



Crown
Infrastructure
Partners

Hanga Ngātahi • Building Together

CROWN INFRASTRUCTURE PARTNERS LIMITED

STATEMENT OF INTENT

1 JULY 2021 - 30 JUNE 2025

June 2021

Presented to the House of Representatives
pursuant to the Crown Entities Act 2004

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1: INTRODUCTION

This Statement of Intent (SOI) is submitted by the Board of Directors of Crown Infrastructure Partners Limited (CIP), pursuant to the Crown Entities Act 2004 and sets out CIP's strategic objectives and intentions from 1 July 2021 to 30 June 2025.

CIP's scope of activities all relate to the funding of either private sector or local government to deliver various types of infrastructure as determined by the Government. Accordingly, CIP's focus on any particular infrastructure class is determined by Government and notified in writing by Shareholding Ministers and reflected in CIP's constitution.

CIP's purpose is to partner with the private sector and local government to deliver infrastructure to improve the lives of New Zealanders. CIP does this by:

- developing innovative solutions to meet Government policy objectives, acting commercially to achieve policy outcomes, and taking pragmatic approaches where appropriate; and
- utilising a mixture of private sector approaches and government frameworks to procure, contract and manage delivery, and focusing on outcomes-based project management, utilising insightful monitoring and reporting tools and by maintaining strong stakeholder relationships across all areas.

The economic impacts of COVID-19 are significant. Infrastructure investment will play a key role in New Zealand's long-term economic recovery.

CIP is leading the co-ordination and implementation of the Infrastructure Reference Group (IRG) economic stimulus programme, with investment into infrastructure of up to \$3 billion of Government funding alongside co-funding of

approximately \$2.5 billion. Under the IRG programme CIP is managing a number of projects directly and co-ordinating oversight and reporting across the whole programme.

CIP also has a review and monitoring role of the Government's investment in '3 waters' infrastructure with Local Territorial Authorities (LTAs), supporting the Department of Internal Affairs (DIA) in the Government's 3 waters (drinking water, wastewater and stormwater) review programme, as well as being the delivery agency for the Government's rural water quality programme in conjunction with DIA.

CIP has been appointed by shareholding Ministers as 'facilitator' to implement transactions within the regime established by Infrastructure Funding and Financing Act 2020¹ (the IFF Act), where CIP can facilitate the funding and financing of a broad range of infrastructure, in a wide range of scenarios.

CIP has a core focus on telecommunications infrastructure including improving urban and rural broadband through the Ultra-fast Broadband, Rural Broadband Initiative phase 2 and rural broadband capacity upgrade programmes; improvements to mobile coverage of rural state highways and tourism areas and regional digital connectivity programmes (including regional fibre links and connecting marae to broadband). CIP is also the telecommunications network infrastructure delivery procurement partner for the Public Safety Network, which is upgrading New Zealand's critical emergency services' communication networks.

CIP is responsible for the statements contained in this document, including the appropriateness of the underlying assumptions.



Mark Binns, Chair
30 June 2021



Bella Takiari-Brame, Director
30 June 2021

1. 'Facilitator' is not a specific role set out in the Infrastructure Funding and Financing Act 2020, role but is a within the regime established by the Act that CIP has been given responsibility for in CIP's Letter of Expectations for FY21/22.

2. OPERATING ENVIRONMENT

The impact of COVID-19 on New Zealand has presented a number of challenges and has had flow-on economic impacts. CIP has an important role in supporting the Government in its response to the economic impacts of COVID-19. The economic environment is unpredictable and so the contribution of infrastructure investment to support the economy is important.

CIP is operating in an environment where many of its funded infrastructure programmes can draw on the same or similar engineering, construction and supply chain resources. Accordingly, CIP endeavours to balance the allocation and timing of infrastructure work across sectors and regions to minimise any capacity constraints. A number of infrastructure owners need support with project management and oversight of projects which CIP can support in an appropriate way where warranted.

A number of CIP's delivery partners, particularly LTAs, have multiple priorities currently given the Government's 3 waters reform, review of local government, other Government programmes and recovery from COVID-19 impacts on budgets. Where possible, CIP is assisting LTAs with the infrastructure programmes CIP is funding and managing to ensure delivery.

The broadband and mobile networks CIP is funding are

supporting the changed work patterns resulting from COVID-19 (especially the significant number of people working and students schooling remotely during the 2020 levels 3 and 4 lockdowns and subsequently) enabling New Zealanders to work at home, educate their children and conduct other essential activities online. There were some supply chain challenges for telecommunications equipment as a result of the worldwide COVID-19 situation, however our partners are managing these without significant impact. The dependency on digital infrastructure due to COVID-19 and increasing portions of the population needing to work and learn from home results in demand for quality broadband in rural areas being more pronounced.

Given the increased breadth and scale of CIP's responsibilities, CIP is in an environment where it is managing a broad range of infrastructure investments across the country for the Government with regular reporting to Government on progress.

Given the nature of CIP's activities, and that these are Government funded, there is strong public interest in their progress. Therefore, CIP supports Government in the publishing of quarterly progress reports on its three main infrastructure focus areas – being telecommunications, IRG infrastructure and 3 waters.

3. THE NATURE AND SCOPE OF CIP

Telecommunications infrastructure funding:

- Ultra-fast Broadband programme;
- Rural Broadband Initiative phase two;
- Rural broadband capacity upgrades;
- Mobile Black Spots coverage;
- regional fibre links;
- marae and regional digital hubs connectivity; and
- supporting infrastructure procurement for the Public Safety Network.

Infrastructure projects identified and approved by the Government through the Infrastructure Reference Group, including:

- community infrastructure;
- transport infrastructure;
- services infrastructure;
- housing infrastructure;
- environmental infrastructure; and
- further infrastructure as agreed by Government.

3 waters infrastructure:

- oversight of 3 waters infrastructure investment programme in conjunction with DIA to improve drinking water, wastewater treatment, storm water and supporting the 3 Water reform programme;
- improving rural water supply in conjunction with DIA; and
- other activities in support of the 3 Waters reform programme as agreed by Ministers and DIA.

Infrastructure financing:

- acting as a facilitator to implement transactions under the IFF Act, for infrastructure, including community facilities, community infrastructure, environmental resilience and natural hazard infrastructure, transport and water services infrastructure with a focus on supporting land release for housing supply; and
- where agreed with Ministers, direct funding of infrastructure related to IFF projects to enable them to progress.



4 : STRATEGIC OBJECTIVES, APPROACH AND PRINCIPLES

CIP's core capability is the ability to execute through infrastructure delivery partners, oversee performance and actively monitor progress – therefore CIP's ability to influence its delivery partners is key.

The strategic objectives of CIP are to deliver the:

- **UFB Strategic Objective:** to implement the Government's UFB programme providing access to ~86% of the population, urban businesses, schools and marae across at least 412 towns and cities to fibre-to-the-premises network infrastructure providing services of not less than 100Mbps download speeds and up to 1Gbps by 2022;
- **Rural Broadband Strategic Objective:** to improve coverage and broadband performance for ~3.4% of remote rural population and businesses by 2023;
- **Mobile Black Spot Strategic Objective:** to increase mobile coverage of rural state highways (~1,400km) and tourism areas (~160) by 2023 and other mobile black spots as agreed to by Government;
- **Regional Digital Connectivity Strategic Objective:** funding regional fibre links to improve resilience and services in rural areas as advised by Government, implementing marae digital connectivity nationwide by 2022/23, and funding to improve rural broadband performance in rural areas with existing coverage where there is congestion and/or 'stop sells' (no service being available due to capacity constraints) by 2024, and the implementation of further regional digital infrastructure as agreed by Government;
- **PSN Strategic Objective:** to be the telecommunications infrastructure procurement partner to the emergency services Public Safety Network (PSN), supporting the substantive implementation of the PSN by CY2026;
- **IRG Strategic Objective:** to implement projects where CIP is directly responsible and oversee the whole IRG programme so the programme is substantially completed by end of 2023 and the funding of further infrastructure as agreed by Government;
- **3 Waters Strategic Objective:** to support the DIA with oversight on the LTA 3 water infrastructure investment and for rural areas not connected to town water supplies to improve drinking water outcomes in conjunction with the 3 water reform process, and other support as agreed with Government to support the 3 water reform process; and
- **IFF Strategic Objective:** to enable the funding and financing (including direct funding when agreed by Government) of infrastructure where funding constraints exist, through CIP's role as facilitator, enabling increased infrastructure to be funded by 2025 (with a focus on enabling land release to improve housing supply).

CIP's approach to implementing Government infrastructure programmes includes:

- development of innovative solutions to meet Government policy objectives;
- acting commercially to achieve policy outcomes, and taking more pragmatic approaches where appropriate;
- applying private sector models (within government frameworks) to procure, contract and manage delivery effectively;
- outcomes-based project management;
- utilising insightful monitoring and reporting tools; and
- strong stakeholder relationships in all areas.

The strategic principles that guide CIP's operations are:

- keep staff and contractors safe;
- staff wellbeing, development and diversity;
- sustainability and climate reduction outcomes;
- public policy outcomes are paramount;
- always operate within fiscal envelope;
- contract with infrastructure partners to execute/deliver outcomes;
- take an outcome-based approach;
- take a partnering approach to deliver outcomes;
- actively monitor programme delivery;
- prioritise stakeholder relationships;
- high standard of appropriate public disclosure; and
- always keep Government apprised of progress, and operate with Government in an open and transparent manner.

5. HOW NEW ZEALANDERS WILL BENEFIT FROM CIP'S STRATEGIC OBJECTIVES

All of CIP's strategic objectives have a high public benefit element where many New Zealanders, iwi, hapū, whānau and businesses will benefit as follows:

- **UFB Strategic Objective:** will result in at least 86% of the population and urban businesses, schools and marae having access to best-in-class fibre broadband. New Zealand is in the top quartile of OECD countries for fibre-to-the-premise coverage. During COVID lockdowns the significant benefits of New Zealanders having access to UFB were evident, with a seamless move to work and educate from home with no UFB network congestion. UFB is providing significant societal benefit by enabling New Zealanders to seamlessly work, educate, communicate with whānau and friends, engage in e-commerce, and be entertained at home. Benefits to business of increased remote working and access to high capacity fibre will improve overall productivity and enable access to cloud applications without congestion or delay. Further benefits will include remote medical support.
- **Rural Broadband Strategic Objective:** will result in the most remote/rural 3.4% of the population having access to improved broadband, thereby enabling many of the benefits of improved connectivity to be gained in rural New Zealand. The rural broadband programmes will also enable wide-spread access to 'internet-of-things' in rural areas, for example by enabling productivity and tracking/tracing benefits in the agricultural sector, supporting New Zealanders' largest export sector.
- **Mobile Black Spots Strategic Objective:** will result in significant stretches of rural state highways and tourism areas having access to mobile services where currently they do not. This will benefit New Zealanders and tourists by having increased access to emergency services, emergency civil defence cell broadcast alerts², ability to communicate with whānau and businesses, improved navigation, and other benefits. The mobile towers being funded will also significantly benefit the Public Safety Network which will utilise these towers in rural New Zealand.
- **Regional Digital Connectivity Strategic Objective:**
 - The deployment of regional fibre links will benefit New Zealand by providing increased resilience to the overall telecommunications network, bringing advanced telecommunications services to remote areas of New Zealand (for example Haast and Milford) and supporting the rural broadband and mobile programmes by providing network connectivity to this infrastructure;
 - The rollout of the marae digital connectivity programme will assist in bridging the digital divide which will benefit iwi, hapū and whānau by providing broadband and digital equipment to marae enabling virtual hui, a digital hub for iwi, access to broadband for whānau who cannot afford it, enabling tamariki to conduct remote learning and more generally use the internet for e-commerce and remote businesses (including potentially gaining access to telemedicine services); and
 - Deploying capacity upgrades to rural telecommunications networks where rural households/businesses have experienced congestion/'stop sells' (no service being available due to capacity constraints);
- **PSN Strategic Objective:** will benefit New Zealanders by providing the most up to date, secure, resilient communications capability to emergency services, with improved coverage and capability for the emergency services to better serve the public and improve wellbeing for the public, especially in rural areas;
- **IRG Strategic Objective:** will benefit New Zealanders throughout the country by providing new community facilities such as sports, recreation and swimming pools, social housing, increased land supply for housing, improved transport links, social facilities (such as YMCA and City Missions) and increased tertiary education facilities;
- **3 Waters Strategic Objective:** will benefit New Zealanders by improving drinking water quality nationwide; reducing untreated or poorly treated wastewater discharges into waterways, harbours and beaches; and improving storm water management; and
- **IFF Strategic Objective:** will enable infrastructure to be funded for communities which previously could not be funded, improving land availability for housing, transport outcomes, 3 water improvements, climate resilience infrastructure and community facilities.

2. A large number of the March 2021 tsunami cell broadcast alerts were broadcast through Government funded coastal mobile towers, with approximately 8 million messages sent.

6. HOW CIP WILL DELIVER ON KEY OUTCOMES

6.1 HOW CIP WILL ACHIEVE ITS STRATEGIC OUTCOMES

CIP intends to manage its functions and operations to achieve these outcomes by:

- conducting due diligence where necessary into infrastructure funding proposals;
- where required, conducting competitive market procurement for infrastructure proposals that meet agreed Government outcomes;
- conducting procurement that takes into account Government's social and sustainable procurement outcomes;
- contracting with infrastructure delivery partners for Government funding, any co-funding and infrastructure outcomes as agreed with Government;
- where the infrastructure investment requires financing, to conduct that financing through non-recourse Special Purpose Vehicles (SPVs) on a market competitive basis to match the cash durations of the underlying infrastructure investment;
- where final Government approval is required (i.e. IRG projects and IFF equity funding and levy setting), progressing those approvals after consultation with the relevant portfolio agencies and The Treasury;
- where any changes to existing policy settings may be necessary to achieve infrastructure outcomes, highlighting these to the relevant policy portfolio agency and provide support in respect to any policy setting changes;
- providing support to DIA in respect to the 3 water reforms, providing regular reviews and recommendations on LTA performance on the delivery of the Government funded 3 waters infrastructure investment programme and other 3 water reform programmes (such as rural water) where CIP is overseeing the delivery;
- having regular constructive dialogue with infrastructure delivery partners, LTAs and third party financiers to maintain good stakeholder engagement;
- monitoring infrastructure investment delivery cost and scope risks, and where risks are increasing or not mitigated, seek appropriate actions from infrastructure delivery partners to remedy these;
- developing databases and reporting systems to monitor all programmes;
- supporting infrastructure delivery partners to ensure targets and outcomes are achieved by providing subject matter expertise where necessary to provide guidance in procurement contracting, reporting and risk management;

- monitoring any investment in infrastructure partners where those funds are to be returned to the Crown;
- actively monitoring and managing infrastructure partners through regular insight reporting to ensure targets are achieved; and
- providing regular progress reporting on all programmes to Government and, where determined by Government, to the public.

6.2 GOVERNMENT AND SOCIAL OUTCOME DELIVERY

CIP intends to manage its functions and operations to deliver Government and social outcomes by:

- monitoring health and safety performance by infrastructure partners across all relevant programmes, and ensuring CIP's own staff/contractors have a safe working environment and do not suffer any harm;
- continuing to work with the relevant Government officials as its work programmes progress, and on any material changes to such programmes. CIP is mindful of consulting with officials when it raises various matters or options with Ministers which require policy consideration;
- remaining cognisant of the Government's focus on wellbeing and investigating and potentially establishing reporting frameworks being adopted across the Crown's commercial entities;
- consistent with Government support for increased diversity and gender balance on Boards, continuing to acknowledge the Government's encouragement to support diversity and inclusion in the workplace and in leadership;
- managing CIP so as to avoid waste, increase efficiency and reduce future costs;
- establishing and implementing climate reduction and sustainability initiatives for CIP, and working with infrastructure partners to encourage them to develop initiatives relating to projects CIP is already funding (and for future projects making this a requirement of funding);
- identifying any opportunities to exit investments earlier to improve recycling of funds into other government initiatives, and notifying Ministers of these opportunities; and
- updating forecasts to Government of any surplus capital throughout the SOI period.



7. MEASUREMENT OF CIP STRATEGIC OBJECTIVES

The framework for establishing annual CIP performance targets and measures through to 2025 for assessing performance against CIP's strategic objectives, as well as financial and operational efficiency, are set out below. Targets for each specific year are set annually in CIP's Statement of Performance Expectations and performance against these measures is reported on in CIP's Annual Report.

Achieving the various strategic objectives within the fiscal envelope is CIP's key accountability - in particular, ensuring that infrastructure for each programme is deployed on time and in line with the Government's policy requirements.

7.1 INFRASTRUCTURE FINANCING OBJECTIVE

Specific measures which will be developed each year for the IFF strategic objective will include:

- progress towards transaction close for IFF funded projects including (once developed) the likely number or value of transactions that will be closed or advanced in any particular year; and
- the development, advancement and updating of a pipeline of projects for infrastructure which are suitable for being funded by IFF.

7.2 IRG OBJECTIVE

Specific measures which will be developed each year for the IRG strategic objective will include:

- for projects which CIP is responsible for:
 - projects commencing within 12 months;
 - overall CIP IRG projects' total progress; and
 - projects which are likely to be completed that year and achievement by those projects of original outcomes specified.
- for the overall IRG programme:
 - reporting of overall programme performance to the Government and public.

7.3 3 WATERS OBJECTIVE

Specific measures which will be developed each year for the 3 Waters strategic objective will include:

- measures on the delivery of various reporting, recommendations and delivery plan variations to the DIA on 3 water stimulus investment;

- outcomes of any 3 water infrastructure delivery programmes agreed with DIA which CIP is delivering (e.g. number of premises with improved rural drinking water);
- measures relating to any form of support DIA has requested in regard to the 3 waters reform programme; and
- reporting of overall programme performance to the Government and public.

7.4 UFB OBJECTIVE

Specific measures which will be developed each year for the UFB strategic objective will include:

- number of premises handed over by Partners to CIP or the applicable Local Fibre Company (LFC) for user acceptance testing;
 - number of end users (such as households and businesses) able to connect to UFB; and
 - percentage of the population that has access to UFB.
- maps showing the areas where UFB is being deployed can be found on CIP's website at: <https://www.crowninfrastructure.govt.nz/ufb/where/>

7.5 RURAL BROADBAND AND MOBILE BLACK SPOTS STRATEGIC OBJECTIVES

Specific measures which will be developed each year for the Rural Broadband and Mobile Black Spots strategic objectives will include:

- contracted end users (rural households and businesses) to receive improved broadband;
 - contracted Mobile Black Spot tourist sites covered;
 - contracted Mobile Black Spot highway kilometres covered;
 - population percentage receiving improved rural broadband;
 - mobile towers receiving capacity upgrades; and
 - rural end users (rural households and businesses) benefiting from improved broadband capacity upgrades.
- maps showing the areas where rural broadband is being improved and rural mobile coverage extended can be found on CIP's website at: <https://www.crowninfrastructure.govt.nz/rural/where/>

7.6 REGIONAL DIGITAL CONNECTIVITY STRATEGIC OBJECTIVE

Specific measures which will be developed each year for the Regional Digital Connectivity strategic objective will include:

- regional fibre links:
 - completion timing for individual fibre links and, where available, deployment measures;
- marae connectivity programme:
 - time to connect marae capable of broadband connection; and
 - average time for digital equipment in place for marae capable of connection.

7.7 PUBLIC SAFETY NETWORK STRATEGIC OBJECTIVE

Specific measures which will be developed each year for the Public Safety Network strategic objective will include:

- when PSN project is in pre-deployment stages, measures will reflect various stages of pre-deployment activity such as procurement and contracting; and
- the PSN measures will reflect deployment metrics once deployment plans are agreed with delivery partners.

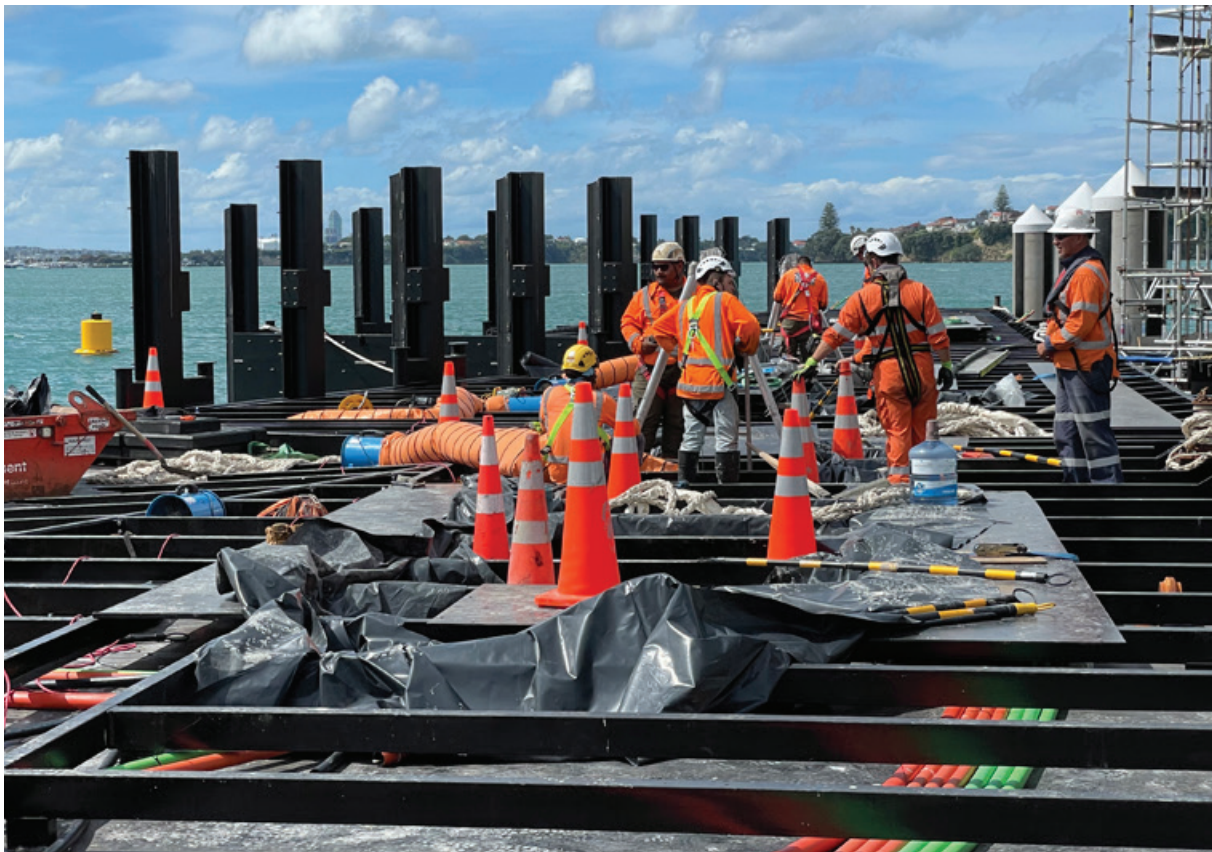
7.8 FINANCIAL AND OPERATIONAL EFFICIENCY

Each year the CIP Board will plan the future resourcing levels of CIP, and consult with its shareholding Ministers and relevant portfolio Ministers, depending on:

- progress made towards achieving the various strategic objectives of the company;
- the performance of infrastructure partners in meeting their obligations under CIP contracts;
- any new initiatives or expansion of existing initiatives; and
- the degree to which Crown investment is actively monitored, based on the current level of risk and the level of support the Government requires.

Over the next four years, CIP will continue to ensure operational expenditure is appropriate for the scale and scope of activities as set by Government, and will work with Treasury officials on related matters where appropriate. CIP may also determine that some functions are no longer required or can be performed more effectively by other Government agencies.

Details of CIP's forecasts and financial statements are provided in its SPE for the current and upcoming fiscal years. CIP also expects to maintain its operational efficiency over time. The ratio of operational costs to its annual investment infrastructure and infrastructure investments being overseen is expected to remain at or below 5% over this SOI period.



Ferry Basin Redevelopment

8. ORGANISATIONAL HEALTH AND CAPABILITY

8.1 COMPANY VALUES

CIP's values are:



8.2 HEALTH AND SAFETY

CIP has zero tolerance for anything that endangers the health, safety and wellbeing of people and maintains a continued focus on health and safety and to providing a safe environment and wellbeing for staff. As a Crown company operating with infrastructure partners across a large number of infrastructure projects, CIP has a strong focus on compliance with the Health and Safety at Work Act 2015.

CIP encourages its infrastructure partners to focus on health and safety matters and benchmarks those partners' performance against key industry safety measures, such as the Total Recorded Injury Frequency Rate (TRIFR). CIP will report its health and safety outcomes each year in its annual report.

8.3 CAPABILITY DEVELOPMENT

CIP supports its staff to achieve its strategic objectives and purpose by:

- focusing on capability development to align the available skills with current organisational and Government outcome requirements;
- focusing on collaboration and staff engagement across the company; and
- maintaining employee wellbeing.

CIP will continue to develop and maintain the following core capabilities:

- commercial negotiation and procurement expertise;
- corporate finance and legal expertise;

- probity procurement expertise;
- delivery oversight and monitoring expertise;
- database and reporting expertise;
- engineering expertise in the various areas of infrastructure focus;
- facilitation expertise in IFF;
- stakeholder, Government relationship and communications expertise; and
- financial management, analysis, settlements, cashflow management and reporting expertise.

8.4 ENSURING CIP IS A GOOD EMPLOYER

The successful achievement of CIP's strategic objectives depends on adequate strong workforce capability in a number of areas, including those relating to technical, commercial, financial and investment expertise. It is important that CIP retains skilled staff, is a good employer and offers an attractive place to work, consistent with the Government Workforce Policy Statement.

CIP employment policies incorporate progressive employment practices that help create an inclusive working environment that fosters high performance, encourages diversity and sustains high employee engagement and wellbeing. Being open to, and respecting diverse perspectives and thinking is essential to CIP's success, and is reflected in CIP's organisational values.

CIP has a specific EEO, Diversity and Inclusion policy focused on creating an environment which attracts and retains a diverse workforce through inclusive workplace practices, encouraging and supporting the full participation of staff. This is reflected in CIP's workforce where 50% staff are from a non-NZ European background.

CIP will report each year in its annual report results of its staff engagement survey.

8.5 RISK MANAGEMENT

CIP operates with a rigorous approach to risk management, which includes maintaining a regularly updated register of risks to the delivery of its strategic objectives, managing these through an agreed management process, and receiving oversight from the Board's Audit and Risk Committee as described in Section 9.3.

8.6 CLIMATE CHANGE

CIP's operations do not directly have a significant emissions impact as the company is office-based and does not own any assets which generate carbon emissions. CIP's main area to manage in this regard is emissions generated by staff and contractor travel, and CIP seeks to offset the emissions when procuring travel services and where possible use virtual meetings instead of travel.

CIP will, where appropriate, develop initiatives for its own operation and also encourage its infrastructure partners to focus on the same.

A number of CIP's major infrastructure programmes will and are having an impact in respect of climate change reduction. The UFB and rural broadband networks enable working and learning from home, decreasing transport emissions. The rural network will enable widespread 'internet of things' and make it easier, for example (as noted by the Climate Change Commission), to access the information farmers need to measure and monitor emissions and will support precision agriculture approaches.

8.7 PROCUREMENT

CIP follows All of Government (AOG) procurement rules and also maintains the highest levels of probity. CIP will seek to implement new areas of socially responsible procurement as set out in AOG procurement guidance including focus on iwi businesses, where possible, recognising that CIP's partners conduct all material procurement.

9. GOVERNANCE

9.1 ORGANISATIONAL FORM

Incorporated in 2009 under the Companies Act 1993, CIP is a Crown-owned company, listed under Schedule 4A of the Public Finance Act 1989 and subject to the Crown Entities Act 2004, the Official Information Act 1982 and the Ombudsmen Act 1975.

Its shareholders are the Minister of Finance and the Minister for State Owned Enterprises, who each hold 50% of the issued share capital. As it aims to provide services to the public rather than make a financial return, CIP has designated itself a public benefit entity.

9.2 BOARD OF DIRECTORS

Following its established policy of strategic planning, sound procedures and regulatory compliance, the Board is committed to a high standard of corporate governance in guiding and monitoring the business.

Responsibility for CIP's operation and administration lies with the Chief Executive, who is accountable to the Board, which is currently made up of five non-executive Directors appointed by shareholding Ministers, following Cabinet approval.

9.3 BOARD COMMITTEES

To help Directors carry out their duties and fulfil their responsibilities, the Board has two standing committees. These are the:

- Audit and Risk Committee, which provides recommendations, counsel and information on accounting, reporting, risk management, in depth health and safety and responsibilities under legislation. Its Terms of Reference also cover the role of internal audit; and
- Remuneration Committee, which provides advice and recommendations on remuneration and human resources policies for CIP.

9.4 CONSULTATION WITH MINISTERS

CIP expects to continue regular liaison with key officials and to engage with shareholding Ministers and the relevant portfolio Ministers as required. In particular, CIP will consult with its shareholding Ministers and the portfolio Ministers on any matters involving Government policy and any substantial matter not contemplated in this SOI or the annual SPE.

9.5 CROWN ENTITIES ACT REQUIREMENTS

CIP is subject to various sections of the Crown Entities Act, including the following:

- section 100 requires CIP to provide shareholding Ministers with advance notice of its intended investments during each financial year;
- section 133 requires the Board to supply to its responsible Ministers any information relating to its operations or performance as requested by Ministers;
- section 134 details good reasons for refusing to supply such information;
- sections 139 and 150 require preparation of an SOI and Annual Report;
- sections 149C and 149E require CIP to table an SPE outlining its reportable outputs and the intended achievement of each output;
- sections 154-156 relate to the preparation of the annual financial statements;
- section 158 relates to bank accounts; and
- sections 162 and 163 prohibit borrowing and restrict guarantees and indemnities.

9.6 OTHER STATUTORY REQUIREMENTS

Under the Public Audit Act 2001, the Controller and Auditor-General is the auditor of CIP.

10. COMPANY POLICIES

10.1 DIVIDEND POLICIES

As set out in its Constitution, CIP is not expected to return any profit, distribution or dividend to the Government until the UFB Objective has been achieved.

CIP will advise Government when surplus capital is available which could be used to invest in further infrastructure, reduce appropriation drawings, or return to shareholders.

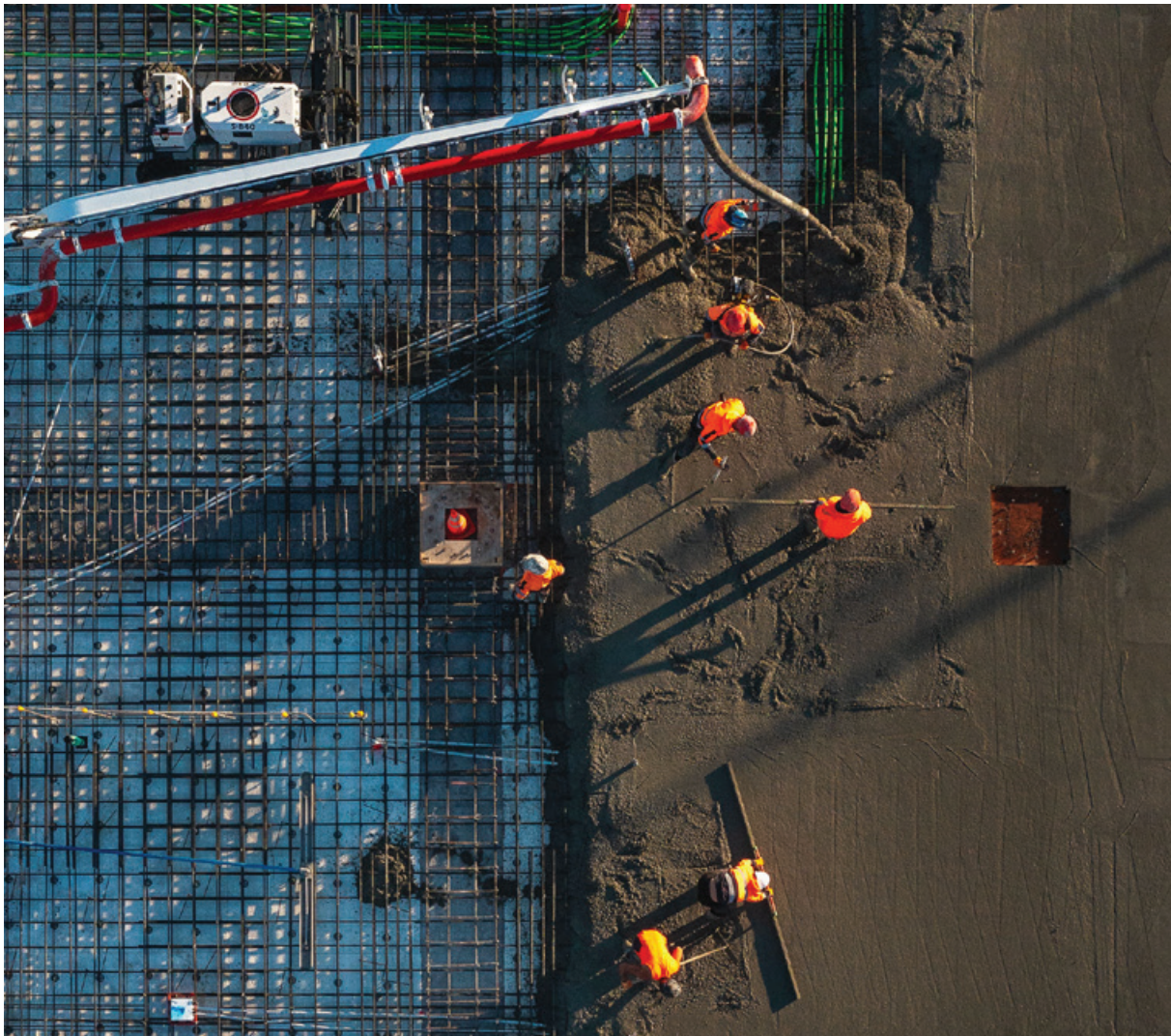
10.2 ACQUISITION POLICIES

CIP, as part of its infrastructure funding initiatives will be making investments in equity, quasi-equity and debt securities. Such investments are actively monitored and CIP approaches such investments prudently to mitigate any risk of loss, recognising that some investments

are driven by Government policy outcomes and hence may have greater financial risk in which case these are highlighted to Government. CIP would not make any acquisitions outside its scope and normal course of business without explicit Government approval.

10.3 FINANCING

CIP (through subsidiaries) will raise debt and equity from capital markets for IFF related projects, which will be securitised against the revenue streams from such infrastructure. This financing will always be non-recourse to CIP parent company and will not be guaranteed by the Crown or CIP Parent. Any exceptions to this will likely be through the Government Support Package as part of the IFF framework and would be explicitly agreed to by the Crown.





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