

Annual Report Pūrongo ā-Tau

Transforming infrastructure
for all New Zealanders

1 July 2021 - 30 June 2022



1 July 2021 – 30 June 2022

Our year at a glance

Te tau kua taha ake

Released **Rautaki Hanganga o Aotearoa**,
the New Zealand Infrastructure Strategy
– a first for New Zealand, setting a direction for the next
30 years.



Infrastructure Pipeline has grown from

2,586 to **2,913** projects

NZD
\$61 billion to
\$72.6 billion

35 to **48** contributors

Together with the Construction Sector Accord,
launched **review of one of New Zealand's most
used construction contracts.**



4 issues of the
**Infrastructure
Quarterly** published,
sharing statistics and
insights drawn from the
Infrastructure Pipeline.

11 reports and studies
released on a range
of issues including
housing supply,
infrastructure funding
and financing, low
emissions energy and
international best
practice in tender price
evaluation.



304

media stories
on our work.

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

**New Zealand Infrastructure
Commission, Te Waihanga**

Annual Report 2021/22
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Contact details

New Zealand
Infrastructure Commission,
Te Waihanga

Level 7, The Todd Building
95 Customhouse Quay
Wellington Central
Wellington 6011

Email: info@tewaihanga.govt.nz
Website: tewaihanga.govt.nz
LinkedIn: [www.linkedin.com/
company/tewaihanga](https://www.linkedin.com/company/tewaihanga)

Cover image: Ōmarukaikuru Point Jerningham



Hosted the 2022
**Looking ahead
symposium**

which was attended by 150
stakeholders from across the sector.



Began a **post construction
review** of **Transmission Gully**,
to be completed in 2022.

Supported the development of the **Emissions
Reduction Plan** and contributing to work on
Resource Management Reform.

5,800

people visited to
strategy.tewaihang.
govt.nz -
launched in May 2022.

3,287

newsletter
subscribers

Hosted the
**Australia
New Zealand PPP
Contract Managers'
Forum**, attracting
more than 100
delegates.



**Published
Health
Infrastructure
Review**

**8 public
submissions**

submissions made on
infrastructure policy topics



3,566

Linkedin followers



50,000

people visited to
tewaihang.govt.nz

New **Facebook** and **Twitter**
accounts launched.





Gettyimages Xiaobei Han

Contents

Ngā Ihirangi

Our year at a glance 02

Part One: Introduction 07

Message from the Chair
and Chief Executive 07

Who we are 14

Governance 15

Strategic outcomes 18

Part Two: Our performance 21

Our performance
framework 21

Outcome 1: An agreed programme of reforms and initiatives to drive better infrastructure outcomes in the long term 23

Outcome 2: The construction sector has a clear forward works programme, which the sector can rely on 27



Outcome 3: The infrastructure procurement capability of government agencies and the construction sector is improved **30**

Outcome 4: Decision-makers have a basis for bold reform and policy change, informed by independent, evidence-based recommendations **35**

Part Three: **Our organisation** 41

Part Four: **Statements of financial performance** 47

Statement of responsibility 47

Independent auditor's report 48

Notes to the financial statements 56



Part One:

Introduction

Wāhanga tuatahi: Whakatuwheratanga

Message from the Chair and Chief Executive

He pānui nā te Heamana me te Toihau

This has been a busy year for Te Waihanga and we've achieved some significant milestones. This annual report summarises our focus areas and progress we have made against the outcomes we outlined in our Statement of Performance Expectations.

Supply chain disruption, labour shortages and the highest rate of construction cost inflation since records began¹ have made this an exceptionally challenging time for infrastructure planning and delivery. As a trusted infrastructure advisor, Te Waihanga has worked to help New Zealand navigate these challenges.

Over the past year, we have built the evidence base and case for change on significant issues facing New Zealand and our infrastructure. We've provided advice, engaged with stakeholders, maintained the infrastructure pipeline and grown the impact of our findings through new publications and ways of reaching people, adding depth to the infrastructure conversation.

On top of this, we reached a major milestone with the release of the New Zealand Infrastructure Strategy, Rautaki Hanganga o Aotearoa. This is a first for New Zealand, with 68 recommendations spanning issues from workforce and capability to waste and resource recovery to low emissions energy.

Our ambitions for the year were high, sometimes higher than we were able to achieve within the timeframes we set. On balance, we are very pleased with the output from our small, hardworking team and we will continue to push hard on progressing the big issues for infrastructure.



Dr Alan Bollard
Board Chair



Ross Copland
Chief Executive

¹ <https://www.mbie.govt.nz/assets/building-and-construction-sector-trends-biannual-snapshot-may-2022.pdf>

Release of the New Zealand Infrastructure Strategy - Rautaki Hanganga o Aotearoa

Launched on 2 May 2022, the New Zealand Infrastructure Strategy sets an ambitious path for New Zealand to follow as we collectively transform infrastructure over the next 30 years.

The Strategy sets out a number of important principles and makes 68 recommendations for how we can achieve a resilient, affordable, connected and adaptive future recognising that New Zealand has underinvested for decades and now has infrastructure problems we can't just build our way out of. Instead, it recommends that we make greater use of the infrastructure we already have through 'non-built' solutions that help manage demand, as well as more efficiently choosing, funding and building the projects that add supply.

The Strategy was launched at our second Looking Ahead Symposium, the first event held at Christchurch's Te Pae convention centre. This was attended by 150 people with 35 speakers from across government, the private sector, and academia presenting on the issues raised by the Strategy.

A purpose-built website was also developed for the Strategy which used a mix of text, video and images to bring the messages to life in a user-friendly way and ensure that the recommendations most relevant to users could quickly be accessed and understood. This reduced our need to print large volumes of the strategy and gave us rich insights into the way users interacted with the content and what areas were of greatest interest.

There was significant interest in the Strategy which featured on national news, with broad coverage across 11 media outlets. In the months following release of the draft Strategy, there was also continued strong media interest in various issues and the reports used in its development. We are honoured to have been a finalist in the Public Service Commission, Spirit of Service Awards - Leadership in Governance category for the way in which the Strategy addresses the intergenerational infrastructure challenges we face.

Shining a light on issues that matter

In addition to the strategy, Te Waihanga has shone a light on a range of infrastructure issues with our research and analysis. We launched a series of research insights reports, and these have included a close look at how efficiently we build infrastructure compared to other countries, as well as analysis of the role our planning system has had in the present issues of housing affordability.

This work has allowed us to bring an evidence-based lens on the time and cost of consenting infrastructure projects, and the impact of planning regulations on house prices to our work on Resource Management reforms.

Te Waihanga has also researched specific issues to directly help with the development of the Strategy, including a closer look at how we can utilise our abundant low-emissions energy resources to help meet our net carbon zero goals while growing our economy.

We have realised significant benefits from building a good evidence base for key areas we engage on and will continue this by building greater research and analysis capability in house.

A more accurate Pipeline

We have added new client organisations to the National Infrastructure Pipeline, improving the completeness and accuracy of information available to industry so they can plan and prepare for the projects coming up over the next five years.

The Pipeline shows we have over \$70 billion of infrastructure work planned over the next five years which is both exciting and challenging for the market to deliver. In order to provide greater insights from this data we launched the Infrastructure Quarterly publication. This has provided a spotlight on work in key regions, as well as specific project updates, and the economic insights hidden within the data improving the accessibility and market response.

Improving New Zealand's infrastructure delivery

A major focus of our infrastructure delivery team in previous years has been providing expertise directly to projects, but over the last year, we have looked more at how we can influence at system level to improve outcomes for the frontline of project delivery. Examples of how this has influenced our work programme include our Health Infrastructure Review which captured lessons from other jurisdictions that can be applied here in New Zealand as part of health sector reforms, and our work on productivity, procurement and risk with the Construction Sector Accord which includes an overhaul of our most commonly used construction contract.

We have also continued to provide expertise and support to the Crown on Public Private Partnerships including preparation for the final review of the Transmission Gully Project which will build on the interim review completed last year. We hosted the 2021 Australia New Zealand PPP Contract Managers' Forum which is an important forum for sharing learning with our international peers and ensuring New Zealand's PPP contract managers stay current with leading practice globally.

Policy advice on critical issues

We provided policy advice on major issues, ensuring infrastructure expertise was a part of projects such as the resource management reform, while also highlighting the need for the reform programme to deliver on its stated objectives given the huge infrastructure deficit we have accrued. We led infrastructure components of the National Adaption Plan and the Emissions Reduction Plan – major parts of the government's work to both mitigate and plan for the impacts of climate change.

In addition to this, our Policy group commissioned research on issues impacting the sector that can help inform policy work, such as the challenges New Zealand faces in access to critical building materials and the ballooning cost of consenting for infrastructure projects.

Dr Alan Bollard CNZM
Board Chair
12 December 2022

Large-scale projects on the horizon

Infrastructure remains a busy space. The Government has recently committed to several large-scale projects, particularly in transport. Given the significant capital commitment needed and the risks that come with projects of this scale, Te Waihangā is of the view that it is critical that a robust business case process is followed and the right funding decisions are made to deliver good value for money. The Commission believes there are improvements that can be made in this regard, and we look forward to working with the Government to help make sure New Zealanders get the best results from these intergenerational investments.

Acknowledgements

The feedback and advice we've received from stakeholders has been critical to our success over this last year. We are extremely grateful to all who have taken the time to engage with our work, and we thank the members of the two expert panels, our Local Government Reference Group and the Te Ao Māori Testing Panel, that provided invaluable advice over the development of the New Zealand Infrastructure Strategy.

Board Member David Cochrane stepped down at the end of the 2021/22 financial year. David's tenure began with the establishment of Te Waihangā. Over this time, his legal expertise, background in local government and transport policy as well as his eye for detail have been highly valued qualities that he brought to the role. We thank him for his contribution to the formative years of Te Waihangā.

We welcomed Sina Cotter Tait to the Board on 1 November 2021. With David's departure, Sina has subsequently joined the Risk and Assurance Committee for the 2022/23 financial year.

We would also like to thank the Board and the Te Waihangā team for their hard work and commitment over this past year. Looking across some of the government's most important work programmes and investments, there are increasing signs of our influence as well as links to the New Zealand Infrastructure Strategy. This emphasises the critical importance of our work and the value that independent infrastructure leadership can bring.

Ross Copland
Chief Executive
12 December 2022



He pānui nā te Heamana me te Toihau

He tau pokea e te mahi tēnei mō Te Waihanga, ā, kua tutuki i a mātou ētahi tohu nui. Ka whakarāpopototia e tēnei pūrongo ā-tau ngā wāhanga arotahi me te ahunga whakamua i mahia e mātou ki runga i ngā putanga i whakaraupapahia e mātou i roto i tā mātou Tauākī Wawata Whakatutukitanga.

Nā te tauwhatinga o ngā ara tukutuku, te kōpako kaimahi me te pāpātanga tairanga rawa ake o te pikiutu tukipū i te rāngai hanganga nō te tīmatanga o ngā rēkoata, me te aha¹ he wā tino uaua tēnei mō te whakamahere hanganga me tōna whakatutukitanga. Nā te mea he kaitohutohu matatika a Te Waihanga ka taea e rātou ki te āwhina i a Aotearoa ki te whakaterere i ēnei wero.

I roto i te tau kua hipa ake nei, kua kohia e mātou he taunaki me te whakarite hoki i te kēhi mō te whakaumutanga mō ngā take nui e pā ana ki a Aotearoa me tō tātou hanganga. Kua tukuna e mātou he tūtohutanga, kua kōrero anō hoki ki te hunga whaipānga, ka whakahaere hoki i te rārangi mahi hanganga me te whakatupu i te pānga o ā mātou kitenga mā ngā tānga hōu me ngā huarahi ki te whakapā atu ki ngā tāngata, hei whakawhānui ake i ngā kōrero mō te hanganga.

Hei tāpiri ki tēnei, i tutuki i a mātou tētehi tohu nui matua i te whakarewanga o te Rautaki Hanganga o Aotearoa. He tuatahitanga tēnei mō Aotearoa, e 68 ngā tūtohutanga e pā ana ki ngā take ohu mahi me te kaha tae noa atu ki te para me te taumanu rawa me te pūnga puta hakahaka.



Dr Alan Bollard
Board Chair



Ross Copland
Chief Executive

¹ <https://www.mbie.govt.nz/assets/building-and-construction-sector-trends-biannual-snapshot-may-2022.pdf>

He tino teitei ō mātou wawata mō te tau, i ētahi wā i teitei ake i tō mātou kaha ki te whakatutuki i roto i ngā wā i whakaritea ai e mātou. Ki te whakaarotia ngā take katoa, ka tino koa mātou ki ngā putanga i tō mātou kapa iti, pukumahi hoki, ā, ka kaha tonu mātou ki te kōkiri i ngā take nunui mō te hanganga.

Te Whakarewatanga o te - Rautaki Hanganga o Aotearoa

I whakarewahia i te 2 o Haratua 2022, ka marohitia e te Rautaki Hanganga Hanganga o Aotearoa tētahi huarahi hao nui hei whai mā Aotearoa i a tātou e whakaumu tahi ana i te hanganga mō ngā tau e 30 e whai ake nei.

Ka whakatakotohia e te Rautaki ētahi mātāpono whaitake me te whakatakoto i ngā tūtohutanga e 68 e taea ai e tātou tētahi anamata manahau, tareka ā-utu, whai hononga, me te urutau anō hoki i runga i te mōhio kua iti rawa te haumi pūtea a Aotearoa mō ngā ngahurutau, ā, ināianei kua puta mai he raruraru hanganga e kore e taea e tātou te whakatika mā te hanga noa iho. Engari, e tūtohutia ana kia kaha ake tātou ki te whakamahi i ngā hanganga kua oti kē te hanga mā ngā whakautu 'kāore i hangaia' hei āwhina i te whakahaere whao, me te whakapiki ake i te whāomotanga o te whiriwhiri, o te haumi pūtea me te hanga i ngā kaupapa e tāpiri ana i te whakarato.

I whakarewahia te Rautaki i tā mātou hui Looking Ahead Symposium te tuarua, te hui tuatahi kia tū ki te whare huihuinga ko Te Pae ki Ōtautahi. E 150 ngā tāngata i tae atu, e 35 ngā kaikōrero nō te kāwanatanga, me te rāngai tūmataiti, me te ao whare wānanga, e kōrero ana ki ngā take i whakaarahia ai e te Rautaki.

I hangaia anō he paetukutuku mō te Rautaki tonu, i utaina he whiriwhiringa tuhinga, ataata me ngā whakaahua hei whakahihiko i ngā karere māmā ki ngā kaiwhakamahi me te whakarite he māmā te āhei atu, he marama kehoheho anō hoki ngā tūtohutanga hāngai rawa ake ki ngā kaiwhakamahi. Nā tēnei i whakaitingia ai tō mātou matea ki te tā i ngā pukapuka nui o te rautaki, ā, kua tino whaihua ngā mōhiotanga ki ngā huarahi e torotoro atu ai ngā kaiwhakamahi ki ngā ihirangi me ngā wāhanga e tino arohia ana.

He nui te aro mai a te marea ki te Rautaki i puta ai i runga i ngā hōtaka kawae pūrongo o te motu, me te whānui o tana rīpoatatia e ngā whakahaere pāpāho 11. I ngā marama i muri mai i te whakarewanga o te Rautaki hukihuki, i kaha tonu te aro mai o te hunga pāpāho ki ngā momo take me ngā pūrongo i whakamahia ai i roto i tana whakawhanaketanga. Nō mātou te hōnore kua whakaingoatia ko mātou tētahi o ngā toa whakamutunga i te tohu Te Hāpai Hapori o Te Kawa Mataaho - i te wāhanga mō te Kaiārahi Mahi Whakahaere mō tā te Rautaki whakautu ki ngā wero hanganga tuku iho e arohia ana e tātou i tēnei wā.

Te whakamārama i ngā kaupapa whaitake

I tua atu i te rautaki, kua huraina mai e Te Waihanga te mahi a ngā take hanganga mā roto i tā mātou rangahau, arohaehae anō hoki. I whakarewahia e mātou he punipuni pūrongo o ngā kitenga rangahau, ā, kua tirohia hoki e ēnei te whāomotanga o tā tātou whakatū hanganga ina whakatauritehia ki whenua kē atu, me te arohaehae hoki i te whai wāhitanga o tō tātou pūnaha whakamahere i roto i ngā take o nāianei mō te tareka ā-utu o te whare.

Na tēnei mahi i taea ai e mātou te kawae mai i tētahi tirohanga whai taunaki e pā ana ki te wā me te utu mo te whakaae ki ngā kaupapa hanganga, me te pānga o ngā ture whakamahere mō te utu o ngā whare ki ā mātou mahi mō ngā whakahoutanga o te Whakahaere Rawa.

Kua rangahaua anō e Te Waihanga ētahi take motuhake hei āwhina tonu i te whakawhanaketanga o te Rautaki, tae atu ki te āta titiro ake me pēhea e taea ai e tātou te whakamahi i ā tātou rauemi hiko tukuwaro-iti huhua e riwha ai ō tātou whāinga warokore more me te whakatupu i tō tātou ohanga.

Kua whakatinanahia e mātou ngā painga nui o te hanga i tētahi tūranga whai taunaki pai mō ngā wāhanga matua e whai wāhi atu ana mātou, me te kōkiri tonu i tēnei mā te whakapakari ake i te kaha o te mahi rangahau me te mahi arohaehae i te tara ā-whare.

He Rārangi Mahi tika ake

Kua tāpirihia e mātou ētahi whakahaere kiritaki hōu ki te National Infrastructure Pipeline, me te whakapai ake i te kīnga me te tika o ngā kōrero e wātea ana ki te rāngai e taea ai e rātou te whakamahere me te whakarite mō ngā kaupapa ka ara ake i roto i ngā tau e rima e whai ake nei.

E whakaatu ana te Rārangi Mahi kua neke atu i te \$70 piriona ngā mahi hanganga kua whakaritea mō ngā tau e rima e whai ake nei, ā, he mea whakahihiri, he wero hoki tēnei hei whakatutuki mā te māketete. E nui ake ai ngā māramatanga i tēnei raraunga i whakarewahia e mātou te tānga Infrastructure Quarterly. Nā tēnei i whakaatu ngā mahi i roto i ngā rohe matua, tae atu ki ngā whakahōutanga e hāngai ana ki ngā kaupapa tauwhāiti, me ngā tirohanga ohaoha e huna ana i roto i te raraunga e pai ake ai te āheinga me te urupare a te māketete.

Te whakapai ake i te whakaratonga o te hanganga ki Aotearoa

Ko te aronga nui o tō mātou rōpū whakarato hanganga i ngā tau o mua ko te whakarato mōhioranga tika ki ngā kaupapa, engari i te tau kua hipa ake nei, kua titiro mātou ki te pēheatanga e whakaawe ai mātou i te taumata o te pūnaha ki te whakapai ake i ngā putanga mō te wāhanga o mua o te whakarato kaupapa. Ko ētahi tauira o te whakaawenga o tēnei i tā mātou kaupapa mahi ko tā mātou Health Infrastructure Review, i hopu tērā i ngā akoranga i ētahi atu mana whakahaere nō whenua kē ka taea te whakamahi i konei i Aotearoa hei wāhanga o ngā whakahōutanga o te rāngai hauora, me ā mātou mahi mō te māpua, me te hoko me te tūraru me te Construction Sector Accord, kei roto i tērā ko te whakatikatika i tā mātou kirimana hanga e kaha whakamahia ana.

Kua whakarato tonu mātou i tō mātou mōhio me te tautoko ki te Karauna mō ngā Pātuitanga Rāngai Tūmatawhānui me te Rāngai Tūmatawhāiti, tae atu hoki ki te whakarite mō te arotake whakamutunga o te Kaupapa Te Aranui o Te Rangihaeata, ā, ka takengia tēnei i te arotake-a-wā i oti ai i tērā tau. I whakahaerehia e mātou te hui 2021 a ngā kaiwhakahaere kirimana PPP o Ahitereiria me Aotearoa, he huihuinga whai tikanga tēnei mō te tohatoha akoranga puta noa i ō tātou hoa o te ao me te whakarite e eke tonu ana te kōunga o ngā mahi a ngā kaiwhakahaere kirimana PPP o Aotearoa ki ngā taumata o te wā e whāia ana huri noa i te ao.

Ngā tohutohu kaupapahere mō ngā take tino nui

I whakaritea e mātou he tohutohu kaupapahere mō ngā take nui, me te whakatūturu e whai wāhi ana ngā mōhio hanganga ki ngā kaupapa pēnei i te whakahou i te ture Whakahaere Rawa, me te whakapuaki anō i te matea mō te kaupapa whakahou ki te whakatutuki i ana whāinga nō te nui o te tarepahanga hanganga kua tukuna iho ki a tātou. I ārahi mātou i ngā wāhanga hanganga o te National Adaption Plan and the Emissions Reduction Plan - he wāhanga nui o ngā mahi a te kāwanatanga hei whakaiti me te whakamahere mō ngā pānga o te āhuarangi hurihuhurihanga āhuarangi.

I tua atu i tēnei, i whakaritea e tō mātou rōpū Kaupapahere he rangahau e riro ai hei puna mataraunga mō ngā take e pā ana ki te rāngai hei āwhina i ngā mahi kaupapahere, pēnei i ngā wero e pā ana ki a Aotearoa mō te āhei atu ki ngā rawa hanga whare me te pikinga nui o ngā utu mō te whakaaetanga mō ngā kaupapa hanganga.

Ngā kaupapa nui te korahi e haere ake nei

He rangai pokea e te mahi te hanganga. Ina tata nei te Kāwanatanga i whakarato ai ki te nui o ngā kaupapa nunui, pērā i te ikiiki waka. I runga i te nui o te moni me whakapau me ngā turaru ka puta mai i ngā kaupapa o tēnei korahi, e whakaaro ana a Te Waihanga he mea nui kia kaha te whakahaere i te tukanga kēhi pākihi me ngā whakatau pūtea tika hei whakaputa i te uara pai mō te moni. E whakapono ana te Kōmihana tērā ngā mea ka taea te whakapai ake mō tēnei kaupapa, ā, e tūmanako ana mātou ki te mahi tahi me te kāwanatanga ki te āwhina i ngā tāngata o Aotearoa kia whiwhi i ngā hua pai i ēnei haumi pūtea tuku iho.

He Whakamihi

Ko ngā urupare me ngā tohutohu kua tae mai ki a mātou nō te hunga whai pānga, ā, he mea tino nui ēnei ki tō mātou angitu i tēnei tau kua hipa. Ka nui tō mātou whakamoemiti ki te hunga katoa i whakapau wā ki te whai wāhi ki a mātou mahi, ā ka mihi mātou ki ngā mema o ngā panara mātanga e rua, tō mātou Local Government Reference Group me Te Ao Māori Testing Panel, nā rātou nei i tuku tohutohu nui mō te whakawhanaketanga o te Rautaki Hanganga o Aotearoa.

Dr Alan Bollard CNZM
Board Chair
12 December 2022

Ross Copland
Chief Executive
12 December 2022

I heke te Mema o te Poari a David Cochrane i te mutunga o te tau pūtea 2021/22. I timata a David i te whakatūranga o Te Waihanga. I roto i tēnei wā, ko tōna mōhio ture, me tōna wheako i ana mahi mō te whakawhanake kaupapahere mō te kāwanatanga a-rohe me te ikiiki, tae atu ki tana āhei ki te hōmiromiro i ngā taipitopito ētahi o ngā āhuatanga whaihua i mauria mai e ia ki te mahi. Ka mihi atu mātou ki a ia i tana takoha ki ngā tau tuatahi o Te Waihanga.

I whakatau hoki mātou i a Sina Cotter Tait ki te Poari i te 1 o Noema 2021. I te wehenga o David kua uru atu a Sina ki te Risk and Assurance, a, ka mahi ia mo te tau ahumoni 2022/23.

Ka mihi anō mātou ki te Poari me te kapa o Te Waihanga i tā rātou whakapau kaha me te tautoko i te tau kua hipa ake nei. Ko te titiro atu ki ētahi o ngā kaupapa mahi nui me ngā haumi pūtea a te kāwanatanga, kei te piki haere ngā tohu o tā mātou whakaawenga me ngā hononga ki te Rautaki Hanganga o Aotearoa. Ka arotahi tēnei ki te hiranga nui o ā mātou mahi me te uara ka mauria mai e te kaiārahitanga ā-hanganga motuhake.

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.

Our long-term objective is to deliver a step 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.

Our objective	Our vision	Our purpose	Our values
To deliver a step change in New Zealand's planning and delivery of infrastructure, its systems and settings.	Infrastructure for a thriving New Zealand.	To improve all New Zealanders' lives through better infrastructure.	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 2021/22 set out the following as specific outputs on which Te Waihanga should make progress, or deliver, in 2021/22:

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.

Delivery of the Infrastructure Strategy

We are expected to continue our progress on the Infrastructure Strategy, including engaging the Minister on its development. The draft Infrastructure Strategy was delivered to the Minister on 25 September 2021.

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.



Hon Grant Robertson
Minister for Infrastructure

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.

On 1 November 2021, Sina Cotter Tait was appointed to the Board. Board Member David Cochrane stepped down at the end of the 2021/22 financial year.

Both the Board and the Risk and Assurance Committee operate under the Board Charter, which sets out the corporate governance for the Commission: www.tewaihanganga.govt.nz/about-us/board



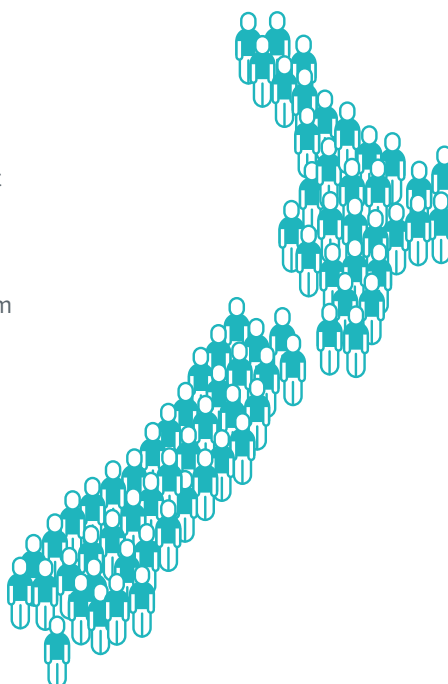
Te Waihangā Board: Left to right Maurice Davis, Sina Cotter Tait, David Cochrane, Sarah Sinclair, Dr Alan Bollard (Chair), Sue Tindal (Deputy Chair) and Raveen Jaduram.

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. David Cochrane stepped down from the Risk and Assurance Committee at the end of the 2021/22 financial year.

Chair: Sue Tindal

Members: David Cochrane, Raveen Jaduram and Murray Harrington (independent member).



Board Meeting Attendance			
Board Member	Board	Risk and Assurance Committee	Risk and Assurance Committee Special Meetings*
Dr Alan Bollard	9/9	-	-
Sue Tindal	9/9	5/5	1/1
Raveen Jaduram	9/9	5/5	1/1
Sina Cotter Tait (joined Board on 1 November 2021)	4/4	-	-
Sarah Sinclair	9/9	-	-
David Cochrane	9/9	5/5	1/1
Maurice Davis	9/9	-	-
Murray Harrington (Independent Member - Risk and Assurance Committee)	-	4/5	1/1

*In addition to holding five regular Risk and Assurance Committee meetings, the committee met once to consider the 2020/21 Te Waihangā Annual Report.

Te Waihangā Leadership Team

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



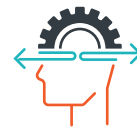
Te Waihangā Leadership Team: Left to right Robert Addison, **Chief Advisor Policy** (Left Te Waihangā in May 2022); Tracey Kai, **General Manager Operations**; Geoff Cooper, **General Manager Strategy**; Blake Lepper, **General Manager Infrastructure Delivery**; and Ross Copland, **Chief Executive**.

Strategic outcomes

Ngā putanga rautaki

Our Statement of Intent 2019-2024 outlines the four outcomes we must achieve if we are to meet our objective of delivering a step-change in New Zealand's planning and delivery of infrastructure, its systems and settings.

Each outcome is connected to the four functions of Te Waihanga that are set out in the New Zealand Infrastructure Commission/Te Waihanga Act 2019. The work that we do through each output is strongly connected to achieving our strategic outcomes.



Outcome 1	Outcome 2	Outcome 3	Outcome 4
Strategic infrastructure advice that enhances wellbeing.	The construction sector has a clear forward works programme, which the sector can rely on.	Improved procurement capability of government to enhance project delivery and support a sustainable construction industry.	Decision-makers have a basis for bold reform and policy change, informed by independent, evidence-based recommendations.
Achieved through:	Achieved through:	Achieved through:	Achieved through:
<ul style="list-style-type: none"> Infrastructure Strategy Special topic reports. 	<ul style="list-style-type: none"> Infrastructure Pipeline. 	<ul style="list-style-type: none"> Procurement capability Project delivery support through project support agreements. 	<ul style="list-style-type: none"> Infrastructure policy advice.





Part Two:

Our performance

Tā mātou anga mahi

Our performance framework

Tā mātou anga mahi

Our performance framework ties together the functions set out in the New Zealand Infrastructure Commission/Te Waihanga Act 2019 and the outcomes we are seeking to achieve in the medium to long term. The framework then outlines the indicators we are using to measure our performance and the outputs we are working on to achieve each outcome.

Functions			
To coordinate, develop and promote an approach to infrastructure that improves the wellbeing of New Zealanders.	To improve the certainty of future New Zealand infrastructure projects.	To lift New Zealand's infrastructure procurement capability.	To provide high-quality advice in relation to infrastructure.
Outcomes			
Strategic infrastructure advice that enhances wellbeing.	The construction sector has a credible forward works programme it can rely on.	Improved procurement capability of government to enhance project delivery and support a sustainable construction industry.	Decision-makers have a basis for bold reform and policy change, informed by independent, evidence-based recommendations.

Outcome indicators

<p>Broad public agreement amongst Māori as Treaty partners, central government, local government and other stakeholders that the recommendations in Infrastructure Strategy reports and advice will improve wellbeing through infrastructure for the long term.</p> <p>Te Waihangā's engagement, strategic evidence base and corresponding recommendations meet the expectations of Māori as Treaty partners, central government, local government and private-sector stakeholders.</p> <p>Special Topic Reports that address the Terms of Reference, are of a high quality and are prepared in a timely fashion.</p> <p>Te Waihangā's strategic evidence base and corresponding recommendations meet the expectations of the Minister for Infrastructure.</p>	<p>Improved transparency about the timing and value of major projects.</p> <p>The Infrastructure Pipeline is considered the trusted source for information and is the 'go-to' place for the construction industry.</p> <p>Project sponsors make informed decisions about their investments based on a wider understanding of the market.</p>	<p>Advisory resources are targeted where they will make the biggest difference to government procurement.</p> <p>Best-practice guidance is available to all government agencies undertaking infrastructure procurement.</p> <p>The government infrastructure procurement capability is monitored and evaluated in a systematic way. Advice and guidance are adapted to reflect the greatest needs that emerge to enhance the capability and performance of government.</p> <p>Te Waihangā is regarded as a trusted advisor and thought leader within the investment management system and across infrastructure delivery entities, which drives improvement and innovation in infrastructure procurement.</p>	<p>Timely policy advice delivered to the Minister for Infrastructure in line with being their primary advisor on infrastructure policy.</p> <p>Te Waihangā is a trusted advisor on infrastructure policy within central government, bringing the perspective of the sector to central government policy decision-making.</p>
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Te Waihangā outputs

<p>Infrastructure Strategy.</p> <p>Special topic reports.</p>	<p>Infrastructure Pipeline.</p>	<p>Procurement capability.</p> <p>Project delivery support through project support agreements.</p>	<p>Infrastructure policy advice.</p>
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Outcome 1:

Strategic infrastructure advice that enhances wellbeing

Putanga 1: Kupu tohutohu rautaki hanganga e whakarākei ana i te oranga tonutanga

In 2021/22, the output of this outcome was the New Zealand Infrastructure Strategy and special topic reports.

Outcome	Indicator 1
Strategic infrastructure advice that enhances wellbeing.	Broad public agreement amongst Māori as Treaty partners, central government, local government and other stakeholders that the recommendations in Infrastructure Strategy reports and advice will improve wellbeing through infrastructure for the long term.
	Indicator 2
	Te Waihanga's engagement, strategic evidence base and corresponding recommendations meet the expectations of Māori as Treaty partners, central government, local government and private-sector stakeholders.
	Indicator 3
	Special topic reports that address the Terms of Reference, are of a high quality and are prepared in a timely fashion.
	Indicator 4
	Te Waihanga's strategic evidence base and corresponding recommendations meet the expectations of the Minister for Infrastructure.

Te Waihangā has taken the following actions:

Development of Rautaki Hanganga o Aotearoa, New Zealand Infrastructure Strategy

Rautaki Hanganga o Aotearoa is New Zealand's first infrastructure strategy, setting out 68 recommendations for how New Zealand can address its infrastructure challenges over the next 30 years. The Strategy identifies challenges such as a growing population, our changing climate and the impact of technology. The Strategy is the result of extensive research, analysis and public, iwi and stakeholder engagement. It incorporates feedback from more than 23,000 New Zealanders through our Aotearoa 2050 survey. We have used this research and engagement to understand New Zealand's infrastructure sectors and the challenges and opportunities they face.

The Strategy was delivered to the Minister for Infrastructure in March 2022, complying with our legislative requirement to prepare the first Infrastructure Strategy by this date.

Engagement with Government response to New Zealand Infrastructure Strategy

Following the completion of the Infrastructure Strategy, Te Waihangā has engaged with Treasury and other government agencies to socialise the Strategy recommendations and provide advice on the Government response that is required by September 2022 under legislation. Our engagement with the Government response is ongoing.

Release of draft New Zealand Infrastructure Strategy

A draft New Zealand Infrastructure Strategy was provided to the Minister for Infrastructure in September 2021 for his consideration and comments. This draft was also published on the Te Waihangā website, providing transparency and visibility about our direction.

Publications and reports

New Zealand's infrastructure challenge: Quantifying the gap and path to close it

Te Waihangā commissioned this analysis of New Zealand's current and future infrastructure requirements, covering issues like addressing existing infrastructure deficits, providing for future population and economic growth, maintaining and renewing infrastructure, and cost pressures due to limited delivery capability. It highlights the scale of the infrastructure challenges facing us, and the need to look for a range of solutions to our challenges, including making better use of the infrastructure we have, making better decisions about how to invest, increasing sector capacity to deliver, and increasing infrastructure funding and financing. This report was used in the development of the New Zealand Infrastructure Strategy.

Funding and financing of infrastructure in New Zealand

Te Waihangā commissioned an independent report on the financing and funding of infrastructure in New Zealand. It identifies a number of issues for the sector, as well as six principles to help address these. This report was used in the development of the New Zealand Infrastructure Strategy.

Are local infrastructure decision-making bodies right sized? Challenges from growing labour market areas

Te Waihangā commissioned this report which analyses how New Zealand cities have evolved in recent decades, looking at urban growth patterns and the increasing trend for people to live in one council and commute to work in another. It found that changes are needed to make it easier to provide the right infrastructure and plan for housing in cities that are increasingly spilling across multiple council boundaries.

Investment gap or efficiency gap? Benchmarking New Zealand's investment in infrastructure

In this report, Te Waihangā looks at international data to benchmark how much we invest in infrastructure and assess how efficient we are in turning investment into high-quality infrastructure. The report shows that while our investment is similar to other high-income countries, New Zealand's infrastructure investment efficiency lies in the bottom 10% of high-income countries. The report identified factors that contribute to this.

The decline of housing supply in New Zealand

In this report, Te Waihangā analyses how prices and supply have changed over 90 years from the 1930s to the 2010s, to understand whether more rapid price increases in recent decades are due to faster growth in housing demand, or slow housing supply responses. The report links changes in housing supply to changes in urban planning policies and urban transport system performance. This report's findings provide further evidence for several recommendations in the New Zealand Infrastructure Strategy.

Leveraging our energy resources to reduce global emissions and increase our living standards

In this report, Te Waihangā looks at both barriers to and opportunities for New Zealand in growing its low-emissions energy. It finds that we can grow our low-emissions energy generation beyond what we need to meet our climate change commitments, to create high-wage jobs for New Zealanders and reduce carbon emissions globally. This report provides technical analysis in support of this ambition.

Engagement

We carried out extensive public, iwi and stakeholder engagement to develop the draft strategy, and many key elements of this continued as we finalised and shared the final New Zealand Infrastructure Strategy.

Local Government Reference Group

We continued to work with our Local Government Reference Group to finalise the New Zealand Infrastructure Strategy. This group was disbanded following the release of the Infrastructure Strategy.

Minister for Infrastructure

We consulted and briefed the Minister for Infrastructure on the development of the Infrastructure Strategy. The Minister also provided comments on the draft strategy which we considered as we worked on the final.

Te Ao Māori Testing Panel

We continued to work with our Te Ao Māori Testing Panel. This panel comprised five members who brought a diverse and deep understanding of Māori views and experiences of infrastructure. This group was disbanded following the release of the Infrastructure Strategy.

Draft Infrastructure Strategy webinar

Following the release of the Draft Infrastructure Strategy we held a webinar to give stakeholders insight into the direction it proposed. Our chair Dr Alan Bollard, General Manager Strategy Geoff Cooper and General Manager Operations Tracey Kai presented and answered questions from viewers online, and Peter Silcock, CE Civil Contractors provided an industry perspective. More than 300 viewers signed in to watch.

Infrastructure 2022: Looking Ahead Symposium

Rautaki Hanganga o Aotearoa, the New Zealand Infrastructure Strategy was launched at our annual symposium. This two-day event was fully booked with 150 in-person attendees and a further 200 watched online. More than 30 experts drawn from industry, government, academia and NGOs spoke about the issues identified by the Strategy.

Outcome 1 performance

Measure	Activity	Target 2021/22	Outcome 2021/22
Māori, central and local government and private-sector stakeholders broadly agree that the Infrastructure Strategy provided by Te Waihangā will improve wellbeing through infrastructure for the long term.	<p>Stakeholder survey²</p> <p>Survey questions:</p> <ul style="list-style-type: none"> - Te Waihangā used an evidence-based approach to develop conclusions and recommendations. - Recommendations made by Te Waihangā, if implemented, are likely to improve the wellbeing of New Zealanders for the long term. <p>Scale: Agree/Disagree.</p>	<p>>80% of stakeholder respondents agree.</p> <p>>65% of stakeholder respondents agree.</p>	<p>76% of stakeholders agree</p> <p>79% of stakeholders agree</p>
The methodology, nature and degree of engagement, evidence base, 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 (as appropriate).	<p>Survey.</p> <p>Direct feedback sought from stakeholders.</p> <p>Scale:</p> <ul style="list-style-type: none"> - does not meet expectations (1) - meets some expectations (2) - mostly meets expectations (3) - meets expectations (4) - exceeds expectations (5). 	<p>4 out of 5 for >65% of stakeholder respondents.</p>	<p>57% of respondents scored at least 4 out of 5.</p>
Special topic reports meet or exceed the expectations of stakeholders. Their scope includes the degree to which the report objectively addresses the Terms of Reference, the quality of the analyses and conclusions, and the timeliness of the report.	<p>Direct feedback sought from stakeholders for each report presented. Given the bespoke nature of these reports relevant stakeholders will be identified at the outset of each report.</p> <p>Scale:</p> <ul style="list-style-type: none"> - does not meet expectations (1) - meets some expectations (2) - mostly meets expectations (3) - meets expectations (4) - exceeds expectations (5). 	<p>For each report the target is 4 out of 5 for >65% of stakeholder respondents.</p>	<p>56% of respondents ranked the reports at least 4 out of 5.</p>
<p>The methodology, evidence base, conclusions and recommendations made in Infrastructure Strategy reports and advice provided by Te Waihangā meet the expectations of the Minister for Infrastructure.</p> <p>(‘Infrastructure Strategy reports’ are the Infrastructure Strategy and special topic reports.)</p>	<p>Survey.</p> <p>Direct feedback sought from the Minister for Infrastructure on each report presented.</p> <p>Scale:</p> <ul style="list-style-type: none"> - does not meet expectations (1) - meets some expectations (2) - mostly meets expectations (3) - meets expectations (4) - exceeds expectations (5). 	<p>For each report the target is 4 out of 5.</p>	<p>Minister for Infrastructure ranked the New Zealand Infrastructure Strategy 5 out of 5.</p> <p>Minister for Infrastructure ranked the special topic reports 4 out of 5.</p>

² Stakeholders for the performance measures under this outcome include Māori, central and local government, and private-sector agencies and sector participants that engage with Te Waihangā to inform and shape the Infrastructure Strategy.

Outcome 2:

The construction industry has a credible forward works programme it can rely on

Putanga 2: He hōtaka mahi āmua pono mārika, tā te ahumahi waihanga, hei whirinaki atu mā rātou

In 2021/22 the output of this outcome was the Infrastructure Pipeline

Outcome	Indicator 1
The construction sector has a credible forward works programme it can rely on.	Improved transparency about the timing and value of major projects.
	Indicator 2
	The Infrastructure Pipeline is considered the trusted source for information and is the 'go-to' place for the construction industry.
	Indicator 3
	Project sponsors make informed decisions about their investments based on a wider understanding of the market.

Te Waihangā has taken the following actions:

Increasing contributors

We established a programme to identify, prioritise, and target organisations to provide project information to our National Infrastructure Pipeline. This led to an increase in contributing organisations from 34 to 48 (40%). We also worked to increase the engagement of information providers with the Pipeline. The response rate amongst these contributing organisations updating their projects increased from 64% in June 2021 to 86% in June 2022.

Publishing quarterly insights

We began publishing regular quarterly reports to highlight trends across regions and sectors, based on the data in the Pipeline. These insights provide a snapshot of the value and number of projects in the Pipeline,

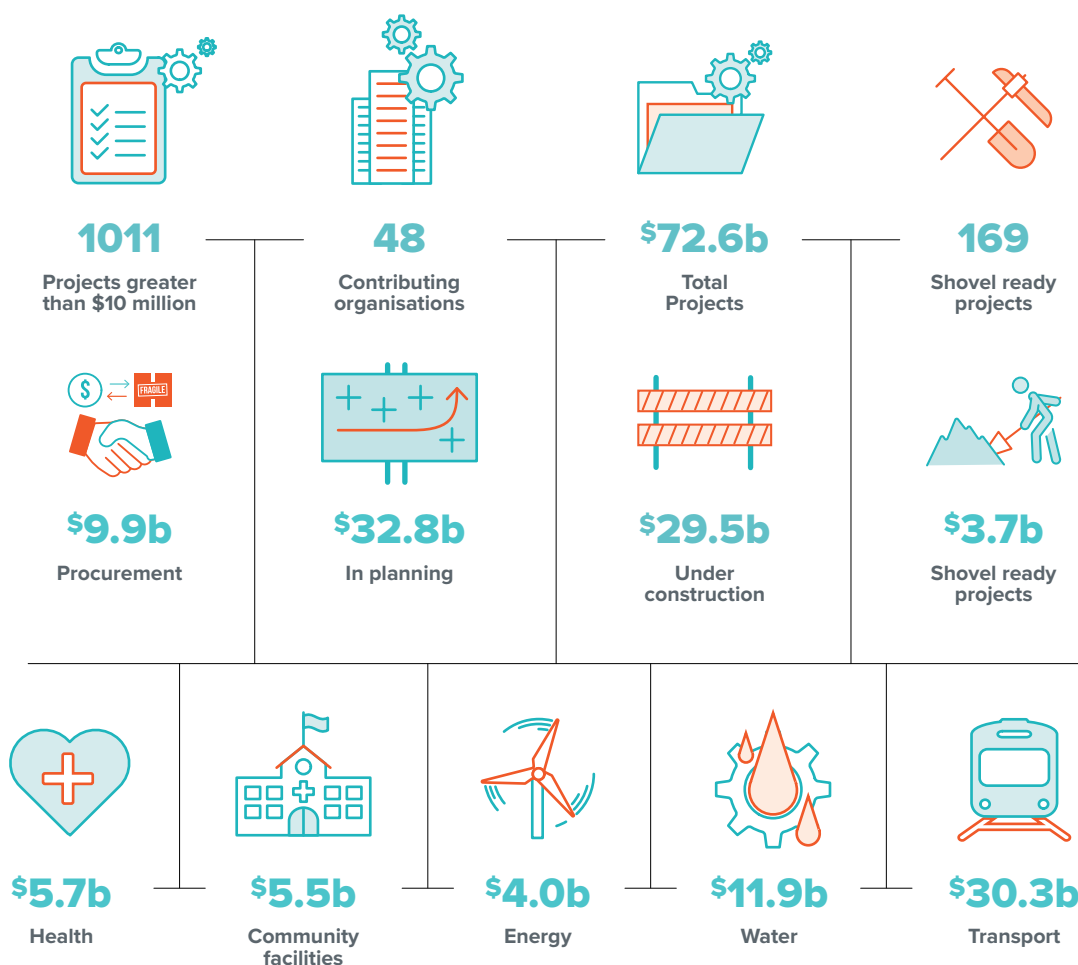
forecast spending across sectors, and are coupled with economic insights. The report is distributed through our website, newsletter and social media channels.

Collaboration with ANZIP

We collaborated with the Australia and New Zealand Infrastructure Pipeline (ANZIP) produced by Infrastructure Partnerships Australia to ensure infrastructure opportunities in New Zealand have good visibility within international markets.

Improving data quality

We have worked collaboratively with organisations that contribute to the Pipeline to understand and resolve challenges in providing quality information. We have also improved our tracking of information to improve the efficiency of engagement and drive better reporting.



Outcome 2 performance

Measure	Activity	Target 2021/22	Outcome 2021/22
Improved transparency about the timing and value of major projects.	Number of projects published on the Infrastructure Pipeline, value and timing reporting for each project.	Report on the change to the baseline number of projects, combined value and reason for increase or decrease.	Total project value increased from \$61 billion to \$72.6 billion. The number of projects increased from 2,586 to 2,913. Both these numbers have increased as organisations contributing projects have expanded along with new projects from existing contributors. Delivered projects act to reduce these figures as they are completed.
The Infrastructure Pipeline is a trusted source of information.	Percentage of contributing entities and projects compared with target list.	Infrastructure Pipeline includes >85% of contributing entities and projects from target list.	28% of targets from the legacy target list contributed to the Pipeline. This includes 60% of central Government agencies targeted from the list. Across other entity types 24% of target organisations contributed. This included 75% of metro councils.
Improved visibility of future infrastructure projects.	Infrastructure Pipeline satisfaction survey. Survey questions: The Infrastructure Pipeline is improving the visibility of future infrastructure projects. Data in Infrastructure Pipeline is reliable. Scale: Agree/Disagree	>70% of respondents agree.	78% of respondents agree 58% of respondents agree
Improved visibility of future infrastructure projects.	Quarterly updates completed. Website traffic on Infrastructure Pipeline page.	>85% of existing project entries updated quarterly. Report on Infrastructure Pipeline site traffic per annum.	Contributing entities providing updates to projects in the Pipeline: Q1 2021 – 47% Q2 2021 – 52 % Q3 2022 – 75% Q4 2022 – 86% Pages in the Pipeline section on the Te Waihangā website were viewed 29,871 times with the Pipeline itself being viewed 17,737 times.

Outcome 3:

Improved procurement capability of government to enhance project delivery and support a sustainable construction industry

Putanga 3: Te painga ake o te āheitanga whiwhinga a te kāwanatanga, ki te whakarākei I te tuari hinonga, me te tautoko i te ahumahi waihanga kia toitū

In 2021/22 the outputs for this outcome were procurement capability and project delivery support through project support agreements.

Outcome	Indicator 1
Improved procurement capability of government to enhance project delivery and support a sustainable construction industry.	Advisory resources are targeted where they will make the biggest difference to government procurement.
	Indicator 2
	Best-practice guidance is available to all government agencies undertaking infrastructure procurement.
	Indicator 3
	The government infrastructure procurement capability is monitored and evaluated in a systematic way. Advice and guidance are adapted to reflect the greatest needs that emerge to enhance the capability and performance of government.
	Indicator 4
	Te Waihanga is regarded as a trusted advisor and thought leader within the investment management system and across infrastructure delivery entities, which drives improvement and innovation in infrastructure procurement.

Te Waihangā has taken the following actions:

Support for major investment projects and programmes

Te Waihangā provides strategic advice and support to major projects. Over the year, this has included engagement on the Auckland Light Rail project and providing further support to Health NZ as it takes on accountability for the health infrastructure investment portfolio. In addition, we have reviewed business cases, carried out health checks on major projects, and coordinated ex-post reviews on completed projects to ensure lessons are learnt and shared. Over the year 2021/22, this work was carried out for the following projects:

Business case reviews

- Auckland Light Rail (Auckland Council, Auckland Transport, Kāinga Ora, Waka Kotahi, Ministry of Transport) with Treasury
- Preserving the Nation's Memory (Department of Internal Affairs).

Health checks

- New Dunedin Hospital (Ministry of Health)
- MIQ and infrastructure (Ministry of Business, Innovation and Employment)
- Specialised Rehabilitation Centre (Counties Manakau District Health Board)
- Milford opportunities (Department of Conservation)
- Hamilton Hub and Custodial Facility (Police)
- Hillmorton mental health project (Ministry of Health)
- Let's Get Wellington Moving (Wellington City Council, Greater Wellington City Council and Waka Kotahi)
- Whangarei Hospital redevelopment (Ministry of Health)
- Scott Base redevelopment (Antarctica New Zealand).

Ex-post reviews

- Transmission Gully (Waka Kotahi) – underway.

Fast-track consenting

Te Waihangā has supported the Minister for Infrastructure by reviewing and providing comment on 36 fast-track consenting stage 1 applications for referral as part of the fast-track consenting process.

Public private partnerships

Advice on PPP performance and risk

Te Waihangā continues to provide advice to procuring agencies (Waka Kotahi, the Ministry of Education, and the Department of Corrections) as well as to the Treasury and the Minister of Finance and for Infrastructure on public private partnership (PPP) contracts. This year Te Waihangā has focussed on helping to mitigate the impacts of Covid on the three PPP contracts in construction:

- Transmission Gully (Waka Kotahi)
- Puhoi to Warkworth (Waka Kotahi)
- Waikeria Prison (Department of Corrections).

Australia New Zealand PPP Contract Managers' Forum

Te Waihangā continues to facilitate the New Zealand Contract Managers' Forum which meets regularly to share observations and insights from practice. We hosted the annual Australia New Zealand PPP Contract Managers' Forum on 18 November 2021, attracting more than 100 participants. The forum strengthens the community of practice among Australian and New Zealand PPP contract managers, finance departments and infrastructure body representatives.

Building capability and performance

We have worked to provide guidance to the infrastructure sector on issues such as the business case process, procurement, delivery, and asset management.

This approach is how we have progressed our work on a Construction Playbook. Early engagement with our stakeholders on the Construction Playbook revealed that guidance and information sharing at a sector or system level would have the greatest value. This year we selected three areas of focus for this guidance. These include health, due to the restructuring in the sector, and price evaluation because of observations

from industry that tendering agencies choose the lowest price by default rather than fully considering value. We have also begun work to improve one of the most commonly used forms of contract in infrastructure delivery.

International best practice in tender price evaluation

Te Waihangā engaged Aurecon to review international best practice in construction price evaluation and identify which elements could bring practical benefits in New Zealand. The research draws from international best practice across eight countries and has found areas where New Zealand can learn from overseas experience, as well as some pockets of best practice that already exist in our public service. The report makes a range of recommendations around different methods and considerations that are used in project procurement.

Health infrastructure review

The Ministry of Health requested Te Waihangā undertake a review of Health Infrastructure New South Wales and the Victorian Health and Building Authority, as both had dealt with similar health infrastructure issues to those facing New Zealand. This review looked at best practice aspects of the function and structure of these organisations along with recommendations from the Health Disability System Review, and made recommendations for what should be done in New Zealand. Te Waihangā continues to engage with the Department of the Prime Minister and Cabinet, the Ministry of Health and Health NZ to help apply the findings of the review in practice.

Updating a commonly used contract for building and civil engineering

Together with the Construction Sector Accord, Te Waihangā has supported a revision of the common contract for building and civil engineering, NZS 3910:2013, by engaging Standards NZ to run the revision process. Te Waihangā has also sought specialist advice to gain insights into international best practice which can be adopted by the construction and infrastructure industry in New Zealand.

Stewardship and change

Throughout the year Te Waihangā has provided advice in response to the risks and opportunities it has observed in the infrastructure investment system. Significant topics for this advice were cost escalations on government infrastructure projects and assessing the risks of insolvency in the construction sector.

Supporting the Immigration Rebalance: construction and infrastructure sector agreement

Te Waihangā supported Immigration New Zealand and the Ministry of Business, Innovation and Employment to engage with industry on proposals for a construction and infrastructure sector agreement. This agreement has provided more access for migrants in our sector and will help address workforce shortages.

Contributing to the Construction Sector Accord

Te Waihangā has supported the Construction Sector Accord through active contributions to the Accord Steering Group and co-leadership of the Transformation Delivery Group's Procurement and Risk Workstream. This workstream is intended to build procurement skills, promoting clearer contracts and achieving a better deal the sector.

Budget 2022

Te Waihangā contributes to the annual Budget so the Government can leverage our information and expertise to enable better decision making. The Budget process provides Te Waihangā with the opportunity to improve the assessment of infrastructure initiatives and a way to engage and advise on the infrastructure investment pipeline.

Outcome 3 performance

Measure	Activity	Target 2021/22	Outcome 2021/22
Advisory resources are targeted to where they will make the biggest difference to government procurement.	<p>Project and agency support opportunities are assessed in accordance with the project selection framework for value, risk and 'strategic fit' criteria and will need to meet minimum thresholds before commencing.</p> <p>An independent expert review panel to consider how well Te Waihangā is targeting the use of resources to enhance government procurement capability.</p>	<p>All project, agency and system/reform opportunities have been formally evaluated against the Te Waihangā project selection framework.</p> <p>The independent expert review panel scores Te Waihangā 80% or better against measure: "Project/Agency/System commitments made in 2021/22 have been correctly scored and meet the threshold for Te Waihangā to engage".</p>	The independent panel found 80% of projects supported by Te Waihangā were correctly assessed and met the threshold for engagement.
Best-practice guidance is available to all agencies undertaking infrastructure procurement.	<p>Te Waihangā publishes a New Zealand Construction Playbook and conducts reviews and updates no less than annually.</p> <p>Te Waihangā will coordinate this work with other government agencies to ensure that advice is consistent and aligned (or a suitable explanation is provided).</p> <p>An independent expert review panel to evaluate the overall quality of the New Zealand Construction Playbook.</p>	<p>New Zealand Construction Playbook published/reviewed annually.</p> <p>The independent expert review panel scores the New Zealand Construction Playbook 80% or better against measure: "New Zealand Construction Playbook represents best practice and is aligned across government".</p>	The independent panel considered that the guidance it assessed scored 73% in terms of best practice and alignment across government.
Te Waihangā undertakes a representative sample of business case reviews ³ , project health checks, and ex-post project reviews. These reviews allow advice and best practice guidance to be adapted and responsive to the emerging needs and challenges of government agencies procuring infrastructure.		<p>Te Waihangā carries out at least:</p> <ul style="list-style-type: none"> - two formal business case reviews. - eight health checks on infrastructure projects. - two ex-post project reviews. <p>An annual refresh of best practice guidance reflects the findings from these reviews.</p>	<p>Te Waihangā undertook:</p> <ul style="list-style-type: none"> - two formal business case reviews - nine health checks - one ex post project review.

³ A business case review is a formal review of a project business case that results in formal advice being provided to the procuring agency and/or the Minister for Infrastructure and may be proactively released. A project health check is a project review carried out by a Principal Infrastructure Advisor from the Infrastructure Delivery team that results in feedback being provided to the Senior Responsible Officer.

These project health checks may be carried out at any stage in a project lifecycle and are unlikely to be publicly available. An ex-post project review is carried out by an appropriately senior and independent review panel and is made publicly available on the Te Waihangā website.

Measure	Activity	Target 2021/22	Outcome 2021/22
The stakeholders ⁴ that Te Waihanga supports value our contribution and advice.	<p>Stakeholder survey.</p> <p>Survey questions:</p> <ul style="list-style-type: none"> - professionalism of staff - timeliness of output - quality of output - overall, did Te Waihanga meet expectations? <p>Scale:</p> <ul style="list-style-type: none"> - does not meet expectations (1) - meets some expectations (2) - mostly meets expectations (3) - meets expectations (4) - exceeds expectations (5) <p>Specified groups and work programmes will be identified within the survey to identify areas for improvement. They may include:</p> <ul style="list-style-type: none"> - the PPP Contract Managers' Forum - the Investment Officials Group. 	Target is 4 out of 5 for >80% of stakeholder respondents.	The independent panel found that 70% of stakeholders considered that Te Waihanga's advice and contribution met their expectations.

⁴ Stakeholders under this performance measure include Waka Kotahi New Zealand Transport Agency, Ministry of Health, Ministry of Education, Antarctica New Zealand, Ministry of Primary Industries, Archives New Zealand, Department of Internal Affairs, New Zealand Defence Force, parties that have a Project Support Agreement with Te Waihanga, local government agencies and key industry bodies such as the Construction Sector Accord.

Outcome 4:

Decision-makers have a basis for bold reform and policy change, informed by independent, evidence based recommendations

Putanga 4: He pou herenga tā te hunga whakatau, mō te whakahou me te whakarerekē i ngā kaupapa here, e whakamōhiotia ana e ngā taunakitanga pūtake motuhake

The output for this outcome was infrastructure policy advice.

Outcome	Indicator 1
Decision-makers have a basis for bold reform and policy change, informed by independent, evidence-based recommendations.	Timely policy advice delivered to the Minister for Infrastructure in line with being their primary advisor on infrastructure policy.
	Indicator 2
	Te Waihanga is a trusted advisor on infrastructure policy within central government, bringing the perspective of the sector to central government policy decision-making.

Te Waihangā has taken the following actions:

Publications

The cost of consenting infrastructure projects in New Zealand

Te Waihangā commissioned this report to help guide our input into a National Planning Framework, which is part of the new resource management system intended to replace the Resource Management Act. The research found that consenting costs are 5.5% of the total costs of an average infrastructure project. However, for projects worth less than \$200,000 consenting costs average 16% of the total project cost.

Infrastructure resources study

Many traditional infrastructure projects are reliant on massive quantities of physical resources for their construction. Te Waihangā commissioned this study, which focussed on issues of access, price and quality. It identified a number of issues including the struggle to increase timber and aggregate supply to match demand, the need to address the carbon impact of key materials, bottlenecks in supply created by transportation cost and consenting, as well as areas where New Zealand can improve or that need further investigation.

Aggregate opportunity modelling for New Zealand

This report, which was undertaken in partnership with GNS Science, establishes a guide for potential future quarry developments to help protect these resources for future generations. This is likely to become a key input into future spatial planning foreseen by the Strategic Planning Act – one of the key new pieces of legislation proposed as part of resource management reforms.

Contribution to Te hau mārohi ki anmata – towards a productive, sustainable and inclusive economy

Te Waihangā supported the development of chapter seven of Te hau mārohi ki anmata, New Zealand's first Emissions Reduction Plan, which contains the strategies, policies and actions needed for us to achieve our proposed emissions budget. Chapter seven aims to get the planning and investment settings right to enable the development of low-emissions urban areas and infrastructure. This will also enable many of the actions that are detailed in other chapters of the Emissions Reduction Plan, including those about forestry, agriculture, building and construction, transport, and energy.

Work on resource management reform

Leading work on National Planning Framework infrastructure provisions

Te Waihangā has a formal collaboration agreement with the Ministry for the Environment to lead development of infrastructure provisions for the first National Planning Framework in the resource management reforms. This work involves development of policy direction for planning instruments such as regional spatial strategies, and development of infrastructure standards to improve consistency and good practice for the management of common activities and effects. Te Waihangā work will be merged into the wider National Planning Framework, which is led overall by the Ministry for the Environment.

Engagement on Resource Management Reform policy

Te Waihangā provided comments on a wide range of policy papers from the Ministry for the Environment, relating to design of the new Natural and Built Environments Act and Strategic Planning Act. Te Waihangā has worked hard to communicate the findings of the New Zealand Infrastructure Strategy which identifies the critical importance of

an enabling planning environment if New Zealand is to address our infrastructure deficit and realise the many environmental benefits enabled by infrastructure. Our work has been influential in changing the narrative from the idea that advancing infrastructure outcomes is bad for the environment to a more informed understanding of the necessity to enable infrastructure as a solution to many of our environmental challenges, including, most notably, adapting to and mitigating the effects of climate change.

Submissions

*Submission to Ministry for the Environment on *Te panoni i te hangarua: Transforming recycling consultation document**

Moving towards a circular economy is important for achieving a low-emissions and climate resilient future for New Zealand. The proposals in this consultation document are well aligned with the New Zealand Infrastructure Strategy and partially give effect to five of the nine waste-related recommendations in the Strategy.

*Submission to Ministry of Business, Innovation and Employment on *three waters economic regulation and consumer protection discussion paper**

Te Waihanganga supports economic regulation of the proposed water services entities and protections for consumers. Our submission highlighted that Water Services Entities will be natural monopolies, and the important role that well designed economic regulation will play in balancing the need to invest in the assets with the need to keep prices affordable and the underlying need to constrain demand for water through incentives to use it more efficiently.

*Submission to Ministry for the Environment on *'Managing our Wetlands'* discussion document*

Our submission highlighted the unintended consequences of attempts to protect wetlands. It recommended providing for a wider range of infrastructure to be included in the proposed infrastructure consenting pathway and a refined definition of a wetland.

Submission to Environment Select Committee on the Inquiry on the Natural and Built Environments Bill: Exposure Draft

This Bill is the proposed replacement of the Resource Management Act 1991. Our submission covered a range of consenting and planning matters, such as the purpose section of the new Bill, the role of national direction that councils are required to follow, the form and function of spatial and district planning and other permissions, such as designations. We also appeared before the committee and spoke in support of our submission, emphasising the critical role of these reforms in addressing the constraints and tremendous costs the current approach to consenting imposes on infrastructure. We highlighted how the present system limits the ability of infrastructure providers to meet many government objectives such as housing affordability, renewable energy investment and our need to decarbonise transport and industry.

In addition, we also made submissions on the:

- Resource Management Act (Enabling Housing Supply and Other Matters) Amendment Bill
- Proposed Otago Regional Policy Statement
- Market study into the grocery sector (Commerce Commission).

Outcome 4 performance

Measure	Activity	Target 2021/22	Outcome 2021/22
The timeliness, methodology and evidence base of, and conclusions drawn and recommendations made in infrastructure policy advice provided by Te Waihangā meet the expectations of the Minister for Infrastructure.	<p>Survey.</p> <p>Annual feedback sought from the Minister for Infrastructure.</p> <p>Scale:</p> <ul style="list-style-type: none"> - does not meet expectations (1) - meets some expectations (2) - mostly meets expectations (3) - meets expectations (4) - exceeds expectations (5). 	Target is 4 out of 5.	The Minister for Infrastructure has ranked our policy advice at 4 – meets expectations.
Stakeholders agree that Te Waihangā is a trusted advisor, works collegially and provides decision-makers with a basis for bold policy reform.	<p>Stakeholder survey⁵.</p> <p>Survey questions:</p> <p>Te Waihangā used an evidence-based approach to developing conclusions and recommendations.</p> <p>Recommendations made by Te Waihangā are robust, credible and useful for the development of policy.</p> <p>Te Waihangā staff are collegial and work collaboratively across government.</p> <p>Te Waihangā strikes a good balance of expressing independent views and maintaining influence.</p> <p>Scale:</p> <p>Agree/Disagree</p>	>80% of stakeholder respondents agree.	<p>87% of respondents agreed that our conclusions and recommendations were evidence-based.</p> <p>91% of respondents agreed that our recommendations were robust, credible and useful.</p> <p>78% of respondents agreed that we work collegially across government.</p> <p>74% of respondents agreed that we strike a good balance between expressing independent views and maintaining influence.</p>
The quality of the policy advice provided by Te Waihangā is sound and can be relied upon.	<p>Evaluate the overall quality of the advice provided by Te Waihangā (taking into account the focus of the guidance or advice and the process, analysis, engagement and message delivery) with recommendations for future improvements.</p> <p>Scale:</p> <ul style="list-style-type: none"> - does not meet expectations (1) - meets some expectations (2) - mostly meets expectations (3) - meets expectations (4) - exceeds expectations (5). 	A sample of policy advice is reviewed by an independent expert review panel and the quality of advice provided in 2021/22 scores 4 out of 5 or better.	The independent expert panel rated the quality of our advice at 3.8 – mostly meets expectations.

⁵ Stakeholders under this performance measure include government agencies such as the Treasury, Ministry for the Environment, Climate Change Commission, the Department of Internal Affairs, Waka Kotahi New Zealand Transport Agency, Airways, industry organisations such as Aggregate and Quarry Association; and specific infrastructure providers such as Transpower.





Part three:

Our organisation

Wāhanga tuatoru: 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 Waihangā is a thriving workplace.

Realigning our structure

As we have transitioned out of the establishment phase to 'business as usual' we have developed a better understanding of how we can deliver on our outcomes, purpose and the measures we need to track to ensure we are doing so; and with the Board we have also developed an organisational strategy which better articulates our purpose and values. Given this, it was evident that we needed to ensure we were structured in a way to ensure we have the right roles, in place, with the right capability.

During July and August 2021 we consulted with staff on a refreshed structure that took effect on 1 September 2021. This enabled:

- Improved alignment and accountability across business units.
- Less reliance on contractors and outsourcing which has grown our leadership, intellectual property and evidence base.

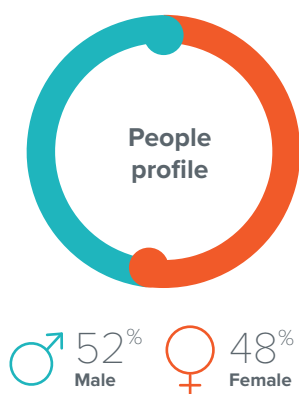
- Lifting some of our existing capability and resourcing, particularly in the areas of economics and data.

Overall nine roles were disestablished, nine new roles were established, and no redundancies were incurred.

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 Waihangā currently has 33⁶ full-time-equivalent permanent and fixed-term people.

As our involvement in policy work has grown, including work on the Resource Management Act reforms, National Adaptation Plan, Three Waters and Local Government Reform, 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 Waihangā.



⁶ Total headcount includes 31 permanent employees, fixed term employees including two part-time equivalents and secondees over 12 months.

⁷ As at 30 June 2022 recruitment underway for General Manager, Policy.

Te Waihangā values working with its people to create a good environment. The implementation and revision of the People Strategy is underway, with a strong focus on staff engagement and development and supporting diversity, inclusion and cultural competency.

Our workplace

Gender Pay Gap Action Plan

Te Waihangā supports the government's Kia Toipoto plan for addressing the gender pay gap in the public service. We will develop an action plan for Te Waihangā and make this available on our website. This plan will report on gender, diversity and representation.

Flexible working by default

Te Waihangā 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 the Commission 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 Waihangā, 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 include: our Board and Leadership Team regularly reviewing reported incidents, near misses and hazards; educating staff when on-boarding 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 2022 over 90% of our people had used their wellbeing allowance.

We continue to update our Covid-19 guidance based on changes in Government advice and in accordance with the Covid-19 Protection Framework. 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 Waihangā Pulse survey from staff. In May 2022, we reported a 60% engagement score. Actions from the survey included implementation of systems and processes in several operational areas and a commitment to undertake our annual Te Waihangā planning day in the first half of FY23.

Sustainability

Te Waihangā recognises the impact of our work on our environment, our people and our operations. We recognise that we have a responsibility to protect and restore the environment for future generations.

Focus areas to reduce our carbon footprint are:

- encouraging staff to make sustainable travel choices to and from offices.
- continuing to use video/tele-conferencing technology for external meetings.
- continuing to improve our existing office waste/recycling processes. We have implemented composting in the workplace.
- continuing to ensure we enlist suppliers who contribute to a low-emissions economy.

In the last year we have upgraded our air conditioning system so that only fresh air is ducted in our offices which both improves the air quality for our staff, and as part of this we have also installed monitors so that we can track our energy use, air flows and water consumption as part of our efforts to have a low-emissions office.

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 introduction of te reo Māori classes,

participation in Te Wiki o te Reo Māori and learning opportunities on te ao Māori, including presentations from the Treasury on He Ara Waiora (the Māori perspective of wellbeing).

Our website continues to meet the New Zealand Government Accessibility Web Standards 1.1 and 2.1 and our key reports, reviews and other content incorporate te reo Māori translation. In launching a website to support the New Zealand Infrastructure Strategy, we have ensured the content can be read by screen readers and offered text explanations for tables and graphs.

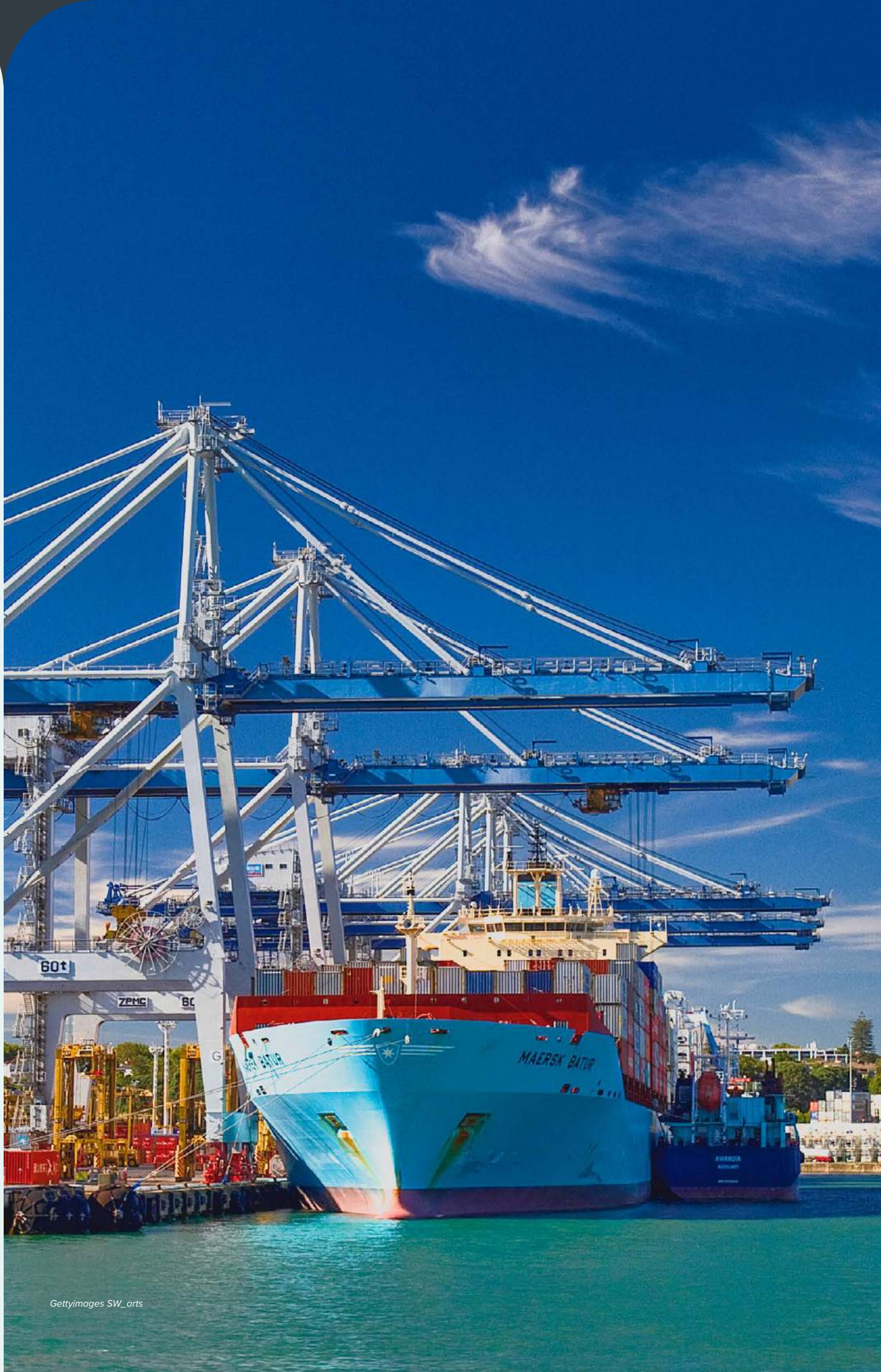
Financial performance by output

Patanga o te tahua mā te whakaputanga

Te Waihanga financial performance by output is set out below:

	2022 Budget \$000	2022 Actual \$000
Output 1: The Infrastructure Strategy for New Zealand, and special topic reports		
Revenue	7,204	6,881
Expenditure	7,204	5,006
<i>Net surplus/(deficit)</i>	-	1,875
Output 2: Infrastructure Pipeline		
Revenue	1,295	350
Expenditure	1,295	255
<i>Net surplus/(deficit)</i>	-	95
Output 3: Procurement capability and project delivery support through project support agreements		
Revenue	5,117	5,237
Expenditure	5,117	3,810
<i>Net surplus/(deficit)</i>	-	1,427
Output 4: Infrastructure policy advice		
Revenue	1,261	2,980
Expenditure	1,261	2,315
<i>Net surplus/(deficit)</i>	-	665
Totals		
Revenue	14,877	15,448
Expenditure	14,877	11,386
<i>Net surplus/(deficit)</i>	-	4,062





Part Four:

Statements of financial performance

Wāhanga tuawhā: 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 2021 to 30 June 2022.

Signed on behalf of the Board:



Dr Alan Bollard
CNZM

Board Chair

Date: 12 December 2022



Sue Tindal
FCPA, CMInstD

Deputy Chair

Date: 12 December 2022

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 2022

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 Waihangā on pages 53 to 73, that comprise the statement of financial position as at 30 June 2022, 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 of Te Waihangā on pages 21 to 38, 44 and 52.

In our opinion:

- the financial statements of Te Waihangā on pages 53 to 73:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2022; 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; and
- the performance information on pages 21 to 38, 44 and 52:
 - presents fairly, in all material respects, the performance of Te Waihangā for the year ended 30 June 2022, including:
 - 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; and
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.

- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 12 December 2022. 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 for Te Waihangā and relevant Estimates and Supplementary Estimates of Appropriations 2021/22.

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 reported performance information within the framework used by Te Waihangā for reporting its performance.
- 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 2 to 18, 41 to 43 and 47, 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 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 Waihangā's appropriation is limited to Te Waihangā providing services to improve New Zealand's infrastructure outcomes.

Appropriation

	2021/22		2020/21
	Actual \$000	Final budgeted \$000	Actual \$000
Total appropriation	14,875	14,875	13,488

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 2021/22 \$000	Budget 2021/22 \$000	Actual 2020/21 \$000
Revenue from the Crown*	14,875	14,875	13,488
Other funding	540	-	-
Other revenue	33	2	2
Total revenue	15,448	14,877	13,490
Total expenditure	11,386	14,877	13,298
Surplus/(Deficit)	4,062	-	192

*The appropriation revenue received by Te Waihangā equals the Government's actual expenses incurred in relation to the appropriation, which is a required disclosure under the Public Finance Act 1989.

Statement of Performance – what was achieved in this appropriation

Assessment of performance	Standard for 2021/22	Performance for 2021/22
The New Zealand Infrastructure Commission, Te Waihangā, 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 2022

	Note	2021/22 Actual \$000	2021/22 Budget \$000	2020/21 Actual \$000
Revenue				
Funding from the Crown	2	14,875	14,875	13,488
Other funding	2	540	-	-
Interest revenue	2	33	2	2
Total revenue		15,448	14,877	13,490
Expenses				
Personnel costs	3	7,231	8,382	7,147
Depreciation and amortisation expense	7, 8	298	407	263
Other expenses	4	3,857	6,088	5,888
Total expenses		11,386	14,877	13,298
Surplus/(Deficit) and total comprehensive revenue and expense		4,062	-	192

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

Statement of Changes in Equity to 30 June 2022

	Note	2021/22 Actual \$000	2021/22 Budget \$000	2020/21 Actual \$000
Opening balance		2,962	2,622*	2,770
Total comprehensive revenue and expense for the period		4,062	-	192
Closing balance at 30 June	14	7,024	2,622	2,962

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

*The budget for the 2021/22 year was approved in June 2021 as noted in the Statement of Performance Expectations and was based on a forecast year-end position for 30 June 2021.

Statement of Financial Position as at 30 June 2022

	Note	2021/22 Actual \$000	2021/22 Budget \$000	2020/21 Actual \$000
Assets				
Current assets				
Cash and cash equivalents	5	7,570	2,718	3,758
Receivables	6	229	15	244
Total current assets		7,799	2,733	4,002
Non-current assets				
Property, plant and equipment	7	590	580	715
Intangible assets	8	350	687	93
Total non-current assets		940	1,267	808
Total assets		8,739	4,000	4,810
Liabilities				
Current liabilities				
Payables	9	1,242	1,045	1,424
Lease incentive	10	20	19	20
Employee entitlements	11	384	245	316
Total current liabilities		1,646	1,309	1,760
Non-current liabilities				
Lease incentive	10	48	48	67
Provisions	12	21	21	21
Total non-current liabilities		69	69	88
Total liabilities		1,715	1,378	1,848
Net assets		7,024	2,622	2,962
Equity				
Accumulated surplus/(deficit)	14	7,024	2,622	2,962
Total equity		7,024	2,622	2,962

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

Statement of Cash Flows to 30 June 2022

	Note	2021/22 Actual \$000	2021/22 Budget \$000*	2020/21 Actual \$000
Cash flows from operating activities				
Receipts from the Crown		14,875	14,875	13,488
Receipts from other funding		484	-	-
Interest received		33	2	2
Payments to suppliers		(4,180)	(7,324)	(5,897)
Payments to employees and personnel-related payments		(7,160)	(7,625)	(7,061)
Goods and services tax (net)		191	151	383
Net cash flow from operating activities		4,243	79	915
Cash flows from investing activities				
Purchase of property, plant and equipment		(109)	(66)	(70)
Purchase of intangible assets		(322)	(750)	-
Net cash flow from investing activities		(431)	(816)	(70)
Net increase/(decrease) in cash and cash equivalents		3,812	(737)	845
Cash and cash equivalents at the beginning of the year		3,758	3,455	2,913
Cash and cash equivalents at the end of the year	5	7,570	2,718	3,758

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

*The budget for the 2021/22 year was approved in June 2021 as noted in the Statement of Performance Expectations and was based on a forecast year-end position for 30 June 2021.

Notes to the financial statements

He kupu whakamārama mō ngā tauākī ahumoni

Notes	Index	Page no.
1	Statement of accounting policies	57
2	Revenue	58
3	Personnel costs	59
4	Other expenses	62
5	Cash and cash equivalents	64
6	Receivables	64
7	Property, plant and equipment	65
8	Intangible assets	67
9	Payables	68
10	Lease incentive	68
11	Employee entitlements	69
12	Provisions	69
13	Contingencies	70
14	Equity	70
15	Financial instruments	71
16	Related party transactions	71
17	Events after balance date	73
18	Explanation of significant variances against budget	73

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 2022 and were approved by the Board on 20 September 2022.

Basis of preparation

The financial statements cover the period from 1 July 2021 to 30 June 2022. 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 2022

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 2021/22 financial year to lead the development of the infrastructure chapter 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.

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.

Breakdown of personnel costs and further information

	2021/22 Actual \$000	2020/21 Actual \$000
Salaries and wages	5,397	5,232
Defined-contribution-plan employer contributions	146	137
Contractors	1,220	1,173
Board fees	185	217
Other personnel-related costs	215	244
Increase/(Decrease) in employee entitlements	68	144
Total personnel costs	7,231	7,147

Employee remuneration

	2021/22 Actual \$000	2020/21 Actual \$000
Total remuneration paid or payable that is or exceeds \$100,000:		
\$100,000 – 109,999	-	1
\$110,000 – 119,999	2	1
\$120,000 – 129,999	1	1
\$150,000 – 159,999	1	1
\$160,000 – 169,999	1	1
\$170,000 – 179,999	1	-
\$180,000 – 189,999	-	2
\$190,000 – 199,999	2	2
\$200,000 – 209,999	-	1
\$210,000 – 219,999	2	-
\$220,000 – 229,999	1	2
\$230,000 – 239,999	-	2
\$240,000 – 249,999	1	-
\$250,000 – 259,999	1	1
\$280,000 – 289,999	-	2
\$290,000 – 299,000	1	-
\$310,000 – 319,999	1	-
\$330,000 – 339,999	1	-
\$340,000 – 349,999	-	1
\$360,000 – 369,999	1	-
\$440,000 – 449,999	1	-
\$460,000 – \$469,999	-	1
Total employees	18	19

The above disclosure shows the total remuneration paid or payable from 1 July 2021 to 30 June 2022 (2020/21: disclosure shows the total remuneration paid or payable from 1 July 2020 to 30 June 2021).

During the year ended 30 June 2022, two (2021: nil) employees received compensation and other benefits in relation to cessation totalling \$69,607 (2021: nil).

Board member remuneration

The total value of fees paid or payable to each Board member during the year was:	2021/22 Actual \$000	2020/21 Actual \$000
Alan Bollard (Chair)	62	73
Sue Tindal (Deputy Chair)	37	43
David Cochrane	22	32
Raveen Jaduram	38	29
Stephen Selwood	-	18
Sarah Sinclair	8	11
Maurice Davis	11	11
Sina Cotter Tait	7	-
Total Board member remuneration paid by Te Waihangā	185	217

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 (2020/21: \$7,750).

Stephen Selwood resigned from the board of Te Waihangā during the 2020/21 year and David Cochrane resigned at the end of the 2021/22 year. Sina Cotter Tait was appointed as a new board member in the 2021/22 year.

Te Waihangā 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 Waihangā's functions) to the maximum extent permitted by the Crown Entities Act 2004. Te Waihangā 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.

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.

	2021/22 Actual \$000	2020/21 Actual \$000
Fees to Audit New Zealand for audit of financial statements*	66	53
Operating lease expense	275	264
Consultancy including professional services	1,901	3,747
Travel and accommodation	154	185
Technology expenses	550	603
Financial services**	168	128
Communications and marketing	107	328
Training and conferences***	193	223
Other expenses	443	357
Total other operating expenses	3,857	5,888

* The disclosure is for audit work performed for the period 1 July 2021 to 30 June 2022, but also includes the final audit performed in relation to the 2020/21 year (\$23,100 not recognised in prior year). The indicative total fee for the audit of the 2021/22 accounts is estimated to be \$42,700 (2020/21: The disclosure was for work performed for the period 1 July 2020 to 30 June 2021, reflecting the final 2019/20 audit and the interim 2020/21 audit).

** The financial services relate to services provided by KPMG to Te Waihanga, including a supported transactional finance system, payroll, and accounting and payment-processing services.

*** Training and conferences includes Symposium costs incurred during the 2021/22 year.

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:

	2021/22 Actual \$000	2020/21 Actual \$000
No later than one year	286	280
Later than one year and no later than five years	700	966
Later than five years	-	-
Total non-cancellable operating leases	986	1,246

The non-cancellable lease expense relates to the lease of Level 7, 95 Customhouse Quay, Wellington. The 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 \$23,687 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

	2021/22 Actual \$000	2020/21 Actual \$000
Cash at bank	7,570	3,758
Total cash and cash equivalents	7,570	3,758

Note 6. Receivables

Accounting Policy

Short-term receivables are recorded at the amounts due, less an allowance for credit losses. Te Waihanga 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

	2021/22 Actual \$000	2020/21 Actual \$000
Receivables from non-exchange transactions		
Prepayments	173	244
Accrued revenue	56	-
Total receivables	229	244

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.

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.

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.

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.

Disposals

Gains and losses on disposals are determined

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 2021/22 \$000	Total 2020/21 \$000
Cost or valuation						
Opening balance	325	188	470	14	997	905
Additions	13	-	95	-	108	92
Capitalisation of work in progress	14	-	-	(14)	-	-
Closing balance	352	188	565	-	1,105	997
Accumulated depreciation						
Opening balance	129	46	107	-	282	72
Depreciation expense	112	38	83	-	233	210
Closing balance	241	84	190	-	515	282
Carrying amounts						
At 30 June	111	104	375	-	590	715

Capital commitments

As at 30 June 2022, Te Waihangā has no capital commitments (2021: 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 the Te Waihangā 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 2021/22 \$000	Intangible assets 2020/21 \$000
Cost		
Opening balance	160	160
Additions	322	-
Opening balance	482	160
Accumulated amortisation		
Opening balance	67	14
Amortisation expense	65	53
Closing balance	132	67
Carrying amount		
At 30 June	350	93

Note 9. Payables

Accounting Policy

Short-term payables are recorded at the amounts payable.

Breakdown of payables

	2021/22 Actual \$000	2020/21 Actual \$000
Payables under exchange transactions		
Accrued expenses	281	293
Creditors	587	948
Total payables under exchange transactions	868	1,241
Payables under non-exchange transactions		
Goods and services tax	374	183
Total payables under non-exchange transactions	374	183
Total payables	1,242	1,424

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 Waihangā received an initial rent-free period when it commenced the lease of its office premises.

Breakdown of lease incentive

	2021/22 Actual \$000	2020/21 Actual \$000
Current portion	20	20
Non-current portion	48	67
Total lease incentive	68	87

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 provide 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 Waihanga does not have long-term employee entitlements.

Breakdown of employee entitlements

	2021/22 Actual \$000	2020/21 Actual \$000
Accrued annual leave	242	207
Accrued salaries and wages	142	109
Total employee entitlements	384	316

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

	2021/22 Actual \$000	2020/21 Actual \$000
Non-current portion		
Lease make-good	21	21
Total provisions	21	21

Movements within the provision:

	2021/22 Actual \$000	2020/21 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)

	2021/22 Actual \$000	2020/21 Actual \$000
Opening balance	2,962	2,770
Surplus/(Deficit) for the year	4,062	192
Closing balance	7,024	2,962

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:

	2021/22 Actual \$000	2020/21 Actual \$000
Financial assets measured at amortised cost		
Cash and cash equivalents	7,570	3,758
Receivables	56	-
Total financial assets measured at amortised cost	7,626	3,758
Financial liabilities measured at amortised cost		
Payables	868	1,241
Lease incentive	68	87
Total financial liabilities measured at amortised cost	936	1,328

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 2021/22 financial year the following permissions were granted by the Chair in the public interest:

- **David Cochrane** – to participate in discussions and decisions in relation to the infrastructure sector. This permission was granted in September 2020 due to David Cochrane being a trustee and beneficiary of a family trust that holds equity securities

in listed entities that have interest in the infrastructure sector. Permission was granted by the Board Chair as David Cochrane's knowledge of the infrastructure sector would assist the Te Waihanga Board, and the custodian of the shares accepted an instruction to not sell any of those shares while David Cochrane remains a Board member. This permission is consistent with the permission granted in the 2020/21 year. David Cochrane resigned as a Board member at the end of the 2021/22 year.

Any other permissions granted in the previous year had expired by the end of the 2020/21 year.

Key personnel compensation

	2021/22 Actual \$000	2020/21 Actual \$000
Board members		
Remuneration	185	217
Full-time equivalent	0.81	0.95
Leadership team	1,862	1,610
Full-time equivalent	5	5
Total key personnel remuneration	2,047	1,827
Total full-time equivalent	5.81	5.95

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

The full-time-equivalent values for the leadership team have been calculated based on actual work performed during the reporting period. At 30 June 2022 there were five employees in the leadership team (2020/21: 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 Waihanga.

Note 17. Events after balance date

There were no significant events after the balance date 30 June 2022. (2020/21: Te Waihanga commenced consultation to restructure the organisation on 12 July 2021, and a new organisation structure was approved by the Board with effect from 31 August 2021. There were no other significant events after the balance date 30 June 2021)

Note 18. Explanation of significant variances against budget

Te Waihanga returned a higher net surplus than budgeted (by \$4,062,000), with significant cost underspend in both consulting and personnel expenditure. The key drivers of this were lower costs than expected in the completion of the restructure process, delays in filling vacancies and new roles established as part of the restructure, and delays in project activity, due to both internal constraints on resource availability and external delays on infrastructure completion. In addition, Te Waihanga also received funding support to complete one significant project in conjunction with another Crown entity.

In the Statement of Financial Position, the “cash & cash equivalents” total is \$4,852,000 above budget and \$3,812,000 above the prior year total, which further reflects the comments above in respect of the net surplus position. This is also 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 2022 were paid promptly, in line with the Te Waihanga target of paying suppliers within 10 days of receiving invoices.







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o Aotearoa**
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