



# Letter of Expectations and Strategic Intentions Letter 2025-26

Proactive Release

June 2025

[Tewaihanga.govt.nz](https://tewaihanga.govt.nz)

These documents have been proactively released on the New Zealand Infrastructure Commission website at: <https://tewaihanga.govt.nz/about-us/corporate-documents-official-information/documents>.

The Letter of Expectations has been previously released by The Treasury and is also available on its website: [Letter of Expectations - New Zealand Infrastructure Commission/Te Waihanga 2025/26 from the Responsible Minister - 28 February 2025 | The Treasury New Zealand](#)

## Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the [Official Information Act 1982](#) (the Act). Where this is the case, the relevant sections of the Act that would apply have been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

### Key to Redaction Codes:

- 9(2)(a): To protect the privacy of natural persons.

## Accessibility

Te Waihanga can provide an alternate version of this material if requested. Please cite this document's title or PDF file name when you email a request to [info@tewaihanga.govt.nz](mailto:info@tewaihanga.govt.nz)

# Hon Chris Bishop

Minister of Housing  
Minister for Infrastructure  
Minister Responsible for RMA Reform  
Minister of Transport  
Leader of the House  
Associate Minister of Finance  
Associate Minister for Sport and Recreation



Raveen Jaduram  
Chair  
New Zealand Infrastructure Commission  
s9(2)(a)

Dear Raveen

## RESPONSIBLE MINISTER'S 2025/26 EXPECTATIONS FOR NEW ZEALAND INFRASTRUCTURE COMMISSION TE WAIHANGA

I am writing to outline how your board can support the delivery of the Government's priorities, and our specific and general governance expectations for the New Zealand Infrastructure Commission Te Waihanga's (the Commission). I ask that you and your board identify opportunities and include actions to address these expectations in the Commission's business planning documents.

### Government priorities

New Zealand is in a tight fiscal environment: the Crown's operating balances before gains and losses has been in deficit since 2019/20, and last year (2023/24) that deficit reached \$12.9 billion.

Getting the Government's books back in order will require a sustained, collective effort by delivering the Government's fiscal sustainability programme. It is critical that all public sector organisations, including the Commission, play their part and maintain a culture of fiscal discipline.

I continue to expect boards to consider the Government's priorities, the Treasury's letter to you on *Fiscal Objectives and Budget 2024* in January 2024, and the expectations in the [Enduring Letter of Expectations](#) issued to statutory Crown entities in April 2024. I further confirm the expectations set out in my Letter of Expectations dated 15 April 2024 (refer to annex 1) and subsequent letter dated 15 October 2024 (refer to annex 2) remain, including that you and your board will continue to:

- focus resources, minimise and control costs (including contractor and consultant spend), deliver improved performance to represent a value for money investment for the Crown as owner; and
- set ambitious targets and develop robust performance measures.



I also note the Commission should be prepared to demonstrate how its spending is as efficient, effective, and responsive as possible to increase the prosperity of all New Zealanders. In your Strategic Issues Letter due 14 March 2025, I am seeking your assessment of the Commission's performance against the above expectations to date, including the advice sought, actions taken, and results achieved. There will be enhanced scrutiny of cost management, ability to make distributions to the Crown, and transparent, fair and reasonable executive remuneration in line with the NZX Corporate Governance Code.

I note that actions taken by Agencies as part of their Budget 2024 savings programmes included reviewing corporate costs such as those relating to travel and employees, and the use and cost of contractors and consultants.

I am also seeking your assurance that the Commission's business planning documents will include specific and measurable actions and targets to further drive performance in 2025/26.

### **Specific expectations**

Updating the specific expectations set out in my Letter of Expectations dated 11 April 2024 and subsequent letter dated 15 October 2024, I also have the following expectations:

#### *Role in the Investment Management System and Budget process*

I expect the Commission to engage with the Treasury on the review of Better Business Case and Gateway frameworks to identify policy, process, and practice improvements to enhance investment management system performance.

#### *Support with implementation arrangements*

I would also like to thank you for your assistance in working with the Treasury as my shareholder representative to develop arrangements to support me with advice and information about NIA agencies' progress in implementing the NIA reforms and look forward to these arrangements being implemented.

### **General governance expectations**

Strong board governance is critical to the performance and success of the Crown's companies and entities. I expect boards to operate in a politically impartial manner and in accordance with high professional and ethical standards and the board's charter/code of practice, including of directors' independence and interests. A register of board interests should be maintained and shared with the Treasury as it is updated.

I refer you to the Treasury's [Owner's Expectations](#) document which outlines board and governance, performance, and reporting and accountability expectations, as well as process requirements.

### **Further information**

Your relationship managers at the Treasury will contact you to discuss these expectations and engage with the Commission as it carries out its 2025/26 business planning. I ask to be kept informed on a 'no surprises' basis about how the Commission is giving effect to its strategic direction, and any significant matters.

We wish you every success with your endeavours.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Chris Bishop'.

Hon Chris Bishop  
**Minister for Infrastructure**

cc Geoff Cooper, Chief Executive Officer, New Zealand Infrastructure Commission,  
s9(2)(a)

14 March 2025

Hon Chris Bishop  
Minister for Infrastructure  
Parliament  
Wellington

Dear Minister

### **STRATEGIC ISSUES LETTER 2025-26**

I am writing in response to your Letter of Expectations, which we received on 28 February.

The Government has a significant ongoing focus on infrastructure, including improving the delivery, prioritisation and use of infrastructure in New Zealand. Many of the Government's ambitions are aligned to the Commission's 2022 New Zealand Infrastructure Strategy as well as the National Infrastructure Plan (NIP) that we are currently developing. The Commission's ongoing work sets us up well to support these ambitions.

The Board has considered the Letter of Expectations, and we intend to reflect your priorities in our 3-year business plan, a refreshed Statement of Intent, and Statement of Performance Expectations for FY26.

The Commission has recently reviewed its resourcing and undertaken an organisational realignment exercise to ensure that we have the appropriate resources to deliver efficiently and effectively on our core functions, including the preparation of strategy reports as required under our establishing legislation, and fulfilling our investment system leadership role under CO(23)9.

As a small organisation of around 50 FTE with an annual appropriation of \$13m, there will always be some limitations on the extent to which we can engage across the broad scope and range of infrastructure sector priorities. Ongoing trade-offs and active prioritisation of effort will ensure that we are able to continue to deliver on our core functions and meet the Government's ongoing expectations.

In the following sections we provide an update on how we are responding to the specific expectations outlined in your previous letters, along with your updated expectations for 2025/26.

### **Government Priorities**

We note your ongoing focus on fiscal restraint and ensuring value for money. Following its contribution through the Budget 2024 savings programme, the Commission has continued to work towards ensuring efficiency and effectiveness in its operations and to deliver on the Government's fiscal sustainability programme.

The following actions ensure we are able to meet your expectations in terms of focusing resources; minimising and controlling costs (including contractor and consultant spend); delivering improved performance to represent a value for money investment for the Crown as owner; and setting ambitious targets and developing robust performance measures while operating within our baseline funding.

Specifically, through the recent **realignment exercise**, the Commission carefully considered the allocation of its resources to align these with our core functions and priorities, including the production of strategy reports and performing our role in the investment management system. The exercise consolidated functions and teams and considered the appropriate sizing of roles. Appropriate external advice was sought where required to supplement the guidance provided by the Chair of the Risk and Assurance Committee in support of this exercise.

The realignment exercise:

- Streamlined our resource footprint and refocussed our organisational structure around our core functions and outputs
- Reduced the overall number of management roles (from 17 to 13) and improved the consistency across these roles and their scope of responsibility
- Reduced salary costs from c.77% to c.72%<sup>1</sup> of our total appropriations
- Reduced the number of fixed term/inbound secondment roles (from 13 to 9)
- Reduced our planned spend on consultants and contractors from \$2.8m in 2023/24 to \$1m by 2026/27 representing a 64% decrease<sup>2</sup>.

Further information about the structural changes and savings achieved through the realignment exercise will be included in our 3-year business plan to be submitted to you by 31 March 2025.

Building on this exercise, as part of the **3-year business plan**, the Commission has shown how it plans to significantly reduce contractor and consultancy spend by considering the appropriate balance of contractor/fixed-term and permanent resource necessary to deliver strategy reports and other key outputs on an ongoing basis.

Our work programme now has a necessarily narrower focus following the transfer of PPP and project support functions to NIFFCO and the Treasury. And within the 3-year business plan, we have more tightly prioritised resourcing towards activities which contribute to the production of strategy reports and deliver on our system leadership role under CO(23)9 – reflecting a shift from a ‘discovery phase’ associated with the first Strategy to a more ‘systematic workstreams phase’ to deliver the NIP and future strategy reports.

This means for example, reducing our number of large, long-term inquiries in favour of smaller themed work on topics deriving from the NIP (in particular, the Infrastructure Needs Analysis), and reducing our number and scope of large-scale project reviews. This in turn will mean reducing and

<sup>1</sup> Based on forecast personnel costs for 2024/25 compared to 2025/26.

<sup>2</sup> Following the delivery of the Commission’s second strategy report, the National Infrastructure Plan.

more tightly scoping our use of outsourced expertise in the production of research reports, reviews and other outputs, in favour of developing greater in-house expertise.

We will retain a modest consultancy budget for technical or independent specialist expertise and analysis where this is required in order to cover the broad scope of infrastructure sector issues within our remit.

The 3-year business plan will further detail the Commission's outcomes, outputs and activities, and forecast financial information including reserves<sup>3</sup>. It demonstrates strong alignment of our activities to our core functions in legislation and under CO(23)9. It also outlines a number of internal metrics the Commission will use to assess and improve its efficiency and effectiveness – including the relative percentage of our appropriation spent on salaries, consultants/contractors and operational overheads, as well as measures for staff productivity and quality of policy advice. The Commission has sought advice and feedback from the Treasury in developing the 3-year business plan.

Finally, the Commission continues to keep **other corporate costs under active review**, with a view to identifying ongoing savings and efficiencies. Actions we will continue to explore include:

- Reducing technology costs (software, licensing etc)
- Exploring greater use of automation in systems and processes
- Reviewing our need for travel, reducing non-essential travel, using digital technology where appropriate – including for Board meetings and remote-working staff
- Investigating other revenue and cost recovery opportunities
- Maintaining a lean shared services function and operational overhead spend relative to total appropriations<sup>4</sup>
- Centralising recruitment decisions (no automatic refilling of vacancies arising), and
- Considering the appropriate banding and size of roles as vacancies arise.

The Commission's key accountability documents – the FY26 Statement of Performance Expectations and revised Statement of Intent will include specific and measurable actions and targets to further drive performance in 2025/26.

### **Specific expectations for the Infrastructure Commission**

#### *Development of a National Infrastructure Plan*

Work is well advanced on the development of the **NIP** for delivery by December 2025.

Specifically, the NIP will address the following questions, as requested:

---

<sup>3</sup> Where we use the term 'reserves' this is intended to reflect that the Commission will maintain a minimum a level of funds on hand to ensure ongoing solvency, to accommodate flexibility within the forecast work programme and to continue to be responsive to Ministerial needs for advice and support.

<sup>4</sup> As a small organisation we provide all the same 'back office' functions as a large one, including IT/information management, Ministerial servicing, organisational planning and reporting, communications and human resources. Our practical approach to make these as efficient as possible includes having an agile and flexible corporate team who can multi-task across these functions, automating processes where possible, and joining all-of-government shared services arrangements where these are available.



- What's needed and what should New Zealand be spending over the next 30 years?
- What's the planned investment over the next 10 years?
- What's the gap between the long-term infrastructure need and planned investment, and how do we address that gap?

Delivery of the NIP has been a significant undertaking and has absorbed the majority of the Commission's resources in FY2025. This includes the engagement of a number of fixed term/contractor resources together with appropriate specialist consultancy support to deliver the NIP earlier than the 5-yearly cycle provided for in legislation.

Looking ahead, we have provided in our 3-year business plan for the baselining of resource associated with the production of future strategy reports. This includes establishing the Infrastructure Priorities Programme permanently, to provide a structured independent review of infrastructure proposals at set points in the planning process. We will also work to align the Commission's ongoing research and analytics outputs to support efficient delivery of our ongoing independent advice and future strategy reports.

The 3-year business plan assumes that the key components and 5-year timing of each strategy report remain broadly the same and that our activities broadly remain stable and within expected bounds. Should these parameters be changed by you or the Responsible Minister in the future, it is likely additional resource will be required to produce the next strategy report with a wider scope or on a more frequent cycle.

#### *Role in the Investment Management System and Budget process*

We note your ongoing and updated expectations regarding the Commission's role in the Investment Management System and Budget process. We will:

- Support Treasury in our role on the Investment Panel, including moderating Risk Profile Assessments, assessing business cases and budget bids, contributing to Quarterly Investment System reporting and participating in Gateway review
- Conduct an Infrastructure Needs Assessment as required under CO23/9
- Undertake work to improve infrastructure planning and delivery outcomes, including by developing guidance for agencies on minimum standards, indicators and processes for asset management and long-term capital planning (as part of the NIP)
- Provide strategic programme and project advice on high value, high risk or high-profile projects
- Develop project leadership and people capability through our Leadership Capability programme
- Undertake a structured programme of post-investment reviews and lessons learned assessments of projects, with analysis and reporting on themes, and
- Support the Treasury with improvements to the Investment Management System, both by making specific recommendations through the National Infrastructure Plan and by supporting Treasury initiatives such as Better Business Case and Gateway reviews.

### *Work collaboratively on funding and financing*

We note your ongoing expectation for the Commission to work collaboratively on infrastructure funding and financing and to contribute second opinion advice to key workstreams following the transfer of PPP functions to NIFFCo and the Treasury.

We will continue to undertake our system leadership role through:

- Contributing work on funding and financing tools as part of the National Infrastructure Plan
- Advising on such high-priority policy programmes as Resource Management Act (RMA) and Housing reforms.

### *Support with implementation arrangements*

Alongside the development of the NIP, the Commission dedicated effort in the past year to supporting the establishment of new institutional arrangements, including the establishment of NIFFCo and Crown Infrastructure Delivery and the associated transfer of functions.

Our updated functions were reflected in amendments to our Statement of Intent and Statement of Performance Expectations tabled in November 2024.

We have successfully handed over our PPP support and policy roles to NIFFCo and the Treasury respectively. We will continue to work constructively with the shareholder representative and with other infrastructure sector agencies including the Treasury to embed the new system arrangements and ensure you are provided with joined-up advice and information.

### **General governance expectations**

The Board has noted and recently discussed expectations with respect to professional and ethical standards, impartiality, performance, reporting and accountability.

The Board will continue to meet the broader expectations on Boards, noting the Owners' Expectations, the requirement to have a current charter/code of practice and the expectations to undertake board evaluations.

A copy of our current Board Charter and register of interests was provided to the Treasury in November 2024 and we will continue to keep the Treasury informed as these are updated. Following the transition of both the Board Chair and several members in FY25, we will refresh both the Board Charter and undertake an external Board evaluation in FY26.

### **Conclusion**

The Board remains committed to improving infrastructure for the benefit of all New Zealanders. While the Commission's role is an influencing one rather than as a direct decisionmaker, we understand the positive impact we can have working across the infrastructure system. We will ensure that our work, complemented by that of other NIA agencies, will contribute towards increasing the prosperity of all New Zealanders.

This ambition will be reflected in our draft Statement of Performance Expectations for FY26, and a refreshed Statement of Intent that will include specific and robust performance outcomes that reflect your priorities. We will provide you with our 3-year business plan by 31 March 2025. These documents will demonstrate how the Commission intends to drive increased performance in the following year.

We look forward to discussing this response and our draft SPE and SOI with you.

Yours sincerely,



Raveen Jaduram  
**Board Chair**