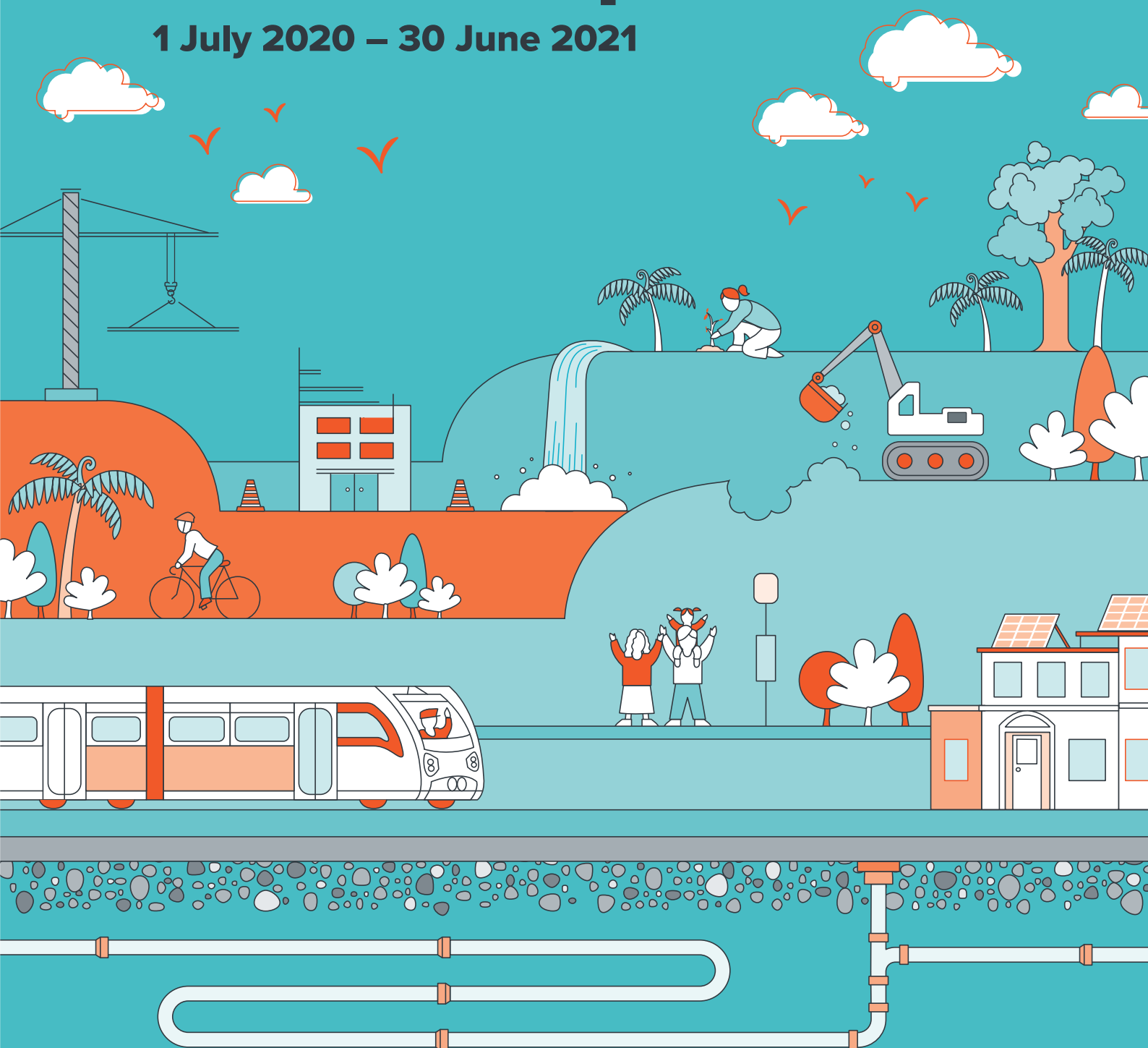


Annual Report

1 July 2020 – 30 June 2021



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New Zealand Infrastructure Commission, Te Waihangā

Annual Report 2020/21

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Our year at a glance

Te tau kua taha ake

**MORE THAN
80
MEETINGS** across central and local government, Māori and iwi, the private sector and other key stakeholders.

7 infrastructure sector state of play discussion documents produced and shared with stakeholders for feedback.

23,638 public responses to our Aotearoa 2050 campaign asking Kiwis to have their say on how they want to live, work and play and the infrastructure needed to support those aspirations.

721 submissions responding to our He Tūāpapa ki te Ora, Infrastructure for a Better Future consultation document on the Infrastructure Strategy.

Te Ao Māori Testing Panel for the Infrastructure Strategy established to **elevate Māori experiences and perspectives.**

3 Special Topic Reports published on technology change and infrastructure, water reform and the freight and ports sector.

Hosted the Infrastructure 2021: **Looking Ahead Symposium**, which was attended by **286** leaders from across the sector.

Infrastructure Pipeline contribution has grown from **2,290 projects** to **2,586**, NZD\$38 billion to NZD\$61 billion and 19 contributors to 143.

3 public submissions made on infrastructure policy topics.

New Zealand Public Private Partnership Model review completed.

Report - Interim Project Review of Transmission Gully PPP Project published.

Joined the **Construction Sector Accord Network** and committed to playing our part in transforming the construction industry.

70,000 website visitors

2,000 LinkedIn followers

2,700 newsletter subscribers

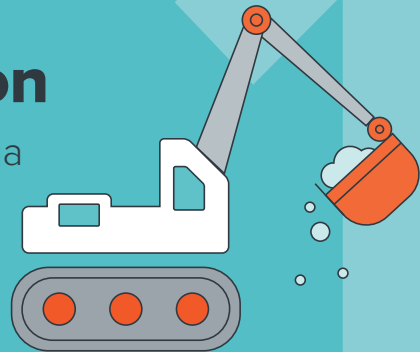
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Part One: Introduction

Wāhanga tuatahi: Whakatuwheratanga



Message from the Chair and Chief Executive

He pānui nā te Heamana me te Toihau



Top: Dr Allan Bollard, Board Chair
Above: Ross Copland, Chief Executive

As we reflect on our first full year of operation it is clear Te Waihanga has an important role to play in transforming New Zealand's infrastructure. Our second Annual Report summarises the focus areas and progress we have made against the outcomes we outlined in our Statement of Performance Expectations.

As the world continues to understand what the recovery from the COVID-19 pandemic might look like, it has become apparent that high quality, affordable and sustainable infrastructure is more important than ever.

During 2020, infrastructure emerged as an important tool in the economic recovery of New Zealand, and our Pipeline report now shows \$24 billion of infrastructure projects under construction in addition to a very busy residential construction sector. But all construction activity is facing delays and cost escalation exacerbated by a sudden increase in demand, disrupted supply chains, lockdowns, and a stretched workforce with employers lacking access to international talent due to MIQ capacity constraints and visa processing delays. We remain very focussed on assisting Government and the sector navigate through this sustained period of disruption.

It has been pleasing to see Te Waihanga growing a reputation as a trusted advisor and we have enjoyed the opportunity to establish relationships with a wide range of stakeholders. A real highlight of the year was our Infrastructure 2021: Looking Ahead Symposium which was attended by 286 leaders and decision makers from the public and private sectors. The two-day event featured RMA reform, demographics and climate change and provided an opportunity to solicit feedback from New Zealand's best and brightest for the New Zealand Infrastructure Strategy. Planning is already well underway for a bigger event next year.

Our people are vital to the work Te Waihanga does and the quality of our outputs. As a new Commission we have embedded several important initiatives during the year, including evolving to a flexible work environment and building the cultural competency of our team through te ao Māori and te reo Māori training. We have provided funding for staff wellbeing measures and had regular informal social events to help stay connected during a disrupted year. All staff have access to a training budget to support their professional development and we're looking to grow this next financial year to continue upskilling and developing our talent. We spent time this year reflecting on our move from establishment mode to being fully operational and have developed an organisational strategy which includes deep consideration of the skills we need to deliver better infrastructure for New Zealand. Building the right mix of capability and supporting our people to perform at their best is an on-going area of focus for Te Waihanga.

Delivering New Zealand's Infrastructure Strategy

Our most significant workstream this year has been the New Zealand Infrastructure Strategy which will be delivered as a draft to the Minister for Infrastructure in September 2021. We are very proud of the efforts of our team who have worked incredibly hard behind the scenes to speak to a broad mix of New Zealanders, synthesise international best practice, study the literature and ultimately deliver the strategy alongside the usual challenges COVID-19 has presented.

It was important to us that the New Zealand Infrastructure Strategy was underpinned by a robust evidence base and needs assessment. Over the year we published seven 'State of Play' reports outlining the current state of each sector focus area (water, telco, energy etc), and three Special Topic Reports looking at specific issues to inform the strategy. We are very grateful for the depth of thought and engagement from our stakeholders across Iwi, central and local Government and the private sector in helping us develop these reports.

The release of our He Tūāpapa ki te Ora, Infrastructure for a Better Future consultation document was a big milestone in our strategy development journey. Our eight-week engagement finished with over 700 high quality submissions, totalling 2,452 pages and more than 900,000 words. What we have heard has been vital in developing the draft Infrastructure Strategy.

Ensuring that we have engaged widely with our stakeholders has been a critical part of the development process and it has been a busy year for our team, with over 80 meetings, workshops and feedback opportunities.

Engaging New Zealanders

Giving all New Zealanders an opportunity to shape the Infrastructure Strategy is something we see as critically important. Not only does our legislation require us to develop broad public agreement on the approach we take, but we also know that this is a strategy that affects how people live, work and play.

In March 2021, we launched a campaign called Aotearoa 2050 which asked New Zealanders what they want Aotearoa to look like in 2050. We were blown away by the response, with 23,500 New Zealanders having their say. What we have heard has made a real impact on the direction of the Infrastructure Strategy and shows how engaged Kiwis are in their future. For example, the public feedback directly led to the inclusion of the 'circular economy' recommendation in the draft strategy reflecting the importance New Zealanders placed on having access to better waste and recycling infrastructure.

A growing Infrastructure Pipeline

Since our formation in September 2019, our team have worked with government procuring agencies, councils, and infrastructure providers to collect and publish their respective investment intentions on the Infrastructure Pipeline.

As of 30 June 2021, the Infrastructure Pipeline held 2,586 projects from 143 contributors worth NZD\$61 billion. Of those projects currently in our Infrastructure Pipeline, \$24 billion are under construction. We are now beginning to draw strong insights and projections that will be of real value to the sector, including which regions are facing resource pressure and which sectors or regions have excess capacity.

Our goal for the year ahead is to ensure that the Infrastructure Pipeline contains all local and central government infrastructure projects above a threshold value and provides a greater degree of certainty on the timing of when the project is likely to occur so that the market can plan, recruit and invest accordingly and with confidence.

Supporting delivery of major infrastructure projects

Te Waihangā has strong project delivery expertise which is deployed across a range of large infrastructure projects to support the entity responsible for delivering the project. These arrangements can be directed by our Minister or our Board, or mutually agreed with agencies seeking assistance by way of Project Support Agreements.

The only ministerial directive received by Te Waihangā in the year was the request to oversee an interim review into the Transmission Gully project. The review was led by Australian expert Steve Richards with support from Te Waihangā staff and identified several opportunities for improvement which are now being included in an update of the public private partnership (PPP) best-practice guidance.

The Minister for Infrastructure has directed Te Waihangā to complete a final review when the project is completed. The review will commence soon thereafter and will focus on how well the project has met its investment objectives as outlined in the approved business case, tender documents and final signed PPP agreement.

This year, we provided support to Antarctica New Zealand on commercial, procurement, project delivery and governance related to the redevelopment of Scott Base. The team have also provided advice to Auckland Light Rail, the New Zealand Upgrade Programme, MPI's new biosecurity facility, Archives New Zealand, Dunedin Hospital and many more. We have reviewed businesses cases for several district health boards and provided leadership on oversight groups such as the Funding and Finance Committee for Let's Get Wellington Moving.

Te Waihangā joined the Construction Sector Accord Network which will play a crucial role in transforming the culture and behaviours in the construction industry. This is needed to ensure it has a sustainable future with equitable risk allocation and prospering firms delivering great outcomes for infrastructure clients. We recruited industry leader John Hemi to join our team as a Special Advisor exclusively focussed on the work of the Construction Sector Accord where Te Waihangā leads the Procurement and Risk workstream.

Providing evidence-based advice to decision makers

During the year we commissioned Deloitte to undertake a piece of work to understand the impact of the pandemic, including risks and opportunities for the sector. The report, titled Infrastructure Construction Sector: COVID-19 Recovery Study, helped inform the advice we gave to Government and procuring agencies over the course of the year as they sought to understand and navigate a rapidly evolving situation.

We have seen the Government ramp up its focus on reform in three waters and resource management with our team highly engaged in both workstreams. We continue to work closely with agencies and Ministers on these important reforms and have bolstered the resourcing in our Policy team to provide greater support.

We have been asked by the Minister for the Environment to lead the preparation of the infrastructure and development section of the Natural and Built Environments National Planning Framework. The section is particularly important for infrastructure providers and provides an important opportunity for Te Waihangā to ensure the benefits of infrastructure and affordable housing to New Zealanders are reflected fairly and equitably alongside the aspirations to preserve the natural environment.

In addition, we have made submissions on some crucial policy areas which impact infrastructure, including the Climate Change Commission's draft advice and we have presented at Select Committees on resource management reform and congestion charging in Auckland.

Acknowledgements

The 2020/21 Financial Year has seen Te Waihangā undertake a huge amount of engagement with stakeholders. We are extremely appreciative of all those who have taken the time to provide their feedback, thoughts and ideas as we develop New Zealand's Infrastructure Strategy and other policy and infrastructure delivery advice. We are passionate about ensuring as many New Zealanders as possible are given the opportunity to have their say.

In April 2021, Stephen Selwood stepped down from his Te Waihangā Board position following his appointment as one of four Commissioners of Tauranga City Council. We would like to thank Stephen sincerely and acknowledge his contribution to Te Waihangā during his time on the Board throughout the establishment of the organisation.

It was with great sadness that in August 2021 we learned of the passing of former Deputy Prime Minister, Sir Michael Cullen. Sir Michael was one of the peer reviewers of our Interim Project Review of the Transmission Gully PPP Project released in April 2021 and we are greatly appreciative for the depth of his experience and the invaluable contribution he made to this project. Without doubt, Sir Michael leaves a huge legacy for our country including notable actions like establishing KiwiSaver and the Superannuation Fund which both provide a source of capital for future infrastructure.

Finally, we would like to thank our Board and the team for the work they have done during the Financial Year 2020/21. They have adapted, persevered, engaged, pivoted and delivered very well under changing circumstances this year, we are very grateful indeed.



Dr Alan Bollard CNZM
Board Chair
Date: 14 December 2021



Ross Copland
Chief Executive
Date: 14 December 2021

He pānui nā te Heamana me te Toihau



Nō tātou e huritao ana ki te tau tuatahi o tēnei kōmihana, kua mārama te kite he nui tonu te wāhi kei te kōmihana nei ki te whakaumu i te hanganga o Aotearoa. E whakarāpopoto ana tā tātou Rīpoata ā-Tau tuarua i ngā wāhanga e arohia ake ana me te whakaoti haere i ngā whakatutukitanga i whakaaturia ai e mātou i tā mātou Tauākī Wawata ki ngā Mahi.



Nō te piki haere o te mārama o te ao ka pēhea te otinga o te whakahaumanu i te mate urutā mate KOWHEORI-19, kua marake te kite e hira noa ake ana te hanganga tino kounga, tareka ā-utu, toitū hoki

I roto i te tau 2020, kua pūrero ake te hanganga hei taputapu whai tikanga mō te whakahaumanutanga o te ōhanga o Aotearoa, ka mutu, e whakakitea ana e tā mātou rīpoata Maramataka i tēnei wā tonu \$24 piriona te uara o ngā hōtaka mahi e whakahaerengia ana, whaihoki, e whakapau kaha ana te haere o te rāngai hanga kāinga noho. Heoti anō, e takawaretia ana ngā ngohe hanganga katoa, e arohia ana hoki te tere whakapikinga o ngā utu e whakauauatia ake ana e te piki ohotata ake o te tono, te tauwhatinga o ngā whatunga putunga, ngā noho taratahi, kua tata pau katoa te ohu mahi e wātea ana, tē taea e ngā kaitukumahi te āhei atu ki ngā kaimahi nō tāwāhi nō ngā tepenga o te pūnaha MIQ tae atu ki ngā takawaretanga ki te tukatuka kōkoto. E tino ū tonu ana mātou ki te āwhina me te ārahi i te Kāwanatanga me te rāngai i tēnei wā roa o te tauwhatinga.

Top: Dr Allan Bollard, Board Chair
Above: Ross Copland, Chief Executive

He takaahuareka kia kite atu i te tupu haere o te hau o te Kōmihana hei kaitohutohu pono, ā, nō mātou te whiwhi ki te whakatū i ngā hononga ki ngā umanga whai pānga huhua. Ko te tino kaupapa o te tau ki a mātou ko te hui taumata Infrastructure 2021: Looking Ahead, he kaupapa i taea ai e ngā manu tāiko 286 me ngā kaiwhakatau nō ngā rāngai tūmataiti, tūmatanui hoki. Ko te whakahōu i te Ture Whakahaere Rawa, me te matai hangapori, me te huringa o te āhuarangi ngā kaupapa i wānangatia ai i roto i ngā rā e rua, ka mutu, he wā hoki mō te pātai atu ki te whakahoki kōrero i ngā mātanga o Aotearoa mō te Rautaki Hanganga o Aotearoa. Kua tīmata noa atu ngā mahi whakariterite e tū ai tētahi kaupapa nui ake hei te tau e whai ake nei.

Ko ā mātou tāngata ngā pou i ngā mahi e meinga ana e Te Waihanga, me te kounga anō hoki o ngā hua. I roto i te tau kua pahemo ake nei, E hia ngā kaupapa tino nui kua whakamaui e mātou hei Kōmihana hōu pērā i te whakarite haere i tētahi taiao mahi tāwariwari me te whakapakari ake i te matatau o tō mātou tīma ki te ao Māori me te reo Māori mā roto i te whakangungu. Kua whāngai pūtea hoki mātou ki ngā kaupapa whakapiki ora mō ngā kaimahi me te whakatū i ngā kaupapa whakawhanaungatanga ā-ōpaki e taurenarena ai tō mātou hononga ki a mātou anō i tēnei tau tauwhatinga. E āhei ana ngā kaimahi katoa ki te tahua whakangungu hei tautoko ake i tō rātou whakawhanake ngaioatanga, ā, hei te tau e tū mai nei e aro atu ana mātou kia ū tonu mātou ki te whakapakari ake me te whakawhanake tonu i ā mātou tāngata whai pūkenga. I whakapau wā mātou i tēnei tau ki te huritao i tā mātou neke atu i te aratau whakatū ki te tū hei whakahaere, ā, kua whakawhanaketia tētahi rautaki ā-whakahaere,

he mea āta hoahoa, e mau ana i ngā pūkenga e matea ana e pai ake ai te whakaratonga o ngā hanganga mō Aotearoa. Ko te whakapiki ake i te kaha me te tautoko i ā mātou tāngata kia puta ō rātou ihu tētahi wāhanga e aro tonutia ana e Te Waihangā, ā, haere ake nei.

Te Tuku atu i te Rautaki Hanganga o Aotearoa

Ko tā mātou tino kaupapa mahi i tēnei tau ko te Rautaki Hanganga o Aotearoa. Ka tukuna atu te rautaki hei hukihuki ki te Minita Hanganga hei te marama o Mahuru i te tau 2021. E poho korerū ana mātou ki te whakapau kaha a tō mātou tīma ki te kōrero ki kirirarau o Aotearoa nō ngā hau e whā, me te whakahiato i ngā hanga tino pai rawa atu nō tāwāhi, me te āta rangahau i ngā pukapuka, ko te whāinga kia tukuna te rautaki ahakoa ngā uauatanga o te wā i puta ai i te mate KOWHEORI-19.

He mea nui ki a mātou kia tuarātia te Rautaki Hanganga o Aotearoa e tētahi aromatawai tino kaha te taunakitanga, matea hoki. I roto i te tau, e whitu ngā ripoata “Āhua o te Wā” i tāia ai e mātou hei whakamārama i te āhua o ia aronga rāngai (wai, waea, ngao, me te maha noa atu), e toru Ripoata Kaupapa Motuhake hoki i tāia e aro atu ana ki ngā take tauwhāiti hei whāngai kōrero ki te rautaki. E mihi whakawhetai atu ana mātou ki te hōhonu o ngā whakaaro me te paheko mai i ngā rōpū whai pānga nō ngā iwi, nō te Kāwanatanga, nō ngā kaunihera me te rāngai tūmataiti hei āwhina i a mātou ki te tuhituhi i ēnei ripoata.

He tohu nui i tō mātou haerenga whakawhanake rautaki tā mātou tuku i tā mātou tuhinga rūnanga o He Tūāpapa ki te Ora, Infrastructure for a Better Future. Neke ake i te 700 tāpaetanga tino kino te pai te otinga iho i ā mātou pahekotanga i roto i te waru wiki, 2,452 whārangi me te 900,000 kupu te tapeketanga katoa. Kua riro ngā kōrero i whakatakoto mai hei pou i te whakawhanaketanga o te Rautaki Hanganga hukihuki.

Ko te whakaū i whānui tā mātou paheko ki ngā umanga whai pānga tētahi wāhanga tino whai tikanga i te tukanga whakawhanake, ka mutu, he tau whawhati kō tēnei mō tō mātou tīma, neke atu i te 80 ngā hui, ngā awheawhe me ngā āheinga tuku whakahoki kōrero.

Te Paheko ki ngā Tāngata o Aotearoa

Ki tā mātou tirohanga, he mea whai tikanga te pōwhiri atu ki ngā kirirarau katoa o Aotearoa ki te whakatakoto kōrero mō te āhua o te Rautaki Hanganga. E herea ana mātou e te ture kia whakaaetia e te tini makiu te āhua o tā mātou aruaru ki te whakatutuki, ā, e mōhio ana hoki mātou ka whai pānga tēnei rautaki ki te āhua o te noho, o te mahi, o te tākaro hoki a te tangata.

I te marama o Pou-tū-te-rangi i rewa ai i a mātou tētahi whakamataaratanga e kīia ana ko Aotearoa 2050 me te pātai ki ngā kirirarau o Aotearoa ki ō rātou whakaaro ki te āhua o Aotearoa hei te tau 2021. I mīharo pai mātou ki te uruparenga, 23,500 ngā kirirarau o Aotearoa e tāpae kōrero ana. Kua tino whakaaweawetia te ritenga o te Rautaki hanganga, ka mutu, ka kitea hoki te whakaware a ngā tāngata o Aotearoa ki tō rātou anamata. Hei tauira, mai kore ake i te whakahoki kōrero a te tini makiu i tāpiritia ai te tūtohunga ‘ōhanga porowhita’ ki te rautaki hukihuki hei whakaatu i te hiranga o te āhei ki ngā hanganga pai ake mō te para me te hangarua ki ngā tāngata huri noa i te motu.

He Maramataka Hanganga Tupu Parahutihuti

Nō tō mātou whakatūnga i te marama o Mahuru i te tau 2019 kua mahi ngātahi tō mātou tīma ki ngā umanga kaitaonga Kāwanatanga rātau ko ngā kaunihera ko ngā kaiwhakarato hanganga ki te kohikohi me te tā hoki i ō rātau whakaaro tauwhāiti mō te Maramataka Hanganga.

I te rā 30 o Pipiri i te tau 2021, 2,586 ngā kaupapa mahi i te Maramataka Hanganga nō ngā kaitakoha 143 e NZD\$61 piriona tāra te uara. O aua kaupapa mahi i te Maramataka Hanganga, \$24 piriona e whakatūngia ana. Ināianei, e tīmata ana mātou ki te i ngā maramatanga kaha me ngā matapae ka riro hei mea whai uara ki te rāngai, tae atu hoki ki ngā rohe e totohe atu ana ki ngā aupehinga ā-rawa me ngā rāngai, rohe rānei kua tuwhene tō rātau raukaha.

Ko tō mātou whāinga mō te tau e tū nei ko te whakaū e mau ana te Maramataka Hanganga i ngā kaupapa mahi katoa a te kāwanatanga me ngā kaunihera kei runga ake i tētahi uara taumata e tūturu ake ai āwhera rawa e tīmataria ai tētahi kaupapa mahi e taea ai e te mākete te whakamahere, te tāuteute me te whakangao pūtea i runga i te māia.

Te Tautoko i te whakaotinga o ngā kaupapa mahi hanganga tino nui

He tino pakari te matatau o Te Waihanga e whakamahingia ana i roto i ngā kaupapa mahi hanganga nunui e hia hei tautoko i ngā umanga nōna te haepapa ki te whakaoti i te kaupapa. Ka taea ngā whakaritenga nei te tohutohu e tō mātou Minita, me tō mātou poari, ka whakaaetia rānei i runga i te ngākau kotahi me ngā umanga e kimi āwhina ana mā roto i ngā Whakaaetanga Tautoko Kaupapa Mahi.

Kotahi anake te tātaku minita i whiwhi ai Te Waihanga, ā, he tono tērā kia tiroiro i tētahi arotake takitaro i te kaupapa mahi Transmission Gully. I ārahina te arotake e Steve Richards, he mātanga nō Aotearoa, ā, he mea tautoko nā ngā kaimahi o Te Waihanga, ka mutu, ka tautohua ngā āheinga e hia mō te whakapakaritanga, ā, e whakaurutia ana aua āheinga i tētahi whakamōhōutanga ki te ārahitanga mō te hanga tino pai rawa atu mō te Pātuitanga Tūmataiti-Tūmatanui (PPP).

Kua tonoa Te Waihanga e te Minita Hanganga kia whakaotinga tētahi arotake whakamutunga mō te kaupapa mahi e whakaritea ana kia oti i te Q4, i te tau 2021. Ka tīmata te arotake whai muri iho, ā, ka aro atu te titiro kia kite mehemea rānei kua tutuki i te kaupapa pai ngā whāinga haumi e whakamāramatia ana i te kēhi i whakaaetia, me ngā tuhinga tono me te waikanaetanga (PPP) whakamutunga i waitohua rā.

I te tau nei kua tautoko mātou i a Antarctica New Zealand i te hanganga hōutanga o ngā āhuatanga arumoni, me te kaitaonga, me te whakatutuki kaupapa mahi tae atu hoki ki ngā tikanga whakahaere. Kua whakarato tūtohu atu hoki te tīma ki a Auckland Light Rail me te New Zealand Upgrade Programme, me te whare haumarua koirā hōu o te Manatū Ahu Matua, me Te Rua Mahara o te Kāwanatanga, me te Hohipera o Ōtepoti me te maha noa atu o ngā whakahaere. Kua arotakengia e mātou ngā kēhi mō e hia o ngā poari hauora ā-rohe me te ārahi hoki i ngā rōpū mahi tiroiro haere pērā i te Funding and Finance Committee o Let's Get Wellington Moving.

I uru Te Waihanga ki te Construction Sector Accord Network, he rōpū whai tikanga ka whai wāhi ki te whakaumu i te ahurea me ngā whanonga o te ahumahi waihanga. E matea ana tēnei e pūmau ai he anamata toitū tōna e tōkeke ai te tohaina o te tūraru, e rangatira ai hoki ngā umanga kia rawe ai ngā hua mō ngā kiritaki hanganga. I tāuteutēhia e mātou tētahi rangatira o te ahumahi, arā, a John Hemi, kia uru ki tō mātou tīma hei Kaitohutohu Motuhake. E arohāngai pū anaia ki te mahi i te Construction Sector Accord, ā, e ārahi ana i te rerenga mahi Kaitaonga me te Tūraru.

Te whakarato tūtohunga e takengia ana i te taunakitanga mā ngā kaiwhakatau

I roto i te tau i whakaritea a Deloitte e mātou kia tīmata i tētahi rangahau e mārāma ai ki a mātou ngā pānga o te mate urutā, me ngā tūraru me ngā āheinga ki te rāngai. Nā te ripoata e kīia ana ko Infrastructure Construction Sector: COVID-19 Recovery Study i āwhina ki te whakarato tūtohunga, he mea hoatu e mātou ki te Kāwanatanga me ngā umanga kaitaonga i roto i te tau nō rātou e kimi ana ki te mārāma i tētahi tūāhua e tere panonitia ana.

Kua kitea e mātou te Kāwanatanga e whakakaha ake ana i tana aro atu ki te hanganga hōu o ngā wai e toru me tewhakahaere rawa, ā, kua tino aro tō mātou tīma ki ngā rerenga mahi e rua. Ka mahi tonu mātou ki ngā tari me ngā Minita i ēnei hanganga hōu whai tikanga, ā, kua whakapikingia ake e mātou ngā rauemi i tō mātou tīma Kaupapa Here e nui ake ai te tautoko e whakaratohia ana.

He mea tono mātou e te Minita o te Taiao ki te ārahi i te whakaritenga o te wāhanga hanganga me te whakawhanaketanga o te Anga Taiao Māori, Hanga hoki. He tino whai tikanga tēnei wāhanga ki ngā kaiwhakarato hanganga, ā, mā taua wāhanga Te Waihanga e whai āheinga e tika ai, e tōkeke ai hoki, te

whakaaturanga o te tohatoa o ngā painga o te hanganga me ngā whare tareka ā-utu ki ngā tāngata o Aotearoa, waihoki, kia tutuki ai ngā hiahia kia tiakina te taiao māori.

Hei tāpiritanga, kua tāpae kōrero hoki mātou mō ētahi o ngā kaupapa here whai tikanga e pā kau ana ki te hanganga, hei tauira, ko te tūtohu hukihuki a He Pou a Rangi, ā, kua tāpae kōrero hoki mātou ki ngā Komiti Whiriwhiri mō te hanganga hōu o te whakahaere rawa me te utu popoke ki Tāmaki Makaurau.

He Mihi

I te Tau Tahua 2020/21, he nui ngā mahi a Te Waihanga ki te whakawhiti whakaaro ki ngā umanga whai pānga. He tino nui tā mātou whakamaiohatanga ki te hunga katoa i whakapau wā ki te tuku whakahoki kōrero me ngā whakaaro me ngā aria i a mātou e whakawhanake ana i te Rautaki Hanganga o Aotearoa, e panoni ana hoki i ngā tūtohunga kaupapa here, whakarato hanganga hoki. E tino kaingākau ana mātou kia whakarongotia ngā kōrero a te mahi a ngā tāngata o Aotearoa.

I te te marama o Paengawhāwhā o te tau 2021 i heke a Stephen Selwood i tana tūranga poari ki Te Waihanga whai muri i tana kopounga me ētahi atu tokowhā hei Kaikōmihana o te Kaunihera o Tauranga. E hiahia ana mātou ki te tuku mihi ki a Stephen me te whakamahi i ana mahi ki Te Waihanga nōna i te Poari i te whakatūnga o te whakahaere.

I uwhia e mātou ki te kapua pōuri i tā mātou rongo atu i te marama o Hereturikōkā i te tau 2021 kua mate atu te Pirimia Tuarua o mua, a Tā Michael Cullen. Ko Tā Michael tētahi o ngā hoa kaiarotake i tā mātou Interim Project Review of the Transmission Gully PPP Project, he mea whakarewa i te marama o Paengawhāwhā i te tau 2021, ā, he tino nui tā mātou whakamaioha ki a ia me te tana āwhina tino ki te kaupapa nei. Māna noa ake te korekore he nui te whakareretanga e waiho ana e Tā Michael Cullen ki tō tātou motu, ā, ko ētahi mahi rangatira āna ko te whakatūnga o KiwiSaver me te Tahua Pūtea Penihana, ā, ko aua kaupapa e rua e whakarato ana he pūtea mō ngā hanganga kāore anō kia hangā.

Hei whakatepe ake, e mihi atu ana mātou ki tō mātou Poari me te tīma i ngā mahi katoa i oti ai i a rātou i te Tau Tahua 2020/21. Kua urutau rātou me te tohe me te paheko me te huri me te whakatutuki mahi ahakoa ngā wā haurokuroku, ā, he nui koā tā mātou mihi ki a rātou.



Dr Alan Bollard CNZM
Heamana o te Poari
Date: 14 Hakihea 2021



Ross Copland
Tumu Whakarae
Date: 14 Hakihea 2021

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

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

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 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

*Hon Grant Robertson
Minister for Infrastructure*



Responsible Minister

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

The Minister for Infrastructure's annual letter of expectations 2020/21 set out the following as specific outputs on which Te Waihangā should make progress, or deliver, in 2020/21:

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 will be delivered to the Minister on 25 September 2021.

Additional strategy and support functions

As outlined in the New Zealand Infrastructure Commission/Te Waihangā 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.

Ministerial directions issued to Te Waihangā

Transmission Gully Interim Review

(1 July 2020, DEV-20-MIN-0132)

In August 2020, Te Waihangā received a Ministerial directive to oversee a wide-ranging interim review into the Transmission Gully project, including its procurement, terms of contract and implementation.

The report on the full review is available on our website: www.tewaihangā.govt.nz

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 July 2020, Maurice Davis was appointed to the Board. In April 2021, Board member Stephen Selwood stepped down following his appointment as one of four Commissioners of Tauranga City Council.

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



Chair: Dr Alan Bollard

Deputy Chair: Sue Tindal

Appointed members: David Cochrane, Maurice Davis, Raveen Jaduram, Sarah Sinclair and Stephen Selwood (until April 2021).

Audit and Risk Committee

The Audit and Risk Committee is the only Board committee and comprises three current Te Waihangā Board members and one independent member who is appointed by the Board.

Chair: Sue Tindal

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

Board Meeting Attendance

Board Member	Board	Board Special meetings**	Audit & Risk Committee	Audit & Risk Committee Special meetings***
Dr Alan Bollard	10/10	1/1	-	-
Sue Tindal	10/10	1/1	5/5	4/4
David Cochrane	10/10	1/1	5/5	3/4
Maurice Davis	10/10	1/1	-	-
Raveen Jaduram	10/10	1/1	5/5	4/4
Sarah Sinclair	9/10	1/1	-	-
Stephen Selwood*	7/7	-	-	-
Murray Harrington (independent member)	-	1/1	5/5	4/4

Attendance/eligible to attend.

* In April 2021, Stephen Selwood stepped down from the Board following his appointment as a Commissioner of Tauranga City Council. His last meeting was 18 February 2021.

** In addition to holding 10 regular Board meetings the Board met once to consider the 2021/22 Te Waihangā Statement of Performance Expectations.

*** In addition to holding five regular Audit and Risk Committee meetings the ARC met three times to consider the 2021/22 Te Waihangā Statement of Performance Expectations and once to consider the 2019/20 Te Waihangā Annual Report.

Te Waihangā Leadership Team

In the Financial Year 2020/21, Te Waihangā operated five teams responsible for achieving our strategic outcomes: the Chief Executive's Office, Corporate Services, Engagement and People, Strategy, and Major Projects and Advisory.

Ross Copland, Chief Executive

Jasmine Tietjens, General Manager Corporate Services

Tracey Kai, General Manager Engagement and People

Geoff Cooper, General Manager Strategy

Peter Murray, General Manager Major Projects and Advisory



Strategic outcomes

Ngā whakatutukitanga 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

An agreed programme of reforms and initiatives to drive better infrastructure outcomes in the long-term.

Achieved through:

- Infrastructure Strategy.

Outcome 2

The construction sector has a clear forward works programme, which the sector can rely on.

Achieved through:

- Infrastructure Pipeline.

Outcome 3

The infrastructure procurement capability of government agencies and the construction sector is improved.

Achieved through:

- supporting procuring agencies in the preparation of business cases
- supporting market engagement activities
- bolstering project governance
- project support agreements
- managing New Zealand's Public Private Partnership Programme.

Outcome 4

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

Achieved through:

- Special Topic Reports.

Strategic outcome changes

During 2020/21, there was a growing recognition by Te Waihanga that major policy reforms would have significant impacts on the contribution of infrastructure to New Zealand's long-term wellbeing. We have welcomed the opportunity to provide advice on crucial reforms, particularly the Resource Management Act 1991 reform and the Three Waters Reform Programme.

As we continue to work across central government, there is an increasing willingness to utilise our knowledge and expertise in numerous policy reform processes. The Minister for Infrastructure's Financial Year 2020/21 Letter of Expectations has also directed Te Waihanga to be the Government's primary advisor on general infrastructure policy matters.

As a result, in October 2020 we established a policy function based in the Chief Executive's Office and appointed a permanent Chief Policy Advisor.

The new policy function was established during the Financial Year 2020/21 and is not reflected in our strategic outcomes and performance framework. For the Financial Year 2021/22 we have updated our Statement of Performance Expectations to reflect these changes. Special Topic Reports is now an output of Outcome 1 and Infrastructure Policy Advice has become the new output for Outcome 4.

Part Two: Our Performance

Wāhanga tuarua: Tā mātou mahi



Our Performance Framework

Tā mātou anga mahi

Our performance framework ties together the functions set out in the New Zealand Infrastructure Commission/Te Waihanganga 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	An agreed programme of reforms and initiatives to drive better infrastructure outcomes in the long term.	The construction sector has a clear forward works programme, which the sector can rely on.	The infrastructure procurement capability of government agencies and the construction sector is improved.	Decision-makers have a basis for bold reform and policy change, informed by independent, evidence-based recommendations.
Outcome Indicators	<p>Broad consensus with Māori as Treaty partners, central and local government, the private sector and other stakeholders on the recommendations needed to achieve better infrastructure outcomes for the long-term.</p> <p>There is broad Ministerial acceptance of Te Waihanganga's recommendations.</p> <p>Māori as Treaty partners, central and local government, the private sector and other stakeholders are satisfied with Te Waihanganga's engagement and the methodology that we suggest.</p>	<p>There is an improved flow to market of major projects and demand can more readily be met by supply – including by international players.</p> <p>The Infrastructure Pipeline is considered the trusted source for information; it is the 'go-to' place.</p> <p>There is improved visibility of regional investment pipelines.</p>	<p>The projects/matters Te Waihanganga supports are delivered to the satisfaction of all parties and the delivery market counterparties.</p> <p>Te Waihanganga is regarded as a trusted advisor.</p> <p>Project governance best practices are in place in the projects Te Waihanganga supports.</p> <p>Te Waihanganga is driving innovation in procurement.</p>	<p>Special Topic Reports in the Minister's Letter of Expectations.</p> <p>Additional Special Topic Reports as determined by Te Waihanganga.</p>
Te Waihanganga Outputs	Infrastructure Strategy.	Infrastructure Pipeline.	Procurement Capability and Project Delivery Support through Project Support Agreements.	Special Topic Reports.

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

Whakatutukitanga 1: He hōtaka whai kaupapa, whai tapitanga hoki e pai ake ai ngā whakatutukitanga hei te pae tawhiti.

In 2020/21, the output of this outcome was the steps towards delivering the 30-year Strategy Report.

Outcome	Indicator 1
An agreed programme of reforms and initiatives to drive better infrastructure outcomes in the long term.	Broad consensus with Māori as Treaty partners; central and local government, the private sector and other stakeholders on the recommendations needed to achieve better infrastructure outcomes in the long-term
	Indicator 2
	There is broad Ministerial acceptance of Te Waihanga's recommendations.
	Indicator 3
	Māori as Treaty partners, central and local government and private sector stakeholders are satisfied with Te Waihanga's engagement and the methodology that we suggest.

Te Waihanga has taken the following actions:

Infrastructure Under One Roof discussion document

As an initial step in our work to develop a 30-year strategy for New Zealand's infrastructure, we developed a discussion document called Infrastructure under one roof: standardising how we think about the shared services around us. The discussion document was published in December 2020, and helped to define the parameters of the work programme ahead and provided an integrated framework for looking at infrastructure issues.

Our definition of infrastructure places wellbeing outcomes at the core, while recognising commonalities that include the use of capital such as financial and environmental resources, the interconnectedness of physical structures and the delivery of shared services.

The discussion document was open to feedback from stakeholders and received widespread support, with the document viewed more than 1,800 times on our website.

Defining infrastructure: A system of inter-connected physical structures that employ capital to provide shared services to enhance well-being.

State of Play discussion documents

As a crucial step in developing the evidence base for the Infrastructure Strategy, we undertook a close review of the state of play in seven key infrastructure areas: education, energy, health, telecommunications, transport, resource recovery and waste, and water.

The State of Play discussion documents were released between December 2020 and May 2021 and described the current state of the sectors and the issues they face, as well as those they need to prepare for. The information we gathered in the reports was based on our own research, a survey of 119 infrastructure asset owners and meetings with experts from within the sectors.

The seven discussion documents received more than 10,000 views online, and stakeholder feedback endorsed the snapshots.

He Tūāpapa ki te Ora, Infrastructure for a Better Future

On 12 May 2021, we released our consultation document, which set out a proposed vision and direction for the Infrastructure Strategy. He Tūāpapa ki te Ora, Infrastructure for a Better Future was a 175-page consultation document that identified the key issues New Zealand faces, areas where change is most needed and potential options to address the issues.

From 12 May to 2 July 2021, we commenced a significant period of engagement with stakeholders and the wider New Zealand public on He Tūāpapa ki te Ora, Infrastructure for a Better Future. Our engagement programme included meetings with the Minister for Infrastructure, a six-week advertising campaign, an infrastructure symposium, stakeholder meetings and meetings with iwi. During this time we received 721 submissions and the feedback we heard will be used to finalise the draft Infrastructure Strategy, which will be provided to the Minister for Infrastructure in September 2021.

Our proposed vision for infrastructure 2050: Infrastructure lays the foundation for the people, places and businesses of Aotearoa New Zealand to thrive for generations.

Submissions on consultations that relate to infrastructure policy

Submission on He Pou a Rangi, the Climate Change Commission's 2021 Draft Advice

We made a submission on He Pou a Rangi, the Climate Change Commission's 2021 Draft Advice, on 28 March 2021. The submission emphasised the impacts that climate change will have on infrastructure, the role infrastructure has in meeting New Zealand's carbon-emission goals and what the draft advice could mean for our infrastructure.

Submission to Transport and Infrastructure Committee on Auckland congestion pricing

We provided a submission to the Transport and Infrastructure Committee on the inquiry into congestion pricing in Auckland. The submission was made on 20 May 2021 and recognised the important role the inquiry has in the future sustainability of Auckland's and New Zealand's transport system.

Submission to Ministry of Transport on Hīkina te Kohupara discussion document

We made a submission on the Ministry of Transport's Hīkina te Kohupara discussion document, which set out potential paths to net-zero carbon emissions in the transport sector. The submission was made on 25 June 2021 and acknowledged that achieving the required emissions-reduction pathways will need large changes in how we travel, the vehicles we use and how we move freight. All these pathways have significant infrastructure implications.

Engagement

We are committed to developing an Infrastructure Strategy for all New Zealanders. From 1 July 2020 to 30 June 2021, we implemented a significant programme of engagement activity to develop broad consensus: with Māori as Treaty partners, central and local government, the New Zealand public and private sector stakeholders.

In addition to extensive engagement on the Infrastructure Under One Roof discussion document, State of Play and the He Tūāpapa ki te Ora, Infrastructure for a Better Future consultation document, we developed a wide range of opportunities for New Zealanders to share their views, ideas and feedback.

Asset owners survey

In September 2020, we commissioned a survey of infrastructure asset owners across local and central government, health, transport, energy and telecommunications. The survey asked asset owners how well their infrastructure was performing in meeting the wellbeing needs of New Zealanders, and gathered information on the challenges they faced as well as opportunities. A total of 191 surveys were distributed and 119 were completed. The information from the Infrastructure Asset Owners Survey: Technical Report was integral in informing both the State of Play discussion documents and our work to date on the Infrastructure Strategy.

Local Government reference group

We have continued to work with the Local Government New Zealand reference group to guide and support the development of the Infrastructure Strategy. Four meetings with the group took place in 2020/21 and have provided important insights on infrastructure systems and settings at regional, spatial and catchment levels.

Aotearoa 2050

Prior to the development of our consultation document, we asked the New Zealand public what they want Aotearoa to look like in 2050. The online Aotearoa 2050 survey included a hard-copy alternative, an accessible online version for screen readers and five translated alternatives. The survey was open from 22 March to 2 May 2021 and received 23,638 responses and more than 8,500 comments. What we heard from respondents will be used to shape the development of the Infrastructure Strategy.

Minister for Infrastructure

Throughout 2020/21, we extensively consulted and briefed the Minister for Infrastructure on all matters relating to the development of the Infrastructure Strategy. The Minister noted our discussion documents and referred these to other relevant Ministers. We also received verbal support from the Minister for the direction of the He Tūāpapa ki te Ora, Infrastructure for a Better Future consultation document.

Te Ao Māori Testing Panel

We have a strong and genuine commitment to honouring Te Tiriti o Waitangi, the Treaty of Waitangi and partnering with Māori. To support the development of the Infrastructure Strategy, we established the Te Ao Māori Testing Panel, comprising five members who bring a diverse and deep understanding of Māori views and experiences of infrastructure. The panel has begun to provide support in evaluating our evidence base with a te ao Māori lens.

Iwi engagement

We have begun to meet with Māori and iwi to form strong relationships and test the evidence base of the Infrastructure Strategy. We have met with Ngāti Whātua, Te Kotahi Research Institute the University of Waikato, Tainui and Ngāi Tai ki Tāmaki. Meetings requests have been sent to iwi in Wellington, Christchurch and Auckland and we welcome the opportunity to meet when they are available.

Infrastructure 2021: Looking Ahead Symposium

Our infrastructure symposium has become an annual event, bringing together key Te Waihangā stakeholders. The 2020/21 event was fully booked with 112 in-person attendees, as well as 174 online attendees. During the two-day symposium we hosted a workshop on our He Tūāpapa ki te Ora, Infrastructure for a Better Future consultation document and used the opportunity to ask attendees for feedback.

Outcome 1 performance

Measure	Activity	Target 2020/21	Outcome 2020/21
Extent to which evidence base and draft recommendations are amended/accepted post engagement.	Evidence base is developed and tested, recommendations are developed and tested.	60% or more of respondents are satisfied with the evidence base and draft recommendations.	Achieved ¹ .
The Minister is broadly accepting of the recommendations by June 2021.	Regular engagement with and feedback from the Minister.	Achieved.	Achieved ² .
Stakeholders are satisfied with the methodology for engagement and strategy development.	Brief surveys at strategy milestones prior to full satisfaction survey.	65% satisfaction.	Achieved ³ .

1. On average, 86% of the 721 respondents partially or fully supported the options for change in He Tūāpapa ki te Ora Infrastructure for a Better Future. 67% of the 100 survey respondents in the New Zealand Infrastructure Commission, Te Waihangā: Stakeholder Feedback Survey were 'very satisfied', 'satisfied' or 'not dissatisfied' with the Infrastructure Strategy evidence base.

2. As requested in the Minister for Infrastructure's Letter of Expectations, regular engagement was undertaken with the Minister and the feedback we received was taken into consideration when finalising He Tūāpapa ki te Ora Infrastructure for a Better Future. The Minister broadly accepted the options for change in the consultation document as at June 2021.

3. 74% of the survey respondents were 'very satisfied', 'satisfied' or 'not dissatisfied' with the opportunities to engage and share their views during the strategy development between 1 July 2020 and 30 June 2021.

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

Whakatutukitanga 2: Ka whai hōtaka mahi te rāngai hanganga e mārama ana, hei whakawhirinakitanga mō te rāngai

In 2020/21 the output of this outcome was the Infrastructure Pipeline.

Outcome	Indicator 1
The construction sector has a clear forward works programme which the sector can rely on.	There is an improved flow to market of major projects and demand can more readily be met by supply – including by international players.
	Indicator 2
	The Infrastructure Pipeline is considered the trusted source for information; it is the ‘go-to’ place.
	Indicator 3
	There is improved visibility of regional investment pipelines.

Te Waihanga has taken the following actions:

- Increased our collection of data and added new filters to the Infrastructure Pipeline tool that allow users to search based on funding status, procurement type and tags.
- Added data from Crown Infrastructure Partners on the ‘shovel ready’ initiative. This data includes 207 shovel-ready projects worth NZD\$3.4 billion.
- Developed draft interactive visual dashboards to provide users with new ways of accessing the Infrastructure Pipeline data.
- Undertaken the procurement of a data-translation tool to help on-board and maintain disparate data sources.
- Worked with Immigration New Zealand on using the Infrastructure Pipeline as the approved list of major infrastructure projects.

Infrastructure Pipeline Update



2,586 projects



143 organisations



\$61b total projects



\$24b under construction



\$7.8b water projects



\$27b transport projects



\$5.4b housing projects



\$4.3b education projects



207 shovel ready projects



\$3.4b shovel ready projects

Outcome 2 performance

Measure	Activity	Target 2020/21	Outcome 2020/21
Improved flow to market of major projects.	Number of projects published on Infrastructure Pipeline.	Report on the change to the baseline and reason for increase or decrease.	Infrastructure Pipeline contribution has grown from 2,290 projects to 2,586, and NZD\$38 billion to NZD\$61 billion.
The Infrastructure Pipeline is a trusted source of information.	Number of entities contributing.	All capital-intensive government agencies that deliver infrastructure and 75% of local government projects by value.	Infrastructure Pipeline contribution has grown from 19 entities to 143. All infrastructure investment-intensive* agencies are represented on the Infrastructure Pipeline except for New Zealand Police.
Improved visibility of future infrastructure projects.	Infrastructure Pipeline satisfaction survey.	65% satisfaction.	Achieved ⁴ .
Improved visibility of future infrastructure projects.	Extent to which the content is up to date and extent to which it is relied on.	Within three months.	Major updates were undertaken in November 2020, March 2021 and June 2021.

* www.treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/review-investment-reviews/investment-intensive-agencies

4. 93% of the 32 respondents rated the pipeline as moderately improving visibility or higher. Overall, 65% of respondents were satisfied with the Infrastructure Pipeline's performance. The survey period was late April 2021 to end of May 2021.

Outcome 3:

The infrastructure procurement capability of government agencies and the construction sector is improved

Whakatutukitanga 3: Ka pai ake te āhei o ngā tari kāwanatanga me te rāngai hanganga ki te whai taonga.

In 2020/21 the output of this outcome was Procurement Capability and Project Delivery Support through Project Support Agreements.

Outcome	Indicator 1
The infrastructure procurement capability of government agencies and the construction sector is improved.	The projects/matters Te Waihanga supports are delivered to the satisfaction of all parties and the delivery market counterparties.
	Indicator 2
	Te Waihanga is regarded as a trusted advisor.
	Indicator 3
	Project governance best practices are in place on the projects Te Waihanga supports.
	Indicator 4
	Te Waihanga is driving innovation in procurement.

Te Waihanga has taken the following actions:

Project Support Agreements

A Project Support Agreement has been signed with Antarctica New Zealand. As part of this agreement we provided a range of commercial, procurement, project delivery and governance advice.

Public Private Partnership events

During the year, our Major Projects and Advisory team organised and hosted three National Public Private Partnership Contract Managers Forums in New Zealand and participated in a virtual Australia and New Zealand National Public Private Partnership Contract Managers Forum.

Public Private Partnership documentation

In August 2020, Te Waihanga was directed by the Government to oversee an interim project review of the Transmission Gully project, focusing on its procurement. This resulted in Te Waihanga publishing Report – Interim Project Review of Transmission Gully PPP Project on 20 April 2021. The review included

recommendations that Te Waihangā update aspects of the national Public Private Partnership Guidance. We are currently drafting a Major Projects and Public Private Partnership Model Guidance, which will incorporate the relevant recommendations from the review.

Public Private Partnership procurement support

There are no Public Private Partnerships currently in the procurement process.

Additional information

Additional Major Projects and Advisory work that support the indicators of Outcome 3 are listed below:

Indicator 1 – The projects/matters Te Waihangā supports are delivered to the satisfaction of all parties and the delivery market counterparties

- Te Waihangā surveyed the agencies to which we are providing project support under Project Support Agreements and received positive feedback for the Financial Year 2020/21 with a score of 93.8% satisfaction.
- We continued to see a rise in agencies and subscribers contributing to the Infrastructure Pipeline, as documented in our response to Outcome 2.

Indicator 2 – Te Waihangā is regarded as a trusted advisor

Our Crown advisory work:

- Provided independent advice to the Crown in relation to the Auckland Light Rail project and the Establishment Unit. Providing advice to the Establishment Unit and acting as an observer to its Board.
- Supported the New Zealand Upgrade Programme – Transport Oversight Group.
- Supported the Treasury as a member on the Capital Panel.
- Supported the Ministry for the Environment in the Fast-Track Consenting process
- Completed the interim review of the Transmission Gully project.
- Commissioned the Construction Sector COVID-19 Recovery Study.
- Advised the Crown in relation to issues emanating from its Public Private Partnership portfolio of projects.

Agency and other support work:

- Project Support Agreements with Antarctica New Zealand.
- Member of the Let's Get Wellington Moving Funding and Finance Committee.
- Member of New Zealand Upgrade Programme – Transport Oversight Group for transport project (managed by Te Manatū Waka Ministry of Transport).
- Review of business cases from several district health boards, including Counties Manukau, Nelson Marlborough, Northland, and Capital & Coast.
- Review of the business case for the Institute of Environmental Science and Research's proposed Kenepuru development.
- Review of the business case for Ara Poutama Aotearoa Department of Corrections' three waters programme.
- Review of the business case for Te Tari Taiwhenua Department of Internal Affairs' Tāhuhu: Preserving the Nation's Memory programme, and providing project governance support.
- Supported the Ministry of Education's procurement process for the co-location of Marlborough Girls' and Marlborough Boys' colleges to a new shared campus.

Other:

- Member of the Investment Officials Group facilitated by Te Tai Ōhanga The Treasury which is focused on improving the investment management system.
- Member of the public-sector Crown Construction Collaborative Construction Forum which is an engagement between a range of central government and local government organisations regarding future major projects. The Forum includes the Ministry of Education, Ara Poutama Aotearoa Department of Corrections, Waka Kotahi NZ Transport Agency, Te Manatū Waka Ministry of Transport, the Ministry of Health, the Ministry of Justice, Manatū Kaupapa Waonga New Zealand Ministry of Defence, and high-growth councils, including their council-controlled organisations.

Indicator 3 – Project governance best practices are in place on the projects Te Waihangā supports

- We have established a Te Waihangā project governance team and a long-term strategy. The team will implement best practice on the projects we support.
- Under the Project Support Agreement with the Ministry for Primary Industries, we are working closely with the Programme Governance Board and programme team to establish best practices and improve the governance framework.
- Best practice governance advice is provided on business cases that are reviewed by Te Waihangā.

Indicator 4 – Te Waihangā is driving innovation in procurement

Public Private Partnerships Programme:

Te Waihangā published its New Zealand Public Private Partnership Model Review in January 2021. The recommendations proposed a series of actions to improve the performance of the Public Private Partnership model in New Zealand. In addition, Te Waihangā is responsible for several recommendations arising from the independent Transmission Gully Interim Review. The majority of recommendations from both reviews can be achieved by updating the guidance for Public Private Partnerships and their application in New Zealand. We have commissioned KPMG to support a comprehensive review of the current guidance and this will be complete in 2022. A further output of the review will be a clarification of the respective roles, responsibilities and expectations of Te Waihangā, the Treasury and agencies that are party to Public Private Partnership Project Agreements.

Construction Sector Accord workstreams:

We are a Steering Group member of the Construction Sector Accord, which is a joint commitment by government and industry to work together to create a high-performing construction sector for a better New Zealand. In February 2021, we appointed a Special Advisor as part of our Major Projects and Advisory team to lead our work with the Accord's Transformation Delivery Group and co-lead the procurement and risk workstream.

We were proud to become an early adopter of the Construction Sector Accord Network in April 2021. The Network is a collective of national businesses and central government agencies and organisations committed to a higher-performing construction industry. In becoming a member of the Network we aim to uphold a set of principles and behaviours that will drive a positive construction industry. In doing so our goal is for the construction sector to increase productivity, improve resilience, raise capability and build confidence, pride and reputation.

We are currently working with the Accord on several initiatives, including:

- a guide to COVID-19 risk management
- revising the Standards New Zealand NZS 3910:2013 conditions of contract for building and civil engineering construction
- establishing a panel of competent persons to act as 'Engineer to the Contract' and administer NZS 3910: 2013 construction contracts
- developing practical guidance for construction procurers to achieve broader outcomes
- developing a Capability Framework for construction procurement leaders, targeting the education and training needs of procurers.

Other procurement-focused actions:

- A calibration study of the Better Business Case framework between New Zealand and Australia.
- A study of the role of price in tender evaluations.
- A health infrastructure review that looks at the delivery of health infrastructure in New Zealand and New South Wales and Victoria in Australia, with a view to advising on changes to the health infrastructure system and the Ministry of Health's Health Infrastructure Unit to ensure the forecast unprecedented level of investment in the next decade can be made successfully.
- A review of the market-led proposals framework and a review of the existing New Zealand guidance.

Outcome 3 performance

Measure	Activity	Target 2020/21	Outcome 2020/21
Te Waihangā is a trusted advisor, and the project support delivered by Te Waihangā is to the satisfaction of all parties involved.	Project Support Agreement engagement survey.	65% satisfaction.	Achieved ⁵ .
Engagement with central and local government agencies.	Number of projects supported through Project Support Agreements and value of projects supported through Project Support Agreements.	Report on the activity.	Achieved ⁶ .
The New Zealand Public Private Partnership Programme is coordinated by Te Waihangā.	Hold quarterly Contract Managers Forums and have closer integration with Australian contract managers.	Quarterly Contract Manager Forums.	Achieved ⁷ .

5. 93.8% achieved a rating of 3 or higher on a scale of 1-5 from the three surveyed entities.

6. Three projects supported through Project Support Agreements with a total value of NZD\$2.8 billion. These projects were: Ministry for Primary Industries - PHEL, Scott Base redevelopment, and New Zealand Defence - Accommodation Messing and Dining.

7. Quarterly Contract Managers Forums held.

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

Whakatutukitanga 4: Ka whai tūāpapa ngā kaiwhiriwhiri kia nui ngā mahi tapi, ngā panonitanga hoki o ngā kaupapa here, e whakaaweawetia ana e ngā tūtohutohutanga kua rangahaua, kua whaikiko hoki.

The outputs for this outcome were **Special Topic Reports**.

Outcome	Indicator 1
Decision-makers have a basis for bold reform and policy change, informed by independent, evidence-based recommendations.	Special Topic Reports in the Minister's Letter of Expectations.
	Indicator 2
	Additional Special Topic Reports as determined by Te Waihanga.

Te Waihanga has taken the following actions:

We published three Special Topic Reports in 2020/21 that provide a greater understanding and analysis of infrastructure in New Zealand⁸.

Freight and Ports Sector Review

As part of the development of the Infrastructure Strategy, we commissioned a review of the country's freight infrastructure. The review focused on the current and future states of our freight infrastructure and included a specific focus on the operations of New Zealand's ports. The information gathered in the resulting report was used to inform the He Tūāpapa ki te Ora, Infrastructure for a Better Future consultation document and our wider work to develop the Infrastructure Strategy.

Waters Reform in New Zealand

To better understand New Zealand's water infrastructure, we produced a special report that analysed waters reform in New Zealand. The Waters Reform in New Zealand report aimed to provide a broad examination of the current state of New Zealand's three waters infrastructure in the context of the Government's proposed reforms, with a specific emphasis on future regulatory settings. The report has been valuable in our policy advice role on three waters reform with the Department of Internal Affairs and the development of the Infrastructure Strategy.

8. For other infrastructure and think-piece reports, such as the Construction Sector: COVID-19 Recovery Study please see www.tewaihanga.govt.nz/major-projects/reports-and-think-pieces/.

Preparing for Technological Change in the Infrastructure Sector

We recognise that technological change will have significant implications for New Zealand's infrastructure, and it is a key focus area of the Infrastructure Strategy. The Preparing for Technological Change in the Infrastructure Sector report looked at the potential impacts that technological change will have on New Zealand's infrastructure. The findings of the report were considered in the development of our He Tūāpapa ki te Ora, Infrastructure for a Better Future consultation document, as well as our work in developing the Infrastructure Strategy.

Outcome 4 performance

Measure	Activity	Target 2020/21	Outcome 2020/21
Our 'deep dive' recommendations are taken into account by central and local government policy-makers.	Stakeholder surveys that they found 'deep dives' of value.	65% satisfaction.	Achieved ⁹ .
Central and local government decision-makers recognise Te Waihangā as a provider of high-quality, evidence-based advice.	Stakeholder surveys that they found Te Waihangā's advice to be high quality and evidence based.	65% satisfaction.	Achieved ¹⁰ .
Central and local government decision makers view Te Waihangā as identifying the right priority areas for 'deep dives' that will inform our strategy.	Stakeholder surveys that they found Te Waihangā had identified the right priority areas for 'deep dives' that will inform our strategy.	65% satisfaction.	Achieved ¹¹ .

9. On average, 65% of the 100 respondents in the New Zealand Infrastructure Commission, Te Waihangā: Stakeholder Feedback Survey were 'very satisfied', 'satisfied' or 'not dissatisfied' with the Deep Dive Reports.

10. 67% of the 100 respondents in the New Zealand Infrastructure Commission, Te Waihangā: Stakeholder Feedback Survey were 'very satisfied', 'satisfied' or 'not dissatisfied' with the Infrastructure Strategy evidence base.

11. On average, 65% of survey respondents were 'very satisfied', 'satisfied' or 'not dissatisfied' with the Deep Dive Reports, which supports the decision by Te Waihangā to prioritise these topic areas to inform the evidence base of the Infrastructure Strategy.

Part Three: Our Organisation

Wāhanga tuatoru: Tō tātou whakahaere

As we approach our second full year as an autonomous Crown entity, we continue to grow and develop our organisation's capabilities. We are passionate about what we do and 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.

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 31 full-time-equivalent permanent and fixed-term people. We have also added a policy function to the Chief Executive's Office to meet the growing demand for our knowledge and expertise and our role as the Government's primary advisor on infrastructure policy matters.

People profile:

- Male 56%
- Female 44%

Executive level:

- Male 60%
- Female 40%

Te Waihangā values working with its people to create a good environment. We have appointed a permanent Human Resources Manager to replace a temporary role that has existed since our formation. This new role has begun work on implementing a People Strategy, 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 Manatū Wāhine Ministry for Women and Te Kawa Mataaho Public Service Commission requirements for a Gender Pay Gap Action Plan.

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 Te Waihangā to attract the best talent, maximise productivity and build more diverse and inclusive workplaces. In June 2021 we implemented our Flexible Work by Default policy which allows for consistent and fair flexible-by-default practice across Te Waihangā. As at 30 June 2021, 83% 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, especially with the people based in our Auckland office or working from home and during periods of increased uncertainty.

Specific initiatives include: our Board and Leadership Team regularly reviewing reported accidents, incidents, and hazards; educating when on-boarding our people; a wellbeing allowance; access to Employee Assistance Programme; discounted group medical insurance; annual flu vaccinations for staff; adjustable stand-up desks; and ergonomic assessments of all workstations. As at 30 June 2021, over 80% of our people had used their wellbeing allowance.

Culture

To continue our development of a workplace culture that attracts and retains the right people, in May we held an open feedback session with our people. They were able to provide suggestions in person or in writing on how we could enhance their wellbeing and create more enjoyable workplaces. A total of 18 actions were developed from the positive feedback received, of which 11 have been implemented. They include the provision of a coffee machine, and the establishment of a contestable learning and development fund in addition to our current allowance. The remaining seven actions are being progressed.

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 our people 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, including implementing composting in the workplace
- continuing to ensure we enlist suppliers who contribute to a low-emissions economy.

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, which is also in development.

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. We are committed to working in the next five years on ensuring that all information intended for the public is accessible to everyone.

Through our Engagement and People team we have also continued to ensure there are equal opportunities for all New Zealanders to engage with Te Waihangā. We have ensured that all our engagement opportunities provide accessible and alternative formats, including translations, online and offline versions and screen-reader-friendly options.

Financial Performance by Output

Patanga o te Tahua mā te whakaputanga

Te Waihanga's financial performance by output is set out below:

	2021 Budget \$000	2021 Actual \$000
Output 1: Infrastructure Strategy		
Revenue	6,210	6,150
Expenditure	6,200	6,062
<i>Net surplus/(deficit)</i>	10	88
Output 2: Infrastructure Pipeline		
Revenue	946	609
Expenditure	945	600
<i>Net surplus/(deficit)</i>	1	9
Output 3: Procurement Capability and Project Delivery Support through Project Support Agreements		
Revenue	5,406	5,451
Expenditure	5,398	5,374
<i>Net surplus/(deficit)</i>	8	77
Output 4: Special Topic Reports		
Revenue	946	1,280
Expenditure	945	1,262
<i>Net surplus/(deficit)</i>	1	18
Totals		
Revenue	13,508	13,490
Expenditure	13,488	13,298
Net surplus/(deficit)	20	192

The Financial Year 2020/21 Actual underspend of \$192,000 is largely due to actual travel and the net of personnel and consultancy costs in projects being lower than projected. No transfer from Te Waihanga's reserves that the Board previously approved in September 2020 will be required.



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 Te Waihanga for the period 1 July 2020 to 30 June 2021.

Signed on behalf of the Board:

A stylized, handwritten signature in blue ink that reads "Alan Bollard".

Dr Alan Bollard CNZM

Board Chair

Date: 14 December 2021

A stylized, handwritten signature in blue ink that reads "Sue Tindal".

Sue Tindal FCPA, CMInstD

Deputy Chair

Date: 14 December 2021

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report

Te Pūrongo a te Kaiarotake 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 2021

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

Opinion

We have audited:

- the financial statements of Te Waihanga on pages 39 to 54, that comprise the statement of financial position as at 30 June 2021, 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 Waihanga on pages 18 to 30, 33 and 38.

In our opinion:

- the financial statements of Te Waihanga on pages 39 to 54
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021; 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 18 to 30, 33 and 38:
 - presents fairly, in all material respects, the performance of Te Waihanga for the year ended 30 June 2021, 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; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 14 December 2021. 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 Waihanga 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 Waihanga for assessing the ability of Te Waihanga 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 Waihanga, 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 statement of performance expectations for Te Waihanga and relevant Estimates and Supplementary Estimates of Appropriations 2020/21.

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 Waihanga.
- 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 Waihanga 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 Waihanga 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 Waihanga 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 3 to 17, 31 to 32 and 34 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.

A handwritten signature in black ink, consisting of a stylized 'S' followed by a horizontal line and a cursive 'Lucy'.

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

Appropriation Performance Measures

Te Inenga o te Patanga o te Whai Taonga

Scope of the appropriation

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

Appropriation

	2019/20 Budgeted \$000	2019/20 Actual \$000	2020/21 Budget \$000
Total Appropriation	8,100	8,100	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

	Budget 2020/21 \$000	Actual 2020/21 \$000
Revenue from the Crown*	13,488	13,488
Other revenue	20	2
Total revenue	13,508	13,490
Total expenditure	13,488	13,298
Surplus/(Deficit)	20	192

*The appropriation revenue received by Te Waihanga 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 2020/21	Performance for 2020/21
Te Waihanga will carry out its functions in accordance with its purpose as set out in its enabling legislation and its Statement of Intent	Achieved	Achieved

Financial Statements

Pūrongo Pūtea

Statement of Comprehensive Revenue and Expense to 30 June 2021

	Note	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
Revenue				
Funding from the Crown	2	13,488	13,488	8,100
Interest revenue	2	2	20	5
Total revenue		13,490	13,508	8,105
Expenses				
Personnel costs	3	7,147	5,674	3,417
Depreciation and amortisation expense	7,8	263	195	86
Other expenses	4	5,888	7,619	1,832
Total expenses		13,298	13,488	5,335
Surplus/(Deficit) and total comprehensive revenue and expense		192	20	2,770

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 2021

	Note	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
Opening balance		2,770	2,664*	-
Total comprehensive revenue and expense for the period		192	20	2,770
Closing balance at 30 June 2021	14	2,962	2,684	2,770

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

*The budget for the 2020/21 year was approved in June 2020 as noted in the Statement of Performance Expectations and was based on a forecast year-end position for 30 June 2020.

Statement of Financial Position as at 30 June 2021

	Note	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
Assets				
Current assets				
Cash and cash equivalents	5	3,758	2,336	2,913
Receivables	6	244	97	123
Total current assets		4,002	2,433	3,036
Non-current assets				
Property, plant and equipment	7	715	622	833
Intangible assets	8	93	40	146
Total non-current assets		808	662	979
Total assets		4,810	3,095	4,015
Liabilities				
Current liabilities				
Payables	9	1,424	250	938
Lease incentive	10	20	20	27
Employee entitlements	11	316	50	172
Total current liabilities		1,760	320	1,137
Non-current liabilities				
Lease incentive	10	67	71	87
Provisions	12	21	20	21
Total non-current liabilities		88	91	108
Total liabilities		1,848	411	1,245
Net assets		2,962	2,684	2,770
Equity				
Accumulated surplus/(deficit)	14	2,962	2,684	2,770
Total equity		2,962	2,684	2,770

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 2021

	Note	2020/21 Actual \$000	2020/21 Budget \$000	2019/20 Actual \$000
Cash flows from operating activities				
Receipts from the Crown		13,488	13,488	8,100
Interest received		2	20	5
Payments to suppliers		(5,897)	(7,688)	(874)
Payments to employees and personnel-related payments		(7,061)	(5,674)	(3,145)
Goods and services tax (net)		383	(68)	(108)
Net cash flow from operating activities		915	78	3,978
Cash flows from investing activities				
Purchase of property, plant and equipment		(70)	(12)	(905)
Purchase of intangible assets		-	(15)	(160)
Net cash flow from investing activities		(70)	(27)	(1,065)
Net increase/(decrease) in cash and cash equivalents		845	51	2,913
Cash and cash equivalents at the beginning of the year		2,913	2,285	-
Cash and cash equivalents at the end of the year	5	3,758	2,336	2,913

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

Notes to the financial statements

He kupu whakamārama mō ngā tauākī ahumoni

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Notes to the financial statements

He kupu whakamārama mō ngā tauākī ahumoni

Note 1. Statement of accounting policies

Reporting entity

The New Zealand Infrastructure Commission, Te Waihanga is an autonomous Crown entity as defined by the Crown Entities Act 2004. Te Waihanga 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 2021 and were approved by the Board on 14 December 2021.

Basis of preparation

The financial statements cover the period from 1 July 2020 to 30 June 2021. The 2019/20 comparative information covers a period of less than 12 months as Te Waihanga was established on 26 September 2019. 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 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 the 30 June 2021 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.

Note 1. Statement of accounting policies (Continued)

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. Certain comparative numbers in the expense categories have been reclassified in the current year to align with the current year presentation.

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.

Note 2. Revenue (Continued)

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.

	Actual 2020/21 Number	Actual 2019/20 Number
Breakdown of personnel costs and further information		
Salaries and wages	5,232	3,266
Defined-contribution-plan employer contributions	137	40
Contractors	1,173	-
Board fees	217	-
Other personnel-related costs	244	-
Increase/(Decrease) in employee entitlements	144	111
Total personnel costs	7,147	3,417

	Actual 2020/21 Number	Actual 2019/20 Number
Employee remuneration		
Total remuneration paid or payable that is or exceeds \$100,000:		
\$100,000 – 109,999	1	-
\$110,000 – 119,999	1	2
\$120,000 – 129,999	1	1
\$130,000 – 139,999	-	1
\$150,000 – 159,999	1	-
\$160,000 – 169,999	1	-
\$180,000 – 189,999	2	-
\$190,000 – 199,999	2	-
\$200,000 – 209,999	1	-
\$220,000 – 229,999	2	-
\$230,000 – 239,999	2	-
\$250,000 – 259,999	1	-
\$280,000 – 289,999	2	-
\$310,000 – 319,999	-	1
\$340,000 – 349,999	1	-
\$460,000 – 469,999	1	-
Total employees	19	5

Note 3. Personnel costs (Continued)

The above disclosure shows the total remuneration paid or payable from 1 July 2020 to 30 June 2021 (2019/20: disclosure shows the total remuneration paid or payable from 16 December 2019 when Te Waihangā assumed payroll responsibilities for its employees, to 30 June 2020). The increase in employees between the prior year and current year reflects the move towards building capacity in-house, filling vacancies as we established and reducing dependence on external contractors and consultants. Te Waihangā is anticipating an increase in headcount in FY 2021/22 due to the Ministry for the Environment requesting and providing funding to undertake work in relation to the Resource Management Act.

No employees received compensation or other benefits in relation to cessation.

Board member remuneration

The total value of fees paid or payable to each Board member during the year was:	2020/21 Actual \$000	2019/20 Actual \$000
Alan Bollard (Chair)	73	97
Sue Tindal (Deputy Chair)	43	51
David Cochrane	32	27
Raveen Jaduram	29	15
Stephen Selwood	18	34
Sarah Sinclair	11	10
Maurice Davis	11	-
Total Board member remuneration	217	234
Less amounts paid by the Treasury	-	(24)
Total Board member remuneration paid by Te Waihangā	217	210

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 \$7,750 (2019/20: \$1,250).

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

	2020/21 Actual \$000	2019/20 Actual \$000
Fees to Audit New Zealand for audit of financial statements*	53	16
Operating lease expense	264	154
Personnel related expenses	-	420
Consultancy including professional services	3,747	594
Travel and accommodation	185	91
Technology expenses	603	288
Financial services**	128	104
Communications and marketing	328	-
Training and conferences***	223	-
Other expenses	357	165
Total other operating expenses	5,888	1,832

* The disclosure is for audit work performed for the period 1 July 2020 to 30 June 2021, including the audit performed in relation to the 2019/20 year and the interim 2020/21 audit. The indicative total fee for the audit of the 2020/21 accounts is estimated to be \$41,100 (GST exclusive) (2019/20: The disclosure was for work performed for the period to 30 June 2020, reflecting the interim 2019/20 audit)

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

*** Training and conferences includes Infrastructure 2021: Looking Ahead Symposium costs incurred during the 2020/21 year.

Some of the classification of operating and personnel expenditure has been updated in the current year to better reflect the nature of the expenditure, but the comparatives have been left as per the audited financial report.

Note 4. Other expenses (Continued)

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:

	2020/21 Actual \$000	2019/20 Actual \$000
No later than one year	280	284
Later than one year and not later than five years	966	1,137
Later than five years	-	129
Total non-cancellable operating leases	1,246	1,550

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 \$23,210 (GST exclusive) 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.

	2020/21 Actual \$000	2019/20 Actual \$000
Breakdown of cash and cash equivalents		
Cash at bank	3,758	2,913
Total cash and cash equivalents	3,758	2,913

Note 6. Receivables

Accounting Policy

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

	2020/21 Actual \$000	2019/20 Actual \$000
Breakdown of receivables		
Receivables from non-exchange transactions		
Goods and services tax	-	108
Prepayments	244	15
Total receivables	244	123

Note 7. Property, plant and equipment

Accounting Policy

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

Additions

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

Disposals

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

Depreciation

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

The estimated useful lives of major asset classes are:

Type of asset	Estimated life (years)
Information technology equipment	3 to 5 years
Leasehold improvements	6 years
Furniture and fittings	5 years

Note 7. Property, plant and equipment (Continued)

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 2020/21 \$000	Total 2019/20 \$000
Cost or valuation						
Opening balance	278	166	424	37	905	-
Additions	47	15	16	14	92	905
Capitalisation of work in progress	-	7	30	(37)	-	-
Closing balance	325	188	470	14	997	905
Accumulated depreciation						
Opening balance	33	10	29	-	72	-
Depreciation expense	96	36	78	-	210	72
Closing balance	129	46	107	-	282	72
Carrying amounts						
At 30 June 2021	196	142	363	14	715	833

Capital commitments

As at 30 June 2021, Te Waihangā has no capital commitments.

Note 8. Intangible assets

Accounting Policy

Software acquisition

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

Note 8. Intangible assets (Continued)

Breakdown of intangibles and further information

	Intangible assets 2020/21 \$000	Intangible assets 2019/20 \$000
Cost		
Opening balance	160	-
Additions	-	160
Closing balance	160	160
Accumulated amortisation		
Opening balance	14	-
Amortisation expense	53	14
Closing balance	67	14
Carrying amount		
At 30 June 2021	93	146

Note 9. Payables

Accounting Policy

Short-term payables are recorded at the amount payable.

	2020/21 Actual \$000	2019/20 Actual \$000
Breakdown of payables		
Payables under exchange transactions		
Accrued expenses	293	646
Creditors	948	235
Total payables under exchange transactions	1,241	881
Payables under non-exchange transactions		
Taxes payable (withholding tax/PAYE)	-	57
Goods and services tax	183	-
Total payables under non-exchange transactions	183	57
Total payables	1,424	938

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.

	2020/21 Actual \$000	2019/20 Actual \$000
Breakdown of lease incentive		
Current portion	20	27
Non-current portion	67	87
Total lease incentive	87	114

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.

	2020/21 Actual \$000	2019/20 Actual \$000
Breakdown of employee entitlements		
Accrued annual leave	207	113
Accrued salaries and wages	109	59
Total employee entitlements	316	172

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.

	2020/21 Actual \$000	2019/20 Actual \$000
Breakdown of provisions and further information		
Non-current portion		
Lease make-good	21	21
Total provisions	21	21

	2020/21 Actual \$000	2019/20 Actual \$000
Movements within the provision:		
Opening balance	21	-
Additional provisions made	-	21
Closing balance	21	21

Te Waihanga is required at the expiry of the lease term to make good its leased office premises. Te Waihanga has the option to renew 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 Waihanga 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)	2020/21 Actual \$000	2019/20 Actual \$000
Opening balance	2,770	-
Surplus/(Deficit) for the year	192	2,770
Closing balance	2,962	2,770

Te Waihanga 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 Waihanga manages its equity as a by-product of prudently managing revenue, expenses, assets, liabilities, investments and general financial dealings to ensure Te Waihanga 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:

	2020/21 Actual \$000	2019/20 Actual \$000
Financial assets measured at amortised cost		
Cash and cash equivalents	3,758	2,913
Receivables	0	123
Total financial assets measured at amortised cost	3,758	3,036
Financial liabilities measured at amortised cost		
Payables	1,241	938
Lease incentive	87	114
Total financial liabilities measured at amortised cost	1,328	1,052

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, including, 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.

Note 16. Related party transactions (Continued)

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 2020/21 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 interests in the infrastructure sector. Permission was granted by the Board Chair as David Cochrane's knowledge of the infrastructure sector would assist the Te Waihangā Board, and the custodian of the shares accepted an instruction to not sell any of those shares while David Cochrane remains a Board member.
- Sarah Sinclair – to participate in discussions in relation to the Upper North Island Ports Study. This was granted on 30 September 2020 due to Sarah Sinclair's disclosed interest in having historically provided professional legal services and advice to Ports of Auckland Limited. Permission was granted by the Board Chair due to the advice being historical, not of relevance to the matters being considered by Te Waihangā and Sarah Sinclair not having any involvement in the Upper North Island Ports Study project.

Two permissions granted in the previous year had expired by the end of that year.

	2020/21 Actual \$000	2019/20 Actual \$000
Key management personnel compensation		
Board members		
Remuneration	217	210
Full-time equivalent	0.95	0.89
Leadership team	1,610	924
Full-time equivalent	5	2.38
Total key management personnel remuneration	1,827	1,134
Total full-time equivalent	5.95	2.97

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

The full-time-equivalent values for employees have been calculated based on actual work performed during the reporting period. At 30 June 2021, there were five employees in the leadership team (2019/20: five employees).

The full time equivalent values for Board members have been determined based on the frequency and length of Board meetings and the time for Board members to prepare for meetings, calculated based on the hours invoiced to Te Waihangā. The prior year number has been updated to that which was previously disclosed, due to an error in the calculation.

Note 17. Events after balance date

Restructure

Te Waihangā 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 (2020: nil).

Note 18. Explanation of significant variances against budget

Te Waihangā had a higher net surplus than estimated (above budget by \$172,000) mainly due to reduced travel due to the ongoing impacts of COVID-19 and changes in the way Te Waihangā delivered work. This was also reflected in redirected spend against the budget, with savings in salaries being offset by higher consultancy and contractor spend in relation to projects, which were completed in line with Te Waihangā's objectives.

The increase in salaries on the prior year supports the direction of Te Waihangā to build capability in-house, with reduced dependence on external consultants and contractors.

In the Statement of Financial Position, the payables total of \$1,424,000 is \$1,174,000 above the budget. This reflects the increased project activity, particularly during the last quarter of the year, that had been performed by suppliers but had not been paid for or invoiced by 30 June 2021. This is also reflected in the Statement of Cash Flows, where payments to suppliers are lower than budget. The items included in the payables total at 30 June 2021 were paid promptly, in line with Te Waihangā's target of paying suppliers within 10 days of receiving invoices. The movement in GST between the prior year receivable and current year payable and budget is due to the timing of the final drawdown of quarterly Crown Revenue being invoiced in June, with the GST payable in July 2021. This has also resulted in a net receipt of GST over the year, with the final GST payment to be made in July 2021.

