

PRESS RELEASE

ARMSTRONG FURORE SHOULD NOT DELAY INFRASTRUCTURE DEVELOPMENT PROJECTS

The furore over the way Ross Armstrong brought together a private sector group to meet with Government should not deflect us from the urgent need to overhaul public policy for the development of national infrastructure using private sector financing where appropriate says Dr Andrew Cleland, Chief Executive of IPENZ ENGINEERS NEW ZEALAND, the national professional body for engineers.

“Overseas experience shows that relieving infrastructure gridlock is a vital step in lifting the productivity of a nation to ensure sustainable and sufficient economic growth.”

New Zealand’s annual productivity growth is low by international standards – only about 1%, whereas we need more like 3% to lift ourselves back into the top ten of the OECD within 10-15 years and meet the Government’s growth objective.

Higher economic activity requires accelerated circulation of people, materials, energy, information and products, and thus depends on growth in national infrastructure matching needs.

Auckland is the poorest performing area in terms of productivity improvement – whilst people are sitting in their cars they cannot be productive. In Australia well-managed private financing of key projects has contributed to marked upturn in economic activity.

In order to rapidly lift investment in key infrastructure private sector engagement is needed because Government does not have sufficient capital to do it alone.

Good public policy is needed to create a transparent and ethical playing field for companies to compete for such projects, but there also needs to be incentive for them to bid. On the flip side, privately-funded projects must be user-pays. If potential users do not have realistic alternatives to a tolled facility when they cannot afford or choose not to pay there are issues of social equity.

Dr Cleland says it is vital that the urgently needed public policy is not delayed by speculation over whether attendees at a meeting might make commercial gain.

A national infrastructure development plan and realistic means for implementing it are vital. Government needs a broad-based expert advisory group, drawing on the best minds in the public and private sectors, but with rules to ensure it operates free of vested interests. Whether this is called an Infrastructure Council or another name, the need is urgent.

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