

Statement of Performance Expectations

1 July 2023 - 30 June 2024



Presented to the House of Representatives pursuant
to section 149 of the Crown Entities Act 2004

[tewaihanga.govt.nz](https://www.tewaihanga.govt.nz)



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New Zealand Infrastructure Commission, Te Waihangā

Statement of Performance Expectations 2023/24

June 2023

ISSN 2703-5670 (Online)

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Statement of responsibility

Tauākī haepapa

This document constitutes the Te Waihanga Statement of Performance Expectations (SPE) as required under the Crown Entities Act 2004.

The descriptions of the Commission's purpose, role and functions are consistent with the New Zealand Infrastructure/Te Waihanga Act 2019. The SPE covers a one-year period between 1 July 2023 and 30 June 2024. It should be read in conjunction with the Commission's Statement of Intent 2023-27.

The Board is responsible for the content of this SPE, which comprises the reportable outputs and the prospective financial statements for the year, including the assumptions on which they are based, and the judgements used in preparing them.

The prospective financial statements have been prepared in accordance with generally accepted accounting practices in New Zealand.

In accordance with the Crown Entities Act the, the Commission has consulted with the Minister for Infrastructure in the preparation of this SPE.

Dr Alan Bollard CNZM

Board Chair

9th June 2023

Suzanne Tindal FCPA, CMInstD

Deputy Chair

9th June 2023



Who we are

Ko wai mātou

New Zealand's infrastructure is the roads we use to get to work or move goods to market, the power connections that heat our homes, the schools where our children learn, the hospitals that heal us.

It's a system, supporting almost everything we do, and this means the decisions we make about it affect us all. Because of the long life and size of our infrastructure, these decisions can also have an impact for decades, even centuries, and involve millions or billions of dollars.

Te Waihanga helps government and others to shape this system, to grow wellbeing and drive a strong economy. Established in September 2019 as an Autonomous Crown Entity, Te Waihanga is the Government's lead advisor for infrastructure.

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

1. Infrastructure Strategy: developing the New Zealand 30-year Infrastructure Strategy
2. Research, policy advice and infrastructure system performance
3. Infrastructure project coordination and support
4. Engagement

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 vision

Infrastructure for a thriving
New Zealand



Our purpose

To improve all New Zealanders'
lives through better infrastructure

Our values

Free thinking
Whakaaro nui

Courageous
Māia

Trustworthy
Pono

Empathetic
Ngākau aroha





Our performance framework

Tā mātou anga tutukinga

The way Te Waihangā will make a difference is outlined in our performance framework.

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

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

Figure 1 below illustrates how we expect to make a difference to the infrastructure system in New Zealand.



Vision

Infrastructure for a thriving New Zealand



Purpose

To improve all New Zealand's lives through better infrastructure



Objective

To deliver a positive step change in New Zealand's planning and delivery of infrastructure, its systems and settings.

Figure 1: Te Waihanga's Performance Framework

Infrastructure strategy: Developing the New Zealand 30-Year Infrastructure Strategy.	Research, policy advice and infrastructure system performance.	Infrastructure project coordination and support.	Engagement.	Functions	Te Waihanga
				Outcomes	
				Impacts	
				Outputs	
A clear strategic direction to guide infrastructure investment and reforms.	Decision-makers have a growing evidence base to inform their decisions on infrastructure.	Tools and resources made available to support improved delivery of infrastructure.	The main infrastructure issues facing New Zealand, as well as potential solutions/tradeoffs, are understood by our stakeholders and general public.		
<p>The Infrastructure Strategy, as submitted to the Minister for Infrastructure as required by the Act, results in an effective Government action plan to improve infrastructure provision.</p> <p>The published annual report monitoring progress against the Infrastructure Strategy and government response, drives improvements in delivery of the Strategy's objectives.</p> <p>Te Waihanga-led actions that arise from the Infrastructure Strategy deliver improvements in infrastructure provision.</p> <p>The Commission's work is referenced by and positively shapes the infrastructure policy and work of Government, other Government agencies, local government, overseas authorities, academics and media.</p> <p>Development of the Infrastructure Priority list to support long-lived infrastructure prioritisation, including for the National Resilience Plan and other infrastructure funds.</p>	<p>Te Waihanga regularly publishes accurate and accessible information, analysis, and research on the performance of New Zealand infrastructure systems.</p> <p>Our evidence base spans the services infrastructure provides and the planning, delivery, and maintenance of infrastructure.</p> <p>Te Waihanga uses insights from its evidence base to provide robust advice to shape infrastructure policy, planning, and delivery issues.</p> <p>Te Waihanga engages early in policy development processes across lead Government agencies to influence and advise on the practical implications for the infrastructure sector, of proposed Government policy.</p> <p>Te Waihanga provides robust advice to the Minister for Infrastructure, and jointly with lead agencies to other Ministers, on emerging policy matters and policy developments that impact across the infrastructure system - including policy on funding, planning, operating, regulating and delivery of infrastructure services.</p>	<p>Te Waihanga supports key system assurance tools such as Treasury's Risk Profile Assessment and Gateway Reviews with independent expert advice on project delivery risks.</p> <p>Te Waihanga supports the capability development of delivery agencies and project teams across the public sector.</p> <p>The National Infrastructure Pipeline is updated four or more times a year providing stakeholders a centralised source of project information.</p> <p>The Pipeline continues to expand towards a complete set of planned infrastructure projects in New Zealand.</p> <p>The Pipeline supports engagement and coordination of infrastructure projects, which in turn supports improved infrastructure sector capacity and capability.</p>	<p>External views of Te Waihanga work – it is independent, expert, and evidenced based.</p>		
<ul style="list-style-type: none"> • The New Zealand Infrastructure Strategy and associated documents. • Annual monitoring and reporting on progress against the Infrastructure Strategy. • Infrastructure Priority List 	<ul style="list-style-type: none"> • Monitoring infrastructure performance and project delivery. • Deep dive research. • Research Insights / special topic reports. • Advice to support infrastructure policy development. 	<ul style="list-style-type: none"> • National Infrastructure Pipeline . • Project support. • Major projects leadership. • Infrastructure prioritisation. 	<ul style="list-style-type: none"> • Annual symposium. • Events and gatherings. • Communications programme. • Website and social media presence. 		

How we will measure progress against the framework

Ka pēhea tā mātou ine kauneke mā te anga

In 2019/20 Te Waihanga began the work of establishing the systems and processes to capture the baseline data against which its performance would be assessed. These measures are included in the 2020/19, 2020/21 and 2021/22 Annual Reports.

As the Commission transitioned from establishment in September 2019, it has been apparent that there is no linear 'cause and effect' relationship to the work of Te Waihanga. This is most evident in the strategy and policy areas as our approach is to take a systems-view which makes attribution in the short-term difficult. Given this insight, from 2022/23 the Commission took a strong evaluative-based approach to measuring performance rather than fixed quantitative targets.

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

It is not enough for Te Waihanga to simply produce high quality reports. The analysis and commentary in our work needs to be disseminated, understood and to influence policy and other behaviours so that, in the long-term New Zealand gets the infrastructure it needs to be productive, and the wellbeing of all New Zealanders is improved. We will continue to work collaboratively to provide support to government agencies who are developing policy advice that relates to infrastructure, and to those delivering infrastructure projects, and we will strike a balance between expressing our independent views and maintaining influence with decision makers.

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

The table below sets out the key elements of this approach:

Independent expert/peer review	by someone with significant policy and/or infrastructure research experience, who is familiar with our roles and functions.
Survey of external participants	using a broad range of questions covering multiple aspects of our work, such as the quality of analysis and the clarity of our communication.
Stakeholder focus group(s)	of about 6-10 attendees from different backgrounds, independently facilitated.
Monitoring external feedback and internal workflow process	to capture, share and evaluate feedback received and external responses to our work in the media, Parliament and other relevant fields of activity.



To ensure comparability the expert review, participant survey and stakeholder focus groups will use the same performance dimensions including:



Intended impacts -
what happens
because of our work



Right focus -
the relevance and materiality
of our advice and reports



Good process management -
the timeliness and quality of
our work



High-quality work -
the quality of our analysis
and recommendations



Effective management -
quality of engagement with
interested parties



Clear delivery of message -
how well our work is
communicated and
presented



Overall quality -
the overall quality of our work
considering all factors

Reporting on our outcome

Te pūrongo i tā mātou putanga

Through the Commission's work we are seeking to deliver a positive change in New Zealand's planning and delivery of infrastructure, its systems and settings. While we are the lead infrastructure advisor to the Government, we are one of many contributors to this outcome. Therefore, we can only contribute to the outcome, we are seldom able to directly attribute our actions to its realisation.

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

Outcome	Measure	Assessment method
A clear strategic direction to guide infrastructure investment and reforms.	Improvement/increases in where NZ sits in international rankings of infrastructure performance.	Review World Bank, OECD, World Economic Forum, GIHub, Infrastructure Reports and Rankings
Decision makers have a growing evidence base to inform their decision on infrastructure.	Investment decisions for infrastructure projects are made on good and robust information.	Assess the number of projects reviewed by the Treasury's Capital Panel for all Budgets that have a completed business case (currently under 50% as at Jan 2022)
Tools and resources made available to support improved delivery of infrastructure.	NZ has the systems and processes it needs to efficiently deliver the infrastructure it requires to be productive.	Assess the number of large infrastructure projects (over \$50m) that have a cost benefit analysis ahead of an investment decision Monitor and report on the performance of major infrastructure projects
The main infrastructure issues facing New Zealand as well as potential solutions/trade-offs are understood by our stakeholders and general public.	Te Waihanga is credibly and competently setting the agenda in the infrastructure sector.	Monitoring of reference to the Commission's work (including its original purpose) - by other government agencies, local government, overseas authorities, academics and media. Annual survey of attendees at the Te Waihanga Symposium

Reporting on our impact indicators

Te pūrongo ā mātou tohu pāpātanga

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

Impact	Measure	Assessment method
Response to Te Waihanga advice.	Te Waihanga recommendations are acknowledged, agreed and implemented.	Monitoring of the number of recommendations adopted or advanced in the Infrastructure Strategy and ongoing monitoring of their implementation across the relevant central and local government agencies and private sector in the timeframe set out in the Infrastructure Strategy.
Policies and behaviours change as a result of Te Waihanga work.	Understanding of infrastructure issues and the potential solutions to address them increases.	Monitoring of the number of recommendations adopted or advanced in the Infrastructure Strategy and ongoing monitoring of their implementation across the relevant central and local government agencies and private sector in the timeframe set out in the Infrastructure Strategy.
Policy advice provided by Te Waihanga meets the expectations of the Minister for Infrastructure, for timeliness, methodology, evidence base, conclusions and recommendations.	The Minister for Infrastructure receives robust advice on whole of system infrastructure policy matters.	Survey Annual feedback sought from the Minister for Infrastructure. Scale of 1-4, regarding meeting expectations.
Policy advice provided by lead agencies is informed, regarding the implications for the infrastructure system, by Te Waihanga input.	Government agencies, leading policy development, can rely on Te Waihanga to provide robust advice on the implications of policy proposals for the infrastructure system. Infrastructure Ministers receive 'joined up' advice on matters that relate to parts of the infrastructure system and the system as a whole.	Survey Annual feedback sought from lead policy agencies regarding the Te Waihanga input into their policy work. Scale 1-4 on the quality of advice and on ease of working together.

The National Infrastructure Pipeline is updated four or more times a year providing stakeholders a centralised source of project information.	<p>The Pipeline continues to expand towards a complete set of planned infrastructure projects in New Zealand.</p> <p>The Pipeline supports engagement and coordination of infrastructure projects.</p>	Monitoring and reporting of the Pipeline is conducted and published on the Te Waihanga website every quarter, including an assessment of coverage.
A major projects leadership programme is established.	A major project leadership programme provides capability building opportunities for those leading New Zealand's major infrastructure projects.	Number of leaders that have received training in major project leadership starting in 2024/25. Survey of participants on the value of training courses starting in 2024/25.
An Infrastructure Priority List (IPL) is established.	The IPL establishes a stable and transparent evaluation framework to assist with infrastructure prioritisation.	Reporting of the IPL is conducted and published on the Te Waihanga website annually.
External views of Te Waihanga work - it is independent, expert, and evidence based.	<p>Expert reviewer and focus group commentary on the quality of analysis and advice provided by Te Waihanga across Strategy, Infrastructure Delivery and Policy and how they have used this advice to make change in the infrastructure system.</p> <p>Citing of Commissions work in Parliament, Select Committees, academic or other literature and media.</p>	Monitoring of reference to the Commission's work beyond its original purpose - by other government agencies, local government, overseas authorities, academics and media.
Iwi/Māori and stakeholders are confident their perspectives have been considered.	% of stakeholders in our communications plans that align with our work programme across Te Waihanga who are confident their perspectives have been considered.	Survey two-yearly starting 2022/23.

Reporting on our output measures

Te pūrongo i ā mātou inenga hua

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

Outcome	Measure	Assessment method
Timely delivery of reports and advice.	% of requested reports and advice that are delivered by the agreed date.	Monitor and record agreed dates and actual delivery dates. Tracking of Official Information Act requests, Parliamentary Questions, Written Parliamentary Questions and ministerial requests. Quarterly reports to the Minister for Infrastructure, Treasury and Board.
High quality of work.	Advice is developed in accordance with rigorous internal standards and procedures and is based on evidence.	Independent review by a person/entity with significant policy and/or infrastructure research experience, who is familiar with our roles and functions. Internal pulse survey of staff to measure engagement and culture.
Clear delivery of message.	Understanding of infrastructure issues and the potential solutions to address them increases.	Monitoring of the number of recommendations adopted or advanced in the Infrastructure Strategy and ongoing monitoring of their implementation across the relevant central and local government agencies and private sector.
Partnership with Iwi/Māori.	Relationships with specific groups of Iwi/Māori show developing partnership and understanding.	Survey two-yearly starting 2022/23.
Effective engagement and consultation with stakeholders.	Effectiveness of overall engagement and consultation, based on ratings from those involved in the process.	Monitoring of reference to the Commission's work beyond its original purpose - by other government agencies, local government, overseas authorities, academics and media.

Prospective financial statements for 2023/24

Ngā tauākī ahumoni āmua

Introduction

These prospective financial statements have been prepared for inclusion in the Te Waihanga Statement of Performance Expectations for the period ending 30 June 2024.

The purpose of these prospective financial statements is to facilitate consideration by Parliament of the planned performance of Te Waihanga. The use of this information for other purposes may not be appropriate. Readers are cautioned that actual results are likely to vary from the information presented and that the variations may be material. The information has not been audited.

These prospective financial statements have been prepared on the basis of assumptions about future events that Te Waihanga reasonably expects to occur as at the date the information was prepared. It is not intended that this information will be updated.

These prospective financial statements were authorised for issue by the Te Waihanga Board on 9th June 2023.

Assumptions

The following assumptions have been used in preparing these prospective financial statements:

- The Crown Revenue appropriation remains unchanged in 2023/24 at \$13,875K
- The maximum headcount budgeted in the 2023/24 year is 51. With the ongoing challenges of recruitment, an allowance has been included for vacancies across the year.
- Salary costs have been adjusted to reflect performance related adjustments on 1 July 2023, as appropriate for the retention of critical skills within the organisation.
- Training and development has been budgeted on a \$2K per person basis, with an additional pool for GMs and an organisation wide pool.
- Domestic travel is budgeted to decrease by 12% on the 2022/23 forecast. This reflects the continual expectations of lower travel through increased use of technology to hold meetings virtually. The same trend is expected with international travel.
- Consulting expenditure solely reflects project related consultancy.
- Rental costs make up 72% of the total premises and equipment budget, with insurance being a further 21%. A rental review took place in March 2023, and are awaiting advice on the rent increase so this has not been reflected at this stage.
- ICT costs include ongoing organisation ICT services and software expense costs as well as hosting expenses for the Strategy Data Science & Analytics team. These costs are largely fixed across the year.
- A high-level review of the projects has determined an initial view of any capital expenditure element. The associated depreciation has been included in the budget from the expected time of completion.
- Excluding personnel expenditure and project activity, total other operating costs are budgeted to decrease by 5% as compared to 2023 budgeted figures.
- Interest income is earned as a result of the change in the timing of receipt of Crown Revenue to the beginning of each quarter, in conjunction with increased cash balances due to reserves held.

Statement of accounting policies

A. Reporting entity

Te Waihanga is an Autonomous Crown Entity in terms of the Crown Entities Act 2004. It was established under the New Zealand Infrastructure Commission/Te Waihanga Act 2019.

Te Waihanga is a Public Benefit Entity (PBE) for financial reporting purposes.

B. Statement of compliance

These prospective financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirements 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 these prospective 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.

C. Measurement base

The prospective financial statements have been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

D. Functional and presentation currency

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Te Waihanga is New Zealand dollars.

E. Going concern

The prospective financial statements have been prepared on a going-concern basis.

F. Significant accounting policies

The significant accounting policies that materially affect the measurement of financial performance, financial position and cash flows have been applied consistently for all reporting periods covered by these financial statements.

Revenue

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

Revenue from the Crown

Revenue from Crown transactions is considered a non-exchange transaction. Te Waihanga is primarily funded through revenue received from the Crown and the use of this revenue is restricted to the purpose specified in the Appropriation.

Other revenue

Other revenue transactions, including interest revenue, are considered exchange transactions. Interest revenue is recognised using the effective interest method.

Te Waihanga will continue to investigate other revenue opportunities through cost reimbursements, charging attendance fees for events, or funding agreements with other agencies (e.g. Ministry for the Environment funding agreement).

Expenditure

All expenditure incurred in the provision of outputs for the Crown is recognised in the surplus or deficit when an obligation arises, using an accrual basis.

Leases

Te Waihanga is party to an operating lease as a lessee. As the lessor retains substantially all the risks and rewards of ownership of the leased property, plant and equipment, the operating lease payments are recognised in the surplus or deficit only in the periods in which they occur. Any lease incentives received or obligations to make good on the condition of the leased premises are recognised in the surplus or deficit over the term of the lease. At balance date, any unamortised incentive or outstanding obligation for reinstatement is recognised as a liability in the statement of financial position.

Cash and cash equivalents

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

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Property, plant and equipment

Property, plant and equipment consists of the following asset classes: information technology assets; furniture; office equipment; and leasehold improvements.

Additions

All items of property, plant and equipment owned are recorded at historical cost less accumulated depreciation and any impairment losses. Depreciation on items of property, plant and equipment acquired in stages does not commence until the item of property, plant and equipment are in their final state and ready for their intended use. Subsequent expenditure that extends the useful life or enhances the service potential of an existing items 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 recognised in the surplus or deficit as expenditure when incurred.

The cost of 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 Waihanga and the cost of the item can be measured reliably. An asset is capitalised if the purchase price is \$1,000 or greater. Items (such as chairs) with lower individual costs are considered to be capitalised by being aggregated into the asset class. Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at its fair value as at the date of acquisition.

Disposals

Gains or losses arising from the sale or disposal of items of property, plant and equipment are recognised in the surplus or deficit in the periods in which the items of property, plant and equipment are sold or disposed of.

Depreciation

Depreciation is provided on a straight-line basis on all asset components to allocate the cost of the asset (less any estimated residual value) over its useful life. The residual values and remaining useful lives of property, plant and equipment are reviewed annually. This review includes a test of impairment to ensure the carrying amount remains recoverable. Any impairment losses are recognised in the surplus or deficit.

The estimated useful lives of the major asset classes are:

Information technology equipment	3 to 5 years
Leasehold improvements	6 years
Furniture and fittings	5 years

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter. The residual value and useful life of an asset are reviewed, and adjusted if applicable, at each financial year end.

Intangible assets

Software acquisition

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use specific software. Staff training costs are recognised as expenses when incurred. Costs associated with maintaining computer software are recognised as expenses when incurred. An asset is capitalised if the purchase price is \$1,000 or more.

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 recognised in the surplus or deficit.

The useful life of intangible assets has been estimated as follows:

Purchased software	5 years
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Impairment of property, plant and equipment and intangible assets

Te Waihanga does not hold any cash-generating assets. Assets are considered cash-generating where their primary objectives are to generate commercial returns. Property, plant and equipment and intangible assets that have finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Value in use is determined based on a depreciated

replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and the availability of information. If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the receivable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

A provision is recognised for future expenditure of 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.

Goods and services tax

All items in the prospective 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 amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the statement of financial position. The net GST paid to or received from Inland Revenue, including the GST relating to investing and financing activities, is classified as 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 income tax under subpart CW 38 of the Income Tax Act 2004. Accordingly, no provision has been made for income tax.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- contributed capital
- accumulated surplus/(deficit).

Cash flows

The prospective cash flow statement is prepared exclusive of GST, which is consistent with the method used in the statement of comprehensive revenue and expense.

Performance outputs

Direct costs are charged directly to outputs. Overhead costs are charged to outputs based on the proportion of direct costs of each output.

Critical judgements in applying accounting policies

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

Lease classification

Determining whether a lease agreement is a finance or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to Te Waihangā. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas for an operating lease no such asset is recognised. Te Waihangā has exercised its judgement on the appropriate classification of equipment leases, and has determined that none of the lease arrangements is a finance lease.

Prospective statement of comprehensive revenue and expenses

for the years ending 30 June:

	2023 Estimated Actual \$000	2024 Budget \$000
Revenue		
Crown revenue	13,875	13,875
MFE funding	514	-
Interest income	253	240
Total revenue	14,642	14,115
Operating expenses		
Personnel	8,888	9,581
Consultancy	5,332	2,904
Other expenses	2,514	2,590
Depreciation and amortisation	437	511
Total operating expenses	17,171	15,586
Net surplus/(deficit)	(\$2,529)	(\$1,471)

The 2023/24 budget reflects a decrease on current year activity in line with revised expectations regarding the three year forecast and the utilisation of reserves across these three years. The 2024 budget deficit of \$1.471 million will be funded from Te Waihanga's reserves (as at 30 June 2023 the prospective equity balance is \$4.495 million). Over the past year Te Waihanga has built up capacity in FTE's and capability in new staff and directors. This was a strategic decision by the board to bring more work in-house and to reduce our reliance on contractors and consultants.

Te Waihanga has been built around an agile resourcing business model, where permanent staff are supported by consultants who provide the specialist technical skills required to deliver particular outcomes that Te Waihanga aims to achieve. Te Waihanga will continue to in-source its resources and only engage consultants where specialist advice or technical pieces of work need to be delivered, such as research for the Infrastructure Strategy, special topic reports and other evidence-based components including independent surveys and expert reviews that require independence.

Prospective statement of changes in equity

for the years ending 30 June:

	2023 Estimated Actual \$000	2024 Budget \$000
Balance as at 1 July	7,024	4,495
Comprehensive revenue and expenses		
Surplus/(Deficit)	(2,529)	(1,471)
Total comprehensive revenue and expenses	(2,529)	(1,471)
Balance as at 30 June	4,495	3,024

Prospective statement of financial position

as at 30 June:

	2023 Estimated Actual \$'000	2024 Budget \$'000
Current assets		
Cash and cash equivalents*	4,531	3,097
Debtors and prepayments**	65	65
Total current assets	4,596	3,162
Property, plant and equipment and intangibles***	888	727
Non-current assets	888	727
Total assets	5,484	3,889
Current liabilities		
Creditors and other payables	603	309
Annual leave liability	267	326
Goods and services tax	(185)	(54)
Lease incentive – current	20	20
Employee entitlements	235	235
Total current liabilities	940	836
Non-current liabilities		
Make good provision	21	21
Lease incentive – non current	28	8
Total non-current liabilities	49	29
Total liabilities	989	865
Net assets	4,495	3,024
Equity	4,495	3,024

*Cash and cash equivalents is expected to reduce significantly, in line with the planned project activity.

**Debtors and prepayments as at 30 June 2023 reflect anticipated prepaid expenditure, and the 30 June 2024 position reflects a similar level of forecast prepaid expenditure.

***Capital assets at 30 June 2024 are anticipated to total \$727K. This comprises the expected balance at 30 June 2023 of \$888K, less 2023/24 depreciation of \$511K, plus 2023/24 additions of \$350K.

Prospective statement of cash flows

as at 30 June:

	2023 Estimated Actual \$'000	2024 Budget \$'000
Operating activities		
Crown revenue received	13,875	13,875
Interest received	253	240
MFE funding received	514	-
Payments to suppliers and employees	(17,126)	(15,329)
Net Goods and Services Tax	(185)	130
Net cash flows from operating activities	(2,669)	(1,084)
Investing activities		
Payment for property, plant, equipment and intangibles	(360)	(350)
Net cash flows from investing activities	(360)	(350)
Net cash flows	(3,029)	(1,434)
Cash and cash equivalents at the beginning of the period	7,560	4,531
Net change in cash for the period	(3,029)	(1,434)
Cash and cash equivalents at the end of the period	4,531	3,097

