more than €12b a year with major investments in transport, rural broadband, energy, climate action, healthcare and education.

Other sessions will include presentations from Regional Development Minister Shane Jones, and Labour leader Chris Hipkins.

Infrastructure New Zealand's Strategy and Engagement Manager Katie Bradford, who is also summit MC, will host a range of panels throughout the two days. Bradford notes the symposium is an opportunity to explore practical, systems-based thinking for sustainable growth.

"Building Nations provides a platform for the industry to engage in and explore how we can do things differently, using our existing infrastructure more effectively and investing in the right assets to achieve a coherent vision for Aotearoa's infrastructure."

The 2025 programme also includes focused sessions on Treaty partnership, regional collaboration, and community inclusion.

Panels will examine how the infrastructure sector can work in true partnership with Māori, unlock the potential of local government, and embed diversity and accessibility into infrastructure planning.

Winners of the Building Nations Impact awards will be announced at a gala dinner tonight.

- Programme is at <https://buildingnations.org.nz/agenda>
- **Lessons from Singapore – B5**

Inside Infrastructure

- Building block for our way of life – **B4**
- Lessons from Singapore – **B5**
- Let's fund it ourselves – **B6**
- Clear pipeline to success – **B7**
- Message is getting through – **B8**
- Meet us in the middle – **B9**
- An enduring infrastructure plan – **B10**
- Building local capability – **B11**
- Banking on better futures – **B12**
- Threat actors and malicious manipulation – **B13**
- Let's take off the handbrake – **B14**
- Canada shows us the way – **B15**
- More than just an Auckland affair – **B16**
- Building for a solid future – **B18**
- Commitment to the long-term – **B19**
- An elegant solution – **B20**
- End of a proud building era – **B21**
- We can lead – or be left behind – **B22**
- Held up by human scaffolding – **B23**
- Asset management vital – **B24**
- Reset the rules – **B26**
- Preparing for a flow of major projects – **B27**
- PROJECT WELLINGTON**
- Time for a change of tune? – **B28**
- Wellbeing of Wellington – **B29**
- A capital investment – **B30**
- Solving infrastructure woes – **B31**
- CITY RAIL LINK**
- A lasting legacy for New Zealand – **B32**



Infrastructure

Executive Editor: Fran O'Sullivan
Writers: Bill Bennett, Andrea Fox, Tim McCready, Natalia Rimell and Graham Skellern.
Subeditor: Isobel Marriner
Layouts: Isobel Marriner
Cover: Richard Dale
Graphics: Richard Dale
Subeditor/Online: Sue Baxalle
Proofs: Tim McCready
Advertising: Neil Jackson
www.nzherald.co.nz/business

The Herald's Infrastructure 2025 report is supported by advertising sponsors. They include: Arup, Aurecon, City Rail Link, Downer, Fortinet, GHD, ICBC, Infrastructure New Zealand, IPWEA, MinterEllisonRuddWatts and Southbase.

Building our nation takes action, not just promises

Infrastructure
Minister

Chris Bishop

reflects on making
the tough decisions

We're more than halfway into this term of government and my biggest takeaway so far, as Minister for Infrastructure, is that we make it way too hard to deliver and maintain the infrastructure New Zealand needs.

Whether it's roads, hospitals, schools, quarries, or wind farms – all are stuck in a Gordian knot of rules, regulations, paper, and underperforming systems.

Building things used to be cheaper and easier. In fact New Zealand used to be a world leader in infrastructure. In 1965, we built the longest submarine cable of its kind – the 610km-long Cook Strait cable, which runs between Benmore and Lower Hutt.

These days we find it difficult to get consent for a solar farm. Not even build it, just to get permission to build it.

Achieving this prosperous future won't just magically happen. As I've said before, we need to start saying "yes" a lot more, and "no" a lot less. This is especially true for infrastructure.

Throwing money at the problem won't fix things, because our current system is too inefficient. Despite being in the top 10% of high-income countries for infrastructure spend, we are in the bottom 10% for outcomes. In reality, this looks like poor bang for our buck, funding gaps, cost overruns, delays, and – often – worn-down assets that don't do their job.

It isn't good enough.

The only way to fix our problems is to get the underlying system settings right, and that's what I've focused on as Infrastructure Minister: developing a National Infrastructure Plan, improving funding and financing, sorting out consenting and planning, improving education and health infrastructure, and strengthening asset management and resilience.

These priorities are in response to what I've heard from industry and infrastructure experts, both in New Zealand and overseas.

National Infrastructure Plan (NIP)

Last month, the Infrastructure Commission released the draft NIP.

As Minister for Infrastructure, I hear regularly that what New Zealand needs is a long-term infrastructure plan that transcends political cycles.

I agree. A plan will give the private sector more certainty so that they can invest in people and equipment. But a plan is only as good as its execution. So, the NIP will only be successful if it is – at least in part – accepted and adopted across successive governments over the long term.

It's worth noting that this isn't our first plan. New Zealand had infrastructure plans in 2010, 2011, and 2015. Depressingly, some recommendations in these older plans are identical to those put forward in this plan, more than a decade later.

I'm thinking of things like agencies completing 10-year capital plans and making better use of pricing tools. What differentiates this plan is that it has been developed independently by the Infrastructure Commission – separate from the government of the



New Zealand is at an inflection point and we have two choices. One option is we grow slowly – or not at all. We muddle along, take years to make tough decisions, react to things as they come up, and just largely accept the status quo. I call this managed mediocrity . . . the other option is that we make the tough decisions that successive governments have put in the too-hard basket – on planning, housing markets, transport pricing, and more.

day. The NIP is not this Government's plan. It's New Zealand's plan.

Each political party in Parliament was offered a briefing on the NIP. I'm really pleased that most parties accepted the offer and have had one or more meetings with the Commission.

Building greater consensus on infrastructure is, unfortunately, not as simple as different political parties getting in a room and convincing each other of the other's view.

That's not realistic. Instead, consensus will be enabled by strong systems and institutions, robust investment frameworks, high-quality evidence of our infrastructure needs, and advocacy for projects and policies from a better-informed public.

That's what this plan is about.

People also often say, we need a bipartisan infrastructure pipeline, as if that will solve all problems.

We do have a robust infrastructure pipeline. The Commission has been running it for more than five years, and it's been progressively improved over that time.

The pipeline has more than 8000 initiatives underway and in planning, from 114 contributing organisations. It represents more than \$200 billion in investment value – with over \$110b of the pipeline having a funding source confirmed.

I suspect that almost all of the

projects underway right now are supported by everyone in Parliament.

It's the high-profile and high-cost disagreements that make the headlines. But it's the low-profile and often low-cost projects that actually make New Zealand.

My own view is that we need to move away from the rhetoric of needing a bipartisan pipeline and instead build bipartisan consensus on the idea that governments of all flavours should use best-practice to plan, select, fund and finance, deliver, and look after infrastructure.

That's not the case at the moment and it's what I'm working so hard to fix.

Improving Infrastructure Funding and Financing

An important priority is improving infrastructure funding and financing. Currently, infrastructure is primarily paid for by taxpayers or ratepayers. This makes sense for some infrastructure like schools and hospitals, but our reliance on this blunt approach has led to challenges like congestion, run-down assets, and the unresponsive provision of enabling infrastructure – contributing to unaffordable housing.

In 2024, the Government released a suite of frameworks and guidance – like Treasury's Funding and Financing Framework and a new

market-led proposal process – to help the Crown be a smarter owner and purchaser of infrastructure services.

This year, I announced five changes to New Zealand's funding and financing toolkit including improving the IFF Act and shifting councils from Development Contributions to a new Development Levy system. These changes will move us to a future state where councils can fully recover the costs of housing growth, and where infrastructure providers can recover costs of significant and city-shaping projects.

And today, at the Building Nations summit, I will be announcing a shift in our approach to road user charges.

Improving the consenting framework

Arguably, the biggest improvement we are making to the infrastructure system is fixing the Resource Management Act (RMA). Consenting takes too long, costs way too much, and makes delivering the infrastructure we need too difficult.

We are on track to replace the RMA with new legislation next year. Our new system will be effects-based, embrace standardised zoning and be far more permissive and enabling – while also protecting the environment.

An independent analysis by Castalia estimated the new system could reduce compliance and administrative costs by \$14.8b – potentially removing about 10 Transmission Gully's-worth of red tape from the economy. It will be a game changer.

Better asset management is a key recommendation of the draft NIP. Everyone knows if you don't paint the weatherboards on your house, the wood will rot.

Billion-dollar infrastructure is fundamentally no different.

Unfortunately, due to decades of diverted maintenance spending, lack

of asset registers, and lack of asset management plans, we have schools with leaking roofs, sewage leaks in our hospitals, asbestos in police stations, service outages of commuter rail, and mouldy defence accommodation.

Strengthening asset management and resilience

In May this year we started a work programme that will improve asset management in central government.

We are considering fundamental changes such as legislatively requiring agencies to prepare and publish long-term Asset Management and Investment Plans, and to report on their performance. Regulated utilities and local government are legislatively required to do these things – I don't see why central government thinks it should hold others to a higher standard than it does itself.

A couple of weeks ago the Minister for Economic Growth and I released an infrastructure update showing that more than \$6b of government-funded construction is due to start between now and Christmas. Workers will start construction on \$3.9b of roading projects – like Melling and Otaki to north of Levin, \$800 million of school property projects, and a range of health projects and other government buildings.

Some people said that these projects were "already announced". They missed the point. A non-trivial number of these projects were funded all the way back in 2016-2020 – but never started construction.

As Government, we are getting on with building infrastructure – not just announcing it. And we're fixing the system, to help build and maintain better infrastructure for all Kiwis.

● Chris Bishop is the Minister for Infrastructure and National MP for Hutt South.

INFRASTRUCTURE A Herald Business report

Infrastructure: the building block for our way of life

Are we going to do what it takes to really thrive or are we happy bumping along as we are, asks **Sarah Sinclair**

New Zealand aspires to grow and thrive – and infrastructure is a fundamental building block for the economy and living standards that we aspire to. But we are falling behind our peer countries and investors have been questioning whether we are up for what it takes. While we are in the top 10% of OECD countries for the amount of GDP spent on infrastructure, we rank near the bottom for efficiency and asset management.

So now we have a choice to make: are we going to do what it takes to really thrive or are we happy bumping along as we are?

We have done the groundwork

The suite of policies, legislative reforms and delivery agencies now in place or emerging has laid the groundwork for a more strategic and responsive approach to our infrastructure needs. But policy is only the beginning.

The Government – in fact both sides of the House – have heard the cry for a credible infrastructure pipeline and there have been lots of announcements. New Zealand's first Health Infrastructure Plan was released in April.

The Draft National Infrastructure Plan, released for consultation last month, provides a long-term roadmap for investment, identifying priority areas and systemic gaps. City and regional deal discussions are under way with Auckland, Western Bay of Plenty and Otago Central Lakes, with the first deal to be agreed by the end of this year.

The Government has also announced plans for major infrastructure projects, including 17 Roads of National Significance.

There is also – rightly – a growing recognition of the need to make the most of what we have got and to invest in asset maintenance and renewal. Government is now talking about the need for asset management plans – and we should all be loudly supporting this.

We need to make asset maintenance as sexy – if not sexier – than the big new projects. We must prioritise our infrastructure spend on looking after what we already have so that each of us can drop our kids off to warm, dry classrooms, driving on pothole-free roads (not flooded by water from leaky pipes) and have access to well-maintained hospitals.

This is just as important as the big new projects and political announcements on long-term programmes to look after our assets should be celebrated. These developments mark a significant shift toward a more co-ordinated and proactive infrastructure system. But they are not, in themselves, sufficient to guarantee delivery.

In June, MinterEllisonRuddWatts hosted Adrian Dwyer, chief executive of Infrastructure Partnerships Australia, along with other representatives from the construction and infrastructure sector in Australia.

We heard that there is an opportunity right now to capitalise on the outgoing tide of infrastructure



MinterEllisonRuddWatts partner Sarah Sinclair

Photo / Supplied

investment in the Australian transport sector to redirect skill and delivery capability to New Zealand.

We have a window of opportunity to attract the capability and capacity of the Australian market but we need to move fast.

So, what's required to move from planning to delivery?

The focus must be on translating our project pipeline into execution getting projects off the drawing board and into the ground and on locking in asset maintenance and renewal programmes that make the most of what we already have – and both need to happen quickly.

To achieve delivery momentum on infrastructure projects we need to focus on certainty and collaboration:

Certainty to give the necessary confidence

a. Of pipeline: There is no doubt that the sector needs a stable, long-term reliable pipeline with political consensus. We have heard from Australian sector participants that it is pipeline and political credibility that enables the market to plan and resource. Investors just need to know what is coming in the next five years and that they are "real" projects. This should include the new capital projects as well as long-term asset maintenance and renewal programmes – so the whole supply

chain can confidently invest in people, equipment, technology and other resources.

b. Of funding: the credibility of the pipeline relies heavily on funding certainty – longer-term funding certainty is needed for projects and

Sarah Sinclair is a partner at MinterEllisonRuddWatts specialising in construction, infrastructure and energy. She is a member of the Infrastructure Expert Advisory Panel which has advised Treasury and Ministers and was an inaugural board member of the New Zealand Infrastructure Commission - Te Waihangā (2019-2024).

Government is now talking about the need for asset management plans – and we should all be loudly supporting this. We need to make asset maintenance as sexy – if not sexier – than the big new projects.

Sarah Sinclair

long-term maintenance programmes so businesses can invest in capability, technology and resources. And if we are serious about encouraging the private sector to bring ideas, then showing the pathway to how market-led proposals (previously known as unsolicited bids) are able to be funded – and how new funding tools will be used – would really show a commitment to encouraging innovative solutions.

This requires a frank discussion of how, as a nation, we are prepared to pay. We can't announce projects without being clear as to how we are going to pay for them. There's no particular magic to this: we have to pay for the infrastructure we need, so what is the best and fairest way to do this? Is it through user charges, tolls, land sales, asset sales, targeted rates, levies, normal rates or national taxes? The chances are it will be a mix of these in a way that reflects the value to our communities and the benefits that infrastructure brings both directly and indirectly.

c. Of regulation: For infrastructure delivery, regulatory certainty is essential. Investors and developers need to know what rules apply, how long approvals will take, and what conditions will be imposed. This circles back to bipartisan support as we need to achieve a degree of certainty that legislation will not be

overturned every three years.

d. Of risk: Projects can falter because of complex, risk-heavy procurements. One key lesson from Australia is that sustainable contractual frameworks and appropriate risk allocation attracts the market. Similarly, de-risking early has contributed to Canada's success.

Collaboration

e. Between political parties: Industry participants have long been calling for a bipartisan approach to infrastructure delivery. There are encouraging green shoots from both sides of the House as politicians appear to recognise this as a roadblock to attracting private investment (with their experience and resources), but more concrete agreement is required in the form of finalised long-term infrastructure plans and announcements.

f. Between central and local government: We also need better collaboration between central and local government. Regional deals are an opportunity to achieve consensus on infrastructure priorities and funding tools that will provide local benefits. Transparent criteria and public engagement will be key to building trust in these decisions.

g. With the private sector and iwi: Attracting private capital (and most notably the experience and capability it brings) is simply essential to addressing New Zealand's infrastructure deficit. We need a fundamental mind shift towards embracing private capital, whether it be international or local. And let's think about how private capital can play a part in bundled long-term maintenance programmes as well as the big new projects. We need to leverage the capabilities and resources required to fulfil our infrastructure vision. In many cases, those will come from overseas (and that's okay).

We must also build on the growing recognition of iwi as sophisticated investment partners who offer a strategic advantage and a quadruple bottom-line approach that has the long-term health and wellbeing of our country and communities at the heart of their investment decisions.

h. With communities: Infrastructure projects do not exist in a vacuum. They are there to serve communities. Public engagement is not just a legal requirement – it's a strategic necessity. Community engagement and education will help accelerate our infrastructure build. We need to get the public on board with infrastructure spend and the need to invest in asset maintenance, moving from a fixation on upfront cost to a focus on long-term gain. Articulating and quantifying the social return of infrastructure will help with this.

i. In procurement: New Zealand needs to be open to more collaborative procurement models. A more interactive and flexible procurement process has been a key enabler in maximising value and delivering outcomes in both Australia and Canada.

From vision to reality

New Zealand has made impressive strides in reforming its infrastructure system. The policy settings are sound, the institutions are evolving, and the appetite for delivery is strong. But the journey from vision to reality requires more than good intentions. We need to act now, with certainty and collaboration, to enable New Zealanders to live, work, and thrive. If we get the delivery right, the benefits will be felt for generations.

● MinterEllisonRuddWatts is an advertising sponsor of the Herald's Infrastructure report.

Some lessons from Singapore

The city state balances social needs with short and long-term gains

Andrew Tan has a message: "Singapore transformed itself from a Third World to First World country by putting in place a first-class infrastructure that enhances our global hub status and connectivity with the rest of the world, including our region."

The city state lacks both natural resources and a natural hinterland. The upshot is the Singaporean Government takes a long-term view towards infrastructure, starting with optimal land use to balance the needs of current versus future generations.

"We've developed long-term concept plans and master plans for the whole island, taking a 30-40 years' timeframe down to actionable five-year timeframes," says Tan.

"The beauty is not in the planning but having a process that allows close co-ordination across government departments along with consultations with the private sector and civil society, to the final execution of these plans. This requires trust and confidence in the process, transparency and open communications, especially in land sales/allocation, bidding for projects and their evaluation."

Tan was formerly managing director with Temasek International; a global investment firm headquartered in Singapore. He joined as an operating partner in the Enterprise Development Group, and later as



Andrew Tan speaking in Auckland in 2023.

We've developed long-term concept plans and master plans for the whole island, taking a 30-40 years' timeframe down to actionable five-year timeframes.

Andrew Tan

managing director of the new Strategy Office.

Prior to joining Temasek, he spent nearly three decades with the Singapore Administrative Service in senior positions across key agencies across defence and foreign affairs, environment and water resources and transport. He also served in the Prime Minister's Office as the principal private secretary to Senior Minister/Minister Mentor Lee Kuan Yew. He later became CEO of the National Environment Agency and founding director of the Centre for Liveable Cities. He was also CEO of the Maritime and Port Authority of Singapore. These days he holds a number of private sector roles.

Tan makes the point the bulk of

the funding for basic infrastructure in Singapore comes from the Government's budget. "Over the decades, the Government has been able to generate surpluses as well as maintain healthy reserves.

"This allows government agencies responsible for key infrastructure such as public housing, transport, schools and universities and hospitals and other social facilities to be upkeep," he explains. "It has been a central tenet of the Government not to allow any public infrastructure to deteriorate beyond its normal lifespan. It is a reflection of the state of the country and how well it is run.

"Further, the upgrading of existing infrastructure, such as public housing has led to their values rising over the years for homeowners."

He says in recent years, the Singaporean Government has also undertaken several private-public sector projects on a design-build-own-operate basis as well as leveraged bonds to finance major infrastructure projects such as transport network and public utilities, such as desalination water plants and waste-to-energy plants.

Notably, as part of Singapore's climate change and green transition efforts, the public sector will take the lead to issue green bonds of up to S\$35 billion of green bonds by 2030.

This will serve as a reference for the corporate green bond market, deepen market liquidity as well as attract issuers, capital and investors for the Government Land Sales Programme where land is also sold to the private sector for various development purposes. Rather than simply outright sales of land, the programme allows the Government to shape the developments in line with its strategic

objectives based on various planning parameters and built-in incentives.

"It has been used for urban renewal after our independence, later, positioning Singapore as a tourism hub, and business and financial hub in the 2000s, as well as heritage and conservation needs. This ensures that other than receiving revenues from land sales, land is optimised for the greater well-being of the country."

Through the Long-Term Planning Review led by the Urban Redevelopment Authority, the Singapore Government engages the private sector and civil society to define the key features of how they envision Singapore in the future.

In the recent review, for example, four themes emerged from public consultations – a Singapore that is Inclusive; Adaptable and Resilient; Sustainable, and Distinctive & Endearing. This feeds into the overall long-term strategies.

Tan says the authority has partnered with community and business groups to support ground-up ideas for local precincts and neighbourhoods such as mixed-use developments involving the Singapore River Precinct, Tanjong Pagar, Marina Central and Raffles Place to create more buzz and vibrancy.

"That said, private developers are always keen to provide inputs to the plans and the Government is equally open to new ideas while balancing the greater needs of society and reconciling short versus long-term gains. It is an ongoing, open-ended dialogue with all stakeholders. The enhancements to the Government Land Sales Programme is one such example of continuous feedback and improvement."

– Additional reporting Fran O'Sullivan



New Zealand's leading infrastructure conference where influential decision makers gather annually for a fresh shot of motivation and inspiration.

6-7 AUGUST 2025

Tākina Convention Centre
Wellington

BUILDINGNATIONS.ORG.NZ

INFRASTRUCTURE A Herald Business report

'Let's fund our own infrastructure'

NZ is poised to enter an 'economic renaissance', says Simplicity's Sam Stubbs



Infrastructure
Andrea Fox

KiwiSaver managers will have \$295 billion for investment in New Zealand over the next 25 years and all eyes should now be on using this "astronomical" opportunity to plug our infrastructure funding gap, says one of them.

Sam Stubbs, managing director of KiwiSaver investment fund manager Simplicity says he's done fresh calculations assuming KiwiSaver managers continue to have 30% of their investments in New Zealand and no changes to the scheme itself.

"For every dollar that comes in, about 30c gets invested in New Zealand now. If you assumed nothing changed for the next 25 years, so no compulsion, no increase in contribution rates, just where we are now. It means KiwiSaver managers would have \$295b to invest in the next 25 years. "It's an astronomical amount of money and the power of compounding interest. That's our infrastructure gap filled."



Stubbs, whose team is "banging on doors" to wake up country and community leaders to the KiwiSaver investment potential, says only three asset classes could absorb that amount of money. The most obvious is infrastructure, another is housing and arguably the recapitalisation of one or two banks.

"But even if you had two banks the size of the ANZ, that's only \$40b of the \$295b. What everybody is missing in the infrastructure picture is the opportunity to fund everything domestically. We could arguably plug our entire infrastructure gap without a dollar of foreign money."

He's advocating foreign building expertise but public/KiwiSaver/iwi partnerships to fund them.

Projects could include a second Auckland harbour bridge or a new power station.

Politicians, local and national, "don't get it yet" because they haven't been informed of the size of the opportunity or that New Zealand is about to enter "a period of economic renaissance", Stubbs says.

"This is what happened in Australia and what happened in Singapore. The pension funds got huge and the only thing they could fund was major infrastructure.

"KiwiSaver is the single biggest pool of money we will have. I'm prepared to bet the biggest infrastructure investors in New Zealand in 30 years will be KiwiSaver managers, not foreign owners."

Stubbs says domestically funded new infrastructure would avoid a lot of the current risks in major infrastructure builds.

"One of the biggest curses of infrastructure PPPs (public-private part-

nerships) has been the return expectations of investors has been far too high, particularly if it's offshore money.

"There's risk, there's currency risk, there's political risk. But if it's a local KiwiSaver fund there's no currency risk and very little political risk because it's owned by millions of New Zealanders, and it's very unlikely a government's going to change the rules and damage KiwiSaver returns.

"The whole thing's depoliticised and the surety of cash flows means you should accept the lower returns (infrastructure traditionally offer).

"We have an opportunity here – this is a unique pool of money – to be able to fund infrastructure at return rates a government and councils will be happy about."

Also, Kiwis would own the assets long-term, something which foreign

We have an opportunity here – this is a unique pool of money – to be able to fund infrastructure at return rates a government and councils will be happy about.

Sam Stubbs

investors don't usually want to do.

"We would be partnering with foreign construction companies. We don't expect Kiwis will have the money to build the assets necessarily – they would want a higher return (for that). But we would want to own them forever. So you could expect Kiwis to have the funds to buy the operating assets or newly-developed assets and basically manage them for a reasonable return for a very long period of time."

Stubbs says he's not criticising the country's leaders for "not getting" the opportunity offered by KiwiSaver funds. "I think you need to be managing it to see it happen every day. At the moment I'm coming into the office and there'll be another \$5 million. You have to be experiencing it every day to realise this is going to happen."

"They've never been in this situation before. New Zealanders have never saved so much money. We're about to enter a period of economic renaissance, we just don't realise it yet."

But there's hope the penny is dropping. In May, the Government said more than \$120b was invested in KiwiSaver (at that time) but most of the funds were parked offshore in foreign stock exchanges, generating little good for New Zealand.

At the time, KiwiSaver providers were awaiting the outcome and recommendations of a Ministry of Business, Innovation and Employment consultation with the sector.

Come August, they were still waiting.

Commerce Minister Scott Simpson's office would only say "the Government will have more to say in the coming months".



ICBC

工银新西兰

Your Global Partner

Your Reliable Bank



New Zealand needs a clear pipeline to success

The future of our infrastructure depends on our vision for New Zealand, writes Infrastructure New Zealand CEO **Nick Leggett**

At this year's Building Nations conference, our theme is bold and fundamental – "A Vision for New Zealand". It's not just a call to the infrastructure sector, it's a call to all New Zealanders wherever they live, as well as to iwi, and the business and community sectors. We're asking – what kind of country do we want to be in 30 years' time? And how will we build it?

Too often, infrastructure is treated as a list of disconnected projects. A road here, a hospital wing there, a new pipe or port when the pressure gets too much. But infrastructure isn't about individual assets, it's about a network of platforms that allow people to live their lives and go about making a living. Infrastructure enables economic growth, social cohesion and environmental resilience. Every dollar spent is a down payment on the kind of country we want our children and grandchildren to inherit.

To get this right, we need more than planning and funding. We need a national vision.

Some politicians roll their eyes at the word "vision", seeing it as too abstract or ideological. But in fact, the absence of vision is what gets us into trouble. Without long-term thinking, we get short-term decisions. Projects chopped and changed with political cycles, reactive funding decisions, stop-start pipelines that waste money and talent. The fact that politicians don't like it is a clue as to why a vision is so valuable. They don't like it because they can't control it.

With a shared vision, we gain direction and clarity. We can prioritise, align investment and policy, make the hard calls about what's most important – and importantly keep successive governments on track when they try to deviate and cut projects. For a country like New Zealand that is geographically isolated, fiscally constrained and with a small, ageing population, that's not just idealism. It's survival.

New Zealand has gone from being one of the most trade-intensive economies per capita to now exporting a smaller share of GDP than the OECD median. Compared to countries like Ireland, Singapore and Denmark – similar in size, but far more focused on strategic infrastructure and economic positioning, we are massively underperforming.

That matters. The roads we drive on, the schools our kids attend, the hospitals we rely on, and the green energy we need – all depend on the income we earn from offshore. Infrastructure isn't just about what's visible on our streets. It's about building the foundations for a modern, outward-facing, productive economy.

We are seeing real signs of progress. The Government has introduced some of the most significant system changes in recent memory. Reforms to resource



management, water services and regional planning are laying the groundwork for more integrated thinking. The Labour Party has expressed some level of cooperation in response, which is promising.

The creation of Invest New Zealand is a critical step. We won't meet our infrastructure needs with public money alone. Private and offshore investment must be part of the picture; however, it must be well-targeted, guided by public interest, and attract genuinely new capital. The model must be credible and transparent, with clear rules and strong public support.

The Infrastructure Priorities Programme is also promising, giving us a framework to assess and prioritise the most urgent and

valuable projects. Alongside it, the first-ever National Policy Statement for Infrastructure sets the tone for future planning and delivery, which will embed infrastructure as a core part of national development.

But plans alone are not enough. A vision brings these threads together and gives them meaning. To be successful it must also drive action and give business and communities the confidence to invest. It helps us stay the course.

A clear, long-term pipeline of infrastructure work isn't just efficient, it's financially smart. Analysis by Infometrics shows that by reducing uncertainty and creating a stable delivery environment, New Zealand could save between \$2 billion and \$4.7b each year.

That's money we're currently wasting through cancellations, delays, duplicated effort and poor co-ordination.

Our obsession with short-term cost-cutting – the "nickel and dime" approach – has undermined long-term value. We panic about cost overruns but rarely ask what the cost is of not building at all. We celebrate the cancellation of projects but don't adequately even monitor the work we have in the market or the projects in the pipeline. Growing, productive nations build good systems for funding and delivery. They also understand that infrastructure costs what it costs and that the benefits compound for generations.

One of the most overlooked aspects of New Zealand's infrastructure deficit is how poorly we've maintained what we already have.

We need to stop chasing only the shiny and new, and start respecting, renewing and better using existing assets.

That means smarter asset management. It means investing in good data and decision-making. And it means changing our political mindset from one of celebrating project cancellations to championing long-term results from better services delivered by our infrastructure.

None of this is possible without a steady, well-supported workforce. The infrastructure industry cannot keep scaling up and down with the political tides. It causes burnout, skills loss and inefficiency.

We need a pipeline of skilled workers and leadership across engineering, construction, planning and asset management, backed by

education and immigration policies that match.

In recent years, Infrastructure New Zealand has led delegations to Denmark, Ireland and Canada.

These countries face similar constraints to ours, yet they're achieving greater infrastructure productivity through one key difference – cross-party political consensus anchored by a better shared sense of where they are going as respective nations. They debate priorities, but they don't debate the need for progress.

This year's Draft Infrastructure Plan lays out scenarios for New Zealand's population reaching nearly eight million by 2050.

That's a big shift in demand, especially as we age. We can't pretend that today's systems will stretch to meet tomorrow's needs. We must start planning now, guided by shared goals and not fragmented politics.

So, let's start the hard conversation. Let's challenge ourselves to commit to a national vision. It will provoke discussions of identity and of cultural mindset of how we make choices together – and how we get things done.

Let's imagine a New Zealand that's more connected, more productive, more inclusive and more resilient. Decent infrastructure is a means to that end.

● *Infrastructure New Zealand is the peak body of the New Zealand infrastructure sector and is hosting the Building Nations Conference.*

● *Infrastructure New Zealand is an advertising sponsor of the Herald's Infrastructure report.*



The first-ever National Policy Statement for Infrastructure sets the tone for future planning and delivery, which will embed infrastructure as a core part of national development.

Nick Leggett

INFRASTRUCTURE A Herald Business report



A recent minority report on behalf of Labour and The Greens has questioned the value of the Te Tai Tokerau Northern Expressway versus other Northland infrastructure.

Photo / Michael Cunningham

The message is getting through

It is time to stop playing political games with vital infrastructure, writes

Richard Harman

The problem with large-scale government-procured infrastructure is that elections get in the way.

Over the past 10 years, big projects have been cancelled every time the Government has changed.

The Roads of National Significance was trimmed in 2017; the Auckland light rail was cancelled in 2023 and now, with a longer list of prospective projects than we have seen in years, who knows what might happen if the Government changes next year.

Like a dark cloud, that uncertainty hovers above the whole sector, ready to rain on investors and contractors at the switch of a few thousand votes.

It would be a fair bet that the investors and contractors have tried to hammer the consequences of this into both National and Labour.

It is time to stop playing political games with vital infrastructure.

And from what the Minister for Infrastructure, Chris Bishop and his Labour counterpart, Kieran McAnulty, say, the message is, at least partly, getting through.

But it is one thing to agree now that a bipartisan consensus on infrastructure should be developed and quite another to hold to that consensus during a tight election campaign.

Nevertheless, the will appears to be there.

Bishop says he wants to sit down with Labour early in the New Year when the Government firms up its response to the Infrastructure

Commission's National Infrastructure Plan. "I want to move to a situation where we have a broad consensus over the policy settings," he said.

"There will always be a bit of dispute about some of the things in the pipeline, just to be real about it, a Labour-Greens government is always going to do a bit more cycleways than a National-Act government and we would be a bit more into roads.

"That's just the reality, but if we can get agreement on kind of 80 to 90% of what's in the pipeline, that's a really good thing."

Labour is approaching this cautiously supportively.

"There are certain areas where it's in everyone's interests that National works with us to try and find some common ground, make some compromises, and that will give everyone certainty that when there's a change of government, there's going to be no fundamental changes," McAnulty said.

"That's where we want to get to." So the intent is there, but there are substantial practical problems.

The biggest is the probability that any Labour-led Government would be likely to include the Greens.

Their Transport spokesperson, Julie-Anne Genter, has already this year demonstrated that her party has not dropped its opposition to the Roads of National Significance.

A recent minority report on behalf of Labour and The Greens as part of the Transport Select Committee's report on a New Zealand Institute of Economic Research (NZIER) on the Te Tai Tokerau Northern Expressway questioned the project.

"The unknown, but likely extremely high, cost of a new four-lane expressway must be evaluated against other investments in infrastructure and services that will benefit the people of Northland," it said.

"No evaluation of alternatives was undertaken by NZIER, as they themselves acknowledged.

"There is an urgent need to reduce greenhouse gas emissions, and New Zealand has a limited financial budget and a limited carbon budget to invest in infrastructure that will enable the efficient movement of people and goods."

It is that sort of objection which transcends the purely practical and economic and veers off into ideological considerations that makes the achievement of a political consensus challenging.

McAnulty is obviously conscious of this.

"I've been working up a relationship with Julie Anne Genter," he said. "Now that we share this portfolio, I'm talking to her a lot more. We're starting to share a few panels together, so it makes sense to get a full understanding of where they're at."

"I don't think it's an accurate description to say they're totally against roads. They look very closely at the business case, and there are some questions starting to arise about the Northland Highway and whether that's value for money. I think they are right in questioning that, and so have we, but ultimately, we affirm our view that if a project has started, we will honour it."

Defining when a project has started is also a matter of controversy. McAnulty says he means when the contracts have been signed and work is under way.

The other contentious issue is how projects will be funded. Bishop has accused Labour of speaking with two different voices on this.

"We invited Labour to the Infrastructure and Investment Summit and they came and Barbara Edmonds wrote a foreword for the Public Private Partnership (PPP) guidance document, but then the day after the summit, Chris Hipkins sent an email out to the Labour Party database saying that National was privatising schools and hospitals," Bishop said.

"So, they turned up and said, we'll act in the public interest and be bipartisan, and then they basically



Richard Harman is a senior political journalist and author of the influential Politik newsletter.

Who knows what might happen if the Government changes next year. Like a dark cloud, that uncertainty hovers above the whole sector, ready to rain on investors and contractors at the switch of a few thousand votes.

lied and said that we were privatising hospitals.

"There needs to be a bit of good faith on either side. PPPs are just a procurement tool."

Hipkins has correctly stated Labour's policy position. The party will not agree to an infrastructure asset being wholly owned by a private investor.

McAnulty cites private prisons as one example of what Labour opposes.

But that is not what Bishop is proposing.

The Government's National Infrastructure Funding and Financing portal quite clearly states that ownership of any PPP asset will be retained by the Crown.

"We know that public-private partnerships aren't akin to privatisation," said McAnulty.

"But let's be honest, the majority of New Zealanders don't understand what a PPP is."

"And if we're not careful in our language and take every opportunity to reassure them that the Labour Party will always be against privatisation, when we talk about PPPs, you can guarantee someone will make that connection and then go out and say the Labour Party is pro-privatisation."

"We're not."

The Infrastructure Commission is clearly conscious of the need to develop a political consensus, but also aware of the political sensitivities that must be satisfied before one can be reached.

"We have already conducted considerable public and stakeholder engagement on development of the [National Infrastructure] plan, including ongoing cross-party briefings," Commission chairman, Raveen Jaduram, told a Select Committee last week.

"We expect this to be a useful input to helping establish greater political consensus for infrastructure," he said.

"The delivery of the National Infrastructure Plan remains the focus for our organisation through to December 2025, and this will be followed by a Government response in mid-2026."

And therein lies the big challenge.

Can any consensus that might exist now survive after the middle of next year, when the parties will be beginning their campaigning for what will probably be an October election?

That will be the big test of whether the need for infrastructure can beat party politics.

Will you meet us in the middle?

Too many flip-flops are a detriment to New Zealand's stability, writes
Kieran McAnulty

There's a fair bit of blame floating around at the moment. No matter what the question is, the Government's answer is to point the finger at someone else.

People don't want blame, they want solutions.

When people see civil contracting firms go into liquidation week after week, they don't want fingers pointed and questions left unanswered.

When we see thousands of young people leave the country in search of work, political point scoring to try to deflect responsibility just doesn't cut it.

What we need is certainty.

We need to know how roads are going to grow with our population and connect our main cities to the regions. We need clarity on where schools will be built as suburbs pop up. And we need confirmation on how our public health system will deliver access as people live longer, and small towns expand.

The sector needs to know that there will be enough work to retain, train and attract staff. And investors need confidence.

Stats NZ has confirmed 18,000 people have lost their jobs in construction. Many of them have left



the country because there is no longer any work. A big chunk of these workers were trained under the recently cut Apprenticeship Boost initiative, but with the pool of work going dry all we have ended up doing is training Australia's tradespeople.

If we are to ever get these workers back, the stop-start approach that we've seen over the last few years has to stop.

That's why Labour asked to attend the Government's International Investment Summit. We heard the feedback from the sector loud and clear that all this Government's paused and cancelled projects hit confidence hard.

At the summit we met with

potential investors and told them that a change of government next year will not impact any investment they make. If the project is underway then the next Labour Government will honour it.

To give the sector certainty, we contributed to the foreword of the Government's *New Zealand Public Private Partnership Framework* document outlining our openness to this approach as a procurement tool. We had hoped this would help dial down the petty political point-scoring we so often see come out of Parliament.

We will continue to push for genuine bipartisanship. So many ministers think bipartisanship is

So many ministers think bipartisanship is simply agreeing with them, but true bipartisanship is working together to develop policy that will survive successive governments and give long-term certainty to the infrastructure sector.

Kieran McAnulty

simply agreeing with them, but true bipartisanship is working together to develop policy that will survive successive governments and give long-term certainty to the infrastructure sector.

This long-term certainty is more important than politics - it's people's jobs, their homes, the resources they rely on.

That's why we haven't let our frustration with the Government scrapping Labour's Resource Management reform get in the way. That was a political decision that ended up impacting confidence and certainty - a two-year delay for no real reason.

The best thing that can happen

next is National and Labour working together on the policy development of the new replacement for the Resource Management Act.

We have seen what happens when National gives in to the whims of Act or NZ First. They don't need to do that here. A compromise between National and Labour would survive a change of government and give the sector confidence.

We aren't naive - we know that in politics it is unrealistic to suggest we will agree on everything. And there are things we will remain critical of. We think it was a mistake to put a stop to so many house builds, for example.

Ratepayers and civil contractors are now facing the real cost of the Government scrapping water reform. And we stand by our view that the Government's big infrastructure announcement last month was a PR stunt, re-announcing projects that were already committed to.

But the long and short of it is that we can't build a country if the plan changes every time the government does.

With the infrastructure and construction sectors struggling, local government operating in ever-changing circumstances and under increasing financial difficulties; unemployment up and company liquidations rising, our message to the Government is simple: we are keen to do our bit, meet us in the middle. And we ask the sector to put some pressure on them to do so.

After all, we all agree that's what is needed.

● Kieran McAnulty MP is Labour's infrastructure spokesperson.

New Zealand's infrastructure challenge is also its opportunity: to build smarter, more connected cities that create value for people and place. Arup is helping deliver that future, guiding investment that drives urban regeneration, supports housing and strengthens regional economies.

www.arup.com

ARUP

INFRASTRUCTURE A Herald Business report

Speed meets strategy for an enduring infrastructure plan

NZ needs a broader strategy for skills development, write
Tracey Ryan and Alex Katsanos

The Coalition Government is making real headway in clearing the path for infrastructure development, with the creation of the National Infrastructure Plan and the Infrastructure Priorities Programme, the establishment of National Infrastructure Funding and Financing Ltd (Niffco), reforms to the resource management system, and the signing of memoranda with three regions to initiate Regional Deals.

The key now is to keep the momentum going – maintaining urgency, driving delivery, and ensuring these frameworks translate into tangible outcomes. The NIP has highlighted where we need to put our focus: maintaining existing assets; resilience and preparedness; and health infrastructure to support our changing demographic reality; but plans still need to be executed.

A popular neuroscience book by Daniel Kahneman, *Thinking, Fast and Slow*, highlights the value of dual-speed thinking. It's a mindset we could well apply to infrastructure: lifting productivity now, while developing and executing on a coherent and actionable long-term vision. While New Zealand has its own unique path to chart, there's value in learning from others.

Closing the productivity gap – Hong Kong

New Zealand's construction sector is strong, but inefficiencies are costing us. Despite being among the top 10% of OECD countries for infrastructure investment, we're in the bottom 10% for value delivered.

According to Infracore, labour productivity in heavy and civil engineering construction grew just 5% between 2000 and 2020 – far behind the 23% growth in building construction and 30% economy-wide. If civil construction had kept pace, it's estimated that costs could be 10% lower, workforce demand 11% lower, and output 5% higher.

As an industry, we must look inward and acknowledge that we can be slow to change. Tools to lift productivity already exist – AI and automation, prefabrication, smarter project management methods. Great work is happening within individual companies, but to make real inroads, we need industry-level transformation. An example New Zealand could look to is Hong Kong, with its focus on workforce development, data and digital innovation, and programme management.

Workforce

Hong Kong's workforce planning aligns its talent pipeline with future infrastructure projects and the changing skillsets required for modern construction. Vocational training is shifting its focus towards technologies such as Building Information Management (BIM), prefabrication, and automation. A centralised data system has been established to track key workforce data – how many people work in each trade, where they are located, how many are entering the workforce through training and visas and how many are expected to retire. This data is mapped against future project needs to reveal skills gaps and inform workforce planning. Data is


HONG KONG

DUBLIN


Great work is happening within individual companies, but to make real inroads, we need industry-level transformation.

Tracey Ryan, Alex Katsanos

taken to the most granular level – such as time taken to complete individual tasks – helping to build a bank of insights that can support standardisation and lift productivity over time.

New Zealand's construction industry is a little different – made up largely of small contractors, with a handful of large companies – meaning building this kind of national picture of talent may be a little more complex. However, we can still increase visibility of the pipeline of engineers, builders and tradespeople coming through as compared to the pipeline of projects ahead. This will help quantify the scale of our skills gap, supporting a targeted strategy around building capability and sourcing overseas talent.

A broader strategy for skills development – focused on the needs

of a modern construction sector – will be key to enabling the wider adoption of new technologies and delivery methods.

Programme management

Hong Kong is moving away from fragmented project-by-project management toward an integrated approach, letting groups of projects to Programme Management Offices (PMO) run by international firms. An example is the HK\$224 billion Northern Metropolis housing and business hub, which is being delivered as tens of interconnected projects by a PMO. Although in its emerging stages, the model is expected to significantly reduce delivery timelines while improving quality outcomes and budget performance.

While New Zealand may not be embarking on a project the scale of

Northern Metropolis anytime soon (900,000 new homes will be built as part of the project), we can still benefit from a programme management-type approach in some contexts. With the NIP recommending that 60% of infrastructure investment be directed toward asset maintenance, we're likely to see an increase in smaller-scale projects in the future. Delivered collectively, these could unlock efficiencies and economies of scale. Water infrastructure stands out as a clear opportunity – and the Local Water Done Well framework provides a foundation for a PMO approach to maintaining water assets.

Data and digital

Building a more complete picture of the condition of our assets is a key opportunity for wider adoption of data and digital technology. New

Zealand has a huge number of assets that, if digitised, could provide an excellent resource for asset owners to make better decisions and help prioritise their maintenance activities. Building this bank of data could have a flow-on effect on the industry, helping drive greater use of digital technology at every stage of project delivery.

In Hong Kong, the Government is implementing policies to drive wide adoption of BIM, robotics and drones, digitally enabled prefabrication, AI and virtual reality, collaboration platforms and other technologies. The approach aims to cut construction costs and boost productivity by 10% or more.

Data generated in projects will be captured on a single platform, creating a resource to assist decision-making on future projects and prioritisation of investments.

While New Zealand is already adopting many of these tools, we are only at the stage of developing a common data standard – which is key to realising the full benefits of this technology. Clear policy from the Government, together with industry input, is essential.

Aligning investment to national vision – Ireland

The NIP calls for a stronger focus on long-term investment planning, to enable a more sustainable and affordable approach to project selection and delivery.

Rightfully so, but could we take it a step further, to align a national vision to investment planning?

Defining a vision for where and how we want to grow (and the kind of future we want to create), could help simplify decision-making around which projects to prioritise, and separate infrastructure from political cycles. Linking investment to vision also enables us to more clearly measure outcomes.

A country doing this well is Tracey's native Ireland with Project Ireland 2040, the Irish Government's long-term strategy to build a more resilient, inclusive, and sustainable future. The strategy aligns infrastructure investment with National Strategic Objectives for 2040 and is delivered through two key levers: the National Planning Framework, which sets out the spatial strategy for the next 20 years, and the National Development Plan 2021 – 2030, which commits €165 billion over a decade to realise the country's economic, social, environmental, and cultural aspirations.

Executing fast but thinking deeply

The National Infrastructure Plan is a genuine step forward and lays out clear priorities for responding to New Zealand's infrastructure challenges. However, we must now turn plans into outcomes.

To make progress, we must think both fast and slow: accelerating the way we deliver projects while slowing down and thinking deeply about the kind of future we wish to create and the infrastructure investments that will take us there.

As we embark on this journey, we can take insight from other jurisdictions – Hong Kong is lifting productivity through integrated workforce planning, programme management and digital innovation, while Ireland looks to the future, aligning infrastructure investment with a national vision. The best outcomes derive from a mix of both.

● Tracey Ryan is Chief Executive – New Zealand, Aurecon and Alex Katsanos is Managing Principal Advisory – Asia, Aurecon

● Aurecon is an advertising sponsor of the Herald's Infrastructure report.

Building local capability in the workforce

Global consultancy Arup is ready to add a helping hand to infrastructure development, and to the skills base for the major projects



Infrastructure
Graham Skellern

Success of New Zealand's long-term infrastructure plan is inextricably linked to an equally successful and productive skills and workforce programme, says a leading global consultant.

Richard de Cani, chief officer for global business and markets at built environment consultancy Arup, says New Zealand, like other countries, has significant infrastructure investment needs.

Through its infrastructure plan, the New Zealand government is presently looking at how to fund and deliver the billion-dollar major projects.

"Part of the discussions about involving global investors and the supply chain should be how to attract and retain a skilled and specialist workforce, both locally and from overseas," says de Cani.

"When you are talking about infrastructure development, you think about long-term skills shortage. The type of infrastructure required, whether it's new build or retrofit, is more complex, and all types of engineering skills are in demand. This includes digital capability for artificial intelligence and data sourcing, skills we didn't need 10 years ago."

De Cani says there is a need to upskill existing communities through a targeted skills programme in a partnership between the public and private sectors. A programme, over 10-20 years, can be developed locally for the benefit of the country, and not just involve importing skills.

Senior executives and those with specialist skills are part of a globally mobile workforce who travel to work on projects. However, countries like New Zealand also need to develop a local workforce to both maintain infrastructure once built, and move on to the next project.

"There needs to be a multi-pronged approach looking beyond a single project and working with the private sector to understand the long-term needs and changes in skills."

"Take Auckland's second harbour crossing, for example. It's a project that needs multi-disciplinary engineering – civil, geotechnical, environmental. You can develop a set of skills and move on to the next project, which will be slightly easier, cheaper and quicker to do because the capability exists locally."

A multi-pronged approach should include an audit or review of infrastructure skills (to accompany the new infrastructure plan), and industry-led vocational training.

De Cani says people often assume it's the job of the government to fix the skills shortage. "What we learnt in the UK was that the government can't fix it on their own."

"The Government sets the policy, guidelines and initiatives, and the



Auckland's second harbour crossing will need multi-disciplinary engineering – civil, geotechnical, environmental – that can be developed and then move on to the next project, says Richard de Cani.

Photo / Michael Craig



There needs to be a multi-pronged approach looking beyond a single project and working with the private sector to understand the long-term needs and changes in skills.

Richard de Cani,

private sector gets involved with (on-the-job and vocational) training and employing the new skills that match the long-term infrastructure plan."

De Cani says a new growth sector in the UK has been offshore wind generation in the North Sea. Twenty years ago, there were no windfarms and now they produce 30% of UK's power, the second-largest installed capacity worldwide.

The investment into that infrastructure included adjusting the training for young people and equipping them to work at height and in a marine environment – skills like (underwater) welding and electrical engineering to maintain the offshore wind turbines.

The young people in the coastal towns of northeast England, suffering from unemployment, saw the opportunities and took advantage of them, says de Cani.

"The plan provided the opportunity to address areas of deprivation and poverty. The programme over 10 years identified the new skills and involved the public and private sector working together to establish training colleges and develop local capability and certifications."

London's Tunnelling and Underground Construction Academy set up initially to develop specialist skills for Crossrail, continued beyond the com-

pletion of that mega-project to train workers for other large infrastructure projects.

"In New Zealand, you are looking at city and regional deals. There are many of them in the UK and the deals have been used to fund investment in skills in local areas which benefit from the economic growth."

De Cani says it's important to take control of the investment agenda and establish certainty in the infrastructure pipeline.

"If it's uncontrolled, overseas investors can bring in their own workforce, do the development and then take the workforce away. Where is the community benefit in that?"

He says New Zealand is an attractive destination for people to live and the country's unique topography and geotechnical conditions offer interesting work for infrastructure professionals. But the country is a long way away.

"The approach to infrastructure has been stop-start, and there's a wariness about the country's ability to stick with a long-term plan."

"If it's only one project, then the big contractors will consider whether it's worth their while going there. Global companies need to look beyond one project – it's all about having confidence in the long-term plan."

De Cani says New Zealand's draft Infrastructure Plan shows the pipeline of projects that would extend beyond the three-year political cycles. Skills are mobile and New Zealand is competing globally due to growing infrastructure demands and net-zero transition commitments.

He says there are delays with a number of infrastructure projects in the United States because of changes to government funding, and New Zealand can benefit from that volatility.

"Arup is committed long term to working in New Zealand on a wide range of infrastructure. We can add our expertise and experience and help guide the infrastructure development. New Zealand faces similar challenges to other countries and we are using our network of clients and relationships to highlight the New Zealand opportunity."

"Arup has introduced a more unified regional operating model in Asia Pacific which allows greater workforce mobility and enables skilled staff to work seamlessly across borders," says de Cani, who has 30 years' experience in planning and consulting, including delivering the long-term transport strategy for London.

Arup has been operating in New Zealand for more than 30 years, and has 100 staff working out of offices

in Auckland and Wellington. They can draw on support from the Asia Pacific network with its 30 offices and 6400 staff members.

The global consultancy, with advisory and technical expertise across more than 150 disciplines, was founded by British-born engineer and philosopher Ove Arup, who was the design engineer for the iconic Sydney Opera House.

With a total 18,500 staff in 95 offices around the world, Arup's engineers, architects, environmental specialists, data scientists and others have planned, designed and influenced the future of the built environment in more than 160 countries.

New Zealand has tapped into Arup's global expertise in large-scale infrastructure projects. Arup supported the Ghella Abergeldie Joint Venture (GAJV), the contractor responsible for delivering Auckland Watercare's nearly-completed 16km Central Interceptor project, which connects the Māngere Wastewater Treatment Plant to Point Erin in Herne Bay.

Arup provided detailed design services to GAJV, including tunnel lining and shaft support systems, drawing on its international tunnelling experience.

The global consultancy also brings to New Zealand the benefits of its experience and industry networks developed in designing ambitious transport projects like the Oresund Link, a joint road and rail link that crosses international shipping lanes to join Sweden (Malmö) and Denmark (Copenhagen), and includes the second longest bridge in Europe.

There's also the Presidio Parkway, a section of US Route 101, which serves as San Francisco's gateway to the Golden Gate Bridge and was reconstructed to address deterioration and earthquake vulnerabilities.

De Cani says, "We work at the front end of design on projects around the world, and there is an interesting curiosity about what is happening in New Zealand with its high level of ambition [in infrastructure development]."

● Arup is an advertising sponsor of the Herald's Infrastructure report.

INFRASTRUCTURE A Herald Business report

Transmission Gully motorway was built through public-private partnership with the Wellington Gateway Partnership.

Banking on better futures

ICBC NZ CEO Bin Liu sees exciting opportunities to finance New Zealand's infrastructure transformation, writes

Tim McCreedy

New Zealand is entering a critical new phase of infrastructure development.

Decades of underinvestment, rapid urban growth, and the increasing impacts of climate change have converged to create both a challenge and an opportunity.

ICBC New Zealand, a subsidiary of the world's largest bank by total assets and capital, sees compelling potential for Chinese capital to support this transformation. With over 11 years of local operations, the bank draws on global experience and deep funding capability to deliver tailored, ESG-aligned financing solutions for New Zealand.

Speaking at the recent China Business Summit, Bin Liu, CEO of ICBC New Zealand, reflected on the state of the market:

"I have three key takeaways from the past year," he said. "First, we are finally seeing more infrastructure projects moving – and at a bigger scale than before. Second, it's the best time in the history of New Zealand's infrastructure."

Liu elaborated: "We know that we have an infrastructure deficit. Everyone can feel it, especially in Auckland."

"But at the same time, for those of us working in the sector, we see the pipeline growing. We see government commitment, real movement, and more deals coming to market. That gives us confidence, and opportunities to contribute."

China's infrastructure journey offers some useful lessons about what's possible when demand, planning, and



funding align effectively. Liu outlines five key drivers that, in his view, have underpinned that success:

"First, decades of fast economic growth following China's reform and opening-up policy created huge demand for infrastructure. Second, there has been strong government commitment and long-term strategic planning, supported by efficient execution."

"Third is China's comprehensive industry system and skilled workforce. We have an integrated supply chain and a large pool of engineering talent and construction capacity."

"Fourth is our openness. China has consistently looked outward to adopt global technologies and best practices."

"And finally, dynamic funding solutions. We have a flexible and comprehensive financial system that enables sustainable infrastructure investment."

While acknowledging that New Zealand and China operate in different contexts, Liu believes there are still valuable insights to draw from.

"It's not about copying models, but about learning what works and adapting it locally. That's where international collaboration can really add value. I believe there are opportu-

nities for more Chinese expertise, capacity, technology and innovation to contribute to New Zealand's infrastructure."

It's a message Liu has championed for some time.

Back in 2019, ICBC helped facilitate a high-level delegation of public and private sector leaders from New Zealand's infrastructure industry to China, organised by Infrastructure New Zealand. The programme aimed to deepen sector-to-sector understanding.

"The connections and trust built between the infrastructure sectors of both countries during that trip were invaluable," recalls Liu.

"It helped to shift perception and to highlight the potential for collaboration."

"That momentum was disrupted by Covid, but with infrastructure needs intensifying it is the right time to rebuild and strengthen those ties."

Bridging global capital and local ambition

Liu says a useful lens for understanding what is possible is to look at what ICBC New Zealand is already doing here.

"Our focus spans four key areas: infrastructure, such as roads, ports,

airports, energy, power and telecommunications; people's welfare and development, including healthcare, aged care and education; businesses with trade and investment ties to China; and long-term asset development, particularly in property."

He notes that the level of Chinese capital involvement varies across these sectors, but the opportunities are clear.

"ICBC Group has a presence in more than 49 countries, including flagship branches in major international financial centres," Liu says.

"We can source funding from different financial markets using economic and efficient instruments."

"Overseas issuance and money market operations have become a very important part of ICBC New Zealand's funding mix, allowing us to support local infrastructure projects effectively."

Liu believes that New Zealand's infrastructure landscape is poised for real progress.

"We are prepared to finance New Zealand's next generation of climate-resilient and community-focused infrastructure," he says.

"We're not just banking for today, but for generations to come."

We are prepared to finance New Zealand's next generation of climate-resilient and community-focused infrastructure.

Bin Liu

Track record

Delivering impactful projects

ICBC New Zealand has a proven track record in financing transformative infrastructure projects:

- The Transmission Gully motorway, a four-lane motorway was built through public-private partnership (PPP) with the Wellington Gateway Partnership.
- The refinancing of a Schools PPP, helping enhance the country's education infrastructure.
- Acted as one of the mandated lead arrangers and sustainability coordinators for a \$400 million funding package for Wellington City Council's new sludge minimisation facility, structured under the Infrastructure Funding and Financing Act (IFF) to protect the council's balance sheet while supporting a vital environmental upgrade.
- ICBC New Zealand also acted as a lead arranger in the syndicated facilities backing Watercare's financial separation from Auckland Council. The deal supports \$13.8 billion in future investment in water and wastewater infrastructure across the Auckland region.

● ICBC is an advertising sponsor of the Herald's Infrastructure Report

Threat actors and malicious manipulation



Infrastructure
Bill Bennett

Protecting infrastructure is more than about core utilities, says a cybersecurity expert

November 2023 saw an unprecedented cyberattack on Denmark's energy infrastructure.

In a co-ordinated breach of 22 companies, criminal gangs gained access to industrial control systems. Investigators believe at least one of the attackers was acting on behalf of a state.

Michael Murphy, who heads Fortinet's APAC Operational Technology group from the company's Sydney office, says critical infrastructure was compromised.

"Energy generation sites were forced into island operation mode, where they are no longer centrally managed."

He says the affected companies had a next-generation cybersecurity product in place that they assumed would protect them from any threat. It didn't.

"They opted out of the security updates, concerned about the cost associated with management of the new hardware and software that they had adopted."

Perhaps most alarming is that the companies didn't know they had exploitable assets in their energy facilities. Murphy says the assets clearly hadn't been appropriately audited or documented.

The Danish energy infrastructure attack was not an isolated incident. Fortinet has data showing cybercriminals launched more than 36,000 malicious scans every second in 2024.

Their short-term aim is to weaponise automation to map digital infrastructure and find vulnerabilities that can be exploited later.

Critical infrastructure assets – along with the connected devices and the Operational Technology (OT) used to monitor and control them – are increasingly a target.

"OT underpins the majority of our critical infrastructure. It's long been neglected because the organisations using the infrastructure are not able to tolerate any downtime. Whether it is energy, water or defence, they are not able to stop," Murphy says.

"We're seeing these critical assets are being sweated. Many have been out in the field for some time. This means, from a security point of view, they have become quite brittle and vulnerable to adverse change."

In many cases, critical infrastructure assets were never designed to be connected to the public internet.

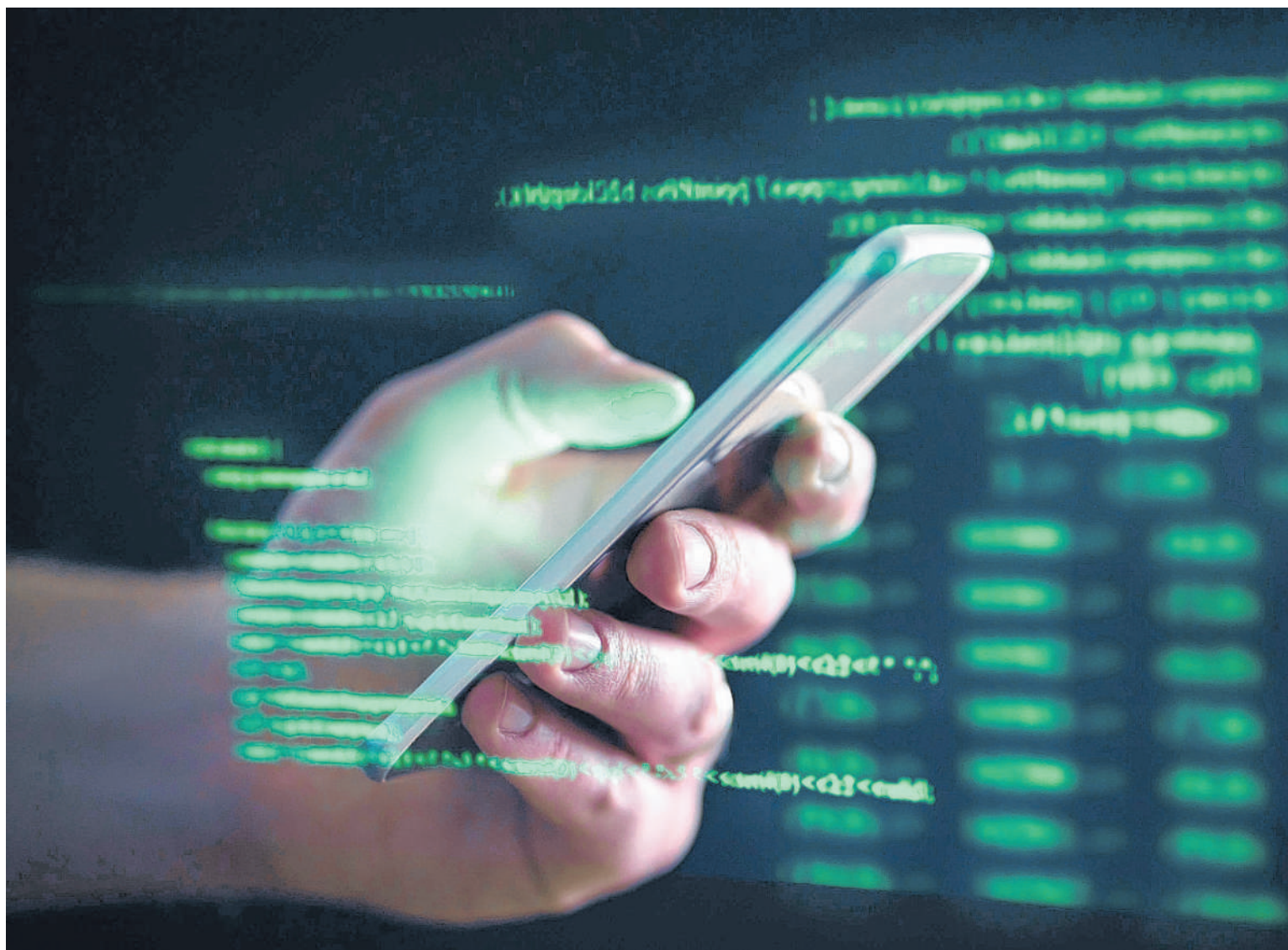
They lack any form of built-in cybersecurity. Meanwhile, because of intense competitive and commercial pressures, their owners typically opt for just-in-time servicing and maintenance.

Yet they are vital for modern societies. This makes them key focus points for threat actors and criminal syndicates.

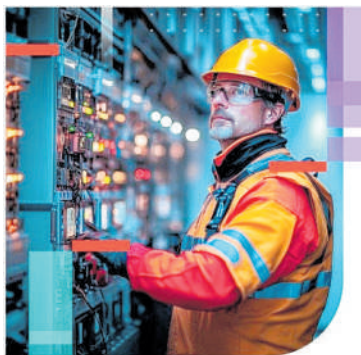
Not all attacks are about extortion. Some are intended to raise awareness for a cause.

In other cases, the attackers are building capability for future use, maybe in a geopolitical conflict. Some incidents that we hear about are dry runs. Murphy says it is possible the Danish attack was about testing the capability.

Fortinet has seen a shift in focus from cybercriminals and state actors. "Historically, threat actors would target enterprise IT systems. They might pivot from there to attack OT systems. Now we're seeing more direct



Michael Murphy is the director of Operational Technology and Critical Infrastructure for the Asia-Pacific region (APAC) at Fortinet. Murphy's role focuses on assisting organisations to build cyber resilience for operational technology to ensure security.



2025 State of Operational Technology and Cybersecurity Report

FORTINET

You want to take the castle rather than demolish it. So you besiege the castle... Cut off the clean drinking water. Cut off the food supply, then wait for the people inside to become sick or go stir crazy. Then, when resistance is at its weakest point, you just walk in and take over.

Michael Murphy

attacks on infrastructure – either targeting the assets themselves or aiming to disrupt operations."

Murphy says some of the activity is pure reconnaissance. The attackers are looking to see what assets are available to the internet, what has the potential to be compromised.

Critical infrastructure is susceptible to what security professionals call advanced persistent threats or APTs.

"These are attacks where threat actors obtain access, they lie dormant, and they wait for an opportunistic time to activate and cause as much malicious damage as possible."

Murphy says that much of the infrastructure that has been built in

Australia and New Zealand dates back to the 1970s. That means we need to investigate threats that might already be embedded.

At the same time, "We need to understand how threat actors are attempting to deploy persistent threats, so that if they were to target us, they might be able to take down energy and water at the same time to maximise the effect."

He uses medieval castle sieges as an analogy: "You want to take the castle rather than demolish it. So you besiege the castle. You surround it. Cut off the clean drinking water. Cut off the food supply, then wait for the people inside to become sick or go stir crazy. Then, when resistance is at its weakest point, you just walk in and take over."

Murphy says taking an "all hazards" approach is complementary to protecting operational technology and critical infrastructure.

"This factors in not just the cyber domain, but natural hazards, biological hazards, malicious threats and economic risks. An organisation is at a high level of maturity when it has plans to protect or mitigate all these threats."

Deep cyber resilience goes beyond these risks into economic models and governance structures.

Many countries in the Asia Pacific region have either adopted or are in the process of adopting legislation to protect critical infrastructure.

Australia has the Security of Critical Infrastructure Act.

"Singapore, India and Malaysia are adopting similar obligations to ensure the owners and operators of critical infrastructure protect what matters most. It's not complex. There are assets in an environment that can detect malicious manipulation and

report any incidents to the authorities," says Murphy.

"For now, the focus is on core utilities like energy and water, but we're seeing that begin to expand to cover areas such as retail, defence and education." It's about being conscious of what is key and what might cause major ramifications for the public if they stop.

In New Zealand, the Department of the Prime Minister and Cabinet has a work programme under way.

For now, Murphy says, New Zealand's requirements are voluntary and not yet formalised.

"I'd love to see New Zealand ramp that up or form a strong partnership with Australia around how we accomplish that, because I'm sure we have the same adversaries."

Murphy says Fortinet's role in this is to make sure its products work in line with the government obligations, the industry standards, and security frameworks that are being rolled out or updated.

He says: "Our customers are asking us to include capabilities ahead of legislation being introduced or industry standards becoming more mature. That means we need to be well-versed in the legislative changes and reforms that are coming into play."

When people think about infrastructure, the focus is, understandably, on the physical assets: power stations or water treatment plants. Yet, Murphy says, these companies also hold virtual assets – data storage, software, and cloud systems.

It means developing security capability across the domains to help organisations become resilient to malicious manipulation.

● Fortinet is an advertising sponsor of the Herald's Infrastructure report.

INFRASTRUCTURE A Herald Business report

Let's take off the handbrake

Now is the time for real energy sector reform, writes **Simon Bridges**

When it comes to cost of living and the economy, much of the current public and political focus is on supermarkets, butter prices, banks and service fees. There's no question these are big issues, but the bigger issue facing the country – certainly from a business perspective – is energy, namely prices and a lack of supply.

With the cost of energy driving businesses to scale back production and, in some cases, to close their doors, New Zealand has begun a slide into de-industrialisation. A lack of projected supply into the future means we are unlikely to be able to make the most of big data, AI and the higher productivity and standards of living that would come from these technology enablers.

Put bluntly, energy today is a severe handbrake on business and the economy, and on our collective goal of making New Zealand a more productive, prosperous nation.

Before 2018, long-term energy contracts averaged \$70-80 per MWh. But since 2021 the average has been \$150-plus per MWh and over the last year it's averaged a whopping \$190 per MWh.

Meanwhile, Transpower's annual Security of Supply Assessment, which evaluates the ability of the



electricity system to meet national demand in the years ahead, shows that there has been a marked decrease (i.e. 70%-80%) in anticipated new supply, in comparison to prior expectations. This is despite the high future wholesale prices, which should (at least in a well-functioning market) result in more supply and enhanced competition.

A sharp fall in the availability of gas over recent years (much sharper than anyone had foreseen) certainly hasn't helped matters, but it is far from the only factor suppressing demand, as some are suggesting.

Delayed or cancelled solar and wind projects make up half of the projected fall Transpower speaks of. The reality is that neither the big four gentailers nor the smaller independent players have brought renewable energy projects to market

The problem is the rules of the game that the gentailers are responding to. As the energy sector lurches from crisis to crisis, it's very difficult not to reach the conclusion that these rules need to change.

Simon Bridges

as quickly as had been indicated.

To understand what's driving this, I believe we need to look squarely at the current structure of the energy market, where the four gentailers operate on both the generation and retail sides, and completely dominate

both (combined market share is close to 90% in each case, and climbing). This model incentivises gentailers to hold back supply and foreclose competition, and provides them with the power to do so.

When a single business controls both sides of the market, basic incentives to increase supply are dulled. After all, more supply will only mean lower prices, and poorer returns for the gentailers' retail arms.

Likewise, there is minimal incentive to facilitate the entry of new players into the market by offering adequately long-term, competitively priced contracts – not just for energy supplied to gentailers by independent generators, but also for energy sold by gentailers to independent retailers.

This is not to say that no investment in new generation is taking place, or that no contracts are being signed with independents, but rather that these things are not happening on the scale or at the speed they need to.

Nothing the gentailers are doing is crooked or underhand – they're simply acting rationally and commercially in their shareholders' interests.

The problem is the rules of the game that the gentailers are responding to. As the energy sector lurches from crisis to crisis, it's very difficult not to reach the conclusion that these rules need to change.

My view – which has strong support across the energy sector, bar the gentailers – is that the Government needs to separate gentailers' generation and retail functions. This would be a case of corporate separation rather than

structural separation – common ownership would be maintained across the generation and retail sides, but there would be operational independence between them.

Changing the structure of the market on its own won't fix all the sector's problems. We also need immediate steps to boost supply, such as a government tender for additional generation to fill the unmet need in the next five years (with the cost potentially recouped via an industry levy). Over the longer term, we need a stable, settled energy strategy, underpinned by bipartisan consensus.

But it is arguably the most important single step we can take.

What I'm proposing isn't wacky or radical. The same approach has been used to good effect overseas to address competition and affordability issues in the energy market, and in our own telecommunications sector a decade or so ago. The OECD has recently called for gentailer separation to be brought back to the table in New Zealand.

Still, some argue that it's all too bold, and that government intervention will have a chilling effect on the market. I'd argue the opposite – that failure to intervene, and allowing the slide into de-industrialisation and productivity loss to continue, will do far more to undermine investor confidence.

The time for incrementalism is over. Let's see real structural reform.

● *Simon Bridges is CEO of the Auckland Business Chamber, and a former Minister of Energy and Resources.*

Helping shape New Zealand's future

Partnering with the infrastructure sector to deliver New Zealand's most complex projects and resolve disputes. Our specialist team of trusted advisors provide the full continuum of service, from project inception to completion.

MinterEllisonRuddWatts

minterellison.co.nz

Canada shows us the way

Let's build smarter and get things done, writes

Katie Bradford

New Zealand has some big choices to make about how we build the country's future.

Roads, rail, water infrastructure, and housing projects are crucial to our well-being, yet we aren't very good at providing them. Not only do we keep cancelling and changing projects, but we also routinely switch between methods in search of the perfect delivery mechanism. One year it is public-private partnerships. The next, collaborative contracts.

But maybe the method is not the issue.

A recent fact-finding delegation to Canada, led by Infrastructure New Zealand, saw senior industry specialists learn how their counterparts in Toronto, Ottawa and Montreal get it done, and it provided some stark comparisons with how we do things here.

Canada has been quietly proving that success does not come from sticking to one model.

What matters more is getting the right people around the table early, setting clear goals, and working together with trust and flexibility. The approach should fit the project, not the other way around.

In Canada, builders and planners are brought in early. They help shape the project before any concrete is poured. That avoids confusion, cuts delays, and keeps plans on track. They also break big jobs into manageable parts so work can begin sooner, and progress continues while decisions are still being made.

In New Zealand, we tend to overcomplicate things. The process slows down, prices go up, and contractors walk away.

The Canadian experience suggests we need to streamline decisions and keep projects moving. Time is not just money, it is momentum.

Our public servants are expected to deliver major projects with very little support. When things go wrong, they wear the blame. When things go right, there is little reward. That kind of pressure discourages bold thinking.

Canada does it differently. They invest in training, encourage teamwork between public and private sectors, and reward strong leadership. If we want brave projects, we need to back the people leading them.

Canada starts with a clear national purpose. They ask how infrastructure can support housing, jobs, climate goals, and long-term resilience.

In Canada, the total cost of a project includes the money it will take to run and maintain the asset over decades. This long-term thinking leads to smarter choices.

Things like better drainage systems or large-scale heating infrastructure may cost more up front but save much more in repairs and upgrades in the long run.

In New Zealand, we focus too much on keeping the initial price low and reducing the project scale or features as budgets come under pressure. This often creates bigger bills later.

Construction companies want clear rules and manageable jobs. In Canada, projects are being restructured to attract more bidders by offering smaller, clearer scopes of work. This brings more competition, better prices, and stronger delivery.

Canada knows government funding is not enough. They are finding new ways to pay for infrastructure.

One method involves using rising



Katie Bradford is Strategy and Engagement Manager at Infrastructure New Zealand. She moved into the role earlier this year after a successful career as TVNZ's business editor and as a former political journalist in the parliamentary press gallery.

She is MC for Building Nations – the Infrastructure New Zealand Summit which begins in Wellington today.

The Canadian experience suggests we need to streamline decisions and keep projects moving. Time is not just money, it is momentum.

Katie Bradford

Canada delegation on the Réseau Express Métropolitain; the REM crosses the Samuel De Champlain Bridge in Montreal.

land values near new train stations to help fund those stations. In Montreal, this helped build a major light rail network.

We should explore similar tools here. That includes working with iwi and private investors on housing, water, and transport projects.

Canada is showing how strong partnerships with indigenous communities can deliver better outcomes for everyone.

They offer shared ownership, real decision-making roles, and a fair share of the benefits. New Zealand has an opportunity to lead the world in this space.

Canada talks about infrastructure to grow the country. They highlight the jobs created, the communities connected, and the benefits delivered.

Here, we talk about cost and mainly ignore the benefits. We need to shift the story and show the real value of what we build. An annual "infrastructure benefits" report could help the public see why these investments matter.

There is no perfect way to deliver infrastructure. Every method has its problems, but Canada's experience shows that steady improvement, good leadership, and the courage to keep learning can make all the difference.

● Infrastructure New Zealand is an advertising sponsor of the Herald's Infrastructure report.

INFRASTRUCTURE A Herald Business report

City Rail Link: more than

Those living beyond the city's boundaries are set to gain from the project's sweeping legacies writes **Patrick Brockie**

Generations of New Zealanders will benefit from the construction of the City Rail Link (CRL) project. Next year Aucklanders will be using a world-class railway, however, those living beyond the city's boundaries are set to gain too from the project's sweeping legacies.

CRL's vision from day one was to deliver the very best to help Auckland grow and prosper, but even as the first steps began on the project there was recognition of a broader obligation to hold it up as an industry exemplar and drive change for the delivery of large-scale infrastructure projects.

We're determined to leave Auckland – and New Zealand – as better places than when we first started. There's no bigger transport infrastructure project than CRL and nudging the bar higher across a broad band of construction-related disciplines is our overarching legacy.

CRL is a \$5.5 billion project – New Zealand's first underground railway – funded 50/50 by the Crown and



Auckland Council. Twin concrete tunnels 3.45km long will directly join Auckland's main – and currently dead-end – Waitematā Station (Britomart) with Maungawhau Station on the Western/North Auckland line. CRL includes new underground stations – Te Waihorotiu and Karanga-a-Hape – and Maungawhau is being rebuilt as a new station.

Just as the opening of the Auckland Harbour Bridge 66 years ago changed roading, a completed CRL will have the same seismic

impact for rail and the wider public transport network. A CRL connected into Auckland's upgraded rail network will rewrite train timetables – services will be more frequent, faster and reliable, transforming access for people in and out of the city centre and even to big crowd destinations like Eden Park.

CRL is well placed to set higher benchmarks that range from social procurement, workforce development, a strong partnership with mana whenua and safety leadership.

Right in the heart of our largest city, we are delivering something this country has never seen before – a transport project huge in scale and complexity.

Patrick Brockie

CRL is divided into three main tunnel-related contracts:

- **C1 – Waitematā Station (Britomart)/Lower Queen St and Commercial Bay:** designers Aurecon, Mott MacDonald and Jasmax; delivered by Downer and Soletanche Bachy Joint Venture
- **C2 – Northern end of Albert St between Customs St/Commercial Bay and Wyndham St:** designers Aurecon, Mott MacDonald, Grimshaw, Jasmax, Arup; delivered by Connectus (McConnell Dowell and Downer Joint Venture)
- **C3 – Main tunnels, stations, Western Line connection and rail systems:** delivered by Link Alliance (Vinci Construction Grands Projets, Soletanche Bachy, Downer, WSP, AECOM, Tonkin+Taylor and CRL Ltd)

The project has enhanced existing industry practice, and we've introduced our own to get the best possible legacy outcomes.

Dramatic legacy

C1 delivered one of the earliest and most dramatic of CRL's legacy achievements, one I describe as a bold and extraordinary example of our "can-do" attitude.

After two years of meticulous planning supported by technical innovation, 14,000 tonnes of the heritage-listed Chief Post Office (CPO), "front door" to the Waitematā Station, was lifted on to temporary foundations to build the CRL tunnels underneath.

A low-headroom hydrofraise (reverse circulation rig for excavation) was designed to work in the cramped basement and 50mm high-strength steel reinforcing bars

Right in the heart of the country's largest city, we are delivering something this country has never seen before – a transport project huge in scale and complexity. Add to the mix CRL's constrained footprint and you have the catalyst for improving technical excellence, system integration, and collaboration-driven delivery. It's not just construction success, it's also about long-term value – the lessons we are learning and sharing with others are legacies that will benefit the construction sector long after our work is done.

FORTINET

The Only Platform Built for OT Security

Fortify Your Cybersecurity

www.fortinet.com



just an Auckland affair

required for new foundations was manufactured in New Zealand for the first time.

The historic building is now supported securely on diaphragm (D) walls sunk 20m below ground, new foundation columns, cross beams and the tunnel boxes themselves.

The benefits are twofold. Lifting and lowering the CPO and building tunnels below the level of the nearby Waitematā Harbour set new boundaries for the way complicated construction is completed successfully, and, very importantly, it's given our wider industry confidence to tackle complex challenges.

Global first

CRL's legacy began before construction started with a global first – integrating Māori cultural values into the project by establishing a partnership directly with Tāmaki Makaurau Māori.

Eight iwi are represented on CRL's Mana Whenua Forum – an active, meaningful and rewarding collaboration that has meant much better project outcomes.

Aucklanders can see straight away its positive influence just by looking at station designs that reflect the city's cultural heritage and the Māori view of the world – you won't see anything as stunning anywhere else in the world. The forum also brings value to our sites:

- It leads karakia for culturally significant events, supports health and wellbeing programmes and was a critical ally during the pandemic to keep our workers safe and our sites open.
- It backed employment opportunities for young Māori and Pasifika that boosted the pool of qualified workers for the project and the wider industry (43 graduates and 70% employed post-programme).
- It helped drive initiatives for increasing supply chain diversity – \$155 million spent directly with Māori and Pasifika businesses – building their capacity and capability in the construction sector.

In a word, the Mana Whenua Forum is an absolute win-win for CRL.

Sharing the risks

An important CRL Ltd decision was the adoption of the alliance model to deliver C3, the largest and most challenging of our project's contracts – the main tunnels, stations and rail systems.

The Link Alliance includes six design and construction companies with New Zealand and international experience and CRL Ltd. As an alliance, they share risks and rewards. Decisions are made on a "best-for-project" basis.

The big advantage is having everyone – designers, builders and us – sitting around the same table at the same time, making decisions collaboratively.

One team gives us the ability to move with speed and flexibility to improve project management and deal with changes in scope and any other challenges.

One immediate advantage occurred when a contractor went into administration and the Link Alliance was able to efficiently include this key contract into C3's scope and programme.

Certainly, during the early stage of the pandemic and associated shutdowns the Link Alliance was able to keep working on design and construction programmes even under constrained conditions, and we were well placed to quickly regain construction momentum when things returned to normal.

Non-negotiable priority

Over the years, more than 14,000 inductions of staff and subcontractors have taken place on CRL sites, with teams delivering 23



From top: Train tests and driver training are a critical part of CRL's commissioning and testing programme; CRL's Mana Whenua Forum provide a blessing for the completed tunnels; Fencing keeps workers safe in high voltage locations.

project's carbon footprint, delivered savings around the use of construction and operational energy, made more efficient use of water and materials, dramatically reduced waste earmarked for landfill – material retrieved from the project's demolition programme is now being reused in Auckland and in cyclone-damaged buildings in Tonga – used high-tech computer technology like BIM (Building Information Modelling) to track the project's carbon footprint during design and construction, and protected Auckland's colonial heritage.

The project's commitment and focus on sustainability have paid off. CRL is now officially recognised as meeting the highest sustainability standards on either side of the Tasman.

The Australian-based Infrastructure Sustainability Council (ISC) has praised CRL for adopting sustainability into the "DNA of its operations" and awarded its highest 'Leading' As-built rating to the C1, C2 and C3 contracts – the entire project from Waitematā to Maungawhau. ISC also awarded the Link Alliance a 'Leading' As-built rating for the construction of the main tunnels and the Te Waihorotiu, Karanga-a-Hape and Maungawhau Stations, including its use of a tunnel boring machine.

One of the most important takeaways we have to share around sustainability is that people drive success more than policies. We're able to demonstrate that passionate, committed and tenacious people who are engaged and empowered at every level are a priceless sustainability asset.

Strong communications

We do, however, acknowledge that along with the gains, CRL has tackled many challenges.

New Zealand's never before dealt with a project the size of CRL in the middle of a bustling city.

Delays caused by the pandemic, the weather, and other organisations taking advantage of CRL work to undertake their own required works contributed to criticism being levelled at the project by neighbours impacted by construction.

CRL is committed to building and

maintaining strong relationships with its neighbours and stakeholders.

Often the message is one people and businesses don't want to hear, but we have always prioritised our engagement with communities to enable residents and businesses to plan ahead throughout construction.

Alongside face-to-face meetings, newsletters, social media posts and media releases, the project also took a proactive role to promote and celebrate the communities it was a part of through an activation and events programme. This included supporting businesses to take part in events such as Branch Out in Uptown and First Thursdays on Karangahape Rd and creating space for communities such as a Pocket Park concert stage in Pitt St. Micro-grants and independent advice from a business adviser helped businesses adapt to the changing environment by introducing and adapting their services or products.

In 2021, CRL began administering a \$12m Targeted Hardship Fund established by CRL's sponsors, the Government and Auckland Council, to support those small businesses worst impacted by disruption.

We value all the support we get from our neighbours, and we hope that they will benefit from living and working in more attractive and vibrant communities when our work is done.

Continuous, consistent communication is not restricted to our neighbours. We have a "no-surprises" policy to keep the sponsors informed. There are monthly meetings and reporting on project progress.

This is a regular part of any relationship with the Crown or a council, but their importance for us grew because of our site locations and the impact on our neighbours as well as the construction challenges created by the pandemic.

With heavy construction finished, the project has also established an informal One Client Alliance for the next phase of work, commissioning and testing the station and rail systems required to make CRL operate safely.

Experience from overseas tells us that this is the most challenging part of any new rail project – it is work we cannot do alone. Our approach is to collaborate with others.

The One Client Alliance involves CRL Ltd, Auckland Transport and KiwiRail, which will operate and maintain a completed CRL. They are supported by Link Alliance and Auckland One Rail, the city's train operator. This is collaboration and communication at its best.

Alongside commissioning, we have 16,000-plus tests and retesting to complete. Sharing everyone's resources and expertise will get the best possible outcomes for the city by delivering the great dividends everyone wants.

CRL's commitment to lift the infrastructure bar is a catalyst for wider change.

We're just the stepping stone for those who follow us. We share lessons learned as much as we can but there is still much to be done – how to minimise disruption for people and businesses impacted by works, social and environmental sustainability and value capture, particularly of land adjacent to project sites.

Legacy is an ongoing story, but everyone who has worked on CRL can already be proud of our successful and long-lasting achievements of innovation and positive change that are helping make Auckland and New Zealand better places.

● Patrick Brockie is chief executive of City Rail Link. City Rail Link is an advertising sponsor of the Herald's Infrastructure report.

INFRASTRUCTURE A Herald Business report

Building for a solid future

Interest in public-private partnerships is in renewal mode, writes **Bill Bennett**

Public-private partnerships, or PPPs, are making a comeback. Southbase chief operations officer Will Birch says the market has been expecting to see the Government give PPPs the green light for some time and that this has recently come to fruition.

"In June, Government shortlisted the PPP consortium for the Northern Expressway. And there's also the redevelopment of the corrections facility in Canterbury that has a request for proposal [RFP] coming to market in early August."

He says other government agencies like Treasury, the Ministry of Justice and Health NZ are all showing renewed interest in PPP projects.

Birch says there are four reasons the PPP route is attractive to government: time and cost certainty, innovative design, all-of-life asset management, and reduced risk to the Government.

"You could make an argument that time and cost certainty, innovative design and reduced risk for government could all be achieved through a traditional design and build procurement process if it is done right."

But New Zealand faces a \$200 billion infrastructure deficit. We can't finance every essential project today. PPPs give us what amounts to a build now, pay later way of getting those assets. And that comes with all-of-life asset management. It covers the capital expenditure and the operational expenditure.

Birch says a key attraction of PPPs is that the asset management service comes as part of the proposition. Partners build the asset, operate and manage it for a period of, say, 25 years, at which point it is transferred to the Government.

"You get a much higher quality asset with the PPP model than you would with the traditional procurement model."

"Say you build a school or a classroom, it needs painting. Things need fixing. There's a warranty for the asset, but it can all go out the window if basic maintenance is missed."

In contrast, when a building comes off, say, its 25-year PPP concession period, it will still have another 20 to 25 years of useful life ahead of it. Birch says properly structured PPPs incentivise higher asset standards compared to traditional procurement.

They are built to last.

There are examples of past PPPs where an asset was handed back in poor shape at the end of the concession. Birch says that's because some earlier PPPs suffered from poor contract terms, unclear asset hand-over conditions and, as a result, had inadequate maintenance.

"We're now in a second round of PPPs. There have only been eight to 10 PPPs in the last 15 years. New Zealand hasn't had many in recent years, but in places like Canada and the UK contractors have delivered hundreds of successful PPPs."

"Both sides have learned how to refine the proposition, this includes understanding what you get at the end of the concession."

Experience learned elsewhere is now available to New Zealand. "From what we are seeing in market engagement for upcoming PPPs from Corrections and the Ministry of Justice, they are now a lot more upfront about what they want," Birch says.

The Crown is learning and improving. It now provides more detailed briefs and reference designs. The risks are allocated more clearly.

Government now recognises the high cost of bidding for PPP contracts and offers limited financial support to offset those costs. This is in line with a general move towards more mature relationships with contractors.

The market remains subject to political cycles that affect the continuity and certainty of projects, but there is better awareness of the problem and attempts to solve it.

Meanwhile, the industry is also



New Zealand hasn't had many in recent years, but in places like Canada and the UK contractors have delivered hundreds of successful PPPs. Both sides have learned how to refine the proposition, this includes understanding what you get at the end of the concession.

Will Birch



learning how to perform better with PPPs.

Birch says Southbase's recent involvement in PPP projects means it now understands far more about risk allocation.

He says some companies are shy of getting involved for these reasons, but his organisation now has processes in place to manage the risks.

For contractors, the risks include the high cost of bidding for contracts – although there is now some mitigation. The shallowness of the local New Zealand market does not help, nor does the thin supply chain and the skills base. Companies also face risks when becoming part of a consortium or joint venture.

The impact of political cycles adds

to risks and ultimately to costs. Like many in the sector, Birch wants to see greater continuity. "It drives investment and gives people certainty. Investment in New Zealand can bring in the kind of offshore capacity that is needed to deliver large-scale projects. Hopefully they will partner with New Zealand-based contractors like ourselves."

This can add another layer of risk for the local industry. Many of the international players now eyeing New Zealand projects have not previously worked here.

Aligning on culture and expectation takes time. Partnering with them or entering a consortium means going in with your eyes wide open.

New Zealand's lack of certainty is also a drain on productivity.

"You can only address that with a pipeline of continual work. You can't afford to have a three-year boom, bust cycle. There needs to be something keeping moving otherwise it's going to go backwards and that infrastructure deficit will get bigger."

This shows up in the subcontractor supply chain. Many of the projects need key specialist skills. If you build a hospital, you need professionals with specific electrical and mechanical expertise.

"These people don't want to pull cables for a living, they want to work on their speciality."

"No matter what layer of the supply chain or delivery team, the moment you turn off the project pipeline, they will leave and it takes a long time to recover, to rebuild that skill set."

Birch says the company's design and build, digital-first approach has helped Southbase attract high-calibre candidates from both New Zealand and overseas.

Southbase's strategy to address the risks and potential of PPP projects has been to form a major projects division. This focuses on large-scale infrastructure and PPP work, separate from the company's regional businesses.

It means Southbase can pitch for large, complex projects while continuing to serve its existing clients.

At the same time, the company has developed and retained its expertise in being able to deliver rapid deployment of modular, standardised structures. Birch says there have been recent moves towards looking for modular, rapidly built units, especially at Health New Zealand.

● Southbase is an advertising sponsor of the Herald's Infrastructure report.

A commitment to the long term

New Zealanders can take control of their destiny and build what is needed while creating thousands of good jobs, writes

Julie Anne Genter

Following World War II and after a period of significant turmoil, New Zealand came together, taxed the rich who had profited at a time of collective struggle, and built the things people need to live good lives: housing, hospitals, transport infrastructure and more.

This is what putting the public good, the things that support our collective quality of life before the private gain of a wealthy few looks like. We have done this before; it is time to do it again, for the benefit of our people and the climate.

We all stand to benefit from investment in public services and infrastructure that protects the things that matter most: clean air, clean water, a health system that prevents and heals injury and illness.

Sustainable, affordable energy and transport. Resilient water systems, and healthy soil that means we can keep growing food.

The Green Party is unapologetic



about our commitment to the long-term benefit of our people and planet. We have a clear vision that is outlined by the action plans we have released in the past months, including our Green Emissions Reduction Plan, He Ara Anamata, as well as our Green Budget 2025 and Fiscal Strategy.

We know that the status quo is not working, the truth is that it hasn't worked for a long time. In the 1980s and 1990s, many reforms saw public assets that had been built up over generations sold into private hands, like our rail network, some social

A Ministry of Green Work is future-fit for the climate transition.

housing, and some electricity generation. There was a mistaken belief that cutting public investment and jobs would make us better off as a country.

Thirty-five years on, we can clearly

say that approach has not worked for most of the country.

Cutting down the responsibility of the state has increased inequality, which may suit the super-rich, but certainly doesn't benefit the rest of our society. Housing scarcity and unaffordability allow a gentry of landlords to exploit desperate renters without a foot to stand on.

Handing the reins of our economy over to the private sector and moulding our laws around their preference makes it easy for corporates to exploit underpaid workers and our natural resources.

Our people, and the planet we depend upon, pay the price. The "privatise the benefits, socialise the cost" approach isn't fair, and it isn't working.

It's time to be bold and brave.

We can invest in the public infrastructure we need ourselves, rather than making ourselves dependent on the goodwill of private international financiers, who will be looking for returns.

New Zealanders can be in control of our economy, our jobs and our future. We can take control of our destiny and build what we need while creating thousands of good jobs.

Over the past months, we have been across the country and have seen the harm private companies have done to communities by coming in, promising the world, and then upping sticks once the profits have dried up, leaving people without livelihoods and much hope.

In the last year alone, we have seen this from the West Coast of the South Island to Ōhākune, to Tokoroa.

It was the stories we heard from

these communities that encouraged our Green Jobs Guarantee. This plan will create at least 40,000 jobs across Aotearoa to rebuild our infrastructure, restore nature and build the homes we so desperately need. These jobs will form the foundations of an economy that works for all of us and a society that leaves nobody behind.

Before politicians took their hands off the wheel of the economy 40 years ago and sold off the assets we all used to own, we had a Ministry of Works. Our plan for a Ministry of Green Works builds on that proud tradition but is future-fit for the climate transition.

With our future-focused workforce agency, Mahi Anamata, we will be able to plan for the skills we need. This will allow us to prioritise resources to the areas we need rather than allowing the private sector to dictate our job market on their terms.

We have so many opportunities at our fingertips. Energy efficiency is a boon for productivity. The steps we need to take in transportation and urban development to reduce congestion will also reduce emissions, deaths and serious injuries, and petrol bills - by reducing the need to use private vehicles.

We can take pressure off our hospitals and people's power bills with healthy homes, wind and solar, and walkable communities.

A better world is possible.

● Julie Anne Genter is MP for Rongotai and Green Party spokesperson for Infrastructure, Transport, Urban Development and Building and Construction.

Downer | **HAWKINS**

Enabling communities to thrive.

Downer is delivering NZTA's Mt Messenger Bypass, which will improve safety, resilience, and reliability with a new 6km route that avoids the existing steep, narrow and winding passage over Mt Messenger.

UNIVERSITY OF AUCKLAND
Wellness, Tourism, Retail

The University of Auckland's Hiwa Recreation Centre, built by Hawkins, is a state-of-the-art complex offering students the opportunity to create lifelong social, physical, and mental wellbeing.

Hawkins is delivering Auckland Airport's new Domestic Jet Terminal which will connect to the present international terminal, creating a smoother, more spacious experience for Aotearoa's future travellers.

INFRASTRUCTURE A Herald Business report

Takutai Square.

Recycling assets: an elegant infrastructure solution

Asset sales are not necessarily 'flogging off the family silver', GHD's David Walker tells **Bill Bennett**

Recycling assets is an affordable way to create vital infrastructure that might otherwise not be built.

David Walker, principal and APAC advisory market lead at engineering firm GHD, says Auckland's most visible example is Waitematā Station, formerly Britomart.

"Britomart station cost the pre-amalgamation Auckland Council \$200 million, which was funded by property sales. This could happen because the council had a good portfolio of commercial and residential property that it sold down," he says.

"It's a great example of shifting from property assets to creating important new infrastructure.

"If Auckland City Council hadn't done this, then the entire City Rail Link project would not be happening now."

Previously general manager of executive services at Auckland Council, Walker says the above-ground part of the station, the Edwardian Auckland Central Post Office, was "a recondition project and it was a big job because the engineers had to tunnel underneath it, put rails in and do many other things.

"At the time it opened, it was the largest underground diesel train station in the world and needed massive fans to suck out all the fumes."

Next door is another outstanding

example of asset recycling: the large-scale urban redevelopment at Britomart Place. "The old Auckland City Council sold this on a very long-term lease to Cooper and Company. They did the redevelopment including the Westpac and EY building at Takutai Square.

"They restored old heritage buildings on Customs St and have made a really pleasant area, which they run and maintain. It's always well-looked-after, it's always clean and tidy.

"As part of the deal, the council got back \$28 million – which might not sound much given the scale of the development, but the council could never have achieved what Cooper and Company did. In about 100 years the asset will come back to the city and – this is important – it will return in a good state."

Public-private projects of this nature are not always handed back in good condition. Walker says the Civic Theatre was returned to the council in a terribly dilapidated state.

"The council had to spend \$40 million to get it back up to scratch. It's a beautiful building and, in hindsight, \$40 million isn't bad, yet the right safeguards were not put in place. That won't be the case with Britomart."

Walker says Auckland City Council learned how to better manage transferring public assets to and from the private sector. He says another lesson now being put into use by its successor, Auckland Council, is making better use of money received when assets are recycled.

A recent example was when Auckland Council sold its airport shares late last year. Walker says the sale returned between \$1.3 billion and \$1.4 billion, which was used to establish an infrastructure war chest: the Future Fund.

"This money is not being spent on operations. It has been locked away where it can be accessed for needy infrastructure projects.

"That's a really elegant solution because there has always been a lot of

opposition to selling directly cashable investments like shares."

Walker says there's an ingrained public resistance to "flogging off the family silver". This creates political and community barriers to asset recycling, even when it's economically sound or necessary.

"From my experience at the council we might have a single house to sell. We would have to work for years with the local board or community board, even though it was just an old house, falling to bits and needing a lot of money spent on it. The house wouldn't have any value as a community asset, but there would still be resistance to a sale.

"We found that if you could point directly to the benefit from a sale – or the trade-off – it helped. That's what the Mayor, Wayne Brown, has done with the airport shares."

He says in general projects often lack early and clear communication to the public about the costs, benefits and trade-offs involved in recycling public assets. Getting better at messaging is a crucial part of successful asset recycling.

New Zealand doesn't always get the best value from infrastructure assets. Walker says we have one of the highest per capita infrastructure expenditures in the OECD, yet we rank near the bottom when it comes to asset management.

One major issue is asset management planning. Infrastructure Minister Chris Bishop identified this as a problem when launching the Government's work programme to improve public infrastructure asset management in May of this year.

"Bishop is on board with the whole asset management challenge and mentioned that a number of asset-owning government agencies have failed to comply with expectations.

"The 2002 Local Government Act forces local councils to have asset management plans. We can argue how effective that has been, but the plans are there. However, often the funding isn't there to make them happen.

"Take the example of Wellington Water. The asset management plan might say it needs to replace pipes now, otherwise they'll go pop, but there isn't the funding.

"This is the absolute poster child for underfunding assets even though you have asset management plans in place."

He says that too often, operational funding is an afterthought.

"When the focus is just on the capital build, it's not a problem for the first few years.

"You might get away with 10 years. And then someone notices that the paint is peeling off the walls in this new hospital and that's when the awareness kicks in."

One way of addressing this problem is through regulation. "Thanks to regulation, the energy sector is a leading sector when it comes to quality of asset management planning and implementation.

"Now the water sector is going to have similar regulations.

"Combined with that, the Government has been facilitating a funding arrangement through the local government funding agency so that these water companies, as they merge, can borrow more.

"That was one of Watercare's issues. It has more than enough income to have a much bigger debt funding base, but because it is locked in with the council's debt envelope, it hasn't been able to get on with projects."

● GHD is an advertising sponsor of the Herald's Infrastructure report.

This money is not being spent on operations. It has been locked away where it can be accessed for needy infrastructure projects.

David Walker



End of a proud building era?

Possible sale of Fletcher Construction has been flagged



Infrastructure
Anne Gibson

Fletcher Construction has been called New Zealand's premier builder.

But could it be sold soon?

From the Chateau Tongariro to state houses, the University of Auckland's arts block (clock tower) to the Dominion Museum, Dunedin Post Office and Wellington Railway Station, Fletcher Construction Co has been credited with having built some of New Zealand's most significant buildings.

It took two large hardback books by former boss Jack Smith to even tell part of its history:

● *No Job Too Big: A history of Fletcher Construction, Vol 1: 1909-40*

● *No Job Too Hard: A history of Fletcher Construction, Vol 2, 1940-65.*

The books are said to be a "story of war and peace, success and failure, and how New Zealand's premier builder coped in the face of many challenges".

Today's Fletcher Building is a shadow of the former Fletcher Challenge of last century. Fletcher Con-



The 2019 fire at the International Convention Centre.

Given the quality and strong recent performance of our Construction businesses, and the role they will play in New Zealand's growing infrastructure pipeline, we were not surprised to receive inbound interest for them.

CEO and MD Andrew Reding

struction itself is a shadow of what the great company once was.

Fletcher flagged the potential Fletcher Construction sale at its investor day on June 11 and on July 22 in an NZX notice. Fletcher Construction is:

● Higgins, the civil construction company which Fletcher bought in 2016;

● Brian Perry Civil, bought by Fletcher in 1986;

● Fletcher Construction (major pro-

jects) division, part of the original 2001 float on the NZX.

Fletcher Living, the company's home-building business, is not included in the sale. Fletcher Living doesn't come under Fletcher Construction. It is a separate division, headed by the accomplished, experienced Steve Evans, in that role for more than a decade.

On the possible Fletcher Construction sale CEO and MD Andrew Reding, said in July: "Given the quality and strong recent performance of our construction businesses, and the role they will play in New Zealand's growing infrastructure pipeline, we were not surprised to receive inbound interest for them, which has motivated us to test whether there are attractive divestment options."

"No decision has been made to sell at this time, and we will carefully consider the value of any options presented from this process before deciding whether to move ahead."

The business says Fletcher Construction has 3700 staff working across the three brands. "Since 1909, our people have planned, built, maintained and managed significant national infrastructure for the benefit of communities in New Zealand and the South Pacific. We have safety at our core and invest in innovation for the future," it said.

In more recent years, Fletcher Construction had three jobs that caused problems:

● Auckland's new \$1 billion-plus NZ International Convention Centre for SkyCity;

● Auckland waterfront's Commercial Bay for Precinct Properties;

● Justice & Emergency Precinct in Christchurch.

In 2018, the *Herald* reported on 14 of 73 projects on its books that are loss-making or on watch.

Jobs had gone over the original bid cost and taken far longer than expected.

Underbidding and lack of information flow to the board were two issues blamed then.

The now former-CEO Ross Taylor said in 2018 that Fletcher Building would not be bidding for any further vertical construction work in New Zealand while it concentrates on completing existing projects.

It said the building and interiors market "continues to be characterised by high contract risk and low margins", adding, "We will no longer work in these conditions."

SkyCity is suing Fletcher Building and the Fletcher Construction Company for \$330 million, saying it had taken 10 years instead of three to build the NZICC.

The claim seeks damages for losses incurred by SkyCity arising from ongoing delays in the completion of the project, including those that resulted from the 2019 fire.

In response, Fletcher said it had already flagged risks associated with the convention centre, it was committed to delivering the project and would vigorously defend itself.

But SkyCity said the NZICC was now nearly six and a half years behind the contractually agreed delivery date of January 2019.

Despite its problems, Forsyth Barr analysts have estimated Fletcher Construction could be worth \$230m to \$340m.

More may be said about the sale at the company's annual results announcement on August 20.



Aotearoa / New Zealand

IPWEA

INSTITUTE OF PUBLIC WORKS
ENGINEERING AUSTRALASIA

Lifting Capability. Leading Communities.

Your peak membership association for public works and asset management professionals in New Zealand.

An IPWEA Aotearoa membership provides access to:



Tools & Resources



Advocacy



Education & Training



Networking & Events

www.ipwea.org.nz

INFRASTRUCTURE A Herald Business report

We can lead – or be left behind

The map, the maths and the market momentum are aligned, writes **Marcelo Menoita**

New Zealand stands at a pivotal juncture in the future of global aviation and trade. While the world remains largely focused on traditional Northern Hemisphere routes, a transformative opportunity is emerging – one that could position Auckland as the premier aviation and logistics hub of the Southern Hemisphere and unlock billions in long-term value for our economy.

The Southern Cross Project is far more than a flight route between Auckland and São Paulo. It represents a bold rethink of how goods, people, and capital move between some of the world's most dynamic regions. By connecting Asia to South America via Auckland – and Oceania to Europe and Africa via Brazil – we're enabling a new kind of five-continent flow, with New Zealand at its centre.

The commercial case is compelling. In 2023, trade between China and Brazil alone reached US\$181.53 billion – a 6.1% increase over the previous year. Yet passengers and cargo must still travel inefficient routes through North America or the Gulf, adding hours, cost, and complexity to journeys that geography suggests should be shorter and simpler.

Auckland lies along natural great-

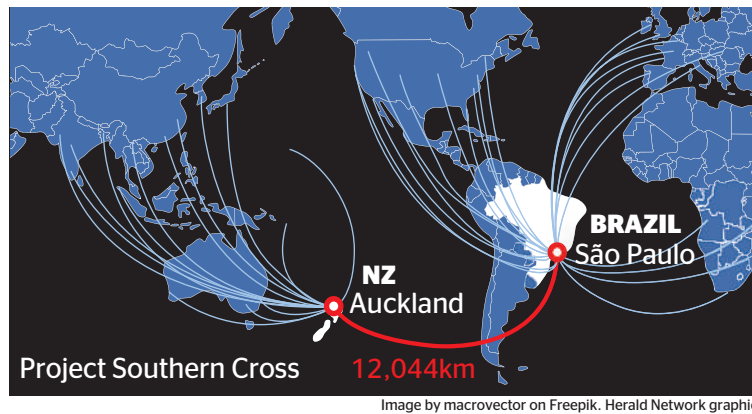


Image by macrovector on Freepik. Herald Network graphic

circle routes connecting cities like Shanghai, Tokyo, São Paulo, and Buenos Aires. Most of the nearly 100,000 travellers who fly between Tokyo and São Paulo each year must pass through Los Angeles, dealing with long delays, visa issues, and logistical complications.

Auckland offers a faster, smoother, and more humane alternative. Spin a globe and Auckland becomes the obvious midway point. Yet we've barely begun to tap that advantage.

NZIER analysis estimates the Southern Cross Project could bring up to NZ\$1.87b in economic benefits over 10 years through deeper trade, freight, tourism, and education flows. These are not just forecasts; they are grounded in real trade data, airport capacity, and passenger modelling.

Airlines are taking notice. China Eastern's Shanghai-Auckland-Buenos Aires service, launching in December,

validates the route and is expected to generate NZ\$48 million annually in visitor spending. Other airlines are quietly exploring similar opportunities to integrate Auckland into their long-haul networks.

Infrastructure is keeping pace. São Paulo's Guarulhos Airport – the busiest cargo hub in South America – handles 38% of Brazil's imports and exports in a modern, 97,000sq m terminal. Auckland Airport is undergoing a NZ\$5.7b upgrade, including an integrated terminal and expanded runway capacity. Transit facilities alone have grown by 80%.

The timing could not be more opportune. The pandemic and geopolitical instability have exposed weaknesses in global supply chains. Businesses are rethinking logistics strategies, seeking resilient alternatives to overstretched hubs. The Southern Cross Project offers preci-



Marcelo Menoita has had a career in international business spanning more than 30 years. He runs Nexus Business International, which connects businesses in Brazil, the Middle East, Japan, the Netherlands and other parts of the world. He and his wife, Barbara, also ran specialty food manufacturer Durello for five years. The NZ Brazil Business Chamber, of which he is chief executive, launched in May 2024.

sely that: a future-proof, Pacific-based bridge between high-growth regions.

Brazil, the world's tenth-largest economy, remains under-explored by New Zealand exporters. In 2023, our goods exports to Brazil totalled just NZ\$127.4m. A direct air corridor could dramatically boost trade in high-value goods such as meat, dairy, software, and engineering services – while enabling Brazilian companies to access Asia-Pacific markets through Auckland.

There's a powerful human element too. Around 20,000 South Americans now live in New Zealand, many of whom endure costly, multi-leg journeys to see loved ones or conduct business. Improved connectivity would strengthen family ties, boost tourism, and diversify our international student base.

Sceptics point to infrastructure constraints or demand uncertainty. But Auckland already processes close to 19m passengers annually; the current expansion will increase that capacity significantly. Strong forward bookings and active airline engagement confirm the project's commercial potential.

The Southern Cross Project is a strategic leap for New Zealand.

As Asia and Latin America grow closer economically, the countries that connect them will benefit the most. We can choose to lead or be left behind. The map, the maths, and the market momentum are aligned. What's needed now is political and commercial leadership. Wellington and Brasília must finalise the air-services agreement currently under negotiation. Industry and airport partners must co-ordinate to streamline Customs and promote Auckland as a bridge between continents.

New Zealand has long punched above its weight through bold ideas and global thinking. The Southern Cross Project is our next opportunity to lead on the world stage. The question is no longer if the connection will be built, but whether New Zealand will be its builder or merely a bystander. For the sake of our exporters, our students, our families, and our global relevance – we must choose to lead.



Tomorrow, today

The infrastructure decisions we make today shape the communities, economies and environments of tomorrow.

We're helping our clients navigate uncertainty, invest with confidence and deliver future-ready outcomes for our communities.

ghd.com





Behind our roads, bridges, hospitals, and housing developments are the people who plan, manage, and maintain them, writes David Jenkins.

Photo / NZ Transport Agency Waka Kotahi

Held up by human scaffolding

New Zealand's foundations require a strong and valued workforce, writes **David Jenkins**

In New Zealand today, we are surrounded by talk of infrastructure deficits and the promise of projects that will shape the country for decades. Roads, bridges, hospitals, and housing developments are the things we can see and touch. But behind every one of them is something less visible and arguably more important: the people who plan, manage, and maintain them. If we are to take infrastructure seriously, we must also support those people seriously.

It's a curious contradiction. As a country, we talk about infrastructure as a long-term investment in our national well-being, yet we treat the people responsible for managing that investment as incidental.

Engineers, asset managers, and public works professionals are not simply support staff for construction projects. They are the stewards of public value. They recommend how we build, when, why, and how we sustain essential public services. The common sense of it is obvious: no matter how sophisticated the design or how generous the budget is, a poorly managed public asset is a

community problem waiting to happen.

Right now, we have a skills shortage that cuts to the heart of this issue. Local authorities nationwide, especially in regional and rural areas, struggle to recruit and retain the needed professionals. These roles aren't optional; they are essential. Local authorities are responsible for a vast share of the country's public assets. It's also where the rubber hits the road: where planning meets potholes and where grand national strategies turn into everyday decisions about maintenance schedules, renewals, and service delivery.

The Minister of Infrastructure, Chris Bishop, has called for a 30-year national infrastructure plan, and he's right to do so. However, any long-term plan is only as strong as its foundation. And that foundation must include a capable, confident and valued workforce. It's not just a

policy issue; it's a philosophical one. If we believe infrastructure exists to serve people, then surely those who serve it deserve to be invested in. Otherwise, we risk pouring money into the concrete while letting the human scaffolding crumble.

It doesn't need to be this way. Countries like Canada have shown what's possible when you put people at the centre of infrastructure planning. Their Municipal Asset Management Programme didn't just hand out money for new software or data tools – it funded training, peer learning, and knowledge-sharing between councils. They built a culture of capability, resulting in better decision-making, stronger long-term planning, and more resilient services.

Here in New Zealand, we must stop viewing training and development as an afterthought of public infrastructure. Every infrastructure budget should include funding for

building internal capability. That means structured learning, mentorship, and planning for the future workforce. If we want to be ready for the challenges of tomorrow, we need to grow our talent today.

There is also a cultural shift required. Asset management is often misunderstood and seen as back-office record-keeping rather than the strategic discipline it is. In reality, it requires systems thinking, data analysis, communication skills, financial planning, and the ability to weigh risk against service outcomes. When done well, it prevents failure, saves money, and ensures infrastructure delivers real value to communities. Yet too many councils are left without the capacity or the recognition to do it properly.

Philosophically, this is a question of stewardship. Public infrastructure doesn't belong to governments or agencies. It belongs to the people. And the people who manage it on our

behalf should be seen as guardians, not functionaries. They need tools, trust, and time to think beyond the next annual plan. They need to be part of the conversations that matter.

The irony is that many of our problems – deferred maintenance, rising costs, and unexpected failures are not caused by poor intentions. They're caused by a lack of capability and coordination. No one sets out to underinvest in stormwater systems or overlook road degradation. But without skilled people in the right roles, equipped with good information and trusted to make sound decisions, these things happen anyway.

If we genuinely want to leave a legacy and want our grandchildren to inherit infrastructure that is not just still standing but still serving, then we need to invest just as much in people as we do in the pavement. That is the common-sense foundation of any national infrastructure strategy: the right people, in the right roles, doing the right work for the right reasons.

We talk often about building for the future. But we are only halfway there unless we build up the people who make it all possible.

Let's make New Zealand's infrastructure about more than what we construct. Let's make it about how we support and empower the people we rely on for our everyday services.

● David Jenkins is CEO of the Institute of Public Works Engineering Australasia (IPWEA)

● The IPWEA is an advertising sponsor of the Herald's Agribusiness and Trade report

We must stop viewing training and development as an afterthought of public infrastructure. Every infrastructure budget should include funding for building internal capability. That means structured learning, mentorship, and planning for the future workforce.

David Jenkins



INFRASTRUCTURE A Herald Business report

Asset management vital for



Infrastructure
Kali Mercer

Think of it like owning a car. It is not advisable to skip on basic maintenance. Everyone knows that it's far more expensive and disruptive to fix a failed engine than to top up the oil regularly. But that's exactly how many of our public systems are being treated.

When we think about infrastructure in Aotearoa New Zealand, most of us picture the obvious: the roads we drive on, the pipes that carry our water, the schools our children attend, the hospitals that keep us healthy. What we don't often consider is the huge amount of work that needs to go into keeping those assets up to scratch.

The real story of New Zealand's infrastructure isn't just about building new things. It's about how well we care for what we already have. Yet a recent report by the Helen Clark Foundation together with WSP New Zealand found that beneath our feet – and behind our walls – there's a slow-motion crisis unfolding. That report, "Built to Last", found that much of the infrastructure that underpins our daily lives is quietly deteriorating. Leaking hospitals and schools, under-maintained roads, and tired public buildings are becoming increasingly common across the country. These are symptoms of a systemic issue: New Zealand is not properly looking after the infrastructure it already has.

While this slow deterioration continues, we remain more focused on delivering new projects than looking after those we already have. Why? Perhaps because they're easy to sell – ribbon cuttings and photo ops get headlines, whereas steady attention to maintenance will often go unnoticed. What we most desperately need is not glamorous: a serious, nationwide commitment to lifecycle asset management.

Asset management is the practice of planning for – and investing in – infrastructure over its entire lifespan,

thinking about the needs of those using it now, and into the future. Instead of waiting until something breaks before stepping in to make repairs, this approach emphasises regular, proactive care – from design to maintenance to eventual replacement.



The price of short-term thinking

One of the key challenges is the inconsistent use of depreciation across sectors. In simple terms, as our assets wear out, we're not putting aside enough money to fund their upkeep and replacement. Frequent mismatches between depreciation

and renewal funding mean many assets are not adequately supported throughout their lifetimes. Skimping on planned, proactive maintenance and renewals means we must replace assets sooner than we would otherwise have to, or spend huge amounts on emergency repairs.

WHAT DOES IT TAKE? ... to create sustainable economic growth?

Infrastructure investment has long been recognised as a catalyst for economic growth - both through the immediate stimulus of construction and long-term gains in productivity and connectivity.

The National Infrastructure Plan lays out clear priorities in response to New Zealand's infrastructure challenges, now it's time for collaboration and execution to deliver tangible productivity outcomes for all New Zealanders.



Scan to see
why we do
what we do.

aurecongroup.com

aurecon
Bringing ideas to life

infrastructure maintenance

When critical infrastructure fails, it's not just an inconvenience – it can be dangerous and costly. The old saying, "a stitch in time saves nine", is absolutely accurate – regular, planned maintenance is vastly cheaper than waiting for an asset to fail and then propping it back up or rebuilding from scratch.

Yet we do not have the systems in place to ensure that assets are looked after. This isn't just bad economics, it's bad planning. As one notable example, our data on infrastructure assets – where they are, what condition they're in, and how they're performing – is patchy at best. Surprisingly, this is particularly the case for assets owned by central government – local governments are more accountable under the legislation.

Treasury, concerned at this, recently put in new rules requiring central government agencies to report on how they are managing the assets that they own. The first round of reporting in June last year revealed a concerning low level of asset management practice.

We looked at six major asset-owning central government agencies for our research. Only one of those reported maintaining a comprehensive asset register – a fundamental tool for tracking what infrastructure exists, what condition it is in, and when it needs to be renewed. Just two of the same agencies are currently using detailed asset management plans to guide their strategic, tactical, and operational level decisions, including eventual disposal or sale of assets.

When it comes to spending on renewals, local governments are also better at keeping track of how they are doing than central government. Whereas local governments must link the amount their assets are depreciating to the amount they are spending on renewals, central government agencies are not required to do so. And many readers will be surprised to learn that neither central nor local government must ring-fence the money they collect from tax and ratepayers for depreciation and put it towards renewing assets as they deteriorate. Instead, that money is often spent on routine maintenance, operational costs (paying for staff, for example), or other priorities entirely.

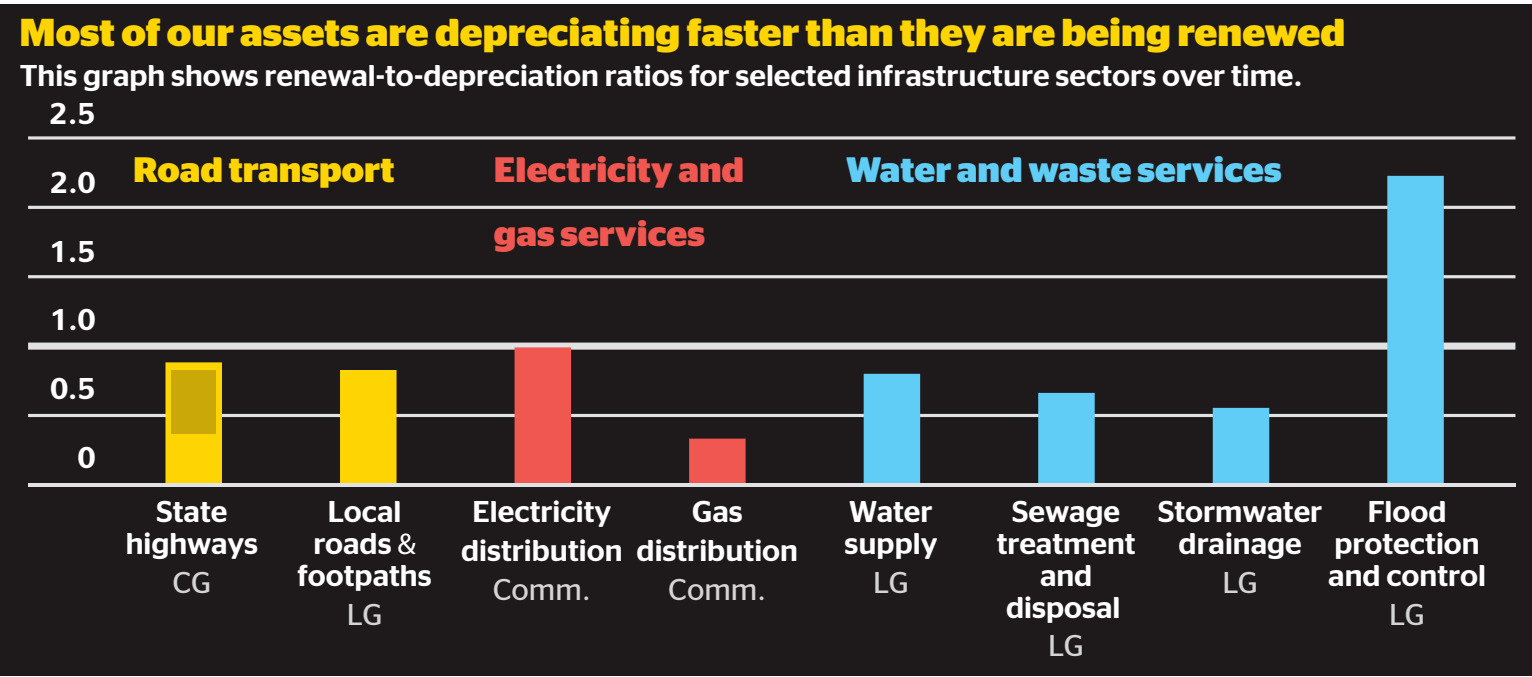
Without reliable information on how assets are being managed, decision-makers are essentially flying blind. They can't plan wisely or anticipate future issues. Instead, they're left to respond to crises after they happen. It's a reactive cycle that drains public funds and undermines trust.

A system without a system

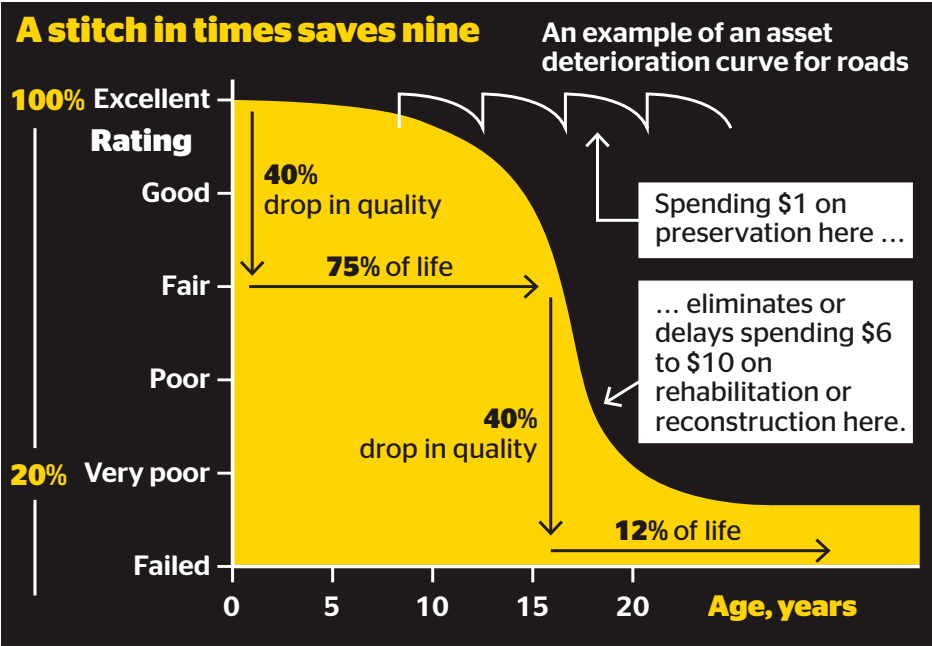
At the heart of this problem is a lack of a systems approach. We don't just need better spreadsheets, we need a new mindset. One where infrastructure isn't treated as a set of individual projects, but as a network of interconnected assets that serve generations.

This mindset means embracing uncomfortable truths: sometimes, the right decision isn't to build something new but to maintain what we already have. It means asking tough questions about value – how do we get the most out of every dollar we invest over the long run, not just in the next election cycle?

Unfortunately, current political and institutional incentives often push in the opposite direction. Politicians at both central and local levels are under pressure to deliver quickly and to do so cheaply. Despite the relative predictability of ongoing infrastructure costs and the importance of good design to reduce lifetime expenses, current system settings in Aotearoa can encourage decision makers to prioritise upfront savings over long-term value.



Based on information availability for different periods. Source: New Zealand Infrastructure Commission 2024. Herald Network graphic



But infrastructure doesn't operate on three-year cycles. Good infrastructure lasts decades, and decisions must be taken in a non-political way that reflects this fact.

Crucially, we need to make our infrastructure management more transparent. While it remains hard for the public to accurately judge how decision-makers are doing on something as technical and behind-the-scenes as asset management, things are not likely to improve.

Right now, asset condition data is often unavailable to the public – or

even to other decision-makers within government. This lack of visibility prevents scrutiny and undermines accountability.

Why this matters now

New Zealand is at a crossroads. Our population is growing and ageing. Our climate is changing. These challenges demand smarter, more resilient infrastructure – but we can't meet them if we're always playing catch-up.

Surprisingly, the Infrastructure Commission reports that up to 99%

of the infrastructure we will rely on in the future already exists. That means the bulk of our infrastructure challenge is not about building more, but about doing better with what we have. Yet under current settings, we are slowly bleeding value. We're running down our assets faster than we're reinvesting in them. And the longer we delay, the bigger the repair bill gets.

Infrastructure isn't free – neither is neglect. The difference is that proactive, planned investment gives us choice and control, whereas

reactive investment can offer only chaos and inflated costs.

To shift from crisis mode to a future-focused strategy, we need to rethink how we plan and fund infrastructure. Here's the good news: there are practical, proven solutions. Here are some of the key actions that would make a major difference:

- Match depreciation with renewals funding: Public asset owners should ensure every dollar accounted for as asset wear-and-tear is actually reinvested into maintaining those assets – or publicly explain why this isn't being done.
- Improve our understanding of the performance and condition of existing assets to better inform strategic decisions. Central government agencies must lead by example and rigorously follow best practice in asset management.
- Increase transparency and public scrutiny to drive compliance with best practice and allow voters to more easily understand whether assets are being managed properly, or neglected.
- Create a reliable, proactive investment pipeline for renewals and maintenance, separated as much as possible from political decision-making incentives.
- Invest in workforce capability to ensure we have the skills to manage infrastructure well.
- Shift public dialogue: Educate and engage the public about the long-term benefits of asset maintenance – even when it means delaying new projects, or seeing rates rise faster than we might like.

These aren't abstract ideas, they are tangible, achievable steps. And they matter not just for engineers or policymakers, but for all of us who rely on safe roads, clean water, and functional public services every day. If we continue to prioritise the short term, we will leave future generations a degraded, more expensive infrastructure system, with fewer choices to fix it.

But if we act now to improve how we manage our existing assets, and insist that this is done properly without constantly cutting corners, we can ensure that the country's infrastructure remains resilient, efficient, and capable of supporting a growing and ageing population.

This is not just about pipes and pavements.

It's about stewardship. It's about leaving behind a country that works, for the benefit of all. That means embracing the unglamorous but vital discipline of lifecycle asset management.

● *Kali Mercier is deputy director of the Helen Clark Foundation and a WSP Fellow.*

INFRASTRUCTURE A Herald Business report

Reset the rules to build better

Resource management reforms are unlocking a sustainable, efficient future for infrastructure writes **Michelle McCormick**

I love working in infrastructure. It's a sector that touches every New Zealander, every day. Whether it's getting goods to our supermarkets, enabling exports, connecting people to jobs, education, health services, or simply keeping the lights on.

Everyone also has an opinion on infrastructure, especially when things don't work as they should.

Right now, we have the opportunity to get infrastructure working better for New Zealand. There is significant, even generational, change happening – and while some of it may not grab headlines like a new bridge or hospital, these reforms are critical if we want to build the infrastructure our communities need, more efficiently and more effectively.

A sober reminder of the scale of our challenge came this month with the release of the Draft National Infrastructure Plan from the New Zealand Infrastructure Commission, Te Waihangā. The plan lays bare a troubling paradox; between 2010 and 2019 New Zealand's investment in infrastructure represented the highest proportion of GDP among OECD nations, yet we ranked near the bottom of the OECD for return on that investment. In short, we're not getting bang for our buck, and we need to do much better.

Part of that comes down to how hard it is to build things here. Over recent years, the time and cost of securing planning approvals, designations, and resource consents has risen significantly. We often hear frustration about the layers of complexity, duplicated processes, and the inability to get timely decisions. Unfortunately, the consequences are felt by everyone stuck in traffic or using our deteriorating public assets.

The good news is that change is under way.

This year alone, we've seen a steady stream of initiatives to modernise the infrastructure system. The Government has begun



reshaping the regulatory landscape with a major legislative reform programme. We have seen commencement of the new Fast-track Approvals Scheme, which should help accelerate some critical projects by aligning all consents and other regulatory approvals via a one-stop-shop.

A new National Policy Statement for Infrastructure will, for the first time, provide consistent national direction for how infrastructure is planned and delivered, alongside other important resource considerations. This will mean a more consistent approach and treatment of critical infrastructure, especially for

national network operators such as NZTA, KiwiRail and Transpower, or other infrastructure owners and operators who currently need to convince 67 different councils of the need for asset development and standard maintenance activities.

Phase Two of the reform to the Resource Management Act includes long-overdue updates to 14 existing and seven new national direction instruments. Infrastructure-related settings changes include telecommunications, renewable electricity generation, electricity transmission standards as well as the going for housing growth package.

These may sound like technical

changes, but they matter. They help create certainty and reduce unnecessary duplication and overly bureaucratic approval processes. They also speed up decision-making, all while ensuring environmental standards are maintained.

A cultural shift is also needed. For too long, our infrastructure system has been set up to say "no" by adding hurdles and rarely removing them. The Resource Management Act has spawned 30 years of complex rules and fragmented planning across the country. While the current amendments and new and updated National Direction instruments will help, what is needed is a new planning and environmental management system that enables good projects to proceed, with appropriate safeguards.

Getting to "yes, with conditions" must become the norm.

That won't happen overnight. Improving the rules is just one piece of the puzzle. We also need high-quality, timely environmental monitoring so decisions are based on reliable data. Reform of the Environmental Reporting Act is on the table, and it's vital this leads to better, more transparent information to support infrastructure decision-making.

Importantly, the Government is also looking at ways to align regional spatial planning, improve housing development processes, and introduce nationally standardised zones. This will help reduce the endless local variations that currently make infrastructure delivery so

The Government is looking at ways to align regional spatial planning, improve housing development processes, and introduce nationally standardised zones.

Photo / Michael Craig

complicated and costly.

As the Minister for Infrastructure has pointed out, "across New Zealand there are 1175 different kinds of zones. In the entirety of Japan, which uses standardised zoning, there are 13 zones".

New Zealand is special but I don't think we are that special. Simplifying the field, removing unnecessary over-complication and making the rules clearer for everyone can ease the way for infrastructure development and address at least one of the causes of our high project costs.

The avalanche of legislative change is progressing.

Work on the replacement RMA in the form of two new acts is well underway but is unlikely to be completed this parliamentary term. These changes will lay the building blocks for a better system, but installing a new regime that has cross-party support is critical.

Our system settings must keep improving, the reforms we make must be implemented properly, and we must hold on to the momentum for change. These are complex shifts and signal a new maturity in how we think about infrastructure; not as stand-alone projects solving isolated problems, but as part of our broad economic and social fabric.

The reality is that system reforms don't get people excited like seeing shovels in the ground, but in many ways, they are even more essential. The way we regulate, plan, consent and deliver infrastructure in New Zealand is riddled with complexity, delay and cost. This doesn't just hurt government and our local councils, it harms every New Zealander getting to work, waiting for a hospital bed, or learning in a substandard classroom.

Many of today's changes won't be visible to the public immediately, but they are essential if we want to lift our performance, attract investment, and deliver the infrastructure New Zealanders require over the long term.

● Michelle McCormick is Policy Director, Infrastructure New Zealand. Infrastructure New Zealand is an advertising sponsor of the Herald's Infrastructure report.

BUSINESS REPORTS

INFRASTRUCTURE is one of a series of seven premier Business Reports published annually in the New Zealand Herald.

These reports are premier, business-to-business publications providing critical sector insights alongside robust informed content and commentary about issues that matter to NZ businesses. The reports canvas the views of Cabinet Ministers, business leaders, and business organisation chiefs.

This sits alongside expert commentary from respected thought-leaders through interviews and in-depth articles written by the Herald Business Reports team.

The reports are distributed within the Herald and the editorial content is carried online at nzherald.co.nz/business.

PUBLISHING CALENDAR FOR THE BUSINESS REPORT SERIES 2025:

- | | |
|--|------------|
| Project Auckland | Published |
| <i>To coincide with the annual Project Auckland luncheon</i> | |
| Capital Markets & Investment | Published |
| Agribusiness & Trade | Published |
| Infrastructure | Published |
| <i>To coincide with Infrastructure NZ's Building Nations Summit 2025</i> | |
| Mood of the Boardroom | Wed 24 Sep |
| <i>To coincide with the Mood of the Boardroom breakfast and finance debate</i> | |
| Sustainable Business & Finance | Wed 5 Nov |
| Dynamic Business | Fri 5 Dec |
| <i>To follow the Deloitte Top 200 Awards</i> | |

Managed & edited by Fran O'Sullivan:
fran.o'sullivan@nzme.co.nz | 021 986 145

Commercial enquiries to Neil Jackson:
neil.jackson@nzme.co.nz | 021 944 825

Preparing for a flow of major projects

Leading construction and infrastructure maintenance firm Downer is gearing up to play a key role in the New Zealand Government's new pipeline of major projects.

Murray Robertson, Downer New Zealand managing director, says "I'm cautiously optimistic about the certainty in the infrastructure pipeline."

He says the New Zealand Infrastructure Commission reported that out of a \$206.9 billion pipeline, \$111.6b of projects are either fully or partially funded, as at March this year.

"It sends a strong signal to the market of a good pipeline that is funded or beginning to be well-funded. Within that pipeline is \$70.9b of transport infrastructure spend over 10 years, which gives us the confidence there is good work coming and we can resource up."

Robertson says a stable, bipartisan-backed pipeline is seen as critical to investor confidence. It reduces perceived risk and enables better financing terms for public-private partnerships. This is especially important for long-term asset management and maintenance investment.

"We are seeing a shift to design-and-construct projects, rather than construct-only, and this changes the type of workforce we need – such as more engineering and design management personnel."

"We are going through a review of the work expected to come through and making sure we are resourced to a sustainable level based on what we can secure through tender. We have to do this in a measured manner. The key thing is that the industry responds by having the right people to deliver well when the initiatives start flowing."

"We acknowledge that the growth in public-private partnerships will likely see increased involvement from overseas contractors. However, it's important to recognise that delivering these projects successfully will still rely heavily on the capabilities and support of strong local teams like ours – and those of Fulton Hogan, McConnell Dowell, HEB Construction, Higgins, Naylor Love and LT McGuinness."

"By moving away from the boom-bust cycle (for project development), we can retain key talent and skills," says Robertson. "We are big with on-the-job training and bringing operational management up to speed with New Zealand regulations and compliance."

Robertson says there's a constant degree of interest from South Africa and the UK in terms of project and design management and onsite supervisors. "Interest is also being shown from some of the bigger companies out of Australia and Europe for large public-private partnerships across the country."

In transport infrastructure, the NZ Transport Agency has started procurement of the roads of national significance, each of which presents significant opportunity to the industry, says Robertson.

Downer is part of a consortium tendering for the Northern Corridor public-private partnership that involves extending the four-lane highway 26km from Warkworth to Te Hana, including a tunnel section and interchanges. The project is part of the 100km-long Northland Corridor from Pūhoi to Whangārei.

Three consortia are bidding for the work and the preferred contractor is expected to be confirmed early next year, with detailed design and early construction starting mid-year.

For Downer-owned Hawkins, the commercial construction pipeline reflects substantial investment in key sectors, says Robertson.

Downer is increasingly confident the infrastructure pipeline will deliver exciting new opportunities, writes **Graham Skellern**



We are seeing a shift to design and construct projects, rather than construct only, and this changes the type of workforce we need – such as more engineering and design management personnel.

Murray Robertson

Health NZ released its first long-term infrastructure plan earlier this year, outlining \$20b worth of (new and upgrade) projects over 10 years. Health NZ said the plan provided "a consistent approach to how and when we invest in public health infrastructure across the country based on clinical service planning and equitable healthcare access."

Downer-owned Hawkins has recently completed the new Totara Haumaru building, which includes 150 beds and eight operating theatres, as part of the \$600m North Shore hospital upgrade.

Robertson says this highly successful project was preceded by a thorough early contractor involvement phase, during which Hawkins collaborated closely with the client to proactively identify risks and ensure that practical construction strategies were well established in advance.

He says fair risk allocation is important for any major project to ensure continuity of delivery. Clear, balanced risk-sharing avoids disputes and delays, and early risk clarity helps contractors plan and price accurately. Structured risk registers and delegated authority frameworks ensure accountability and strengthen governance. The transparent risk model fosters collaboration with clients and stakeholders and builds trust.

Hawkins is delivering Auckland Airport's \$850 million domestic jet terminal, which will connect to the present international terminal, creating a smoother, more spacious experience for travellers. The project is expected to be completed in 2029.

Downer is a core member of the Link Alliance, contributing one-third of the management and construction effort for the Auckland City Rail Link (CRL).

"While there is a necessary degree of tension over delivery and cost, the project's quality, safety and productivity are impressive relative to similar large rail builds in Australia and other parts of the world. That comes down to being very clear about risk allocation, and an excellent project team," says Robertson.

"The alliance is in the final stages of delivering CRL and the public will be impressed when the project is released."

"The way the project has delivered on social impact and sustainability outcomes is world-class. The innovation and contributions have hap-

pened because of understanding and sharing the risks."

Downer has 8000 people – both permanent and contingent workers – operating out of 73 locations in New Zealand, including the Chatham Islands. The transport and infrastructure business is half-and-half maintenance and construction.

"We are located around the country from tip to toe," says Robertson. "It's important, particularly for road maintenance, because many of the areas we service are quite remote and we provide reactive as well as routine maintenance."

Downer has 50 staff in the Tasman region but that number more than tripled to 180 to support the recovery work following the recent flooding. "We deployed people from across the South Island – the team has been working long hours and we have had to carefully manage fatigue."

Downer maintains more than 50,000km of urban and rural roads in New Zealand and Australia. It has also stretched to the Pacific Islands, recently constructing airfields in Niue, Solomon Islands and Nauru.

Other completed projects include the Court Theatre performing arts venue in Christchurch, the award-winning Auckland University Hiwa Recreation Centre, the Burnham Health and Rehabilitation Centre for the New Zealand Defence Force, and stage two of the Wakefield private hospital in Wellington.

Hawkins is presently delivering the Manaaki Hohonu building at Waitākere Hospital – a modern, two-storey facility housing intensive care and inpatient wards and designed to support contemporary models of care and future clinical expansion.

Other current projects include a paediatric facility at the Tira Ora Child Health Centre in Whangārei, and the Kenepuru Science Centre for PHF Science in Porirua.

Robertson says aligning investment decisions with community wellbeing and long-term regional development reinforces confidence.

Downer has developed a New Zealand Infrastructure Resilience Index – a strategic tool designed to measure and strengthen infrastructure resilience across regions.

Created in collaboration with NZIER, the index helps identify vulnerabilities in the system and guides where investment should be prioritised to ensure infrastructure continues to function with minimal disruption during future shocks.

Robertson agrees there's plenty going on. The infrastructure pipeline is growing with more than 8000 initiatives listed nationally.

"A level of confidence is building in the industry, and we want to see this flowing through to major projects that are not held up for any reason, whether it's consenting or designing."

"The Government is intent on making New Zealand open to foreign direct investment, and establishing special purpose vehicles for public-private partnerships. The first significant one is the Northern Corridor."

"New Zealand is an attractive place to do business and to live. We can deliver superb engineering and training capabilities. And a lot of people who might have gone away are now coming back, and this gives clients the confidence that contractors can deliver."

Robertson says even though the overall sentiment in the infrastructure industry is positive, it is measured. "Confidence is at its highest when funding is confirmed, political alignment is strong and delivery capability is mature."

● Downer is an advertising sponsor of the Herald's Infrastructure report

INFRASTRUCTURE A Herald Business report

Project Wellington: Capital's business leaders weigh in on the city's infrastructure and financial issues

Time for a change of tune?

Decision-making is the core of shaping the future, writes

Luke Pierson

I grew up in a home with narrow musical tastes. Dad liked rock, full stop. The radio offered some escape, but it wasn't until I flipped through a family friend's CDs that I stumbled across jazz. I sat with Miles Davis and let the disorder draw me in. I'd never heard anything like it.

Jazz began in the 1920s as a response to its times – loose, unpredictable, alive. It challenged the idea that music should be "correct". Jazz musicians treated music as dialogue, not monologue. They listened and responded – to each other, to the moment, and to the audience. The act of listening was what made the music work.

Good decision-making starts with listening, too. It's how you understand the problem, weigh the trade-offs, and build trust in the path ahead – especially when the decisions are complex, long-term and expensive.

That's the point of local government: to let communities shape their own future. Decisions made closer to those affected by them are more likely to be in tune

with local needs and values.

Communities know what matters most to them, and should have the power to act.

It's also the promise of local democracy: proximity, accountability and responsiveness. Councils are entrusted with planning, infrastructure, transport, libraries and more – not because they're expected to be perfect, but because they're expected to listen.

What we're seeing in Wellington at the moment is what happens when they don't.

While the symptoms may be failing finances and leaking pipes, the real problem runs deeper.

Trust is at an all-time low: just 27% of Wellingtonians trust the council, and only 24% feel listened to.

It's not hard to see why.

Despite widespread public concern, controversial projects keep moving ahead because the council believes it knows best.

That might have washed occasionally if it had shown it could deliver. But after years of delays and hundreds of millions in cost blowouts, a handful of infrastructure projects – once full of promise – have become symbols of a council that can't be trusted with complex decisions.

The consequences are both practical and political. Take the failed proposal to sell the city's stake in Wellington Airport. There may well



Wellingtonians want change. Every serious mayoral candidate has heard that loud and clear.

Luke Pierson

have been good financial arguments but by that point it wasn't about whether selling the airport was the right thing to do. It was about whether we trusted the council to do the right thing.

That failure derailed the entire long-term planning process, a statutory requirement laying out spending priorities for the next decade. Something previous councils have delivered like clockwork every three years took this one an extra 12 months and a Crown observer to complete.

But here's the brighter note: people haven't given up. The thing about not being listened to is that it leaves Wellingtonians with two choices – stop complaining or do something about it. Vision for Wellington is an attempt to do the latter: help the city find its rhythm again.

The group was set up with a simple purpose: to listen. It's deliberately apolitical, aiming to build consensus across backgrounds and beliefs – something that's near impossible if you're backing candidates.

In a few short months, we've hosted 2000 Wellingtonians at eight public panels featuring 35 local experts, from transport engineers and housing advocates to entrepreneurs and economists.

Thousands more have streamed the conversations online, and hundreds have written in with ideas, feedback and fully formed proposals.

Crucially, we haven't put forward any ideas of our own. This isn't about telling Wellington what to do.

It's about understanding what Wellington wants. What we're building isn't a political platform, but

a shared set of priorities that reflect the aspirations of the people who live here. And we're backing that with robust, representative research so it speaks for the city, not just the loudest voices in the room.

One thing is already clear: Wellingtonians want change. Every serious mayoral candidate has heard that loud and clear, promising a reset with tighter control of spending, lower pressure on rates, better scrutiny of big projects and greater transparency. The question now is whether they can deliver.

With Wellington playing musical mayors for the third election in a row, and at least five councillors standing down, change is clearly coming – for better or worse. For a progressive city, a style of leadership that says "we're right, you're wrong" is about as conservative as it gets. What we need now is the opposite: leaders who can listen, adapt and build consensus across differences. Leaders who treat governing not as a monologue but as a conversation.

Because what we're facing isn't just a failure of pipes or projects. It's a failure of decision-making.

Until we change that tune, the outcomes won't change – no matter who's in charge.

● *Luke Pierson is an entrepreneur, company director, and founding member of Vision for Wellington. www.visionforwellington.nz*

Building major social infrastructure across New Zealand communities

With over \$2.5 billion in critical infrastructure projects delivered across Aotearoa, including education, health, and accommodation, Southbase has a proven track record of strengthening communities. We're dedicated to creating spaces where New Zealanders can thrive.



Learn more at southbase.co.nz

 **SOUTHBASE**



The wellbeing of Wellington needs best from council



Fixing the problems starts with sensible infrastructure and affordable rates, write **Paul Ridley-Smith** and **Louise Tong**

Wellington is a city of special promise and beauty; a place that – at its best – pulses with creativity and civic pride.

Yet in 2025, Wellingtonians are troubled and concerned. We're off-track and risk losing relevance. There's no one cause, but there's one actor that has badly let us down – our own Wellington City Council.

The relentless rise of rates, a fixation on vanity projects, and a failure to focus on the basics have drained our wallets and made us grumpy.

These are not minor grievances. When household budgets are squeezed, local spending falls, businesses struggle, jobs vanish, and investment slows. The council's justification – that increased rates enable it to pursue the "wellbeings" it values – has tilted from virtue to vice. The real virtue now is reducing this burden and refocusing on the essential infrastructure that underpins our city.

Cost of living and doing business in Wellington

Calls for rates restraint are dismissed by some as miserly grumbings of privileged homeowners. They're wrong. We are not strangers to the city or its needs; we're Wellingtonians who've invested decades of our lives helping to shape this place. We've walked the streets and talked to the people and business and the message is clear – it's become progressively too expensive to live and do business here. It's particularly unfair on businesses – large and small – who pay 3.7 times the level of rates compared to homeowners, the largest differential in the country.

Some simple numbers illustrate the strain: if the council had limited its rates increases to match inflation since 2020, every household would be \$1200 better off this year. That money matters, especially for first-home buyers, low- and fixed-income families and those with mortgages. It's money that could have circulated in the local economy, helping sustain shops, cafes and jobs. In the five years to 2025, inflation was 22%, but rates surged 83%. Worse, the council's 2024 Long-Term Plan shows rates more than doubling between 2024 and 2034 (including water infrastructure expenditure). Water services are now being transferred to a new entity, with households reportedly facing similar significant and challenging increases in their water costs.

For many, rates are the second biggest expense after their mortgage. For businesses, rates trail only rent and staff costs. The results are predictable: growth sputters, new housing and jobs don't materialise, and the boast that Wellington can "grow its way to prosperity" rings hollow.

Debt: Mortgaging the future for the present

From 2019 to 2024, total council spending (operating plus capital) grew 63%. Staff costs alone grew 48% (nearly three times wage inflation), with the number earning over \$200,000 almost doubling. Such

escalation is unheard of in the private sector and yet the promised infrastructure gains have been modest at best. Debt has also soared. Council gross debt was \$0.6 billion in 2019 and it's now over \$2 billion, and growing. In 2019, \$1 in every \$12 of rates serviced the council's debt interest, today it's \$1 in \$6. We are mortgaging our city's future; coming generations will pay the bill.

Where has all this money gone? It hasn't flowed into suburbs like Newlands, Strathmore, Newtown, or Karori. Instead, nearly \$1b has been lavished in and around Civic Square: the Town Hall, the rebuilt library, purchase of a parking building, the Takina convention centre, a \$40m fit-out of council offices (in a prime location), demolition of buildings, and modest city centre upgrades. Going forward there's around \$600m on social housing upgrades and completion of a \$400m project building the planet's most



Council gross debt was \$0.6 billion in 2019 and it's now over \$2 billion, and growing. In 2019, \$1 in every \$12 of rates serviced the council's debt interest, today it's \$1 in \$6. We are mortgaging our city's future; coming generations will pay the bill.

sophisticated sludge plant to reduce human waste to dry pellets. Nice.

This might have been bearable if the money was spent on the "bones" of the city – water pipes, streets, parks – the infrastructure that truly underpins public and economic wellbeing. But too little has. The pipes are still leaking profusely – 44.3 million litres per day. That's more than 17 Olympic-size swimming pools of precious, treated water being wasted every day.

How did we get here? The drift from infrastructure to ideology

Much of the increase in spending – past and projected – has been disproportionately directed toward

initiatives aligned with the "four wellbeings" (social, cultural, environmental, and economic). These priorities relate to the 2019 amendments to the Local Government Act, which shifted councils' focus from the delivery of "good quality local infrastructure and services" to a much broader and more ambiguous mandate.

Wellington City Council embraced this with unbridled and well-meaning enthusiasm. See the projects above and the continuing commitments to cycleways, the Golden Mile, organic waste collection, a huge expansion in the parks and reserves budget to take on running Crown-iwi land on Miramar peninsula, commitments to the living wage for employees, contractors and employees of contractors. All earnest, but all expensive – and all paid for, ultimately, by the same number of ratepayers.

A new vision

So what now? First, Wellington must axe poor-value spending. Every dollar spent by the council must deliver measurable public value. Too often, this hasn't happened: from a \$3m purchase of EV chargers languishing in a warehouse, a \$0.6m bike rack hardly used, \$2m on golf club subsidies, to poorly evaluated mega-projects whose business cases look shakier year by year.

Second, the core must come first. That means pipes, parks, roads, lighting, litter, and keeping our city clean and tidy must be at the very centre of council's mission. Distractions, no matter how fashionable or well-intentioned, must not be allowed to take precedence.

Third, we need a "course correction" on future spending, targeting large savings that enable genuinely lower rates. Options could include a sinking lid on staff numbers, deferring non-essential capital projects until business cases and central government guidance are clear, and pitting every dollar of planned expenditure against an ironclad test: does this build basic infrastructure, or support a well-maintained, safe, attractive city?

Some big questions must be asked: What are the "wellbeing" consequences to all ratepayers of our Long-Term Plan expenditure: \$152m funding Takina's losses? Over \$90m on social housing?

Can a city of 75,000 households afford to subsidise a zoo by \$120m? Do our ratepayers have the financial capacity to spend a further \$173m maintaining and building new cycleways?

The council must also pursue new revenue and efficiencies. There are plenty of opportunities: selling surplus road reserve to residents, revisiting unduly generous rates remissions, rethinking unprofitable venues, and abdicating strategies, like social housing that duplicate central government's role.

A different future is possible – our modelling suggests \$2.8b could be saved out to 2034, if all levers are pulled. This could help freeze or even

continued on B30



Wellington City Council
DEMOGRAPHICS
Population 2024
209,900
Group median: 113,400

		Group median
Population change 2023-24	0.0%	1.3%
Land area 2025	290km ²	395km ²

RATES REVENUE

Change 2023-24	13.7%	8.4%
Forecast change 2024-25	17.1%	17.3%
Forecast change 2025-26	11.2%	11.2%

DEBT

Credit rating (and rating agency) 2025	AA- (S&P)	AA-
Net debt/total revenue 2024	184.1%	161.0%
Net debt/total revenue change 2023-24	19.9%	24.7%
Debt headroom 2024	105.9	129.0

OPERATING EXPENDITURE

Total operating expenditure 2024	\$877.066m	\$275.323m
----------------------------------	------------	------------

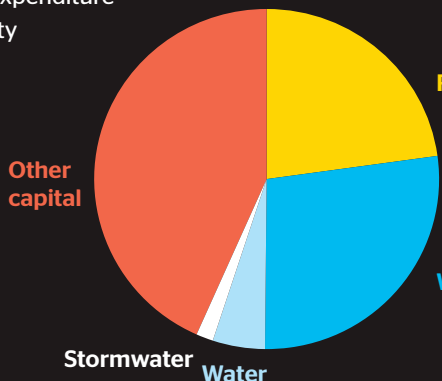
PERSONNEL

Staff numbers 2024, FTE	1502	641
Personnel costs 2024	\$154.558m	\$55.793m

CAPITAL EXPENDITURE

Total capital expenditure 2024	\$464.166m	\$174.512m
Actual/planned capital expenditure 2024	82%	94%
Forecast total capital expenditure 2025-27	\$1818.441m	\$668.610m

Capital expenditure by activity 2024, %



BALANCED BUDGET

Revenue/operating expenses:		
2022	100%	103%
2023	88%	96%
2024	96%	96%



Source: Dept of Internal Affairs, Images: 123RF, Herald Network graphic

INFRASTRUCTURE A Herald Business report

Making a capital investment

Business leaders say asset management is a strategic priority for Wellington, reports **Graham Skellern**

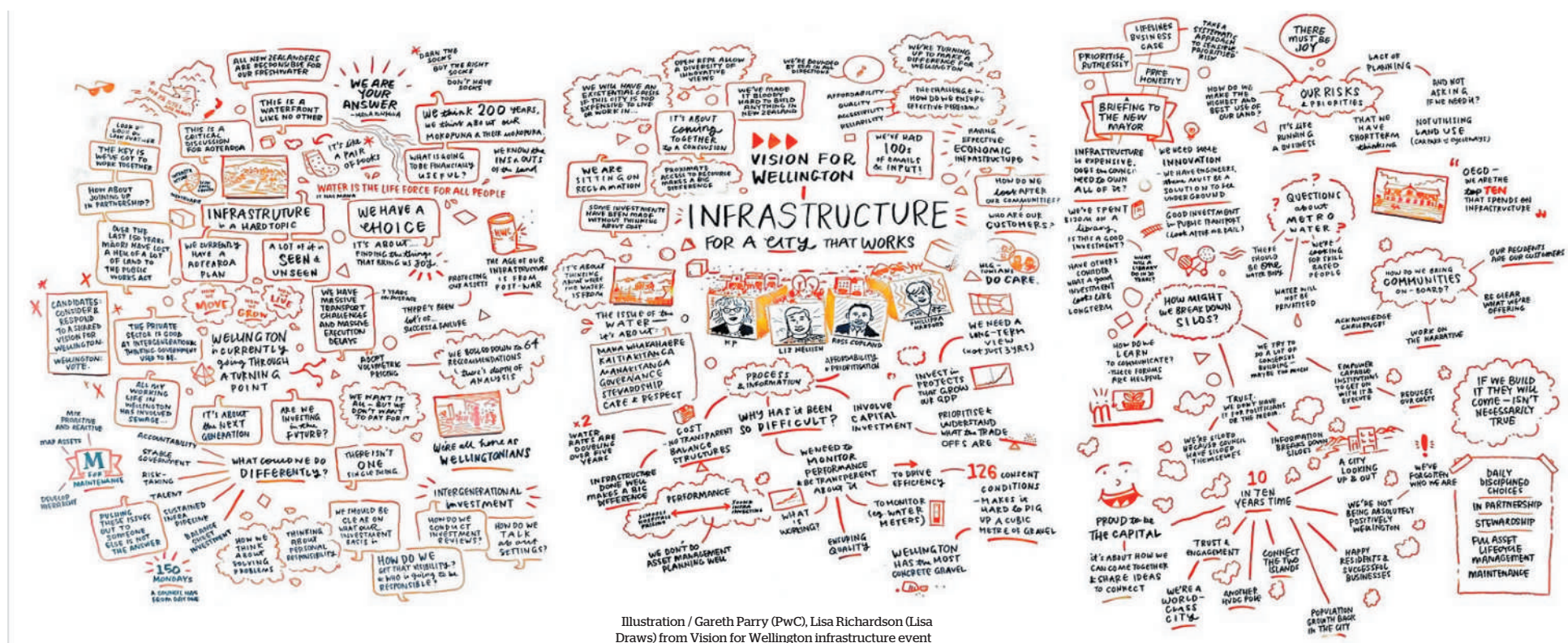


Illustration / Gareth Parry (PwC), Lisa Richardson (Lisa Draws) from Vision for Wellington infrastructure event

Wellington will become a more resilient, thriving and liveable city by moving beyond short-term infrastructure fixes to long-term stewardship.

An infrastructure panel comprised of prominent specialists speaking in their personal capacities emphasise this shift includes transparency, full asset life-cycle thinking, and a genuine commitment to maintenance, not just as an afterthought but as a strategic priority.

The panel comprised former Infrastructure New Zealand chief executive Ross Copland, Te Ātiawa business leader Liz Mellish, and Morrison partner and former Infratil chief financial officer Philippa Harford. The discussion was moderated by Kirsten Patterson, chief executive of the Institute of Directors.

They emphasised that planning, investment and maintenance decisions need to be open and transparent to build public trust, accountability and genuine partnerships, and the decisions must be based on the entire lifespan of infrastructure assets, not just immediate needs.

They promoted disciplined, daily decision-making where every choice considers long-term impacts and resilience, and invests wisely in the future of Wellington's infrastructure.

Organised by Vision for Wellington, the trio was given the task of discussing the city's pressing infrastructure challenges – from ageing water pipes and inadequate housing supply to climate resilience, seismic risk, and long-term urban planning.

Harford said infrastructure involves significant commitments and management of assets that are fundamentally long-term in nature. At times, the Wellington City Council seems to have decided that an investment had to happen irrespective of cost/benefit.

"Information shortcomings are a more obvious and simple problem. Council reportedly has 400 different services and several dozen business units. But what stands out is that key business units are not ring-fenced and given their own balance sheet or transparent financial structure. The obvious example is council's Three Waters assets and activities," said Harford.

In the full-year 2026, the Three Waters rate amounts to \$230 million (about 36% of the total) without any clear disclosure of where the money is going, she said. "Apparently it hasn't been going to where it was needed and council's projections are that catching up on maintenance and renewals is going to push up the average water rate from \$2500 to

about \$4500 in five years' time."

Harford said creating an essentially standalone view of each activity would mean that spending decisions and performance assessment could be made based on profit and loss, and the balance sheet, bringing into focus the full costs and liabilities associated with each of those activities.

She backed the proposed Metro Water (a working title) which would "provide a much clearer view of the state of those assets and the cost of their operation".

Greater Wellington Regional Council and Hutt, Porirua, Upper Hutt and Wellington city councils have agreed to establish a new water services entity, which takes over the ownership and management of drinking water, wastewater and stormwater from Wellington Water. The new entity, expected to begin operating by July next year, will own the water assets and have the ability to raise its own revenue and manage its debt.

Harford said there are clearly critical elements of local infrastructure that must be provided for the city to function efficiently – such as roads, water and waste, and street lighting.

But beyond the critical elements of infrastructure, the city should prioritise only projects that grow gross domestic product, whether that be through helping businesses thrive

and want to be in Wellington (therefore supporting the commercial rates base) or making the city an attractive place to live (therefore supporting the residential rates base). "For the latter category, there's a lot of spending that could be argued as desirable. However, these choices must be prioritised in terms of the benefits they bring and their affordability."

"Infrastructure procurement must be supported by a business case that robustly assesses the viability of the project and ensures it stacks up strategically and financially. Performance then needs to be tracked to learn from successes and failures," Harford said.

Te Ao Māori perspective

Liz Mellish brought a Te Ao Māori perspective, saying: "As long-term thinkers, we think 200 years out. We are not content with a three-year thing because we have to think about our mokopuna."

"We have Māori land trusts that operate under a different act, and we should all be thinking about what we can do together that's financially useful. Even more than that, everybody needs to be very clear about our responsibilities to land, water, air and people. The answer is great partnerships."

Mellish said the Māori approach to

water services emphasised kaitiakitanga (guardianship) and stewardship, and the need for good management to ensure fresh water sustains present and future generations. She stressed the importance of maintenance and innovation, especially for infrastructure that is "underground, not seen and ignored," like water pipes.

"Sewage and stormwater are chucked into pipes and thrown out to sea. We need to think about what we do every day and help the issues of infrastructure. It's about taking personal responsibility and not expecting everybody else to solve the problems."

The debate

Ross Copland said, "When we think about infrastructure as this really complex system, it thrives on a stable, clear consensus view and long-term thinking. The very first task we were set at the commission was to write this 30-year plan for infrastructure. It deliberately stayed away from projects and investments. It really talked about settings."

"How do you create a system that encourages investment, that identifies problems, that rewards maintenance and doesn't reward robbing the maintenance budget to pay for the new announcement?"

Wellbeing of Wellington needs best from council

continued from B29

roll back rates, giving households, businesses and those looking to make Wellington their home, much-needed breathing room. This is not about mindless austerity, it's about restoring trust, accountability and efficiency. Importantly, leaving more money in ratepayers' pockets is key to restoring confidence.

Infrastructure is not glamorous, but it's (almost) everything

Cities thrive or falter on their infrastructure. The pipes, roads, lighting, and public facilities are the quiet enablers of everything else we call wellbeing: jobs, affordable housing, a vibrant arts and cultural life, hospitality, and above all, a sense of safety and pride. Neglect infrastructure, and everything else starts to fray and becomes unaffordable.

Focusing on the basics isn't nostalgic conservatism – it's a radical act of care and hope. It says to existing

and future residents, business owners, and investors: Wellington is a place that works, a city where the fundamentals are solid and reliable. Wellington can be a place to establish a life and family, pursue meaningful work, and build a business with confidence. Only with the essentials secure can "wellbeing" be more than an empty slogan.

Opportunity through affordability

Wellington's unique blend of natural beauty, creativity, and accessibility remains its greatest asset. But none of it can be leveraged if costs chase away the next generation, if businesses decide expansion is too risky, or if the basics become unaffordable.

By fiercely refocusing on infrastructure and reining in spending, the council can set Wellington back on a path to prosperity – a city where "live, work, play" is not just a catchphrase, but a genuine, affordable possibility for all.

It's about unlocking our potential

A vibrant Wellington cannot be built on affordable rates alone – but affordability unlocks opportunity.

Wellington must actively foster a business-friendly environment. Our businesses are engines of growth, innovation, and employment. Reducing the punitive commercial rates differential is critical – Wellington's future depends on a council that anticipates and supports business needs through sensible policy, efficient consents, robust infrastructure, and openness to innovation.

As the capital city, Wellington's greatest strength should be its close connection to the Government – the region's largest employer and economic driver. It is vital, therefore, that the council cultivates a strong, collaborative relationship with ministers of all stripes. Wellington is uniquely positioned to capitalise on national initiatives aimed at boosting investment, productivity, and infrastructure development.

Recent reforms and Budget 2025 measures, including tax incentives for capital investment and streamlined business compliance, demonstrate a clear commitment to economic growth. The current seismic review is particularly pertinent to our city's future and affordability. The council must actively leverage these policies, advocate for fair and adequate funding – particularly for social housing and key infrastructure – and avoid duplicating functions that drain resources or hinder private sector dynamism.

Why does Wellington not have, as a city and a region, a deal in front of the Government for discussion? By aligning with Government priorities and making the city hospitable to business growth, Wellington can spark new jobs, stimulate housing development, and elevate living standards. A productive, respectful partnership between local and central government, alongside a council that values economic vib-

rancy as a means to social wellbeing, can reverse our drift and secure Wellington's reputation as a sustainable, liveable, and prosperous capital.

No one loves Wellington more than Wellingtonians. It is that deep-rooted passion and pride that fuels our collective courage to demand better – better leadership, better stewardship, and a better city where affordability, infrastructure, and opportunity come together to create a thriving home for all who live, work, and build our futures here.

● Paul Ridley-Smith is a former director of Wellington International Airport, Manawa Energy, and Arvida and Louise Tong is ED of Sustainability at Infratil. This article was written in a personal, not professional capacity and crafted on a best-efforts basis with regard to the accuracy of the facts and figures presented. This article is a synthesis of content from presentations at the Vision for Wellington event "A Capital Challenge", available at www.visionforwellington.nz.

with long-term stewardship

Ross Copland, former chief executive of NZ Infrastructure Commission:

"Wellington faces growth pressures, big expectations from the community and a once-in-a-generation renewal of its core infrastructure.

"That would be a challenge anywhere — but when you add fragmented governance, outdated pricing and a high regulatory bar, the risk is soaring costs, plummeting productivity and escalating network failure.

"While Wellington is home to world-class talent, it suffers from a disproportionate focus on civic infrastructure at the expense of core networks.

"It is essential that residents, asset owners, regulators and the supply chain co-ordinate efforts, prioritise a credible programme of cost-effective renewals, and have honest conversations about pricing, governance and affordability.

My hard truth is to prioritise ruthlessly and price honestly."

Solving the Capital's infrastructure



Liz Mellish, Te Ātiawa business leader:

"The 'M' word is maintenance. Rather than always reaching for more, we should be investing in quality maintenance of what we have got and future-proofing it.

"There is a need for personal



responsibility in addressing infrastructure issues.

"The Māori approach to water governance emphasises kaitiakitanga (guardianship) and stewardship, and the need for good governance to ensure water sustains present and future generations.



"We need great partnerships. It's about how we all come together and access each other and those ideas. It's not happening right now. We have forgotten who we really are — smart and well educated. We live in this fabulous landscape and we should be out there every day."

Philippa Harford: Morrison Partner and former Infratil chief financial officer (speaking in her personal capacity):

"Wellington can solve its infrastructure problems, but needs more rigour and imagination. "Start by asking: Does this deliver long-term value to the city, including gross domestic product (GDP) growth, liveability, and ease of doing business?"

"Procurement processes must be supported by a business case that robustly assesses the viability of the project and ensures that it stacks up strategically and financially.

"We need to be disciplined about what infrastructure the city needs to own.

"This leads to considering the current rationale or function of council spending and how we consider the evolving needs of our city, so those significant investments continue to deliver value to the community over their lifetime."

He said asset management was the basis of good investment management. "Asset management planning is a very systematic approach to understanding your customer, understanding the service delivery, and understanding how your asset base allows you to meet those objectives and expectations in a cost-effective manner.

"My hard truth is to prioritise ruthlessly and price honestly. Can we one day finally get sensibility in the way we price and deliver infrastructure? God forbid, water metering. We will

need a third less water infrastructure if we adopt quality electric pressure."

Copland said the private sector is very good at thinking inter-generationally, and "as government we used to be quite good at it as well. But we've really lost our way, both in asset renewal and new investment or growth infrastructure and protecting those corridors for that purpose."

Harford referred to the \$180 million investment in the Central Library.

"Hopefully it will result in a building that, once completed, will be

operational for several decades.

"But in making that investment decision, how did we think about the changing needs of society and the role the library will or will not play in the future? Did council need to take on responsibility for owning and operating that facility or could that have been better served through a relationship with the private sector?"

The panel was asked how they'd like Wellington to be in 10 years' time.

Harford said she would like to see a community that is proud to be part of the city, with successful businesses

and happy residents, all the while maintaining a focus on affordability and prioritisation.

Mellish said Wellington would be a city that looks outward, is proud to be the capital, and is more connected and engaged, rather than inward-looking.

Copland said: "I'd love to see us resolve how we connect the two islands together. I think it would be super cool to come to Wellington and say, 'Well, that's how the north and the south join together. That's our sort of Blue State Highway One.'

"Equally, we need another poll on our High Voltage Direct Current power network, and one of our great infrastructure institutions in New Zealand, thinking about how we connect our two islands together, over at Haywards, so we can move electricity around. It's the fuel of the future.

"I think it would be really cool to see population growth back in the city, and better asset utilisation across what is incredibly precious and scarce land in the central business district."

www.visionforwellington.nz

BUSINESS REPORTS

WITH THANKS
TO OUR SPONSORS

aurecon

ARUP

MinterEllison
RuddWatts.

Downer



Infrastructure
New Zealand

FORTINET

SOUTHBASE

Aotearoa / New Zealand
IPWEA
INSTITUTE OF PUBLIC WORKS
ENGINEERING AUSTRALASIA



ICBC

INFRASTRUCTURE A Herald Business report

A lasting legacy for New Zealand

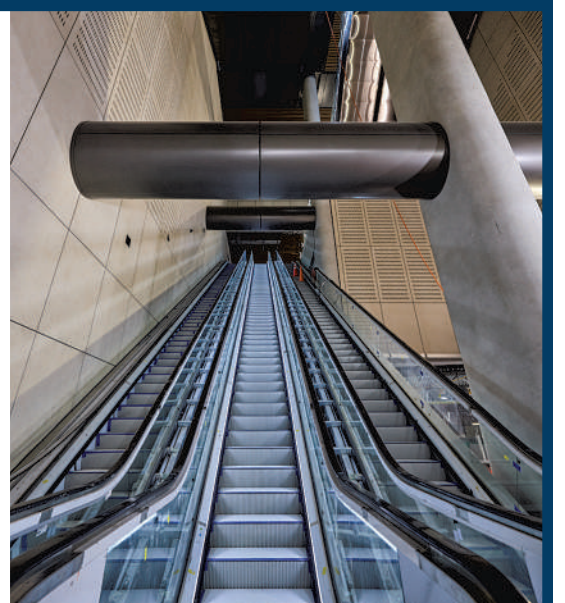
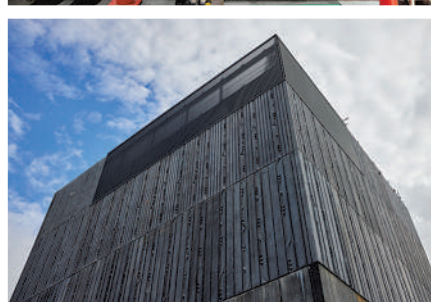
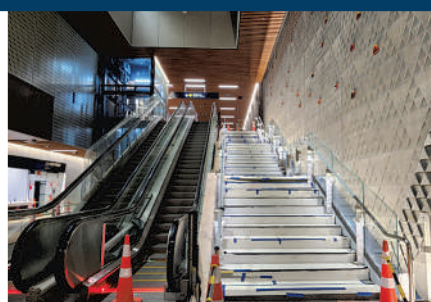
CRL will have a seismic impact for rail and the wider public transport network, says CEO **Patrick Brockie**



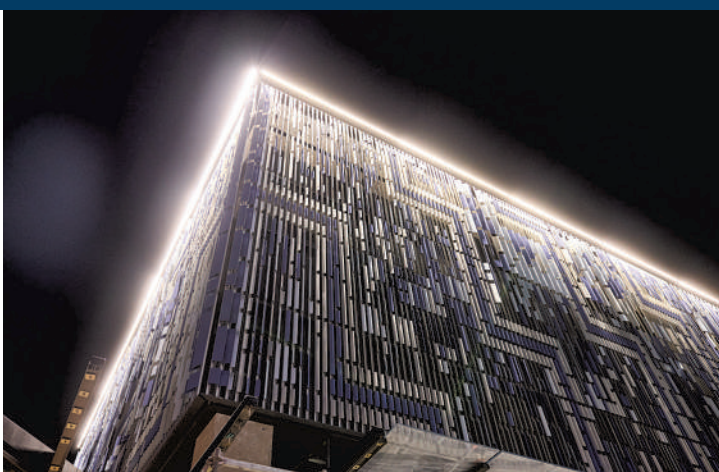
Clockwise from top left: CRL tunnel construction in the basement of the heritage-listed Chief Post Office; thousands of Aucklanders visited CRL's tunnel boring machine, Dame Whina Cooper, before it began excavations; CRL's construction site at Maungawhau Station, the southern portal for the CRL tunnels; inside the City Rail Link, New Zealand's largest transport infrastructure project; CRL's tunnel boring machine, Dame Whina Cooper, breaks through at Te Waihorotiu Station.

Photos / CRL, Dean Purcell

[See story page 16](#)



COMING IN 2026



CityRailLink



KiwiRail