
Building Regions

**A vision for local
government,
planning law and
funding reform.**



Intro to Infrastructure New Zealand

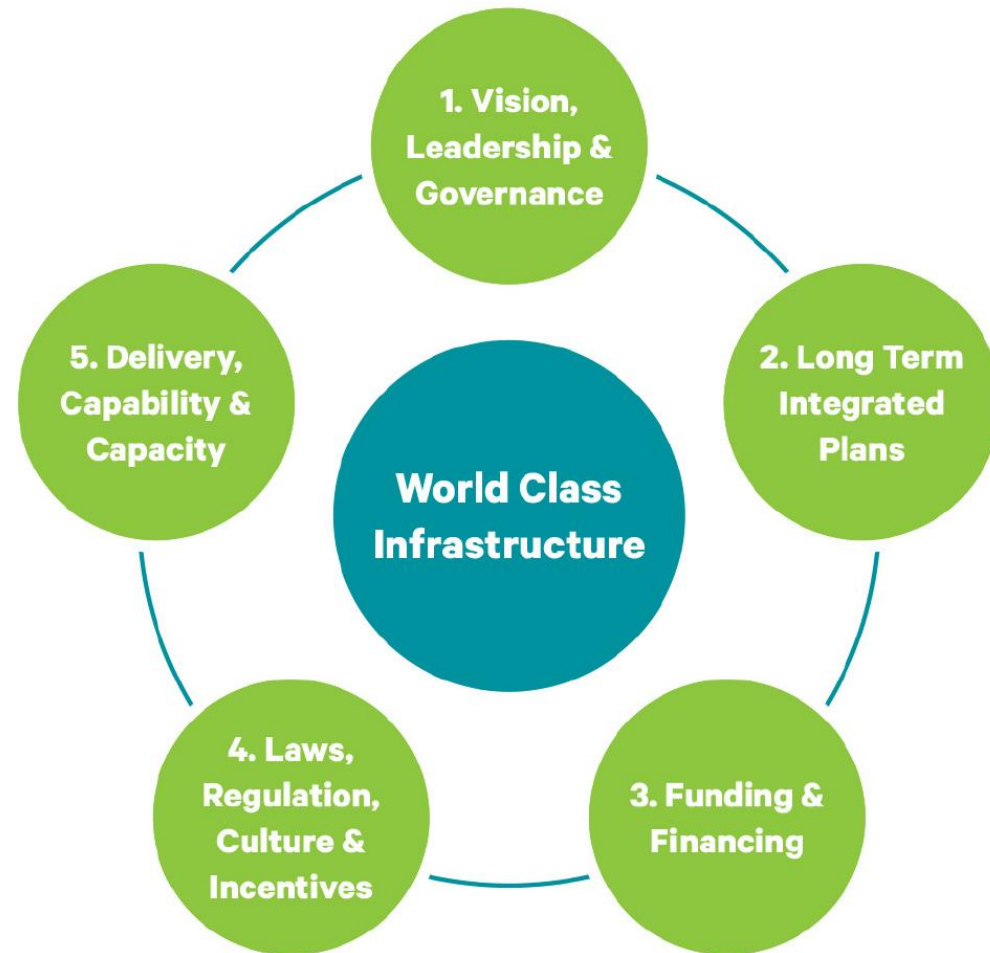
Our members: breadth & all growth councils

Infrastructure New Zealand Member Organisations

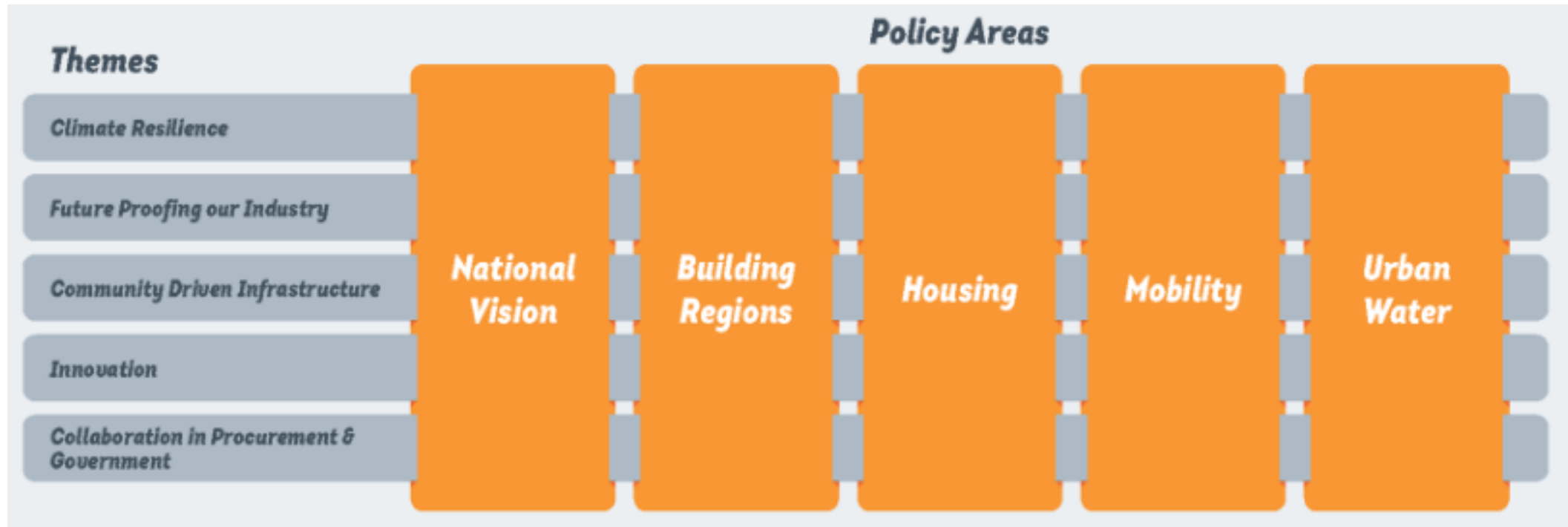


Construction	
Banking and Financing	
Law	
Engineering	
Developers	
Professional Services	
Investment	
Energy and Telecommunications	
Transport	
Local Government and Water	
Social Infrastructure and Central Government	
Stakeholder Groups	

Our Vision: *For all New Zealanders to enjoy the benefits of world class infrastructure*



Our Strategy: *Five policy priorities and themes*

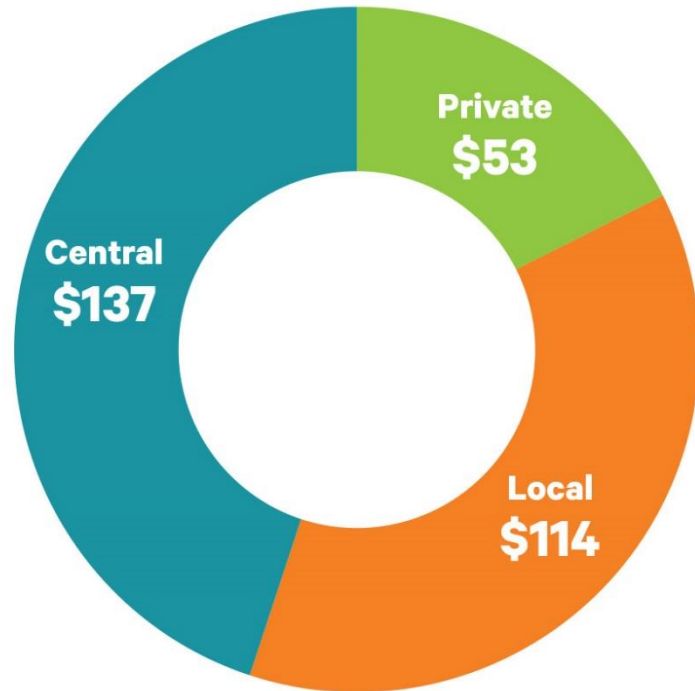


<https://infrastructure.org.nz/Our-Strategy>

The State of New Zealand's infrastructure

Ownership & funding of NZ's infrastructure

Asset Ownership (\$b)



Central

- State highways
- Rail
- Social housing
- Hospitals, schools, prisons
- Electricity transmission
- *Some* electricity generation

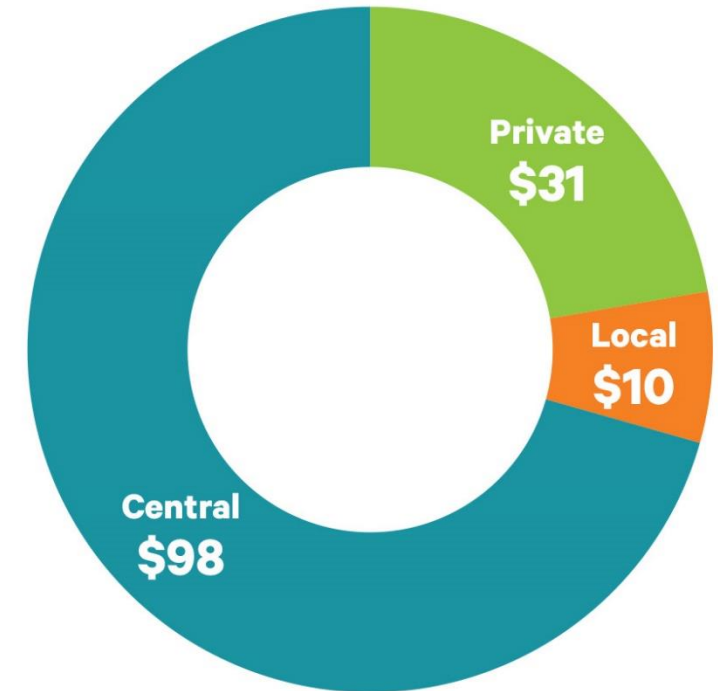
Local

- Local roads
- Public & active transport
- Three waters
- *Most* ports and airports

Private

- Telecommunications
- Energy distribution
- *Most* electricity generation
- *Some* ports and airports
- Irrigation

Operating Revenue (\$b/yr)



What our members told us this year

1

How useful do you think “city of regional deals” might be in the New Zealand context?



- 62% Very useful
- 36% Useful
- 2% Not useful

98% support for city or regional deals.

2

To unlock the full economic potential of our regions, how important is it that power is entrusted to local government?



- 55% Very important
- 38% Quite important
- 7% Not important

93% support for increased local government powers.

What's the problem?

Our institutions are misaligned

1. Misaligned incentives

- We rate “balancing the books” ahead of achieving real outcomes
- Growth benefits flow to central, costs stay local
- Centralised decision-making suboptimal
- Planning tools used for local benefits but have national costs

Our institutions are misaligned

2. Lack of capability

- Local government gets 10% of revenue but controls all of land use (and vice versa)
- Few regional partnerships to achieve efficiencies of scale
- Short-term funding prevents long-term planning

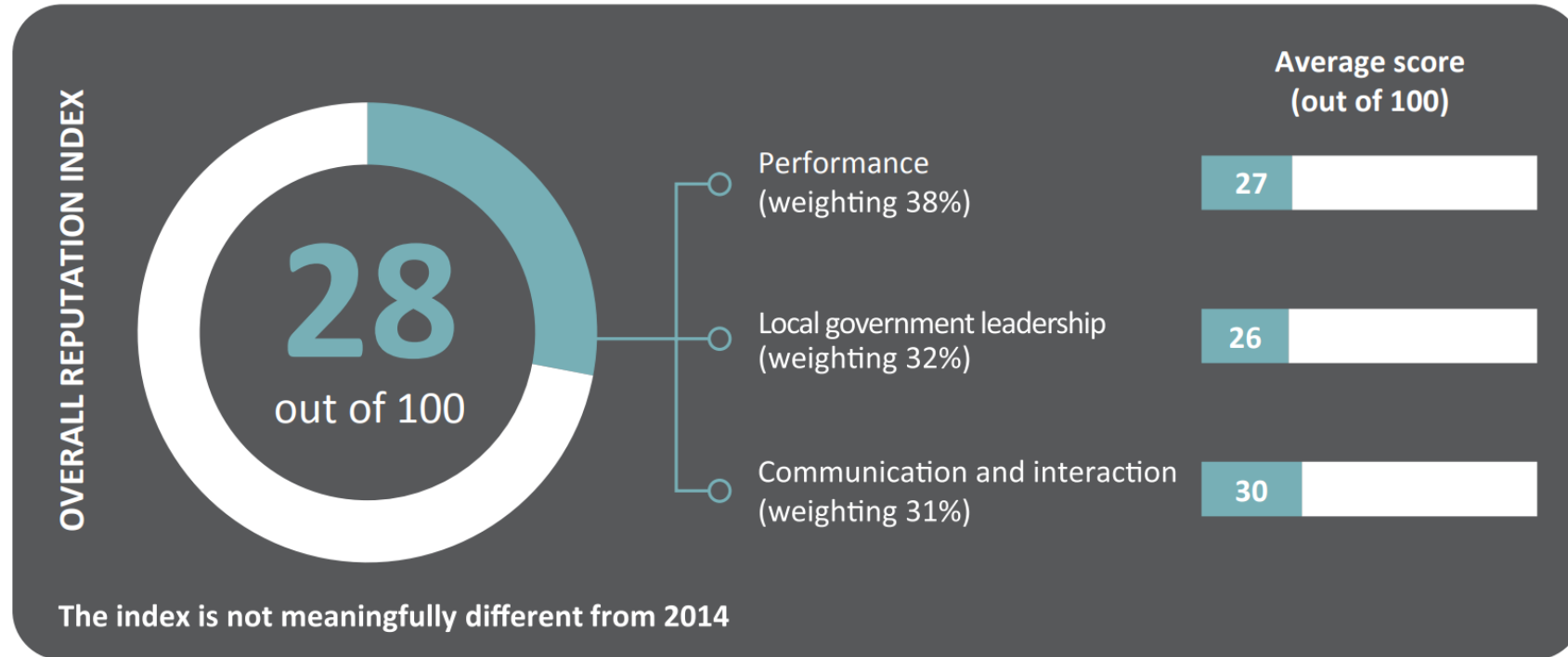
Our institutions are misaligned

3. Lack of oversight and accountability

- No oversight: central government is judge and jury on outcomes
- Accountabilities are unclear: central blames local, and vice versa
- 3-year election cycles obstruct long-term, integrated planning

 **Poor outcomes, for all New Zealanders**

Voters have little faith in local government...



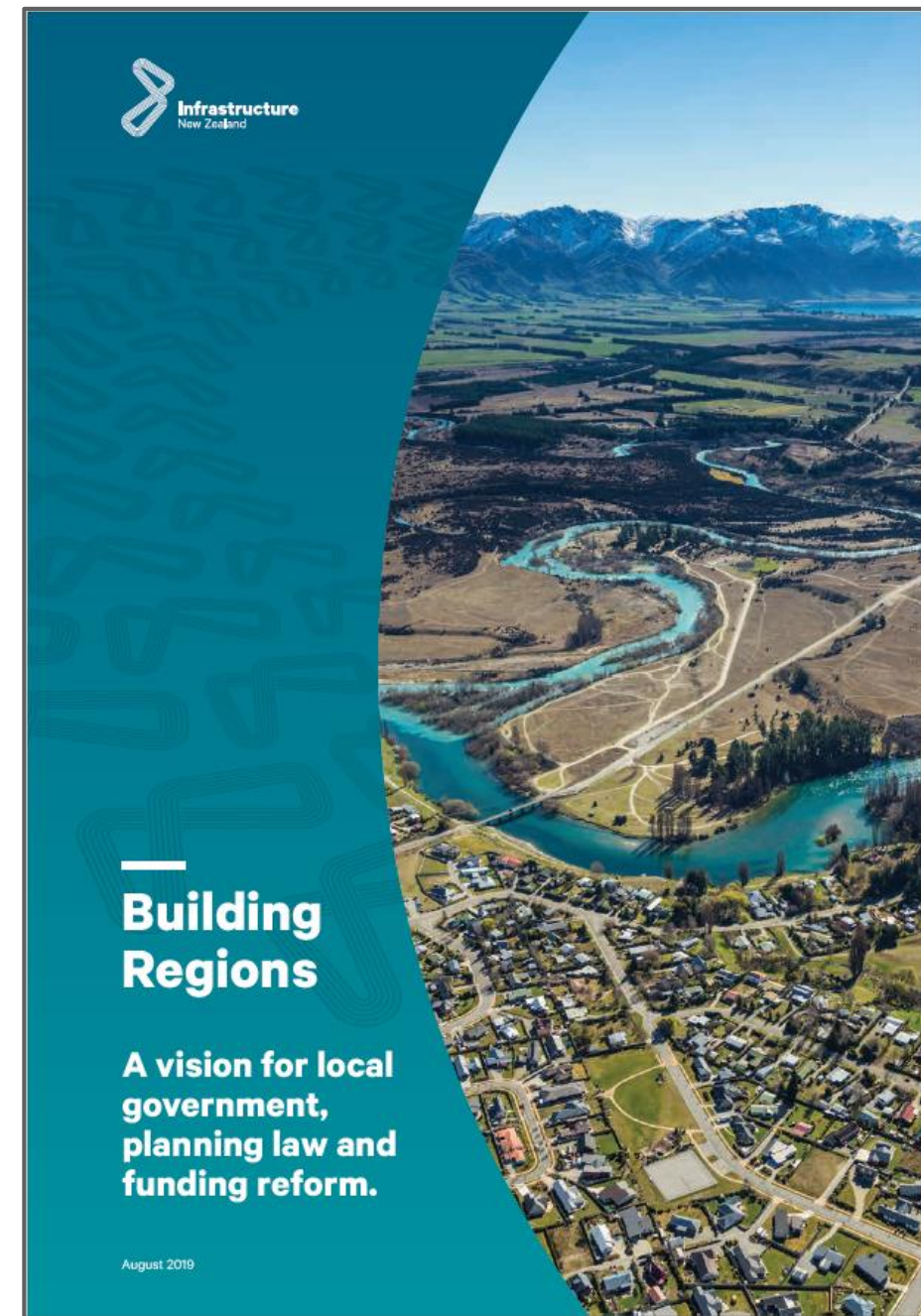
... so why devolve more power to localism? Are Urban Growth Partnerships / Building Regions the path to trust and localism?

Building Regions: A new collaborative partnership

Building Regions

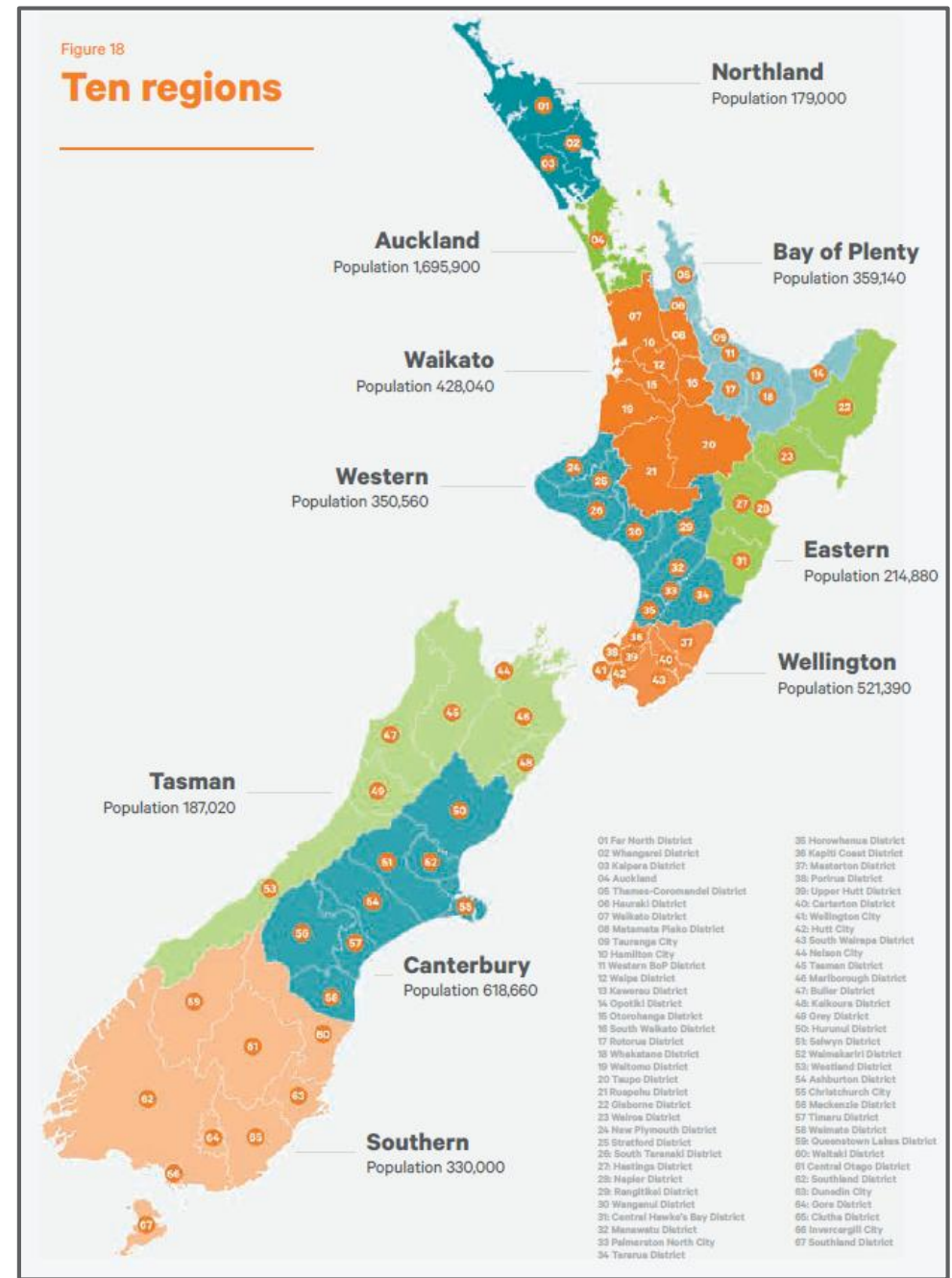
1. Regional Development Grant framework (multi-year revenue)
2. Long-term integrated spatial plan
3. Capability measured by Treasury's Investor Confidence Rating
4. Alignment of local, regional, and national goals
5. Regional scale infrastructure - water, ports, airports, transport.
6. Further reform later: localism, special economic zones, comprehensive RM reform

<https://infrastructure.org.nz/resources/Documents/Reports/Report%20-%20A%20vision%20for%20local%20government,%20planning%20law%20and%20funding%20reform.pdf>

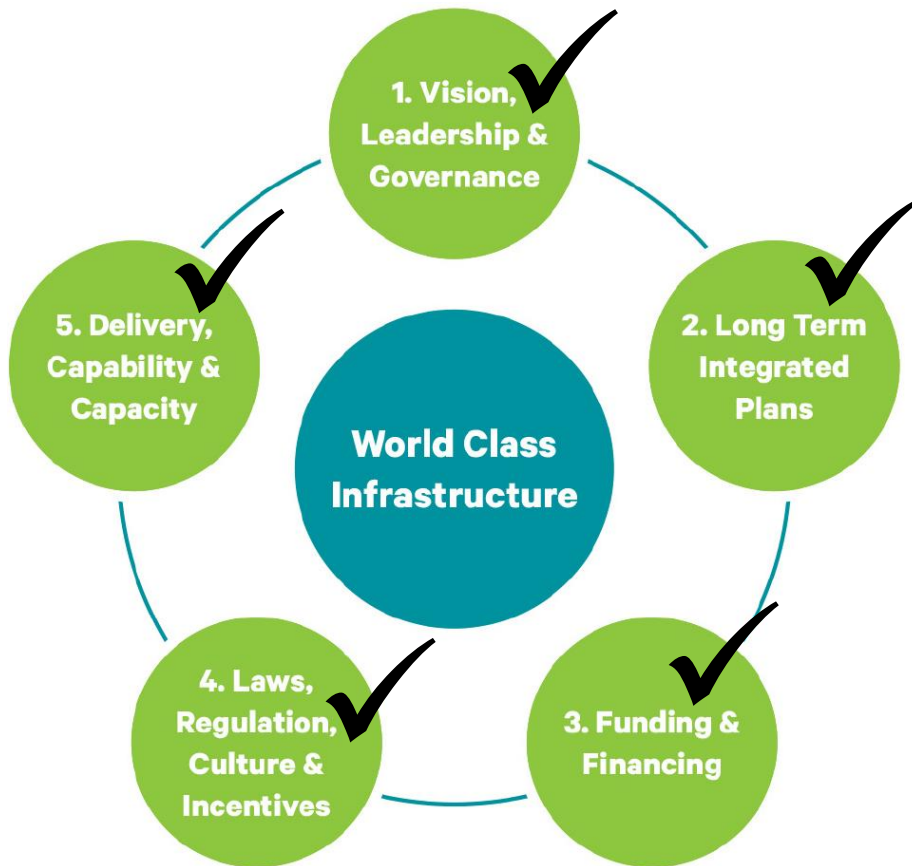


Shift to regional governance and empowered community councils

(NOT amalgamation, the first step to localism)



Example: the Waikato Regional Partnership



1. The Waikato Regional Partnership established to deliver *Waikato 2050* vision. Regional heads of key Crown agencies, Tainui, and representatives of 11 Mayors govern and appoint WRP SPV as delivery agent
2. Waikato Spatial Plan translates the vision into joined-up 30-year investment plan
3. Crown borrows \$100m at 1.3%, provides 10-year grant funding to WRP. Waikato councils borrow \$250m against grant income. WRP funds 7,000 new home lots (\$50k infrastructure per home)
4. IFF and Kāinga Ora powers further assist delivery. 'Mum and Dad' buyers put up 150 sqm home at \$2,000/sqm (\$2.1bn investment on \$350m infrastructure). Crown receives \$367m GST (ignoring personal & corporate taxes) on \$100m investment.
5. WRP obtains 'C' Investor Confidence Rating (same as NZTA). WRP can obtain 10% cost savings (\$35m) through 10-year procurement deal that also specifies local employment, purchasing, and apprenticeship content.

Alignment, collaboration & alliances for outcomes:

