

# The Treasury

## A New Independent Infrastructure Body – Background Papers

### Release Document

October 2018

<https://treasury.govt.nz/publications/information-release/infrastructure-background-papers>

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# Cabinet Government Administration and Expenditure Review Committee

## Minute of Decision

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### Infrastructure Institutional Settings Review

**Portfolio**                      **Infrastructure**

On 7 August 2018, the Cabinet Government Administration and Expenditure Review Committee (GOV):

- 1        **noted** that on 24 July 2018, GOV authorised the Minister of Finance, Minister of Transport, Minister of Housing and Urban Development, and Minister for Infrastructure to further develop the proposed mandate and form of an infrastructure agency, and invited the Minister for Infrastructure to report back to GOV with a paper revised in light of further discussions [GOV-18-MIN-0048];

#### Infrastructure entity

- 2        **agreed** in principle to establish a new independent infrastructure entity by 1 October 2019, subject to further Cabinet decisions on institutional form, powers and funding;
- 3        **noted** that, along with the Minister of Finance, Minister of Transport, Housing and Urban Development and Minister of State Services, the Minister for Infrastructure intends to report back to GOV by 1 March 2019 on:
  - 3.1      options for institutional form, powers, and funding for the infrastructure entity;
  - 3.2      how the infrastructure entity's role will fit with the wider infrastructure system;
  - 3.3      arrangements for ensuring the infrastructure entity can effectively perform its role while recognising the ultimate responsibility of Governments to make decisions on infrastructure;
  - 3.4      accountability mechanisms for the Minister for Infrastructure and government to retain control over the government's policy direction and prioritisation;
  - 3.5      the overall purpose and objectives of the entity to ensure it is properly directed toward considering the broader public good benefits of infrastructure investment;
- 4        **noted** that the infrastructure entity will be expected to:
  - 4.1      gather and publishing evidence on the state of infrastructure assets and networks;

- 4.2 assist the Minister for Infrastructure in developing a long-term vision for infrastructure planning and delivery;
  - 4.3 provide advice to the Minister for Infrastructure on New Zealand’s highest priority infrastructure investment needs;
  - 4.4 publicly identify and socialise regulatory and market barriers to better infrastructure outcomes;
  - 4.5 coordinate and publish capital intentions plans and pipeline information;
  - 4.6 provide new, expert, central transactional capability to support the delivery of major infrastructure projects across central and local government;
  - 4.7 act as a first point of contact for the market in relation to upcoming infrastructure investment and delivery opportunities;
  - 4.8 ensure the entity’s mandate is complementary and does not duplicate the mandate of other agencies or workflows;
- 5 **noted** the following scope for the independent infrastructure entity:
- 5.1 the infrastructure entity will be empowered to make recommendations to ministers but decision-making rights and direction setting will remain with ministers and departmental chief executives as at present;
  - 5.2 the infrastructure entity will be complementary to and will not duplicate other ongoing work streams;
  - 5.3 the infrastructure entity will not have direct funding or project delivery powers;
  - 5.4 the infrastructure entity will provide staff to agencies to support them to undertake specialised infrastructure functions related to project delivery, while ownership and responsibility for the asset remains with the procuring entity;
  - 5.5 the Minister for Infrastructure will have clear accountability mechanisms over the infrastructure entity in relation to its strategy and planning functions, including the ability for the Minister for Infrastructure to work with Ministerial colleagues across relevant portfolios in order to reflect the Government’s infrastructure agenda.

**Interim Infrastructure Transactions Unit and Establishment Unit**

- 6 **agreed** to an Establishment Unit within the Treasury, to develop the detailed design of the nature and form of the infrastructure identity;
- 7 **agreed** to establish an interim Infrastructure Transactions Unit within Treasury by 1 November 2018, while the infrastructure entity is established;
- 8 **agreed** that the interim Infrastructure Transactions Unit will provide support to agencies and councils on the planning and delivery of major infrastructure projects;
- 9 **noted** that the ability of the interim Infrastructure Transactions Unit to support major infrastructure projects will build gradually over time from 1 November 2018, as resourcing and capability is developed;

10 **noted** that the Treasury will report back to the Minister of Finance and the Minister for Infrastructure by 10 September 2018 with an establishment plan for the interim ITU, including the development of its operating model and how it will engage with agencies;

**Financial recommendations**

11 **agreed** to the following changes to appropriations to meet the costs of setting up an establishment group and an interim Infrastructure Transactions Unit within the Treasury, with a corresponding impact on the operating balance:

	\$m – increase/(decrease)			
Vote Finance Minister of Finance	2018/19	2019/20	2020/21	2021/22 & outyears
Departmental Output Expense: Policy Advice – Finance (funded by revenue Crown)	3.392	0.848	-	-
<b>Total Operating</b>	<b>3.392</b>	<b>0.848</b>	-	-

12 **agreed** that the proposed change to appropriations for 2018/19 above be included in the 2018/19 Supplementary Estimates and that, in the interim, the increase be met by Imprest Supply;

13 **agreed** that the expenses incurred under paragraph 11 above be a charge against the between-Budget contingency, established as part of Budget 2018;

14 **agreed** that any unspent portion of the funding for 2018/19 in paragraph 11 above can be transferred to 2019/20, following the completion of 2018/19 audited year-end accounts for Vote Finance;

15 **agreed** that any amount of funding in paragraph 11 above that remains unspent be transferred to the infrastructure entity once it has been established;

16 **noted** that:

16.1 the indicative, ongoing operating cost of the infrastructure entity, based off similar entities in other jurisdictions is estimated to be [1], and that ongoing costs will be confirmed when the Minister reports back to GOV in March 2019;

16.2 the majority of the cost to run the entity, once confirmed, will need to be met by new Crown funding;

17 **invited** the Minister for Infrastructure to:

17.1 report back to GOV by 1 March 2019 on the matters outlined in paragraph 3 above;

17.2 [1]

Rachel Clarke  
Committee Secretary

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