

Department of Prime Minister and Cabinet Consultation

Strengthening the Resilience of Aotearoa New Zealand's Critical Infrastructure System

8 August 2023

Contact: **Alan Pollard**
Chief Executive
Civil Contractors New Zealand
PO Box 12013
Wellington

Mobile: 021 576 109
Email: alan@civilcontractors.co.nz

1. Introduction

Thank you for the opportunity to submit on this discussion document.

Civil Contractors New Zealand (CCNZ) is an industry association founded in 1944, representing the interests and aspirations of more than 760 member organisations, including 480 large, medium-sized, and small businesses in civil engineering, construction, and general contracting. Our 280 associate members provide valuable products, support, and services to contractor members. We live and work in all communities across New Zealand.

Our members play a vital role in the development of our country, our economy, and our way of life. They build and maintain the transport networks connecting our cities and towns; they install and care for the water networks that bring fresh water to houses and wastewater to treatment plants; they install the cables that bring the internet to homes and businesses.

Civil contractors are the companies that construct and maintain critical infrastructure on behalf of Central government, local government and private clients. They foster the skills needed to do this, and purchase and operate the heavy and specialist equipment that is needed. They also play a critical role in disaster response, effectively acting as 'first responders' to restore networks and save lives, but also carry out the recovery work following the response.

These are services a modern and developed economy must have to compete efficiently in world markets and to deliver high living standards for all New Zealanders. No infrastructure development can occur until our members have completed their tasks. The role of civil contractors in critical infrastructure is often overlooked - but should not be. Without the work of civil contractors, no civil infrastructure would be built or maintained.

In other words, critical infrastructure must be planned, funded and financed, but if it is not constructed, the other steps are for nothing. It is concerning to see the consultation paper produced is 53 pages long, but only mentions physical construction once, in a footnote.

2. Submission

Note that this submission is intentionally brief. We intend submitting in more detail during the further consultation period in early 2024 referred to in paragraph 10, page 4, of the discussion document. Our submission also refers to some general themes that we believe need to be considered, rather than providing specific responses to the questions raised in the document.

Our submission is as follows.

- 2.1** We agree transformational change is needed with how we think about, plan for, and maintain our critical infrastructure assets. However, too often the word “transformational” is used by government and officials without any genuine commitment to be so. If this process is to deliver the outcomes so important to our communities, there has to be a genuine commitment to thinking and behaving differently.
- 2.2** We agree it is important to identify and define what represents “critical” infrastructure, and to ensure it can withstand the various shocks, disruptions, and compromises that place it at risk. We further agree the inclusion of energy, telecommunications, water services, food and grocery, financial services, digital services, transport and health is appropriate.
- 2.3** There is presently a national focus on ‘cost’ rather than on value. Higher infrastructure resilience standards would enable contractors to construct more resilient infrastructure, however the value of the resilience must be recognised, and the focus shifted to whole-of-life value of infrastructure rather than upfront cost.
- 2.4** We strongly support Te Waihanga’s 30-year infrastructure strategy, and the government’s commitment to future infrastructure funding. However, it is one thing to promise to do something; it is quite another to turn that promise into actual committed and funding projects. A stable and successful contractor sector relies on the latter if it is to invest in the people and technology to deliver this critical infrastructure.
- 2.5** In paragraph 3, page 7, the competing objectives facing infrastructure decisions are noted. It is our view that the government procurement process has exacerbated the resilience issue, with procurement decisions based on lowest cost rather than the best solution compromising the quality and longevity of a project, and leaving them

vulnerable to “shocks”. Again, if we are to be truly transformational and deliver resilient critical infrastructure, that procurement mentality must change.

- 2.6** We agree with paragraph 64 page 25, that high-quality critical infrastructure resilience should be more cost effective in longer term. However, it will inevitably require a commitment to increased funding to deliver the right solution in the short term.
- 2.7** Further to this, we need to move away from designing bespoke solutions for every project. This is both expensive and inefficient. Why, for example, design a new 30m bridge when there are many examples of other 30m bridges that have been constructed. Including contractors early in the process can avoid this unnecessary outcome.
- 2.8** In the introduction to Section 2 on page 27, and throughout that section, reference is made to the importance of the partnership between governments, and infrastructure owners and operators. If the partnership is going to deliver resilient critical infrastructure, this partnership must also include the contractor/constructor. They are the ones who clearly understand the practical implications of turning ideas into reality and will add significant value if included early in the process.
- 2.9** We agree that information sharing (paragraph 69, page 28) is fundamental to delivering a robust regulatory framework. Sadly, our experience is that across agencies there appears to be little information sharing, rather agencies are defensive of the information that they hold. Robust information sharing should not just be between agencies but should include the private sector – that would be transformational. While many public sector clients have a trusting relationship with their contractors, the same cannot be said for many government agencies.
- 2.10** We agree that, given the criticality of the infrastructure under review, a single Minister should have oversight of the system (introduction page 44). At present, too many Ministers are involved, the funding decisions are fragmented (i.e., the myriad funds that have to be navigated for roading infrastructure), and there is little coordination across agencies.
- 2.11** Paragraph 112 page 45 refers to government monitoring and supervision, and enforcement mechanisms. It has always been a failure of government agencies that the focus is on the “stick” of compliance and enforcement, rather than on the “carrot” of incentive. Sticks don’t work – they lead to animosity and resentment and do nothing to encourage trust. Again, if we are truly committed to being transformational, how about thinking differently about this regulatory regime.

Paragraphs 116 and 117 refer to NEMA, and state NEMA has ‘a successful and trusted position in the community’. We fundamentally disagree with this statement. We are aware a review of the Emergency Service framework is currently underway. We will be submitting on that review, making the point the system is fundamentally broken, has failed communities, and needs radical (transformational?) reform.

3. Related submissions

- 3.1 CCNZ has recently made other submissions related to the topic at hand, [submitting on the National Adaptation Plan](#), water reform proposals, [resource management reforms](#), and other significant policy consultations. These submissions can be viewed online at <https://civilcontractors.co.nz/Advocacy-and-Submissions/10914/>.
- 3.2 In all of those submissions, we have called for better recognition of the construction of infrastructure, a more co-ordinated package of physical works to address infrastructure resilience, and better support for contractors to invest in the people and equipment needed to construct and maintain the country's critical infrastructure.

4. Conclusion

Thank you for the opportunity to provide these initial comments. We would be happy to explore any of these further with you if requested.

We look forward to further consultation early in 2024.

Yours sincerely,



Alan Pollard
Chief Executive
Civil Contractors NZ

