



Making infrastructure investment decisions quickly



Why we did this work

During the second half of 2019, the Government received advice about deteriorating economic conditions and whether some form of government intervention would be needed if those conditions worsened further.

In January 2020, the Government announced a \$12 billion investment in infrastructure – the New Zealand Upgrade Programme (NZUP). In April 2020, the Government announced another fund, of \$3 billion, for infrastructure projects that were “shovel ready”.

We looked at how the Government made these infrastructure investment decisions because of the speed of the decision-making, the scale of the investments, and their long-term and potentially inter-generational impacts.



What we found

Officials worked hard to meet expectations and provided advice about the risks. At several points, officials advised Ministers of risks to value for money for both the NZUP and the SRP.

Ministers made decisions to progress some NZUP projects even though those projects were not fully scoped or planned. Full business cases were not always available or up to date even when the project’s planning was more advanced, such as for transport projects that were already part of the National Land Transport Programme.

In our view, Ministers did not have enough information to be sure that decisions supported value for money.

The SRP was a largely well-run process, and there is good reporting on the programme’s delivery. However, the process was let down by the absence of clear records and a rationale of how and why some decisions were made after an Infrastructure Reference Group provided its report to Ministers.

Ministers have the authority to make significant decisions. In our view, this power comes with an obligation to Parliament and the public to be transparent about how and why they made those decisions and whether those investments deliver what was intended.



What next?

Our report includes three recommendations aimed at supporting improved decision-making and accountability for decisions. We recommend that the Treasury ensure that there is regular public reporting on the progress of all significant investments that have had or that require Cabinet-level consideration, including NZUP projects.

We have also recommended that the Treasury seek feedback from relevant agencies on how useful they find the Treasury’s new guidance on expediting decision-making, and consider whether the Investment Management System should include minimum requirements and guidance for setting up and running contestable funding processes.