

PSA submission to the Finance and Expenditure Select Committee on the New Zealand Infrastructure Commission/Te Waihanga Bill

17 May 2019

About the PSA

The New Zealand Public Service Association Te Pūkenga Here Tikanga Mahi (the PSA) is the largest trade union in New Zealand with over 70,000 members. We are a democratic organisation representing members in the public service, the wider state sector (the district health boards, crown research institutes and other crown entities), state owned enterprises, local government, tertiary education institutions and non-governmental organisations working in the health, social services and community sectors.

People join the PSA to negotiate their terms of employment collectively, to have a voice within their workplace and to have an independent public voice on the quality of public and community services and how they're delivered.

1. Comment

- 1.1. The PSA supports the establishment of the New Zealand Commission/Te Waihanga and its proposed functions.
- 1.2. We welcome this Government's commitment, expressed through this Bill, to long-term planning and co-ordination of public infrastructure as a core determinant of public wellbeing, including a sustainable and inclusive economy.
- 1.3. Greater co-ordination between local and central government is essential and we are pleased to see in the Bill's explanatory note that advice on local government owned, funded and/or operated infrastructure will fit within the new agency's mandate. The legislation itself could be more explicit about the commission's role in relation to local government.
- 1.4. The PSA is pleased that meeting "community expectations" will form a key part of the agency's advice to the Government, however the requirement to consult widely on community

expectations should be written into the bill to ensure that community expectations are fully heard and understood.

- 1.5. Procurement practices are a key lever for ensuring that public money is being used to enhance positive social, environmental and economic outcomes. We are pleased to see the draft legislation provides a role for Te Waihanga in promoting best practice guidance on infrastructure procurement and delivery. The legislation needs to be strengthened, however, to stipulate that the new agency promote the principles of social procurement and responsible commissioning in relation to any infrastructure development.
- 1.6. Under this approach, public procurement bodies actively promote and incentivise good employment, social and environmental practices from parties tendering for public money. It would be a welcome shift from some recent public procurement processes, which have been driven by cost minimisation goals that have degraded the wages and working conditions of workers delivering services.
- 1.7. To ensure procurement outcomes that are genuinely sustainable and that enhance the well-being of communities, we would like to see Te Waihanga promoting procurement practices that enhance employment and environmental outcomes.
- 1.8. Ensuring that any infrastructural development upholds the principles of Te Tiriti o Waitangi should be a central consideration of the new agency's advice to government and should be embedded in the legislation. As new infrastructure will involve the use and governance of public land and resources, Māori representative voices must be central to discussions and decisions on these resources from the outset.
- 1.9. The PSA also recommends that the new agency be given statutory responsibility to develop an integrity standards framework for public infrastructure, and that it be given the power to monitor and report on contractors' adherence to this framework. A proposed integrity framework would require contractors and government agencies to meet a number of standards, including, but not limited to:
 - Financial transparency and probity
 - Operation of robust protected disclosure and other anti-corruption measures;
 - Adherence to labour, environmental and human rights protections

The OECD provides a useful model for an Integrity Framework for Public Infrastructure, found on its website: <https://www.oecd.org/corruption/ethics/Integrity-Framework-For-Public-Infrastructure-Brochure.pdf>

- 1.10. Finally, we have some concerns about the length of time the bill allows for the Government to respond to the agency's strategy report. 180 days – on top of the 90 days allowed for the Government to respond to the draft report – seems like a long time and may create undue delays in progressing essential infrastructure investment and development.

2. Recommendations

- 2.1. The PSA recommends the Select Committee make the following changes to the bill:

- 2.2. Add to Subpart 2 (Functions) an explicit function of the commission to provide advice to government on local government infrastructure and a requirement to consult broadly with the community on their expectations.
- 2.3. Include a requirement for the agency to undertake broad public consultation in order to understand community expectations.
- 2.4. Include a requirement in the legislation that the commission upholds the principles of Te Tiriti o Waitangi in all its functions.
- 2.5. Include a requirement in the legislation that the new agency promotes best practice in procuring for positive employment, social and environmental outcomes;
- 2.6. Insert a new function for the the commission to develop, monitor and report on a public infrastructure integrity framework that sets standards for public infrastructure procurement and operation.

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