





### **Board Chair's Foreword**

Infracom has been created to improve New Zealanders' lives through better infrastructure. As we begin our efforts to achieve this, we acknowledge the work that has already been done in this regard by the National Infrastructure Advisory Board and the Treasury's National Infrastructure Unit in developing three 30-year plans, the last in 2015.

We also recognise the work of Infrastructure New Zealand, which has collaborated across infrastructure sectors to arrive at a view of the asset classes most in need of improvement, thereby suggesting where Infracom's efforts may be best directed.

At the time of writing, the spread of the COVID-19 virus has reached pandemic proportions. New Zealand's international border is closed; however, the New Zealand and Australian Prime Ministers are considering a plan for a 'Trans-Tasman Bubble' to allow travel between the two countries. The Government's strategy has been to eliminate the virus (control it by tracking and tracing), while investing significantly in the economic restart and longer-term recovery. Infracom is supporting the Government's COVID-19 response as a member of both the Construction Sector Accord (advice on contracts and procurement) and the Infrastructure Industry Reference Group, created to identify shovel-ready projects valued over \$10 million.

The COVID-19 crisis has highlighted some existing failings in our infrastructure systems and settings, and identified new operating models. Fresh economic data is being released daily, informing the public and private sectors on what the near term might look like. The availability of infrastructure labour and skills shortages are emerging issues. Infracom is working to meet the immediate needs of the infrastructure sector, while keeping its focus on developing the 30-year strategy report.

Infracom provides independent advice that is designed to endure across electoral cycles and without regard to particular sectoral interests. We have the opportunity to apply our expert advice to assist and influence decision makers while maintaining credibility with the market as an infrastructure centre of expertise.

Our primary objective is to deliver a step change in New Zealand's planning and delivery of infrastructure, its systems and settings. We intend to deliver four main outcomes:

- 1. An agreed programme of reforms and initiatives to drive better infrastructure outcomes in the long-term
- 2. The construction sector has a clear forward works programme, which the sector can rely on
- 3. The infrastructure procurement capability of government agencies and the construction sector is improved
- Decision makers have a basis for bold reform and policy change, informed by independent, evidencebased recommendations

The 30-year strategy report we present to Parliament in late 2021 will be New Zealand's strategy, not Infracom's and it cannot be ignored, because the Government is required to respond to its recommendations

We will be undertaking an Infrastructure Needs Assessment that is designed to provide a snapshot of the performance of our infrastructure system, and a basis for engaging broadly on the challenges and

opportunities for the infrastructure system. By the end of 2021, we will have a far greater understanding of New Zealand's infrastructure needs, the interdependencies in play, and the infrastructure outcomes we believe will contribute to improving the wellbeing of New Zealanders, and how we can best deliver them.

Recognising Māori as Treaty partners, Infracom is actively engaged with Te Arawhiti, the Crown-Māori Relations office. We will ensure iwi are able to contribute to and review all evidence and strategic recommendations. Infracom acknowledges Māori interests right across the infrastructure eco-system. This will be embodied in the first Infracom 30-year strategy report.

By 2024, we will be preparing our second 30-year strategy report. This will build on the first and be informed by a strong and engaged stakeholder base. Among other indicators, it will draw on a developing pipeline of near-term infrastructure projects, which will provide greater certainty to the market and identify opportunities for collaboration across sectors. It will show what central and local government are spending on infrastructure, and where and when. We hope that the private sector will have grown its participation to provide a whole-of-market view. The Infrastructure Pipeline should enable supply to meet demand; and improve market capability as investment in training and equipment can be planned.

Our Major Projects and Advisory team will have supported best-practice procurement in central and local government, and identified further opportunities for innovative funding models. Our 'deep dives' or Special Topic Reports will go deeper into potential reforms in areas highlighted as system or settings failures, providing decision makers with achievable paths to reform.

As we set out our intentions for the next four years, we note that the value of infrastructure is not in capital spend, but in the wider social, economic and environmental outcomes it enables. It is Infracom's vision to ensure infrastructure for a thriving New Zealand. We will be free-thinking and courageous in proposing recommendations. Readers should expect that before recommending new build solutions, we will consider the management of both demand and supply factors, resulting in a more efficient use of existing infrastructure, as well as potential for better outcomes through changed behaviour.

We look forward to engaging closely with Māori and our stakeholders to arrive at widely agreed paths to better infrastructure outcomes.

Dr Alan Bollard CNZM

Alan Bell

Board Chair Date: 23 June 2020



Infracom Statement of Intent 2019-2024

### **Our Context**

#### Who we are

Infracom 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. Our Board provides governance over our strategy, operations and organisational performance.

Our Minister is the Minister for Infrastructure, and we are monitored by the Treasury.

'Infrastructure' is defined by the Treasury as "the fixed, long-lived structures that facilitate the production of goods and services, including transport, water, energy, social assets, and digital infrastructure such as our broadband and mobile networks".

Some of New Zealand's infrastructure is aging, especially in key utility sectors, like water. We have a growing and aging population, an increasing use of new digital technologies, disparate economic growth across our regions and an income gap between Māori and Pākehā. On top of these challenges our climate is changing, and our natural resources are under pressure. This comes at a time when local authorities are working within debt-raising constraints and limited capacity to increase rates revenue.

Within six months of beginning operations, Infracom was involved in responding to COVID-19, whilst maintaining work on the long-term strategy and considering the implications of the virus.

Infracom plays an advisory role in the provision of procurement guidance, produces a pipeline of planned forward works, and will draft a 30-year strategy report and complementary Special Topic Reports.

Our mandate to provide procurement support to public sector agencies comes from Rule 64 of the Government Procurement Rules. Agencies planning major projects (with a total cost of ownership greater than \$50 million) are required to engage early with Infracom, and to follow our guidance.

In addition, Cabinet Office Circular CO (19) 6: Investment Management and Asset Performance (IMAP) in the State Services sets out Cabinet's expectations that agencies planning investments will consult Infracom. This is expected to occur particularly when the investments are greater than \$50 million or where innovative approaches to procurement and alternative financing arrangements are being considered.

#### What we do

The functions of Infracom are set out in the New Zealand Infrastructure Commission/Te Waihanga Act 2019.

#### **Main function**

Infracom's main function is to coordinate, develop, and promote an approach to infrastructure that encourages infrastructure, and services that result from the infrastructure, that improve the wellbeing of New Zealanders.

#### **Additional functions**

Infracom has the following additional functions:

#### Strategy and planning functions

- a. To develop broad public agreement on the approach to infrastructure, and strategy reports
- b. To provide advice in relation to infrastructure, including advice in relation to:
  - (i) the ability of existing infrastructure to meet community expectations
  - (ii) current and future infrastructure needs
  - (iii) the priorities for infrastructure

- (iv) matters that prevent, limit, or promote the efficient and effective delivery of infrastructure, and services that result from the infrastructure
- c. To provide strategy reports and special reports to the Minister

#### Support functions

- a. To promote a strategic and coordinated approach to the delivery of current and proposed infrastructure projects
- b. To provide and coordinate information about current infrastructure projects
- c. To provide support services to current and proposed infrastructure projects



Infracom Statement of Intent 2019-2024

### **Strategic Outcomes**

Our principal objective over the long-term is to deliver a step change in New Zealand's planning and delivery of infrastructure, its systems and settings.

This section sets out our medium-term outcomes, covering this Statement of Intent's period 2019-2024. By 2024, we want to be reporting on the achievement of the following outcomes and their underlying outputs.

#### Outcome 1.

## An agreed programme of reforms and initiatives to drive better infrastructure outcomes in the long-term

Infracom's focus will be on broad priorities for infrastructure, especially the systems and settings that impact it, while assisting the delivery of individual major projects. We will focus our efforts on activities that will have the biggest impact on infrastructure outcomes and where Infracom can add the most value (i.e. high risk and complexity/high impact).

Successive strategies may propose system changes (including achievable paths to reform) and incentives to achieve desired objectives. They will also take a demand as well as supply view, which will encourage non-build alternatives to issues (e.g. congestion pricing).

We have begun an Infrastructure Needs Assessment (INA), which will assess the performance of infrastructure networks around the country – covering three waters, transport, energy, telecommunications and social infrastructure (in particular, schools, hospitals and prisons). The INA, which will be developed with stakeholders, will give us a picture of the relative performance of key sectors in their current state, from which we will start to uncover some of the drivers of and lessons from high-performing sectors that could be applied to other sectors. This will help shape the strategy's priorities.

Stakeholder feedback prior to COVID-19 suggested priority sectors should include water, transport and social infrastructure. However, Infracom will make its own assessment, especially in light of the pandemic. At the time of writing, COVID-19 has already altered population and environmental forecasts, and seen a significantly increased use of technology. It's already clear that some changes will not be fully reversed.

Future strategies will reflect in more depth on the areas outside the scope of the first, and respond to needs and proposed solutions arising from continued engagement and inquiry.

#### **Output: 30-Year Strategy Report**

Working with Māori as Treaty partners; central and local government, the private sector and other stakeholders, Infracom will develop a 30-year infrastructure strategy report. The strategy report will be evidence based and articulate: the ability of existing infrastructure to meet community expectations; the current and future infrastructure needs and priorities; and any barriers that could impede the delivery of infrastructure or services arising from it.

The report will include a statement as to the ability of existing infrastructure to meet community expectations for the next 30 years and identify the priorities for infrastructure over the next 30 years. This will involve building broad public agreement to a plan that will be reported to the Government firstly by the end of 2021, and thereafter every 5 years.

The strategy will be developed in collaboration with stakeholders, and their feedback will be used to inform our thinking. We will seek consensus on the strategy, providing a clear, shared view of the present and potential future states. It will be important for Parliament to understand the demand for certain

infrastructure and the trade-offs New Zealanders are willing to accept to get it. When preparing the strategy, Infracom must have regard to long-term trends affecting infrastructure, such as changes to demographics, the emergence and availability of new technology and matters relating to adaptation and mitigation of the effects of climate change.

#### Outcome 2.

## The construction sector has a clear forward works programme, which the sector can rely on

A key area of focus for Infracom is the creation of an Infrastructure Pipeline. We have a role to show the market what construction work is on offer by publishing a reliable pipeline of infrastructure projects. This is a unique picture of planned forward works, using information provided by central and local government procuring agencies and, increasingly, private infrastructure owners to help give the construction sector confidence to gear-up its capacity and capability to deliver. This will also inform Infracom's thinking as it develops successive 30-year strategy reports to address New Zealand's infrastructure needs.

#### **Output:** Infrastructure Pipeline

Currently the pipeline can provide data by sector, project, project status and location, as well as intended project phasing.

We are constantly improving the tool to provide information about a greater number of projects from a greater range of agencies and to raise the quality of data included. We will continually consider the technology and website development necessary to meet the needs of industry and contributors.

Our development focus will be on the needs of the construction sector as the primary beneficiary. Early iterations of the pipeline provide lessons for future development. The tool has been affected by the Government's announcements of significant infrastructure spending (e.g. the New Zealand Upgrade Programme) and the outbreak of COVID-19.

#### Outcome 3.

## The infrastructure procurement capability of government agencies and the construction sector is improved

We will undertake a programme of work dedicated to improving procurement practice and capability. This will primarily be delivered through the Major Projects and Advisory team's support for a portfolio of major infrastructure projects.

The Major Projects and Advisory team will prioritise its resources towards complex projects and/or agencies where project delivery capability is less mature. We will also prioritise projects where our involvement can support a wider system impact, including on the capability and capacity of the contractor market.

Infracom is developing a strategic engagement model with capital-intensive agencies to focus our support on the projects and system issues that enable Infracom to deliver its desired project outcomes. The model

will be reciprocal in nature, so that areas of good practice within these agencies can be shared more widely through the investment system.

### **Output:** Procurement Capability and Project Delivery Support through Project Support Agreements

Infracom also has procurement and delivery advice and support functions. These include supporting procuring agencies in the preparation of business cases, supporting market engagement activities, and bolstering project governance. When providing advice, we work collaboratively with other agencies in a complementary role. Our support can also involve the provision of embedded Major Projects and Advisory expertise within procuring agencies.

New Zealand's Public Private Partnership (PPP) Programme is coordinated by Infracom. Short to medium-term PPP opportunities are considered through Infracom's support of potential candidate projects through the investment management system, per Cabinet Office Circular CO (19) 6. Infracom facilitates a community of practice between PPP contract managers on existing projects. A review of the New Zealand PPP model after its first eight projects is expected to inform this.

#### Outcome 4.

## Decision makers have a basis for bold reform and policy change, informed by independent, evidence-based recommendations

This outcome will involve a programme of special reports that will help inform Ministers on topics of particular importance to delivering better infrastructure outcomes. The intention is for Infracom to deliver specialist, independent advice to provide a broad context to Ministers so their decisions can be fully informed. These Special Topic Reports will include a study of port system settings, three waters governance, advice on preferred forms of contract in different situations, managing risk transfer, carbon reduction and climate resilience/adaptation.

Guidance will include the development of a procurement strategy for major infrastructure projects and consideration of the wider application of interactive tender processes.

#### **Output: Special Topic Reports**

We develop market guidance, issues papers and thought pieces. The broad approach is to identify issues and gaps in infrastructure systems and processes, and explore potential solutions. These could include issues relevant to the strategy or delivery support functions, such as the contractual transfer of risk between procuring agencies and contractors, and the impacts of climate change on infrastructure planning and delivery.

In addition, Special Topic Reports will cover the special reports proposed by the Minister, as set out in Infracom's annual Letters of Expectations. These will inform Infracom's successive 30-year strategy reports.





Infracom Statement of Intent 2019-2024 Infracom Statement of Intent 2019-2024

# Infracom's Purpose and Vision

Our te reo Māori name 'Te Waihanga' means a cornerstone, or to make, create, develop, build, construct, and/or generate. The name is apt and signifies the potential of Infracom to shape New Zealand's future infrastructure planning and investment.

#### Our purpose

is to improve New Zealanders' lives through better infrastructure.

#### **Our vision**

is infrastructure for a thriving New Zealand.

A highly collaborative process is required to deliver on our purpose and this is reflected in our values and operating principles. We are honouring the Crown's Treaty partnership with Māori, notably by ensuring mana whenua are included in the planning for, as well as engagement on, the delivery of the 30-year strategy report at every stage in its development. Our work has been described as 'Te Waihanganui o Tāne-mata-rau-kiri', meaning 'The great, innovative build of the many faces of Tāne'.

Te Waihanganui o Tāne-mata-rau-kiri (The great, innovative build of the many faces of Tāne).

#### Our values

- Free-thinking/Whakaaro nui we arrive at creative yet considered solutions
- $\bullet \quad \text{Courageous/M$\bar{a}$ia-we will have honest conversations that reflect our independence}\\$
- Trustworthy/Pono you can depend on us to behave ethically and impartially
- Empathetic/Ngākau aroha we are listening and respectful of different views

#### **Our operating principles**

- · Consult, collaborate and be open
- Take a systems view to improve outcomes
- Take a spatial view, integrate land use and infrastructure planning
- · Be independent and evidence based, with clear assessment criteria
- Consider a range of measures to solve problems, not just building
- Encourage innovative funding and financing models

### **Effective Governance**

The New Zealand Infrastructure Commission/Te Waihanga Act 2019 provides Infracom's framework for its strategic objectives, governance and the accountability of its decisions, alongside the Crown Entities Act 2004.

While our Letter of Expectations 2019 requires Infracom to provide "an independent voice", we also note the requirement in the Crown Entities Act 2004 to "have regard to" government policy when directed by the Minister, and to give effect to whole-of-government directions.

We have drawn on best practice Crown entity governance examples from the State Services Commission to develop appropriate governance and operational policies including a Board charter, and established an Audit and Risk Committee.

### How We are Funded

Infracom supports the Government in the effective and efficient management of public resources.

We are committed to the sound financial management of the budget allocated to us and to clearly and transparently demonstrating value for money in the way it is used.

#### **Appropriation**

Ongoing funding for Infracom was established in Budget 2019 as a Non-Departmental appropriation within Vote Finance (administered by the Treasury, also the monitoring agency):

APPROPRIATION	2019/20 \$m	2020/21 \$m	2021/22 \$m	2022/23 and outyears \$m
Non-Departmental Output Expenses: Independent Infrastructure Advice and Oversight	8.100*	13.488	14.875	13.875

\*Of the \$9.100m allocated in 2019/20, \$1.000m was transferred to Vote Finance Departmental in order to cover a funding shortfall relating to the Interim Infrastructure Transactions Unit (ITU) and the establishment of Infracom, reducing the appropriation for 2019/20 to \$8.100m.

All costs incurred in connection with the ITU and establishing Infracom are captured in the Treasury's Departmental accounts and will be reported by the Treasury in its annual report. All post-establishment costs from 16 December 2019 have been captured in Infracom's accounts.

# Other Statutory Requirements

Under the Public Audit Act 2001, the Controller and Auditor-General is the auditor of Infracom. Audit New Zealand carries out an annual audit of Infracom on behalf of the Auditor-General. The annual audit is to give taxpayers assurance that there is appropriate reporting on how Infracom spends public money and on the services Infracom provides. Infracom is subject to New Zealand laws including the Official Information Act 1982 and the Ombudsmen Act 1975.

# Operational Health: People and Capability

#### **Good Employer**

Infracom is committed to being a good employer and an employer of choice, and we reflect these through our employment policies and practices.

As a new agency, our key focus will be to implement policies and practices that promote equality, diversity and an inclusive work environment for our people. The team will be made up of a mix of permanent staff, secondees and consultants aimed at engaging with stakeholders and bringing a range of perspectives to the organisation.

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As we recruit, select, develop, manage and retain people, we aim to ensure there are equal employment opportunities for all. Vacancies are internally and externally advertised, and appointments are made based on merit. All staff are valued, treated equitably and with respect, whatever their gender, ethnicity, social background, sexual orientation, or disability.

#### **Health and safety**

We're committed to keeping people safe and making a difference each day. Our health and safety practices include wellbeing, and are aimed at ensuring our people are at their best, engaged and productive. This means having a strong safety culture in the workplace, visible leadership of health and safety matters and effective communication, and engaging with our people to design and implement health and safety practices.

We are especially careful to ensure that Infracom staff visiting construction or work sites are well equipped to do so and understand potential hazards. All staff are aware of their obligations and those of site managers in this regard.

Infracom is committed to providing and maintaining healthy and safe environments for all our workers and other workers it has influence over. We recognise the importance of maintaining safe workplaces for workers, visitors, providers and the general public.

#### **Performance development**

It is vital to invest in our people to embed the right capabilities and organisational attributes to effectively support a step change in infrastructure planning and capability. As we grow our team, we will ensure that each employee has a performance development plan and there is regular feedback and coaching. Infracom is committed to providing a positive and targeted learning environment to ensure we continue to build a professional and capable workforce to meet the current and future infrastructure challenges. As a thought-leading, evidence-based organisation, we seek a culture of continuous development where we learn from our activities, successes and mistakes and make changes to remain effective.

## Measuring Our Performance

Our measurement framework is closely aligned to Infracom's principal objective over the long-term: to deliver a step change in New Zealand's planning and delivery of infrastructure, its systems and settings. It is directed to achieving the following outcomes:

- 1. An agreed programme of reforms and initiatives to drive better infrastructure outcomes in the long-term
- 2. The construction sector has a clear forward works programme, which the sector can rely on
- 3. The procurement capability and governance of major projects of government agencies, and the construction sector is improved
- Decision makers have a basis for bold reform and policy change, informed by independent, evidencebased recommendations

It is important to note that the impact of our work will only be visible in some years to come, due to the long lead times in delivering major infrastructure and the complexity of changing systems and behaviours. It is challenging to attribute achievements or failures to Infracom as distinct from the many other factors that influence infrastructure delivery.

# Our Performance Framework

To pursue Infracom's principal objective, we focus on the four outcomes described in this document. This section outlines our framework and the indicators of those outcomes that we will use to measure our performance.

INFRACOM'S VISION: Infrastructure for a thriving New Zealand.							
INFRACOM'S PURPOSE: To improve New Zealanders' lives through better infrastructure.  INFRACOM'S OBJECTIVE: To deliver a step change in New Zealand's planning and delivery of infrastructure, its systems and settings.							
INFRACOM OUTCOMES	An agreed programme of reforms and initiatives to drive better infrastructure outcomes in the long-term	2. The construction sector has a clear forward works programme, which the sector can rely on	3. The infrastructure procurement capability of government agencies and the construction sector is improved	4. Decision makers have a basis for bold reform and policy change, informed by independent, evidence-based recommendations			
OUTCOME INDICATORS	Broad consensus with Māori as Treaty partners; central and local government, the private sector and other stakeholders on the recommendations needed to achieve better infrastructure outcomes over the long-term  There is broad Ministerial acceptance of Infracom's recommendations  Māori as Treaty partners; central and local government, the private sector and other stakeholders are satisfied with Infracom's engagement and the methodology that we suggest	There is improved flow to market of major projects and demand can more readily be met by supply – including by international players  The pipeline is considered the trusted source for information; it is the 'go-to' place  There is improved visibility of regional investment pipelines	The projects/matters Infracom supports are delivered to the satisfaction of both parties and the delivery market counterparties  Infracom is regarded as a trusted advisor  Project governance best practices are in place on the projects Infracom supports  Infracom is driving innovation in procurement	Special Topic Reports in the Minister's Letter of Expectations     Additional Special Topic Reports as determined by Infracom			
INFRACOM OUTPUTS	30-year Strategy Report	Infrastructure Pipeline	Procurement Capability and Project Delivery Support through Project Support Agreements	Special Topic Reports			

## Reporting

The Minister can direct Infracom to provide them with a report on any matter relating to infrastructure, noting the scope and requirements for consultation as well as a deadline.

In deciding whether to do so and in specifying the terms of the direction, the Minister must have regard to the impact that the direction will or is likely to have on Infracom's ability to manage its functions and operations. Infracom must publish such a report as soon as possible after providing it to the Minister.

Infracom must prepare a draft 30-year strategy report for the Minister to review and respond to before they present a final report to Parliament.

All other reporting to the Minister occurs in line with State Services Commission guidelines and the Treasury guidelines for Crown entities. This reporting includes the preparation of an annual Statement of Performance Expectations, a Statement of Intent and an Annual Report.



