

Te Waihanga,
New Zealand Infrastructure Commission
Level 7, The Todd Building
95 Customhouse Quay
Wellington 6011



Dear

Thank you for your Official Information Act request, received on 6 February 2023. You requested:

All advice prepared by the Infrastructure Commission relating to the Central Crown Infrastructure Delivery entity.

Information being released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1	14/10/2021	Fortnightly Update to the Minister for Infrastructure – Oct 2021	Release in part
2	7/04/2022	Monthly Report – April	Release in part

I have decided to release the relevant parts of the documents listed above. I note our advice is limited because we contributed to Treasury-led advice rather than providing separate briefings. I understand that the Treasury is in the process of engaging with Ministers to proactively release the relevant Cabinet papers.

I note that you previously requested the *Monthly Report – April* from the Minister for Infrastructure in August 2022, and this paper was provided to you with redactions applied. I have reviewed redactions and removed these where they are no longer required for information that is in scope of this request. I have not redacted content that is not relevant as you already have access to it.

Please note that this letter (with your personal details removed) and the enclosed documents may be published on Te Waihanga's website.

You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Blake Lepper
General Manager, Delivery

Monthly Update - April 2022

To: Minister for Infrastructure, Hon Grant Robertson
From: Ross Copland, Chief Executive, Te Waihanga

**This Report is provided every month for completeness.
Date of report: Thursday, 7 April 2022**

1: Key updates from the Chair and Chief Executive

- Major Projects – Auckland Light Rail (ALR)

As signalled in the Board's Strategic Issues letter to you dated 31 March 2022, it has tasked the organisation with taking an active interest in the costs, benefits, funding and financing, and delivery arrangements for major projects, with an initial focus on transportation projects given their scale, public interest and fiscal cost.

In line with this direction, we intend to provide advice on the ALR Business Case Scope, consistent with the draft Cabinet paper "Auckland Light Rail - reporting back on the detailed planning phase" which noted that the Minister of Transport, Minister of Finance and Minister of Housing are expected to take decisions as required to clarify, confirm and commission:

1. the business case parameters and processes,
2. the investment management system and assurance framework, and
3. the new operating activities related to the monitoring, assurance and review of the business case and detailed planning activities of the Unit.

We will work with Treasury and Ministry of Transport to ensure advice is aligned and timely.

2:Progress towards FY 2021/22 Outcomes

Outcome	Activity and key milestones
Outcome 1 - Infrastructure Strategy and Special Topic Reports: Strategic infrastructure advice that enhances wellbeing	<p>Infrastructure Strategy</p> <p>Te Waihanga continues to support Treasury to provide you with advice on the Government Response. The project plan remains unchanged from last month, with key dates including DEV on 13 April, Cabinet on 19 April, with the Strategy tabled and released before the Infrastructure Symposium on 2 and 3 May 2022. We look forward to your welcoming address at the Symposium.</p> <p>We anticipate finalising the report on the costs of the Infrastructure Strategy recommendations in April. This work will help to support prioritisation and sequencing of the recommendations during the Government Response period.</p> <div data-bbox="524 662 2027 742" style="background-color: black; height: 50px; width: 100%;"></div> <p style="text-align: right;">Withheld under 9(2)(f)(iv)</p> <p>Economics</p> <p>We are preparing for the June 2022 Research Insights piece which will address the impact of local government structure on the cost and quality of infrastructure. We will continue engaging with DIA's Future for Local Government Review as we progress the research plan. In parallel, we continue to progress the following:</p> <ul style="list-style-type: none"> • Research on land value impacts of zoning in NZ cities. • Research benchmarking infrastructure unit costs in three sectors (transport, electricity, health) against other developed countries. <p>Data Science and Analytics Update</p> <p>Beta dashboards covering key infrastructure sectors (water, transport, energy, and telecommunications) are nearing completion and subsequently will be tested with stakeholders for feedback. We anticipate publishing the first dashboards at the 2022 Symposium.</p>
Outcome 2 –	The April 2022 Infrastructure Quarterly pipeline update is being prepared

<p>The construction sector has a credible forward works programme it can rely on.</p>	<p>The January 2022 Infrastructure Quarterly provides the latest Pipeline update. It contains over 2700 projects totalling \$65.6 billion. The next update will capture the March 2022 quarter and include new projects, updates to projects, and completed projects.</p>
<p>Outcome 3 - Procurement Capability and Project Delivery Support: Improved procurement capability of government to enhance project delivery and support a sustainable construction industry.</p>	<p>The Health Sector and Health New Zealand</p> <p>Te Waihanga recently supported the Health Infrastructure Unit (HIU) in a market engagement process for the Regional Hospital Programme. We note that the process was very thorough and aligned with our guidance on best practice engagement. We commend the HIU for taking the time to engage genuinely with the market, and we consider the process to have been very valuable for both the HIU and wider market.</p> <p>The market feedback highlighted the need for Health NZ to develop programme-wide positions on standardised designs, efficient construction methodologies, broader outcomes and procurement. Taking a long-term, programme-wide approach to delivery will be essential to addressing market capacity constraints like we are seeing in Nelson and Whangārei by helping create a visible pipeline of work, and opportunities to consider staging and packaging of projects.</p> <p>The market feedback has supported Te Waihanga’s recent advice to you on Capital Policy Settings that shifting to more empowering capital settings for Health infrastructure will be an important enabler of better delivery outcomes.</p> <div data-bbox="524 1129 2040 1286" style="background-color: black; height: 98px; width: 100%;"></div> <div data-bbox="524 1289 1211 1326" style="background-color: black; height: 23px; width: 100%;"></div> <p>Withheld under 9(2)(i) and 9(2)(j)</p>

	<div data-bbox="524 193 2002 312" data-label="Text"> <p>[REDACTED]</p> <p>Withheld under 9(2)(f)(iv)</p> </div> <div data-bbox="524 355 1162 384" data-label="Section-Header"> <p>Future delivery of Crown infrastructure projects</p> </div> <div data-bbox="524 395 2016 544" data-label="Text"> <p>Te Waihanga has been working closely with Treasury on advice to retain capability and improve delivery of infrastructure projects - including through repurposing Ōtākaro. We support this proposition as we consider it can increase capacity, build capability, and improve delivery performance. How <i>effectively</i> it does this will be driven by design in the next phase. During this phase, Te Waihanga will focus on:</p> </div> <div data-bbox="573 555 2036 823" data-label="List-Group"> <ul style="list-style-type: none"> • Ensuring clear scope and level of ambition, so resources are allocated based on expected construction volumes, and 'stretch' but achievable performance targets are set for the entity. • Ensuring clear governance arrangements and clear separation of responsibilities between the Crown delivery agency, client agency, and others like Te Waihanga and Treasury work. • Looking at ways to manage any client side capability limits which could remain a constraint, as the client agency must ensure it gets what it expected. Minimum standards could be required of client agencies to help make sure they have what is required to succeed before beginning each project. </div> <div data-bbox="524 834 2022 943" data-label="Text"> <p>The next phase of this work also effectively begins the change process with key agency stakeholders to build a clear and effective framework for delivery. It will be critical to allow sufficient time for this design work to be robust and enduring.</p> </div>
<p>Outcome 4 - Policy: Decision makers have a basis for bold reform and policy change, informed by independent, evidence-based recommendations</p>	<div data-bbox="524 994 813 1023" data-label="Section-Header"> <p>Three Waters Reform</p> </div> <div data-bbox="524 1034 1971 1102" data-label="Text"> <p>We continue working with officials on the development of policy advice, particularly focusing on economic regulation and pricing of water services. We also plan to submit on the relevant Bills at Select Committee stage.</p> </div> <div data-bbox="524 1150 1447 1179" data-label="Section-Header"> <p>Infrastructure component of the National Planning Framework (INPF)</p> </div> <div data-bbox="524 1190 2042 1299" data-label="Text"> <p>On Thursday 31 March, we sent you and the Minister for the Environment a timeline and workplan for delivering this project. Minister Parker has requested a meeting to discuss the timeline and workplan in greater detail. We will continue to keep you updated on progress through this monthly report.</p> </div>

3. Market Insights

Te Waihangā recently attended the Crown Collaborative Construction Forum where we had the opportunity to discuss the impacts that both Omicron and wider market conditions are having on construction projects across capital-intensive Crown agencies and high growth Councils. The following themes emerged from the conversations:

- Agencies and participating Councils reported it hard to find bidders for projects. There were numerous examples of parties only getting only one response to tenders and at least one major Council Government project where no contract was able to be awarded. Given this, agencies/Councils are taking steps that would have been considered higher-risk 12 months ago. These steps include a much greater use of provisional sums and 'cost reimbursable' contracts where the client pays the cost of materials whatever these turn out to be. Agencies/ Councils are also reporting greater use of supplier and direct approaches to trusted contractors. Overall, these changes mean there is much less use of traditional contract and procurement models with open tenders and fixed prices and much more risk sitting with clients.
- Design delays due to resource absence/shortages are moving project timelines out, but these delays are not yet impacting costs. Agencies/ Councils are expecting overall Capex underspend for the year, despite cost increases on individual projects.
- Some behaviour, in particular a greater willingness to pay in advance for materials to be stored offsite, may be adding to inflationary pressures as stockpiles of unused materials grow.
- There were reports that private sector funding is getting tighter due to lenders being unwilling to finance projects in a highly inflationary environment and large scale private residential development is slowing down as a result.

4: Upcoming Te Waihangā Briefings, Publications and Official Information Act Requests

Upcoming Briefings			
Topic	Date	Purpose / action / note:	Deadline
Auckland Light Rail (ALR) – Business Case Scope	TBC – we will work with Treasury and Ministry of Transport	Advice on the scope of the Business Case	TBC

Funding and Financing of Infrastructure in New Zealand	7 April 2022	To provide you with a copy of the technical paper that underpins the funding and financing section of the Infrastructure Strategy, ahead of release when the Strategy is published.	N/A
Leveraging our energy resources to reduce global emissions and increase our living standards	7 April 2022	To provide you with a copy of the technical paper that underpins the enabling low emissions energy section of the Infrastructure Strategy, ahead of release when the Strategy is published.	N/A
Official Information Act requests			
Requestor Withheld under 9(2)(a)	Date due to requestor	Scope	Ministerial/ Agency
[REDACTED]	26 April 2022	All advice received by you in your Infrastructure portfolio since January 2021	Ministerial
[REDACTED]	21 April 2022	A copy of the Minister Briefing Paper-Infrastructure Priority List Aide Memoire Infrastructure 20 January	Agency
[REDACTED]	29 April 2022	All Infrastructure Commission advice since October 2021	Agency
Titles of advice for publishing			
Te Waihangā will be publishing the following titles of advice for March on the website. Can you please note this release of titles by 20 April .			
Document type	Date sent		Title
Aide Memoire	Resource Management Reform Ministerial Oversight Group 16, 29 March 2022		24/03/2022
[REDACTED]	[REDACTED] Withheld under 9(2)(f)(iv)		
Report	COVID-19 Recovery (Fast-track Consenting) Act 2020 – Delegation of Ministerial authority		17/03/2022

Ministerial Report

To: Minister for Infrastructure, Hon Grant Robertson

From: Ross Copland, Chief Executive, Te Waihanga

This Report is provided every fortnight for completeness.

Date of report: Thursday, 14 October 2021

1: Key updates from the Chair and Chief Executive

1.1 CE on leave

[REDACTED] Withheld under 9(2)(g)(ii)

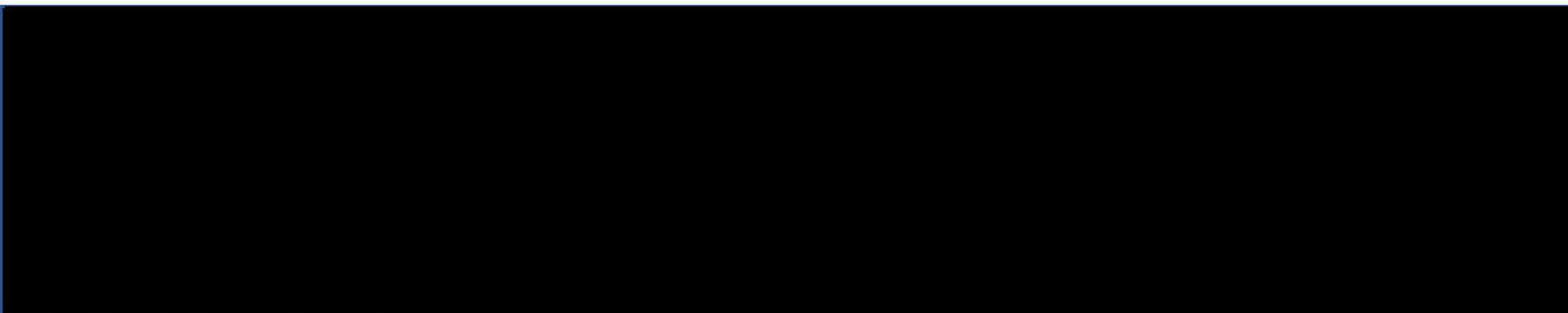
1.3 Proposed Crown Infrastructure Delivery Entity

- We are supporting the Treasury, Otakaro and Crown Infrastructure Partners on the problem definition and solution design for this workstream. We are currently undertaking analysis on our Infrastructure Pipeline to determine what projects would be a natural fit and what the likely scale of the entity would be based on current investment expectations and delivery capability gaps.

2: Upcoming Te Waihanga Briefings and Publications

Topic	Timeframe for Briefing:	Purpose / action / note:	Deadline for Minister Action (if any)
[REDACTED]			

Te Waihangā will be publishing the following titles of advice for September on the website. Can you please approve this release of titles by **22 October**.



Withheld – out of scope of request

3: Progress towards FY 2021.22 Outcomes

Outcome	Activity and key milestones
Outcome 1 - Infrastructure Strategy and Special Topic Reports: strategic infrastructure advice that enhances wellbeing.	<div>Withheld – out of scope of request</div>

	<div data-bbox="817 193 1982 392" data-label="Text"><p>[REDACTED]</p></div> <div data-bbox="768 432 1240 480" data-label="Text"><p>[REDACTED]</p></div> <div data-bbox="1240 432 1697 469" data-label="Text"><p>Withheld – out of scope of request</p></div> <div data-bbox="817 480 2029 679" data-label="Text"><p>[REDACTED]</p></div> <div data-bbox="768 711 2029 1070" data-label="Text"><p>[REDACTED]</p></div> <div data-bbox="864 1070 1290 1118" data-label="Text"><p>[REDACTED]</p></div> <div data-bbox="1290 1070 1747 1107" data-label="Text"><p>Withheld – out of scope of request</p></div> <div data-bbox="768 1155 1223 1192" data-label="Text"><p>Withheld – out of scope of request</p></div> <div data-bbox="768 1192 2029 1383" data-label="Text"><p>[REDACTED]</p></div>
--	--

[REDACTED]

Withheld – out of scope of request

[REDACTED]

[REDACTED]

Withheld – out of scope of request

[REDACTED]

[REDACTED]

Withheld – out of scope of request

[REDACTED]

[REDACTED]

<p>Outcome 4 - Policy: decision makers have a basis for bold reform and policy change, informed by independent, evidence-based recommendations</p>	<p>[Redacted]</p> <p>[Redacted] Withheld – out of scope of request</p> <p>[Redacted]</p> <p>[Redacted] Withheld – out of scope of request</p> <p>[Redacted]</p> <p>Withheld – out of scope of request</p> <p>[Redacted]</p> <p>Withheld – out of scope of request</p>

4: Fast Track Consenting Withheld – out of scope of request

Project Name	Description	Comments	Date