

The Treasury

Establishing a Central Crown Infrastructure Delivery Agency Information Release

August 2023

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Cabinet Economic Development Committee

Minute of Decision

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Future Delivery of Crown Infrastructure Projects

Portfolio **Finance**

On 4 May 2022, the Cabinet Economic Development Committee (DEV):

Background

- 1 **noted** that the majority of Crown agencies, for whom infrastructure project delivery is not a core function, lack the capabilities and experience necessary to deliver significant vertical or horizontal infrastructure projects but are still required to do so on an ad hoc basis;
- 2 **noted** that while the Crown has some agencies with large infrastructure portfolios, and the requisite capabilities and experience to deliver those portfolios, they are not incentivised to coordinate and have limited definitions of success;
- 3 **noted** that in 2021, the Treasury ran a consultation process involving twenty departments and agencies, which determined that an agency providing vertical and horizontal infrastructure delivery services to other Crown agencies would help support the Crown to achieve better infrastructure delivery outcomes;

Central Crown infrastructure delivery agency establishment

- 4 **noted** that Ōtākaro, a Public Finance Act 1989 Schedule 4A company with a track record of delivering Christchurch regeneration projects, is approaching the end of its current work programme and is in a position to take on a broader role;
- 5 **noted** that in 2021, the Treasury considered options for establishing a CCID agency and determined that repurposing Ōtākaro to become that agency offered an expedient and cost-effective means of doing so;
- 6 **noted** that Ōtākaro currently has project management, project finance, procurement, supply chain management and planning capability, which would form the basis of the services it could offer to other Crown agencies if repurposed to be the CCID agency;
- 7 **agreed** that the Treasury, in collaboration with other agencies as required, should progress the work to establish a CCID agency that will provide vertical and horizontal infrastructure project delivery services to other Crown agencies;
- 8 **agreed** that the Treasury, in collaboration with other agencies as required, should progress work to prepare Ōtākaro to become the CCID entity;

- 9 **invited** the Minister of Finance to report back to DEV by the end of September 2022, or as soon as is practical, to provide an update on this work;
- 10 **agreed** that formal establishment of a CCID agency, and the repurposing of Ōtākaro to become that agency, will be subject to further Cabinet consideration and decisions once the Minister of Finance has provided Cabinet with the update referred to above;

Supporting coordination between infrastructure agencies

- 11 **noted** that there are steps that can be taken in the short term to support closer coordination between infrastructure agencies, and that there are policy work programmes underway across government that will enable further steps to be taken to support closer coordination in the future;
- 12 **agreed** that the New Zealand Infrastructure Commission (Te Waihanga), in consultation with the Treasury and other agencies as required, should continue to develop a proposal to establish a Crown infrastructure leadership forum, and that this proposal be presented to the Minister for Infrastructure for consideration;
- 13 **agreed** that the Treasury, in consultation with other agencies as required, should prepare guidance for Cabinet to consider on the identification and appointment of directors with infrastructure delivery experience to the Boards of infrastructure agencies;
- 14 **agreed** that the Treasury and Te Waihanga, in consultation with other agencies as needed, should continue to explore further options for improving Crown infrastructure procurement, funding and delivery;
- 15 **invited** the Minister of Finance to report back to DEV by the end of September 2022, or as soon as is practical, to provide an update on this work.

Janine Harvey
Committee Secretary

Present:

Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon Chris Hipkins
Hon David Parker
Hon Nanaia Mahuta
Hon Poto Williams
Hon Damien O'Connor
Hon Stuart Nash
Hon Kris Faafoi
Hon Willie Jackson
Hon Dr David Clark
Hon Dr Ayesha Verrall
Rino Tirikatene MP
Dr Deborah Russell MP

Officials present from:

Office of the Prime Minister
Officials Committee for DEV