

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
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15 FEB 2021

Dear Alan

ANNUAL LETTER OF EXPECTATIONS

I would like to thank you and the Board for all your work in the last year. Going forward, I would like to build on that good work by setting out my expectations for the New Zealand Infrastructure Commission, Te Waihanga for the 2020/21 year.

This letter outlines:

- The Government's priorities in the context of COVID-19;
- My specific expectations for Te Waihanga;
- 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 COVID-19 pandemic brought unexpected challenges for all New Zealanders. The response to COVID-19 will be of central importance in the coming year. The Government has three overarching objectives: continuing our health response to keep New Zealanders safe from the virus, accelerating the economic recovery from COVID-19 and laying the foundations for a more sustainable and equitable future.

Te Waihanga can specifically support these objectives through its roles in supporting timely and effective infrastructure delivery to support economic activity and by ensuring our longer term infrastructure strategy supports the broader economic recovery.

Investing in critical infrastructure and public services will be important to our economic recovery, along with a focus on renewable energy, waste reduction, sustainability and pursuing carbon neutrality in light of the challenges caused by climate change. The Government will also be focused on 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

In my role as Minister for Infrastructure I expect Te Waihanga to be my primary advisor on general infrastructure policy issues. I expect Te Waihanga to work collaboratively to provide support to government agencies who are developing policy advice that relates to infrastructure (including the Government's reform programme), and to those delivering infrastructure projects.

Advisor on infrastructure

As the Government's primary advisor on infrastructure, I appreciate the advice Te Waihanga has provided to date on infrastructure matters.

I would like Te Waihanga to continue to strike a balance between expressing its independent views and maintaining its influence with decision-makers. I expect Te Waihanga to work collaboratively with central and local government, and the infrastructure industry, to influence the direction of initiatives such that the perspectives of Te Waihanga are incorporated into the advice received by government. This will be helpful to Ministers, and ensure that the independent views of Te Waihanga are incorporated into the development of policy advice, and this government's reform programmes.

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. I also expect that any issues are resolved prior to the presentation of this advice to myself and other Ministers.

Delivery of the 30-year infrastructure strategy

Good planning and delivery are key to ensuring we get the infrastructure we need at the right time. Te Waihanga's work on the 30-year infrastructure strategy and ongoing work on the infrastructure pipeline will help us to achieve better certainty, and infrastructure planning and delivery.

I welcome the progress Te Waihanga has made on the delivery of the 30-year infrastructure strategy to date. I expect that Te Waihanga will continue to progress its work on the 30-year strategy. I also expect Te Waihanga to work collaboratively with my office to engage me in the development of the draft strategy, and to ensure that Te Waihanga gives regard to my feedback. I look forward to these discussions and further briefings about the draft strategy, before I receive the draft strategy by 25 September 2021.

Additional strategy and 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.

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 Capital 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 Capital 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, and 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 Capital Panel, Te Waihanga will provide its 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 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 now 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 in 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 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 Fiona Stokes (021 592 944) or Rachel Bishop (021 582 295). Alternatively, you can contact David Taylor, Manager, National Infrastructure Unit (027 490 5967).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Grant Robertson', written in a cursive style.

Hon Grant Robertson
Minister for Infrastructure

Annex 1: Te Waihanga timetable for the Business Planning Process for 2021/22

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 2021/22; • the professional development spend in 2020/21 and the proposed professional development budget for 2021/22; 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 responsible Minister with a **Strategic Issues letter**, by **31 March 2021** in response to the Letter of Expectations. Should you wish to engage with the responsible Minister to seek clarification around their expectations, we would ask that you advise the Treasury as early as possible of such intentions.

Te Waihanga is expected to provide the responsible 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 2021**.

The final SOI (if required) and SPE should be delivered to the responsible Minister on or before **30 June 2021**.

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).