

Property Council New Zealand

Submission on

New Zealand Infrastructure Strategy Consultation Document

2 July 2021

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New Zealand Infrastructure Commission's Infrastructure Strategy Consultation Document

1. Recommendations Summary

1.1. Property Council New Zealand ("Property Council") welcomes an opportunity to provide feedback on the [Aotearoa New Zealand Infrastructure Strategy Consultation Document](#) ("consultation document"). While we support an overarching vision for the Infrastructure Strategy ("Strategy") and proposed actions, we recommend the following:

Q2. Decision-making principles:

- Include 'Accountability' and 'Financial sustainability' as decision-making principles and clarify how they will be adopted and by whom;

Q3. Infrastructure issues, challenges and opportunities:

- Ensure the Strategy includes relevant work programmes (e.g. Building System Reform);
- Set a national pipeline of major infrastructure projects over the next 30-50 years;

Q5. Ways to encourage low-carbon transport journeys and the use of electric vehicles:

- Ensure provision of better travel choices that are reliable and frequent;
- Work closely with local authorities, the private sector and other key stakeholders to identify potential missing transport links and ensure ease of technology used for pricing for congestion charging;
- Better co-ordination between local authorities, central government agencies, power companies, technology providers and other stakeholders for the provision, development and delivery of key infrastructure (transport, water and electricity);

Q6. Infrastructure to reduce waste to landfill:

National Waste Strategy

- Consider a capital fund to assist territorial authorities to develop infrastructure;
- More research and funding for biomass energy to help reduce waste activity;

Waste Levy

- Ensure the waste levy increase is coupled with other initiatives (e.g. regulatory response to uncontrolled illegal dumping);
- Ensure a decision on whether to increase the levy is informed by robust waste data;

Q7. National Energy Strategy:

- Develop a National Energy Strategy while making sure there are no conflicting targets (e.g. Government's target of 100 per cent renewable electricity target by 2035 vs. 60 per cent target issued by the Climate Change Commission);

Q14. Population Strategy:

- Develop a Population Strategy while making sure quality data and relevant population categories are used (e.g. skilled migrants; essential skills);

Q19. Cities or other areas for congestion pricing and road tolling:

- Introduce congestion charges in Auckland;
- Complete further research to identify other areas for congestion charges taking into account the most up-to-date population projections;

Q20. Addressing equity impacts arising from congestion pricing:

- Ensure introduction of congestion charges is coupled with increased availability of alternate modes of transport and better access and connectivity;
- Ensure the ease of technology used for pricing the congestion charging and transparency around how revenue raised would be used and would integrate with other revenue streams;
- Explore how equity impacts of congestion pricing were addressed in other countries;

Q25. New Zealand institutional setting for the provision of infrastructure:

- Establish a competitive infrastructure fund for local councils to progress infrastructure development;
- Ensure the Government's contributions are greater to fund infrastructure;
- Ensure private sector plays a significant role in addressing infrastructure challenges;

Q26. Better coordination between local and central government:

- Remove legal constraints on cost recovery, where fees have been set in statute;
- A comprehensive and independent in-depth analysis of costs associated with implementing Treaty settlement arrangements – costs both to councils and to iwi;
- Introduce "Partners in Regulation" Protocol that would set out an agreed set of behaviours and expectations when developing and implementing legislation and regulation;

Q28. Ways local and central government can make better use of existing funding tools:

- Abolish rates differentials and replace with alternative funding tolls (e.g. targeted rates; user pay rating systems);
- Ensure transparency when it comes to using funding tools;

Q29. Existing infrastructure funding and financing arrangements to respond to infrastructure provision challenges:

- Make better use of existing funding and financing tools;

Q33. Ways to improve the procurement and delivery of infrastructure projects:

- Create a separate fast-track consenting arrangement for major infrastructure projects;
- Develop a standardised national form for building product information requirements that can be adopted by local government;
- Introduce a liability cap of 20 per cent for local government for building products;
- Incorporate internationally recognised products when looking to strengthen New Zealand product certification scheme;

Q35. Ways to improve productivity of the construction sector and reduce the cost of delivering infrastructure:

Material and skills shortage:

- Ensure the issue of materials and skills shortages is addressed including solutions (e.g. increased number of MIQs for skilled workers);
- Ensure the role of foreign capital is reflected in the Strategy;
- Develop a standardised approach to infrastructure design that allows for offsite construction/modularisation.

1. Introduction

- 1.1. Property Council’s purpose is; “Together, shaping cities where communities thrive”. We believe in the creation and retention of well-designed, functional and sustainable built environments which contribute to New Zealand’s overall prosperity. We support policies that provide a framework to enhance economic growth, development, liveability and growing communities.
- 1.2. Property is currently New Zealand’s largest industry with a direct contribution to GDP of \$41.2 billion (15 per cent). The property sector is a foundation of New Zealand’s economy and caters for growth by developing, building and owning all types of property.
- 1.3. Property Council is the leading not-for-profit advocate for New Zealand’s largest industry – property. Connecting people from throughout the country and across all property disciplines is what makes our organisation unique. We connect over 10,000 property professionals, championing the interests of over 600 member companies who have a collective \$50 billion investment in New Zealand property.
- 1.4. This submission provides Property Council’s feedback on the consultation document. Comments and recommendations are provided on those issues that are relevant to Property Council and its members.

2. Overview of the Consultation Document

- 2.1. We commend the quality of the consultation document which clearly outlines a wide range of infrastructure-related issues in New Zealand and provides options to address them.
- 2.2. We support an overarching vision for the Strategy and proposed actions. However, additional factors need to be considered to ensure quality planning around infrastructure and successful implementation of the proposed actions.

3. Q2. Decision-making principles

- 3.1. We support the proposed decision-making principles. However, there are other principles that we believe should also be included in the Strategy to ensure quality decisions:
 - **Accountability** – to act in the best interest of all New Zealanders and ensure that decisions represent value for money and deliver the most benefits to all.
 - **Financial sustainability** – to ensure quality investment that are financially sustainable. It is particularly important given the impact of COVID-19.
- 3.2. There is also a need to clarify how these principles will be adopted and by whom (e.g. local government; central government).

4. Q3. Infrastructure issues, challenges and opportunities

- 4.1. We strongly support the Infrastructure Commission’s (“Commission”) proposal to ensure alignment between different policy reviews and reforms. However, we noticed that the list of relevant work programmes is incomplete. For instance, there is no mention of the Building System Reform programme (including Building Code updates). It is concerning given the role of these work programmes for successful delivery of infrastructure. We recommend the Commission take this into account when finalising the Strategy.

4.2. We also recommend setting a national pipeline of major infrastructure projects over the next 30-50 years to help reduce the cost of chopping and changing across electoral cycles. However, we want to see this put into practice as successive governments have continued to stall major infrastructure projects due to ideological differences.

5. Q5. Ways to encourage low-carbon transport journeys and the use of electric vehicles

5.1. We support the Commission's intention to consider options to better encourage low-carbon transport journeys, such as public transport, walking, cycling, and the use of electric vehicles (e.g. electric bikes, micro-mobility devices). A switch to public transport and more active and 'clean' modes of travel will help reduce greenhouse emissions and congestion. However, a number of factors have to be taken into account.

5.2. It is critical to ensure that work is done to provide better public transport options and enable more connectivity throughout the city. If people are to switch from private vehicles to public transport, services must be well connected, reliable and frequent. We also recommend the Commission work with key stakeholders (including Property Council) to identify potential missing links to ensure better connectivity throughout the city.

5.3. Finally, it is important to note that with the imminent increase of electric vehicles come potential issues around the electricity network capacity. Ultimately, the overall success depends on better planning for infrastructure development across power, three waters, and transport to support both commercial and residential development in a collaborative way. Therefore, we recommend better co-ordination between local authorities, central government agencies, power companies, technology providers and other stakeholders for the provision, development and delivery of key infrastructure (transport, water and electricity).

6. Q6. Infrastructure to reduce waste to landfill

National Waste Strategy

6.1. Industry and local government will need support to meet the targets set by the Government in relation to the Waste Strategy. Infrastructure across New Zealand is variable and, in some cases, lacklustre. The Government should consider a capital fund to assist territorial authorities to develop infrastructure or, at the very least, encourage and allow multi-council authorities to draw down capital to fund the infrastructure.

6.2. Property Council would also encourage more research and development and funding for biomass energy which can support the goals the Commission has set to reduce waste activity. Using biomass energy has many benefits, not the least of which is efficiency of utilisation and/or mitigation of wastes.¹

Waste Levy

6.3. We support the Commission's intention to manage demand through the waste levy to further encourage diversion of waste from landfill. We also support investing the waste levy revenue in

¹ Property Council's submission on He Pou a Rangi – Climate Change Commission's Draft Advice for Consultation - <https://www.propertynz.co.nz/submissions/submission-on-he-pou-a-rangi-climate-change-commissions-draft-advice-for-consultation>

reducing waste emissions through resource recovery, promotion of reuse and recycling, and research and development on waste reduction. However, we are equally concerned with the findings of the Ministry for the Environment's Reducing Waste consultation² which found that over 60 per cent of submissions confirmed the current levy is not effective in reducing waste volumes and that waste volumes are increasing, while reuse, recycling and recovery are not increasing.

- 6.4. We are also concerned with unintended consequences from increasing the waste levy. It is not uncommon internationally to see an increase in inappropriate disposal, illegal dumping or uncontrolled burning of waste when levies are increased or expanded.³ This also happened in New Zealand when the levy was first introduced.⁴
- 6.5. Given the above, the waste levy should not be the only mechanism by which behaviours are changed. It has to be coupled with other initiatives (e.g. regulatory response to uncontrolled illegal dumping; making legal disposal easier). It is also important to make sure that a decision on whether waste disposal levy rates need to be increased is informed by robust waste data collected over the intervening years.

7. Q 7. National Energy Strategy

- 7.1. As per our submission on the Climate Change Commission's Draft Advice⁵, we support the recommendations to develop a long-term national energy strategy that provides clear objectives and a predictable pathway away from fossil fuels and towards low emissions fuels, and the infrastructure to support delivery. We also support setting a renewable energy target to increase renewable energy to at least 60 per cent by 31 December 2035.
- 7.2. However, we are concerned at the conflict between the Government's 100 per cent renewable electricity target by 2030 and the 60 per cent renewable energy target issued by the Commission. Some of the assumptions around the reductions required on electrification and renewable generation will need to be carefully considered against the expectations of (a) the Government meeting its 100 per cent target, and (b) the ability to meet the 60 per cent target given some of the generous assumptions. Therefore, we recommend the Commission take this into account to ensure consistency of energy targets.

8. Q 14. Population Strategy

- 8.1. We support the proposal to develop a Population Strategy that will set out a preferred population growth path. This will help reduce demand uncertainty and improve infrastructure planning. However, it is important to make sure that quality data is used to produce accurate population

² Reducing waste: a more effective landfill levy consultation document. Ministry for the Environment. November 2019. Retrieved from <https://environment.govt.nz/publications/reducing-waste-a-more-effective-landfill-levy-consultation-document/>

³ Improving the effectiveness of the Waste Disposal Levy. Retrieved from <https://www.wasteminz.org.nz/2019/05/levy-change-needs-nuance/>

⁴ The New Zealand Waste Disposal Levy. Potential impacts of adjustments to the current levy rate and structure. Final report. 30 May 2017. Retrieved from <https://eunomia.co.nz/wp-content/uploads/2017/06/WDL-Final-Report-30-05-17.pdf>

⁵ Property Council's submission on He Pou a Rangi – Climate Change Commission's Draft Advice for Consultation - <https://www.propertynz.co.nz/submissions/submission-on-he-pou-a-rangi-climate-change-commissions-draft-advice-for-consultation>

projections.⁶ It is also important to include relevant population categories that would help with the infrastructure planning (e.g. skilled migrants; essential skills etc).

9. Q 19. Cities or other areas for congestion pricing and road tolling

- 9.1. Property Council supports congestion charges as they are a form of a user pay system meaning that those that benefit from using the road will pay for its use. The Productivity Commission report on Local Government Funding and Financing has noted that user charging tools, such as congestion charges would help give councils the means to efficiently fund the costs of growth and help manage demand by increasing the number of people that existing infrastructure can support and extending the useable life of these assets.⁷ Further to this, applying user charges to help manage demand in this way would delay the need for new infrastructure investments.
- 9.2. Many international cities have congestion charges on roads that enter the CBD or isthmus (e.g. Stockholm, London, Singapore). Stockholm's congestion charge initiative went even further by covering the entire city. Congestion charges have benefits of reducing flow of traffic and, therefore, CO2 emissions⁸; encouraging alternative methods of transport (i.e. a switch from private to public transport) and can support the lifetime of the asset (i.e. through reinvestment).
- 9.3. We believe that congestion charges should be introduced in Auckland, given the pace of its population growth and magnitude of the traffic congestion. We have recently submitted on the Transport and Infrastructure Committee's Inquiry into Congestion Pricing in Auckland, recommending introduction of a congestion pricing scheme in Auckland⁹ along with Auckland Transport Regional Land Transport Plan 2021-31.¹⁰
- 9.4. Further work should be done to identify what cities and other areas might be appropriate for congestion pricing and/or road tolling and that is where the Population Strategy (see para 8 above) will come into play. It is also important to make sure that alternatives are available when congestion charges are introduced (see para 10.1 below).

10. Q 20. Addressing equity impacts arising from congestion pricing

- 10.1. While we support congestion charges in principle, it is important to note that congestion charging needs to be coupled with increased availability of alternate modes of transport and better access and connectivity throughout the city. It is also important to ensure the ease of technology used for pricing

⁶ Stats NZ advised risk 2023 census option would produce 'very poor quality data. Retrieved from <https://www.rnz.co.nz/news/national/421792/stats-nz-advised-risk-2023-census-option-would-produce-very-poor-quality-data>

⁷ New Zealand Productivity Commission. (2019). Local government funding and financing: Final report. Retrieved from https://www.productivity.govt.nz/assets/Documents/a40d80048d/Finalreport_Local-government-funding-and-financing.pdf

⁸ For example, the introduction of the congestion charge in Stockholm, Sweden, has led to a 20 percent drop in the total flow of traffic in and out of the inner city, and a reduction in CO2 emissions related to vehicle use of between 10 and 14 % in the inner city and 2-3 % in the county. NZTA report on congestion charging. Retrieved from <https://www.nzta.govt.nz/assets/userfiles/transportdata/Road%20Pricing.pdf>

⁹ Property Council New Zealand's submission on Inquiry into congestion pricing in Auckland - <https://mk0propertycouncilby9.kinstacdn.com/wp-content/uploads/2021/05/PCNZ-submission-on-Inquiry-into-congestion-pricing-in-Auckland.pdf>

¹⁰ Property Council New Zealand's submission on Auckland Transport Draft Regional Land Transport Plan 2021-31 - <https://www.propertynz.co.nz/submissions/auckland-transport-draft-regional-land-transport-plan-2021-31-submission>

congestion charging and transparency around how revenue raised would be used and would integrate with other revenue streams. This will help address potential equity impacts that may arise.

- 10.2. It is also important to investigate international experience in congestion pricing (e.g. Singapore, London, Stockholm) to look at how equity impacts were addressed there. For example, overview of the Singapore experience showed that without pricing there was, and would be, a great imbalance between the travel conditions enjoyed by car drivers (a minority of travellers) compared to the majority who use alternative modes. The system they used is perceived as far from unfair because it is said to have redressed a greater inequity and has allowed much greater increase in public transportation and road efficiency.¹¹

11. Q 25. New Zealand institutional setting for the provision of infrastructure

- 11.1. There are a number of ways to improve New Zealand institutional settings for a better provision of infrastructure.

Competitive infrastructure fund for local councils

- 11.2. One of the options is establishment of a competitive infrastructure fund for local councils to progress infrastructure development that would otherwise not happen. In our previous [submission on the National Policy Statement for Urban Development 2019](#) we advocated for spatial planning to be undertaken at a regional level with central government participation and strong linkages to national strategy and policy. In practice this would see a spatial plan being developed at a regional level, with central government participation, funding and financing, signed off by the Minister of Housing and Urban Development. Central Government funding could occur by establishing a regional development fund covering all New Zealand. It would be accessible by local authorities who collaborate across the region to develop and deliver a regional spatial plan.
- 11.3. The idea of a 'competitive infrastructure fund' could be similar to a regional development fund as it could be incorporated into the funding side when developing spatial plans.

Greater Government's contribution

- 11.4. We also believe that there should be a greater Government funding of infrastructure. Central Government has long removed assistance, particularly in the regions, for over 20 years, in helping construct much needed infrastructure. With current growth pressures and long-term underinvestment in infrastructure, it is time that central government provides more and pays its fair share.
- 11.5. Previously, when infrastructure was keeping pace with our growth, central government was paying about a third towards needed infrastructure. This lack of input has led to less revenue being collected and less infrastructure being built.

Role of private sector

- 11.6. There should also be a greater focus on the role of the private sector in addressing infrastructure challenges. One of the key issues in the sector that needs to be addressed is the failure of central and

¹¹ Lessons Learned from International Experience in Congestion Pricing. Retrieved from <https://ops.fhwa.dot.gov/publications/fhwahop08047/02summ.htm>

local government to actively work with the private sector to enable urban growth and expansion. The Infrastructure Funding and Financing Act 2020 is an important step in resolving this challenge by building stronger relationships with the private sector. Collaboration with the private sector will likely result in more and better infrastructure being provided within a shorter timeframe. While the Act is a positive first step, more work needs to be done to ensure the private sector plays its role in addressing infrastructure challenges (e.g. private sector being part of the Special Purpose Vehicle governance structure).

12. Q26. Better coordination between local and central government

- 12.1. Our advice is consistent with the Productivity Commission’s recommendation around resetting relationships between local and central government.¹² In particular, a key cause of funding pressures on local government is the accumulation of functions and responsibilities that central government has passed to councils over the years (e.g. National Policy Statements, National Environmental Standards and higher standards for drinking water). Therefore, local government should have means to adequately fund its operations (e.g. recovering costs from regulated parties; direct funding contribution from central government). Failing to give local government such means may result in unfunded mandates.
- 12.2. The increasing tasks and responsibilities being placed on local government have now reached a point where the cumulative burden is difficult for many local authorities to manage. As a result, some councils, especially small ones, are unable to continue to comply with all the new responsibilities passed to them. This means that the policy objectives of central Government are not achieved.
- 12.3. As proposed by the Productivity Commission, the following measures should be considered to help rectify unfunded mandates:
- Removing legal constraints on cost recovery, where fees have been set in statute.
 - A comprehensive and independent in-depth analysis of costs associated with implementing Treaty settlement arrangements – costs both to councils and to iwi.
- 12.4. The Productivity Commission has also reiterated its previously proposed “Partners in Regulation Protocol”. The Protocol would set out an agreed set of behaviours and expectations when developing and implementing legislation and regulation. It would include a principle about central government explicitly considering the costs to local government of relevant new regulations, and the funding of the costs, in its Regulatory Impact Assessments.

13. Q28. Ways local and central government can make better use of existing funding tools

Equity and fairness

- 13.1. There is an ongoing issue of equity and fairness when it comes to funding infrastructure, particularly at the local level. For instance, there are numerous examples of rating differentials being imposed by

¹² Local government funding and financing. Final report. November 2019. Retrieved from https://www.productivity.govt.nz/assets/Documents/a40d80048d/Final-report_Local-government-funding-and-financing.pdf

local authorities with little evidence of rigorous, objective analysis, particularly of access to service and benefits derived. This is inequitable and a short-sighted revenue raising mechanism.

- 13.2. We oppose commercial rate differentials as a rating tool due to the lack of transparency of funding. In particular, rates differentials are collected as general rates and are added to the overall pool of money, making it near impossible for businesses who pay the rating differential to track the total charges and where it is spent. This results in a lack of transparency for commercial ratepayers as it is unclear what their additional rates are funding and whether it is beneficial to their business needs. Often the level of commercial rates paid is disproportionate to the level of services received.
- 13.3. Given the above, rates differentials should be abolished and replaced with alternative funding mechanisms, such as targeted rates and user pay rating systems as they support the principles of transparency and objectivity in legislation (Local Government Act 2002 and Local Governing (Rating) Act 2002). Both these rating systems are beneficiary pays models, meaning those who benefit or use the service contribute towards it. For example, money collected via targeted rates are ringfenced to a project or geographic area that will benefit from the funding. We support beneficiary pays funding mechanisms, as they are transparent and provide a better understanding and opportunity to engage on where rates are spent.

Transparency of funding allocation

- 13.4. There should also be more transparency when it comes to using funding tools. Our position on transparency is consistent with the 2019 New Zealand Productivity Commission report on local government funding and financing¹³ which found that “councils’ rating practices are too often not transparent.” It is particularly relevant to a joint funding between the local and central Government.

14. Q29. Existing infrastructure funding and financing arrangements to respond to infrastructure provision challenges

- 14.1. We believe that existing infrastructure funding and financing arrangements are suitable for responding to infrastructure provision challenges. Significant opportunities exist to make better use of existing funding tools. In particular, New Zealand’s local authorities have a wide range of funding and financing options, including general and targeted rates, fees and user charges, development contributions, debt and asset recycling. However, they often fail to use these tools effectively.¹⁴
- 14.2. New Zealand will continue to require significant capital investment over the coming years. Therefore, we recommend encouraging councils to make better use of existing funding and financing tools.

15. Q33. Ways to improve the procurement and delivery of infrastructure projects

Fast-track consenting process for major infrastructure projects

- 15.1. The industry-wide issue with risk and liability comes down to local authorities being the ‘last man standing’. As a result, local authorities tend to be overly cautious when issuing resource and consent applications. This often causes delays within the overall process and limits innovation through new

¹³ Local government funding and financing Final report. November 2019. Retrieved from <https://www.productivity.govt.nz/inquiries/local-government-funding-and-financing/>

¹⁴ New Zealand Productivity Commission. (2019). Local government funding and financing: Final report. Retrieved from https://www.productivity.govt.nz/assets/Documents/a40d80048d/Final-report_Local-government-funding-and-financing.pdf

building products or methods. Furthermore, there are limited appeal avenues for resource and consent applicants. For many applicants, taking a complaint to court is costly and often unobtainable.

15.2. We believe that a separate fast-track consenting arrangement for major infrastructure projects can be a way to improve the process to avoid unnecessary delays. Having these consenting arrangements for major infrastructure projects would be a positive step in delivering large-scale projects at pace. However, we see this type of legislation being a ‘work-around’ for the current resource management system. As per recommendations in our submission on the Urban Development Bill, there is a need to fix the current resource management system to better ensure we have cross-system approach, rather than piecemeal legislation.¹⁵ We will watch the recently tabled Resource Management System reform with interest.¹⁶

Building System Reform

15.3. We believe more work could be done to improve New Zealand Building System. In our recent submissions to the Ministry of Business Innovation and Employment on the Building System Reform, we provided a list of recommendations to lift performance of the regulatory system and drive better outcomes for the building sector in New Zealand. This includes:

- Developing a standardised national form to building product information requirements that can be adopted by local government;
- Introducing a liability cap of 20 per cent for local government for building products to ensure a fairer allocation of risk and liability across the sector;
- Incorporating internationally recognised products when looking to strengthen New Zealand product certification scheme to help expand New Zealand’s building product market and promote competition while encouraging innovation;
- Ensuring alignment between the Building System Reform and the wider work programme (e.g. Building Code annual updates, Climate Change Commission’s advice, Resource Management Reform and other relevant programmes).

16. Q35. Ways to improve productivity of the construction sector and reduce cost of delivery

Material shortage

16.1. The sector is currently facing materials and skills shortages which has mainly been caused by COVID-19. It is critical to address the issue to improve productivity of the sector and reduce the cost of infrastructure. We note that the issue has been referenced in the consultation document. However, there was no mention of how this could be addressed.

16.2. Back in May 2021, the Government announced 500 spaces a fortnight in managed isolation allocated over the next 10 months for skilled and critical workers.¹⁷ These include spaces for 300 specialised construction workers between June and October 2021.

¹⁵ Property Council’s submission on the Urban Development Bill.

<https://www.propertynz.co.nz/submissions/property-council-submission-on-the-urban-development-bill>

¹⁶ First look at new law to replace RMA. 29 June 2021. Retrieved from <https://www.beehive.govt.nz/release/first-look-new-law-replace-rma>

¹⁷ Thousands of MIQ spaces allocated to secure economic recovery. 10 May 2021. Retrieved from <https://www.beehive.govt.nz/release/thousands-miq-spaces-allocated-secure-economic-recovery>

16.3. While we strongly support the Government's intention, we are concerned that this number is too low to meet the constantly increasing demand for housing and infrastructure. Therefore, we recommend increasing the number to more accurately match the demand in the sector.

Role of foreign capital

16.4. Another key area that requires more attention is the role of foreign capital to support successful delivery of much needed infrastructure. Overseas investment is a crucial source of capital given the limitations of New Zealand's small capital market. There are very few New Zealand domiciled companies of scale that have the capability to undertake large-scale developments and these companies require sufficient investment including overseas capital. Therefore, we believe it should be reflected in the Strategy.

Modular construction

16.5. We strongly support the Commission's intention to develop a standardised approach to infrastructure design that allows for offsite construction/modularisation. Prefabricated homes are manufactured offsite in advance, that is, not built on the land where they will sit once completed. Prefabs are potentially more cost-effective for an equivalent-sized house. For example, a factory-line production can save, on average, 15 per cent on construction costs. That would be a saving of \$32,000 for a 157m² house as well as time saving, as 60 per cent of construction time can be saved due to the off-site construction.¹⁸

17. Conclusion

17.1. Property Council would like to thank the Infrastructure Commission for an opportunity to provide feedback on the Infrastructure Strategy.

17.2. We support the Strategy in principle. However, there are certain parts of it that require further refinement to ensure it accurately reflects the challenges and provides options to address them. This includes decision-making principles, ways to encourage low-carbon transport journeys; using infrastructure to reduce waste to landfill; National Energy Strategy; Population Strategy; congestion pricing; institutional settings for the infrastructure provision; better coordination between local government and central government; better use of funding and financing tools; procurement process and productivity of the construction sector.

17.3. For any further queries contact [REDACTED], Senior Advocacy Advisor, via email:

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Yours sincerely,

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Chief Executive, Property Council New Zealand

¹⁸ The ins and outs of buying a prefab home. 10 January 2020. Retrieved from <https://www.westpac.co.nz/rednews/property/the-ins-and-outs-of-buying-a-prefab-home/>