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| **Hon Shane Jones**  **Minister for Infrastructure** | cid:image001.jpg@01D536FE.61A31B10 |
| Speech to Building Nations Symposium  Rotorua Energy Events Centre  21 August 2019 | **SPEECH NOTES** |

**Introduction:**

This time last year I addressed the 2018 Building Nations conference, and made a commitment to you all.

I said that Cabinet had agreed to establish a new, independent infrastructure entity, which we intended to have up and running by late 2019.

While most of you should be aware of this, I’m pleased to make it clear that your Minister for Infrastructure is delivering on this commitment.

We are on track to have the New Zealand Infrastructure Commission operational by October this year.

As promised, it will be a one-stop shop with two broad functions – strategy and planning, and procurement and delivery support.

As promised, it took on board the concerns of industry – with over 130 public submissions received on what form the commission should take.

And finally, as promised, it will produce a project pipeline and a long term infrastructure strategy for the country, and provide top quality advice to governments.

**New chair, board, and chief executive:**

Not one to turn up to a party empty-handed, however, I bring with me further good news.

Today, I will announce the chair, chief executive, and board members for the New Zealand Infrastructure Commission, Te Waihanga.

I am confident we have the right blend of skills and experience to usher in a new era for infrastructure investment in this country.

I am pleased to announce the chair for Te Waihanga will be former Reserve Bank Governor and Treasury Secretary, Dr Alan Bollard.

Dr Bollard is someone no doubt many of you will be familiar with. He is one of New Zealand’s pre-eminent economic minds, and someone with great knowledge of the machinery of both the public and private sectors.

Given the current debate around the economic implications of infrastructure investment, his perspective will be of enormous value.

The board will be made up of

* **David Cochrane**, currently Special Counsel at Simpson Grierson
* **Raveen Jaduram**, CE of Watercare
* **Sue Tindal**, an experienced banker and CFO
* **Sarah Sinclair**, Partner at Minter Ellison Rudd Watts and member of the Expert Review Panel for the establishment of Te Waihanga
* **Stephen Selwood**, the departing chief executive of Infrastructure New Zealand who I’m sure needs no introduction in this room.

This board combines significant economic expertise with legal, financial, regulatory, and on-the-ground experience in your sector, all of which are essential to delivering these goals.

In the first meeting of the board, Jon Grayson, currently Deputy Secretary commercial and financial at Treasury, was appointed chief executive.

Jon played an integral role in the establishment of Te Waihanga and is a natural choice for the role, boasting considerable experience in both the private and public sector on infrastructure matters. I have had an excellent working relationship with him and look forward to this continuing.

I’m a big believer in putting faces to names, so please can you all now stand up.

These appointments were conditional on their ability to attend today, so I encourage you all to talk with them, share your experience and concerns and develop strong relationships with them.

**Progress made:**

Speaking last year I highlighted a number of areas where I wanted to see progress.

While I have from time to time publicly bemoaned the bureaucratic treacle I have to wade through, I’m pleased to say we have seen shovels in the ground and nephs off the couch.

**Roads in Tairawhiti** was one of these areas. We committed $137 million from the PGF for a suite of road upgrades.

I inspected progress last month and saw 3500 tonnes of asphalt already poured just for one project, 1800 tonnes of heavy metal laid on rural East Coast roads, and nearly 100 jobs created already.

As Mayor Meng Foon said “Tairawhiti Roads were a shambles…overused and not enough money to keep up with maintenance”.

While I can’t always get regional road upgrades happening as quickly as I would like, this is an area which has seen delivery of sorely-needed progress.

**Digital connectivity for the West Coast** was another. $45m was committed last November to improve connectivity in West Coast and Southland. This include new fibre links, ultra-fast broadband, and improved mobile coverage, all of which are on track for completion by June 2021.

**Human capital –** Mana in Mahi, designed to provide employment and industry qualifications, received an additional $49.9m in the Wellbeing Budget.

Almost $200m was set aside for Minister Hipkins’ reform of vocational education, something I took particular interest in from both an infrastructure and regional development point of view. While it has caused some consternation, it is essential we get the sector into a position of strength if we are to address skill shortages in key industries.

Minister Jackson and I have also made a number of funding announcements through the PGF’s He Poutama Rangatahi and Te Ara Mahi initiatives, to support unemployed or unskilled people in the regions into obtaining training and, ultimately, a career. These are often smaller announcements, but already thousands of people are benefitting and, in some cases, on track to joining our next generation of construction workers.

**KiwiRail** – This is a Government that is committed to getting rail back on track. We have already reopened the Napier-Wairoa line, invested in multi-modal hubs in Manawatu-Whanganui, and upgraded tourism rail on the West Coast – and this is only the start.

$1 billion was allocated for KiwRail in this year’s Budget, including $331m for track and other supporting infrastructure, and $300m from the Provincial Growth Fund. KiwiRail has a big role to play in alleviating pressure on our roads, and recently I was in Masterton to witness the departure of the new longer log trains which will mean 6000 fewer truck trips over the Remutakas.

With the Upper North Island Supply Chain Strategy working group set to report back before the end of the year, I will have more to say on KiwiRail in coming months.

But through the Northland Rail business case, and the UNISC interim report, we can see that Northland could help transform the golden triangle into a golden diamond, if it is a fully functioning part of the national rail system.

I’m also keen to see further collaboration between our North Island ports, something which has been highlighted by the UNISC. Consolidating their ownership is an option I’m interested in considering – but is also something I will need an electoral mandate for.

And of course, I remain a fervent advocate for relocating Ports of Auckland to Northland.

**Further investment:**

I am not deaf to the ever-growing calls for further investment in New Zealand’s infrastructure

I know that in a time in which interest rates are at near record lows, and where economic forecasts are being downgraded, it is not unreasonable to ask the state to step up and boost spending.

But those of us in this room, myself included, know that committing billions to new projects is a waste of time and money if the conditions in the market are not conducive to this.

The best time to set up the Infrastructure Commission would have been 10 years ago, and if this had been done then the debate we are currently having might’ve sounded a little different.

The next best time, however, is now.

Despite the criticism, this Government does have a very ambitious capital spending programme, and a sound understanding of both our infrastructure shortfalls as a nation and the global economy.

New Zealand government capital expenditure is expected to be $41 billion over the next four to five years. Of this, infrastructure is a key component and includes a $5 billion capital investment in education; $4.2 billion in roads; $3.5 billion in rail and $2.9 billion capital investment in health.

Changes have already been signalled to how the Budget Responsibility Rules work in practise, but this Government remains a fiscally responsible one, which recognises the expectations of New Zealanders for prudence on the behalf of its elected representatives.

Being ushered by media commentators into committing billions more on top of this when the settings aren’t right is not something I would want to happen as Infrastructure Minister.

However, we know there’s room for improvement.

When the Infrastructure Commission is set up, with a project pipeline, strategy, and sound advice coming to Cabinet, then let’s look at what we can do to further address the infrastructure deficit.

Before we can put the big bucks in, we need to pursue more creative approaches to funding major infrastructure projects, such as PPPs, and apply longer-term thinking when it comes to procurement.

This is particularly salient in the case of NZTA. One of Dr Bollard’s first meetings as our Infrastructure chair will be with the new NZTA chair. Sir Brian Roche, and I’m hopeful these two can help make improvements both in the funding and delivery of major transport projects.

**Conclusion:**

When the Deputy Prime Minister and I met with Dr Bollard this week, both of us unreservedly expressed a desire to see more certainty in the sector, and more shovels in the ground.

And while the Coalition Government has made a good start to addressing our infrastructure deficit, we will not rest on our laurels.

I took a delegation of construction industry leaders to Melbourne at the start of this month, to learn more about major project delivery and how the Aussies do workforce training.

Though a short trip, it was valuable and it goes to show how much we can still can learn.

I have committed to doing all I can as a pro-industry Cabinet Minister to make it easier for the big projects we all want to see to become a reality.

As a pro-industry Cabinet Minister, I also recognise that government can’t do everything. That’s why I’m appealing to everyone in this room to think creatively, look to best practise overseas, and work with each other to make New Zealand a world leader in infrastructure delivery.

No pressure, Dr Bollard – but you have a big job on your hands!

**Please note: Minister Jones’ speech as delivered may differ from these speech notes.**