

IN CONFIDENCE



Briefing to the Incoming Minister for Infrastructure

February 2023

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3 February 2023

Briefing for the Incoming Minister for Infrastructure

Report No:	TW2023/205
Type:	Briefing
Purpose:	To familiarise the incoming Minister for Infrastructure with the portfolio.

Recommended referrals

Referral	Action Required	Due Date
Minister for Auckland/Minister of Transport /Associate Minister of Finance	For information	17 Feb 2023
Minister of Local Government	For information	17 Feb 2023

Contact details

Name	Role	Group	Phone
Geoff Cooper	Chief Executive (Acting)	Strategy	[REDACTED]
Ross Copland	Chief Executive	Chief Executive's Office	[REDACTED]

section9(2)(a)

section9(2)(a)

Summary

- This briefing provides you with an overview of your role as Minister for Infrastructure, The New Zealand Infrastructure Commission, Te Waihanga's work programme and our role as your lead advisor. Further briefings will be provided on specific topics, guided by your priorities.
- Te Waihanga was established to co-ordinate, develop, and promote an approach to infrastructure that encourages infrastructure, and services that result from the infrastructure, that improve the well-being of New Zealanders.
- We administer the National Infrastructure Pipeline, which provides a forward view of planned infrastructure projects in New Zealand. The Pipeline has 60 contributing organisations and 3,000 planned and active projects worth \$78.5 billion.
- Te Waihanga published *Rautaki Hanganga o Aotearoa* - New Zealand's first Infrastructure Strategy in May 2022. The Strategy identifies the challenges facing the sector and makes 68 recommendations to address these challenges.
- The Government has established a work program in response to the Strategy and we are responsible for implementing components of this, with a monitoring responsibility for implementation.
- Several matters are likely to require your attention in the next 6 months, notably resource management reform, including the National Planning Framework, three-waters reform and performance of the public-private partnership portfolio.
- We welcome the opportunity to discuss any aspect of our work programme in the coming weeks.

Items for consideration

Te Waihangā notes the following items for the Minister for Infrastructure to consider:

1	Meeting with Te Waihangā representatives to discuss priorities for the infrastructure sector.
2	That the immediate priority for improving infrastructure system settings relates to resource management reform and Te Waihangā's role in writing the infrastructure chapter of the National Planning Framework.
3	<p>That upcoming briefings include:</p> <ul style="list-style-type: none"> • Active Infrastructure Delivery matters • Update on Waikeria Prison Project section 9(2)(i) and section 9(2)(j) • [REDACTED] • Ongoing Auckland Light Rail Project Support • Transmission Gully Independent Review Update • [REDACTED] • [REDACTED] section 9(2)(i) and section 9(2)(j) • Te Waihangā Infrastructure Symposium (15 May in Auckland) • Water Services Legislation Bill • Water Services Economic Efficiency and Consumer Protections Bill • [REDACTED] • [REDACTED] section 9(2)(f)(iv)
4	Attending the next Board Meeting on 21 February 2023 in Auckland.
5	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED] section 9(2)(f)(iv)</p>

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1. Role of the Minister for Infrastructure

A strategic role to improve New Zealand's Infrastructure

1. The Infrastructure portfolio plays an important role in the wellbeing of New Zealanders. 'Infrastructure' is the connected systems and networks that deliver energy, transport, water, and telecommunications services to people, as well as services such as health and education. Much of our infrastructure is embodied in long-lived structures. That means that most of the infrastructure we will be using in the future has already been built.
2. As Minister for Infrastructure, you can improve outcomes for New Zealanders by shaping the strategic context for infrastructure investment – to ensure that as a country, we build the right things, in the right way, in the right place and at the right time, but also that we actively manage the infrastructure assets we already have.
3. The Infrastructure portfolio is primarily a strategic role in that you do not have direct responsibility for delivering infrastructure projects. Statutory responsibility for infrastructure issues in particular sectors sits with the relevant portfolio Minister. This means that you will work across portfolios to influence, advise or caution on infrastructure decision-making. You will work closely with colleagues in Finance, Education, Transport, Environment, Defence, Corrections, Health and Local Government. There are also important links between Infrastructure and your other portfolios, notably Energy and Resources, Housing, and Building and Construction. To fulfill this role, you might consider establishing a group of relevant Infrastructure Ministers.
4. A key objective of the portfolio is to ensure that the system settings for infrastructure are optimised to drive infrastructure outcomes prioritised by Government. Strategic settings are often cross-cutting and include asset management standards, data and digitisation, funding and financing, resilience, decarbonisation, governance and procurement.
5. The infrastructure sector involves a complex and broad spectrum of stakeholders across multiple layers of government and industry, which frequently sees diverging interests and opinions. A key part of your role is engagement with the sector, a role that we will support you with.

The Government's infrastructure priorities

6. The Government has made commitments to improve infrastructure through the Government Response to Rautaki Hanganga o Aotearoa, New Zealand's first Infrastructure Strategy. Among these commitments are:
 - ensuring that existing commitments are delivered well.
 - strengthening partnerships with, and opportunities for, Māori in infrastructure.
 - building the capacity and capability of government and the infrastructure workforce to deliver and maintain infrastructure.

7. Te Waihanga's work programme contributes to the achievement of these priorities.

Your responsibilities and levers

8. As the Minister for Infrastructure, your primary statutory responsibility lies in the response to the 30-Year Strategy, which Government released in 2022. The Strategy is scheduled to be updated before 2026.
9. Under the COVID-19 Recovery (fast-track consenting) Act 2020 you are consulted by the Minister for the Environment during the initial consideration of an application's suitability for fast-track consenting. Te Waihanga will provide an initial review and draft comments for you. As agreed with the previous Minister for Infrastructure, Te Waihanga provides reviews only for applications where we have significant information or perspectives that would materially support fast-track consenting decision-making.
10. You may commission us to undertake a review under section 20 of the Te Waihanga Act 2019 on any matter relating to infrastructure. Te Waihanga must publish every report that is provided under this subpart as soon as practicable after we have provided it to you. Since inception, the Commission has received two such requests.

2. About Te Waihanga

Infrastructure for New Zealanders

11. Te Waihanga was established by the New Zealand Infrastructure Commission/Te Waihanga Act 2019 to lift the country's strategic infrastructure capability and planning. We are an autonomous Crown entity under the Crown Entities Act 2004, governed by a Board of Directors.
12. Te Waihanga was established in response to a number of significant infrastructure challenges, both for the demand of infrastructure services (including a growing population, urbanisation, climate change targets and pressure for improved levels of service) and the supply of infrastructure services (including pipeline certainty, cost escalation, consenting, funding and workforce). Solving these problems is essential to achieving national and local objectives that involve the delivery, maintenance, and operation of infrastructure services. This includes net zero carbon 2050, housing affordability, resilience and a circular economy.
13. According to our Act, the main function of the Commission is to "co-ordinate, develop, and promote an approach to infrastructure that encourages infrastructure, and services that result from the infrastructure, that improve the well-being of New Zealanders". This requires us to consider infrastructure in both public (central and local government) and private sectors. Our legislation provides direction as to how we are to achieve this broad goal, defining a number of functions that Te Waihanga is to perform. These include:

- **Infrastructure strategy:** Developing the New Zealand 30 Year Infrastructure Strategy.
 - **Research, policy advice and infrastructure performance:** Providing advice to Government in relation to particular infrastructure needs, priorities and matters that prevent, limit, or promote and accelerate the efficient and effective delivery of infrastructure.
 - **Infrastructure project support:** Providing support for infrastructure projects and promoting a strategic and co-ordinated approach to the delivery of current and proposed infrastructure projects.
 - **Engagement:** Developing broad public agreement on the approach to infrastructure.
14. On 19 December 2022, the then Minister for Infrastructure provided Te Waihanga with its 2023/24 Letter of Expectations (see Appendix A). The Board expects to respond to this letter with a Strategic Issues letter in late February and a draft Statement of Intent in late April.
15. As a small organisation, to give effect to our functions we are required to carefully prioritise and consider opportunities to influence others on a range of processes, rules, capabilities, information and behaviours. In doing this, Te Waihanga must balance institutional integration with autonomy.
16. In managing this balance, we work with other officials to ensure our views on issues are incorporated into the advice received by the Government. Where we have differing views, we will ensure the reasons for this are well understood and communicated to you while providing opportunity to discuss.

Te Waihangā team

Te Waihangā Board

17. The Board is appointed by you and is responsible for our strategy, operations and organisational performance.
18. Our Board combines significant economic expertise with legal, financial, regulatory and on-the-ground construction experience, spanning private and public sectors. The terms of current Board members are as follows:

Role	Term
Dr Alan Bollard – Chair	to 30 September 2024
Suzanne Tindall – Deputy Chair and Chair of the Risk and Assurance Committee	to 30 April 2024
Maurice Davis - Director	to 30 September 2023
Raveen Jaduram - Director	to 30 April 2024
Sina Cotter Tait - Director	to 30 September 2024
Sarah Sinclair - Director	to 30 April 2025
Geoff Hunt - Director	to 30 September 2025



Dr Alan Bollard

Board Chair



Sue Tindal

Deputy Chair/Chair of
Audit and Risk
Committee



Raveen Jaduram

Director



Sarah Sinclair

Director



Maurice Davis

Director



Sina Cotter Tait

Director



Geoff Hunt

Director

19. Both the Board and the Risk and Assurance Committee operate under the Board Charter, which sets out Te Waihangā's corporate governance:
<https://www.tewaihangagovt.nz/about-us/board>

Organisational structure and leadership team

20. Te Waihangā is comprised of four departments responsible for achieving our strategic outcomes: Operations, Strategy, Policy and Infrastructure Delivery.



3. Immediate Priorities

Resource management reform and the National Planning Framework

21. Resource management reform will profoundly impact New Zealand's ability to deliver and operate infrastructure efficiently and effectively. It presents opportunities for significant improvements on the Resource Management Act 1991, as well as risks if change is not well considered or implemented.
22. In 2021, Te Waihangā published a report 'The cost of consenting infrastructure projects in New Zealand'. The report demonstrated that resource consent processes impose costs equal to 5.5% of a typical infrastructure project's cost, but that these costs vary by project size. For projects under \$200,000, resource consenting costs average 16% of a project's cost. In addition, the consenting timeframe has increased by as much as 150% since 2014/15.

23. [REDACTED]

section 9(2)(f)(iv)

section 9(2)(f)(iv)

24. As part of the resource management reform, Te Waihanga and the Ministry for the Environment (MfE) are developing the first National Planning Framework (NPF) to provide government direction on infrastructure consenting. The NPF will direct resource management decision-makers (including Regional Planning Committees), on how they should coordinate, plan and fund infrastructure.
25. Te Waihanga is responsible for drafting the infrastructure chapter of the NPF. The intent of the Infrastructure chapter is improve the efficiency and cost-effectiveness of infrastructure. The NPF will focus on critical infrastructure and infrastructure required for national climate change and natural hazard resilience goals. The standards are intended to encourage good practice, provide greater certainty, cut time and the costs of consenting and reduce the need for consenting in some instances.
26. MfE has advised that it may take up to ten years for NBE plans to become operational. The Minister for the Environment has therefore asked MfE to work with Te Waihanga to identify ways that the infrastructure standards could be given effect during the transition between the Resource Management Act 1991 (RMA) and the new system. We are intending to provide this advice in early 2023.
27. Key policy decisions on the infrastructure chapter of the NPF will be required by Ministers (led by the Minister for the Environment) over the next three months, based on the current timetable.
28. There are a series of competing government priorities and legal interpretations that are consequential to resource management reform. Many of these arise from our existing and future needs for infrastructure services. For instance, while infrastructure services are essential to national environmental objectives, they frequently create local environmental impacts. Decisions that prioritise local effects can therefore undermine broader environmental objectives.

Three waters reform

29. There is compelling evidence that New Zealand's 'Three Waters' services are under-performing. Te Waihanga considers that sectoral reform is required to improve performance.
30. In 2020, we commissioned a Special Report on Waters Reform in New Zealand, which examined the current state of New Zealand's three waters infrastructure in the context of the Government's proposed reforms. The report sets out the case for reform, examines the benefits of consolidating services, expresses the need for economic, environmental and health regulation (including support for the establishment of Taumata Arowai), and makes a series of recommendations for successfully implementing reform.
31. We have expressed support for many of the reform proposals, including the operating benefits of greater scale compared to the highly fragmented sector, competency-based governance boards, the necessity of adequately funding infrastructure, the benefit of volumetric charging to incentivise water conservation, improved

transparency over price setting and enforcement of water quality standards, and the need for a robust regulatory environment, which includes adequate health, environmental and economic protections.

32. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] section 9(2)(f)(iv)

33. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] section 9(2)(f)(iv)

34. We expect that the recent flooding event in Auckland may heighten the focus of stormwater management in the existing reforms as well as the role of insurance in managing resilience and optimal levels of service for infrastructure.

Public-private partnership (PPP) programme and major project disputes

35. PPPs have the potential to enhance whole of life outcomes from infrastructure service delivery by optimising design, construction, maintenance and operation responsibilities under a single contract. Private financing of the project can help improve performance incentives.

36. PPPs are one procurement option of many to manage the sharing of risks and costs for infrastructure projects. Generally, they are complex and long-lived transactions that require centralised monitoring, expertise and approvals at critical points in their lifecycle.

37. Much of the centralised expertise for PPPs currently sits within Te Waihangā and we act as the Government's lead advisor on the New Zealand PPP Programme. In general, responsibility for decisions on individual PPP projects sits with the Minister of Finance and the Minister for the relevant delivery agency. However, the Minister for Infrastructure does have a strategic interest in PPP projects in terms of ensuring that PPP projects and policy help the Government deliver on its infrastructure priorities.

38. [REDACTED]

- [REDACTED]
[REDACTED]
[REDACTED]

section 9(2)(i) and section 9(2)(j)

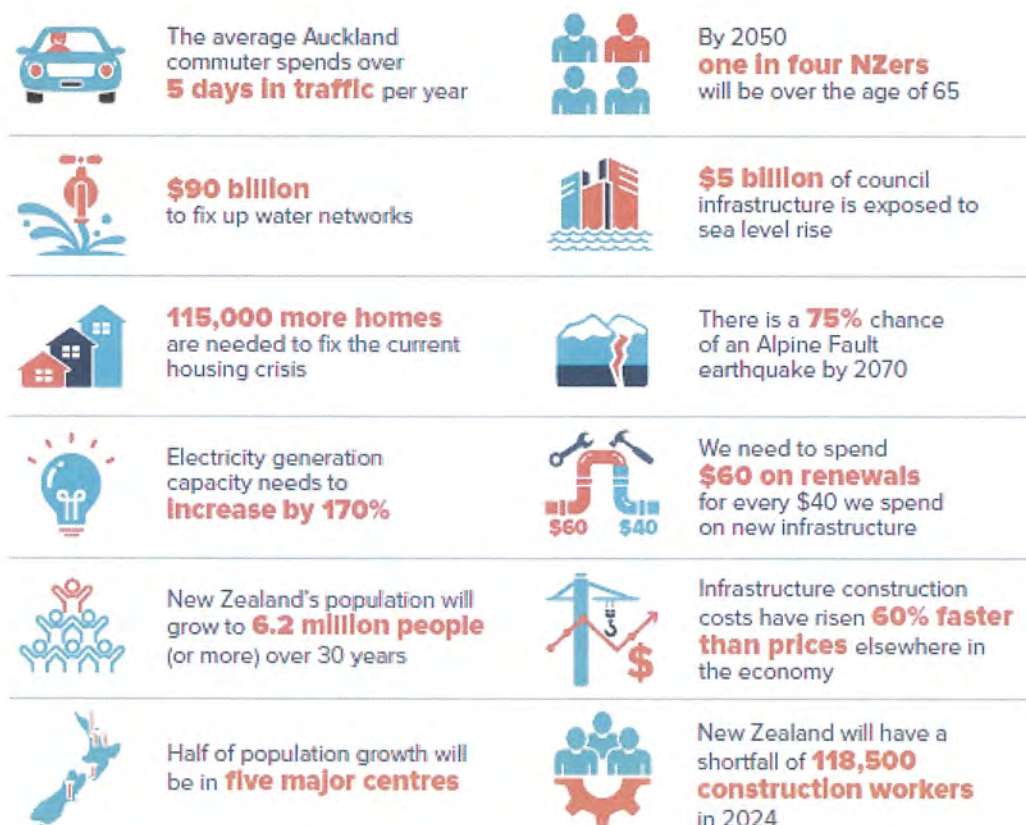
- [REDACTED]
[REDACTED]
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[REDACTED] section 9(2)(i) and section 9(2)(j)
- 39. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] section 9(2)(i) and section 9(2)(j)

4. The New Zealand infrastructure challenge

New Zealand's infrastructure faces a historic period of deep and intergenerational change

40. It is historic, because many of the challenges we face are new and uncertain; deep, because it impacts all parts of our society; and intergenerational, because the effort must be sustained, not over months and years, but over decades (see Figure 1).

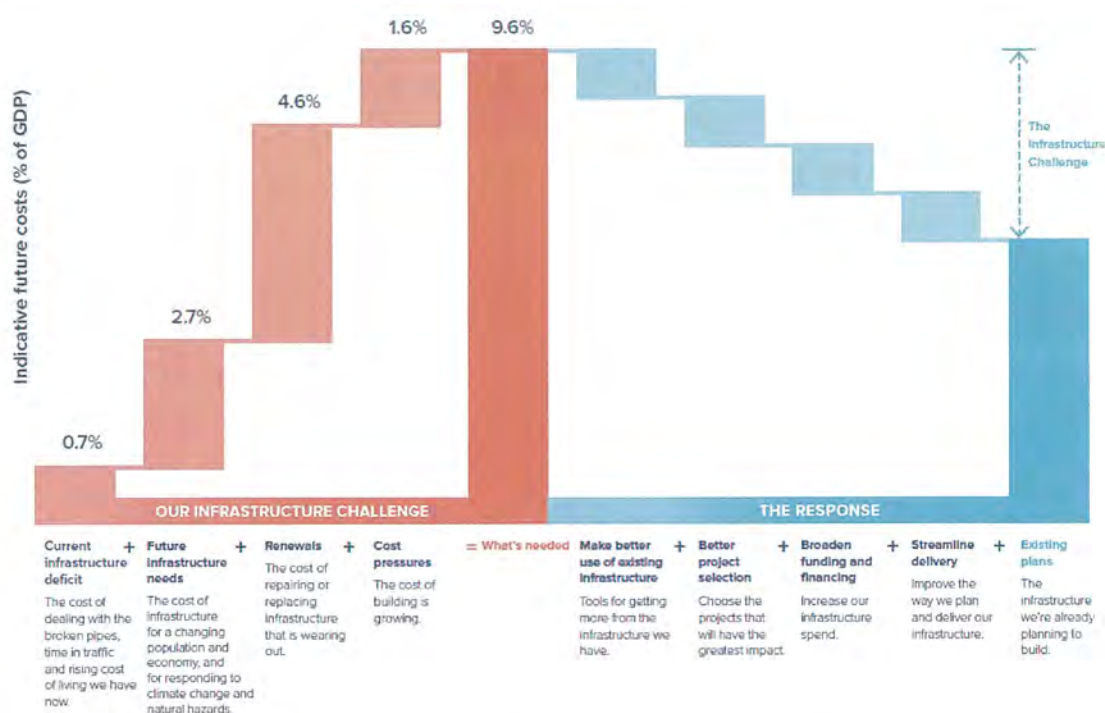
Figure 1: Infrastructure interacts with a wide range of trends



We cannot build our way out of the problem

41. At present, New Zealand spends around 5.5% of GDP on public infrastructure. This means that for every \$20 New Zealand earns, we spend around \$1 on infrastructure. This includes our transport, water, health, defence and education facilities (but excludes privately provided infrastructure like electricity generation and telecommunications).
42. We estimate that future costs of infrastructure will equate to around 9.6% of GDP over a 30-year period (equivalent to \$31 billion per year), almost double what we currently spend per year. This includes meeting the costs of the current infrastructure deficit, population growth, renewals, climate change and resilience, and the impact of cost pressures in the sector (as shown in Figure 2 below).
43. We need to find ways of delivering our infrastructure more quickly, more affordably, and that realises greater benefits. This requires the use of four broad tools:
 - **Make better use of infrastructure** including managing demand for infrastructure to defer or avoid costly upgrades.
 - **Better project selection** including planning ahead and making better decisions about new infrastructure projects to ensure that they are the right way to solve our problems.
 - **Increase funding and financing** by looking for new sources of revenue and using long-term debt to pay for intergenerational infrastructure.
 - **Streamline delivery** by improving our ability to consent and build infrastructure quickly and productively, including developing our workforce capacity and use of technology.

Figure 2: The infrastructure challenge, the response



Source: Rautaki Hanganga o Aotearoa, The New Zealand Infrastructure Strategy

Getting it right is critical for the environment

44. Infrastructure is frequently described as a tradeoff between economic objectives and environmental objectives. In our view, this is a mischaracterisation. New Zealand has committed to a net-zero carbon emissions economy by 2050, which requires a major energy transition and levels of investment in new infrastructure not seen since the 1970s. Aspirations for high quality drinking water and clean waterways requires adequate investment in wastewater treatment plants. Bigger, denser cities, with concentrated infrastructure mean less electricity for heating, shorter car trips and more public transport. Our environmental objectives are often consistent with a better functioning infrastructure system.

5. Our work programme

The New Zealand Infrastructure Strategy

Rautaki Hanganga o Aotearoa, The New Zealand Infrastructure Strategy

45. Te Waihanga published Rautaki Hanganga o Aotearoa, New Zealand's first infrastructure strategy in May 2022. The Strategy identifies the challenges facing the sector, makes 68 recommendations to address these challenges and outlines three transformational areas for infrastructure that will have the greatest impact. These are:

- **Leveraging our abundant low emissions energy resources** to deliver on our climate change commitments and create economic opportunities, energy security and high-paying jobs.
- **Planning for generations to come** to ensure New Zealand has the infrastructure and housing it needs to keep up with our growing and changing population.
- **Developing a pricing system** that helps us get better use of our existing infrastructure.

46. The Government response to the Strategy focuses on ensuring that existing commitments are delivered well, strengthening partnerships with, and opportunities for, Māori, and building the capacity and capability of the government and of the infrastructure workforce to deliver and maintain infrastructure. It supports Te Waihanga taking a lead on the following actions:

- exploring the establishment of an Infrastructure Priority List (IPL) for New Zealand.
- exploring options for improving infrastructure leadership across the public sector, including the option of a Major Projects Leadership Academy.
- undertaking a 'State of Play' of current Māori engagement activity for infrastructure.

47. The Infrastructure Action Plan is the second part of the Government's response to the Strategy. [REDACTED]

[REDACTED] section 9(2)(f)(iv)

Monitoring and reporting progress

48. We will report annually on progress against the Infrastructure Strategy and the Government response, including the Action Plan. This will identify actions that are working well, areas of potential risk, actions that are not progressing as planned, and opportunities for improvement.

Infrastructure performance, research and policy advice

National Infrastructure Pipeline

49. The [National Infrastructure Pipeline](#) (Pipeline) is a facilitation tool, updated every quarter, that provides a forward view of planned infrastructure projects in New Zealand. In the December 2022 update, 60 contributing organisations provided project information on over 3,000 planned and active projects for 150 infrastructure providers. The total value of current projects in the Pipeline is \$78.5billion.
50. The Pipeline continues to expand towards Te Waihanga's goal of providing a trusted and complete view of planned infrastructure activity in New Zealand. This continued growth and development of the tool will facilitate improved planning, coordination, and delivery within New Zealand's broader infrastructure system, across our regions, between our sectors, in our construction markets, and in workforce development.

51. We face challenges receiving timely and accurate updates of project information from contributors, including public agencies. Te Waihangā continues to work with these agencies in make improvements. Generally our engagement rates are high. In December 2022 92 per cent of contributors took part in the Pipeline update process.

Supporting dialogue and decision-making through data

52. We have a focus on improving data standards and information availability to drive innovation and efficiency in the delivery and operation of infrastructure services. We work with other government bodies such as Construction Sector Accord and Treasury to leverage and extend the value of existing data sources, while also improving information collection to reduce duplication of effort and burden on information providers.

Monitoring infrastructure performance

53. Te Waihangā has a unique pan-sector focus on monitoring performance and uplifting the value provided to New Zealanders through the nation's interconnected infrastructure systems.
54. As our first step towards reporting on infrastructure performance, in Sept 2022, Te Waihangā published a [set of monitoring dashboards](#) highlighting performance across water, energy, transport, and telecommunication sectors. This information – in addition to the National Infrastructure Pipeline – contributes to the evidence base used to inform our guidance and advice.

Deep dive research - Providing and paying for infrastructure: what's fair?

55. Te Waihangā undertakes "deep-dive" research to understand infrastructure needs and priorities. For 2023, the Board has chosen 'fairness in the provision and funding of infrastructure' as our special project. Where infrastructure is placed, how easy it is to access, how affordable it is and how resilient it is, all impact the equitable distribution of benefits to New Zealanders.

Research Insights series

56. Te Waihangā publishes a quarterly Research Insights series that is aimed at lifting the standard of evidence and analysis on infrastructure issues aligned with the Infrastructure Strategy. Research Insights papers are not intended to provide recommendations on policy or investment decisions, but they aim to build the evidence-base from which recommendations are made.

Network pricing study

57. Network pricing is the pricing strategy used to recover the cost of providing infrastructure. For example, the pricing strategy for electricity usually involves a mix of fixed charges and variable charges based on energy use.
58. While big decisions need to be made about pricing strategies for public infrastructure, particularly for the water and transport sectors, there are important gaps in our knowledge. We don't have a clear picture of the implications of pricing strategies for equity and other key outcomes.

The workforce needs of infrastructure

59. The previous Minister for Infrastructure outlined an expectation that Te Waihanga examines the overall workforce needs to deliver New Zealand's planned infrastructure. In response, we are building an evidence base on New Zealand's workforce needs across all stages of infrastructure planning, delivery, and asset management.
60. The following table summarises the timing and scope of our current research initiatives.

Research Topic	Description
Deep dive - Providing and paying for infrastructure: what's fair? Research reports throughout 2023. Project completion early 2024.	Provides practical advice to infrastructure decision-makers on how to think about and respond to concerns about fairness.
Corridor and site protection for infrastructure March Quarter 2023	When land for infrastructure is designated or acquired in advance, it makes it cheaper and easier to build the infrastructure we need. The aim of the research is to understand the benefits of corridor protection.
Household spending on infrastructure services June Quarter 2023	This research supports Te Waihanga's "deep-dive" study on how we provide and pay for infrastructure: what's fair?
Network pricing study June Quarter 2023	Approach to pricing of services in energy, transport, water, and telecommunications sectors.
The workforce needs of infrastructure August 2023	Defines what the 'infrastructure workforce' means and includes, identifies gaps and leverages the National Infrastructure Pipeline to model future workforce needs.
Baseline asset management performance	Gather and assess baseline asset management performance information across the infrastructure sector.
3910 issues paper	Examines the common use and potential misuse of NZS3910: Conditions of Contract for Building and Civil Engineering Construction.
Health New Zealand operating model	Working with Te Whatu Ora (Health New Zealand) to define a new operating model for their infrastructure division.

Climate and resilience policy

61. After leading the development of the infrastructure chapter in the first National Adaptation Plan (NAP), we are responsible for delivering three specific actions in the NAP:

- NAP Action 3.8: Develop guidance for assessing risk and impact on physical assets and the service they provide.
 - NAP Action 5.6: Scope a resilience standard or code for infrastructure.
 - NAP Action 8.8: Support knowledge sharing and the implementation of adaptation actions across the (infrastructure) sector.
62. Te Waihanga is supporting the development and implementation of the planning and infrastructure chapter in the first Emissions Reduction Plan (ERP). The recommendations aim to reduce enabled and embodied emissions from urban environments and infrastructure through planning and investment settings.
63. We are part of the MfE-led Managed Retreat Cross Agency Governance Group where we provide advice on the development of the Climate Adaptation Bill from an infrastructure perspective (following our involvement in the development of initial policy papers).
64. Te Waihanga is supporting the review of the Lifeline Utilities / Critical Infrastructure component of the Civil Defence Emergency Management (CDEM) Act, and secondary instruments, including the CDEM Plan.

Infrastructure project support

Project support

65. Government Procurement Rules and a Cabinet Office Circular collectively require that agencies considering the procurement of infrastructure with a total cost of ownership of more than \$50 million must engage with Te Waihanga early in the development of the project's business case.
66. Our project support includes detailed project reviews based on an agreed terms of reference. We may also take a role in project governance and provide ongoing advice.
67. The growing infrastructure pipeline (including mega project announcements, new stimulus or special purpose infrastructure funds, growth in the health infrastructure and Crown housing infrastructure pipelines) and increasing project complexity requires us to prioritise our project support to those areas representing the highest risk and highest value. This is balanced against a requirement to support the significantly increased number of projects experiencing distress as a result of market conditions and the global pandemic.
68. We expect to provide you with briefings on a range of active matters relating to our project support function, including the Auckland Light Rail, City Rail Link, Waikeria Prison and Transmission Gully projects.
69. We note the increase in infrastructure mega-projects in New Zealand in recent times. These projects are characterized by significant complexity, considerable cost, and disruption. They also have a considerable impact on the capacity to deliver other infrastructure projects competing for scarce resources. Given this, there is particular importance to rigorously follow best practice decision-making processes for mega

projects. Te Waihanga published ten core principles for infrastructure decision-making as part of the Infrastructure Strategy, that serve as a starting point for this.

70. In early 2021, Cabinet considered an Independent Review of the Transmission Gully PPP. At that time, the Minister for Infrastructure directed Te Waihanga to oversee a second review of the project. [REDACTED]

[REDACTED] section 9(2)(f)(iv)

Infrastructure priority list (IPL)

71. The IPL is a process to assess investment proposals at set points in the planning process, culminating in a list of investments determined to be of strategic priority for New Zealand.

72. The IPL will support longer-term planning, inform the Government's budget, increase certainty for suppliers, and enable capacity to be built in the right sectors. The IPL can achieve this by:

- improving assurance during planning.
- assessing strategic alignment of proposals.
- improving knowledge of problems and gaps in the sector.
- increasing visibility of opportunities for early cooperation between agencies or alternate finance.
- creating greater consensus on infrastructure priorities.
- integrating with and complementing Budget processes where appropriate.

73. We plan to seek direction from our Board ahead of briefing you on our preferred implementation approach at the end of March.

74. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

section 9(2)(f)(iv)

Major projects leadership academy

75. Project leaders require specific strategic and leadership capabilities to manage the increasing complexity of major projects, while also building teams with greater diversity of experience and backgrounds. Key to this is increasing infrastructure project leadership capability in the public sector.

76. The United Kingdom established a Major Projects Leadership Academy in 2012 and has demonstrated significant improvement in delivery to time and budget. Te Waihanga and the Public Service Commission are leading an investigation into options for a major projects leadership academy.

Investment management system

- 77. Te Waihanga acts as a system leader in the Investment Management System, working with its counterparts across Government (notably in finance, investment, and procurement) to improve capability and performance.
- 78. The current system-wide programme includes changes to guidance and service operations supporting business cases, reviewing the Treasury's project risk assessment tool, and updating the Cabinet expectations for Investment Management and Asset Performance in the State services.
- 79. Te Waihanga also contributes to the Treasury's quarterly reporting and associated Budget processes to help inform assessments about the relative value and achievability of Capital initiatives.

Engagement

Māori State of Play

- 80. We are undertaking research on how Crown infrastructure providers and iwi/Māori engage in relation to the planning and development of Crown infrastructure. This research aims to identify engagement and collaboration approaches that work for both iwi/Māori and infrastructure providers. A report on the current 'state of play' will be published in early 2024.
- 81. We have reached out to the National Iwi Chairs Forum to seek their feedback on how we could engage with iwi/Māori in undertaking this work. We will similarly invite the Māori Women's Welfare League and Te Kaunihera Māori o Aotearoa – the New Zealand Māori Council to provide input. We also intend to proactively reach out to a range of iwi across Aotearoa and are forming an advisory group to provide us with expert support and guidance in relation to mātauranga Māori.
- 82. We have also begun talking to Crown infrastructure providers across the transport, energy, education, and health sectors. We aim to understand their approaches and experiences in engaging iwi/Māori on the planning and development of their infrastructure projects.

Construction Sector Accord

- 83. We work closely with the Construction Sector Accord. We currently participate in the Infrastructure Sector Reference Group and provide ad-hoc support for the four Transformation Leads. Joint initiatives include the NZS3910 Construction Contract review jointly commissioned by Te Waihanga and The Accord. Several of Te Waihanga's initiatives and Strategy recommendations are also supported through collaboration with the Accord, including the National Infrastructure Pipeline.

Annual symposium

84. Te Waihangā delivers an annual Infrastructure Symposium. In 2021, the two-day event was attended by 286 infrastructure leaders and decision makers from the public and private sectors both in person and online. In 2022, we used the event to launch Rautaki Hanganga o Aotearoa, the New Zealand Infrastructure Strategy. This took place at Te Pae, the first ever event hosted in the new Christchurch convention centre.
85. The 2023 symposium is a 1-day event on 15 May in Auckland. This event will seek to put the Infrastructure Strategy into action. International speakers will share their insights from global projects that can inform successful practice in New Zealand. We welcome the Minister's provision of an opening address in 2023, and we will liaise with your office on arranging this.

Communications programme

86. Te Waihangā actively engages with stakeholders on our priority issues. We regularly publish on our website, social media (LinkedIn, Twitter and Facebook) and distribute a monthly newsletter. We are also regularly contacted by media for comment on infrastructure issues.
87. We have a programme of webinars and podcasts. These are released monthly and feature Te Waihangā staff in conversation with experts from New Zealand and overseas.
88. Work is underway to develop a new website to better reflect the work we do and make it easier for our stakeholders to find the information or advice they are seeking.

Appendix A: 2023/24 Letter of Expectations

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 Waihanga-specific expectations

Advisor on infrastructure

I expect Te Waihanga to be my primary advisor on general infrastructure policy issues. Te Waihanga 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 Waihanga to continue to strike a balance between expressing its independent views and maintaining its influence with decision-makers.

Although I expect Te Waihanga to advise on infrastructure matters, I note that policy and project responsibilities usually lie with other government agencies. I expect Te Waihanga to continue to work collaboratively with these agencies so that the perspectives of Te Waihanga 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 Waihanga to work collaboratively with my office and the Treasury to be responsive to requests for advice on infrastructure-related issues.

When Te Waihanga provides Ministers with advice on new initiatives or initiatives that propose changes to current settings, I expect that Te Waihanga 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 Waihanga 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 Waihanga 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 Waihanga 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 Waihanga 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). 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

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"> • whether special fees are sought for 2022/23; • the professional development spend in 2021/22 and the proposed professional development budget for 2022/23; and • 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.
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).

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])