



NEW ZEALAND  
**INFRASTRUCTURE  
COMMISSION**  
*Te Waihanga*

# Statement of Performance Expectations

1 July 2021 – 30 June 2022

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

## New Zealand Infrastructure Commission, Te Waihanga

Statement of Performance Expectations 2021 to 2022

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# Table of Contents

## Rārangi Kōrero

Statement of Responsibility .....	4
Statement of Performance Expectations .....	5
Outcome 1: Strategic infrastructure advice that enhances wellbeing .....	6
Outcome 2: The construction industry has a credible forward works programme it can rely on .....	10
Outcome 3: Improved procurement capability of government to enhance project delivery and support a sustainable construction industry .....	13
Outcome 4: Decision-makers have a basis for bold reform and policy change, informed by independent, evidence-based recommendations .....	18
Forecast Financial Performance by Output .....	21
Prospective Financial Statements .....	22

# Statement of Responsibility

## Tauākī Haepapa

This Statement of Performance Expectations complies with the requirements of sections 149C, 149E and 149G of the Crown Entities Act 2004.

This Statement of Performance Expectations should be read in conjunction with our [Statement of Intent 2019-2024](#).



**Dr Alan Bollard** CNZM

Board Chair

Date: 21 June 2021



**Suzanne Tindal** FCPA, CMIInstD

Deputy Chair

Date: 21 June 2021

# Statement of Performance Expectations

## Tauākī Kawatau Paearu Mahi

The purpose of the New Zealand Infrastructure Commission, Te Waihanga is to transform infrastructure for all New Zealanders. We aim to develop and lead a transparent and evidenced-based approach that supports central and local government and the private sector to collectively plan and deliver infrastructure that improves the wellbeing of all New Zealanders.

Te Waihanga is the lead advisor on infrastructure to the Government. We recognise the importance of leadership, trust and influence as essential ingredients that will allow us to be a catalyst for change.

In our second year of operation, we have developed a better understanding of how we can deliver on our outcomes and purpose, as well as the measures we need to track to ensure we are doing so. We have developed an organisational strategy that is aligned to our purpose and values and implemented a series of durable measures to evaluate our performance. Collectively, this work has allowed us to refresh the outputs and measures within this Statement of Performance Expectations as we work towards achieving our short to medium term outcomes.

You will find the medium-term outcomes and outputs that we aim to achieve in our [Statement of Intent 2019-2024](#).

This Statement of Performance Expectations provide Te Waihanga's outputs, performance measures, and prospective financial statements for the year ending 30 June 2022 (2021/22).

### **Vote Finance, Non-Departmental Output Expenses - Independent Infrastructure Advice and Oversight (M80) (A40)**

The funding for Te Waihanga activities to deliver outputs in this Statement of Performance Expectations is provided under this appropriation. This appropriation is intended to achieve improved infrastructure outcomes for the wellbeing of New Zealanders.

## Outcome 1: Strategic infrastructure advice that enhances wellbeing

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

Te Waihanga will provide the Minister for Infrastructure with a draft Infrastructure Strategy in September 2021. The Infrastructure Strategy will articulate:

- The ability of existing infrastructure to meet community expectations.
- Current and future infrastructure needs and priorities.
- Barriers that could impede the delivery of infrastructure or services arising from it.
- Recommendations necessary to enhance the quality of infrastructure investments and the management of existing infrastructure to improve the wellbeing of all New Zealanders.

In developing the Infrastructure Strategy we are working with Māori as Te Tiriti o Waitangi (Treaty of Waitangi) partners and engaging with central and local government, the private sector, other stakeholders and the New Zealand public.

We will continue to develop consensus on the direction and priorities of the Infrastructure Strategy, providing a clear, shared view of the present and potential future states.

When preparing the Infrastructure Strategy, Te Waihanga will have regard to long-term trends affecting infrastructure, such as changes in demographics, technological disruption and the need to adapt to mitigate the effects of climate change.

#### Te Waihanga outputs

The outputs under Outcome 1 are the Infrastructure Strategy, and Special Topic Reports.

#### The Infrastructure Strategy for New Zealand

Te Waihanga will undertake the following actions:

- Analyse submissions on the He Tūāpapa ki te Ora, Infrastructure for a Better Future Infrastructure Strategy consultation document and continue to develop the evidence base underpinning the Infrastructure Strategy.
- Engage with stakeholders to continue developing consensus on the direction and priorities of the Infrastructure Strategy.
- Develop draft recommendations and a draft set of priority actions for the infrastructure system to present to the Minister for Infrastructure in the draft Infrastructure Strategy.
- Respond to the Minister for Infrastructure's feedback on the draft Infrastructure Strategy and present the final Infrastructure Strategy to the Minister for Infrastructure.

- Support the delivery of the Infrastructure Strategy and its recommendations in accordance with direction from the Government.

## Special Topic Reports

Special Topic Reports were previously an output under Outcome 4. This output better aligns with Outcome 1 to deliver Te Waihangā’s work programme.

Te Waihangā will undertake the following actions:

- Publish Special Topic Reports as contemplated by the New Zealand Infrastructure Commission/Te Waihangā Act 2019.
- Publish Special Topic Reports as directed by the Minister for Infrastructure or identified by Te Waihangā itself.

Te Waihangā has strengthened and introduced a range of new performance measures for 2021/22 to better track how well we are delivering the outputs.

If we are successful, the following outcome will be achieved:

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

This is how we will measure our performance in delivering on this outcome:

Performance measure	Actual 2019/20	Estimate 2020/21	Target 2021/22
<p>Māori, central and local government and private-sector stakeholders broadly agree that the Infrastructure Strategy provided by Te Waihangā will improve wellbeing through infrastructure for the long term.</p> <p>Activity: Stakeholder<sup>1</sup> Survey.</p> <p><u>Survey questions</u></p> <ul style="list-style-type: none"> <li>- Te Waihangā used an evidence-based approach to develop conclusions and recommendations.</li> <li>- Recommendations made by Te Waihangā, if implemented, are likely to improve the wellbeing of New Zealanders for the long term.</li> </ul> <p><u>Scale</u> Agree/Disagree.</p>	New measure for 2021/22.	New measure for 2021/22.	<p>Baseline in 2021/22:</p> <p>&gt;80% of stakeholder respondents agree.</p> <p>&gt;65% of stakeholder respondents agree.</p>
<p>The methodology, nature and degree of engagement, evidence base, conclusions and recommendations made in the Infrastructure Strategy provided by Te Waihangā meet the expectations of Māori as Treaty partners, central government, local government and private-sector stakeholders (as appropriate).</p> <p>Activity: Survey.</p> <p>Direct feedback sought from stakeholders.</p> <p><u>Scale</u> Does not meet expectations (1) Meets some expectations (2) Mostly meets expectations (3) Meets expectations (4) Exceeds expectations (5)</p>	New measure for 2021/22.	New measure for 2021/22.	<p>Baseline in 2021/22:</p> <p>Target is 4 out of 5 for &gt;65% of stakeholder respondents.</p>

<sup>1</sup> Stakeholders for the performance measures under this Outcome include Māori, central and local government, and private-sector agencies and sector participants that engage with Te Waihangā to inform and shape the Infrastructure Strategy.



<p>Special Topic Reports meet or exceed the expectations of stakeholders. Their scope includes the degree to which the report objectively addresses the Terms of Reference, the quality of the analyses and conclusions, and the timeliness of the report.</p> <p>Activity: Survey.</p> <p>Direct feedback sought from stakeholders for each report presented. Given the bespoke nature of these reports relevant stakeholders will be identified at the outset of each report.</p> <p><u>Scale</u> Does not meet expectations (1) Meets some expectations (2) Mostly meets expectations (3) Meets expectations (4) Exceeds expectations (5)</p>	<p>New measure for 2021/22.</p>	<p>New measure for 2021/22.</p>	<p>Baseline in 2021/22: For each report the target is 4 out of 5 for &gt;65% of stakeholder respondents.</p>
<p>The methodology, evidence base, conclusions and recommendations made in Infrastructure Strategy Reports and advice provided by Te Waihangā meet the expectations of the Minister for Infrastructure.</p> <p>Activity: Survey.</p> <p>Direct feedback sought from the Minister for Infrastructure on each report presented.</p> <p><u>Scale</u> Does not meet expectations (1) Meets some expectations (2) Mostly meets expectations (3) Meets expectations (4) Exceeds expectations (5)</p> <p>'Infrastructure Strategy Reports' are the Infrastructure Strategy and Special Topic Reports.</p>	<p>New measure for 2021/22.</p>	<p>New measure for 2021/22.</p>	<p>Baseline in 2021/22: For each report the target is 4 out of 5.</p>

## Outcome 2: The construction industry has a credible forward works programme it can rely on

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

Te Waihanga acts as a 'shop front' for the market by collecting and publishing the investment intentions of infrastructure providers across New Zealand. The Infrastructure Pipeline is the online tool created for this purpose. It provides industry with the insights necessary to make informed strategic decisions based on credible information about the likely future pipeline of work in their region and sectors. With greater accuracy and transparency of infrastructure investment intentions, supply can more readily meet demand.

The development of the Infrastructure Pipeline is an iterative process of testing the credibility of proposed investments with increasing rigour. As the sophistication of the tools we use increases, the quality of the dataset evolves and the investment-management capabilities of contributing agencies grows.

The first priority of the Infrastructure Pipeline has been to collect investment intentions from agencies to establish a baseline view of a probable forward works programme over the three-to-five-year horizon. In 2021/22, we will continue to add infrastructure providers not currently represented. We will also investigate the development of an algorithm that applies statistical methods to test the likelihood of projects progressing according to the timeframes outlined by project sponsors.

#### Te Waihanga outputs

The output under Outcome 2 is the Infrastructure Pipeline.

Te Waihanga will undertake the following actions:

- Develop, publish and maintain a pipeline of projects published on our website.
- Develop a target list of contributing entities and continue work to include their data.
- Develop an Infrastructure Pipeline Strategy that outlines the development path for the tool in order to lift systematically the accuracy of the information reported and to automate aspects of the data capture and business intelligence derived from the data.
- Respond to recommendations for the Infrastructure Pipeline arising from consultation and engagement on the Infrastructure Strategy.
- Develop a framework for assessing projects within the Infrastructure Pipeline as a first step toward constructing an Infrastructure Priority List – a list of discrete projects within the Infrastructure Pipeline that have been reviewed and 'endorsed' by Te Waihanga against a set of objective criteria aligned with the Treasury Investment Management System.

- Publish a quarterly Infrastructure Pipeline Insights report based on our review of the data and the market intelligence we can derive. The report will include: observations on regions where resource shortages are likely to occur; observations on regions and sectors with excess capacity to signal to procuring agencies where opportunities exist to bring forward the timing of projects; and detailed updates and insights on specified major projects that are significant enough to shape a particular market, for example the new Dunedin Hospital.

If we are successful, the following outcome will be achieved:

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

This is how we will measure our performance in delivering on this outcome:

Performance measure	Actual 2019/20	Estimate 2020/21	Target 2021/22
<p>Improved transparency about the timing and value of major projects.</p> <p>Activity: Number of projects published on the Infrastructure Pipeline, value and timing reporting for each project.</p>	2,290 projects published with value and timing.	2,500 projects. The increase is due to more entities contributing data to the Infrastructure Pipeline.	Report on the change to the baseline number of projects, combined value and reason for increase or decrease.

<p>The Infrastructure Pipeline is a trusted source of information.</p> <p>Activity: Percentage of contributing entities and projects compared with target list.</p>	<p>Infrastructure Pipeline created and 19 entities contributing.</p>	<p>143 agencies will be contributing by 2020/21.</p>	<p>Target: Infrastructure Pipeline includes &gt;85% of contributing entities and projects from target list.</p>
<p>Improved visibility of future infrastructure projects.</p> <p>Activity: Infrastructure Pipeline satisfaction survey.</p> <p><u>Survey questions</u> The Infrastructure Pipeline is improving the visibility of future infrastructure projects.</p> <p>Data in Infrastructure Pipeline is reliable.</p> <p><u>Scale</u> Agree/Disagree</p>	<p>Survey deferred until 2020/21, due to COVID-19 recovery work taking priority in quarter four of 2019/20.</p>	<p>65% satisfaction.</p>	<p>Target: &gt;70% of respondents agree.</p>
<p>Improved visibility of future infrastructure projects.</p> <p>Activity: Performance assessment.</p> <p>Measures Quarterly updates completed. Website traffic on Infrastructure Pipeline page.</p>	<p>Updates occurred on 12 November 2019 and 18 March 2020. The scheduled June update for 2019/20 was deferred due to COVID-19 and more reactive dynamic updates of project data were implemented.</p>	<p>Updated every quarter.</p>	<p>Target: &gt;85% of existing project entries updated quarterly.</p> <p>New indicator: Report on Infrastructure Pipeline site traffic per annum (baseline for 2021/22).</p>

## Outcome 3: Improved procurement capability of government to enhance project delivery and support a sustainable construction industry

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

Infrastructure procurement has been identified as an issue that has contributed to business failure in the construction industry, costs exceeding budgets and concerns about whether projects deliver the benefits promised. Te Waihanga aims to lift the procurement capability of central and local government agencies in order to achieve a fair allocation of risk, enhance the productivity and sustainability of the construction sector and ensure value for money and the realisation of investment business case benefits where public capital is invested.

Te Waihanga does not deliver projects directly. We communicate our ideas, experience and analysis to influence and shape processes and behaviours, noting that agencies will not always adopt our advice. As a result, it is important that we focus not only on the relevance and materiality of our inquiry and research reports but on the quality of engagement with procuring agencies.

#### Te Waihanga outputs

The outputs under Outcome 3 are Procurement Capability and Project Delivery Support through Project Support Agreements.

Te Waihanga will undertake the following actions:

- Advise on a targeted portfolio of project, agency and system support, in accordance with our project evaluation framework.
- Upskill and support officials with procurement responsibility to lift capability.
- Support and improve the operation of the Investment Management System, led by the Treasury.
- Engage with central and local government procuring agencies and agree to provide tailored support for projects in accordance with our project support framework. Project support includes project governance advice, assistance with business case development, delivery model advice, bid evaluation, contractual and commercial advice, infrastructure finance expertise and other ad-hoc advice.
- Carry out project health checks, business case reviews and ex-post project evaluation.

- Develop issue-specific guidance for procuring major infrastructure.
- Publish thought leadership and policy guidance on a range of infrastructure delivery models, including providing specialist expertise on Public Private Partnerships (PPPs) and investigating other innovative delivery models.
- Facilitate and chair the New Zealand PPP Contract Managers Forum, contribute to the Construction Forum and facilitate other knowledge-sharing forums as appropriate.
- Lead the Procurement and Risk workstream of the Construction Sector Accord for the duration of the programme.
- Introduce an independent expert review panel to assess our performance. Members of the panel will have significant project procurement and delivery experience, be familiar with our role and functions, and be able to comment on the effectiveness and quality of our advice, whether we are working on the right things and what we need to improve. A three-member panel will be established to assess various aspects of the quality and relevance of work completed by Te Waihanga annually as a core measure of success. Members may change over time and be exchanged to manage conflicts.

Te Waihanga has strengthened and introduced a range of performance measures for 2021/22 to better track how well we are delivering this output. Due to the complex nature of major infrastructure procurement issues, the influence of our work will generally emerge over timeframes longer than an individual reporting period. As such, it can be challenging to identify changes in performance or outcomes that can be directly attributed to our work as distinct from the many other factors that influence the success of an infrastructure project.

The new measures reflect:

- A systematic and targeted use of our core project advisory resources, as well as our contribution to more strategic system-level initiatives.
- The increased use of an evaluative-based approach to measure performance. This is because of the topics on which we work, the types of analysis we conduct and the range of community and industry groups with which we need to engage with change significantly from year to year.
- Additional quantitative measures around key review and guidance outputs to ensure we are providing a consistent stream of advice back to the sector at system and project levels.

If we are successful, the following outcome will be achieved:

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

This is how we will measure our performance is delivering on this outcome:

Performance measure	Actual 2019/20	Estimate 2020/21	Target 2021/22
<p>Advisory resources are targeted to where they will make the biggest difference to government procurement.</p> <p>Activity: Project and agency support opportunities are assessed in accordance with the project selection framework for value, risk and 'strategic fit' criteria and will need to meet minimum thresholds before commencing.</p> <p>An independent expert review panel to consider how well Te Waihanga is targeting the use of resources to enhance government procurement capability.</p>	<p>New measure for 2021/22.</p>	<p>New measure for 2021/22.</p>	<p>All project, agency and system/reform opportunities have been formally evaluated against Te Waihanga's project selection framework.</p> <p>The independent expert review panel scores Te Waihanga 80% or better against measure: "Project/Agency/System commitments made in 2021/22 have been correctly scored and meet the threshold for Te Waihanga to engage".</p>
<p>Best-practice guidance is available to all agencies undertaking infrastructure procurement.</p> <p>Activity: Te Waihanga publishes a New Zealand Construction Playbook and conducts reviews and updates no less than annually.</p> <p>Te Waihanga will coordinate this work with other government agencies to ensure that advice is consistent and aligned (or a suitable explanation is provided).</p> <p>An independent expert review panel to evaluate the overall quality of the New Zealand Construction Playbook.</p>	<p>New measure for 2021/22.</p>	<p>New measure for 2021/22.</p>	<p>New Zealand Construction Playbook published/reviewed annually.</p> <p>The independent expert review panel scores the New Zealand Construction Playbook 80% or better against measure: "New Zealand Construction Playbook represents best practice and is aligned across government".</p>



<p>Te Waihanga undertakes a representative sample of business case reviews<sup>2</sup>, project health checks, and ex-post project reviews. These reviews allow advice and best practice guidance to be adapted and responsive to the emerging needs and challenges of government agencies procuring infrastructure.</p>	<p>New measure for 2021/22.</p>	<p>New measure for 2021/22.</p>	<p>Te Waihanga carries out at least:</p> <ul style="list-style-type: none"> <li>- Two formal business case reviews.</li> <li>- Eight health checks on infrastructure projects.</li> <li>- Two ex-post project reviews.</li> </ul> <p>An annual refresh of best-practice guidance reflects the findings from these reviews.</p>
<p>The stakeholders<sup>3</sup> that Te Waihanga supports value our contribution and advice.</p> <p>Activity: Stakeholder survey.</p> <p><u>Survey questions</u></p> <ul style="list-style-type: none"> <li>- Professionalism of staff</li> <li>- Timeliness of output</li> <li>- Quality of output</li> <li>- Overall, did Te Waihanga meet expectations?</li> </ul> <p><u>Scale</u></p> <p>Does not meet expectations (1)          Meets some expectations (2)          Mostly meets expectations (3)          Meets expectations (4)          Exceeds expectations (5)</p> <p>Specified groups and work programmes will be identified within the survey to identify areas for improvement. They may include:</p> <ul style="list-style-type: none"> <li>- The PPP Contract Managers Forum.</li> <li>- The Investment Officials Group.</li> </ul>	<p>New measure for 2021/22.</p>	<p>New measure for 2021/22.</p>	<p>Baseline for 2021/22:</p> <p>Target is 4 out of 5 for &gt;80% of stakeholder respondents.</p>

<sup>2</sup> A business case review is a formal review of a project business case that results in formal advice being provided to the procuring agency and/or the Minister for Infrastructure and may be proactively released. A project health check is a project review carried out by a Principal Infrastructure Advisor from the Major Projects Advisory team that results in feedback being provided to the Senior Responsible Officer. These project health checks may be carried out at any stage in a project lifecycle and are unlikely to be publicly available. An ex-post project review is carried out by an appropriately senior and independent review panel and is made publicly available on Te Waihanga’s website.

<sup>3</sup> Stakeholders under this performance measure include Waka Kotahi New Zealand Transport Agency, Ministry of Health, Ministry of Education, Antarctica New Zealand, Ministry of Primary Industries, Archives New Zealand, Department of Internal Affairs, New Zealand Defence Force; parties that have a Project Support Agreement with Te Waihanga; local government agencies and key industry bodies such as Construction Sector Accord.

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

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

In the Minister for Infrastructure's Letter of Expectations dated 15 February 2021, the Minister directed Te Waihanga to:

- Be the Minister's primary advisor on general infrastructure policy issues.
- Strike a balance between expressing independent views and maintaining influence.
- Work collaboratively with central government, local government and industry.

This direction requires Te Waihanga to be ready at all times to advise the Minister on a wide range of infrastructure policy matters. It also requires Te Waihanga to have relationships with and draw on a wide range of perspectives from central government, local government and the market. In order to maintain influence, we must also be part of the policy reform discussion early on, supporting central government agencies to ensure they understand the implications for infrastructure of the reform programmes they are leading.

### Te Waihanga outputs

The output under Outcome 4 is Infrastructure Policy Advice. This output is new and therefore has new measures to track its performance. The previous output Special Topic Reports better aligns with Outcome 1 and is now an output under that outcome.

Te Waihanga will undertake the following actions:

- Provide written and verbal policy advice to the Minister for Infrastructure as requested by the Minister's Letter of Expectations.
- Table submissions on public consultations that relate to infrastructure policy.
- Undertake specific studies that inform policy-making, including as directed by the Minister.

If we are successful, the following outcome will be achieved:

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

This is how we will measure our performance is delivering on this outcome:

Performance measure	Actual 2019/20	Estimate 2020/21	Target 2021/22
<p>The timeliness, methodology and evidence base of, and conclusions drawn and recommendations made in infrastructure policy advice provided by Te Waihanga meet the expectations of the Minister for Infrastructure.</p> <p>Activity: Survey.</p> <p>Annual feedback sought from the Minister for Infrastructure.</p> <p><u>Scale</u>            Does not meet expectations (1)            Meets some expectations (2)            Mostly meets expectations (3)            Meets expectations (4)            Exceeds expectations (5)</p>	New measure for 2021/22.	New measure for 2021/22.	Baseline in 2021/22: Target is 4 out of 5.

<p>Stakeholders agree that Te Waihangā is a trusted advisor, works collegially and provides decision-makers with a basis for bold policy reform.</p> <p>Activity: Stakeholder<sup>4</sup> survey.</p> <p><u>Survey questions</u></p> <ul style="list-style-type: none"> <li>- Te Waihangā used an evidence-based approach to developing conclusions and recommendations.</li> <li>- Recommendations made by Te Waihangā are robust, credible and useful for the development of policy.</li> <li>- Te Waihangā staff are collegial and work collaboratively across government.</li> <li>- Te Waihangā strikes a good balance of expressing independent views and maintaining influence.</li> </ul> <p><u>Scale</u> Agree/Disagree</p>	<p>New measure for 2021/22.</p>	<p>New measure for 2021/22.</p>	<p>Baseline in 2021/22:  Target: &gt;80% of stakeholder respondents agree.</p>
<p>The quality of the policy advice provided by Te Waihangā is sound and can be relied upon.</p> <p>Activity: Evaluate the overall quality of the advice provided by Te Waihangā (taking into account the focus of the guidance or advice and the process, analysis, engagement and message delivery) with recommendations for future improvements.</p> <p><u>Scale</u> Does not meet expectations (1) Meets some expectations (2) Mostly meets expectations (3) Meets expectations (4) Exceeds expectations (5)</p>	<p>New measure for 2021/22.</p>	<p>New measure for 2021/22.</p>	<p>A sample of policy advice is reviewed by an independent expert review panel and the quality of advice provided in 2021/22 scores 4 out of 5 or better.</p>

<sup>4</sup> Stakeholders under this performance measure include government agencies such as the Treasury, Ministry for the Environment, Climate Change Commission, the Department of Internal Affairs, Waka Kotahi New Zealand Transport Agency, Airways, industry organisations such as Aggregate and Quarry Association; and specific infrastructure providers such as Transpower.

# Forecast Financial Performance by Output

## Ki te Matapae i ngā Whakahaerenga Ahumoni mā ngā Whakaputanga

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

	<b>2021 Estimated Actual \$000</b>	<b>2022 Budget \$000</b>
<b>Output 1: The Infrastructure Strategy for New Zealand, and Special Topic Reports</b>		
Revenue	5,951	7,204
Expenditure	6,016	7,204
<i>Net surplus/(deficit)</i>	(65)	-
<b>Output 2: Infrastructure Pipeline</b>		
Revenue	733	1,295
Expenditure	741	1,295
<i>Net surplus/(deficit)</i>	(8)	-
<b>Output 3: Procurement Capability and Project Delivery Support through Project Support Agreements</b>		
Revenue	5,878	5,117
Expenditure	5,943	5,117
<i>Net surplus/(deficit)</i>	(65)	-
<b>Output 4: Infrastructure Policy Advice</b>		
Revenue	928	1,261
Expenditure	938	1,261
<i>Net surplus/(deficit)</i>	(10)	-
<b>Totals</b>		
<b>Revenue</b>	<b>13,490</b>	<b>14,877</b>
<b>Expenditure</b>	<b>13,638</b>	<b>14,877</b>
<b><i>Net surplus/(deficit)</i></b>	<b>(148)</b>	<b>-</b>

The deficit of \$148,000 in 2020/21 was approved by the Te Waihangā Board to be funded from Te Waihangā's reserves (\$2.770 million as at 1 July 2020). Refer to the comments on page 27.

# Prospective Financial Statements

## Ngā tauākī ahumoni āmua

### Introduction

These prospective financial statements have been prepared for inclusion in Te Waihanga's Statement of Performance Expectations for the period ending 30 June 2022.

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

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

These prospective financial statements were authorised for issue by the Te Waihanga Board on 21 June 2021.

### Assumptions

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

- Te Waihanga will continue to operate in its current structure and form, subject to changes due to COVID-19 that are beyond Te Waihanga's control.
- Te Waihanga's statutory functions will remain unchanged.
- Revenue from the Crown of \$14.875 million will be available in 2021/22.
- There will be no change in premises occupancy or any other significant operating costs.
- Costs are budgeted at the rate they are known. It is acknowledged that some costs will be subject to increases beyond Te Waihanga's control and the budget allows for this.
- Apart from COVID-19, it is not anticipated that there will be events that are beyond Te Waihanga's control (such as natural disasters) that will require significant operating or capital expenditure to be incurred.
- Overseas travel for 2021/22 is likely to be limited to Australia.

### Statement of accounting policies

#### A. Reporting entity

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

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

#### B. Statement of compliance

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

Te Waihanga has applied the suite of Tier 2 Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS 1 RDR 28-3) in preparing these prospective financial statements. As Te Waihanga has expenses of less than \$30 million, it is eligible to report in accordance with the PBE Standards Reduced Disclosure Regime. These financial statements comply with the PBE Standards Reduced Disclosure Regime.

### C. Measurement base

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

### D. Functional and presentation currency

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

### E. Going concern

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

### F. Significant accounting policies

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

## Revenue

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

### Revenue from the Crown

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

### Other revenue

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

## Expenditure

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

## Leases

Te Waihanga is party to an operating lease as a lessee. As the lessor retains substantially all the risks and rewards of ownership of the leased property, plant and equipment, the operating lease payments are

recognised in the surplus or deficit only in the periods in which they occur. Any lease incentives received or obligations to make good on the condition of the leased premises are recognised in the surplus or deficit over the term of the lease. At balance date, any unamortised incentive or outstanding obligation for reinstatement is recognised as a liability in the statement of financial position.

## Cash and cash equivalents

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

## Debtors and other receivables

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

## Property, plant and equipment

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

### Additions

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

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that the future economic benefits or service potential associated with the item will flow to Te Waihanga and the cost of the item can be measured reliably. An asset is capitalised if the purchase price is \$2,000 or greater. Items (such as chairs) with lower individual costs are considered to be capitalised by being aggregated into the asset class. Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at its fair value as at the date of acquisition.

### Disposals

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

### Depreciation

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



The estimated useful lives of the major asset classes are:

Information technology equipment	5 years
Leasehold improvements	6 years
Office equipment	5 years
Furniture	6 years

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

## Intangible assets

### Software acquisition

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use specific software. Staff training costs are recognised as expenses when incurred. Costs associated with maintaining computer software are recognised as expenses when incurred. An asset is capitalised if the purchase price is \$2,000 or more.

### Amortisation

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

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

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

Te Waihangā does not hold any cash-generating assets. Assets are considered cash-generating where their primary objectives are to generate commercial returns. Property, plant and equipment and intangible assets that have finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Value in use is determined based on a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and the availability of information. If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

## Creditors and other payables

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

## Provisions

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

## Goods and services tax

All items in the prospective financial statements are presented exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the statement of financial position. The net GST paid to or received from Inland Revenue, including the GST relating to investing and financing activities, is classified as net operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

## Income tax

Te Waihanga is a public authority and consequently is exempt from income tax under subpart CW 38 of the Income Tax Act 2004. Accordingly, no provision has been made for income tax.

## Equity

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

- contributed capital
- accumulated surplus/(deficit).

## Cash flows

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

## Performance outputs

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

## Critical judgements in applying accounting policies

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

### Lease classification

Determining whether a lease agreement is a finance or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to Te Waihanga. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial

position as property, plant and equipment, whereas for an operating lease no such asset is recognised. Te Waihangā has exercised its judgement on the appropriate classification of equipment leases, and has determined that none of the lease arrangements is a finance lease.

## Prospective Statement of Comprehensive Revenue and Expenses

for the years ending 30 June

	<b>2021</b>	<b>2022</b>
	<b>Estimated Actual</b>	<b>Budget</b>
	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>		
Revenue from the Crown	13,488	14,875
Interest income	2	2
<b>Total revenue</b>	<b>13,490</b>	<b>14,877</b>
<b>Expenses</b>		
Personnel	6,966	8,382
Consultancy	4,016	2,707
Other expenses	2,395	3,381
Depreciation and amortisation	261	407
<b>Total expenses</b>	<b>13,638</b>	<b>14,877</b>
<b>Net surplus/(deficit)</b>	<b>(148)</b>	-
<b>Other comprehensive income</b>		-
<b>Total comprehensive revenue and expenses</b>	<b>(148)</b>	-

On 1 September 2020, the Te Waihangā Board gave its approval for Te Waihangā to apply up to \$1.405 million of its reserves to expenditure in the year ending 30 June 2021. The 2021 estimated actual deficit of \$148,000 will be funded from Te Waihangā's reserves (as at 1 July 2021, Te Waihangā had equity/reserves of \$2.77 million – see the Prospective Statement of Changes in Equity). The reserves were from savings from Te Waihangā's establishment year and the result of timing variances between budgets and the actual timing of project deliveries.

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

## Prospective Statement of Changes in Equity

for the years ending 30 June

	<b>2021</b>	<b>2022</b>
	<b>Estimated Actual</b>	<b>Budget</b>
	<b>\$000</b>	<b>\$000</b>
<b>Balance as at 1 July</b>	2,770	2,622
Comprehensive revenue and expenses		
Surplus/(Deficit)	(148)	-
<b>Total comprehensive revenue and expenses</b>	(148)	-
<b>Balance as at 30 June</b>	<b>2,622</b>	<b>2,622</b>

## Prospective Statement of Financial Position

as at 30 June

	<b>2021</b>	<b>2022</b>
	<b>Estimated Actual</b>	<b>Budget</b>
	<b>\$000</b>	<b>\$000</b>
<b>Current assets</b>		
Cash and cash equivalents	3,455	2,718
Debtors and other receivables	48	15
<b>Total current assets</b>	<b>3,503</b>	<b>2,733</b>
Property, plant and equipment	713	580
<b>Non-current assets</b>		
Intangible assets	146	687
<b>Total non-current assets</b>	<b>859</b>	<b>1,267</b>
<b>Total assets</b>	<b>4,362</b>	<b>4,000</b>
<b>Current liabilities</b>		
Creditors and other payables*	1,158	584
GST payable*	304	461
Employee entitlements	171	245
Lease incentive	19	19
<b>Total current liabilities</b>	<b>1,652</b>	<b>1,309</b>
<b>Non-current liabilities</b>		
Lease incentive	67	48
Provisions – lease	21	21
<b>Total non-current liabilities</b>	<b>88</b>	<b>69</b>
<b>Total liabilities</b>	<b>1,740</b>	<b>1,378</b>
<b>Equity</b>	<b>2,622</b>	<b>2,622</b>
Accumulated surplus/(deficit)	2,622	2,622
<b>Total equity</b>	<b>2,622</b>	<b>2,622</b>

\*Creditors and other payables is forecast to be high for the year ending 30 June 2021 due to the high expenditure forecast in late June, payable in early July 2021. GST payable is also forecast to be high as at 30 June for financial years ending 2021 and 2022 due to the quarterly Crown funding being invoiced and paid in June, but the GST is payable the following month.

## Prospective Statement of Cash Flows

as at 30 June

	<b>2021 Estimated Actual \$000</b>	<b>2022 Budget \$000</b>
<b>Cash flow from operating activities</b>		
Crown funding received	13,488	14,875
Interest received	2	2
Payments to suppliers and employees	(13,211)	(14,949)
Goods and services tax (net)	411	151
<b>Net cash inflow/(outflow) from operating activities</b>	<b>690</b>	<b>79</b>
<b>Cash flow from investing activities</b>		
Property, plant and equipment purchases	(148)	(66)
Intangible asset purchases	-	(750)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(148)</b>	<b>(816)</b>
Net increase/(decrease) in cash and cash equivalents	542	(737)
Opening cash and cash equivalents	2,913	3,455
<b>Closing cash and cash equivalents</b>	<b>3,455</b>	<b>2,718</b>