

16 June 2025

s9(2)(a)

Via email: s9(2)(a)

Dear s9(2)(a)

Thank you for your Official Information Act (OIA) request, received on 19 May 2025. You requested copies of the following Infrastructure Commission documents:

1	Infrastructure Commission	<i>For Minister Penk: Background Information and Speaking Notes for Public Sector Infrastructure Leaders Network appearance on 7 May</i>	1-May-25
2	Infrastructure Commission	<i>Aide memoire - Background information and speech for Apopo Congress on 14 May</i>	2-May-25
3	New Zealand Infrastructure Commission	<i>Infrastructure weekly update for the week starting 21 April 2025</i>	16-Apr-25

You also asked:

"Where a document that falls under scope of this request cannot be released, please supply a summary of that document's contents. Where any document falls under the scope of this request, please release it in full, including sections which might otherwise be considered out of scope."

Information being released

Please find enclosed copies of papers 1 and 2 as set out in the table below. Some information has been withheld under section 9(2)(a) of the OIA to protect individuals' privacy.

Paper	Date	Document Description	Decision	Section of the OIA applied
1.	30 April 2025	Background information and speaking notes for Public Sector Infrastructure Leaders Network on 7 May (Hon Penk) [TW-2025-568]	Release in part	s9(2)(a)
2.	2 May 2025	Background information and speech for the Apōpō Congress on 14 May [TW-2025-564]	Release in part	s9(2)(a)

Appendix A of paper 2 provides speech notes for the Minister to support his address to the Apōpō Congress. We note the final speech is also publicly available on the Beehive website here: <https://www.beehive.govt.nz/speech/speech-ap%C5%8Dp%C5%8D-congress-addressing-new-zealand%E2%80%99s-infrastructure-asset-management-challenge>.

Information publicly available

For paper 3, we periodically publish proactive information releases on our website here: <https://tewaihanga.govt.nz/about-us/corporate-documents-official-information/information-releases>. This is where you can find our infrastructure weekly updates. Accordingly, your request for paper 3 is refused under section 18(d) of the OIA as this information is publicly available.

Paper	Date	Document Description	Decision
3.	17 April 2025	Infrastructure weekly update for the week starting 21 April 2025 [TW-2025-560]	Refused s18(d) – it is publicly available on our website: https://tewaihanga.govt.nz/about-us/corporate-documents-official-information/information-releases

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

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

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely



Andy Hagan
General Manager, Investment

Background information and speaking notes for Public Sector Infrastructure Leaders Network on 7 May

Date: 30 April 2025

Report No: TW-2025-568

To	Action sought	Deadline
Hon Chris Penk, Minister for Building and Construction	Note this paper and proposed talking points ahead of your attendance at the Infrastructure Leaders Network meeting on 7 May in Wellington	7 May 2025
Hon Chris Bishop, Minister for Infrastructure	Note this paper provided to support Minister Penk's attendance at the Infrastructure Leaders Network meeting on 7 May in Wellington	7 May 2025

Attachments

Appendix A: Talking points

Appendix B: Agenda and attendees

Appendix C: Registrations as of 28 April 2025

Contact details

Name	Role	Phone
Nicola Richardson	Director, Leadership	s9(2)(a)
Andy Hagan	General Manager, Infrastructure Delivery	s9(2)(a)

Purpose

1. You have agreed to speak at the public sector Infrastructure Leaders Network (ILN) meeting on 7 May in Wellington. This paper provides background information on the ILN meeting and suggested talking points for your speaking slot at 2.15 pm. You are welcome to attend as much of the event as your schedule allows.

Background information

2. The ILN is part of work by the New Zealand Infrastructure Commission/Te Waihanga to build the quality of major project leadership capabilities across the public sector, with the aim of supporting infrastructure delivery outcomes.
3. The ILN brings together project delivery leaders into a community of practice to connect, support and learn from each other. The other ILN initiatives include an online platform to share best practices, online seminars, and skill-building workshops.
4. Minister Chris Bishop and Under Secretary Simon Court have attended and presented to this group at prior ILN events, and these talks have been very well received. Participants have valued hearing about key government priorities and having the opportunity to ask questions in a free and frank environment.

ILN event on 7 May

5. The upcoming ILN meeting is the fifth of the quarterly networking events. This event is scheduled to run from 12.00 to 4.30pm, and the theme is Building Trust in Infrastructure Delivery. This will include:
 - a. a workshop titled *Building better infrastructure by building trust* from Dr Kerry Bobbins from the Institution of Civil Engineers, UK
 - b. your speech and a Q&A session (suggested talking points are in **Appendix A**)
 - c. a panel discussion with three public sector project directors about *How trust is built, sustained, and, when needed, repaired in complex projects*, and
 - d. networking time.
6. The event has been structured as a relatively informal afternoon, with a two-way approach to all sessions. The full agenda is provided in **Appendix B**.
7. Currently, 50 attendees are registered from a range of public sector agencies. The attendance list is provided in **Appendix C**. We anticipate that approximately 45 people will attend on the day.

Your speech and Q&A

8. Time has been set aside from 2.15pm to 3pm for you to make your comments to the group and for questions and answers. In general, we suggest you take the opportunity to reinforce the importance of infrastructure leadership to help achieve your Government's objectives

and talk about your priorities, linking them to building trust in infrastructure delivery as relevant.

9. Suggested talking points are attached to support your planning, but we encourage you to speak on topics of your preference. We suggest the time is divided roughly into 10-15 minutes of prepared remarks and then 25 minutes for questions and answers.
10. You will all be seated lounge-chair style at the front of the room. The session will not be recorded, and no media will be present.

Appendix A: Talking points

Importance of how good leadership is required to achieve the Government's infrastructure objectives.

You may wish to start the session with an acknowledgement of the importance of efficient and effective delivery of public infrastructure and the key role that Public Sector leaders play in achieving this.

Suggested points:

- Addressing New Zealand's infrastructure deficit is a key priority of this Government.
- The deficit is broad-based, but central government infrastructure contributes significantly to the gap.
- Our construction, infrastructure and asset management sectors need to improve to support economic growth and deliver the level of services New Zealanders expect and deserve.
- I want to acknowledge the critical role you collectively play in meeting this challenge.
- As leaders tasked with the delivery of some of our most important projects, my work aims to support you in your roles. I will talk about some of my priorities to achieve this in a minute.
- But you also have a collective responsibility to help improve outcomes. In part, you can do this by building your collective capabilities through initiatives such as this Leaders Network.
- It's great to see you here, and I encourage you to engage, learn from each other and encourage your colleagues to support the network.
- I encourage you to engage with each other, the agencies tasked with these initiatives (including the Commission) and with me and my colleagues.

Your priorities and perspectives

As the theme of the event is Building Trust, you may wish to reflect on and talk to the following:

- Your key priorities right now in the building and construction space including:
 - Your work to reform the Public Works Act
 - Work on 3D mapping to improve planning, land management and risk modelling
 - Changes to the certification scheme for building works and building inspection targets.
- How you see trust playing a role in delivering major infrastructure projects — across government, industry, and communities.
- From your perspective, how to build strong trust between agencies and Ministers. What you look for in trusted advisers and project leaders.

Building trust

Based on your recent speeches *Making it easier to build* (23 March) and *Accelerating building projects with self-certification and inspection targets* (28 April), some suggested talking points are:

1. Trust is the foundation of delivery

- Trust underpins every successful infrastructure project: trust between government agencies, with industry partners, and—most importantly—with the public we serve.
- When that trust is strong, we move faster, innovate more, and deliver better. When it breaks down, we see cost blowouts, delays, and finger-pointing.

2. Lifting performance through trusted people and systems

- We are focused on reforming the building and construction system to back those who earn trust through performance.
 - That's why we're introducing self-certification for proven professionals—because when you've built a track record, you should be trusted to get on with the job.
 - We're also publishing consent and compliance timeframes because transparency builds trust and drives improvement.

3. Consistency and clarity: Building trust between agencies and industry

- One of the biggest frustrations I hear is inconsistency between councils, regulators, and project owners.
- We need to create an environment where the rules are clear, expectations are shared, and professionals on both sides of the fence are aligned.
- As we reform Building Consent Authorities, we're aiming for a system that public and private leaders can trust to be predictable, fair, and focused on outcomes.

4. Government must also earn trust

- It's not just the sector that must prove itself—government must earn and keep the trust of those it works with.
- That means listening to feedback, acting on what we hear, and not over-regulating for the sake of it.
- Our approach is light-touch but firm on accountability—we want to remove barriers, not lower standards.

5. Working together to build a trusted system

- We won't restore trust through rules alone—it takes people. That's why I value the role of leaders like you.
- Trusted leadership isn't just technical—it's relational. It's about doing what you say, being transparent when things go wrong, and backing your people.
- My commitment is to work with you to build a system that trusts capable leaders to lead and gives them the tools and backing they need to succeed.

Closing

- Let's build a system where trust is earned, shared, and repaid through delivery.
- You have my respect, my thanks, and my commitment to be a partner in making that happen.

Appendix B: Agenda and attendees

Agenda

Time	Session	Speaker
12:00 PM	Light Lunch and Networking	
12:30 PM	Welcome and Introductions Connect with peers	Nicola Richardson Director of Leadership, NZ Infrastructure Commission/Te Waihangā
	Update on the National Infrastructure Plan	Andy Hagan General Manager Investment, NZ Infrastructure Commission/Te Waihangā
1:15 PM	Building Better Infrastructure by Building Trust	Dr Kerry Bobbins Institution of Civil Engineers, UK
2:15 PM	Speech/Q&A with the Minister	Hon. Chris Penk Minister for Building and Construction
3:00 PM	Afternoon Tea	
3:20 PM	Project Director Panel How trust is built, sustained, and—when needed—repaired in complex projects.	Jenny Chetwynd Chief Infrastructure Officer Wellington City Council Vicky Linley Practice Lead, Wellington & Upper South Island, New Zealand Transport Authority Kym Hillard Senior Project Manager Crown Infrastructure Delivery
4:00 PM	Connect, Share, Learn Connect with peers, share experiences and perspectives, learn new ways of working	Nicola Richardson
	Closing	Andy Hagan
4:30 pm	Meet Up Ends	

Appendix C: Registrations as of 28 April 2025

Name	Role	Organisation
s9(2)(a)		Crown Infrastructure Delivery Limited
		Crown Infrastructure Delivery Limited
		Crown Infrastructure Delivery Limited
		Department of Corrections
		Department of Corrections
		Department of Internal Affairs
		Health New Zealand
		Health NZ
		Health NZ
		Health NZ
		Health NZ
		Health NZ
		Kainga Ora
		Kainga Ora
		Ministry for Primary Industries
		Ministry of Education
		Ministry of Education
		Ministry of Education
		Ministry of Education

s9(2)(a)

Ministry of Education
Ministry of Education
New Zealand Defence Force
New Zealand Defence Force
New Zealand Defence Force
New Zealand Transport Authority
New Zealand Transport Authority
New Zealand Transport Authority
New Zealand Transport Authority
New Zealand Transport Authority
Orion NZ Ltd
Porirua city Council
Porirua City Council
Transpower
Wellington City Council NZ Infrastructure Commission/Te Waihanga
Wellington City Council
Wellington Water
Wellington Water

Background information and speech for the Āpōpō Congress on 14 May

Date: 2 May 2025

Report No: TW-2025-564

To	Action sought	Deadline
Hon Chris Bishop, Minister for Infrastructure	Note the contents of this aide memoire and the attached draft speech	14 May 2025

Attachments

1. Appendix A: Draft speaking notes and Q&A

Contact details

Name	Role	Phone
Ryan McGowan	Senior Adviser	s9(2)(a)
Andy Hagan	General Manager, Investment	s9(2)(a)

Purpose

1. This aide memoire provides background information and draft speaking notes and Q&A to support your attendance and speech at the Āpōpō Congress on 14 May 2025 from 11:30am to noon.

Āpōpō Congress event

2. Āpōpō is the membership association for infrastructure asset management professionals. This year's Āpōpō Congress takes place in Christchurch under the theme of 'delivering infrastructure value'.
3. You are scheduled to speak about the Government's work on asset management at 11.30am on 14 May, which is the first full day of the Congress. You have been asked to deliver a 15-20 minute speech, followed by a 10-minute audience Q&A facilitated by the Congress MC, Pio Terei. We understand your speech is to be centred around the asset management Cabinet paper and work programme that is to be considered by Cabinet ahead of the Congress. Draft speaking notes and Q&A are attached in **Appendix A**.

4. On 15 May, Peter Nunns (GM Strategy) is confirmed to present on the development of the National Infrastructure Plan and some of our work on asset and investment management settings and system improvements. His speech will refer to the Infrastructure Commission's work on asset management but will focus on fiscal strategy and planning.
5. Also on 15 May, three Commission representatives (Geoff Cooper, CE; Peter Nunns, GM Strategy; and Sina Cotter Tait, Board member) will debate three Āpōpō Life Members on the motion 'the next generation of New Zealanders will enjoy better infrastructure value than the last'. The Commission will argue in favour; the Āpōpō members will argue against.

Our ongoing work with Apōpō

6. Through the Commission's Leadership and Capability work programme, we have been progressing initiatives to build capability of asset managers, as set out here:
 - a. The Commission has partnered with Āpōpō to pilot the use of digital badges — short, self-paced online learning modules — with members of our Infrastructure Leaders Network, including Senior Responsible Owners and Project Directors. A total of 20 senior leaders enrolled in the pilot, completing over 40 badges across a range of topics, including asset management fundamentals, leadership, and governance. The pilot ran from December 2024 and concluded in March 2025, and we are currently evaluating its impact to inform future rollout.
 - b. In parallel, the Commission and Āpōpō have also established a Public Sector Asset Management Community of Practice. This forum is open to asset management professionals across both central and local government and provides a space for learning, collaboration, and knowledge-sharing. The first session was held in March, with the next one scheduled for June. We expect to host three events annually.
7. On 31 January 2025, Apōpō wrote to you about infrastructure asset management in New Zealand. Your reply of 27 February 2025 advised Apōpō of the work that we are doing to examine asset management policies and practices in central government and to consider what further work may be needed to lift system performance.
8. Commission officials subsequently met with Āpōpō's Chief Executive, Murray Pugh, on 16 April 2025. During the meeting, Murray said that Āpōpō is keen to establish an organisational accreditation programme for asset management practices and sought Government funding for this initiative.
9. We advised Murray that we could not currently commit to funding Āpōpō's accreditation scheme but that we would continue to work with them to host Community of Practice events to upskill officials in asset management.
10. The National Infrastructure Plan may make recommendations focused on further improving leadership and capability for infrastructure. We are still working through these details, but this could include the need for accreditation pathways for infrastructure professions. Consequently, there may be opportunities for Āpōpō in this space in the future.

Appendix A: Draft speaking notes and Q&A

Introductory remarks

- Infrastructure is incredibly important, in ways we often take for granted. When you press the power button to switch on your heat pump, you probably never think about the incredibly complex electricity system that's working to keep you warm. And nobody listening to me speak right now is anxiously wondering if they will still have a water supply when they get home.
- Take away infrastructure, and life gets hard, fast. So we all need infrastructure we can depend upon. We depend on it for our social wellbeing. And we depend on it for our economic prosperity.
- But New Zealand faces a major infrastructure challenge. This includes the need for new infrastructure, but more importantly it also includes looking after what we already have and building resilience into our networks. We do not have the financial or physical capacity to just build our way out of this.
- As the New Zealand Infrastructure Commission has reported, New Zealand spends an average of 5.8% of GDP on public and private infrastructure. This is higher than Australia and the median OECD country. However, in terms of the efficiency of spend that we get from this, New Zealand ranks near the bottom 10% of these countries.
- That means addressing the challenge before us isn't about spending more. It is about smarter investment – getting every dollar of public and private capital to its highest value use, lowering the cost of infrastructure, and cutting through the red tape that is holding us back.
- Delivering and maintaining infrastructure has more in common with running a marathon than it does with running a sprint. For that reason, we need to work more closely together on what our priorities are and how we're going to invest – not just over the next couple of years, but over decades.

How well are we doing at asset management?

- Today I want to focus on central government. And here the picture is not good.
- Too often we see the result of a lack of care in managing the infrastructure assets entrusted to agencies. I can rattle off too many examples of things going wrong:
 - Half of justice buildings reported to be in "poor" or "very poor" condition
 - Schools in Auckland with leaking roofs and rotting buildings;¹
 - Military homes in Waiouru infested with black mould²

¹ [Rotting classrooms as Govt hits pause on school rebuilds](#)

² [Mouldy military housing needs fixing, but money is short, government says | RNZ News](#)

- A police custody suite in Hawke's Bay with so many leaks that the roof had to be covered with plastic tarpaulin³
 - And a hospital in Whangārei where the roof leaked when it rained, the surgical wing was on a lean, raw sewage was found seeping into the walls, and – to top it all off – those walls were riddled with asbestos⁴
- It would be comforting to pretend that these are merely isolated examples of poor outcomes. And it would be too easy to say that all we need is a bit more funding for emergency repairs, here and there, to plug some leaks and patch up some roofs. But this would miss the root causes of these failures. And, before long, we would find ourselves back where we started. The pattern repeats too often for this to be anything other than a systematic issue.
- You don't need to take my word for it. There is a growing analytical evidence base of unacceptable asset management practice across the public sector:
 - New Zealand ranks fourth to last for asset management in the OECD's infrastructure survey.
 - The Infrastructure Commission's Asset Management State of Play report found significant and growing maintenance backlogs, with many sectors failing to invest in asset management professionals, disciplines, policies and practices.
 - And the Treasury's ongoing monitoring of the Investment Management System has identified poor practices and capabilities across a number of agencies.
- Furthermore, the contrast between the performance of central government and that of the private sector, regulated utilities, and even local government is stark. Let's take the ratio of annual spending on renewals and maintenance, relative to the depreciation of assets, as a proxy for asset management. The private/regulated sectors and local government have ratios of approximately [1] and [0.75] respectively. For central government agencies, this is often impossible to measure, because it isn't even being recorded and reported. And where the data does exist, the results are significantly worse.
- And if we don't sort this out, our problems are only going to get bigger:
 - First, the amount New Zealand will need to spend on asset management will continue to increase as the assets built during the post-war investment boom of the 1950s to 1990s wear out.
 - Second, asset management needs will increase in some sectors as demographic changes drive changes in demand.
 - Third, the risks we face from natural hazards and climate change will continue to become more acute. New Zealand already ranks second in the OECD in expected annual losses from natural hazards. Asset owners can't make informed trade-offs

³ [Decrepit police buildings in the spotlight as Budget 2025 looms | The Post](#)

⁴ [Sewage leaking into Whangārei Hospital medical wing's walls | RNZ News](#)

between insurance, relocation, and resilience if they don't have a strong base of asset management practice to build from.

- To repurpose an old cliché - if you think good asset management is expensive, just wait until you see the cost of poor asset management. All of which is to say that we can't hang around – we've really got to raise our game, now.
- Despite this poor picture, there are some infrastructure sectors are performing better. We know that asset management outcomes tend to be better in sectors where revenue streams are directly derived from assets, where there are strong regulatory regimes, and where there are strong transparency, oversight and audit requirements. The energy sector is a good example of one where we see a combination of economic incentives and regulatory requirements driving robust asset management practices.
- Regulated utilities, local government and central government all have different enforcement mechanisms that impact outcomes. The private sector is characterised by oversight through market discipline or economic regulation. Local government has strong legislative requirements for transparent planning and asset management, supported by audit requirements. This points to some of the solutions we are thinking about for central government.

The role of asset management

- I see good asset management as encompassing the whole infrastructure lifecycle. Asset management is about how we acquire, maintain, renew, enhance and dispose of assets to ensure we are delivering the right level of service, in the right places, at an affordable level. It's not just maintenance.
- We don't have assets simply for the sake of having them. Assets exist to provide services for New Zealanders. Our asset management performance matters, because it's how we're able to deliver the services that New Zealanders expect.
- Effective asset management can improve infrastructure outcomes, better deliver services to meet customer and stakeholder needs, support robust evidence-based investment decision making, improve risk management and resilience, improve financial performance and operational efficiency and effectiveness.
- Asset management has long term consequences. Water pipes can last for many decades. The Manapōuri hydro station first generated power in 1969.⁵ The Mount Vic tunnel in Wellington first opened in 1931.⁶ My point is that infrastructure can last a long time – if it's looked after. On the other hand, if you build the wrong assets in the wrong place, you may be stuck with them for a very long time too. So it really pays to get this right.

⁵ [Manapōuri hydro power station | Meridian Energy](#)

⁶ [Mount Victoria Tunnel \(N.Z.\) | Items | National Library of New Zealand | National Library of New Zealand](#)

- Indeed, the Infrastructure Commission has said that most of the infrastructure we will need tomorrow already exists today. We don't need to build an entire hospital system from the ground up, because we already have one. We aren't going to build the equivalent of the entire state highway network all over again. Nor do we need to build New Zealand's prisons, courts, schools, and so on from scratch. By and large, we already have *most* of what we need.
- Nothing is more certain than the need to maintain and renew what we already have. The Commission estimates that 60 cents in every dollar spent should go towards maintenance and renewals.

Why is this happening?

- This is a very complex system to fix. There is no one single factor that fully accounts for why central government is struggling so much to manage its assets effectively.
- To be clear, it's not that we don't have hard-working asset management professionals in central government. Because I know we have some brilliant asset managers doing fantastic work. But too many of you are frustrated by a system that simply isn't set up to empower you to do what they need to do.
- Our asset management performance is the result of a complex mix of related issues.
- **First, central government does not treat asset management as a fundamental component of service delivery.** Top-down fiscal constraints, changing service expectations and stakeholder pressures mean that asset management is often de-prioritised in favour of new investment or new operating spending.
- **Second, there is too little transparency, especially around performance information.** Effective asset management depends on understanding what assets you own, where they are, what condition they're in, and what hazards they're exposed to. And you need to assess your risks – to identify critical areas, vulnerabilities and consequences.
- Good asset data drives good investment decisions. But central government agencies simply don't have good enough information on their assets. Last year, 6 of the 8 capital-intensive entities reported that they do not have asset registers that comply with requirements set out in the Cabinet Office Circular on asset management. And 5 of the 8 admitted that they do not have asset management plans that comply with Cabinet standards either.
- Decision-makers – including agency officials, and Ministers like myself – lack the information we need to make informed decisions, to monitor performance, and to be held accountable for the decisions we are making.
- **Third, governance and accountability are weak.** Compared to regulated utilities and local government, our rules and systems for ensuring that asset management is being carried out properly are simply not strong enough. It is difficult for Government to hold itself and its agencies to account.

- **Fourth, we need to strengthen asset management leadership.** Nobody in the audience will be shocked to hear me say that awareness, visibility, and support for asset management is often lacking at senior levels. The Infrastructure Commission's recent Asset Management State of Play report found that the asset management practices and performance of New Zealand's infrastructure providers is variable. We simply don't invest enough in our people. This is true in some parts of the private sector and local government, but it is particularly true in central government.

The Government's work programme

- Improving asset management requires setting our system up for success, setting expectations and monitoring that these expectations are being delivered over time and providing the right tools and support to the agencies tasked with stewarding our infrastructure.
- My objective is to strengthen the infrastructure system through improvements to asset management processes and practices that will:
 - lift asset performance and service outcomes for New Zealanders;
 - ensure there is adequate investment in planned asset maintenance and renewal activities;
 - ensure new investment decisions can be made within the overall context of agencies' asset management plans; and,
 - improve accountability, capability, and oversight of our infrastructure.
- To make this happen, the Cabinet has recently agreed a comprehensive programme of work on asset management, taking place across two phases. Phase 1 will roll out this year, delivering quick wins to help drive real improvements. But that is just the start. Next year, we will get started on phase 2, delivering more fundamental changes to how we look after our assets.

Phase 1

- Phase 1 is already underway. This year, we will provide clarity on what good looks like and the expectations on agencies and we will ensure that there are better tools and support to help agencies excel.
- First up the Infrastructure Commission is assessing investment and asset management settings in central government, using the 'Public Investment Management Assessment' (PIMA) international best-practice framework developed by the International Monetary

Fund (IMF) in 2015. The Commission will release a PIMA 'self-assessment' report alongside the Plan later this year.

- The PIMA report will be an invaluable source of evidence. And it will directly inform the Commission's recommendations on system reforms to improve central government asset management. I will say more about that in a moment.
- Later this year, we will publish performance indicator requirements and guidance for long-term planning and asset management that agencies will need to follow.
- At the moment, the Cabinet Office Circular sets high level expectations for asset management practices. Over and above Cabinet setting clear rules for asset management it is critically important that we help agencies understand Government's expectations about how they meet their obligations. Currently, there is limited detailed guidance showing agencies what good looks like.
- More detailed guidance on expected asset management and long-term planning practice, including which indicators will provide Ministers, stakeholders and the public with confidence that agencies are delivering value for money from their planning and investment activities.
- Third, we are continuing to build the Asset Management Community of Practice and broader leadership capability. The Infrastructure Commission is partnering with Āpōpō to build a 'community of practice' through collaborative events for public service asset management professionals. The Government will continue to support this work.

Phase 2

- In Phase 2, the government will consider more fundamental changes to system settings to ensure that we see real and sustained improvements in asset management across central government.
- This work will kick-off with the release of the final National Infrastructure Plan, due at the very end of this year. The Plan will aim to develop a shared understanding of our long-term infrastructure needs for the country. This will help build greater certainty about what is important to us and where we should be choosing to invest.
- Because effective central government infrastructure planning, delivery and management is a fundamental precursor to better long term infrastructure outcomes, the Plan will contain the Infrastructure Commission's recommendations on how we can improve asset management in central government.
- The Commission are thinking about issues such as:
 - Strengthening the Public Finance Act to require agencies to periodically develop long-term investment plans (including asset management) and strengthening reporting requirements to increase transparency on spending on maintenance and renewals (and other types of capital investment)

- Strengthening non-legislative reporting requirements to improve transparency over asset management outcomes
 - Establishing oversight and review requirements for asset management planning
 - Explicitly incorporating assessments of bottom-up infrastructure needs, including spending on asset management and renewals, into fiscal strategies
 - Strengthening incentives for better asset management practice by, for example, linking investment decision making to agency asset management capability or ringfencing depreciation funding
 - Opportunities to strengthen the investment decision making artefacts within the Investment Management System such as stronger assurance over business cases.
- Taking account of the Commission's advice, the Government will explore options around long term capital planning, asset management plans, mandatory reporting on standardised metrics, upskilling opportunities, accountability for poor performance, minimum standards, and stronger regulatory scrutiny and monitoring.
 - We are crystal clear about the need to improve asset management. All options are on the table. If necessary, I am open to considering changes the law to ensure that asset management is given the priority it needs.
 - As part of that work, Cabinet will reset its expectations (implemented through a Circular) to give effect to the necessary changes across the Investment Management System. I have asked officials to consider the findings of the National Infrastructure Plan when updating the Circular.

Concluding remarks

- Getting asset management right means sticking to the disciplines and maintaining those disciplines over time. It means taking a long-term perspective. It means understanding what you have and understanding what you need. It means putting in place processes to ensure that decisions are based on rigorous asset management needs.
- It won't be a quick fix. The challenges are deep-rooted and systemic. But they are not insurmountable, if we are ambitious enough to take them on. That work starts now.
- Thank you.

Q & A

Questions about central government, local, and private sector

1. Why are you focusing on improving asset management processes and practices?

New Zealand is not doing this well – as I pointed out earlier, we rank in the bottom 10% of OECD countries for efficiency of public spend on infrastructure.

Asset management is the key to ensuring our current and future infrastructure can be relied on to provide essential public services at an effective cost.

We need to achieve better value for money, more reliable infrastructure and assurance that we can continue to deliver high quality public services for future generations.

Poor asset management can often result in unnecessary new investments, and unmet needs.

2. Why has it come to this?

For a number of reasons. The big ones are a lack of visibility of agencies' asset management plans and the state of assets; a lack of monitoring and accountability; and a lack of incentives to do better.

Questions about central government, local, and private sector

3. Why are you focusing on central government?

Central government accounts for half of New Zealand's infrastructure assets, and a similar share of total infrastructure investment. It's the biggest player in many of the vital sectors that New Zealanders rely on every day – health, transport, education, corrections, and more.

And all the evidence we have is telling us, very clearly, that central government is performing significantly worse than local government and the regulated sectors. Most of the capital-intensive agencies in central government don't have robust asset management plans or asset registers. Very, very few bids for Budget funding explicitly relate to asset management needs. And in some sectors, we are seeing worrying evidence of maintenance and renewals backlogs.

This isn't just a central government problem - but central government is the biggest and most urgent problem. This is the biggest opportunity for us to get better value for

money and better outcomes. It's not going to be an easy fix, but I am determined to sort this out.

4. What about local government?

We know that local government has also tended to kick renewals down the road to keep a lid on rates. However, based on the available data, renewals spending relative to depreciation appears much lower in central government. So, the problem appears to be even greater in central government. Honestly, there is so little data available in central government that it's hard even to say definitively how bad the situation is. That alone should worry us – we can't see it.

It's also worth noting that some of our other policy work, for example Local Water Done Well, will improve asset management capability in the local (water) sector.

5. What about the private / regulated sectors?

The regulated sectors perform much better than central government. We have seen significant improvements in asset management practices in the electricity distribution and transmission sectors since the introduction of economic regulation 20 years ago.

The regulated sectors may not be perfect, but they've come a long way, and I want to see how we can learn from them to lift asset management performance in central government.

6. Why can't you just make government agencies subject to economic regulation?

I am open to exploring what central government can learn from economic regulation. But there would be major challenges with implementing a comprehensive economic regulation framework across central government.

In the energy sector, price-quality pathways regulate the prices can be charged for delivering investments and services. We do this to make sure that infrastructure providers can't abuse their market power to over-price their services or under-invest their revenues. We don't have that kind of pricing or revenue system for hospitals or schools, let alone prisons or defence.

Central government investments are typically agreed by elected Ministers and authorised by Parliament via appropriations. It's difficult to see how government could regulate itself in a way that's both effective and enduring.

That said, I think some elements of economic regulation – e.g., information disclosure requirements – could work well in central government. I am interested in adapting what

has worked well in other sectors. This is something I know the Commission is looking into.

Questions about how you will improve asset management

7. You said you would consider changing legislation / changing the Cabinet Office Circular. Can you say more about the changes you are considering?

It's too soon for me to announce any specific reforms, but everything is on the table.

We will be looking at options to achieve transformational change in the second phase of our work programme, kicking off next year.

This is to give us time to consider the Infrastructure Commission's advice and recommendations on asset management, which are due to be finalised at the end of the year.

The Commission's recommendations will help us to determine the kinds of changes we want to take forward next year.

The Commission has informed me they are looking at options to strengthen long-term asset management planning, multi-year budgeting, transparency, and accountability. That might include requiring agencies to develop and publish multi-year investment plans; independent review of asset management plans; and reporting against standard asset management indicators.

8. Are you going to reintroduce Long-Term Investment Plans (LTIPs) and Investor Confidence Ratings (ICR)?

It's too soon for me to commit to any specific policy changes, but I would note our government has supported agencies' long-term planning and I think that is a positive feature of an effective system. As I say, we will be looking to make transformational changes in phase 2, after we've had a chance to consider the Infrastructure Commission's advice on asset management settings.

9. What are the top 3 things you think should be done to improve performance?

First, data. You can't manage assets if you don't know what they are, where they are or what sort of condition they are in. And yet many of our central government agencies do not have complete, up to date and accurate asset registers. If you don't have good data, you can't make good decisions.

Secondly, transparency. If we require disclosure of information, that can drive decision-making and over time can encourage better practice and outcomes.

Third, stronger requirements and accountability. We need to strengthen our oversight and review of asset management and investment plans.

Questions about asset management professionals

10. What are you going to do about training, learning, development, capability?

I agree that asset management capabilities are one of the keys to driving better asset management practices in central government. I am still open-minded about the most efficient and effective ways to tackle this. Part of the problem with capability is driven by the weak incentives to conduct effective asset management in the first place.

The Infrastructure Commission is thinking asset management capabilities as it develops the National Infrastructure Plan.

I will be looking more closely at what we might want to do about this in phase 2, next year.

11. Do we have enough asset management specialists in New Zealand?

I am open to hearing evidence on this. What I know for sure is that we don't have enough asset management specialists, or champions, in senior leadership positions - or enough senior leaders trained in asset management fundamentals. The Infrastructure Commission and Apopo are working on this – for example by piloting digital badges with project directors.

I think a key problem is that many of the asset management professionals we already have aren't being empowered to do what they need to do. If we can create better visibility and accountability for asset management planning and performance, this should incentivise chief executives and senior leaders to sit up and take a closer look at asset management.

12. Will you support Apopo's accreditation scheme?

I'm not in a position to make any funding commitments today.

But I agree that asset management capabilities are a really important issue. I am still open-minded about the most efficient and effective ways to tackle this. I will be looking more closely at what we might want to do about this in phase 2, next year.

The Infrastructure Commission will be making recommendations on asset management needs in central government through the National Infrastructure Plan, due to be released at the end of the year. This could include advice on how we can upskill asset management capabilities in government, although the Commission is still working through what the Plan will say.