

# Financial statements

## Pūrongo pūtea

### Statement of Comprehensive Revenue and Expense to 30 June 2022

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

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

### Statement of Changes in Equity to 30 June 2022

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

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

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

## Statement of Financial Position as at 30 June 2022

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

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

## Statement of Cash Flows to 30 June 2022

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

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

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

# Notes to the financial statements

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# Notes to the financial statements

## He kupu whakamārama mō ngā tauākī ahumoni

### Note 1. Statement of accounting policies

#### Reporting entity

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

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

The financial statements for Te Waihanga are for the 12 months to 30 June 2022 and were approved by the Board on 20 September 2022.

#### Basis of preparation

The financial statements cover the period from 1 July 2021 to 30 June 2022. The financial statements have been prepared on a going-concern basis, and the accounting policies have been applied consistently throughout the period.

#### Statement of compliance

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

Te Waihanga has applied the suite of Tier 2 Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS 1 RDR 28-3) in preparing the 30 June 2022

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

#### Presentation currency and rounding

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

#### Significant accounting policies

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

#### Goods and services tax

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

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

Commitments and contingencies are disclosed exclusive of GST.

## Income tax

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

## Foreign currency transactions

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

## Budget figures

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

## Cost allocations

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

## Critical accounting estimates and assumptions

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

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

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

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

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

## Changes in accounting policies

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

## Note 2. Revenue

### Accounting Policy

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

### Funding from the Crown

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

## Other funding

Te Waihangā received funding from the Ministry for the Environment during the 2021/22 financial year to lead the development of the infrastructure chapter and support the delivery of a National Planning Framework. The funding received is based on the agreed terms of reference and will be utilised to cover certain costs involved in delivering the project.

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

## Interest revenue

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

## Note 3. Personnel costs

### Accounting Policy

### Salaries and wages

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

### Superannuation schemes

#### Defined contribution schemes

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

#### Defined benefit schemes

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

### Breakdown of personnel costs and further information

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

## Employee remuneration

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

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

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



## Board member remuneration

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

During the financial year, payments made or payable to Murray Harrington, an independent member of the Audit and Risk Committee appointed by the Board but not a Board member, were \$4,300 (2020/21: \$7,750).

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

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

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

## Note 4. Other expenses

### Accounting Policy

### Grant Funding

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

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

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

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

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

## Accounting Policy

### Operating leases

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

### Operating leases as lessee

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

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

The non-cancellable lease expense relates to the lease of Level 7, 95 Customhouse Quay, Wellington. The lease expires in December 2025. Te Waihangā as lessee can exercise its right to renew in December 2025, with a final expiry date in December 2031. The rental expense is agreed to be \$23,687 per month.

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

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

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

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

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

## Note 5. Cash and cash equivalents

### Accounting Policy

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

### Breakdown of cash and cash equivalents

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

## Note 6. Receivables

### Accounting Policy

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

### Breakdown of receivables

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

## 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 Waihanga beyond one year or more, and the cost of the item can be measured reliably. Property, plant and equipment are initially recorded at their costs. Subsequent expenditure that extends the useful life or enhances the service potential of an existing item of property, plant and equipment is capitalised. All other costs incurred in maintaining the useful life or service potential of an existing item of property, plant and equipment are expensed in the surplus or deficit as they are incurred. Work in progress is recognised at cost and is not depreciated.

### Disposals

Gains and losses on disposals are determined

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

### Depreciation

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

The estimated useful lives of major asset classes are:

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

## Breakdown of property, plant and equipment and further information

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

## Capital commitments

As at 30 June 2022, Te Waihanga has no capital commitments (2021: No capital commitments).

## Note 8. Intangible assets

### Accounting Policy

#### Software acquisition

Computer software is capitalised based on the costs incurred to acquire and bring to use the specific software. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred. Initial costs associated with the development of the Te Waihanga website were capitalised. Subsequent expenditure on the website is capitalised only if it is probable

that it will increase the future economic benefits or service potential associated with the specific asset. Other expenditure is recognised in profit or loss as incurred.

#### Amortisation

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

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

#### Breakdown of intangibles and further information

	Intangible assets 2021/22 \$000	Intangible assets 2020/21 \$000
<b>Cost</b>		
Opening balance	160	160
Additions	322	-
<b>Opening balance</b>	<b>482</b>	<b>160</b>
<b>Accumulated amortisation</b>		
Opening balance	67	14
Amortisation expense	65	53
<b>Closing balance</b>	<b>132</b>	<b>67</b>
<b>Carrying amount</b>		
<b>At 30 June</b>	<b>350</b>	<b>93</b>

## Note 9. Payables

### Accounting Policy

Short-term payables are recorded at the amounts payable.

### Breakdown of payables

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

## Note 10. Lease incentive

### Accounting Policy

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

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

### Breakdown of lease incentive

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



## Note 11. Employee entitlements

### Accounting Policy

#### Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which employees provide the related services are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and

annual leave earned but not yet taken at balance date.

#### Long-term employee entitlements

Te Waihanga does not have long-term employee entitlements.

### Breakdown of employee entitlements

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

## Note 12. Provisions

### Accounting Policy

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

### Breakdown of provisions and further information

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

**Movements within the provision:**

	2021/22 Actual \$000	2020/21 Actual \$000
Opening balance	21	21
Additional provisions made	-	-
<b>Closing balance</b>	<b>21</b>	<b>21</b>

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

## Note 13. Contingencies

Te Waihangā has no contingent liabilities and no contingent assets.

## Note 14. Equity

### Accounting Policy

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

### Breakdown of equity and further information

#### Accumulated surplus/(deficit)

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

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

## Note 15. Financial instruments

### Accounting Policy

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

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

## Note 16. Related party transactions

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

### Key personnel

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

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

## Permission to act despite being interested in a matter

Section 68(6) of the Crown Entities Act 2004 requires the Board to disclose any interest to which a permission to act has been granted, despite a member being interested in a matter. During the 2021/22 financial year the following permissions were granted by the Chair in the public interest:

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

in listed entities that have interest in the infrastructure sector. Permission was granted by the Board Chair as David Cochrane's knowledge of the infrastructure sector would assist the Te 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. This permission is consistent with the permission granted in the 2020/21 year. David Cochrane resigned as a Board member at the end of the 2021/22 year.

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

### Key personnel compensation

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

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

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

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

## Note 17. Events after balance date

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

## Note 18. Explanation of significant variances against budget

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

In the Statement of Financial Position, the “cash & cash equivalents” total is \$4,852,000 above budget and \$3,812,000 above the prior year total, which further reflects the comments above in respect of the net surplus position. This is also reflected in the Statement of Cash Flows, where payments to both employees and suppliers are lower than budget. The items included in the payables total at 30 June 2022 were paid promptly, in line with the Te Waihanga target of paying suppliers within 10 days of receiving invoices.