

# Hon Grant Robertson

MP for Wellington Central

Deputy Prime Minister

Minister of Finance

Minister for Infrastructure

Minister for Sport and Recreation

Minister for Racing



Dr Alan Bollard  
Chair  
New Zealand Infrastructure Commission, Te Waihangā  
[withheld under section 9(2)(k)]

Dear Alan

## ANNUAL LETTER OF EXPECTATIONS 2022/23

I would like to thank you and the Board for all your work in the last year. This letter sets out my expectations for the New Zealand Infrastructure Commission, Te Waihangā for the 2022/23 year.

This letter outlines:

- The Government's priorities in the context of COVID-19;
- My specific expectations for Te Waihangā;
- General expectations for companies and entities owned by the Crown; and
- A timeline for the 2021/22 business planning process and governance information (Annex 1).

## Government priorities and response to COVID-19

The response to COVID-19 continues to be of central importance in the coming year. Through its infrastructure role, Te Waihangā supports the Government's overarching objectives which include keeping New Zealanders safe from the virus, accelerating the economic recovery, and laying the foundations for a more sustainable and equitable future.

Investing in critical infrastructure and public services remains important for our economic recovery. The Government is also focused on renewable energy, waste reduction, sustainability and pursuing carbon neutrality, supporting small businesses, training and job creation opportunities for workers and businesses, and delivering programmes to bolster New Zealand's exports.

Crown entities will play an important role in supporting the response to COVID-19 and social and economic recovery. In the evolving and uncertain COVID-19 environment, I expect that you will advise Ministers well in advance of any emerging issues and provide a rapid response when called upon.

## **Te Waihangā-specific expectations**

### ***Advisor on infrastructure***

I expect Te Waihangā to be my primary advisor on general infrastructure policy issues. Te Waihangā should work collaboratively to provide support to government agencies who are developing policy advice that relates to infrastructure, and to those delivering infrastructure projects.

In line with my expectations for 2021/22, I would like Te Waihangā to continue to strike a balance between expressing its independent views and maintaining its influence with decision-makers.

Although I expect Te Waihangā to advise on infrastructure matters, I note that policy and project responsibilities usually lie with other government agencies. I expect Te Waihangā to continue to work collaboratively with these agencies so that the perspectives of Te Waihangā are incorporated into the advice received by government. In addition, I expect that differences of views between officials are resolved before advice is presented to myself and other Ministers.

Similarly, I expect Te Waihangā to work collaboratively with my office and the Treasury to be responsive to requests for advice on infrastructure-related issues.

When Te Waihangā provides Ministers with advice on new initiatives or initiatives that propose changes to current settings, I expect that Te Waihangā will ensure that relevant agencies have been consulted in advance, in particular when any initiatives will impact on a particular agency's work programme.

### ***The New Zealand Infrastructure Strategy***

I congratulate Te Waihangā in the work it has achieved to date with the New Zealand Infrastructure Strategy. Following the delivery of the Final Strategy, I expect that Te Waihangā will work with government agencies and entities to assist in the delivery of priorities outlined in the Government Response to the Strategy. I also expect that Te Waihangā will have a role in the monitoring and oversight of how workstreams relating to the Strategy are delivering on the vision and strategic objectives. I expect to make decisions around the detail of this role later in 2022.

One matter reflected in the Strategy that I want to highlight is the importance of ensuring we have the workforce we need to deliver our infrastructure. I want to signal now that I would like to see Te Waihangā play a role in looking at the overall workforce needs for infrastructure, assessing where critical gaps are, and providing advice on how our training and immigration settings are placed to assisting with these gaps.

### ***Additional strategy and delivery support functions***

As provided for in Section 10 of the New Zealand Infrastructure Commission /Te Waihanga Act 2019 (the Act), you are required to provide strategy and planning, and support functions on major projects.

I expect that Te Waihanga will:

- Assist agencies to ensure significant infrastructure investments made over the past year are delivered on time and within budget;
- Provide advice and support on progressing non-spending new initiatives, such as regulatory reforms, where they align to our priorities;
- Provide advice to Ministers and/or agencies on innovative and non-traditional approaches to procurement, including alternative financing arrangements; and
- Continue to advance work to improve the infrastructure pipeline.

In addition, agencies are required to engage with Te Waihanga on the suitability of project finance or other arrangements when planning any major infrastructure investment seeking Crown funding. I expect that Te Waihanga will work closely with officials from relevant agencies when carrying out these functions.

[Redacted text block]

[Withheld under section 9(2)(f)(iv)]

### ***Special topic reports***

Consistent with the independent role of Te Waihanga I will leave it to the Board to decide the topics of the special topic reports. However, I expect that Te Waihanga will discuss the schedule of reports with me, and the order of priority for their delivery.

### ***Budget process***

The Investment Panel is led by the Treasury's Investment Management and Asset Performance (IMAP) team and includes representatives from system roles critical to government investment, including Te Waihanga.

The Investment Panel's role is to discuss assessments of new capital proposals and consider system-wide implications including balance across the Government's accountabilities and interests, risks and opportunities, market capacity, and agency capability and capacity to deliver. The Panel's advice provides system-level insights to support Ministerial decision-making.

I expect that in its role on the Investment Panel, Te Waihanga will provide infrastructure and delivery perspectives to ensure Ministers are supported with the right information to make decisions. Specifically, I expect Te Waihanga to:

- Continue to contribute to the design of the framework used to assess initiatives;
- Work with other system leads and the Treasury to provide holistic advice that considers the attractiveness and achievability of proposals; and

- Supplement any detailed initiative level advice provided by the Treasury's vote team.

## **General expectations of all Crown Entities**

The Treasury released an updated Owner's Expectations document in April 2020 ([www.treasury.govt.nz/publications/guide/owners-expectations](http://www.treasury.govt.nz/publications/guide/owners-expectations)). This document sets out Ministers' expectations on matters such as information-sharing and engagement with the Treasury, board evaluations, thresholds for consultation or approvals for significant investments, and timeframes for reporting and business planning documents. Some key expectations are reiterated in this letter below.

We ask that you circulate this document to all directors on your board so that they are aware of and understand the frameworks and expectations unique to Crown companies and entities.

### ***Effective Governance***

While acting as an autonomous advisory body, Te Waihanga will operate within the parameters set for it by the Government and be transparent and accountable for its decisions. The Public Finance Act 1989 and the Crown Entities Act 2004 enable the framework for this. The Board members of Te Waihanga should familiarise themselves with the relevant provisions of these statutes. Of particular relevance to the activities of Te Waihanga is the need for an autonomous Crown entity to 'have regard to' government policy.

The Board should draw on the relevant guidance and incorporate the principles of best practice Crown entity governance in providing oversight and direction to Te Waihanga's activities.

### ***Board performance evaluations***

Performance evaluations help boards to improve performance and contribute to the Treasury's advice to Ministers on board composition. We expect that evaluations will take place annually and should ideally be conducted by an independent evaluator.

### ***Sound Financial Management***

The Government expects that Boards of Crown entities will support the government in the effective and efficient management of public resources. For Te Waihanga, this will mean the sound financial management of budget resources allocated to it, and a clear and transparent demonstration of value for money in the use of those resources.

### ***No Surprises***

Ministers expect all Crown institutions to operate all their activities in the spirit of 'no surprises'. I expect Te Waihanga to inform me well in advance of any material or significant events, transactions, risks and other issues that could be considered contentious, or could attract wide public interest, whether positive or negative. In



particular, boards should inform Ministers' offices before the announcement of all financial results, and before appearances in front of select committees.

Similarly, Te Waihanga can provide independent advice to Ministers and their portfolio agencies. This also comes with the expectation that Te Waihanga will work with those Ministers and their Officials on a 'no surprises' basis with respect to the content, timing, information management and publication of its infrastructure advice.

### ***Diversity and Inclusion***

Consistent with government support for increased diversity and gender balance in the public service, Crown entities are encouraged to support diversity and inclusion in their workplace and leadership teams.

### **Further information**

Your Treasury relationship managers will be in contact shortly after you receive this letter to discuss my expectations in more detail. If you have any questions, please contact Rachel Bishop [REDACTED] or Fiona Stokes [REDACTED]. Alternatively, you can contact, Simon Wi Rutene, [REDACTED] or David Taylor, Manager, National Infrastructure Unit ([REDACTED] [Withheld under section 9(2)(g)(ii)])

Yours sincerely



Hon Grant Robertson  
**Minister for Infrastructure**

[withheld under 9(2)(k)]

cc: Ross Copland, Chief Executive, Te Waihanga ([REDACTED])

## Annex 1: Te Waihanga timetable for the Business Planning Process for 2022/23

Due by	Key Action
February / March	The Treasury to discuss the Letter of Expectations with the Chair.
31 March	Board sends Strategic Issues letter to responsible Minister.
30 April	Board submits draft Statement of Intent (SOI) if required, and draft Statement of Performance Expectations (SPE).
28 May	Board provides advice on: <ul style="list-style-type: none"> <li>• whether special fees are sought for 2022/23;</li> <li>• the professional development spend in 2021/22 and the proposed professional development budget for 2022/23; and</li> <li>• whether an evaluation of its performance in the past 12 months has taken place, and what process was used and the outcomes of the evaluation.</li> </ul>
30 June	Board delivers final SOI (if required) and final SPE to responsible Minister.
As soon as practicable after the delivery of the final SOI (if required) and SPE to Ministers	Entity to publish SOI (if required) and SPE on its website.

Te Waihanga is expected to provide the Minister with a **Strategic Issues letter** by **31 March 2022** in response to the Letter of Expectations. Should you wish to engage with the Minister to seek clarification around his expectations, we would ask that you advise the Treasury as early as possible of such intentions.

Te Waihanga is expected to provide the Minister with a draft Statement of Intent (SOI) (if required), and Statement of Performance Expectations (SPE), consistent with the expectations as detailed in this letter, by no later than **30 April 2022**.

The final SOI (if required) and SPE should be delivered to the Minister on or before **30 June 2022**.

The responsible Minister should be alerted as soon as possible if any of these deadlines cannot be met.

Further information is available in the Owner's Expectations document ([www.treasury.govt.nz/publications/guide/owners-expectations](http://www.treasury.govt.nz/publications/guide/owners-expectations)).