

Addendum

In August, Cabinet granted Rau Paenga Limited (**Rau Paenga**) a mandate to deliver infrastructure on behalf of Crown agencies with low delivery capability. This decision has created a material change in our operating environment as identified in our Statement of Performance Expectations 2025 and Statement of Intent 2024. This addendum reflects that changed environment. Rau Paenga will fully update its Statement of Performance Expectations and Statement of Intent to reflect these changes as part of the usual business planning and reporting cycle in 2025.

This replaces the text on page 2 of Rau Paenga Statement of Intent for Financial Years 2024 to 2028.

Nature and Scope

Nature

Rau Paenga (formerly Ōtākaro Limited) is a Crown company that became operational on 16 April 2016 under Schedule 4A of the Public Finance Act 1989 to take over specific functions of the Canterbury Earthquake Recovery Authority.

In 2022, Cabinet formally repurposed and funded the company to become a Crown Infrastructure Delivery agency to support its infrastructure delivery programme by delivering, and assisting with the delivery of, other Crown agencies' projects. In early March 2023, the Prime Minister approved the new company name Rau Paenga Limited and confirmed the new Shareholding Ministers who in turn adopted a new Constitution.

In August 2024 Cabinet made decisions to mandate Rau Paenga to deliver infrastructure projects on behalf of agencies with low infrastructure delivery capability. Rau Paenga is working with the Treasury to define and implement this mandate with effect from 1 December 2024.



Rau Paenga Limited Statement of Intent

For Financial Years
2024 to 2028

Rau Paenga^{Limited}
Crown Infrastructure
Delivery

Introduction

This Statement of Intent (**SOI**) is submitted by the Board of Directors of Rau Paenga Limited (**Rau Paenga**), pursuant to the Crown Entities Act 2004. It sets out the Strategic Objectives for Rau Paenga and how the company will achieve those Objectives for the period 1 July 2023 to 30 June 2028.

Corinne Haines
Chairperson

Peter Townsend
Board Member

Date

Date

Strategic Objectives

The company has as its Strategic Objectives the purposes set out in its Constitution, which are:

- (a) To act as a partner and advisor to the Government and Project Owners to lead and/or support the delivery of horizontal and vertical infrastructure projects and programmes
- (b) To provide project support and delivery services (including procurement, and preparation and review of business cases) to Project Owners for horizontal and vertical infrastructure projects and programmes, as agreed between the Company and the Shareholding Ministers and/or the Company and Project Owners, from time to time
- (c) To add value to the delivery of Anchor Projects, and divest and manage the Anchor Project Assets where required by, and/or agreed by the Company with, Shareholding Ministers
- (d) To:
 - a. divest; or
 - b. where required by, and/or agreed by the Company with, Shareholding Ministers, manage Crown-owned Assets (including Crown-owned Land, but not including Anchor Projects) in a manner that balances a desire to achieve good commercial outcomes against the Crown's regeneration objectives; and
- (e) To undertake any role and take any action to assist the Government with any projects and programmes, as agreed between the Company and the Shareholding Ministers from time to time.

As part of giving effect to its purpose, the company shall engage with and be a constructive contributor to the wider Crown infrastructure system, working with other entities as required to identify potential improvements, with the long-term view of ensuring the efficient delivery of Crown infrastructure projects.

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In 2022, Cabinet formally repurposed and funded the company to become a Crown Infrastructure Delivery agency to support its infrastructure delivery programme by delivering, and assisting with the delivery of, other Crown agencies' projects. In early March 2023, the Prime Minister approved the new company name Rau Paenga Limited and confirmed the new Shareholding Ministers who in turn adopted a new Constitution.

Scope

Consistent with its Strategic Objectives and Letter of Expectations, the overarching responsibilities of Rau Paenga include:

- Be a partner and advisor to lead and support the delivery of Crown horizontal and vertical infrastructure projects
- Provide project support and delivery services to Crown Project Owners for infrastructure projects and programmes
- To prioritise and add value to the delivery of Christchurch Post-quake Anchor Projects, and divest and manage the Anchor Project Assets
- To divest or manage Crown-owned Assets, balancing a desire to achieve good commercial outcomes against the Crown's regeneration objectives
- To undertake any role and take any action to assist the Government requested by the Shareholding Ministers from time to time
- Over the longer term, work to ensure the efficient delivery of Crown infrastructure projects by being a collaborative and constructive contributor to the wider Crown infrastructure system.

Risk Appetite and Management

The Board and Management encourage a culture that is risk aware. The activities of Rau Paenga are undertaken under robust processes, using sound judgement and effective communication.

Rau Paenga maintains an active and regularly updated register of strategic and operational risks, managing these risks through an agreed process, and with oversight from both Management and the Board.

Governance

Rau Paenga manages its functions and operations in a way that is consistent with the company's strategy, as set by the Board. The Board provides strategic direction to the Chief Executive to ensure decisions are made in the interests of the people of New Zealand and the Crown.

The Board provides governance and the assurance that Management is delivering the expected outputs. The Chief Executive has appointed an Executive Leadership Team to assist in providing supervision and oversight of the day-to-day operational activities of the company.

Functions and Operations

The organisation has six core teams:

- The Programme Delivery team is focused on the delivery of infrastructure projects
- The Corporate Services team includes the project support, finance and information technology functions
- The Government Relations team is responsible for liaison with other agencies and policy advice
- The People and Safety team is responsible for personnel, and health, safety, wellbeing and environment management
- The Legal and Risk team is responsible for legal, risk, property divestment, information management and company secretariat
- The General Manager Te Pae is also responsible for Property and Facilities management.

The company's activities are guided by policies and procedures that ascribe to good corporate discipline, with clear links to Rau Paenga's Purpose and to the company's Strategic Objectives. In addition, the company's Values and Behaviours support the delivery of its Purpose and Objectives.

Adaptability

The company was established in 2016 with the understanding that it had a finite lifespan, subject to further determinations by the Crown. It has now been determined by the Crown that the company will continue its operations to support other agencies' infrastructure programmes. Accordingly, the company's organisational structure reflects the need for adaptability. This means that the company must, in a planned manner, be able to adapt to the changing requirements of its programme and projects.

Organisational Health and Capability

Rau Paenga Values and Behaviours

Rau Paenga continues to strengthen its organisational culture to guide all company activities. This culture is underpinned by specific, straightforward Values and Behaviours expected of all personnel in undertaking their tasks.

The Values are expressed as:

- Keep it simple – Kia mārama
- Make it happen – Mahi tika
- Do what's right - Mahia
- Building lasting relationships – Whiria kia ita.

By working with its personnel, specific Behaviours have been defined to 'model' and to support the Rau Paenga values. These Behaviours include:

- Act with purpose and stay focused
- Do things efficiently
- Consider your audience
- Communicate clearly and consistently
- Do what you say you will do
- Promptly but properly
- Grow capability
- Be agile
- Act with integrity and respect
- Be professional and approachable
- Be courageous
- Support one another
- Be client driven
- Be curious and open minded
- Know and play your part
- Be collaborative.

Health, Safety and Wellbeing

Rau Paenga has zero tolerance for anything that endangers the health, safety and wellbeing of people. As a Crown company operating in a construction environment, Rau Paenga intends to be a leader of health and safety and in ensuring compliance with the Health and Safety at Work Act 2015.

Rau Paenga is committed to a culture of safety as a core part of the company's identity through:

- The Board and Management modelling behaviours expected from the company's staff and its contractors
- Establishing best practice health, safety and wellbeing approaches in the field and in the office environment, monitoring adherence to these practices and taking immediate corrective actions if required
- Ensuring that the company, and those who are working for the company, meet all health, safety and wellbeing and environmental regulatory obligations.

Capability Development

Rau Paenga supports its staff to achieve the company's Objectives and Purpose by:

- Developing staff for their current roles, providing flexibility to move staff to other roles in the company and preparing staff for their next career steps
- Regularly reviewing the capability of its people to align the available skills with the requirements of project development lifecycles
- Achieving high levels of staff engagement
- Providing a safe environment for staff
- Delivering services required to achieve the company's Objectives in a cost-effective manner
- Providing staff with reliable, secure and cost-effective technology
- Providing a sound financial and internal control environment.

Rau Paenga as a Good Employer

The success of Rau Paenga is dependent on the technical, commercial and financial expertise of the company's staff. It is important that Rau Paenga attracts and retains skilled staff, is a good employer and offers an attractive place to work, with a culture that is valued by employees and supports the company to deliver on its Strategic Objectives and Purpose.

Consistent with the State Services Commission Guidance on Expectations for Pay and Employment Conditions in the State Sector, Rau Paenga employment policies aim to ensure that the company respects its equal-opportunity responsibilities.

Assessment of Performance

Rau Paenga will assess its performance by setting performance targets for the company's activities through to 2027, including specific goals for infrastructure delivery, land divestment, and financial and operational efficiency, as set out below.

1. Delivery of Infrastructure Projects

Progress towards the infrastructure delivery objectives is set annually by the company's Statement of Performance Expectations (SPE), and reported in the Rau Paenga Annual Report, including performance in relation to:

- Safety
- Budget
- Schedule
- Desired quality.

Our approach to ensuring a high standard of health, safety and wellbeing management on all of our projects needs to respond to changes in our projects and work types over time. This is measured by the Total Recordable Injury Frequency Rate (TRIFR) per 200,000 hours worked.

Rau Paenga will maintain focus on the timely and favourable conclusion of the Christchurch regeneration projects in addition to its new role providing infrastructure project delivery services to other Crown agencies.

2. Monitoring of Shovel Ready Projects

Rau Paenga is committed to monitoring the company's assigned funding agreements for Shovel Ready Projects in Canterbury. Of the 12 projects that were originally assigned to Rau Paenga, six have been completed as at 30 June 2023. Rau Paenga monitors the operational and service performance for Infrastructure Reference Group build partners as described in this section. The build partners' responsibility is for operational and service performance of the construction; the company's role is to monitor performance to ensure that contractually agreed service levels are being met.

3. Divestment of Crown Land While Balancing Good Commercial Outcomes with Regeneration Objectives

Progress towards one of the key Strategic Objectives for Rau Paenga is to divest Crown-owned land in central Christchurch in a manner which balances a desire to achieve good commercial outcomes against the Crown's regeneration objectives. Any regeneration objectives are set annually by the company's SPE, and reported in the Rau Paenga Annual Report, including, depending on market conditions:

- a. Setting sales forecast targets to divest of the remaining land parcels in the SOI period
- b. Annual Reports will include a case study on how Rau Paenga adds value to defined Anchor Projects and Crown land in a manner that balances a desire to achieve good commercial outcomes against the Crown's regeneration objectives and supports the Crown's exit over time on favourable terms.

4. Employee Health, Safety and Wellbeing

Rau Paenga is committed to retaining a highly engaged workforce. This is undertaken through various initiatives (this includes ensuring all employees have active learning and development plans in place).

5. Demonstrating Good Commercial Outcomes for Te Pae Christchurch Convention Centre (Te Pae)

Rau Paenga manages the operation of Te Pae as the building owner. The company monitors performance of the Te Pae operator to ensure that agreed service levels are being met in a cost-effective manner. This is measured through achievement of revenue, net income and overseas conferences targets.

6. Transition to Local Leadership

Rau Paenga is committed to assist the Crown's transition to local leadership as part of the earthquake recovery. This is achieved through formal transfer of completed assets to the Christchurch City Council.

7. Delivery of Infrastructure Projects

Rau Paenga will provide vertical and horizontal infrastructure project delivery services across Government agencies. This is achieved by delivering the projects safely, within current approved budget, to schedule and to the desired quality.

8. Stakeholder Engagement

Rau Paenga will develop relationships across Crown agencies. This will be measured through securing an inaugural portfolio and a longer-term pipeline of development projects and being an influential voice on relevant infrastructure sector organisations.

9. Financial and Operational Efficiency

Each year the Board will plan the future resourcing levels of the company, depending on:

- Progress made towards achieving the Anchor Projects Objective
- Requirements for the delivery of any infrastructure projects assigned to the company
- Any new initiatives or expansion of existing initiatives
- The degree to which Crown investment is actively monitored, based on the current level of risk and the level of support the Government requires.

Rau Paenga will continue to ensure operational expenditure is appropriate for the scale and scope of activities as set by the Government. The company may also determine that some functions are no longer required or can be performed more effectively by other Government agencies.

Details of Rau Paenga forecasts and financial statements are provided in its SPE for the current and upcoming fiscal years. Rau Paenga also expects to see steady improvements in its operational efficiency.

Other Statutory Reporting Requirements

Governance

Organisation Form

Incorporated under the Companies Act 1993, Rau Paenga Limited 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 Infrastructure, who each hold 50% of the shares.

Board of Directors

The Board of Directors is committed to a high standard of corporate governance and regulatory compliance in guiding and monitoring the company's activities. The Board currently comprises four non-executive Directors appointed by the Shareholding Ministers, following Cabinet approval. Under the company's Constitution there must be no fewer than two, and no more than seven, Directors.

The Board has an Audit and Risk Committee to help Directors carry out their duties and fulfil their responsibilities. It provides recommendations, counsel and information on accounting, reporting, risk management and responsibilities under legislation. The Committee's Terms of Reference also cover the role of oversight of internal audit.

The Chief Executive, who is accountable to the Board, has responsibility for the management, operation and administration of Rau Paenga. The company has in place a suite of policies that underpin its business strategies, objectives and mandate, and which provide a link to day-to-day company operations.

Shareholding Ministers

Rau Paenga maintains regular liaison with key officials and engages with Shareholding Ministers, as required. Rau Paenga is open and proactive, and cooperates with the Treasury, which monitors the company's commercial and financial performance.

Rau Paenga operates in accordance with the relevant expectations set out in the Treasury's Owner's Expectations, particularly regarding operating in a financially responsible manner, following the 'no surprises' policy, adhering to thresholds requiring Ministerial consultation and in responding to Official Information Act requests. The Constitution of Rau Paenga requires that the Shareholding Ministers approve all Major Transactions (i.e., those greater than \$25m).

Rau Paenga complies with Cabinet Office Circular Investment Management and Asset Performance in the State Services (CO (19) 6), as a Tier 2 Investment Intensive Agency.

Crown Entities Act Requirements

Rau Paenga is subject to various sections of the Crown Entities Act, as set out in its Constitution, including the collective duties of the Board to the Crown and Shareholding Ministers, Crown entity subsidiaries and interface with the Companies Act 1993. In addition, the company must comply with directions from Shareholding Ministers to support a whole of government approach or under statute. The Crown Entities Act also requires the provision of information, sets certain employment requirements, and specifies restrictions on financial products, borrowing and the giving of guarantees and indemnities.

Other Statutory Requirements

Under the Public Audit Act 2001, the Controller and Auditor General is the auditor of Rau Paenga. The company also has a role representing the Crown under the Greater Christchurch Regeneration Act 2016.

Additional Information

Rau Paenga works proactively, transparently and collaboratively with all stakeholders, including the Treasury, the Christchurch City Council (as it relates to defined Anchor Projects), Project Owners, Crown Infrastructure Partners, and all Crown agencies it has engaged with for future infrastructure projects.

Appendix – List of Projects

The defined Anchor Projects that Rau Paenga remains responsible for, including those that deliver new public open spaces in the central city, include:

- East Frame Residential Precinct
- Management of Te Pae Christchurch Convention Centre Precinct (Building project completed)
- Parakiore Recreation and Sport Centre.

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**Crown Infrastructure
Delivery**

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