



Annual Report

Pūrongo ā-Tau


Transforming infrastructure
for all New Zealanders

1 July 2022 - 30 June 2023

tewaihanga.govt.nz







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New Zealand Infrastructure Commission, Te Waihangā

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1 July 2022 – 30 June 2023

Our year at a glance

Te tau kua taha ake



The **National Infrastructure Pipeline** that we established continues to grow, providing the construction sector and others with greater insights on forward works. Over the course of the year the National Infrastructure Pipeline grew from:

2,586 projects to more than **4,382 projects**

\$72.6 billion to **\$92.15 billion** worth of value

48 to 70 contributors – a **46%** increase.

As at 30 June 2023 there were 1,314 projects in the Pipeline with a value of \$10 million or greater. As our Pipeline team gains better insights into what is being delivered, including through the Treasury Quarterly Investment Report, we will be better placed to comment on the credibility of investment intentions signalled by clients. This can help the market to plan their participation.

We developed a draft update of one of New Zealand's most used **construction contracts, NZS 3910**, which was recently released for consultation with support from the Construction Sector Accord.

This will improve the contract process for infrastructure, reducing the need for special conditions to be added to contracts.

We led the infrastructure chapter of the **National Adaptation Plan**. This plan sets out how New Zealand will respond to the risks posed by climate change, and we contributed actions for improving resilience in existing infrastructure and ensuring new infrastructure is fit for a changing climate.

To support regions and infrastructure providers affected by the 2023 North Island Weather Events, we developed an **online construction workforce projections tool** that estimates the construction workforce that might be needed to deliver potential recovery projects, such as the repair or replacement of damaged public assets including roading, water and energy infrastructure.



Roading

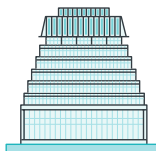


Water



Energy

This work was achieved with the support of the Construction Sector Accord and with input from local councils, regional recovery agencies, central government and industry.



In May 2022, we released **New Zealand's infrastructure strategy, Rautaki Hanganga o Aotearoa**, setting out principles for a better infrastructure system and 68 recommendations for change, ranging from the need for

a streamlined approach to consenting renewable energy generation to developing major project leadership skills in government. This year the Government responded, showing overall support for the principles and majority of the recommendations in the Strategy.

We progressed a number of recommendations that are being led by us, including working with the Treasury to develop an Infrastructure Priority List process for New Zealand, which can support longer-term planning and build greater consensus on infrastructure priorities. We also began monitoring progress on those recommendations that are led by others.

We delivered the infrastructure chapter for the transitional **National Planning Framework**, part of the reform of the resource management system.

The infrastructure chapter includes new national standards and consistent policy settings that will improve the effectiveness and efficiency of infrastructure consenting processes and lay a foundation for on-going improvements.

We gave government agencies **advice on large or difficult projects**, ranging from Dunedin Hospital to the refurbishment of Scott Base, sharing our expertise in issues like procurement, governance and decision-making.

We helped gain traction for the use of **congestion charging** for getting greater use from existing roads in our cities. This non-built solution is a recommendation in the Infrastructure Strategy.

We shared information on its use overseas, highlighted research on its benefits, and publicly advocated for its use.

We have been a **trusted advisor** to Government, advising on infrastructure policy and acting as an advisor for the Transport and Infrastructure Select Committee's inquiry into the future of inter-regional passenger rail.

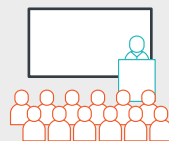
We began **research into Māori engagement in infrastructure**. This research looks at how government infrastructure providers and Māori engage, and work, with each other on the planning and development of infrastructure.

We're also looking at Māori ownership of and investment in infrastructure and the involvement of Māori businesses and individuals in infrastructure.



We began a **review of the City Rail Link project** to provide insights for future large-scale projects.

We hosted an **Infrastructure Symposium** which brought together infrastructure experts from New Zealand, Australia, the UK and the USA to share insights on megaproject delivery, improving resilience, building inclusive cities and other challenges facing New Zealand.



This was attended by 150 people, including infrastructure leaders, and was watched online by a further 400.



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Message from the Chair and Chief Executive

He pānui nā te Heamana me te Toihau

The New Zealand Infrastructure Commission, Te Waihanga is working to make sure our infrastructure system is part of the solution to some of New Zealand's most critical challenges, whether it is the impact of climate change, our growing population or the risk of natural disasters.

In May 2022, we released Rautaki Hanganga o Aotearoa, New Zealand's first Infrastructure Strategy, setting out recommendations for change. In the months since, we have taken the aims of that Strategy forward. We have begun work on some of those recommendations ourselves. We are monitoring the progress of others and we advocate for necessary change.

Putting the Strategy into action

In September 2022, the Government shared its response to the Strategy. This recognised the challenges we face over the next 30 years and the change needed in our approach to infrastructure. It also showed support for most of the recommendations we made.

The Government has since released an action plan setting out the timeframes for making those recommendations a reality, as well as identifying the agencies responsible.

We will be tracking progress against this action plan, making sure that the objectives of the New Zealand Infrastructure Strategy are realised. The Strategy is clear that New Zealand faces serious infrastructure challenges that require immediate and sustained attention – there is no room for complacency.

One action that we and the Treasury are working on directly is the development of an infrastructure priority list process for New Zealand. Our research shows that New Zealand falls in the bottom 10% of high-income countries on the efficiency of public infrastructure investment. An infrastructure priority list can help address this by growing consensus on infrastructure priorities, identifying project needs at an early stage and encouraging projects to prioritise value for money.

Addressing the challenges in the Strategy is going to require new and more collaborative approaches to planning and delivering infrastructure. It will require the leaders of our projects to show boldness and a willingness to lead a transformational change in the projects they are responsible



Dr Alan Bollard
Board Chair



Ross Copland
Chief Executive

for. We are working with the Public Sector Commission on a plan to invest in the capability of these critical leaders to ensure they have the skills and network they need to face up to these significant challenges.

Another Strategy action that we are progressing is research on Māori engagement in infrastructure. This is an area where the Strategy showed more information was needed, and this research can feed into the development of the next infrastructure strategy.

We also have a focus on improving the government's ability to plan, deliver and maintain infrastructure. Specifically, we are working with the Construction Sector Accord to improve New Zealand's standard construction contract, NZS 3910, reducing time and cost spent on negotiations so people can get on and get things done.

We have emphasised the need to get more out of the infrastructure we've already got. We're an advocate for both stronger discipline in maintaining infrastructure and the use of non-built solutions like congestion charging and water metering to manage demands. The research is on our side in calling for these solutions. There have been at least five major studies of congestion charging options for Auckland over the past 20 years, all of which concluded that such schemes would be beneficial overall.

Megaprojects on the horizon

The need for discipline in planning and delivery is particularly important given the increasing number of large projects on the horizon. These megaprojects represent some of the biggest New Zealand has ever seen.

New Zealanders need to be confident they are getting value for money and our infrastructure agencies like Waka Kotahi have a vital role in the decision-making process and oversight of these projects. Given their size and complexity, these projects come with big risks when standard investment rules are not followed.

Te Waihangā will continue to watch these projects closely, spotlight best practice and share research that shows how we can avoid costly mistakes.

The need for resilience

Over this year, New Zealand was reminded yet again just how vulnerable we are to natural hazards. During Auckland Anniversary Weekend, severe flooding had a tragic impact for some, while also causing major damage to homes and infrastructure. Soon after, New Zealand was hit by Cyclone Gabrielle, which caused devastation to communities and loss of life on the East Coast.

Te Waihangā is supporting the rebuild and reducing future risks through our work with the Treasury on the National Resilience Plan. Together with the Construction Sector Accord, councils, infrastructure providers and industry we are also modelling the projected construction demand and workforce needs across affected areas. This can help those on the ground to understand those trade-offs, by seeing where to prioritise those resources, which will be crucial given competing demands for the workforce and funding.

The importance of resilience was given prominence in the Strategy, and we have also played a role in work that speaks to its recommendations. Te Waihangā led development of the infrastructure chapter in the national adaptation plan released in August 2022. This section sets out actions that are intended to improve resilience in existing infrastructure, and ensuring new infrastructure is fit for a changing climate.

Building a better consenting system for infrastructure

This year we shared research highlighting that the time required to consent infrastructure in New Zealand needs to halve to meet our climate targets. This study helps quantify how much more efficient the new consenting system needs to be, allowing the sufficiency of changes to be evaluated as the resource management reforms progress.

We have worked to have the needs of infrastructure recognised in resource management reforms, and developed a new national direction and a first set of nationally consistent rules and standards for infrastructure in the new National Planning Framework.

This is a start, but there is still a clear need for further change. We have yet to see the step change required to address New Zealand's infrastructure needs with the urgency required. There remains work to do to improve the efficiency of the consenting system, ensure a timely transition from the old to the new system, and provide greater clarity on how targets will be met.

Growing a bigger picture

We launched an initial series of dashboards that provide information on how key infrastructure sectors are performing. This is an important step in offering greater insights on how well our infrastructure meets New Zealanders' needs, informing conversations and decision making for a better future for New Zealand.

We have continued to grow both the number of contributors and the accuracy of the data in our Infrastructure Pipeline, giving industry and others better information on projects on the horizon, helping them to plan and make decisions. However, this also shows signs of expected activity that is unrealistically large.

What comes next?

We continue to research issues and grow understanding that will help the development of the next Infrastructure Strategy.

Over this year we have highlighted the benefits of protecting land for infrastructure, in a study that found that a 'wait and see' approach to land acquisition often means that needed infrastructure doesn't get built. We have examined the role of infrastructure in urban land prices and investigated local government structure, finding there is relatively little hard evidence on the impact of local government structure in New Zealand on performance.



Dr Alan Bollard CNZM
Board Chair
31 October 2023

We looked closely at the productivity of our construction sector, highlighting low productivity growth in civil construction. We also compared New Zealand's infrastructure delivery costs to those overseas and identified a number of ways we can improve, again emphasising the need for greater discipline in delivery and strengthening independent advice for infrastructure prioritisation.

At the same time, we've launched research into how infrastructure is funded and priced, as well as its implications for equity and the quality of infrastructure provision. We know that New Zealanders' experiences can vary dramatically when it comes to both their access to infrastructure, whether it is public transport, hospitals or broadband, and the way they pay for infrastructure. Building knowledge of this important issue will help with the development of the next Infrastructure Strategy.

A catalyst for change

We've shared the insights of others as well as our own research and guidance. We interview a wide range of infrastructure experts in our ongoing series of podcasts and webinars, and in May 2023, we held our annual infrastructure symposium, pulling together leaders from across the system to hear from both local and international experts.

Through our work we aim to be a catalyst for change and are committed to an infrastructure system that supports New Zealand's needs now and into the future.



Ross Copland
Chief Executive
31 October 2023



Section one:

Our year in review

He arotakenga o tō mātou tau

Rautaki Hanganga o Aotearoa, the New Zealand Infrastructure Strategy

Te Waihanganga published Rautaki Hanganga o Aotearoa, New Zealand's first infrastructure strategy in May 2022. The Strategy identifies the challenges facing the sector, makes 68 recommendations to address these challenges and outlines three transformational areas for infrastructure that will have the greatest impact. These are:

- **Leveraging our abundant low emissions energy resources.** New Zealand has two to three times more commercially viable renewal resources like wind and hydro than the Climate Change Commission estimates will be needed to meet our net-zero carbon emissions commitment. We can grow our low-emissions generation to not only deliver on these commitments but also create economic opportunities, energy security and high-paying jobs.
- **Planning for generations to come** to ensure New Zealand has the infrastructure and housing it needs to keep up with our growing and changing population. This means taking a coordinated approach across government, ensuring we have a resource management system that gives effect to national priorities and a long-term approach to regional planning. It requires us to protect areas for infrastructure decades in advance, ensure planning rules enable more housing and employment in the right places, and that infrastructure costs are fairly spread over time.
- **Developing a pricing system** that helps us get better use of our existing infrastructure. This includes tools like congestion charging to free up busy roads as well as using pricing to pay for water infrastructure which can reduce costs for low users while also encouraging water conservation.

The Government response to the Strategy, published in September 2022, focuses on ensuring that existing commitments are delivered well, strengthening partnerships with, and opportunities for, Māori, and building the capacity and capability of the government and of the infrastructure workforce to deliver and maintain infrastructure.

The Government's Infrastructure Action Plan builds on the Government response to the Strategy. It was released in May 2023 alongside the Budget and includes 331 specific actions that will contribute to delivering the Strategy's recommendations. Of these, 14 actions are allocated to the work programme for Te Waihanganga, including the following three actions:

- Developing an infrastructure priority list by 2026. An infrastructure priority list is a standardised process to assess infrastructure proposals at set points in the planning process, culminating in a list of vetted proposals available to decision makers and the public.
- Research into the ways that government engages with iwi and Māori on infrastructure projects, for release in 2024.
- Working with the Public Service Commission to ensure development of leaders is aligned across the public sector, including on the option of a major projects leadership programme – with decisions on next steps by 2024.

Monitoring and reporting progress

Te Waihanganga will report annually on progress against the Infrastructure Strategy and the Government response, including the Action Plan. This will identify actions that are working well, areas of potential risk, actions that are not progressing as planned, and opportunities for improvement.

Infrastructure performance, research and policy advice

National Infrastructure Pipeline

The National Infrastructure Pipeline provides a forward view of planned infrastructure projects in New Zealand. In the June 2023 update, 65 contributing organisations provided project information on more than 4,300 planned and active projects for more than 130 infrastructure providers. The total value of projects in the Pipeline in the June 2023 update was \$92.15 billion.

The Pipeline continues to expand towards our goal of providing a trusted and complete view of planned infrastructure activity in New Zealand. In the 12 months from July 2022 to June 2023, 22 new organisations were onboarded to the Pipeline – a 46% increase in contributors. This continued growth and development of the tool will facilitate improved planning, coordination, and delivery within New Zealand's broader infrastructure system, across our regions, between our sectors, in our construction markets, and in workforce development.

We face challenges receiving timely and accurate updates of project information from contributors, including public agencies. Te Waihangā continues to work with these agencies to make improvements. Generally, our engagement rates are high. In June 2023, 93% of contributors took part in the Pipeline update process.

Supporting dialogue and decision-making through data

We have a focus on improving data standards, the availability of information about infrastructure, and lifting stakeholders' data and reporting capabilities. This enables more efficient and effective data analysis, and helps us to communicate about market project intentions, capacity and demand. By improving standards, we also reduce the need for duplication as information can be used in a range of ways and can more easily develop tools to support better decision making and lift industry performance.

Monitoring infrastructure performance

Te Waihangā has a unique pan-sector focus on monitoring performance and uplifting the value provided to New Zealanders through the nation's interconnected infrastructure systems.

As our first step towards reporting on infrastructure performance, in September 2022, Te Waihangā published a set of monitoring dashboards highlighting performance across the water, energy, transport, and telecommunication sectors. This information – in addition to the National Infrastructure Pipeline – contributes to the evidence base used to inform our guidance and advice.

Deep dive research – providing and paying for infrastructure: what's fair?

Our infrastructure needs to be paid for, but New Zealanders are not always aware of how we pay for the services we all use, how fair this is and how access and services can vary. In 2023, we began research into these issues, to gather data that can help with decision making about infrastructure.

As part of this work, a survey of people's attitudes about what is fair with respect to how people pay for roads, electricity and water was undertaken by Kantar Public over June and July 2023. The results will be published later in the year.

Research Insights series

Te Waihangā publishes a quarterly Research Insights series that is aimed at lifting the standard of evidence and analysis on infrastructure issues aligned with the Infrastructure Strategy. Between July 2022 and June 2023, we published Research Insights papers on local government structure, the economic performance of New Zealand's construction industry, benchmarking the costs of infrastructure delivery, urban land prices, protecting land for infrastructure and household expenditure on infrastructure services.

Network pricing study

Pricing is an important tool for improving infrastructure provision. We want to build a better picture of existing infrastructure pricing in New Zealand and be able to recommend best practice approaches to pricing. We are currently undertaking a project that includes:

- pricing principles, which can help us understand how current pricing stacks up against best practice
- an equity analysis, to help us understand how pricing impacts different people
- a stocktake of what data is currently available on how infrastructure services are priced.

The main output of the study will be a set of pricing principles that can be used to assess how well pricing mechanisms achieve outcomes like equitable access, getting the right amount of infrastructure (not too much, not too little), and supporting efficiencies. For example, the principles could be used to assess how uniform drinking water charges compare to volumetric drinking water charges.

Supporting the resource management reform programme

The policy objectives of the resource management reform mean more certainty about where infrastructure can be built and operated, while ensuring robust environmental protections. The reform programme to date has raised significant challenges. These include multiple conflicting objectives in the primary legislation and national planning framework, a long implementation period of about ten years, complex new governance and planning arrangements, and significant new capacity demands on an already stretched resource management system. These challenges have the potential to undermine the reform objectives, including making consenting processes less effective and more expensive. As we have been to date, Te Waihangā will continue to actively advise on the infrastructure implications for the next stages of the reform programme.

Te Waihangā advised the Ministry for the Environment and the Spatial Planning Policy Office on infrastructure implications in the development of the Natural and Built Environment and Spatial Planning Bills, which were introduced in November 2022 and enacted in September 2023.

In March 2023, we published a report on Infrastructure Consenting for Climate Targets, which highlighted the importance of the resource management reforms in achieving the Government's emissions reduction objectives.

A key feature of the reforms is the proposed National Planning Framework. Te Waihangā led the policy development of the infrastructure chapter of this framework, informed by workshops with infrastructure sector practitioners, and worked with the Ministry for the Environment who led on the integration of infrastructure content with other chapters of the National Planning Framework.

We have also advised on updated national policy statements for renewable energy generation and electricity transmission. The achievement of the Government's renewable energy goals requires more effective national policy statements under the current Resource Management Act.

Climate change and resilience policy

After leading the development of the infrastructure chapter in the first National Adaptation Plan (NAP), we are responsible for delivering three specific actions in the NAP:

- NAP Action 3.8: Develop guidance for assessing risk and impact on physical assets and the service they provide.
- NAP Action 5.6: Scope a resilience standard or code for infrastructure.
- NAP Action 8.8: Support knowledge sharing and the implementation of adaptation actions across the (infrastructure) sector.

We are contributing to cross-government recovery efforts, with a focus on improving the resilience of the infrastructure system. This is an issue which has received significant focus in the wake of the extreme weather events in the North Island in 2023. These events underscored the importance of critical

infrastructure and planning system reforms, and the importance of timely investment information published through our National Infrastructure Pipeline. We have closely engaged with communities in weather-impacted regions to aggregate the latest data on their investment intentions, and in work to translate this into advice and projections of workforce needs and constraints.

We are supporting work led by the Treasury to determine criteria and processes for allocating funding for the \$6 billion National Resilience Plan announced alongside the Budget in May 2023. We are also supporting decision-making in relation to severely affected locations, so that future investment can deliver a more resilient infrastructure system for all New Zealanders. In addition, we are supporting the work led by the Ministry for the Environment to develop interim direction on the consideration of natural hazards in the planning system. This means taking better account of the risks posed by climate change and natural hazards now, rather than waiting for the new planning system to be realised.

We are part of the Ministry for the Environment-led Managed Retreat Cross Agency Governance Group where we provide advice on the development of the Climate Adaptation Bill from an infrastructure perspective (following our involvement in the development of initial policy papers).

Te Waihangā is supporting the review of the Lifeline Utilities/Critical Infrastructure component of the Trifecta review, including the Civil Defence Emergency Management Act, and secondary instruments, including the Civil Defence Emergency Management Plan.

Te Waihangā is supporting the implementation of the planning and infrastructure chapter in the first Emissions Reduction Plan. Actions under the Emissions Reduction Plan aim to reduce enabled and embodied emissions from urban environments and infrastructure through planning and investment settings. Robust measures that will quantify emissions reductions from different actions are being developed with our support. Such measures will be essential for monitoring progress towards net zero and prioritising actions in the second Emissions Reduction Plan. We are supporting early work on this second Plan with a strong focus on identifying critical actions that will deliver a step change in emissions reduction.

We have also provided advice on the impact of megaprojects in the context of the Government's emissions reduction objectives and the Infrastructure Strategy, which recommends achieving net zero at lowest cost. While megaprojects featured heavily in the Government's infrastructure investment portfolio, they do not stack up well against lowest cost nor emissions reduction objectives relative to other lower cost interventions, including non-built ones.

Supporting other policy advice

Te Waihangā has provided information and commentary, regarding impacts and implications for infrastructure provision, to support lead agencies' policy development. As well as climate change, resilience and reform of the resource management system, we have provided input into affordable water, energy (including renewable energy generation), local government reform, transport and waste and resource recovery infrastructure, procurement and investment policy development.

Infrastructure project support

The 2022/23 financial year was a challenging year for project delivery in New Zealand and this created unprecedented requests for support for the Te Waihangā team.

The growing infrastructure pipeline, including megaproject announcements, new stimulus or special purpose infrastructure funds, growth in the health infrastructure and Crown housing infrastructure pipelines, and increasing project complexity required us to prioritise our project support to those areas representing the highest risk and highest value. This was balanced against a requirement to support the significantly increased number of projects experiencing distress as a result of market conditions and the global pandemic. Within this environment, we are also trying to get ahead of future issues and to ensure projects are set up for success.

An increased focus on the delivery of megaprojects

This financial year saw planning and design of a significant number of unfunded transport projects with estimated budgets in the billions or even tens of billions of dollars each. These projects bring with them significant complexities and will require New Zealand to develop new funding streams, delivery processes, institutions and capabilities if they are to be delivered efficiently. To support New Zealand's ability to deliver these types of projects we ran a dedicated programme of work which sought to learn from the largest projects both in New Zealand and overseas.

This included progressing reviews of Transmission Gully and City Rail Link that, while not finalised, have informed our advice on other major transport projects. In October we hosted a delegation in Brisbane to focus on rapid transit and urban development. During this trip we met with representatives from Cross River Rail, Gold Coast Light Rail and Brisbane Metro. This event included executive level officials with a key role to play, either directly or indirectly, in upcoming transformational projects in New Zealand including Auckland Light Rail, City Rail Link and Let's Get Wellington Moving, and was focused on building relationships and facilitating the sharing of knowledge across trans-Tasman markets to improve the value we get from our respective investments. In the coming year we seek to build on this by developing a relationship with the Megaproject Centre at University College in London.

Working closer with other system leaders

To maximise our impact across the infrastructure portfolio this year we sought to formalise our involvement in the investment management system. This included once again taking an active role in the Budget process by sitting on the investment panel and providing detailed feedback on investment proposals seeking Budget funding.

To improve the information coming into the investment management system we have taken a more active role commenting on Risk Profile Assessments for new investment

initiatives and participated in a significant number of Gateway reviews for high risk/high value projects. This ensures project owners are receiving our advice and input formally at key project milestones. Finally, we have provided more insight and analysis into the Treasury's quarterly investment reports, ensuring both system and project risks are reported to Ministers on a regular basis.

Continuing to provide targeted support to projects in planning and procurement

Government Procurement Rules and the Cabinet Office Circular on investment management settings¹ both require that agencies considering the procurement of infrastructure with a total cost of ownership of more than \$50 million must engage with Te Waihangā early in the development of the project's business case.

Over the course of the year our project advisors have played an active role in a number of transformational infrastructure projects. This has included direct involvement in two workstreams run by Auckland Light Rail: the Transport Design Huihuinga and the Business Case Huihuinga. We have been involved at a governance level on the New Zealand Battery Project, the Ministry for Primary Industry's Plant Health and Environment Capability Project, Our Place in Antarctica – the redevelopment of Scott Base, the investigation of whether there is a need for permanent National Quarantine Capability, and the Department of Internal Affairs Te Ara Tahī – Heke Rua Archives project.

At Ministerial direction we have been an observer at governance meetings for the New Dunedin Hospital, and the New Zealand Upgrade Programme. As the policy owner for the Public Private Partnerships model we attend steering group meetings for active projects including Transmission Gully, Puhoi to Warkworth and Waikeria Prison projects.

At a programme level we supported the Department of Prime Minister and Cabinet in a deep dive review into each of the 16 projects in the Mental Health Infrastructure Programme. The review identified characteristic issues with project planning and prioritisation that were an important driver of the health sector reforms and have

¹ Revisions to the circular CO (19)6 are before Cabinet and if agreed, the reference number of the Circular will be updated. There are no proposed changes to this setting.

highlighted the opportunities the reforms present to improve on New Zealand's processes for health capital delivery. To help address these concerns we worked with Te Whatu Ora as part of an Independent Working Group to define a new operating model for the infrastructure division within the new health entity.

At a project level we engaged with Te Whatu Ora, the New Zealand Defence Force and Ministry of Education on market engagement processes to inform the procurement strategy in their business cases. We also worked closely with the Treasury on the process to establish Rau Paenga to provide more hands-on project management support for other Government agencies, particularly those that do not routinely build physical infrastructure. At Cabinet's request we helped Rau Paenga identify an initial portfolio of projects including facilitating a proposal for central co-ordination of water infrastructure upgrade works through the Crown Water Supplier Forum (Ministry of Education, Department of Conservation, NZ Defence Force, Corrections).

Improving New Zealand construction contract

Over the last ten months Te Waihangā (as a joint commissioner of the review) has been working with Standards New Zealand and the review committee to redraft NZS 3910:2013 – Conditions of contract for building and civil engineering construction.

NZS 3910:2013 is used as the foundation for the majority of New Zealand contracts in the building, engineering, construction and infrastructure industry sectors and it is therefore vital it is kept up to date with changing expectations and use within the sector.

The review process reached its first major milestone with the publication of a recommended set of special conditions that align the contract with legislative changes over the last nine years. Making these conditions freely available to the sector should limit the cost incurred by projects developing bespoke amendments on individual transactions.

Infrastructure priority list

We are working with the Treasury to develop an infrastructure priority list process for New Zealand. The infrastructure priority list is a process to assess investment proposals at set points in the planning process, culminating in a list of investments determined to be of strategic priority for New Zealand.

The infrastructure priority list will support longer-term planning, inform the Government's budget, increase certainty for suppliers, and enable capacity to be built in the right sectors. The infrastructure priority list can achieve this by:

- improving assurance during planning
- assessing strategic alignment of proposals
- improving knowledge of problems and gaps in the sector
- increasing visibility of opportunities for early cooperation between agencies or alternate finance
- creating greater consensus on infrastructure priorities
- integrating with and complementing Budget processes where appropriate.

Major projects leadership programme

Project leaders require specific strategic and leadership capabilities to manage the increasing complexity of major projects, while also building teams with greater diversity of experience and backgrounds. Key to this is increasing infrastructure project leadership capability in the public sector.

The Government endorsed the focus on building capability through the highlighted action in Government Infrastructure Action Plan.

Te Waihangā will work with the Public Service Commission to ensure the development of leaders is aligned across the public sector, including the option of a Major Projects Leadership Academy. We plan to assess these options in 2023 and make decisions on the next steps by 2024.

This work is now underway.

Engagement

Māori engagement in infrastructure

We have begun research into how government infrastructure providers and Māori engage and work with each other on the planning and development of infrastructure. Our research will consider the full range of engagement – not just consultation but also collaboration, co-design, and empowerment. We are also looking at how Māori engage in infrastructure more broadly. As part of this, we will draw on research relating to Māori businesses and individuals in the infrastructure sector and explore the extent of Māori ownership of and investment in infrastructure.

Construction Sector Accord

We work closely with the Construction Sector Accord. We currently participate in the Infrastructure Sector Reference Group and provide ad hoc support for the four Transformation Leads. Joint initiatives include the NZS 3910 Construction Contract review jointly commissioned by Te Waihanga and the Accord. Several Te Waihanga initiatives and Strategy recommendations are supported through collaboration with the Accord, including the National Infrastructure Pipeline.

Annual symposium

In May 2023, we held our annual symposium in Auckland bringing together infrastructure leaders, experts and decision makers from both the public and private sectors. This event had a theme of making the Infrastructure Strategy a reality. It was attended by 150 in-person participants and a further 400 online. Speakers included Te Waihanga staff, the Minister for Infrastructure and experts from the UK, Australia, the USA as well as New Zealand.

Communications programme

Te Waihanga actively engages with stakeholders on our priority issues. We regularly publish on our website, social media (LinkedIn and Twitter) and distribute a monthly newsletter. We are also regularly contacted by media for comment on infrastructure issues.

We have a programme of webinars and podcasts. These are released monthly and feature Te Waihanga staff in conversation with experts from New Zealand and overseas.

Over the year, we have been developing a new website to better communicate the work we do and make it easier for our stakeholders to find the information or advice they are seeking.



Section two:

Who we are

Ko wai mātou

On 26 September 2019, the New Zealand Infrastructure Commission, Te Waihanga was established by the New Zealand Infrastructure Commission/Te Waihanga Act 2019 as an autonomous Crown entity under the Crown Entities Act 2004.

Te Waihanga seeks to deliver a positive change in New Zealand’s planning and delivery of infrastructure, its systems and settings.

The New Zealand Infrastructure Commission/Te Waihanga Act 2019 outlines the functions of Te Waihanga that guide our work:

1. To coordinate, develop and promote an approach to infrastructure that improves the wellbeing of New Zealanders.

2. To improve the certainty of future New Zealand infrastructure projects.

3. To lift New Zealand’s infrastructure procurement capability.

4. To provide high-quality advice in relation to infrastructure.

Meaning of Te Waihanga

In te reo Māori, waihanga means a cornerstone, or to make, create, develop, build, construct, or generate. The name Te Waihanga describes our commitment to shaping New Zealand’s future through infrastructure planning and investment.

The way Te Waihanga will make a difference is outlined in our outcomes framework:

Our vision	Our purpose	Outcome for New Zealand:	Our values
Infrastructure for a thriving New Zealand.	Transforming Infrastructure for all New Zealanders.	Infrastructure lays a foundation for the people, places and businesses of Aotearoa New Zealand to thrive for generations.	Free thinking/ Whakaaro nui. Courageous/Māia. Trustworthy/Pono. Empathetic/Ngākau aroha.

Our operating principles

- Consult, collaborate and be open.
 - Take a systems view to improve outcomes.
 - Take a spatial view, integrate land use and infrastructure planning.
 - Be independent and evidence based, with clear assessment criteria.
- Consider a range of measures to solve problems, not just building.
 - Encourage innovative funding and financing models.

Governance

Te Whakahaere

Responsible Minister

We are responsible to the Minister for Infrastructure and are monitored by the Treasury.

The Minister for Infrastructure's annual letter of expectations 2022/23 set out the following as specific outputs on which Te Waihanga should make progress, or deliver, in 2022/23:

Advisor on infrastructure

As the Government's primary advisor on infrastructure, we will continue to ensure there is a balance between our independent views and maintaining influence with decision-makers.

Rautaki Hanganga o Aotearoa, the New Zealand Infrastructure Strategy

Following the delivery of the Infrastructure Strategy, we will work with government agencies and entities to assist in the delivery of priorities outlined in the Government response to the Strategy. We will also have a role in the monitoring and oversight of how workstreams relating to the Strategy are delivering on its vision and strategic objectives.

Additional strategy and support functions

As outlined in the New Zealand Infrastructure Commission/Te Waihanga Act 2019, we are required to provide strategy, planning and support functions on major projects.

Special Topic Reports

Our Board is expected to make independent decisions on the topics of the special reports.

Budget process

We are expected to provide our infrastructure and delivery perspectives so that Government Ministers are supported with the right information to make decisions on new capital proposals.



Te Waihangā Board

The Te Waihangā Board is appointed by the Minister for Infrastructure and is responsible for our strategy, operations and organisational performance.

Our Board combines significant economic expertise with legal, financial, regulatory and on-the-ground experience.

Geoff Hunt was appointed to the Board from 1 October 2022.

Both the Board and the Risk and Assurance Committee operate under the Board Charter, which sets out the corporate governance for Te Waihangā:

www.tewaihangagovt.nz/about-us/board



Te Waihangā Board: Left to right Sarah Sinclair, Maurice Davis, Sue Tindal (Deputy Chair), Dr Alan Bollard (Chair), Sina Cotter Tait, Raveen Jaduram and Geoff Hunt.

Chair: Dr Alan Bollard.

Deputy Chair: Sue Tindal.

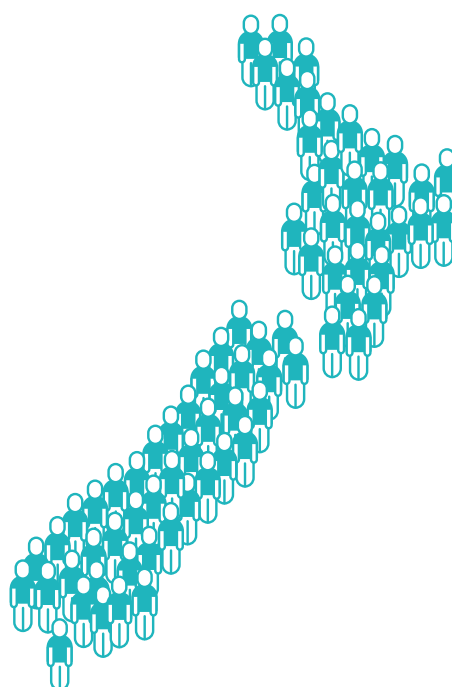
Appointed members: Maurice Davis, Raveen Jaduram, Sarah Sinclair, Sina Cotter Tait and Geoff Hunt.

Risk and Assurance Committee

The Risk and Assurance Committee is a sub-committee and comprises three current Te Waihangā Board members and one independent member who is appointed by the Board.

Chair: Sue Tindal

Members: Raveen Jaduram, Sina Cotter Tait and Murray Harrington (independent member).



Board Meeting Attendance

Board Member	Board	Risk and Assurance Committee
Dr Alan Bollard	10/10	-
Sue Tindal	10/10	7/7
Raveen Jaduram	10/10	6/7
Sarah Sinclair	9/10	-
Sina Cotter Tait	10/10	7/7
Maurice Davis	10/10	-
Geoff Hunt (joined Te Waihanga Board from 1 October 2022)	7/7	-
Murray Harrington (Independent member – Risk & Assurance Committee)	-	7/7

Board remuneration

The total value of fees paid or payable to each Board member during the year was:	2022/23 Actual \$000	2021/22 Actual \$000
Alan Bollard (Chair)	62	62
Sue Tindal (Deputy Chair)	39	37
David Cochrane	-	22
Geoff Hunt	15	-
Maurice Davis	18	11
Raveen Jaduram	32	38
Sarah Sinclair	12	8
Sina Cotter Tait	18	7
Total Board member remuneration paid by Te Waihanga	196	185

During the financial year, payments made or payable to Murray Harrington, an independent member of the Audit and Risk Committee appointed by the Board but not a Board member, were \$4,300 (2021/22: \$4,000).

Geoff Hunt was appointed as a new board member in the 2022/23 year.

Sina Cotter Tait was appointed to the Risk and Assurance Committee in the 2022/23 year.

Te Waihanga has provided a Deed of Indemnity to all Board members for certain acts and omissions (being acts and omissions in good faith and in the performance or intended performance of Te Waihanga functions) to the maximum extent permitted by the Crown Entities Act 2004. Te Waihanga has also obtained Professional Indemnity and Directors' and Officers' Liability insurance for Board members.

No Board members have received compensation or other benefits in relation to cessation.



Te Waihangā Leadership Team

Te Waihangā is made up of five teams responsible for achieving our strategic outcomes: the Chief Executive's Office, Policy, Strategy, Infrastructure Delivery, and Operations.



Te Waihangā Leadership Team: Left to right *Tracey Kai, General Manager Operations*; *Blake Lepper, Ross Copland, Chief Executive*; *Geoff Cooper, General Manager Strategy*; and *Barbara Tebbs, General Manager policy*.

Ross Copland, Chief Executive

Tracey Kai, General Manager Operations (until 31 May 2023. Anna Moodie has been appointed as General Manager Operations from September 2023)

Geoff Cooper, General Manager Strategy

Blake Lepper, General Manager Infrastructure Delivery

Barbara Tebbs, General Manager Policy (Joined Te Waihangā on 7 February 2023).

Staff remuneration

Employee remuneration	Actual 2022/23 Number	Actual 2021/22 Number
Total remuneration paid or payable that is or exceeds \$100,000:		
\$100,000 – 109,999	2	
\$110,000 – 119,999	4	2
\$120,000 – 129,999	2	1
\$130,000 – 139,999	3	-
\$140,000 – 149,999	1	-
\$150,000 – 159,999	1	1
\$160,000 – 169,999	3	1
\$170,000 – 179,999	2	1
\$190,000 – 199,999	1	2
\$200,000 – 209,999	2	-
\$210,000 – 219,999	2	2
\$220,000 – 229,999	1	1
\$230,000 – 239,999	1	-
\$240,000 – 249,999	1	1
\$250,000 – 259,999	1	1
\$290,000 – 299,999	-	1
\$300,000 – 309,999	1	-
\$310,000 – 319,999	1	1
\$330,000 – 339,999	-	1
\$340,000 – 349,999	1	-
\$360,000 – 369,999	-	1
\$400,000 – 409,999	1	-
\$440,000 – 449,999	-	1
\$460,000 – 469,000	-	-
\$490,000 – 499,999	1	-
Total employees	32	18

The above disclosure shows the total remuneration paid or payable from 1 July 2022 to 30 June 2023 (2021/22: disclosure shows the total remuneration paid or payable from 1 July 2021 to 30 June 2022).

Over the past year Te Waihangā has built up capacity in FTEs and capability in new staff and directors. This was a strategic decision to bring more work in-house with less reliance placed on consultants. As a result, the consultancy spend has reduced from \$4.702m in the 2022/23 financial year to \$2.904m (budgeted) in the 2023/24 financial year. Additionally, contractor actual spend has reduced by \$586k in the 2022/23 financial year.

During the year ended 30 June 2023, no (2022: two) employees received compensation and other benefits in relation to cessation (2022: totalling \$69,607).

Our organisation

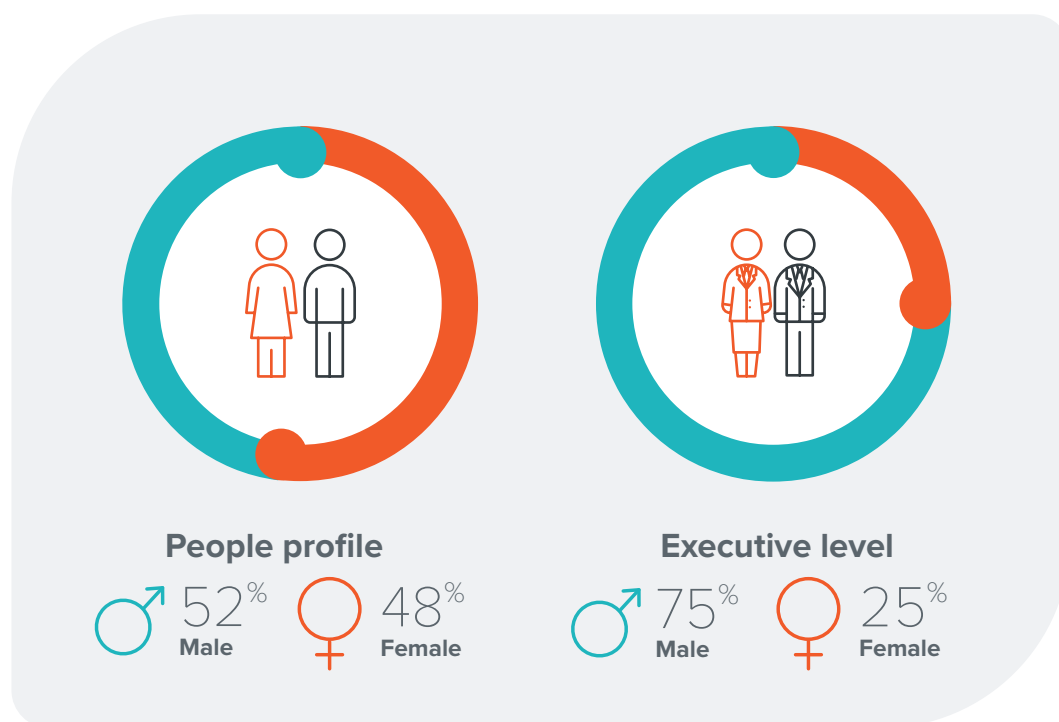
Tō tatou whakahaere

We are passionate about what we do and are committed to improving the lives of New Zealanders through better infrastructure. We know that our success depends on our ability to recruit, support, foster and grow our people and ensure that Te Waihanganga is a thriving workplace.

Our people

We are proud to have world-leading people in our organisation who are based in Wellington, Auckland and Christchurch, allowing us to collaborate across Aotearoa. Te Waihanganga has 47.4 full-time-equivalent permanent and fixed-term people.²

As our involvement in policy work has grown, including work on the resource management system reform, National Adaptation Plan, reform of water services delivery and renewable energy, resilience and climate change policies, we have extended the policy function, which was part of the Chief Executive's Office, to now be a business unit in its own right at Te Waihanganga.



Our people profile also tells us that around 6% of our people identify as Māori, 4% as Pasifika and 14% as having Asian ethnicity.

Te Waihanganga values working with its people to create a good environment. The implementation and revision of our People Strategy was completed in June 2022, with a strong focus on staff engagement and development and supporting diversity, inclusion and cultural competency.

² Total headcount includes permanent and fixed-term employees as at 30 June 2023.

Our workplace

Kia Toipoto Pay Gaps Action Plan

As part of our commitment to the Public Service Kia Toipoto Pay Gaps Action Plan, we have published our plan for addressing pay gaps on 31 March 2023 on our website as we continue to build a great place for our people to work.

Flexible working by default

Te Waihanga offers a flexible workplace and we are open to all staff proposing different work arrangements. We recognise that having a flexible-by-default approach allows Te Waihanga to attract the best talent, maximise productivity and build more diverse and inclusive workplaces. Following the implementation of our flexible-work-by-default policy in June 2021, which allows for consistent and fair flexible-by-default practice across Te Waihanga, most of our people had established flexible working arrangements.

Health, safety and wellbeing

We are committed to achieving the highest levels of employee safety and to supporting the physical, emotional and psychological wellbeing of everyone at work. We support people managers to create safe work environments, whether staff are working in the office or remotely.

Specific initiatives in this area include: our Board and Leadership Team regularly reviewing reported incidents, near misses and hazards; educating staff when onboarding them; a wellbeing allowance; access to the Employee Assistance Programme; subsidised group medical insurance; annual flu vaccinations for staff; adjustable stand-up desks; and ergonomic assessments of all workstations. As at 30 June 2023 over 75% of our people had used their wellbeing allowance.

We continue to update our COVID-19 guidance based on changes in Government advice. Rapid antigen tests are made available for staff, with regular updates and reporting provided to our leadership team. We maintain regular training to nominated staff including first aid, mental wellbeing and fire warden preparedness. Our Business Continuity Plan (BCP) is regularly reviewed and updated based on changes in personnel.

Culture

To continue our development of a workplace culture that attracts and retains the right people, we continue to seek regular feedback via our Te Waihanga pulse survey from staff. In May 2023, we reported a 68% engagement score, which reflects an upward trend in engagement compared to 60% in May and November of 2022. Actions from the survey include career and development planning and continued commitment to our Te Waihanga planning days.

Supporting diversity, inclusion and cultural competency

We are committed to building a diverse and inclusive workplace that brings together different perspectives and experiences. We value our people's unique backgrounds, qualities and contributions. We have begun implementing the diversity, inclusion and equity actions and measures outlined in our People Strategy.

We have implemented a Partnering with Māori Framework to better engage with Māori, understand Māori perspectives of infrastructure and build the cultural competency of our people. This has seen the continued delivery of te reo Māori classes, participation in Te Wiki o te Reo Māori and learning opportunities on te ao Māori, including workshops on the history of Māori-Crown relations.

Our website continues to meet government standards for accessibility.

Managing our carbon footprint

For us as an organisation, sustainability means a commitment to adopting a strategy of leading practice in measuring, reducing and reporting on our operational emissions.

While we recognise the impact of our operations on people and the environment, we also understand that the most material sustainability impact we can have is through our influence on the infrastructure system.

We are committed to:

- continuing to carefully consider travel requests and to use technology enabled solutions when it is appropriate to do so
- encouraging staff to make sustainable travel choices to and from the office
- continuing to use video/tele-conferencing technology for external meetings
- continuing to improve our existing office waste/recycling processes
- monitoring our office water use

- continuing to ensure we enlist suppliers who contribute to a low-emissions economy.

This year, we have been working to understand the scope of our total Greenhouse Gas (GHG) emissions profile and establish our baseline year data. We have measured our emissions with guidance from ISO14064-1:2018 and the Carbon Neutral Government Programme.

Te Waihangā's emissions primarily relate to our value chain. The emissions reported under this section have not yet been verified. As an autonomous Crown entity, we are not a part of the Carbon Neutral Government Programme.

Our operations are primarily conducted out of our Wellington office. As an agency with no owned operational assets or facilities, Te Waihangā does not generate any direct emissions classified as Scope 1. A summary of our emissions profile and approach is set out below.

Table 1: Emissions profile total annual emissions (tCO₂-e) 2022/2023

Category ³	2022/23
Category 1 - Fuel and refrigerant gasses	N/A
Category 1 Total	0
Category 2 - Purchased electricity - location based	3
Category 2 Total	3
Category 3 - Indirect GHG emissions from transportation	116
Category 4 - Indirect GHG emissions from products used by the organisation	4
Category 5 - Indirect GHG emissions associated with the use of products from the organisation	0
Category 6 - Indirect GHG emissions from other sources	3
Category 3 Total	123
Total emissions tCO₂-e⁴	127

³ We have measured our emissions with guidance from the ISO 14064-1:2018 standard and the Carbon Neutral Government Programme. ISO14064-1:2018 place emission sources into categories: Category 1 (direct GHG emissions from sources owned or controlled by Te Waihangā), Category 2 (indirect GHG emissions from the generation of purchased energy), and Category 3-6 (other indirect GHG emissions occurring due to our activities, but generated from sources that Te Waihangā does not own or control). However, quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving. An operational control approach was used to account for emissions.

⁴ Emission factors have been sourced from MfE. 2023 Measuring Emissions: A guide for organisations which primarily applies IPCC AR5 Global Warming Potentials.

Emissions per FTE is a frequent measure for organisations to use. In 2022/23, we emitted 127 tCO2-e (tonnes of carbon dioxide equivalent) based on our initial calculations.

Most of our emissions came from air travel.

Table 2: Total emissions breakdown by emission by sources 2022/2023

Sources	2022/2023 tCO2-e	Percentage
Travel	102	80%
Employee commuting	8.9	7%
Purchased energy	3.8	3%
Travel – hotel stay	3.8	3%
Working from home	2.3	2%
Wastewater services	2.0	2%
Freight and couriers	1.9	1%
Waste	1.5	1%
Transmission and distribution losses (electricity)	0.4	0.3%
Water supply	0.2	0.2%

Table 3: Key performance indicators for full-time-equivalents and expenditure 2022/2023

KPI	2022/23
FTE	49
Expenditure (\$m)	16.25
Emissions intensity	
Total gross emissions per FTE in tCO2-e	2.6
Total gross emissions per million dollars of expenditure in tCO2-e	7.79



Section three:

Our performance

Tā mātou anga mah

Our outcomes framework

Tā mātou anga tutukinga

The way Te Waihangā will make a difference is outlined in our outcomes framework as part of our Statement of Service Performance 2022/23.

Te Waihangā seeks to deliver a positive change in New Zealand's planning and delivery of infrastructure, its systems and settings. To achieve this, we are focused on developing and leading a transparent and evidenced-based approach that supports central and local government and the private sector to collectively plan and deliver infrastructure that improves the wellbeing of all New Zealanders. To do this effectively, Te Waihangā needs influence. As a young organisation we are therefore focusing on

ensuring we are: rigorous in our analysis, trusted and respected by central and local government, and the private sector, and a skilled communicator. See Figure 1.

The complexity of infrastructure in New Zealand means that there is considerable work that needs to be done by many parties to achieve the desired outcome. We will continue to invest in our relationships across central and local government, and with the infrastructure industry, to enable this to occur.

Figure 1: Te Waihanga outcomes framework





How we will measure progress against the framework

Ka pēhea tā mātou ine kauneke mā te anga

In 2019/20 Te Waihangā began the work of establishing the systems and processes to capture the baseline data against which its performance would be assessed. These measures are included in the 2019/20 and 2020/21 Annual Reports.

As Te Waihangā has transitioned from establishment in September 2019, it has been apparent that there is rarely a linear ‘cause and effect’ relationship to our work. This is most evident in the strategy and policy areas as our approach is to take a systems-view which makes attribution in the short-term difficult. Given this insight, from 2022/23 Te Waihangā will be taking a strong evaluative-based approach to measuring performance rather than fixed quantitative targets.

Te Waihangā is an autonomous Crown entity, has no direct powers, and does not directly deliver infrastructure projects. The Government is under no obligation to implement the recommendations Te Waihangā makes, but they are required to formally table and respond to the Infrastructure Strategy. Given this, we rely solely on the power of our evidence and data, and the communication of our ideas and reports to influence and shape policy.

It is within this context that the impact of our work will be measured as summarised in Figure 2 below.

Figure 2: Te Waihanga approach to performance measurement

Work programme	Output indicators	Impact indicators	Outcome indicators
<p>1. Core work programme</p> <ul style="list-style-type: none"> Implementing the New Zealand Infrastructure Strategy recommendations tagged to Te Waihanga (18 in total). Inquiries and reviews. Infrastructure component of the National Planning Framework. Policy advice on important infrastructure policy reforms. Provision of strategy and planning, and support functions on major projects. <p>2. Ministerial requests and other independent advice</p> <p>3. Engagement, consultations and influence programme</p> <ul style="list-style-type: none"> Iwi/Māori. Stakeholders. Regular schedule of meetings eg: Treasury and Ministry of Transport. <p>4. Building Te Waihanga</p> <p>Continue to ensure high quality structure, capability and support systems, policies and processes.</p>	<ul style="list-style-type: none"> Timely delivery of reports and advice. High quality of work. Clear delivery of message. Partnership with iwi/Māori. Effective engagement and consultation with stakeholders. Good process management. 	<ul style="list-style-type: none"> Government and the sector's response to Te Waihanga advice, inquiries and reviews. Policies and behaviours improve as a result of Te Waihanga work. External views of Te Waihanga work - it is independent, expert, and evidence based. Iwi/Māori and stakeholders are confident their perspectives have been considered. 	<p>Infrastructure lays a foundation for the people, places and businesses of Aotearoa, New Zealand to thrive for generations.</p>



Our approach to performance measurement

Tā mātou ara ki te ine tutukitanga

It is not enough for Te Waihangā to simply produce reports, data, advice and insights. The analysis and commentary in our work needs to be disseminated, understood and to influence policy and other behaviours so that, in the long-term New Zealand gets the infrastructure it needs to be productive, and the wellbeing of all New Zealanders is improved.

It is a challenge to attribute changes to the infrastructure system directly to our performance – we are one of many players who contribute. There is a huge amount of work that needs to be done by many parties to achieved the desired changes. However, Te Waihangā is clear that as the Government's lead infrastructure advisor we need to show leadership and be the change agents to lift the delivery and performance of infrastructure in New Zealand.

The below sets out the key elements of this approach:



Independent expert/peer review

by someone with significant policy and/or infrastructure research experience, who is familiar with our roles and functions.



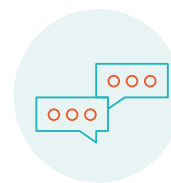
Survey of external participants

using a broad range of questions covering multiple aspects of our work, such as the quality of analysis and the clarity of our communication.



Stakeholder focus group(s)

of about 6 to 10 attendees from different backgrounds, independently facilitated.



Monitoring external feedback and internal workflow process

to capture, share and evaluate feedback received and external responses to our work in the media, Parliament and other relevant fields of activity.

Reporting on our outcome

Te pūrongo i tā mātou putanga

Through our work we are seeking to deliver a positive change in New Zealand's planning and delivery of infrastructure, its systems and settings. While we are the lead infrastructure advisor to the Government, we are one of many contributors to this outcome. Therefore, we can only contribute to the outcome, we are not able to directly attribute our actions to its realisation.

Our approach to measurement at the outcome level is provided in the table below.

Outcome	Measure	Assessment method	2022/23	2021/22
Infrastructure lays a foundation for the people, places and businesses of Aotearoa New Zealand to thrive for generations.	Improvement/ increases in where New Zealand sits in international rankings of infrastructure performance.	Review World Bank, OECD, World Economic Forum Infrastructure Reports and Rankings.	The Global Infrastructure Hub (a G20 initiative) publishes InfraCompass, a tool that objectively quantifies the strength of the infrastructure enabling environment by aggregating data for 81 countries. New Zealand's current rankings are as follows: Governance: 6 th Regulatory frameworks: 16 th Permits: 2 nd Planning: 9 th Procurement: 11 th Activity: 46 th Funding capacity: 13 th Financial markets: 18 th .	This is a new measure in 2022/23, Te Waihanga will track rankings from this reporting date.
	Investment decisions for infrastructure projects are made on good and robust information.	Assess the number of projects reviewed by the Treasury's Capital Panel for all Budgets that have a completed business case (currently under 50% as at January 2022) ⁵ .	Eight bids with significant infrastructure elements were received. All related to investments estimated at over \$50m, although some were not seeking that full amount in B23. Of those investments seeking delivery phase funding, 50% had a complete or near complete business case.	While this is a new measure for Te Waihanga in 2022/23, The Treasury reported that less than half of the bids it assessed through its Investment Panel for Budget 2021 were supported by Business Cases.

⁵ For projects we have interpreted this to refer to investment proposals with significant infrastructure elements consistent with the context of our role and mandate.

Outcome	Measure	Assessment method	2022/23	2021/22
		Assess the number of large infrastructure projects (over \$50m) that have a cost benefit analysis ahead of an investment decision.	Only one bid had a full cost benefit analysis. While it is positive to see improvement in the detail of information being provided to those bids being reviewed by the Treasury's Capital Panel, we note that there is an increasing amount of infrastructure funding either being made through other ad-hoc or bespoke processes. Significant investments, such as the \$1.074b increase in project budget for City Rail Link and the \$6B of contingency allocated to the National Resilience Plan easily eclipse the funding that is allocated through the budget process.	
	New Zealand has the systems and processes it needs to efficiently deliver the infrastructure it requires to be productive.	Monitor and report on the consenting costs, time and processes for major projects (over \$50m).	The <i>Infrastructure consenting for climate targets</i> report was published in January 2023. ⁶ It looked at how much energy and transport infrastructure New Zealand needs to support the transition to a low emissions economy. Time to process the necessary consents under the Resource Management Act were modelled alongside costs if New Zealand failed to develop the necessary infrastructure. The report finds that, from 2028, consent processing times would need to be 50% quicker than they are projected to be under the Resource Management Act to hit net zero carbon targets. We continue to socialise the finds of this report around the sector.	In July 2021 Te Waihangā in conjunction with Sapere released a report on <i>The cost of consenting infrastructure projects in New Zealand</i> . ⁷ This research can guide input into the National Planning Framework of which Te Waihangā led the infrastructure chapter.

⁶ The report released in January 2023 built on the work previously done in July 2021 but focused on estimating the increased capacity required in the consenting system for infrastructure required to deliver emissions reduction targets.

⁷ The data sourced as part of the report released in July 2021 included 41 leading infrastructure firms providing financial data for 87 infrastructure projects across New Zealand. Additional data was obtained from an environmental planning firm for a further 99 infrastructure projects.

Outcome	Measure	Assessment method	2022/23	2021/22
		Monitor and report on the productivity of the infrastructure sector.	<p>In September 2022, Te Waihangā released the report on <i>Economic performance of New Zealand's construction industry</i>. In this research we measure and benchmark several key economic metrics for the construction sector, including changes in labour productivity, construction output prices, labour requirements, firm profitability, and solvency and liquidity risks.</p> <p>While overall news is positive for the construction sector, low productivity growth in civil construction is concerning as it represents about 80% of the cost of building and maintaining New Zealand's infrastructure networks.</p>	<p>In December 2021, Te Waihangā released an initial report on <i>Investment gap or efficiency gap? Benchmarking New Zealand's investment in infrastructure</i>.</p> <p>Contrary to widespread perceptions, our infrastructure investment as a proportion of GDP, is similar to the average high-income country. Our investment patterns are not dissimilar either – although we've put more into telecommunications and ports.</p> <p>This work programme will be ongoing and led into the report released in September 2022.</p>
		Monitor and report on the performance of major infrastructure projects.	<p>In 2022/23 Te Waihangā shared our new infrastructure performance monitoring dashboards. They provide information on key infrastructure sectors including energy, water, transport, telecommunications and a sector snapshot that summarises how these sectors are performing.</p> <p>Te Waihangā contributes to regular infrastructure projects reporting through the Quarterly Investment Reports led by Treasury.</p> <p>Te Waihangā continues to support the development and work of the portfolio disputes team within the Treasury, dealing with those projects facing some of the largest time and cost issues across the Government's infrastructure portfolio.</p> <p>Te Waihangā has reviewed 43 Risk Profile Assessments and contributed to all twelve Gateway reviews of high-risk infrastructure projects.</p> <p>The Te Waihangā review of the Mental Health Infrastructure Programme was released in June 2023.</p> <p>Te Waihangā is currently undertaking project reviews for City Rail Link and Transmission Gully.</p>	<p>Te Waihangā conducted two business case reviews:</p> <ul style="list-style-type: none"> - Auckland Light Rail - Preserving the Nation's Memory <p>Te Waihangā conducted nine Health Checks:</p> <ul style="list-style-type: none"> - New Dunedin Hospital - MIQ and Infrastructure - Specialised Rehabilitation Centre - Milford opportunities - Hamilton Hub and Custodial Facility - Hilmorton mental health project - Let's Get Wellington Moving - Whangarei Hospital redevelopment - Scott Base redevelopment.

Outcome	Measure	Assessment method	2022/23	2021/22
	Te Waihangā is credibly and competently setting the agenda in the Infrastructure Sector.	<p>Monitoring of reference to Te Waihangā work (including its original purpose) – by other government agencies, local government, overseas authorities, academics and media.</p> <p>Annual survey of attendees at the Te Waihangā symposium.</p>	<p>Between 1 July 2022 and 30 June 2023, there were 442 references to Te Waihangā and our work in news, newsletters, blogs, Hansard and other sources.</p> <p>A survey of attendees at the Te Waihangā symposium received 51 responses. Overall, the event was considered a very good experience, with all respondents saying the symposium was Very good (67%), Good (26%) and Fair (7%).</p>	<p>Between 1 July 2021 and 30 June 2022, there were 333 references to Te Waihangā and our work in news, newsletters, blogs, Hansard and other sources.</p> <p>A survey of attendees at the previous year's symposium received 37 responses. It was considered a good experience with respondents saying the symposium was Very Good (60%), Good (34%) and Fair (6%).</p>

Reporting on our impact indicators

Te pūrongo ā mātou tohu pāpātanga

Te Waihanga is an advisory body and does not run or implement policies or infrastructure projects. We rely on our expertise and clear communication of our advice and analysis to achieve results. Through our work we will look for evidence of impact in a range of indicators such as the level of discussion and debate around our work, how key influencers are responding to our work and engaging with us in discussion, and whether our work is widely used by people who are providing commentary or input to policy and is cited in their discussions.

Impact	Measure	Assessment method	2022/23	2021/22
Government response to Te Waihanga advice.	Te Waihanga recommendations are acknowledged, agreed and implemented.	Monitoring of the number of recommendations adopted in the Infrastructure Strategy and ongoing monitoring of their implementation across the relevant central and local government agencies and private sector.	<p>In September 2022 the Government provided its response to Rautaki Hanganga o Aotearoa, the New Zealand Infrastructure Strategy. The response outlined the Governments direct responses to the 68 recommendations in the Strategy and discusses how they will be addressed. <i>Te Waihanga is the lead agency on 18 of these recommendations and provides regular reporting to the Minister and Board on their progress.</i></p> <p>In May 2023, the Government subsequently released the Infrastructure Action Plan. The Action Plan identified over 331 actions that will contribute to delivering on the recommendations in Rautaki Hanganga o Aotearoa, the New Zealand Infrastructure Strategy. <i>Te Waihanga is establishing processes for monitoring and reporting on the implementation of the Infrastructure Strategy recommendations and the Infrastructure Action plan that are led by both Te Waihanga and external agencies.</i></p>	In May 2022, New Zealand's first Infrastructure Strategy was released. It set a pathway to transform New Zealand's infrastructure over the next 30 years.

Impact	Measure	Assessment method	2022/23	2021/22
Policies and behaviours change as a result of Te Waihanga work.	Understanding of infrastructure issues and the potential solutions to address them increases.	Monitoring of the number of recommendations adopted in the Infrastructure Strategy and ongoing monitoring of their implementation across the relevant central and local government agencies and private sector.	The Government response to the 68 recommendations in Rautaki Hanganga o Aotearoa, the New Zealand Infrastructure Strategy stated that: <ul style="list-style-type: none"> • 22 were 'fully supported' • 21 were 'supported' • 15 were 'supported in principle' • 10 were 'noted' 	In May 2022, New Zealand's first Infrastructure Strategy was released. It set a pathway to transform New Zealand's infrastructure over the next 30 years.
External views of Te Waihanga work – it is independent, expert, and evidence based.	Expert reviewer and focus group commentary on the quality of analysis and advice provided by Te Waihanga across Strategy, Infrastructure Delivery, and Policy and how they have used this advice to make change in the infrastructure system. Citing of Te Waihanga work in Parliament, Select Committees, academic or other literature and media.	Monitoring of reference to Te Waihanga work beyond its original purpose – by other government agencies, local government, overseas authorities, academics and media.	For a second year Te Waihanga engaged HKA (independent reviewer) to provide an assessment of the quality of its written advice produced during the financial year. HKA reviewed 15 papers selected by Te Waihanga as a representative sample across the functions of the organisation. Overall, they found the sample of papers to be of a high written standard aligning with prior expectations for advice from the Government's primary advisor on infrastructure. Overall average score for the sample is 3.4 out of 5. There were 442 references to Te Waihanga and our work in news, newsletters, blogs, Hansard and other sources.	Te Waihanga engaged HKA (independent reviewer) to provide an assessment of the quality of its written advice produced during the financial year. HKA reviewed 12 papers selected by Te Waihanga as a representative sample across the functions of the organisation. Overall, they found the sample of papers to be of a high written standard aligning with prior expectations for advice from the Government's primary advisor on infrastructure. Overall average score for the sample was 3.8 out of 5. There were 333 references to Te Waihanga and our work in news, newsletters, blogs, Hansard and other sources.

Impact	Measure	Assessment method	2022/23	2021/22
The National Infrastructure Pipeline is updated four or more times a year providing stakeholders a centralised source of project information.	The Pipeline continues to expand towards a complete set of planned infrastructure projects in New Zealand. The Pipeline supports engagement and coordination of infrastructure projects.	Monitoring and reporting of the Pipeline is conducted and published on the Te Waihangā website every quarter, including assessment of coverage.	Between 1 July 2022 and 30 June 2023, 22 new organisations were onboarded to the Pipeline – growing the total of Pipeline contributors to 70. This is a 46% increase in contributors in the 12-month period. In December 2022 we published an upgraded version of the Pipeline dashboard to support easier engagement with the Pipeline. We also release a publicly available dataset of the Pipeline every quarter.	Between 1 July 2021 and 30 June 2022, 14 new organisations were onboarded to the Pipeline – growing the total of Pipeline contributors to 48 organisations. This is a 41% increase in contributors in the 12-month period.
Iwi/Māori and stakeholders are confident their perspectives have been considered.	% of stakeholders who are confident their perspectives have been considered.	Survey two-yearly starting 2022/23.	We surveyed stakeholders ⁸ identified in our engagement and communication plans over the year, asking 'How confident are you that Te Waihangā has considered your perspectives?' 32% of respondents were 'very confident' 48% of respondents were 'confident' With the remaining 20% 'not very confident'.	While this is a new measure for Te Waihangā in 2022/23, in 2021/22 Te Waihangā surveyed stakeholders on the following: <i>The methodology, nature and degree of engagement, evidence based, conclusions and recommendations made in the Infrastructure Strategy provided by Te Waihangā meet the expectations of Māori as Treaty partners, central government, local government and private sector stakeholders.</i> 57% of respondent agreed it met expectations.

⁸ Te Waihangā surveyed 76 key stakeholders via the Survey Monkey tool of which we received 25 responses.

Reporting on our output measures

Te pūrongo i ā mātou inenga hua

Below are the specific measures that we will look at to assess our performance at the work programme level. This table shows how results will be reported and sets out the measures that will be applied to the relevant work areas.

Output	Measure	Assessment method	2022/23	2021/22
Timely delivery of reports and advice.	% of requested reports and advice that are delivered by the agreed date.	Monitor and record agreed dates and actual delivery dates. Tracking of Official Information Act requests, Parliamentary Questions, Written Parliamentary Questions and ministerial requests. Quarterly reports to the Minister for Infrastructure, Treasury and Board.	For the period 1 July 2022 to 30 June 2023, Te Waihanga received: <ul style="list-style-type: none"> • 18 Official Information Act requests and 17 were completed within statutory deadlines. • 124 Written Parliamentary Questions and 124 were completed within the time set by the Minister's Office. No oral Parliamentary Questions received. Te Waihanga has been on time with all Ministerial briefing requests.	For the period 1 July 2021 to 30 June 2022, Te Waihanga received: <ul style="list-style-type: none"> • 6 Official Information Act requests and 3 were completed within statutory deadlines. • 100 Written Parliamentary Questions and 100 were completed within the time set by the Minister's Office. No oral Parliamentary Questions received. Te Waihanga has been on time with all Ministerial briefing requests.
High quality of work.	Advice is developed in accordance with rigorous internal standards and procedures and is based on evidence.	Independent review by a person/entity with significant policy and/or infrastructure research experience, who is familiar with our roles and functions.	For the second year Te Waihanga engaged HKA (independent reviewer) to provide an assessment of the quality of its written advice produced during the financial year. HKA is familiar with the role and function of Te Waihanga as the Government's primary advisor on Infrastructure. HKA reviewed 15 papers with an overall average score for the sample of 3.4 out of 5. HKA considers 3.4 out of 5 to be a good score, although there are some opportunities for improvement including: <ul style="list-style-type: none"> - consideration of policy implications - providing greater context - tangible actions required to secure outcomes. 	Te Waihanga engaged HKA (independent reviewer) to provide an assessment of the quality of its written advice during the financial year. HKA reviewed 12 papers with an overall average score for the sample of 3.8 out of 5.

Output	Measure	Assessment method	2022/23	2021/22
		Internal pulse survey of staff to measure engagement and culture.	Te Waihanganga conducted a pulse survey across the organisation in May 2023. The results showed staff engagement of 68%. 93% of staff were 'proud to work for Te Waihanganga' and 82% said they would 'recommend Te Waihanganga as a great place to work'.	Te Waihanganga conducted a pulse survey across the organisation in November 2022. The results showed staff engagement of 60%. 76% of staff being 'proud to work for Te Waihanganga' and 68% said they would 'recommend Te Waihanganga as a great place to work'.
A trusted and complete view of planned infrastructure activity in New Zealand.	Continue to build up the data in the National Infrastructure Pipeline.	Report on the total value of projects in the Pipeline.	The total value of projects in the Pipeline was \$92.15 billion.	The total value of projects in the Pipeline was \$72.6 billion.
Clear delivery of message.	Understanding of infrastructure issues and the potential solutions to address them increases.	Monitoring of the number of recommendations adopted in the Infrastructure Strategy and ongoing monitoring of their implementation across the relevant central and local government agencies and private sector.	The Government Infrastructure Action Plan (May 2023) identified over 331 actions that will contribute to delivering on the recommendations in Rautaki Hanganga o Aotearoa, the New Zealand Infrastructure Strategy. Te Waihanganga leads or supports 18 recommendations.	In May 2022, New Zealand's first Infrastructure Strategy was released. It set a pathway to transform New Zealand's infrastructure over the next 30 years.
Partnership with iwi/Māori.	Relationships with specific groups of iwi/Māori show developing partnership and understanding.	Survey two-yearly starting 2022/23.	As part of ongoing research on Māori engagement in infrastructure, Te Waihanganga is working to form relationships with Māori groups and to seek their views on infrastructure issues. This has included the formation of a Te Ao Māori Perspectives Advisory Group to guide this work. We have had discussions with the New Zealand Māori Council, Ngai Tahu and Te Tumu Paeroa, and reached out to other Māori groups. These relationships are at too early a stage to survey these groups. However, representatives from some of these groups were included in the survey noted above.	This is a new measure for Te Waihanganga in 2022/23 and was the first year this survey was conducted.

Output	Measure	Assessment method	2022/23	2021/22
Effective engagement and consultation with stakeholders.	Effectiveness of overall engagement and consultation, based on ratings from those involved in the process.	Monitoring of the number of recommendations adopted in the Infrastructure Strategy and ongoing monitoring of their implementation across the relevant central and local government agencies and private sector.	<p>We are establishing processes for monitoring the implementation of Infrastructure Strategy recommendations and the Infrastructure Action Plan.</p> <p>Te Waihanga leads or supports 18 recommendations, of which:</p> <ul style="list-style-type: none"> • 13 are actively underway • 2 are yet to start • 3 no further work planned. 	In May 2022, New Zealand's first Infrastructure Strategy was released. It set a pathway to transform New Zealand's infrastructure over the next 30 years.

Financial performance by output

Patanga o te tahua mā te whakaputanga

Te Waihanga financial performance by output is set out below:

	2023 Budget \$000	2023 Actual \$000
Output 1: The Infrastructure Strategy for New Zealand, and special topic reports		
Revenue	5,909	5,771
Expenditure	7,222	6,411
<i>Net surplus/(deficit)</i>	(1,313)	(640)
Output 2: Infrastructure Pipeline		
Revenue	68	66
Expenditure	83	73
<i>Net surplus/(deficit)</i>	(15)	(7)
Output 3: Procurement capability and project delivery support through project support agreements		
Revenue	4,488	4,383
Expenditure	5,486	4,868
<i>Net surplus/(deficit)</i>	(998)	(485)
Output 4: Infrastructure policy advice		
Revenue	4,042	4,461
Expenditure	4,940	4,898
<i>Net surplus/(deficit)</i>	(898)	(437)
Totals		
Revenue	14,507	14,681
Expenditure	17,731	16,250
<i>Net surplus/(deficit)</i>	(3,224)	(1,569)

* The \$1,569k actual deficit will be funded from reserves, leaving a closing equity balance of \$5,455k which is in line with the 2023/2024 Budget expectations.



Notes to service performance reporting

For the year ended 30 June 2023

Reporting service performance information

The New Zealand Accounting Standards Board (XRB) has issued a Standard for Service Performance Reporting: Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48) issued November 2017, amendments 31 August 2020.

The PBE FRS 48 Standard requires public benefit entities to apply the requirements to annual financial reports beginning on or after 1 January 2022.

Te Waihanga has reported service performance information in prior annual reports. However, changes are required to meet the new XRB Standard outlining reporting requirements. As discussed on page 35 from 2022/23 Te Waihanga will be taking a strong evaluative-based approach to measuring performance rather than fixed quantitative targets which has meant the underlying performance indicators have significantly changed from prior years.

Where possible Te Waihanga has provided comparable information as required under PBE FRS 48, however, in the case of several new measures in 2022/23 comparable information from prior years was not available. Te Waihanga understands the need for consistency of service performance information as such these new measures will be the basis for future reporting as evident in the Statement of Service Performance for 2023/24.

As acknowledged in the PBE FRS 48 Standard, the following attributes apply to the current service performance reporting environment:

- a) Service performance reporting is an area of reporting that continues to evolve.
- b) Entities may be subject to a range of service performance reporting requirements, including legislative requirements and may use a variety of performance frameworks.
- c) It provides flexibility for entities to determine how best to 'tell their story' in an appropriate and meaningful way.

Te Waihanga requirements for service performance reporting

Te Waihanga has set the following requirements for its service performance reporting:

Provide users with:

- a) sufficient contextual information to understand what Te Waihanga intends to achieve in broad terms over the medium to long term and how it goes about this
- b) information about what Te Waihanga has done during the reporting period in working towards its broader aims and objectives [FRS 48 para 15].

Present its service performance information and its financial statements together in the annual report [FRS 48 para 6].

Present service performance information for the same entity and same reporting period as the financial statements [FRS 48 para 11].

Apply the following qualitative characteristics in the context as described in the Public Benefit Entities' (PBE) Conceptual Framework: Relevance, Faithful Representation, Understandability, Timeliness, Comparability and Verifiability [FRS 48 para 7].

Disclose judgements that have the most significant effect on the selection, measurement, aggregation and presentation of service performance information [FRS 48 para 44].

Provide comparative information [FRS 48 para 37] and in the case where service performance information has changed explain the nature of those changes and their effect on the current period's service information [FRS 48 para 40].

Disclosure of judgements

PBE FRS 48 states that in reporting about the entity's objectives and how it intends to achieve them, the information should be drawn from the founding documents, governance documents and accountability documents. As such, Te Waihangā has drawn this information from the New Zealand Infrastructure Commission/Te Waihangā Act 2019, the Te Waihangā Statement of Intent 2023/27 and Statement of Service Performance 2022/23. These documents articulate the Te Waihangā vision, mission, values and strategic imperatives.

Further context to the selection, measurement, aggregation and presentation of service performance information has been provided as part of Section 3: Our performance.

PBE FRS 48 states judgement is required in deciding how much information to provide about the current reporting period and how much information to provide about progress towards the long-term objectives. Te Waihangā has balanced the information available with the need to report in an understandable and concise manner for users.

Statement of Compliance

The financial statements and service performance information have been prepared in accordance with PBE Standards.



Section Four:

Statements of financial performance

Ngā tauākītanga o te patanga o te tahua

Statement of Responsibility

Tauākī Takohanga

We are responsible for the preparation of the New Zealand Infrastructure Commission, Te Waihanga's financial statements and statement of financial performance, and for the judgements made in them.

We are responsible for any end-of-year performance information provided by the New Zealand Infrastructure Commission, Te Waihanga under section 19A of the Public Finance Act 1989.

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, these financial statements and statement of financial performance fairly reflect the financial position and operations of the New Zealand Infrastructure Commission, Te Waihanga for the period 1 July 2022 to 30 June 2023.

Signed on behalf of the Board:



Dr Alan Bollard
CNZM

Board Chair

Date: 31 October 2023



Sue Tindal
FCPA, CMInstD

Deputy Chair

Date: 31 October 2023

Independent Auditor's Report

Te Pūrongo a te Kaitātare Kaute tū Motuhake

To the readers of the financial statements and
performance information of the New Zealand
Infrastructure Commission/Te Waihanga for the year
ended 30 June 2023

The Auditor-General is the auditor of the New Zealand Infrastructure Commission/Te Waihanga (Te Waihanga). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for an appropriation, of Te Waihanga on his behalf.

Opinion

We have audited:

- the financial statements of Te Waihanga on pages 59 to 76, that comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information which reports against the statement of performance expectations and appropriation of Te Waihanga for the year ended 30 June 2023 on pages 33 to 51 and 58;

In our opinion:

- the financial statements of Te Waihangā:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2023; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Standards Reduced Disclosure Regime.
- the performance information of Te Waihangā for the year ended 30 June 2023;
 - presents fairly, in all material respects, for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
 - presents fairly, in all material respects, for the appropriation:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred as compared with the expenses or capital expenditure appropriated or forecast to be incurred; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of Te Waihangā for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of Te Waihangā for assessing the ability of Te Waihangā to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of Te Waihangā, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the statement of performance expectations of Te Waihangā and relevant Estimates and Supplementary Estimates of Appropriations 2022/23.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Te Waihangā.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the performance information which reports against the statement of performance expectations and appropriation of Te Waihangā.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Te Waihangā to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Te Waihangā to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 4 to 31 and 53 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of Te Waihangā in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in Te Waihangā.



S B Lucy

Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Appropriation performance measures

Te inenga o te patanga o te whai taonga

Scope of the appropriation

Te Waihanga's appropriation is limited to Te Waihanga providing services to improve New Zealand's infrastructure outcomes.

Appropriation

	2022/23		2021/22
	Actual \$000	budgeted \$000	Actual \$000
Total appropriation	13,875	13,875	14,875

What is intended to be achieved with this appropriation

This appropriation is intended to improve the infrastructure outcomes of New Zealand. This will be achieved through functions such as developing long-term infrastructure strategies and enabling the coordination of infrastructure planning in New Zealand.

Financial information

	Actual 2022/23 \$000	Budget 2022/23 \$000	Actual 2021/22 \$000
Revenue from the Crown*	13,875	13,875	14,875
Other funding	514	620	540
Other revenue	292	12	33
Total revenue	14,681	14,507	15,448
Total expenditure	16,250	17,731	11,386
Project Contingency	0	(2,685)	0
Surplus/(Deficit)	(1,569)	(5,909)	4,062

*The \$1,569k actual deficit will be funded from Reserves, leaving a closing Equity balance of \$5,455k which is in line with the FY2023/24 Budget expectations.

Statement of Performance – what was achieved in this appropriation

Assessment of performance	Standard for 2022/23	Performance for 2022/23
The New Zealand Infrastructure Commission, Te Waihanga, will carry out its functions in accordance with its purpose as set out in its enabling legislation and its Statement of Intent	Achieved	Achieved

Financial statements

Pūrongo pūtea

Statement of Comprehensive Revenue and Expense to 30 June 2023

	Note	2022/23 Actual \$000	2022/23 Budget \$000	2021/22 Actual \$000
Revenue				
Funding from the Crown	2	13,875	13,875	14,875
Other funding	2	514	620	540
Interest revenue	2	292	12	33
Total revenue		14,681	14,507	15,448
Expenses				
Personnel costs	3	8,964	9,735	7,231
Consultancy		4,702	4,539	1,901
Depreciation and amortisation expense	7,8	399	384	298
Other expenses	4	2,185	3,073	1,956
Total expenses		16,250	17,731	11,386
Project Contingency		-	2,685	-
Surplus/(Deficit) and total comprehensive revenue and expense		(1,569)	(5,909)	4,062

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 18.

*The budget for the 2022/23 year was approved in June 2022 as noted in the Statement of Performance Expectations and was based on a forecast year-end position for 30 June 2022

Statement of Changes in Equity to 30 June 2023

	Note	2022/23 Actual \$000	2022/23 Budget \$000	2021/22 Actual \$000
Opening balance		7,024	7,323	2,962
Total comprehensive revenue and expense for the period		(1,569)	(5,909)	4,062
Closing balance at 30 June	14	5,455	1,414	7,024

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 18.

*The budget for the 2022/23 year was approved in June 2022 as noted in the Statement of Performance Expectations and was based on a forecast year-end position for 30 June 2022.

Statement of Financial Position as at 30 June 2023

	Note	2022/23 Actual \$000	2022/23 Budget \$000	2021/22 Actual \$000
Assets				
Current assets				
Cash and cash equivalents	5	5,682	1,591	7,570
Receivables	6	110	51	229
Total current assets		5,792	1,642	7,799
Non-current assets				
Property, plant and equipment	7	533	337	590
Intangible assets	8	203	724	350
Work in progress		144	-	-
Total non-current assets		880	1,061	940
Total assets		6,672	2,703	8,739
Liabilities				
Current liabilities				
Payables	9	628	841	1,242
Lease incentive	10	20	20	20
Employee entitlements	11	520	379	384
Total current liabilities		1,168	1,240	1,646
Non-current liabilities				
Lease incentive	10	28	28	48
Provisions	12	21	21	21
Total non-current liabilities		49	49	69
Total liabilities		1,217	1,289	1,715
Net assets		5,455	1,414	7,024
Equity				
Accumulated surplus/(deficit)	14	(1,569)	(5,909)	7,024
Total equity		5,455	1,414	7,024

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 18.

*The budget for the 2022/23 year was approved in June 2022 as noted in the Statement of Performance Expectations and was based on a forecast year-end position for 30 June 2022

Statement of Cash Flows to 30 June 2023

	Note	2022/23 Actual \$000	2022/23 Budget \$000*	2021/22 Actual \$000
Cash flows from operating activities				
Receipts from the Crown		13,875	13,875	14,875
Receipts from other funding		514	947	484
Interest received		291	12	33
Payments to suppliers		(7,963)	(10,353)	(4,180)
Payments to employees and personnel-related payments		(7,740)	(9,907)	(7,160)
Goods and services tax (net)		(515)	21	191
Net cash flow from operating activities		(1,538)	(5,405)	4,243
Cash flows from investing activities				
Purchase of property, plant and equipment		(242)	(428)	(109)
Purchase of intangible assets		(108)	(192)	(322)
Net cash flow from investing activities		(350)	(620)	(431)
Net increase/(decrease) in cash and cash equivalents		(1,888)	(6,025)	3,812
Cash and cash equivalents at the beginning of the year		7,570	7,616	3,758
Cash and cash equivalents at the end of the year	5	5,682	1,591	7,570

The accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 18.

*The budget for the 2022/23 year was approved in June 2022 as noted in the Statement of Performance Expectations and was based on a forecast year-end position for 30 June 2022.

Notes to the financial statements

He kupu whakamārama mō ngā tauākī ahumoni

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Notes to the financial statements

He kupu whakamārama mō ngā tauākī ahumoni

Note 1. Statement of accounting policies

Reporting entity

The New Zealand Infrastructure Commission, Te Waihanga is an autonomous Crown entity as defined by the Crown Entities Act 2004. It was established under the New Zealand Infrastructure Commission/Te Waihanga Act 2019 and its parent is the Crown. Te Waihanga's primary objective is to provide services to the public, rather than make a financial return.

Te Waihanga is a public benefit entity (PBE) for financial reporting purposes. The entity was created when the enabling legislation received Royal assent and was passed on 26 September 2019.

The financial statements for Te Waihanga are for the 12 months to 30 June 2023 and were approved by the Board on 27 September 2023.

Basis of preparation

The financial statements cover the period from 1 July 2022 to 30 June 2023. The financial statements have been prepared on a going-concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which include a requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

Te Waihanga has applied the suite of Tier 2 Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS 1

RDR 28-3) in preparing the 30 June 2023 financial statements. As Te Waihanga has expenses of less than \$30 million, it is eligible to report in accordance with the PBE Standards Reduced Disclosure Regime. These financial statements comply with the PBE Standards Reduced Disclosure Regime.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Significant accounting policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to specific notes are outlined below.

Goods and services tax

All items in the financial statements are presented exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense. The net GST recoverable from or payable to Inland Revenue is included as part of receivables or payables in the Statement of Financial Position.

The net amount of GST paid to or received from Inland Revenue, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

Te Waihangā is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the surplus or deficit.

Budget figures

The budget figures are derived from the Statement of Performance Expectations as approved by the Board. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Cost allocations

Direct costs are costs directly attributed to an output. Personnel costs are allocated to outputs based on time spent. The indirect costs of support groups and overhead costs are charged to outputs based on the proportion of direct costs in each output.

Critical accounting estimates and assumptions

In preparing these financial statements Te Waihangā has made estimates and assumptions concerning the future. These estimates and assumptions might differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a risk of causing adjustments to the carrying amounts of assets and liabilities within the next financial year are:

- Useful lives and residual values of property, plant and equipment – refer Note 7.
- Useful lives of software assets – refer Note 8.

Management has exercised the following critical judgement in applying accounting policies:

- Classification of the rental lease as an operating lease – refer Note 4.

Changes in accounting policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

Note 2. Revenue

Accounting Policy

Revenue is measured at the fair value of consideration received or that is receivable. Revenue is earned through the provision of outputs for the Crown, services to third parties and investment income.

Funding from the Crown

Te Waihangā is primarily funded through revenue from the Crown. Revenue receipts from the Crown transactions are considered to be non-exchange transactions. The funding is restricted in its use for the purpose of Te Waihangā meeting its objectives as specified in its founding legislation and the scope of the relevant government appropriations. Apart from these general restrictions, Te Waihangā considers there are no conditions attached to the funding. Revenue from the funding is recognised in the financial period to which the appropriation relates. The fair value of the revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Other funding

Te Waihangā received funding from the Ministry for the Environment during the 2022/23 financial year to lead the development of the infrastructure chapter of the resource and support the delivery of a National Planning Framework. The funding received is based on the agreed terms of reference and will be utilised to cover certain costs involved in delivering the project.

Te Waihangā has used the funding for the purpose of meeting its objectives and Te Waihangā considers there are no future conditions attached to the funding. As such, the funding is recognised as revenue at the point of entitlement, which is considered to be aligned to the expenditure to which the funding relates. The fair value of this funding has been determined to be equivalent to the amounts due in the funding arrangements.

Interest revenue

Interest revenue is recognised by accruing on a time-proportion basis the interest due for the investment. All interest revenue is received from Te Waihangā's transactional bank account.

Breakdown of personnel costs and further information

	2022/23 Actual \$000	2021/22 Actual \$000
Salaries and wages	7,399	5,397
Defined-contribution-plan employer contributions	196	146
Contractors	634	1,220
Board fees	196	185
Other personnel-related costs	403	215
Increase/(Decrease) in employee entitlements	136	68
Total personnel costs	8,964	7,231

Note 3. Personnel costs

Accounting Policy

Salaries and wages

Personnel costs are recognised as an expense as employees provide services.

Superannuation schemes

Defined contribution schemes

Employer contributions to KiwiSaver and other superannuation schemes are accounted for as a defined contribution superannuation scheme and are expensed in the surplus or deficit as incurred.

Defined benefit schemes

Te Waihangā does not make employer contributions to any defined benefit superannuation scheme.

Note 4. Other expenses

Accounting Policy

Grant funding

Where grants are discretionary until payment, the expense is recognised when the payment is advised. Otherwise, the expense (and corresponding liability) is recognised when Te Waihanga does not have discretion over the payment. For grants without conditions attached, the expense and corresponding liability is recognised when Te Waihanga has an unconditional obligation to make payment.

	2022/23 Actual \$000	2021/22 Actual \$000
Audit New Zealand for audit of financial statements	47	66*
Operating lease expense	302	275
Travel and accommodation	400	154
Technology expenses	576	550
Financial services	157	168
Communications and marketing	32	107
Training and conferences	282	193
Other expenses	389	443
Total other operating expenses	2,185	1,956

* The disclosure for audit work performed for the period 1 July 2021 to 30 June 2022 also includes the final audit performed in relation to the 2020/21 year (\$23,100).

Accounting Policy

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction in rental expenses over the lease term.

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	2022/23 Actual \$000	2021/22 Actual \$000
No later than one year	317	286
Later than one year and no later than five years	423	700
Later than five years	-	-
Total non-cancellable operating leases	740	986

The non-cancellable lease expense relates to the leases of Level 7, 95 Customhouse Quay, Wellington and Above Your Space - Cotters Lane, 158 High Street, Christchurch.

The Level 7, 95 Customhouse Quay, Wellington lease expires in December 2025. Te Waihangā as lessee can exercise its right to renew in December 2025, with a final expiry date in December 2031. The rental expense is agreed to be \$23,690 per month.

The Above Your Space – Cotters Lane lease expires in December 2024. Te Waihangā as lessee can exercise its right to renew in December 2025, with a final expiry date in December 2026. The rental expense is agreed to be \$2,583 per month.

A photocopier lease is also included in the operating leases above. This lease has a final expiry date of 19 December 2024.

As the lessor retains substantially all the risks and rewards of ownership of the leased property, the operating lease payments are recognised in the surplus or deficit only in the periods they are incurred.

Any lease incentive received is recognised in the surplus or deficit over the term of the lease.

Future amounts disclosed above are based on the current rental rates.

There are no restrictions placed on Te Waihangā by any of the operating lease arrangements.

Note 5. Cash and cash equivalents

Accounting Policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term, highly liquid investments with maturities of three months or less.

Breakdown of cash and cash equivalents

	2022/23 Actual \$000	2021/22 Actual \$000
Cash at bank	5,682	7,570
Total cash and cash equivalents	5,682	7,570

Note 6. Receivables

Accounting Policy

Short-term receivables are recorded at the amounts due, less an allowance for credit losses. Te Waihanganga applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. Short-term receivables are written off when there is no reasonable expectation of recovery.

Breakdown of receivables

	2022/23 Actual \$000	2021/22 Actual \$000
Receivables from non-exchange transactions		
Prepayments	110	173
Accrued revenue	-	56
Total receivables	110	229

Note 7. Property, plant and equipment

Accounting Policy

Property, plant and equipment consists of the following asset classes: information technology equipment, leasehold improvements, and furniture and fittings. All items are measured at cost less accumulated depreciation and impairment losses.

Additions

An item of property, plant and equipment is recognised as an asset only when it is probable that the future economic benefits or service potential associated with the item will flow to Te Waihangā beyond one year or more, and the cost of the item can be measured reliably. Property, plant and equipment are initially recorded at their costs. Subsequent expenditure that extends the useful life or enhances the service potential of an existing item of property, plant and equipment is capitalised. All other costs incurred in maintaining the useful life or service potential of an existing item of property, plant and equipment are expensed in the surplus or deficit as they are incurred. Work in progress is recognised at cost and is not depreciated.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts of the assets. Gains or losses arising from the sale or disposal of an item of property, plant and equipment are recognised in the surplus or deficit in the period in which the item of property, plant and equipment is sold or disposed of.

Depreciation

Depreciation is provided on a straight-line basis on all asset components at rates that will write off the costs of the assets to their estimated residual values over their useful lives. Leasehold improvements are depreciated over the unexpired period of the lease. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts might not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of the asset's fair value, less costs to sell and value in use. Any impairment losses are recognised in the surplus or deficit. At each balance date, the useful lives and residual values of the assets are reviewed.

The estimated useful lives of major asset classes are:

Type of asset	Estimated life (years)
Information technology equipment	3 to 5 years
Leasehold improvements	6 years or across the expected remaining lease term, if shorter.
Furniture and fittings	5 years

Breakdown of property, plant and equipment and further information

	Information technology equipment \$000	Furniture and fittings \$000	Leasehold improvements \$000	Work in progress \$000	Total 2022/23 \$000
Cost or valuation					
Opening balance at 1 July 2021	352	188	470	14	997
Additions	13	-	95	-	108
Capitalisation of work in progress	14	-	-	(14)	-
Balance as at 30 June 2022	352	188	565		1,105
Additions	87	65	53	-	205
Disposals		(29)			(29)
Balance as at 30 June 2023	439	224	618		1,281
Accumulated depreciation					
Opening balance as at 1 July 2021	129	46	107	-	282
Depreciation expense	112	38	83	-	233
Balance as at 30 June 2022	241	84	190	-	515
Depreciation expense	93	40	119	-	252
Reversal of depreciation on asset disposal	-	(19)	-	-	(19)
Balance as at 30 June 2023	334	105	309		748
Carrying amounts					
At 1 July 2021	196	142	363	14	715
At 30 June 2022	111	104	375	-	590
At 30 June 2023	105	119	309	-	533

Capital commitments

As at 30 June 2023, Te Waihangā has no capital commitments.

Note 8. Intangible assets

Accounting Policy

Software acquisition

Computer software is capitalised based on the costs incurred to acquire and bring to use the specific software. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred. Initial costs associated with the development of Te Waihanga's website were capitalised. Subsequent expenditure on the website is capitalised only if it is probable that it will increase the future economic benefits or service potential associated with the specific asset. Other expenditure is recognised in profit or loss as incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is expensed in the surplus or deficit.

Type of asset	Estimated life (years)
Computer software	3 years

Breakdown of intangibles and further information

	Intangible assets 2022/23 \$000
Cost or valuation	
Opening balance at 1 July 2021	160
Additions	322
Balance as at 30 June 2022	482
Additions	-
Balance as at 30 June 2023	482
Accumulated depreciation	
Opening balance as at 1 July 2021	67
Depreciation expense	65
Balance as at 30 June 2022	132
Amortisation expense	147
Balance as at 30 June 2023	279
Carrying amount	
At 1 July 2021	93
At 30 June 2022	350
At 30 June 2023	203

Note 9. Payables

Accounting Policy

Short-term payables are recorded at the amounts payable.

Breakdown of payables

	2022/23 Actual \$000	2021/22 Actual \$000
Payables under exchange transactions		
Accrued expenses	262	281
Creditors	507	587
Total payables under exchange transactions	769	868
Payables under non-exchange transactions		
Goods and services tax	(141)	374
Total payables under non-exchange transactions	(141)	374
Total payables	628	1,242

Note 10. Lease incentive

Accounting Policy

Any unamortised lease incentive received is recognised as a liability in the Statement of Financial Position.

A lease incentive liability is created to spread the incentive received at the inception of the lease, throughout the term of the lease. Te Waihanganga received an initial rent-free period when it commenced the lease of its office premises.

Breakdown of lease incentive

	2022/23 Actual \$000	2021/22 Actual \$000
Current portion	20	20
Non-current portion	28	48
Total lease incentive	48	68

Note 11. Employee entitlements

Accounting Policy

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which employees provides the related services are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

Long-term employee entitlements

Te Waihangā does not have long-term employee entitlements.

Breakdown of employee entitlements

	2022/23 Actual \$000	2021/22 Actual \$000
Accrued annual leave	275	242
Accrued salaries and wages	245	142
Total employee entitlements	520	384

Note 12. Provisions

Accounting Policy

A provision is recognised for future expenditure of an uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Breakdown of provisions and further information

	2022/23 Actual \$000	2021/22 Actual \$000
Non-current portion		
Lease make-good	21	21
Total provisions	21	21

Movements within the provision:

	2022/23 Actual \$000	2021/22 Actual \$000
Opening balance	21	21
Additional provisions made	-	-
Closing balance	21	21

Te Waihangā is required at the expiry of the lease term to make good its leased office premises. Te Waihangā has the option of renewing this lease, which affects the timing of expected cash outflows to make good the premises. The cash flows associated with the provision are expected to occur in December 2025. Information about leasing arrangements is disclosed in Note 4.

Note 13. Contingencies

Te Waihangā has no contingent liabilities and no contingent assets.

Note 14. Equity

Accounting Policy

Equity is measured as the difference between total assets and total liabilities. Equity is made up of accumulated surplus/(deficit).

Breakdown of equity and further information

Accumulated surplus/(deficit)

	2022/23 Actual \$000	2021/22 Actual \$000
Opening balance	7,024	2,962
Surplus/(Deficit) for the year	(1,569)	4,062
Closing balance	5,455	7,024

Te Waihangā is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, the acquisition of securities, issuing guarantees and indemnities, and the use of derivatives. Te Waihangā manages its equity as a by-product of prudently managing revenue, expenses, assets, liabilities, investments and general financial dealings to ensure Te Waihangā achieves its objectives and purpose effectively, while remaining a going concern.

Note 15. Financial instruments

Accounting Policy

All financial assets and liabilities held by Te Waihanga are recognised at amortised cost. The carrying amounts of financial assets and liabilities in each of the financial instrument categories are:

	2022/23 Actual \$000	2021/22 Actual \$000
Financial assets measured at amortised cost		
Cash and cash equivalents	5,682	7,570
Receivables	-	56
Total financial assets measured at amortised cost	5,682	7,626
Financial liabilities measured at amortised cost		
Payables	782	868
Lease incentive	48	68
Total financial liabilities measured at amortised cost	830	936

Note 16. Related party transactions

Te Waihanga is a wholly owned entity of the Crown. Related party disclosures have not been made for transactions with related parties that are within normal supplier or client/recipient relationships on terms and conditions no more or less favourable than those that are reasonable to expect Te Waihanga to have adopted in dealing with the parties at arm's length in the same circumstances. Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Key personnel

No related-party transactions with key personnel were entered into during the year.

Board members are appointed by the Minister for Infrastructure and are the Board for the purposes of the Crown Entities Act 2004. In addition to their roles with Te Waihanga, Board members have other interests and may serve in positions with other organisations, including organisations to which Te Waihanga is related. Actual or potential conflicts of interest are declared in the interests and gifts registers.

Permission to act despite being interested in a matter

Section 68(6) of the Crown Entities Act 2004 requires the Board to disclose any interest to which a permission to act has been granted, despite a member being interested in a matter. During the 2022/23 financial year there were no permissions granted by the Chair in the public interest.

Key personnel compensation

	2022/23 Actual \$000	2021/22 Actual \$000
Board members		
Remuneration	196	185
Full-time equivalent	1.061	0.81
Leadership team	1,691	1,862
Full-time equivalent	5	5
Total key personnel remuneration	1,887	2,047
Total full-time equivalent	6.06	5.81

Key personnel are Board members, the Chief Executive and General Managers.

The full-time-equivalent values have been calculated based on actual work performed during the reporting period. At 30 June 2023 there were five employees in the leadership team (2021/22: five employees).

The full-time equivalent values for Board members have been determined based on the frequency and length of Board meetings and the time for Board members to prepare for meetings, calculated based on the hours invoiced to Te Waihangā.

Note 17. Events after balance date

There were no significant events after the balance date 30 June 2023.

Note 18. Explanation of significant variances against budget

Te Waihangā returned a lower net deficit than budgeted (by \$4,340,000). This was primarily driven from the budgeted project contingency (\$2.685m) not being fully utilised throughout the financial year. Additionally, there were cost underspend in both consulting and personnel expenditure. The key drivers of this were delays in filling vacancies and delays in project activity, due to both internal resourcing constraints as resources were directed to provide advice as part of the cyclone recovery and external delays on infrastructure completion. Te Waihangā also received funding support from the Ministry for Environment to lead the Infrastructure Chapter of the National Planning Framework.

In the Statement of Financial Position, the “Cash & cash equivalents” total is \$4,091,000 above budget and \$1,888,000 below the prior year total, which reflects the net deficit position for the year. The lower-than-expected net deficit is reflected in the Statement of Cash Flows, where payments to both employees and suppliers are lower than budget. The items included in the payables total at 30 June 2023 were paid promptly, in line with Te Waihangā’s target of paying suppliers within ten days of receiving invoices.





Transforming infrastructure for all New Zealanders



**Te Kāwanatanga
o Aotearoa**
New Zealand Government