



New Zealand Government  
Te Kāwanatanga o Aotearoa



Crown  
Infrastructure  
Partners

*Hanga Ngātahi • Building Together*

# BUILDING TOGETHER

**ANNUAL REPORT 2022**  
FOR YEAR END 30 JUNE 2022





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**CIP WORKS CLOSELY WITH  
COMMUNITIES IN AOTEAROA  
TO PROVIDE CONNECTIVITY  
AND RURAL DRINKING  
WATER SOLUTIONS, AND  
WITH COUNCILS AND  
INFRASTRUCTURE OWNERS TO  
PROVIDE SOLUTIONS TO LOCAL  
INFRASTRUCTURE ISSUES**



# THE YEAR IN A GLANCE FOR YEAR ENDED 30 JUNE 2022

UFB UPTAKE **70%** **+5%** ↑

UFB CITIES/TOWNS COMPLETE **380** **+71** ↑

UFB AVAILABILITY **1.81** **+48,417** million **↑**  
HOUSEHOLDS + BUSINESSES

UFB POPULATION COVERAGE **86%** **+1%** ↑

AVERAGE SPEED UFB CONNECTION **410Mbps** **+147Mbps** ↑

RURAL BROADBAND COVERAGE TO DATE **75,299** **+7,693** ↑  
HOMES & BUSINESSES **89% OF TARGET**

MOBILE TOWERS RURAL & BLACK SPOTS **364** **+96** TOWERS COMPLETE **69% COMPLETE** ↑

STATE HIGHWAY KM COVERED **1,059km** **+182km** **75% COMPLETE** ↑

TOURISM SPOTS COVERED **95** **+25** **57% COMPLETE** ↑

MARAE CONNECTED **591** **+116** **+128**  
573 WITH HARDWARE INSTALLED

RURAL CAPACITY UPGRADES **9,314** **+6,715** ↑  
HOMES, FARMS, & BUSINESSES

CIP INFRASTRUCTURE REFERENCE GROUP PROJECTS

**47** **6 COMPLETED\***  
**40 COMMENCED**  
**1 PRE-CONSTRUCTION**

\*at June 2022

INFRASTRUCTURE PROJECTS

**13** TRANSPORT PROJECTS **\$165.3m**

**11** HOUSING PROJECTS **\$38.2m**

**7** SERVICES PROJECTS **\$30.8m**

**12** COMMUNITY PROJECTS **\$221.7m**

**4** ENVIRONMENT PROJECTS **\$14.5m**

3 WATERS INFRASTRUCTURE

**291km** DRINKING WATER PIPES

**168km** YOY INCREASED MOVEMENT

DRINKING WATER **\$293.3m**

**\$211.9m** YOY INCREASED MOVEMENT

**159km** WASTEWATER PIPES

**125km** YOY INCREASED MOVEMENT

WASTE WATER **\$232.9m**

**\$179.2m** YOY INCREASED MOVEMENT

**4** RURAL DRINKING WATER KAINGA UPGRADED

**\$1.3bn** GOVERNMENT FUNDING COMMITTED CIP PROJECTS

NET EARNINGS **\$-92.4m**

**\$101.5m** **↓** WORSE THAN BUDGET\*  
This is the total comprehensive income for the Company.

INFRASTRUCTURE INVESTMENT TO DATE **\$2.48bn** **+\$440m**

HEALTH & SAFETY **3.15** **↓** **1.5** DOWN  
TRIFR TOTAL RECORDABLE INJURY FREQUENCY RATE

\*is principally due to adverse interest movements



REPORT OF THE CHAIR AND CHIEF EXECUTIVE

# 2022 POSITIVE OUTCOMES AND COMPLETIONS



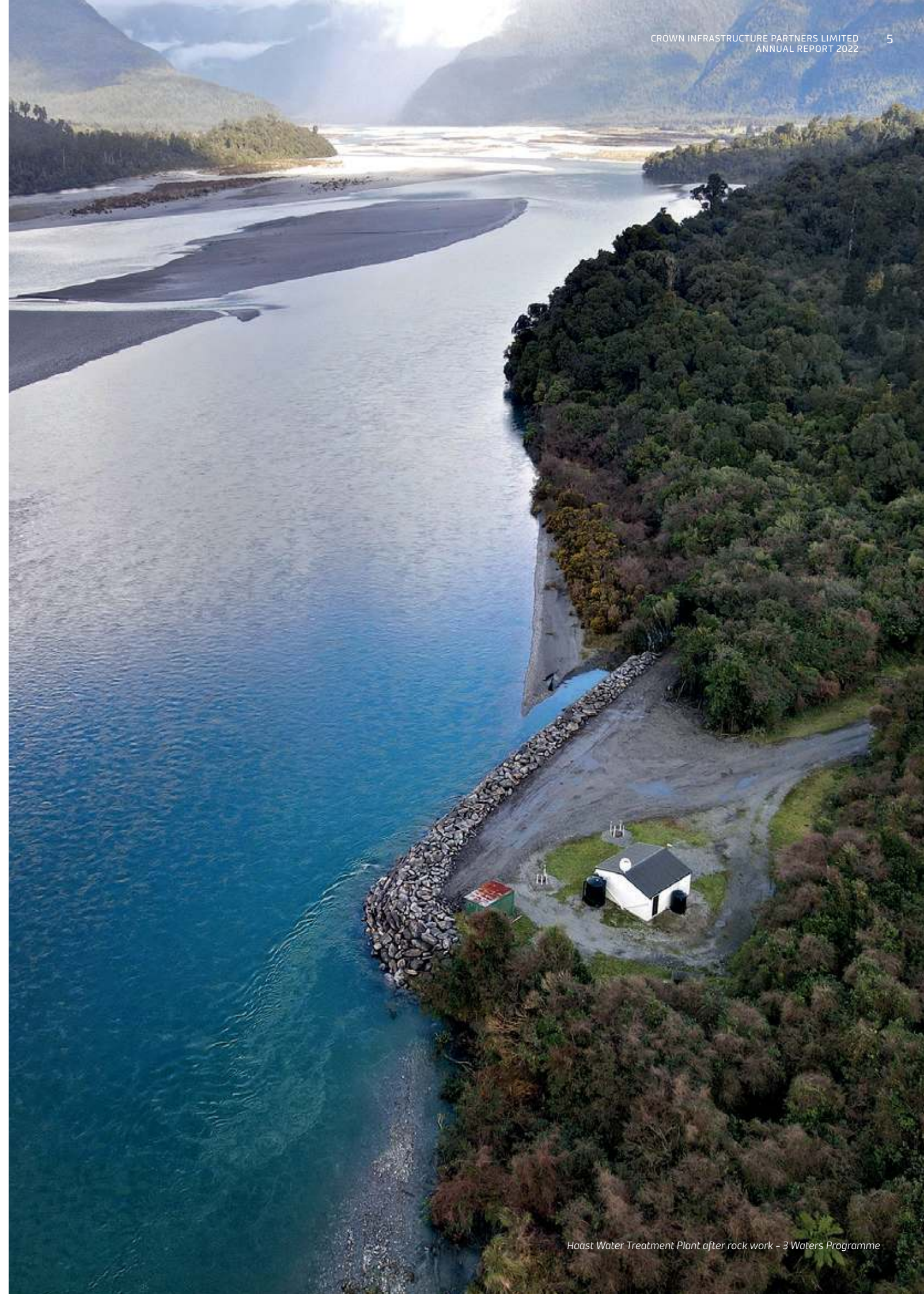
**CROWN INFRASTRUCTURE PARTNERS (CIP) HAS A BROAD AND COMPLEX RANGE OF PROJECTS IN ITS PORTFOLIO. IT IS A FANTASTIC ACHIEVEMENT AND PLEASING TO SEE THAT WE ARE CONTINUING TO COMPLETE PROJECTS AND ACHIEVE POLICY OUTCOMES AT PACE AND WITHIN THE FUNDING ALLOCATIONS, REALISING THE BENEFITS OF THE GOVERNMENT'S INVESTMENTS FOR COMMUNITIES AND PEOPLE ACROSS AOTEAROA.**

This year we highlight the fact that many of CIP's programmes have funded or will fund infrastructure that benefits Māori outcomes, including the hugely successful Marae Digital Connectivity programme and the commencement of the Rural Drinking Water Programme for kāinga across the motu. As at 30 September 2022, 603 marae are connected to the best broadband solutions available to them under the Marae Digital Connectivity programme, and 591 marae also have essential hardware installed, making video conferencing for virtual hui and remote communications available to iwi. CIP is proud to be part of enabling this infrastructure and the resulting benefits on behalf of the Government, connecting marae to their whānau and wider hapū through digital broadband capability and supporting rangitahi involvement in marae activities through this connectivity. Additionally, the Infrastructure Reference Group (IRG) programme has funded the build of the magnificent Māwhitiwhiti

marae and pā north of Hāwera, bringing to life the aspirations of whānau to have a thriving cultural hub, centred on their people.

CIP is also working with the Department of Internal Affairs, Te Puni Kōkiri and Taumata Arowai to deliver additional water upgrades through the Rural Drinking Water Programme, applying the principles of Te Mana o Te Wai. This will provide kāinga in rural communities with safe and healthy drinking water that complies with the New Zealand Drinking Water Standards. The programme will focus on supporting marae and rural community facilities in areas of high vulnerability that aren't currently connected to council water supplies.

A resounding success this year has been the \$523 million 3 Waters infrastructure stimulus funding programme. It is now largely complete, with 98.5% of the programme funding having been spent by councils as at 30 June 2022, together with



Haast Water Treatment Plant after rock work - 3 Waters Programme



additional co-funding from councils of \$147 million. The funding has enabled councils to progress work across the full breadth of their water infrastructure, on projects that may not have been able to go ahead without this funding. Community benefits are often immediate through improvements in the quality and resilience of drinking water, improvements in wastewater treatment capacity, reduced wastewater outflows, improved stormwater capacity and resilience to climate change.

Of the 229 Infrastructure Reference Group projects funded across New Zealand to stimulate the economy post the COVID-19 lockdowns, CIP manages 47 and has seen the completion of nine to date. With a total project value of \$2.2 billion, the projects have delivered substantial benefits through both the significant number of workers employed in these projects for the past 18 months, and the delivery of meaningful community facilities such as the YMCA accommodation and community facilities precinct in Christchurch, Auckland City Mission's new HomeGround social housing and support services purpose-built facility, the upgraded educational facilities and buildings at the University of Auckland and the upgraded sporting facilities in Wellington and Hawke's Bay. CIP has advanced 45% of its committed \$1.3 billion in Government funding for projects as at 30 September 2022.

CIP's many digital connectivity programmes continue to progress at pace. The Ultra-Fast Broadband (UFB) programme will be completed in December 2022, which is a significant achievement given its scale and complexity. Since its beginnings 12 years ago in 2010, the programme's \$1.75 billion in Government funds has been invested in UFB, with the total cost exceeding \$5 billion including co-funding from partners. The programme is New Zealand's largest ever infrastructure deployment to date, and over 87% of the population in 412 cities and towns now have access to UFB fibre.

The rural broadband extension and capacity upgrades have been rolled out to more than 90,000 rural homes, farms and businesses alongside the mobile black spots programme, which has extended coverage to 547 kilometres of state highway and 95 tourism sites as at September 2022. The upgrades to rural broadband capacity have provided much-needed improved broadband to those in areas where online usage has grown substantially, causing broadband congestion. The benefits to communities of being able to continue to work, run farm operations and learn at home are immense and something that many other countries couldn't provide for their people during the COVID-19 pandemic.

The West Coast fibre link from Hāwea to Fox Glacier township is now operational, providing much-needed resilience for the lower half of the West Coast and lower South Island, as well as fibre connectivity to mobile towers along State Highway 6 and settlements such as Haast. It provides essential safety enhancements, resilience and vastly improved connectivity for the region.

The Southland fibre link from Te Anau to Milford is on track for completion in early 2023, with 96.25 kilometres of 118 kilometres complete.

CIP has partnered with NZ Police's Next Generation Critical Communications for the Public Safety Network. With contracts executed in October 2022, implementation is underway of the new Public Safety Network, Te Kupenga Marutau. This will provide emergency services with a single, nationwide, secure, digital radio service and multi-network priority cellular broadband capability - including voice, video, messaging and data - in urban, state highway and rural areas commonly accessed by first responders.

The Infrastructure Funding and Financing (IFF) projects that CIP is working on are complex and involve input from a variety of stakeholders. CIP's role as facilitator has been to work alongside councils, developers and infrastructure owners throughout the country to understand their issues and provide solutions to finance large-scale housing, urban development, transport, 3 Waters and climate-resilient infrastructure. CIP has developed a pipeline of projects that will benefit from financing using IFF in the next decade. CIP is already progressing three IFF-focused projects with councils and developers, with a total infrastructure value of approximately \$1.2 billion: the Tauranga Transport System Plan was executed at the end of November 2022; a large-scale wastewater project in Wellington; and infrastructure for a greenfield housing development in a major metro centre.

Milldale, CIP's first alternative funding and financing transaction, continues to progress, providing enabling infrastructure for the new community that is being built north of Auckland. With approximately 740 homes now built and \$40.6 million now invested, immediate benefits are being recognised in housing and community for many people.

CIP's Statement of Performance financial net earnings results to target were affected by adverse interest rate movements. However, CIP's operating earnings exceeded target by 68%, and CIP met or exceeded nearly all performance measures except three, which were mostly met.



Auckland Film Studio, IRG Programme

CIP has received \$169.1 million in the form of share capital or grants from the Government and \$15.2 million from debt providers to fund infrastructure investments across its various programmes. During FY22, CIP invested \$440 million from the above proceeds and available capital in its connectivity and infrastructure programmes, and currently has total investments in infrastructure partners of \$1.8 billion. CIP has invested close to \$2.5 billion to date in infrastructure throughout New Zealand.

CIP's focus on delivering outcomes for the community contributes to the retention of a stable workforce with low turnover, with around 30% of our people having provided more than 10 years of service. A key factor in this longevity is their feeling a sense of purpose in the work in which we are involved.

CIP has a highly engaged and purpose-driven team, and is in the 90th percentile for New Zealand organisations for its employees. It is important that CIP retains skilled staff, is a good employer and offers an attractive place to work.

The Health and Safety Recordable Injury Frequency Rate for the digital connectivity programmes in the year to June 2022 was 3.15. This was a positive decrease on the previous year's rate.

Overall, CIP's view is that better outcomes can be achieved when we have genuine connections with the communities that are represented in and benefit from the infrastructure projects that CIP and its partners fund. CIP works closely with communities

in Aotearoa to provide connectivity and rural drinking water solutions, and with councils and infrastructure owners around the country to provide solutions to local infrastructure issues. This can be seen in the very large number of projects that are underway in all sectors of our work last year.

The year's success would not have been possible without the hard work of our delivery project partners, including all organisations and individuals who contributed to the ongoing success of all programmes. We would like to extend our thanks to them all for an outstanding year.

CIP is delighted to enable this success on behalf of the Government and looks forward to achieving further project completions and in doing so further enriching the lives of New Zealanders.

Mark Binns - Chair  
1 December 2022

Graham Mitchell - Chief Executive  
1 December 2022



# SUPPORTING IWI AND HAPŪ

A KEY FOCUS OF THE PAST YEAR HAS BEEN ON SUPPORTING AND DEVELOPING BETTER INFRASTRUCTURE TO SUPPORT MĀORI OUTCOMES ACROSS THE MOTU. CONSIDERABLE PROGRESS HAS BEEN MADE IN SEVERAL AREAS, BENEFITING MARAE, HAPŪ AND WHĀNAU AND ENABLING BETTER OPPORTUNITIES AND CONNECTIVITY, HEALTH AND WELLBEING FOR MANY. SOME OF THE BENEFITS OF THE GOVERNMENT-FUNDED PROGRAMMES THAT CIP MANAGES ARE SHOWN HERE.

## MARAE DIGITAL CONNECTIVITY PROGRAMME

The marae digital connectivity programme provides the fastest available broadband connections to marae throughout Aotearoa, as well as associated digital hardware that supports whānau and hapū to undertake economic activities and enhance their digital capabilities. Te Puni Kōkiri is managing the application process, as well as the engagement with marae whānau and hapū.

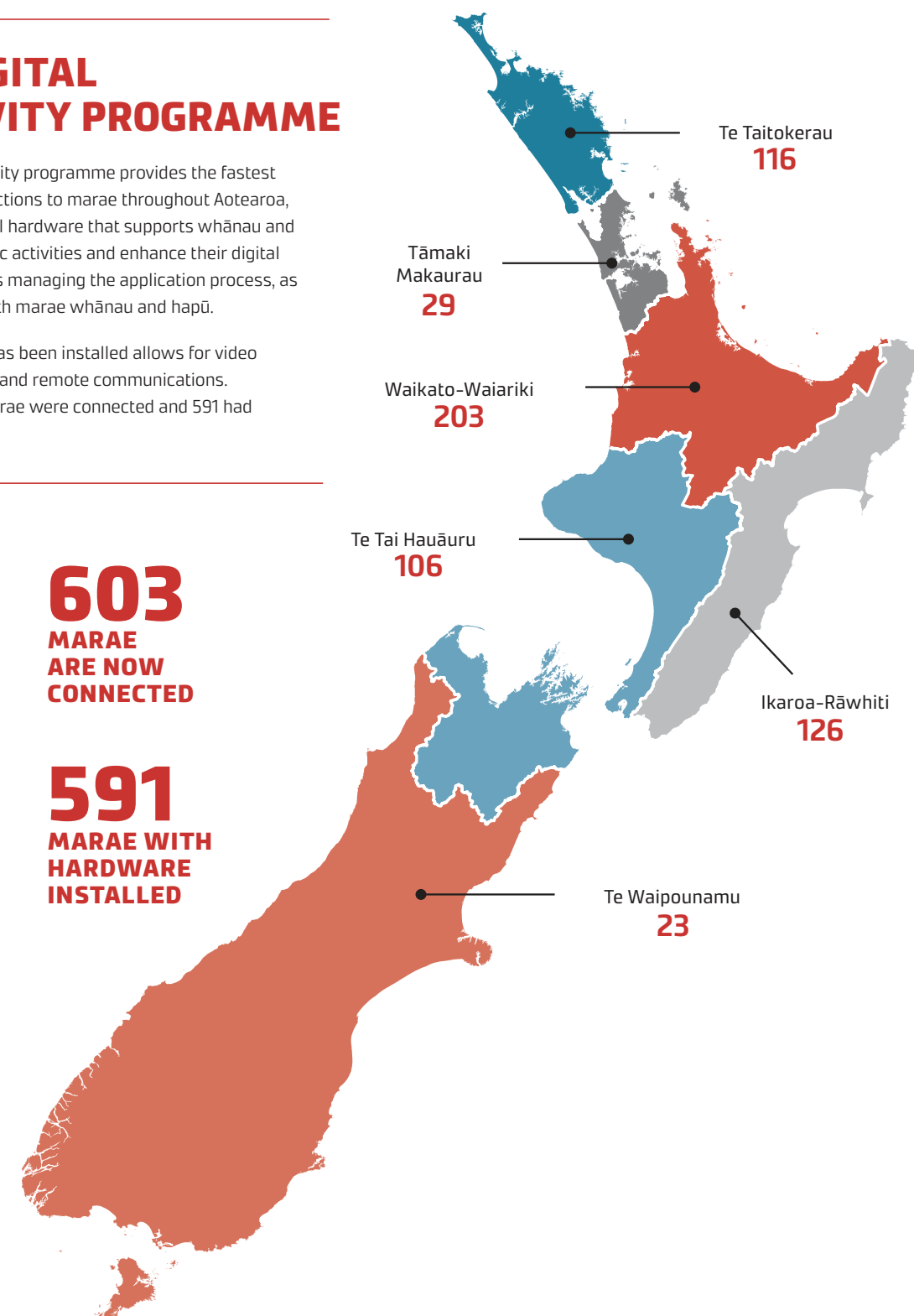
The digital hardware that has been installed allows for video conferencing for virtual hui and remote communications. At September 2022, 603 marae were connected and 591 had hardware installed.



**603**  
MARAЕ  
ARE NOW  
CONNECTED



**591**  
MARAЕ WITH  
HARDWARE  
INSTALLED





# MARAE DIGITAL CONNECTIVITY AND TE REINGA MARAE

SINCE BEING SELECTED AS A PROVIDER FOR THE MARAE DIGITAL CONNECTIVITY PROGRAMME, GISBORNE NET HAS CONNECTED 64 MARAE TO THE NETWORK. THESE ARE IN ADDITION TO THE MARAE ALREADY CONNECTED AS PART OF AN EARLIER PILOT SCHEME. IN SOME CASES WHERE MARAE ALREADY HAD GISBORNE NET SERVICE, THIS WAS IMPROVED TO MEET THE REQUIRED BANDWIDTH AND SPEED CRITERIA.



While each marae is a unique challenge, Te Reinga Marae is a great example of how Crown funding and local connections have worked together to bring about a positive result for the community.

Te Reinga Marae is located just off the alternative route connecting Gisborne to Wairoa. It's not far from the scenic Te Reinga falls and Ruakituri, which has one of the best trout-fishing streams in the region.

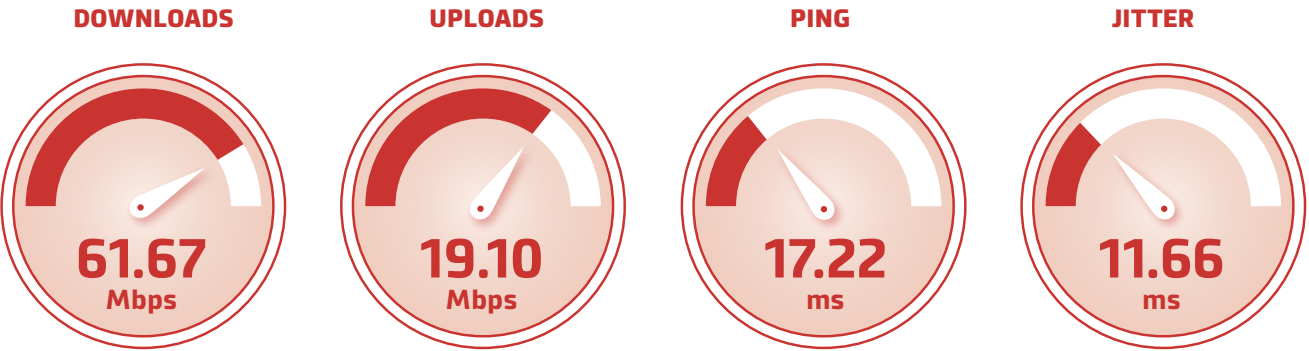
Te Reinga Marae was not originally included in the Marae Digital Connectivity programme, as it was already connected to Gisborne Net services. However, that connection wasn't operating at the speeds outlined to achieve in this programme of work.

With more people working and learning remotely, faster speeds were needed for services such as teleconferencing.

Gisborne Net encouraged the marae trustees to apply via Te Puni Kōkiri for Te Reinga to be included, and met them to explain how the process worked and the project's advantages in terms of connectivity, speed and reliability. While most marae connectivity programme communications were by email and phone - particularly during COVID-19 times - Te Reinga was particularly satisfied that



Te Reinga Marae



TE REINGA SPEED TEST AT TIME OF COMMISSIONING.

Gisborne Net representatives met some of the trustees in person, discussing their needs and dispelling any concerns about the finer details of the project. It was a positive engagement for both parties. The application was lodged and approved by Te Puni Kōkiri, and the work was scheduled.

As well as upgrading the equipment at the marae to new-generation microwave equipment, high-power dual-band Wifi was provided as per the programme specification, and installed.

The repeater at Te Reinga was upgraded to deliver the required speeds. The upgrade included augmented solar and batteries, new licensed backhaul and upgraded access points.

The Te Reinga community has received improved service as well due to this upgraded service.

The chair of Te Reinga marae is impressed with the upgraded service. They have had feedback from their own whānau who have

travelled home from overseas, "The Wifi connection and speed of delivery is as good as being in the middle of Melbourne!" he says.

"Furthermore, the uplift in communication with our whānau abroad and within New Zealand is magic; when we have hui we are able to set up Teams and/or Zoom connections with no interference other than a power cut.

"The service is excellent for our little community of Te Reinga and the surrounding district; it has opened us up to the world with direct cell phone coverage, security cameras around our marae and being fully digital.

"On behalf of our Te Reinga hapū we thank Te Puni Kōkiri and Crown Infrastructure Partners for giving us that capability."

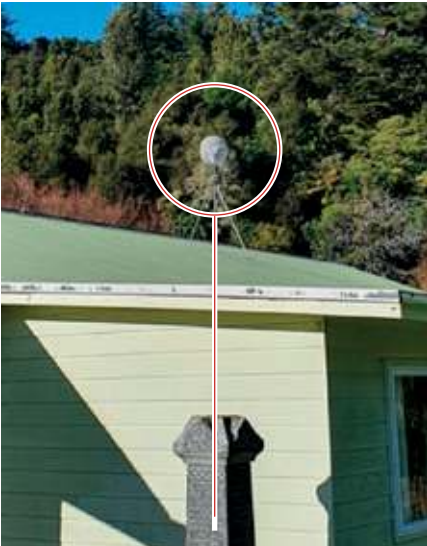
With the completion of the project, Te Reinga has speeds and the throughput necessary to meet modern communication requirements. It's an excellent outcome from co-operation between marae whānau, Gisborne Net and CIP.



Te Reinga repeater



Marae Wifi



Marae rooftop antennae



CIP'S PARTNERS FOR THE MARAE DIGITAL CONNECTIVITY PROGRAMME ARE:



Te Puni Kōkiri is managing the application process and engagement with marae communities and hapū, as well as general communication on the marae digital connectivity programme.



Spark is responsible for installing broadband and essential hardware and the ongoing service management of the connected marae for the marae digital connectivity programme.



Kānoa - Regional Economic Development & Investment Unit is responsible for policy and fund management for the marae digital connectivity programme.



Fire and Emergency New Zealand is the fire safety advisor and is also responsible for fire sensor installations in marae for the marae digital connectivity programme.

WIRELESS INTERNET SERVICE PROVIDERS (WISPS) AND SATELLITE PROVIDERS

Regional WISPs and other satellite providers are responsible for installing broadband in marae. CIP is working with the following for this programme of work:



RUAKURA INLAND PORT

CIP'S FUNDING OF \$40 MILLION FOR THE RUAKURA INLAND PORT HAS UNLOCKED INVESTMENT FOR TAINUI GROUP HOLDINGS, ENABLING THIS \$106 MILLION PROJECT AND ADVANCING THE DEVELOPMENT OF THE RUAKURA INLAND PORT AND ASSOCIATED DEVELOPMENTS.

These projects are the first stage of a 490-hectare development.

The build consists of the construction of a three-stage inland port, including a siding off the East Coast Main Trunk railway capable of taking two 800-metre trains. An increased container-handling capacity and further stages of port development that will provide it with the capacity to handle more than 200,000 TEU (20-foot equivalent units) each year will be unlocked.

The project provides a direct employment benefit for the region as well as benefits for the transport industry nationwide. Associated infrastructure is also enabled, including bulk water and wastewater infrastructure and urban and port access road upgrades.



Ruakura Inland Port, IRG Programme

RURAL DRINKING WATER

THE GOVERNMENT HAS APPOINTED CIP TO MANAGE THE DELIVERY OF THE RURAL DRINKING WATER PROGRAMME, WITH POLICY OVERSIGHT BY THE DEPARTMENT OF INTERNAL AFFAIRS (DIA), TO PROVIDE RURAL COMMUNITIES AND KĀINGA WITH WATER TREATMENT, OPERATING AND MAINTENANCE SYSTEMS AND SAFE DRINKING WATER, AS WELL AS MEET NEW REGULATORY AND DRINKING WATER REQUIREMENTS.

The programme is intended to build the capacity and capabilities of water treatment plant suppliers, installers, operators and maintainers in rural areas. CIP is working with Te Puni Kōkiri and Taumata Arowai to deliver the programme of work, which helps give effect to Te Mana o te Wai.

The Rural Drinking Water Programme is focused on supporting kāinga and other not-for-profit rural drinking water suppliers in areas of high vulnerability, with a particular focus on marae, papakāinga and kōhanga reo, that are not currently connected to town water supplies.

CIP will fund the maintenance and support of the equipment for five years and provide ongoing training during that period to keep the equipment running smoothly.

Once the equipment is installed, the recipient will own the drinking water treatment equipment and help provide operating and maintenance services.

Local Government Minister Nanaia Mahuta's announcement of the Rural Drinking Water Programme in October 2022 at Te Rongopai Marae, Te Tai Rāwhiti, which was included in the pilot programme.





# MĀWHITIWHITI MARAE

HAPU: KANIHI, UMUTAHĪ, NGĀRUAHINE RANGI  
IWI: NGĀRUAHINE

**UNDER THE IRG PROGRAMME, FUNDING WAS ALLOCATED TO ESTABLISH A BUILDING THAT INCORPORATED A MULTI-USE FACILITY FOR WHĀNAU, HAPŪ, IWI AND THE WIDER COMMUNITY.**

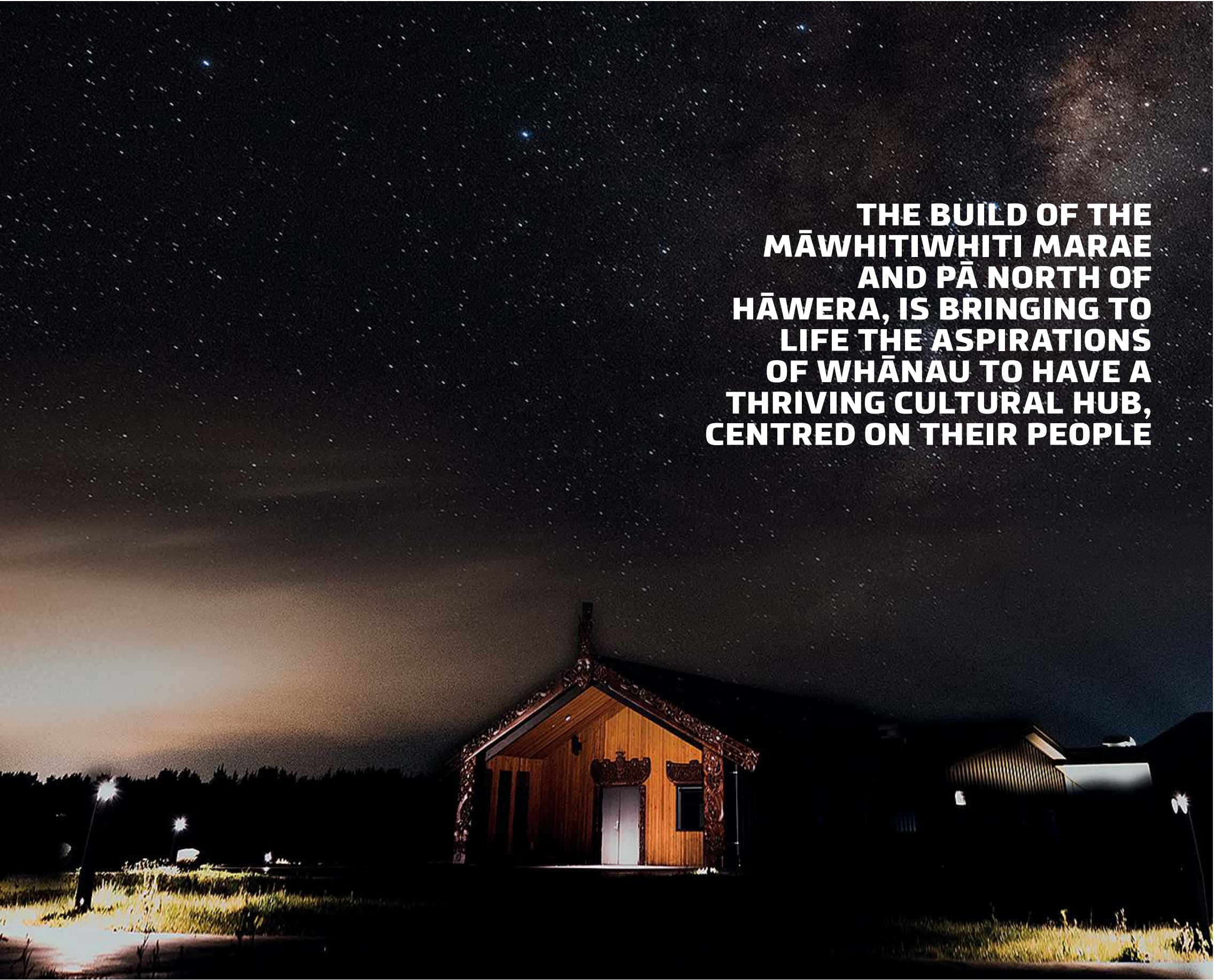
The result delivered on the aspirations of Māwhitiwhiti marae's tūpuna and whānau, who dreamed of a future where their cultural practices, language and identity could thrive, and where wellbeing outcomes for their people would be centred on a thriving cultural hub.

The project has brought together community involvement and participation in all areas of the building industry, and stimulated the local and regional economy through employment and business revitalisation.

It has also provided the opportunity to develop land and build papakāinga housing on adjacent whenua to support whānau into affordable housing.

Additionally, it has built the capabilities and capacity of those involved through the varying processes undertaken during the pā build project, creating an opportunity into other fields of work otherwise not considered by whānau.

Mawhitiwhiti Marae, IRG Programme  
Photo Credit: Aaron McCallum



**THE BUILD OF THE  
MĀWHITIWHITI MARAE  
AND PĀ NORTH OF  
HĀWERA, IS BRINGING TO  
LIFE THE ASPIRATIONS  
OF WHĀNAU TO HAVE A  
THRIVING CULTURAL HUB,  
CENTRED ON THEIR PEOPLE**



# DIGITAL CONNECTIVITY PROGRAMMES



## ULTRA FAST BROADBAND

THE INTERNATIONAL-MARKET-LEADING AND FAR-REACHING UFB PROGRAMME WAS COMPLETED IN DECEMBER 2022, MAKING ACCESS TO HIGH-SPEED FIBRE BROADBAND AVAILABLE TO 87% OF THE POPULATION, IN 412 CITIES AND TOWNS ACROSS AOTEAROA.

Places like Te Kōpuru in Northland, Mōnaiti/ Bennydale in Waikato and Midhurst in Taranaki now have fibre connections available to them. This now means that 1,808,900 homes and businesses have UFB available to them, and the uptake of these connections is at 70%. At 30 September 2022 the number of connections has increased to 1,285,599.

RANK	TOWN - AS AT SEPTEMBER 2022	UPTAKE %
1	Whatawhata	99%
2	Te Kauwhata	99%
3	Pokeno	99%
4	Horotiu	99%
5	Waimauku	96%
6	West Melton	92%
7	Whirinaki	91%
8	Longburn	88%
9	Rolleston	85%
10	Lepperton	84%



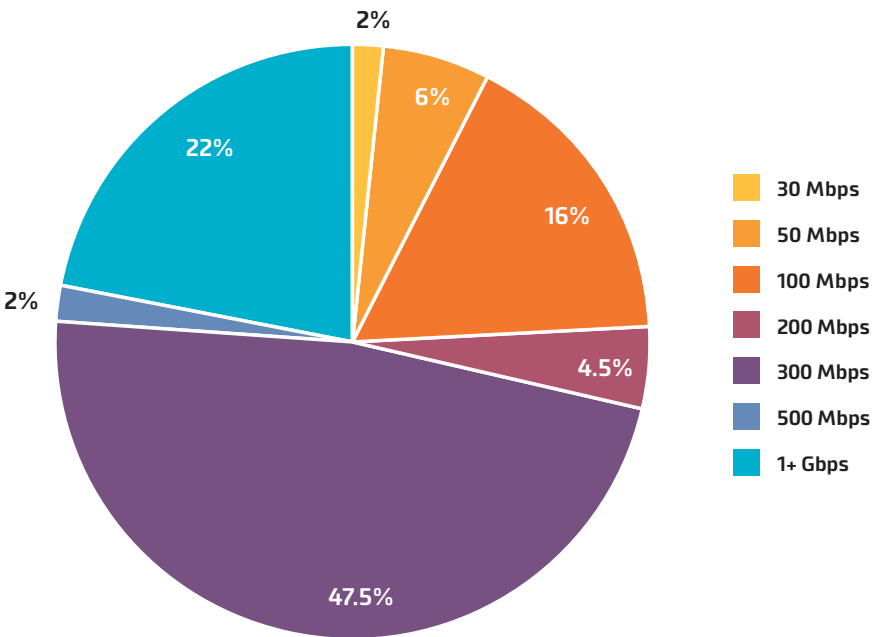
Recently covered towns from left to right: Ohakune, St Arnaud, Waiotahi Beach

### UFB PRODUCT MIX

Connecting to the fastest possible broadband has had far-reaching effects on people, particularly during the various lockdowns that we've faced in the past year.

Consumers are continuing to migrate to higher speed UFB plans, including the gigabit plan.

There were 278,556 gigabit connections across Aotearoa at the end of June 2022, with an average speed of 410Mbps.







Recently covered town Bulls

CIP'S PARTNERS FOR THE UFB PROGRAMME ARE:



End Users* covered to date	1,335,341
% of total coverage complete	100%
Uptake in all areas	69.6%



End Users covered to date	33,498
% of total coverage complete	100%
Uptake in all areas	69.8%



End Users covered to date	238,608
% of total coverage complete	100%
Uptake in all areas	75.1%



End Users covered to date	201,453
% of total coverage complete	100%
Uptake in all areas	72.2%

\* An End User is a household, business, school, hospital or marae.

# HAAST AND MILFORD FIBRE LINKS

THE BUILD OF TWO NEW FIBRE LINKS ON THE WEST COAST, AT HAAST AND MILFORD, WHICH WILL ENABLE MORE RELIABLE AND FASTER BROADBAND ACCESS TO PEOPLE LIVING IN THE TOWNS AND PROVIDE BACKHAUL TO MOBILE TOWERS BEING DEPLOYED ALONG THESE ROUTES, IS NEARLY COMPLETE, WITH 334 KILOMETRES OF THE FIBRE LINKS DEPLOYED AT 30 JUNE 2022.



Rock saws cutting a road trench and installing the Chorus green duct ready for fibre.



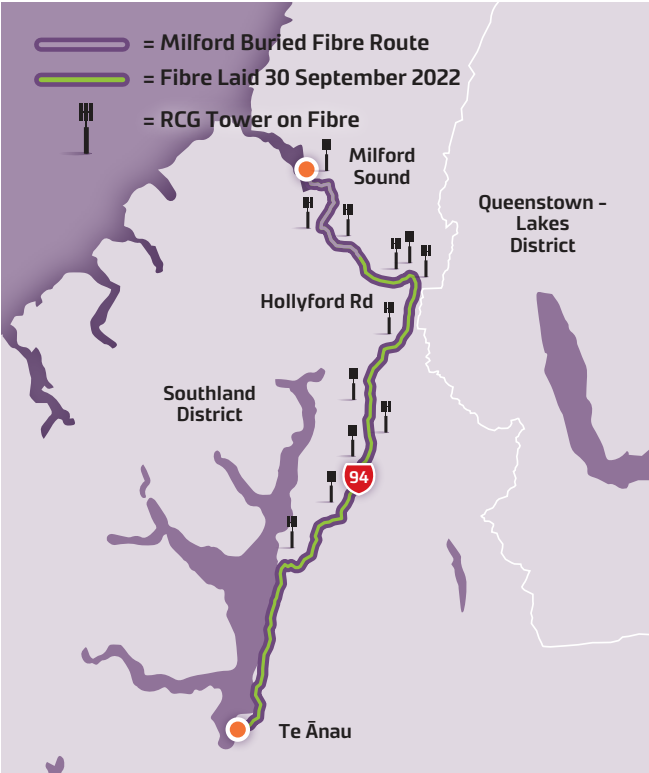
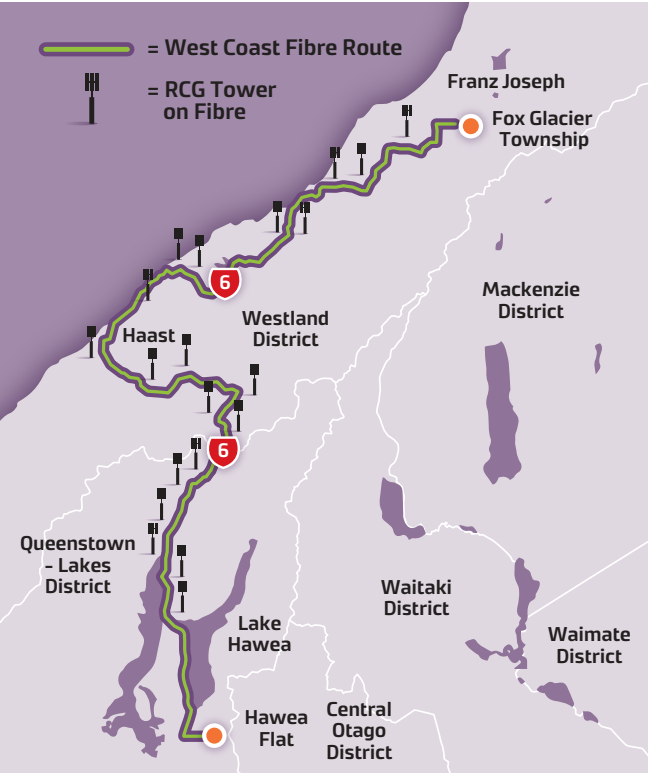
Trench ready for backfill and re-instatement of the road surface.



Completed RCG tower, The Neck, on SH6 near Wanaka.

The Haast fibre link was completed in FY22. It will provide an alternative route to existing networks, and fibre connectivity to the 19 mobile towers being built along State Highway 6 by the Rural Connectivity Group (RCG) - a total distance of 247 kilometres from the Fox Glacier township to Lake Hāwea.

The Milford fibre link starts in Te Anau and traverses north and west along State Highway 94 and into Milford Sound to Te Anau for 118 kilometres. 96.25 kilometres of these were complete by September 2022.





# RURAL BROADBAND CAPACITY UPGRADES

WITH MORE PEOPLE WORKING AND LEARNING FROM HOME, INCREASING INTERNET USAGE, AND AGRICULTURAL BUSINESSES USING THE INTERNET FOR MORE OF THEIR OPERATIONS, THE DEMAND FOR CAPACITY AND PERFORMANCE IN THE RURAL BROADBAND NETWORK HAS INCREASED.

This has resulted in broadband congestion and in some instances an inability of households, farms and businesses to order broadband services. In some rural areas there is no broadband capacity available at all.

The impact of this service unavailability and congestion on rural households, farms and businesses are imposing significant restrictions on people's ability to work from home, conduct home schooling, engage in e-commerce, undertake farm operations, connect with whānau, keep updated on events and access entertainment.

The following partners are contracted to provide services to the areas listed:

	REGION	TECHNOLOGY
2 Degrees	Nationwide	Mobile Broadband
Accelerate	Marlborough	Fixed Wireless
Amuri.Net	Canterbury	Fixed Wireless, Fibre
Chorus	Nationwide	VDSL / Copper
Connecta/StrataNet	Auckland	Fixed Wireless
Enable	Canterbury	Fibre
Evolution	Bay of Plenty	Fixed Wireless
GisborneNet	Gisborne	Fixed Wireless, Fibre
KiwiWifi	Tasman	Fixed Wireless
Lightwire	Waikato, Bay of Plenty	Fixed Wireless
MatNet	Canterbury	Fixed Wireless
Northpower	Northland	Fibre
Primo	Taranaki	Fixed Wireless
RCG	Nationwide	Mobile Broadband
Spark	Nationwide	Mobile Broadband
TFF	Central North Island	Fibre
UBB	Canterbury	Fixed Wireless
Unifone	Otago	Fixed Wireless
Vodafone	Nationwide	Mobile Broadband
WifiConnect	Hawkes Bay, Bay of Plenty, West Coast	Fixed Wireless
Wireless Dynamics	Waikato	Fixed Wireless
WizWireless	Wellington	Fixed Wireless

With a focus on capacity at the urban fringe, 70 rural mobile broadband towers were initially upgraded at the start of the first lockdown to ease congestion during this time. Since then two rounds of funding have been secured for further capacity upgrades, totalling ~\$90 million.

The upgrades will cover a range of technology types best suited to the area:

- Fibre-to-the-home/farm broadband;
- VDSL copper broadband;
- 4G mobile broadband; and
- Fixed wireless broadband.



Lightwire, Tahuna



# BOARSHEAD UPGRADE AND PRIMO WIRELESS

BOARSHEAD, NAMED AFTER THE DEFUNCT BOARS HEAD GOLD MINE NEARBY, IS UP ON THE HILLS NEAR TĀTARAIMAKA IN THE KAITAKE RANGE, ABOUT 16 KILOMETRES SOUTHWEST OF NEW PLYMOUTH.



Looking towards Mt Taranaki from Primo's Boarshead site on the side of the Kaitake Ranges

Boarshead is getting a massive upgrade, with mains power already in place and fibre going in later in the year to pump out much more data to Primo's coastal customers.

Two nine-metre towers have been installed, and because it is on a hill site with no proper road access it required 20 helicopter trips to get the towers and the 11.5 tonnes of concrete to the site.

The project includes fibre backhaul and mains power and will result in higher-capacity access radios for customers directly connected. It will also allow higher-capacity backhaul to feed sites downstream from Boarshead around the Taranaki coast.

The major upgrade is being jointly funded by Primo and the Rural Capacity Upgrade programme.



Sections of the tower structure being dropped off.



Concrete base pad down and ready to be cleaned up for the above-ground sections of the tower.



Completed tower.

# RURAL BROADBAND

IMPRESSIVE PROGRESS HAS BEEN MADE IN BUILDING MOBILE TOWERS IN RURAL NEW ZEALAND, WITH THE RURAL CONNECTIVITY GROUP COMPLETING 390 TOWERS TO DATE WITH 364 COMPLETED AT 30 JUNE 2022.

Remarkably, this has taken place during very wet building seasons and with COVID-19 supply constraints.

These towers across rural Aotearoa provide essential broadband and mobile coverage under the Rural Broadband and Mobile Black Spot programmes. The huge differences they make to residents and businesses - as well as bridging the gap between urban and rural communities - have been especially apparent given the challenges of numerous lockdowns, with more schooling and work being conducted at home.

This has been possible due to the work of CIP's rural connectivity programme partners: the 15 wireless internet service providers working around the country, and RCG.



76,214  
RURAL HOMES & BUSINESSES  
CAN ACCESS IMPROVED  
BROADBAND - 89% COMPLETE



44%  
UPTAKE ON  
RCG TOWERS

## 300TH SITE IN COROGLÉN

In February 2022, RCG completed its 300th site in Coroglen in Coromandel.

Local farmer and landowner Ross Upton says, "Gaining fast broadband and mobile services has provided a huge boost to our family-run farming business. We have two families directly involved in our farming operation, and gaining reliable broadband and mobile services will be hugely helpful in sharing business

information, making informed decisions for the business, and keeping in touch whilst out on the farm."

Eric and Sandra Gaskill, owners of Fun Zone Whitianga, assisted RCG in providing access for the second livened site in Coromandel to provide coverage to Kaimarama. "The new connectivity is critically important to our district, and the operation of our adventure park will be enhanced by mobile eftpos payments, and a reliable online booking system" says Eric.



RCG's 300th tower at Coroglen was assembled on the ground with antennae mounted so the completed pole could be craned onto the foundations.



# MOBILE COVERAGE ON STATE HIGHWAY AND TOURISM SITES\*

COVERAGE IN SOME OF THE COUNTRY’S VERY REMOTE AREAS IS ESSENTIAL FOR SAFETY AND IMPROVED ACCESS TO EMERGENCY SERVICES. THIS IS A SENTIMENT ECHOED BY THE DISTRICT MANAGER OF THE THAMES-COROMANDEL DISTRICT COUNCIL EMERGENCY MANAGEMENT UNIT, GARRY TOWLER.

“A reliable broadband and mobile service is essential for emergency management, such as for responding to the frequent floods and extreme weather events that the Coromandel area experiences, as well as for reaching people quickly during major events such as tsunamis. The new network is also important for rural and isolated families to contact and have two-way communications with emergency services in the case of an accident, fire or other emergencies.

“Our rural people will now be able to be better informed on potential hazards related to events such as earthquakes, tsunamis and Civil Defence warnings and have an immediate ability to report any criminal activity.”



98  
TOURISM SITES  
HAVE MOBILE COVERAGE  
58% COMPLETE



1,105 km  
OF STATE HIGHWAY  
HAVE MOBILE COVERAGE  
79% COMPLETE

## MOBILE TOWERS BUILT, PROVIDING NEW OR IMPROVED RURAL BROADBAND AND MOBILE COVERAGE

Rural broadband homes & businesses	76,241
Mobile black spots state highway	1,105 km
Mobile black spots tourism sites	98

MOBILE  
TOWERS BUILT

STATE HIGHWAY	KILOMETRES COMPLETE	% OF CONTRACT COMPLETE
6	209.59 km	67%
35	104.39 km	82%
12	98.7 km	82%
43	73.08 km	83%
2	61.48 km	90%

TOURISM SITES COVERED	REGION
Adrenalin Forest Bay of Plenty	Bay of Plenty
Kaingaroa Forest	Bay of Plenty
Lake Tarawera	Bay of Plenty
Maraehako Retreat/Maraehako Bay	Bay of Plenty
Te Kaha	Bay of Plenty
TECT Park (Adrenalin Forest)	Bay of Plenty
Waitangi (Rotorua)	Bay of Plenty
Whanarua Bay	Bay of Plenty
Albury	Canterbury
Bealey	Canterbury
Birdlings Flat	Canterbury
Kekerengu	Canterbury
Limestone Valley	Canterbury
Little River	Canterbury
Tasman Glacier walks	Canterbury
Taylors Mistake	Canterbury
Mangamaunu	Canterbury
Blackhead	Hawke's Bay
Kairakau Beach	Hawke's Bay
Te Reinga	Hawke's Bay
Tutira	Hawke's Bay
Waihua	Hawke's Bay
Waipatiki Beach	Hawke's Bay
Owhango	Manawatū-Whanganui
Pongaroa	Manawatū-Whanganui
Raurimu	Manawatū-Whanganui
Beaumont. Clutha Gold Trail	Otago
Lindis Valley	Otago
Makarora (Mount Aspiring National Park)	Otago
Moa Creek	Otago
Mou Waho Island, Lake Wanaka	Otago
Taieri Mouth	Otago
Trotters Gorge	Otago
Waitaki Lakes area	Otago
Blue Pools - Haast Pass	Otago
Curio Bay	Southland / Murihiku
Dipton	Southland / Murihiku
Entrances/exits to Milford Track	Southland / Murihiku
Milford Sound	Southland / Murihiku
Niagara (Catlins) Southern Scenic Route	Southland / Murihiku
Porpoise Bay	Southland / Murihiku
Waikawa (Catlins Forest Park)	Southland / Murihiku
Cape Reinga	Tai Tokerau / Northland
Glinks Gully	Tai Tokerau / Northland
Kaeo	Tai Tokerau / Northland
Kai Iwi Lakes (Taharoa Domain)	Tai Tokerau / Northland
Maunganui Bluff	Tai Tokerau / Northland
Omamari	Tai Tokerau / Northland
Spirits Bay	Tai Tokerau / Northland

TOURISM SITES COVERED	REGION
Takahue	Tai Tokerau / Northland
Utakura: Twin Coast Cycle Trail.	Tai Tokerau / Northland
Wairere Boulders	Tai Tokerau / Northland
Waitiki Landing	Tai Tokerau / Northland
Anaura Bay campsite	Tairāwhiti / East Coast
East Cape Lighthouse	Tairāwhiti / East Coast
Eastwoodhill Arboretum	Tairāwhiti / East Coast
Strathmore	Taranaki
Tongaporutu	Taranaki
Whangamomona - Forgotten Highway	Taranaki
Anikiwa/Linkwater	Top of the South / Te Tau Ihu
Cable Bay	Top of the South / Te Tau Ihu
Cape Farewell	Top of the South / Te Tau Ihu
Entrances/exits to Heaphy Track	Top of the South / Te Tau Ihu
Kenepuru Head	Top of the South / Te Tau Ihu
Maruia Falls	Top of the South / Te Tau Ihu
Okiwi Bay	Top of the South / Te Tau Ihu
Totaranui Beach and campsite	Top of the South / Te Tau Ihu
Wharariki Beach	Top of the South / Te Tau Ihu
Aotea	Waikato
Entrances/exits to Pureora Forest	Waikato
Entrances/exits to The Timber Trail	Waikato
Glen Murray	Waikato
Mokau	Waikato
Rangitaiki	Waikato
Waingaro	Waikato
Marokopa	Waikato
Kaitoke Regional Park	Wellington
Bruce Bay	West Coast
Charleston GlowWorm Cave	West Coast
Dunollie Hotel	West Coast
Haast	West Coast
Hokitika Gorge	West Coast
Jackson Bay	West Coast
Jacksons	West Coast
Lake Ianthe	West Coast
Lake Kaniere	West Coast
Lake Mahinapua	West Coast
Lake Moeraki	West Coast
Lake Wahapo	West Coast
Nile River GlowWorm Caves	West Coast
Okarito Lagoon	West Coast
Okuru	West Coast
Pukekura	West Coast
Punakaiki Village	West Coast
Rapahoe	West Coast
Roaring Billy Falls	West Coast
Ship Creek - Haast	West Coast
Western End of Pike River Memorial Trail	West Coast

\*as at 30 September 2022



CIP’S PARTNERS FOR THE RBI2/MBS PROGRAMMES ARE:



RCG is a joint venture established to build mobile infrastructure shared by Aotearoa’s three mobile network operators (Spark, Vodafone and 2degrees).

End Users* contracted	38,072
End Users completed	30,138
% complete	79%

Km contracted	1,253 <sup>1</sup>
Km completed	814
% complete	65%

Tourism sites contracted	152 <sup>1</sup>
Tourism sites completed	80
% complete	53%

<sup>1</sup> Additional State Highway and tourism site coverage is provided commercially by some of the mobile network operators.



North Canterbury region	
End Users contracted	564
End Users completed	564
% complete	100%



Waikato and King Country	
End Users contracted	1,158
End Users completed	865
% complete	75%



Ōpōtiki and Whakatāne	
End Users contracted	319
End Users completed	236
% complete	74%



Gisborne and Northern Hawke’s Bay	
End Users contracted	1,940
End Users completed	1,500
% complete	77%



Manawatū–Whanganui	
End Users contracted	2,626
End Users completed	2,257
% complete	86%



Tasman and Nelson	
End Users contracted	545
End Users completed	301
% complete	55%



Waikato and Bay of Plenty	
End Users contracted	718
End Users completed	663
% complete	92%



Taranaki	
End Users contracted	667
End Users completed	579
% complete	87%



Greater Auckland and Te Tai Tokerau	
End Users contracted	1,549
End Users completed	569
% complete	37%



Nelson, Tasman and Marlborough	
End Users contracted	773
End Users completed	340
% complete	44%



Central and South Canterbury	
End Users contracted	1,143
End Users completed	883
% complete	77%



Otago	
End Users contracted	1,168
End Users completed	1,017
% complete	87%



Whakatāne, Westland and Grey	
End Users contracted	747
End Users completed	369
% complete	49%



Wairarapa	
End Users contracted	742
End Users completed	653
% complete	88%



Buller and Grey	
End Users contracted	386
End Users completed	137
% complete	35%

PUBLIC SAFETY NETWORK

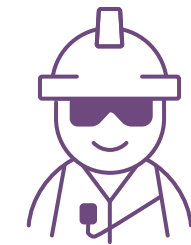
THE PUBLIC SAFETY NETWORK IS A LONG-TERM INFRASTRUCTURE INVESTMENT FOR THE BENEFIT OF EMERGENCY RESPONDERS AND THE SAFETY AND WELLBEING OF ALL NEW ZEALANDERS, AND WILL REPLACE AND SIGNIFICANTLY ENHANCE EXISTING COMMUNICATIONS USED BY THE EMERGENCY SERVICES, OF WHICH MANY ARE OBSOLETE OR APPROACHING END OF LIFE.

October 2022 saw contracts completed and executed for Land Mobile Radio via a joint venture between Tait Communications and Kordia, as well as priority cellular solutions with Vodafone and Spark through a joint venture, Hourua. These will provide a single, nationwide, secure digital radio service and multi-network-resilient priority cellular broadband capability - including voice, video, messaging and data.

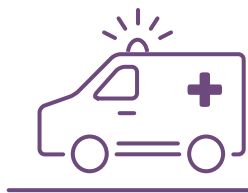
NZ Police's Next Generation Critical Communications (NGCC) is responsible for developing the new Public Safety Network on behalf of Fire and Emergency New Zealand, New Zealand Police, St John New Zealand and Wellington Free Ambulance. CIP partners with NGCC to provide oversight on the deployment of the Public Safety Network infrastructure. This will be available in urban, state highway and rural areas commonly accessed by frontline emergency services.

New Zealand’s emergency services are made up of approximately 35,000 staff and volunteers who attend more than five million calls for help every year. They need to be able to respond at any time, and in any part of New Zealand, based on accurate and timely information.

EMERGENCY SERVICES TO BE COVERED



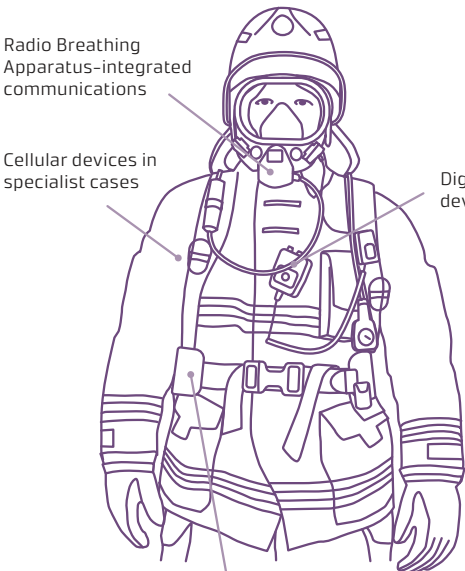
35,000  
FRONTLINE  
RESPONDERS



~6,000  
EMERGENCY  
VEHICLES



~1,400  
EMERGENCY BASE  
BUILDINGS



Radio Breathing Apparatus-integrated communications

Cellular devices in specialist cases

Wireless earpiece / accessories

Digital radio device

Device for 2-way text messaging



Wireless earpiece / accessories

Cellular device

Device for 2-way text messaging



Radio/cellular converged device



# INFRASTRUCTURE REFERENCE GROUP PROGRAMME

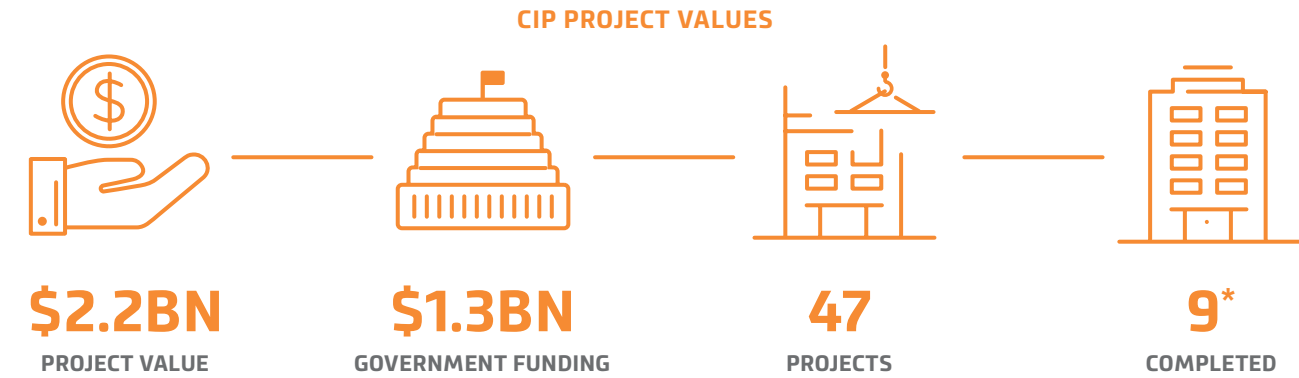
## THE IRG PROJECTS PROVIDE STIMULUS FUNDING TO ELIGIBLE PROJECTS TO PROCEED FASTER THAN THEY WOULD OTHERWISE BE ABLE TO.

230 projects were shortlisted by Ministers and 229 have been approved, with a total project value of \$4.61 billion. The Government has approved funding to date of \$2.65 billion in support of the \$1.96 billion of co-funding provided by project owners.

CIP oversees the larger and more complex projects, of which there are 47 contracted and underway, for a project value of \$2.2 billion. Of CIP's managed projects, nine are already complete. The Ministers

also requested that CIP carry out a co-ordination role for project approval and reporting among all the government agencies and organisations involved. You can see detailed quarterly reporting in our quarterly reports online.

With 2023 being the main build phase for the programme, we are looking forward to many more payment milestones being met and Government-funded projects completed.



CIP'S COMPLETE PROJECTS

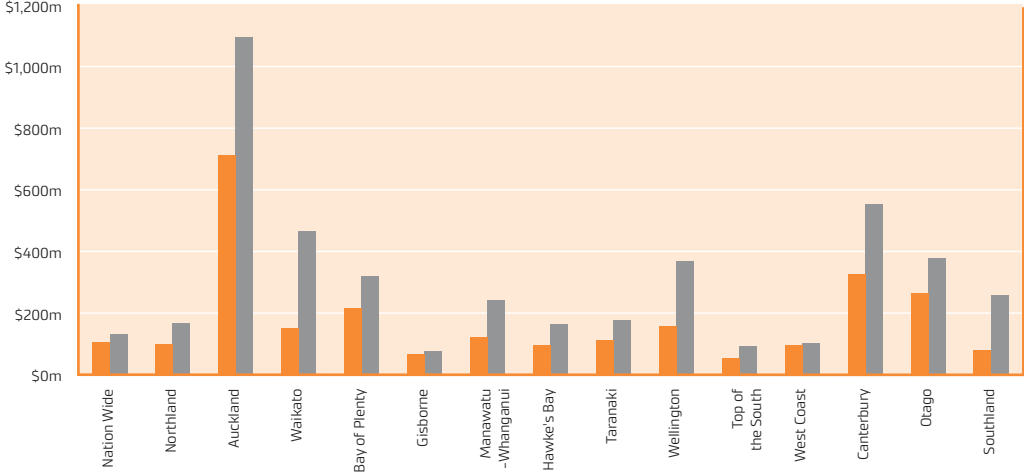
REGION	NAME	PROJECT VALUE (\$'M)	IRG FUNDING (\$'M)
Northland	Digital Package Northpower Fibre	\$1	\$1
Northland	Papakawau Estuary Resilience SH10	\$6	\$5
Auckland	Auckland City Mission HomeGround	\$116	\$27
Auckland	Ferry Basin Redevelopment Stage 1	\$116	\$42
Auckland	Puhinui Interchange (Bus-Rail)	\$68	\$22
Manawatu-Whanganui	Social and affordable housing for Ruapehu District	\$2	\$2
Manawatu-Whanganui	Papaioea Place Community Housing	\$5	\$5
Hawke's Bay	Hawke's Bay Regional Aquatic Centre	\$32	\$32
Wellington	NZ Campus of Innovation and Sport	\$70	\$30
<b>CIP TOTAL</b>		<b>\$416</b>	<b>\$166</b>

\*as at 30 September 2022



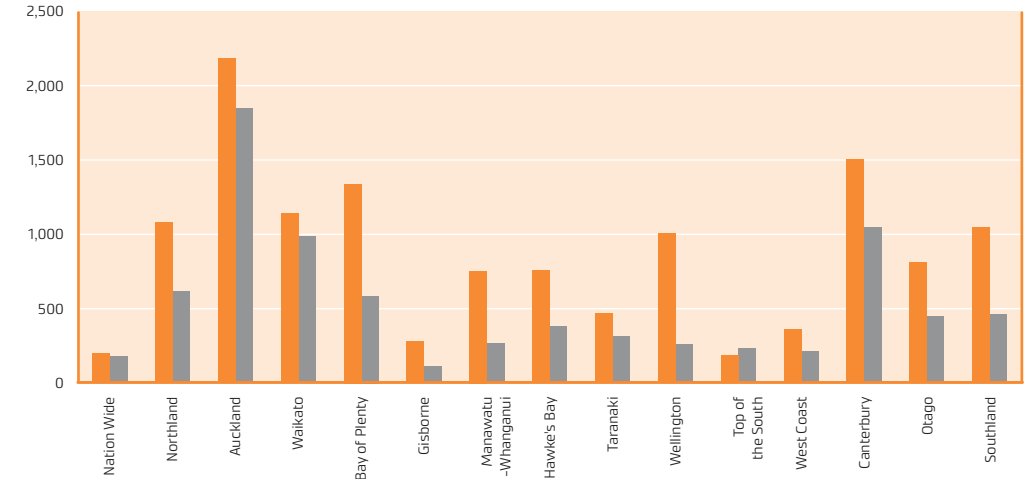
TOTAL GOVERNMENT  
FUNDING CONTRACTED  
AND TOTAL  
PROJECTED VALUE  
As at 30 September 2022

Total Government  
Funding Contracted  
Total Projected  
Value by Region



FTE PROJECTED  
AND PROGRESS  
TO PROJECTED  
As at 30 September 2022

Target FTE  
FTE to target



DELIVERY AGENCIES FOR THE INFRASTRUCTURE REFERENCE GROUP PROGRAMME:



Papakawau Estuary Resilience SH10



Hawke's Bay Regional Aquatic Centre



The Green School



Social and Affordable housing for Ruapehu District



# AUCKLAND CITY MISSION

**HOMEGROUND, THE NEW BUILDING OF AUCKLAND CITY MISSION - TE TĀPUI ATAWHAI, IS NOW OPEN. IT'S A PLACE OF TRANSFORMATION AND HEALING FOR PEOPLE IN DESPERATE NEED, WHILE WELCOMING ALL AUCKLANDERS THROUGH THE DOORS.**



Auckland City Mission

HomeGround brings together permanent housing, expanded health and social services, state-of-the-art withdrawal service (detox) facilities and a comprehensive programme of activities in a warm and welcoming space.

The total project cost for this was \$115.38 million, with IRG funding of \$27 million.

HomeGround provides 80 permanent apartment homes for people experiencing homelessness, with a shared rooftop garden and residents' lounge, a community dining room, community spaces, a multidisciplinary health centre, a pharmacy and addiction withdrawal services. Other spaces will be developed into food and retail outlets for the public.

Of the withdrawal service (detox) facilities, Manutaki Robinson notes that both social and medical options are available on two

floors. The Mission manages the social option while Waitematā District Health Board's Community Alcohol and Drug Services manages the medical floor. In total there are 25 rooms for patients seeking to overcome addictions.

Helen says that the promise of HomeGround is to create a model of integrated care that instils a sense of dignity and pride among everybody stepping inside the building. Based on successful international models, HomeGround was adapted for Aotearoa's social and cultural needs. Te Aranga and trauma-informed design principles guided the architects and builders, in close consultation with Mission staff.

"The building was designed by Stevens Lawson Architects and built by Built Environs, with care and consideration in every decision for the people who the Mission supports," says Manutaki Robinson. "It's also a beautiful addition to our cityscape."

**"IN THE DAYS AND YEARS THAT FOLLOW, THE LIVES OF THOUSANDS OF PEOPLE WILL BE ENRICHED AND QUITE LITERALLY TRANSFORMED..."**

The structure for HomeGround is what's referred to as mass timber. Specifically, a cross-laminated-timber (CLT) structural system is being used for the HomeGround development. CLT is known for being light weight, having a significant proportion of prefabrication and being relatively simple to construct. It also has a reduced carbon footprint. It also provides a healthy internal environment and reduces the need for high levels of heating and cooling in comparison with traditional buildings. It stores carbon and outperforms conventionally framed buildings with regard to air tightness, thermal insulation, internal moisture management, acoustic insulation and fire resistance. We understand HomeGround will be the tallest structural timber building in New Zealand.

"This long-held, precious dream is finally a reality," says Helen Robinson. "For more than a decade the Mission team and our supporters have been meticulously planning and building HomeGround."

"To know that we're now open for service is a very special moment for the thousands of people who have helped this building

come to life," she says. "In the days and years that follow, the lives of thousands of people will be enriched and quite literally transformed. People who have had traumatic, challenging and truly difficult lives will have permanent homes, hot meals and access to health facilities and community spaces in a modern, welcoming, light-filled, fit-for-purpose building. That's incredibly humbling."

She adds that HomeGround has only been possible because of the generosity of people who believed in the dream and gifted funds, products and time. "This truly is the new home of Tāmaki Makaurau - built for, by and with Aucklanders. I am so deeply grateful to everyone who has been on this journey with the Mission team and am now simply looking forward to seeing lives transformed through people connecting to services within HomeGround."

The first day of service was Monday 14 February, with residents moving in to apartments from Monday 28 February and the medical withdrawal service (detox) beginning in March.

"This means that 80 Aucklanders will be housed, and at least 40 off the street. With an anticipated refresh of 25% a year (based on international examples) this will mean 160 people are supported in the first five years. This will be coupled with 250-300 people per day having a good meal, and up to 3,000 patients being supported per year in the Calder Health Centre. It's quite simply life changing for thousands of people a year." Tony McKee, Project Director HomeGround.



Inside the new HomeGround Building





# INFRASTRUCTURE FUNDING AND FINANCING

Milldale development

**CIP IS HELPING TO FACILITATE THE IMPLEMENTATION OF FINANCING SOLUTIONS FOR INFRASTRUCTURE UNDER THE INFRASTRUCTURE FUNDING AND FINANCING ACT 2020 (IFF ACT). CIP'S ROLE IS TO SUPPORT PROJECT PROPOSERS (COUNCILS, DEVELOPERS AND INFRASTRUCTURE OWNERS) TO HAVE INFRASTRUCTURE FINANCED UNDER THE ACT.**

CIP has developed a pipeline of infrastructure projects that will benefit from financing under the IFF Act in the next decade. Its recent focus has been on identifying and advancing those infrastructure projects that are at an advanced stage and hence are capable of being financed under the IFF Act. These projects are large and complex and have long lead times, and are a mix of large-scale city-wide transport, city-wide 3 Waters and urban infrastructure developments.

## THREE FOCUS PROJECTS

CIP is progressing three IFF projects with councils and developers, enabling infrastructure with a value of approximately \$1.2 billion.

At the time of writing, the Tauranga City Council Transport Systems Plan financing arrangements have been completed and it will shortly move to implementation.



**A TAURANGA  
TRANSPORT  
SYSTEMS PLAN**



**A LARGE-SCALE  
WASTEWATER  
PROJECT IN  
WELLINGTON**



**GREENFIELD  
HOUSING  
DEVELOPMENTS IN  
METRO CENTRES**

## IFF PROCESS AND MODEL DEVELOPMENT

CIP has developed and tested the IFF model against the focus projects creating a more streamlined IFF process and building up the required documentation to execute an IFF transaction, enabling more efficient applications in the future.



Milldale development



# MILLDALE

**CIP'S FIRST INFRASTRUCTURE FUNDING AND FINANCING TRANSACTION WAS A CONTRACTUAL MODEL IMPLEMENTED IN MILLDALE, NORTH OF AUCKLAND, WITH FULTON HOGAN LAND DEVELOPMENT AND AUCKLAND COUNCIL.**

The construction of the enabling infrastructure, financed through CIP's Special Purpose Vehicle, is progressing well. The project to build the Weiti bridge and road connecting Milldale to Old Pine Valley Road is now complete and the road is open to traffic. Because of this infrastructure, a community is developing that now includes a childcare centre, park and playground. This year the soil was turned on a new school, and a neighbourhood centre is in development.

There are currently 743 houses built, meaning many Aucklanders are now calling Milldale home.

Once complete, the development is expected to house up to 4,000 properties, and in the long term the infrastructure is expected to support up to 8,000 properties.



Milldale (artist impressions) neighbourhood centre and housing



Weiti Bridge financed by the Milldale SPV.



**The Auckland Council Group** (which includes council-controlled organisations) worked closely with CIP to establish and implement an alternative financing model in Milldale. Auckland Council contributed to the bulk housing infrastructure that will be met by future developer contributions charged on the future urban-zoned land that surrounds Milldale. Once the construction of these assets in Milldale is complete, they will vest to the Council. The Council also acts as the Milldale infrastructure payment-collection agent through its Council rates invoicing process.



**Fulton Hogan Land Development Limited** is an experienced developer that is completing residential sections in New Zealand as well as sites for pre-schools, schools, neighbourhood centres and other amenities typically found in large-scale greenfield developments. Fulton Hogan Land Development is developing the Milldale area and is constructing the bulk housing infrastructure financed through CIP's Special Purpose Vehicle.



**ACC's** investment portfolio exists to support the administration of the country's universal no-fault accidental insurance scheme. ACC contributed to the fixed-rate, long-term debt towards the infrastructure required to unlock the Milldale development (financed by CIP's Special Purpose Vehicle).



# WATER INFRASTRUCTURE

## 3 WATERS

**THE 3 WATERS INFRASTRUCTURE PROGRAMME WAS IMPLEMENTED TO HELP 67\* LOCAL AUTHORITIES, FROM THE FAR NORTH TO THE DEEP SOUTH AND EAST AS FAR AS THE CHATHAM ISLANDS, INVEST IN IMPROVED DRINKING WATER QUALITY, WASTEWATER TREATMENT AND 3 WATERS NETWORKS.**

The programme is largely complete, and overall has been very successful.

A significant amount of the 3 Waters infrastructure has been built as a result of the Government stimulus funding of \$523 million and co-funding by local territorial authorities of \$147 million.

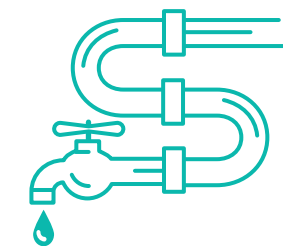
These beneficial projects have, for example, enabled:

- a Local Territorial Authority (LTA) to replace a water main that was delivering discoloured water and leaks due to heavily rusted pipes;
- an immediate reduction in water leakage through the commissioning of a new water main;
- a wastewater treatment plant to be compliant with its consent when previously it was failing, with discharges up to 50% of the time;
- a main wastewater pipe to be replaced along with a potable main, as the previous main was leaking waste, resulting in an extended shutdown; and
- a drinking water plant to be compliant for protozoa eradication (protozoa are parasites that can multiply in humans, permitting serious infections to occur).

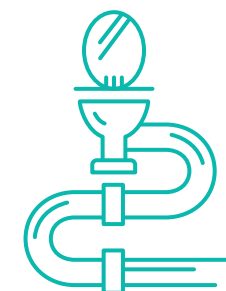
This programme has resulted in a fast, noticeable and hugely beneficial upgrade of 3 Waters infrastructure across Aotearoa that will benefit communities nationwide for many years to come.

CIP's oversight was key to ensuring the rapid delivery of the additional investment in a short period of time, with a focus on these readily benefited outcomes. Councils made good use of the funds made available and delivered high-quality 3 water infrastructure in a relatively short period of time.

98.5% of the Government funding had been spent by 30 June 2022, with nearly all works fully complete.



**291 km**  
**DRINKING WATER PIPES**  
100% DRINKING WATER  
PIPES COMPLETE



**159 km**  
**WASTEWATER PIPES**  
100% WASTEWATER  
PIPES COMPLETE



**101**  
**WATER TREATMENT  
PLANT UPGRADES**  
100% WTP UPGRADES  
COMPLETE



**128**  
**WASTE WATER  
TREATMENT PLANT  
UPGRADES**  
100% WWTP UPGRADES  
COMPLETE



Installation of Kirwee rising main to connect to Darfield trunk wastewater main.



Whanganui District Council - Wastewater relining renewals

\*Includes Greater Wellington Regional Council but excludes Auckland Council



# TAURANGA CITY COUNCIL: 3 WATERS STIMULUS FUNDING

THE 3 WATERS FUNDING HAS ENABLED THE COUNCIL TO PROGRESS A PROGRAMME OF WORK ACROSS THE FULL BREADTH OF ITS WATER ACTIVITIES, RESULTING IN POSITIVE OUTCOMES FOR THE COUNCIL, THE COMMUNITY AND COUNCIL STAFF.



Oropi Water Treatment Plant capacity upgrade complete

The objectives set were achieved, the processes and relationships established by the Council during delivery proved very beneficial, and our involvement in this funding programme is considered a success.

The programme of work originally comprised 19 projects across water, stormwater, wastewater and supporting service activities:

- One water-treatment-plant upgrade;
- Three stormwater-treatment projects;
- Five asset-management, data and analytic projects;
- One water-main upgrade/renewal;
- Three wastewater-pipe upgrades/renewals; and
- Six wastewater-treatment-plant upgrades.

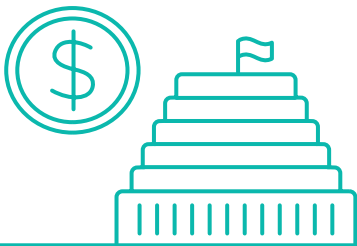
A further nine projects were added during delivery, involving water meters, stormwater treatment and wastewater pipes and pumps.

## COMMUNITY BENEFITS

### Improved stormwater quality

Sixteen stormwater-treatment devices were installed throughout the stormwater network to capture and reduce the volume of contaminants being discharged to the receiving environment. In addition, an enhanced kerb and channel sweeping and cesspit cleaning programme was trialled, resulting in more than 1,200 tonnes of material being removed from the network that would otherwise have entered waterways. The Council is currently evaluating the results of the trial programme, with a view to continuing it as part of the roading network maintenance contract.

Improved water network resilience and increased treatment capacity.



\$15M  
GOVERNMENT  
FUNDING



\$2M  
TAURANGA  
CITY COUNCIL  
FUNDING

Chapel St Wastewater Treatment Plant odour filter complete



Simpson Rd Wastewater upgrade drilling unit

In recent years Tauranga has faced water restrictions during the summer. To help alleviate this issue, the Council progressed two water projects that collectively provided an additional 22,000 cubic metres per day of potable water supply for the city, a 42% increase in the combined capacity of the two plants involved.

### Private water suppliers and iwi engagement

The Council's understanding of properties within its boundary not connected to the reticulated network was very limited; the initial records indicated more than 700 potentially unconnected properties.

By developing a digital tool, the Council was able to interrogate its data and, together with ground-proofing, develop a database of private water suppliers and users. This created a basis for engaging with the private suppliers and users to educate them on their obligations under the new regulator of the Water Services Act 2021, Taumata Arowai. Engagement with iwi in relation to marae and other multiple-property water supplies also formed a key part of this work. Through these projects, the Council has developed a comprehensive database of private water suppliers/users, created a library of education collateral and established contacts with the private water suppliers within its boundary.

### Water innovation and deferred maintenance

The Council has been able to progress the installation of a mini hydropower-generation plant at the Joyce Road Water Treatment Plant, to utilise the energy potential that is otherwise being lost in the water supply line. The project, when completed, will enable the mains supply to become the backup power supply for the water-treatment plant, resulting in significant annual operational cost savings.

The Council has also been able to bring forward the replacement of 300 commercial water meters identified as nearing the end of their operational and commercial lives. The replacement of the meters will, when completed, ensure accurate recording of water usage at the commercial properties, resulting in more accurate billing and better informed decisions for on-site water-demand management.

### Wastewater reticulation resilience and enhanced environmental outcomes

In four separate projects, the Council has replaced or upgraded more than 1.7 kilometres of aging pipelines, providing increased reticulation capacity for current and forecast growth, preventing sewage backflows/overflows and, together with a pump-station-upgrade project, enhancing the overall resilience of the wastewater network.





# GOVERNANCE

## ORGANISATIONAL FORM

CIP was incorporated on 29 October 2009 under the Companies Act 1993. CIP is a Crown-owned company, listed under Schedule 4A of the Public Finance Act 1989. The shareholders in CIP are the Minister of Finance and the Minister for State Owned Enterprises in their capacity as Ministers, and each holds 50% of the issued share capital.

CIP is subject to certain provisions of the Crown Entities Act 2004 and is also subject to the Official Information Act 1982 and the Ombudsmen Act 1975.

CIP is monitored by the Ministry of Business, Innovation and Employment's Communications Policy group for connectivity programmes, the Department of Internal Affairs for the 3 Waters Reform Programme and Rural Drinking Water Programme, the Treasury for the Infrastructure Reference Group (IRG) and Infrastructure Funding and Financing (IFF) (in addition to the Ministry of Housing and Urban Development for IFF), and the Treasury ownership monitoring team for shareholding Ministers. CIP also works closely with other relevant portfolio agencies.

CIP's purpose is to implement Government policy, rather than make a financial return, by implementing the Government's objectives in relation to the:

- Ultra-Fast Broadband (UFB) programme, making UFB fibre to the home available to 86% of the population;
- Rural Broadband and Mobile Black Spots programmes, providing improved broadband coverage and capacity for rural households and businesses, mobile coverage on state highways and tourism 'black spots' where there are currently no mobile services, marae digital connectivity, and fibre links in the West Coast and to Milford Sound;
- Public Safety Network programme, supporting network infrastructure delivery;
- Infrastructure Funding and Financing (IFF) programmes;
- Infrastructure Reference Group (IRG) programme, from the COVID-19 infrastructure recovery fund, encompassing more than 230 infrastructure projects; and
- provision of Government funding for the Government's 3 Waters and Rural Water infrastructure programmes, and monitoring the 'Better Off funding' programme.

Accordingly, CIP has designated itself a public benefit entity.

## MANAGEMENT OF THE COMPANY

The Board of Directors is responsible for the overall direction of CIP's business and other activities on behalf of Shareholding Ministers in the manner set out in CIP's Constitution, Statement of Intent and Statement of Performance Expectations.

The Company's purposes as provided for in the Constitution are to:

- implement the Government's objectives in relation to improving the performance and availability of, and access to, UFB, rural broadband and mobile voice and data coverage, telecommunications backhaul and digital equipment by co-investing with, purchasing from or making grants to private sector participants in order to deploy telecommunications network infrastructure and/or procure the delivery of telecommunications services;
- implement and/or facilitate the funding and financing of infrastructure, including as provided for under the IFF Act, to achieve the Government's objectives for the provision of infrastructure for housing and urban development, and the provision of other eligible infrastructure in accordance with the IFF Act;
- act as delivery partner for the Government's programme to provide national public safety communications capability, to enable the safe and effective provision of emergency services across New Zealand, including by managing the procurement and delivery of radio and cellular network infrastructure and services;
- assist the Government's response to the COVID-19 pandemic by providing assistance to the IRG, and implementing, facilitating or otherwise assisting the Government with any transaction(s), or assisting with any other matter in relation to any projects selected for Government support (as agreed from time to time between CIP and its shareholding Ministers); and
- assist with the Government's 3 Waters Reform Programme by providing oversight in relation to delivery plans prepared and carried out by local and regional authorities, and providing other assistance as required, including supporting infrastructure deployment (as agreed from time to time between CIP and its shareholding Ministers).

## BOARD OF DIRECTORS

The Board has established strategic policy for, and guides and monitors the business and affairs of CIP and is committed to a high standard of corporate governance. Responsibility for the operation and administration of CIP is delegated to the Chief Executive, who is accountable to the Board. The Board places emphasis on strategic planning, the implementation of sound administrative systems and procedures, and regulatory compliance.

## BOARD MEMBERSHIP

The Board is made up of five non-executive Directors. The Directors' profiles can be read on page 44 of this Annual Report. Directors are appointed by shareholding Ministers following Cabinet approval.

## BOARD COMMITTEES

To assist Directors in carrying out their duties, the Board has two standing committees (as described below). Other ad hoc and standing committees may be formed from time to time.

### Audit and Risk Committee

The Audit and Risk Committee assists the Board in fulfilling its responsibilities by providing recommendations, counsel and information concerning accounting, reporting and responsibilities under legislation. Its Terms of Reference also cover the role of internal audit.

The Committee ensures oversight by the Board of all matters related to the financial accounting, planning and reporting of CIP. The Committee monitors the processes that are undertaken by management and both external and internal auditors. The Committee ensures that the Board meets all financial governance and accountability requirements and responsibilities. The Crown Entities Act 2004 sets out the specific statutory planning and reporting obligations of CIP, including the requirements for key accountability documents, the Statement of Intent, the Statement of Performance Expectations and the Annual Report. The Committee also monitors and assesses risks to the business.

### Remuneration Committee

The Remuneration Committee assists the Board in fulfilling its responsibilities by providing advice and recommendations on the appropriate remuneration policies and human resources policies for the Company.



# BOARD OF DIRECTORS

## DIRECTORS' PROFILES AND INTERESTS HELD

The following profiles include general disclosures of interest given by Board members pursuant to section 140(2) of the Companies Act 1993 and entered into CIP's interests register.

**Mr Mark Binns** (Chair) was appointed a Director of the Company on 1 June 2018 and Chair on 1 March 2020. His career has seen him involved in many of New Zealand's largest infrastructure projects, including the Wiri Prison public-private partnership, the Waterview Connection, Eden Park, SKYCITY, the Museum of New Zealand Te Papa Tongarewa and the Manapōuri trail race tunnel. For 22 years Mark worked at Fletcher Building and its predecessor, Fletcher Challenge. Mark was Chief Executive of Meridian from 2012 to 2017 and is a former Chief Executive of the Infrastructure Division of Fletcher Building. Mark is a qualified lawyer. He is currently a Director of Auckland International Airport, Te Pūia Tāpapa and a number of other private companies.

**Mr Alan Dent**, BCA, CA established and led the Deloitte Corporate Finance Wellington practice from 1990 until May 2020. He led the Deloitte New Zealand firm's Financial Advisory Services practice from 2014 until 2020. Alan has provided commercial and financial advice in a broad range of contexts across both the public and private sectors, including mergers and acquisitions, state-owned enterprise/Crown entity establishment, financial reporting and dispute resolution. Alan has been extensively involved in advising on government-initiated sector reform and the related establishment processes. Alan also led the Deloitte water sector team and has delivered multiple projects in the 3 Waters sector. Alan is an Associate Member of the Arbitrators' and Mediators' Institute of New Zealand and a Member of the Institute of Directors.

**Ms Danelle Dinsdale** had 14 years' experience in the United Kingdom with global law firm DLA Piper, where she was a senior partner working as Head of IT and Telecoms. She brings considerable experience in change management, infrastructure and technology projects to the CIP Board. Danelle has advised on public-private partnerships in the education, health and transport sectors. She has worked with innovation leaders including Cable & Wireless, Verizon, British Telecom, Accenture and ITV. (Retired 30 June 2022.)

**Mr Chris Gudgeon** has been involved in property investment, development and construction in New Zealand for more than 25 years. He was previously Chief Executive of Kiwi Property Group and Capital Properties NZ. Chris holds an MBA from the Wharton School of the University of Pennsylvania and a Bachelor of Engineering degree from the University of Canterbury. He is a Fellow of the Royal Institute of Chartered Surveyors, a Director of Argosy Property, a Director of Ngāti Whātua Ōrākei Whai Rawa and a past President of Property Council New Zealand.

**Ms Mei Fern Johnson** is a partner at law firm Russell McVeagh. She has more than 20 years' experience advising on mergers and acquisitions and complex commercial contracting, with particular expertise in investments in the infrastructure, technology, transport and energy sectors. She also works with many public sector agencies and Crown entities and was (Acting) General Counsel for the Accident Compensation Corporation in 2014/15. Mei Fern served on Russell McVeagh's Board from 2018 to 2022.

**Ms Bella Takiari-Brame** is a chartered accountant and has worked in the oil, gas and utilities industries. She has a wealth of global market understanding and governance expertise. She holds many governance positions in Crown, private and iwi entities including Board member of ACC, Independent Director of Braemar Hospital, NZ Health Investments Limited, and Te Ohu Kaimoana. Bella is Chair of The Lines Company and Te Nehenehenui Trust.

## REMUNERATION COMMITTEE

At 30 June 2022: Ms Danelle Dinsdale (Chair - retired April 2022), Ms Mei Fern Johnson (Chair - appointed 1 May 2022) and Mr Mark Binns.

## AUDIT AND RISK COMMITTEE

At 30 June 2022: Ms Bella Takiari-Brame (Chair), Ms Danelle Dinsdale (retired April 2022), Mr Mark Binns and Mr Chris Gudgeon.

DIRECTORS	2021/22		2020/21	
	No. of regular meetings attended	No. of special meetings attended	No. of regular meetings attended	No. of special meetings attended
MARK BINNS	7	4	11	0
BELLA TAKIARI-BRAME	7	3	10	0
CHRIS GUDGEON	7	3	11	0
DANELLE DINSDALE (RETIRED 30/6/22))	7	1	11	0
KERRY KNIGHT (RETIRED 18/5/22)	5	0	11	0
MEI FERN JOHNSON (APPOINTED 1/3/22)	2	2	0	0

# CIP AS A GOOD EMPLOYER

CIP's purpose is to partner with the private sector, iwi and local government to deliver infrastructure to improve the lives of New Zealanders.

CIP places high importance on attracting and retaining an engaged, high-performing workforce to deliver the Government infrastructure programmes that CIP is funding. To support these objectives, CIP has put in place policies and practices that comply with the Government's expectations of employment relations and the principles of being a good employer. These policies support CIP to promote ways of working that enable inclusion, attract and retain Māori and all other ethnic groups and support a diverse workforce reflective of New Zealand's society to include a wide range of experience and expertise.

## PURPOSE AND WORKING ENVIRONMENT

CIP completed its annual employee engagement survey in September, with 90% participation. Mean engagement has remained consistent since last year, and CIP sits in the 65th percentile of New Zealand organisations and the 82nd percentile of the New Zealand public sector. CIP has a highly engaged and purpose-driven team and is in the 90th percentile of New Zealand organisations for its employees feeling a sense of purpose from their work.

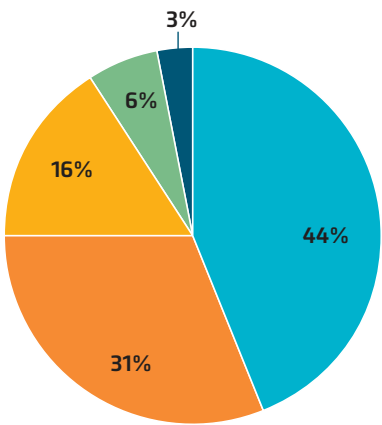
CIP's focus on delivering outcomes for the community contributes to its retaining a stable workforce with low turnover, with around 30% of our people having more than 10 years of service and 40% having more than five years of service. With CIP's expanded remit the team has grown by 16% in the past year, and with our new hires CIP's gender balance has shifted from 44% female employees in 2021 to 56% female employees in 2022.

## SAFE AND HEALTHY ENVIRONMENT

CIP continues to manage its health and safety management system and has adapted the system to cover the wellness of employees. CIP is also developing a new site-inspection process to assist on-site inspections and enable a more streamlined approach to reporting on results. This will provide CIP with a quicker response to the inspection result that can be delivered to the project partner.

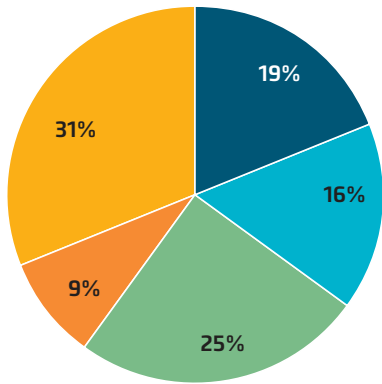
All new staff have now completed their workplace ergonomic self-assessments online. With recent changes to the pandemic response, CIP has followed best practice and advice from the Ministry of Health and still managed to provide guidance on precautionary measures, which include requiring staff to report to line management if they feel unwell, encouraging social distancing where possible and providing hand sanitisers and cleaning products for workstations.

CIP oversees the health and safety of telecommunications and infrastructure delivery partners. CIP ensures that a high standard of care is applied to workers involved with the deployment of projects, keeping workers safe from harm or injury. A good Total Recorded Injury Frequency Rate result of 3.15 was received to 30 June 2022, a decrease on the previous year. CIP has continued to see a favourable reduction since June.



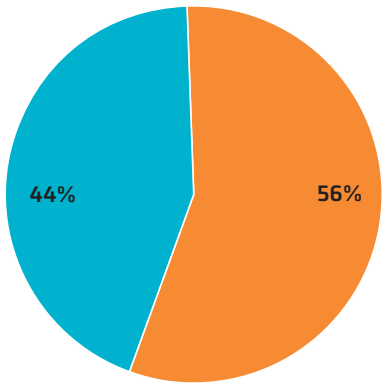
### ETHNICITY IN THE WORKPLACE

- NZ EUROPEAN
- ASIAN
- OTHER EUROPEAN
- MĀORI
- MIDDLE EASTERN, LATIN AMERICAN, AFRICAN



### LENGTH OF SERVICE

- LESS THAN A YEAR
- 1-2 YEARS
- 2-5 YEARS
- 5-10 YEARS
- 10+ YEARS



### GENDER BALANCE

- MALE
- FEMALE



# STATEMENT OF PERFORMANCE

CIP's performance targets for the fiscal year 2022, as measured against the Statement of Performance and Statement of Intent, relate to UFB deployment, progress of Rural Broadband and Mobile Blackspots programmes, Regional Digital Connectivity progress, the Public Safety Network programme, Infrastructure Financing, Infrastructure Reference Group measures, the 3 Waters infrastructure measures and financial and operational efficiency. For reporting against revenue and expense targets, see note 19.

### CIP'S PERFORMANCE TARGETS FOR FINANCIAL AND OPERATIONAL EFFICIENCY

CIP has made good overall progress towards achieving its performance targets for financial and operational efficiency. In turn, the delivery partners have satisfactorily met their contractual obligations for deployment and operations.

Figure 1 outlines financial and operational efficiency based on the operational efficiency of establishing and managing the various infrastructure programmes. CIP is involved in two programmes (being PSN and 3 Waters infrastructure) where CIP is not directly funding the investments but is incurring the management costs. If the investments relating to those programmes are taken into account, CIP's operational efficiency is improved further.

REPORTABLE MEASURE	2021/2022		
	ACTUAL	PLAN	PERFORMANCE <sup>1</sup>
CIP NET OPERATIONAL COST AS PERCENTAGE OF ANNUAL INVESTMENT/GRANTS	3.0%	5.0%	Achieved

Figure 1

### SUCCESSFUL AND TIMELY DEPLOYMENT OF UFB

CIP's performance in terms of the UFB deployment is based on the number of premises handed over by the UFB delivery partners. CIP's performance in terms of the number of End Users (such as households and businesses) able to connect to UFB is measured by CIP and its UFB Partners using a geospatial dataset, as in figure 2.

REPORTABLE MEASURE	2021/2022		
	ACTUAL	PLAN	PERFORMANCE
NUMBER OF UFB PREMISES HANDED OVER BY PARTNERS TO CIP OR THE APPLICABLE LFC UNDER UFB (000'S) <sup>2</sup>	1,432	1,426	Achieved
NUMBER OF BROADBAND END USERS (SUCH AS HOUSEHOLDS AND BUSINESSES) ABLE TO CONNECT TO UFB (000'S)	1,809	1,800	Achieved
PERCENTAGE OF POPULATION WITH ACCESS TO UFB	86%	85%	Achieved

Figure 2

### SUCCESSFUL AND TIMELY DEPLOYMENT OF RURAL BROADBAND AND MOBILE BLACK SPOT PROGRAMMES

CIP's performance in terms of the number of rural End Users able to receive improved rural broadband is based on the number of rural households and businesses handed over by delivery partners using a geospatial dataset. For Mobile Black Spot coverage, there are two classes of output that track CIP's progress towards its achievement of the Strategic Objectives - contracted tourist sites covered and contracted state highway kilometres covered. These are measured by the number of sites and kilometres of coverage handed over by the partners using a geospatial dataset, seen in figure 3.

REPORTABLE MEASURE	2021/2022		
	ACTUAL	PLAN	PERFORMANCE
RURAL END USERS TO RECEIVE IMPROVED BROADBAND COVERAGE	75,299	73,004	Achieved
MOBILE BLACK SPOT TOURIST SITES COVERED	95	91	Achieved
MOBILE BLACK SPOT HIGHWAY KILOMETRES COVERED	1,059	1,056	Achieved
POPULATION PERCENTAGE RECEIVING IMPROVED BROADBAND	3.0%	2.9%	Achieved

Figure 3

1 Performance for all Reportable Measures is recognised as Achieved, where 100% or more of the target was met, and Mostly Achieved where the target not been met, but is within 95% or substantially close to plan.  
2 CIP has a geospatial premises database with more than one million unique premises identifiers. It was built in 2011 and is based on Land Information New Zealand land parcels. This is the sole basis for determining the total number of premises in each stage, and for tracking milestone progress, testing and payment.

### REGIONAL DIGITAL CONNECTIVITY PROGRAMME MEASURES

The measures in figure 4 track CIP's progress towards the achievement of the Marae Digital Connectivity programme, Fibre Links and Rural Capacity Upgrades objectives.

**Marae provisioning:** This tracks CIP's progress towards the achievement of the marae connectivity component of the Regional Digital Connectivity Strategic Objective by the measuring of timely provisioning of services. CIP's performance in terms of the marae programme is based on the number of marae that are capable of being connected to broadband that are provisioned for broadband service within an average of 60 working days, and have all required hardware in place within an average 120 working days from receiving an approved order from Te Puni Kōkiri. This will be measured by CIP using a database.

**Fibre link progress:** CIP's performance in terms of the fibre link programme is based on progress in the build programme in terms of stages completed and the fibre link programme being on track to meet the end completion date of each separate fibre link.

**Rural capacity upgrades progress:** This class of outputs tracks CIP's progress towards the achievement of the rural broadband capacity upgrades that will enable households and businesses to connect to existing wireless infrastructure that previously had its capacity exhausted or experience improved performance from congested rural broadband areas. CIP's performance in terms of the capacity upgrades for FY22 is based on the upgrades being fully contracted with deployment commenced in priority areas. The priority areas are Gisborne/Tairāwhiti, Hawke's Bay, Manawatū-Whanganui, Bay of Plenty, Northland/Tai Tokerau, and the West Coast.

REPORTABLE MEASURE	2021/2022		
	ACTUAL	PLAN	PERFORMANCE
MARAE: TIME TO CONNECT MARAE CAPABLE OF CONNECTION	57	<60 business days	Achieved
MARAE: AVERAGE TIME FOR HARDWARE IN PLACE FOR MARAE CAPABLE OF CONNECTION	78	<120 business days	Achieved
FIBRE LINKS: HAAST AND MILFORD PROGRESS OF FIBRE LINKS	Haast completed 31 March 2022. Milford on track to complete by end of the first Quarter CY23	On plan to achieve completion end of 2021 (Haast) and 2022 (Milford)	Mostly achieved
RURAL CAPACITY UPGRADES: PROGRESS ON RURAL BROADBAND CAPACITY UPGRADES PROGRAMME (INCLUDING ANY FURTHER RURAL CAPACITY/BROADBAND PROGRAMMES)	All contracts in place - build underway to 6,716 rural homes, farms and businesses with increased broadband capacity	Fully contracted and deployment commenced in priority areas	Achieved

Figure 4

### PUBLIC SAFETY NETWORK PROGRAMME<sup>3</sup>

CIP's performance in terms of the Public Safety Network programme is based on procurement being complete, network infrastructure contracts (being for land mobile radio and mission-critical cellular services) being in place and mobilisation having commenced for FY23 deployment.

REPORTABLE MEASURE	2021/2022		
	ACTUAL	PLAN	PERFORMANCE
PROCUREMENT AND CONTRACTING	Contracting almost complete at 30 June 2022; contracts executed October 2022. Mobilisation has commenced in FY23.	Procurement complete, network infrastructure contracts in place for mobilisation and deployment in FY23, by end of FY22	Mostly achieved

Figure 5

3 Formerly known as NGCC



STATEMENT OF PERFORMANCE *Continued...*

CIP'S PERFORMANCE TARGETS FOR INFRASTRUCTURE FUNDING AND FINANCING (IFF) OBJECTIVE

This is measured based on materially advancing the development of the matters that are to be included in the levy proposals for at least one IFF-focused transaction (including engagement with the Ministry of Housing and Urban Development and the Treasury) (see figure 6).

This is also measured based on CIP maintaining a pipeline of medium-to-longer-term projects for which there is a reasonable expectation of infrastructure financing within the next five years, including proactively developing and sharing outward-facing guidance for relevant parties so that they can understand how to engage CIP, the model's processes and the types of outcomes that the model can deliver.

REPORTABLE MEASURE		2021/2022	
	ACTUAL	PLAN	PERFORMANCE
ADVANCING TRANSACTION	Tauranga Transport System (TSP) achieved contractual close, by 30 November 2022. MHUD are engaged with the levy proposal, in their role as Recommender.	By end of FY22, materially advance the development of the matters that are to be included in the levy proposals for at least one IFF-focused transaction (including engagement with the Ministry of Housing and Urban Development and the Treasury).	Achieved
PIPELINE OF PROJECTS	Pipeline in place, projects assessed and prioritised.	By end of FY22, maintain a pipeline of medium- to longer-term projects for which there is a reasonable expectation of infrastructure financing within the next five years, including proactively developing and sharing outward-facing guidance for relevant parties so that they can understand how to engage CIP, the model's processes and the types of outcomes that the model can deliver.	Achieved

Figure 6

INFRASTRUCTURE REFERENCE GROUP (IRG) PROGRAMME

CIP's performance in terms of the IRG programme is based on the number of approved CIP projects with suitable risks, as approved by IRG Ministers, being contracted (a verifiable and audited measure). This is measured by CIP having entered into binding funding contracts with relevant project owners and reflects the objective of having projects funded and underway but within reasonable risk parameters post due diligence.

CIP's performance in terms of the percentage of CIP projects advanced during the year will be measured by the amount of Government funding and total funding (including co-funding) invested versus total Government funding and total project costs respectively. Contracts between CIP and project owners have payments based on the achievement of milestones or progress payments certified by engineers, hence the amount invested is a strong measure of project progress. CIP is not the project owner and hence a number of matters that affect timing, such as consents, engineering investigations, construction complexities, supply chains, resourcing capacity and weather, can affect project progress. This will be measured by a CIP database.

CIP's performance in terms of the preparation of regular reports for Ministers across the whole IRG programme, and the release of suitable quarterly public reporting, is measured by CIP assessing whether the relevant systems are in place and are fit for purpose. This component measures CIP's overall co-ordination role for the Government across the whole IRG programme and the multiple agencies implementing it, and meeting Government reporting expectations.

REPORTABLE MEASURE		2021/2022	
	ACTUAL	PLAN	PERFORMANCE
PROJECT IMPLEMENTATION	All approved CIP projects with suitable risks were contracted by the end of CY21	All approved CIP projects with suitable risks contracted by end of CY21	Achieved
PROJECT IMPLEMENTATION	CIP advanced the majority of projects during the year as measured by the amount of Government funding and total funding (including co-funding) invested versus total Government funding and total project cost - being 47%	CIP projects advanced during the year measured by the amount of Government funding and total funding (including co-funding) invested versus total Government funding and total project cost (at least 50%)	Mostly achieved
CONSTRUCTION START	46 of the 47 CIP contracted projects have started.	At least 90% of CIP contracted IRG projects are underway as at the end of FY22	Achieved
REPORTING	All reports provided in a timely and regular manner	Preparation of timely, regular reporting across whole IRG programme for Ministers, and release of suitable quarterly public reporting	Achieved

Figure 7

3 WATERS REFORM PROGRAMME

CIP has supported the Department of Internal Affairs (DIA) in providing monitoring and review services in respect of the fiscal stimulus funding programme for 3 Waters infrastructure for Local Territorial Authorities (LTAs). The programme is now in a new phase of implementation by LTAs where CIP will actively monitor progress, support LTAs and recommend any necessary modifications/variations to delivery plans to DIA. CIP will also implement the DIA's Rural Water improvement programme as agreed with DIA.

CIP's performance in terms of reviews of quarterly reports and the provision of recommendations on funding drawdowns to DIA is measured by CIP having provided recommendations to DIA within 15 business days of the receipt of complete and understandable reports from LTAs. This measure reflects CIP's activities with respect to reviewing and monitoring LTAs' performance against their delivery plans as reported quarterly. Measurement will be via CIP's 3 Waters database.

CIP's performance in terms of reporting for the full programme is measured by CIP assessing that timely quarterly reporting is being provided and is on plan as agreed with DIA.

CIP has reviewed 62 quarterly reports from LTAs and has provided recommendations on funding drawdowns to DIA within 15 business days of receipt. This reflects CIP's activities in respect of reviewing and monitoring LTAs' performance against their delivery plans, as reported quarterly.

REPORTABLE MEASURE		2021/2022	
	ACTUAL	PLAN	PERFORMANCE
REVIEW OF QUARTERLY REPORTS FROM LOCAL TERRITORIAL AUTHORITIES	62 quarterly reports sent to DIA on time .	Review quarterly reports and provide recommendations on funding drawdowns to DIA within 15 business days of receipt of complete and understandable reports from LTAs.	Achieved
REPORTING	Reporting was provided to DIA and public in a timely manner meeting requirements.	Timely quarterly reporting for DIA and public in place that meets Government requirements.	Achieved
RURAL WATER	Pilot programme commenced, RFP results received as per plan.	Rural water improvement programme is underway and on plan as agreed by DIA.	Achieved

Figure 8



# CONNECTIVITY PARTNERS' PERFORMANCE TARGETS

## ULTRA-FAST BROADBAND PARTNERS' PERFORMANCE TARGETS

CIP monitors the performance of the LFCs and Chorus in connecting new End Users to the UFB network, fixing customer faults, maintaining network availability and ensuring network performance. Performance is measured against set Service Level Agreements (SLAs).

Provisioning, faults and product performance SLAs are between the LFCs and Chorus and their RSP customers. SLAs for Layer 1 and 2 network performance across candidate areas are between CIP and the LFCs and Chorus. CIP reviews performance against all SLAs under contract.

## PROVISIONING' PERFORMANCE PER END USER AS REPORTED BY LOCAL FIBRE COMPANIES AND CHORUS

UFB PARTNER	BUSINESS (CONNECTIONS % MET TARGET)	RESIDENTIAL (CONNECTIONS % MET TARGET)
	TARGET: WITHIN 6 BUSINESS DAYS OR DATE AS AGREED WITH THE END USER	TARGET: WITHIN 4 BUSINESS DAYS OR DATE AS AGREED WITH THE END USER
CHORUS	96%	96%
ENL	94%	97%
NFL	95%	95%
UFF	91%	92%
TOTAL	94%	95%

This measure represents the ratio of orders that met the target provisioning date based on the monthly order forecast and averaged over the period. It is common practice that a date for provisioning is agreed with the RSP or the End User. Both residential and business SLAs were stable compared to 2020/21, despite a significant uplift in volumes.

## Maximum downtime performance per End User as reported by Local Fibre Companies and Chorus

MEASURE	RESTORATION	TARGET	FAULTS REPAIRED WITHIN TARGET
LAYER 2 <sup>2</sup> PERFORMANCE	Residential and business	<12 hours	99.98%
LAYER 1 <sup>3</sup> PERFORMANCE	Residential and business	<48 hours	99.92%

**Layer 2 performance per end user:** Measures the number of Layer 2 faults repaired in compliance with the SLA. LFCs and Chorus reported that 99.98% of Layer 2 connection faults for all End Users, whether business or residential, saw service restored within 12 hours.

**Layer 1 performance per end user:** Measure represents the number of Layer 1 network faults repaired in compliance with the SLA. LFCs and Chorus reported that 99.92% of Layer 1 connection faults met the default restoration service levels.

## Average downtime across eligible Candidate Areas as reported by Local Fibre Companies and Chorus

UFB PARTNER	LAYER 2 AVERAGE NETWORK PERFORMANCE ACROSS ELIGIBLE CANDIDATE AREAS <sup>4</sup>		LAYER 1 AVERAGE NETWORK PERFORMANCE ACROSS ELIGIBLE CANDIDATE AREAS	
	TARGET <30 MINUTES (99.994%)		TARGET <120 MINUTES (99.980%)	
CHORUS	00:00:40 min	100.000%	00:25:00 min	99.995%
ENL	00:00:44 min	100.000%	00:15:49 min	99.997%
NFL	00:04:12 min	99.999%	00:13:19 min	99.997%
UFF	00:01:09 min	100.000%	00:15:24 min	99.997%

1 Provisioning means the installation and activation of a UFB service for an End User.  
2 Layer 2 of the Open Systems Interconnection (OSI) Model, associated with active fibre optic network infrastructure.  
3 Layer 1 of the OSI Model, associated with passive fibre optic network infrastructure.  
4 An eligible Candidate Area is one of the 33 towns and cities selected for UFB, where either 3,000 End Users or 20% of premises are connected to the network.

**Layer 2 network performance across eligible Candidate Areas:** Measures the average downtime per End User across eligible Candidate Areas, against a target of no more than 30 minutes' average downtime each year.

**Layer 1 network performance across eligible Candidate Areas:** Measures the average downtime per End User across eligible Candidate Areas, with a target of no more than 120 minutes' average downtime per year.

## RURAL BROADBAND INITIATIVE 2/MOBILE BLACK SPOTS FUND PARTNERS' PERFORMANCE TARGETS

CIP monitors the performance of the RCG and the WISPs partnered with the company, in minimum service and speeds provided as well as operational availability. Performance is measured against set SLAs.

## Performance targets for Rural Broadband Initiative phase 2/Mobile Black Spots Fund programme service performance

MEASURE	TARGET	PERFORMANCE
MINIMUM SERVICE	90% or more of all Eligible End Users must receive Rural Broadband Retail Services at the Minimum Speeds or greater, measured across a rolling 12-month period	Satisfied
OPERATIONAL AVAILABILITY	Rural Broadband Retail Services must have an Average Availability to all Eligible End Users who receive such services on a Grant Funded Network of 99.9% of the time, measured across a 12-month rolling period	Satisfied



# STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 30 JUNE 2022

**IN TERMS OF THE PUBLIC FINANCE ACT 1989, AND PARTICULARLY SECTION 19A, THE BOARD IS RESPONSIBLE FOR THE PREPARATION OF CROWN INFRASTRUCTURE PARTNERS LIMITED'S ANNUAL REPORT, WHICH INCLUDES FINANCIAL STATEMENTS AND A STATEMENT OF PERFORMANCE, AND FOR THE JUDGEMENTS MADE THEREIN.**

The Board of Directors of Crown Infrastructure Partners Limited has responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting for the Company.

In the Board's opinion, these financial statements and statement of performance fairly reflect the financial position and performance of Crown Infrastructure Partners Limited for the year ended 30 June 2022.

Signed on behalf of the Board.



Mark Binns  
Chair

1 December 2022



Bella Takiari-Brame  
Director

1 December 2022



Frederick Street social housing



# INDEPENDENT AUDITOR’S REPORT

**TO THE READERS OF CROWN INFRASTRUCTURE  
PARTNERS LIMITED'S  
GROUP FINANCIAL STATEMENTS AND  
PERFORMANCE INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2022**

The Auditor-General is the auditor of Crown Infrastructure Partners Limited group (the Group). The Auditor-General has appointed me, Wikus Jansen van Rensburg, 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 appropriations, of the Group on his behalf.

**OPINION**

**We have audited:**

- the financial statements of the Group on pages 58 to 89, that comprise the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in equity and consolidated 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 the Group on pages 46 to 49 and 90 to 91.

In our opinion:

- the financial statements of the Group on pages 58 to 89:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2022; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the performance information on pages 46 to 49 and 90 to 91:
  - presents fairly, in all material respects, the Group's performance for the year ended 30 June 2022, including:
    - for each class of reportable outputs:
      - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
      - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and

- what has been achieved with the appropriations; 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 1 December 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance 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 opinion.

**RESPONSIBILITIES OF THE BOARD OF DIRECTORS  
FOR THE FINANCIAL STATEMENTS AND THE  
PERFORMANCE INFORMATION**

The Board of Directors is responsible on behalf of the Group for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board of Directors 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 of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors 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 the Group, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

**RESPONSIBILITIES OF THE AUDITOR FOR THE  
AUDIT OF THE FINANCIAL STATEMENTS AND THE  
PERFORMANCE INFORMATION**

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Group's statement of performance expectations.

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 Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based

on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability 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 the Group 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 obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

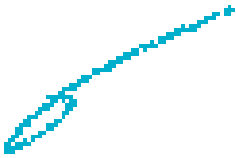
We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

**INDEPENDENCE**

We are independent of the Group 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 the audits of the Group and an assurance engagement on the procurement of the public safety network, we have no relationship with or interests in the Group.



Wikus Jansen van Rensburg  
Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand





Auckland Sound Stages

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



# CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 <sup>1</sup> \$000	2021 \$000
Income			
Interest income <sup>2</sup>	6	53,026	42,260
Miscellaneous income		-	1,773
Grant Income	2	427,620	263,339
Government Agency Recoveries	2	3,351	-
Fair value gains on FVTSD <sup>3</sup> investments	4,12	-	61,410
Net fair value gains on derivatives	4,12	600	-
Gain on sale of investments	4	-	1,476
<b>Total income</b>		<b>484,597</b>	<b>370,258</b>
<b>Expenses</b>			
Finance costs	3	2,432	1,672
Directors' fees	7	198	172
Personnel costs	8	7,029	6,154
Depreciation expense	5	110	79
Professional advisory fees	9	6,249	2,151
Other expenses	10	3,268	4,048
Grant Expense	4	281,640	214,411
Non-grant project expenses	4	4,517	16,334
UFB contribution - Chorus Debt & Equity Securities	4,12	43,902	69,313
Contribution - loans	4,12	25,788	8,442
Expected credit loss	4,12	688	-
Impairment on loan assets	4	2,500	-
Net fair value losses on FVTSD <sup>3</sup> investments	4,12	198,635	-
Net fair value losses on derivatives	4,12	-	3,696
<b>Total expenses</b>		<b>576,956</b>	<b>326,472</b>
<b>Surplus/(deficit) before tax</b>		<b>(92,359)</b>	<b>43,786</b>
Tax expense/(credit)	11	-	-
<b>Net surplus/(deficit)</b>		<b>(92,359)</b>	<b>43,786</b>
Other comprehensive revenue and expense		-	-
<b>Total comprehensive revenue and expense</b>		<b>(92,359)</b>	<b>43,786</b>

<sup>1</sup> Budget figures and explanations of major variances against the budget are detailed in note 19.<sup>2</sup> Includes imputed interest and interest on cash and cash equivalents and loan assets<sup>3</sup> Fair value through surplus or deficit.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Notes	2022 <sup>1</sup> \$000	2021 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	357,442	202,676
Short term investments	13	513,972	898,406
Trade and other receivables		10,737	779
GST receivables		6,518	7,981
Prepayments		64	57
<b>Total current assets</b>		<b>888,733</b>	<b>1,109,899</b>
<b>Non-current assets</b>			
Property, plant and equipment	5	5,757	5,763
Investments in Milldale Bulk Housing Projects	4	44,610	39,668
Investments in Chorus Debt & Equity Securities	4	578,555	697,334
Loans	4	80,579	21,343
<b>Total non-current assets</b>		<b>709,501</b>	<b>764,108</b>
<b>Total assets</b>		<b>1,598,234</b>	<b>1,874,007</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Creditors and other payables	14	80,965	66,171
Employee entitlements		1,070	848
Income in advance	17	424,609	560,021
<b>Total current liabilities</b>		<b>506,644</b>	<b>627,040</b>
<b>Non-current liabilities</b>			
Borrowings	3	45,810	30,556
Income in advance	17	151,968	322,340
<b>Total non-current liabilities</b>		<b>197,778</b>	<b>352,896</b>
<b>Total liabilities</b>		<b>704,422</b>	<b>979,936</b>
<b>Net assets</b>		<b>893,812</b>	<b>894,071</b>
Contributed capital	16	1,597,500	1,505,400
Retained earnings		(703,688)	(611,329)
<b>Total equity</b>		<b>893,812</b>	<b>894,071</b>

<sup>1</sup> Budget figures and explanations of major variances against the budget are detailed in note 19.



CONSOLIDATED STATEMENT OF  
CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Capital \$000	Retained earnings \$000	Total \$000
Opening balance 1 July 2020	1,431,900	(655,115)	776,785
Comprehensive income			
Net surplus/(deficit)	-	43,786	43,786
Total comprehensive revenue and expense	-	43,786	43,786
Owners' transactions			
Capital contribution - Crown (note 16)	73,500	-	73,500
Closing balance 30 June 2021	1,505,400	(611,329)	894,071
Opening balance 1 July 2021	1,505,400	(611,329)	894,071
Comprehensive income			
Net surplus/(deficit) <sup>1</sup>	-	(92,359)	(92,359)
Total comprehensive revenue and expense	-	(92,359)	(92,359)
Owners' transactions			
Capital contribution - Crown (note 16) <sup>2</sup>	92,100	-	92,100
Closing balance 30 June 2022	1,597,500	(703,688)	893,812

<sup>1</sup> Budget figures and explanations of major variances against the budget are detailed in note 19.  
<sup>2</sup> Capital Contribution made in CIP is represented by 1,597,500,200 fully paid ordinary shares issued at a value of \$1.00. For fiscal 2022, CIP made a total of \$92.1m capital calls of which \$82.1m was received in cash and \$10.0m is recorded as a receivable at 30 June 2022. For fiscal 2021, CIP made a total of \$73.5m capital calls. The cash received during fiscal 2021 of \$80.5m included \$7m receivable from fiscal 2020.

CONSOLIDATED STATEMENT OF  
CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 <sup>1</sup> \$000	2021 \$000
Cash flows from operating activities			
Interest received		4,376	2,124
Grants received		117,408	246,109
Receipts from government agencies		9,095	1,551
Payments to suppliers		(9,501)	(5,964)
Payments to employees		(6,474)	(6,150)
Grant payments		(275,125)	(199,517)
Non-grant project expenses		(10,864)	(16,793)
Goods and services tax (net)		1,467	(5,760)
Net cash inflow/(outflow) from operating activities	13	(169,618)	15,600
Cash flows from investing activities			
Net proceeds from sale of short-term investments		386,546	-
Purchase of property, plant and equipment		(177)	(5,608)
Payments received from investment in bulk housing projects		1,376	2,910
Proceeds from sale of investments in LFC Equity		-	18,896
Repayment of CCHL loan		-	159,794
Acquisition of investments in Chorus Debt & Equity Securities		(65,294)	(122,132)
Acquisition of investments in loans		(93,236)	(32,565)
Net cash inflow/(outflow) from investing activities		229,215	21,295
Cash flows from financing activities			
Capital contribution - Crown <sup>2</sup>	2	82,100	80,500
Proceeds from borrowings		15,248	11,389
Loan repayment		-	(1,568)
Interest paid		(2,179)	(1,538)
Net cash inflow from financing activities		95,169	88,783
Net increase/(decrease) in cash and cash equivalents		154,766	125,678
Cash and cash equivalents at the beginning of the year		202,676	76,998
Cash and cash equivalents at the end of the year	13	357,442	202,676

<sup>1</sup> Budget figures and explanations of major variances against the budget are detailed in note 19.  
<sup>2</sup> Capital Contribution made in CIP is represented by 1,597,500,200 fully paid ordinary shares issued at a value of \$1.00 per share. For fiscal 2022, CIP made a total of \$92.1m capital calls of which \$82.1m was received in cash and \$10.0m is recorded as a receivable at 30 June 2022. For fiscal 2021, CIP made a total of \$73.5m capital calls. The cash received during fiscal 2021 of \$80.5m included \$7m receivable from fiscal 2020.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 1. STATEMENT OF ACCOUNTING POLICIES

### REPORTING ENTITY

The reporting entity is Crown Infrastructure Partners Limited ('CIP', 'the Parent' and 'the Company') and its controlled subsidiaries ('the Group'). At 30 June 2022 and 30 June 2021 the controlled entities were Milldale Holdco GP Limited, Milldale Infrastructure GP Limited, Milldale Holdco LP, Milldale Infrastructure LP, and CIP Services Limited, which are 100% controlled. These controlled entities were established in September 2018 to facilitate accelerated development of bulk housing infrastructure for the Milldale development located at Wainui, Auckland.

The key purpose and objectives of CIP are to implement the Government's Ultra-Fast Broadband (UFB) programme, the Rural Broadband Initiative extension and Mobile Black Spot Fund programme (RBI2/MBS) and the Regional Digital Connectivity programmes, to support the delivery of the Public Safety Network, to undertake infrastructure financing for bulk housing and other classes of eligible infrastructure, to implement the Infrastructure Reference Group's (IRG) programme to fund infrastructure projects to reduce the economic impact of COVID-19, to implement the 3 Waters investment programme to assist local authorities to invest in drinking water, wastewater, and storm water networks, and to implement the Rural Drinking Water programme.

The CIP Group accounts include the direct investments in Chorus and Northpower Fibre Limited (NFL)NFL and consolidate the results of the operations of CIP and each controlled entity (from the date of acquisition or establishment up until the date of deconsolidation).

CIP is a limited liability company incorporated in New Zealand under the Companies Act 1993 and is a Schedule 4A entity of the Public Finance Act 1989.

CIP's aim is to provide services to the public and implement Government policy, and, as such, CIP is a public benefit entity (PBE) for the purposes of financial reporting under Public Sector PBE Standards (PBE Standards).

The consolidated financial statements of CIP are for the year ended 30 June 2022 and were approved by the Board of Directors on 1st December 2022.

### STATEMENT OF COMPLIANCE

The financial statements of the Group have been prepared in accordance with the relevant requirements of the Public Finance Act 1989 and the Crown Entities Act 2004, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements are presented and prepared in accordance with Tier 1 PBE Standards and comply with PBE Standards.

### BASIS OF PREPARATION

The financial statements have been prepared on a going-concern basis, and the accounting policies have been applied consistently for all periods presented. The Directors have considered the impact of COVID-19 on the Group and have determined that the use of the going concern basis of accounting continues to be appropriate. While there were some programme delays during the New Zealand lockdown periods, all programmes are continuing and there are not expected to be any significant delays in the cashflows from the Group's investments. The Directors consider that the Group will continue to have sufficient resources, access to unpaid share capital, Crown Grant Funding, and available debt facilities to pay its debts as they fall due for the foreseeable future, which is not less than 12 months from the date that these financial statements are approved.

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest one thousand dollars (\$000). The functional currency of the Company and each member of the Group is New Zealand dollars.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

### GENERAL ACCOUNTING POLICIES

Significant accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

#### Adoption of new and amended financial reporting standards

The Group has adopted all mandatory new and amended standards and interpretations, which have not had any material impact on the financial statements of the Group. In the current period the Group adopted PBE IPSAS 40 PBE Combinations, PBE Interest Rate Benchmark Reform-Phase 2 (Amendments to PBE IPSAS 41, PBE IFRS 9, PBE IPSAS 29 and PBE IPSAS 30), and the 2018 Omnibus Amendments to PBE Standards (PBE IPSAS 2).

Standards and amendments issued but not yet effective, that have not been early adopted and relevant to the Group are:

PBE IPSAS 41 *Financial Instruments* replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* and PBE IFRS 9 Financial Instruments and is effective for annual periods beginning on or after 1 January 2022. The Group will adopt the standard in the year ending 30 June 2023.

PBE FRS 48 *Service Performance Reporting* outlines service performance disclosures for Tier 1 and Tier 2 Public Benefit Entities. The standard is effective for annual periods beginning on or after 1 January 2022. The Group will adopt the standard in the year ending 30 June 2023.

The above new standards and interpretations have not been early adopted as they are not expected to have a material impact on the recognition or measurement of items in the consolidated financial statements when adopted in the periods they become mandatory.

Significant accounting policies in respect of items that do not have specific notes are set out below:

#### Classification of financial assets and liabilities

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured subsequently at fair value through surplus or deficit (FVTSD).

All of the Group's financial liabilities are measured at amortised cost.

#### Impairment of financial assets carried at amortised cost

The Group recognises a loss allowance for Expected Credit Losses (ECL) on financial assets that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments.

The Group recognises lifetime ECL for trade receivables. In assessing impairment for a portfolio of receivables, the Group considers past experience of collecting payments, as well as any increase in the number of delayed payments in the portfolio past the average credit period of 30 days, and observable changes in national or local economic conditions that correlate with defaults on receivables.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

For investments in debt instruments (loans) the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

The carrying amount of the instrument is reduced by the impairment loss directly for all instruments with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. A receivable is considered to be uncollectible when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Changes in the carrying amount of the allowance account are recognised in surplus or deficit.

## 2. COMPOSITION OF THE GROUP

### CONSOLIDATION OF SUBSIDIARIES IN THE GROUP

#### Determining the nature of the interest in the subsidiaries

The Group holds 100% of the shares in Milldale Holdco GP Limited, Milldale Infrastructure GP Limited, and CIP Services Limited and therefore has control over these companies. These companies are treated as subsidiaries in the consolidated financial statements of the Group.

Milldale Holdco GP Limited is the general partner of Milldale Holdco LP. Milldale Infrastructure GP Limited is the general partner of Milldale Infrastructure LP. CIP owns 100% of the limited partnership interest in Milldale Holdco LP, which in turn owns 100% of the limited partnership interest in Milldale Infrastructure LP. CIP has power over the limited partnerships through its ownership of the general partners, exposure to variable benefits through its limited partnership interests, and the ability to use its power to affect the amount of benefits from the limited partnerships through its decision-making rights. Therefore the Group has control over Milldale Holdco LP and Milldale Infrastructure LP. These limited partnerships are treated as subsidiaries in the consolidated financial statements of the Group.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

The financial statements of a subsidiary are prepared for the same reporting period as those of the Parent and are consistent with the Parent's accounting policies. Adjustments are made to bring into line any dissimilar accounting policy that may exist.

A subsidiary is consolidated from the date on which control is obtained to the date on which control is lost. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 2. COMPOSITION OF THE GROUP (CONTINUED)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interests; and
- the previous carrying amount of the assets and liabilities of the subsidiary and any minority interests.

Amounts previously recognised in other comprehensive revenue and expense in relation to the subsidiary are reclassified to surplus or deficit.

### OTHER INVESTMENTS

#### Determining the nature of the interests in Chorus

CIP is supporting the deployment of UFB by subscribing to various forms of investment in Chorus. The investments take three forms, and significant judgement is required in determining the nature of these investments:

1. Chorus Equity Securities (unlisted);
2. Chorus Debt Securities; and
3. Chorus Equity Warrants, providing CIP with the right to purchase Chorus ordinary shares under certain circumstances.

The Directors have considered whether the interest in Chorus represents control (a subsidiary), joint control (a joint venture or joint operation), significant influence (an associate) or an interest with less-than-significant influence. The Directors have determined that the interest represents less-than-significant influence.

#### Determining the nature of the interest in NFL

CIP is also supporting the deployment of UFB in the NFL Candidate Area by advancing funds to NFL (note 4). The terms of this arrangement are also considered to represent less-than-significant influence.

### RELATED PARTY TRANSACTIONS

#### Significant transactions with government-related entities

During the current period, CIP received \$92.1 million of equity funding and \$117.4 million of grant funding (2021: \$73.5 million of equity funding and \$1,145.7 million of grant funding) from the Crown.

CIP has been provided with \$92.1 million in equity funding from the Crown, of which \$82.1 million was received in cash and \$10 million was receivable at 30 June 2022 (2021: \$73.5 million, all of which was received in cash in addition to \$7 million of cash that was recorded as a receivable at 30 June 2020) for specific purposes, as set out in its founding legislation and the scope of the relevant Government appropriations.

CIP was provided with \$nil (2021: \$1,034.5 million) from the Crown for IRG loans and grants. This funding was provided in the form of cash (2021: \$812.0 million Treasury Bills and \$222.0 million cash). CIP has recorded \$312.2 million of IRG grant income (2021: \$152.1 million grant income and \$882.4 million revenue in advance).

CIP was also provided with \$115.4 million in grant income from the Crown for Rural Broadband Initiative Phase Two and the Mobile Black Spot Fund, the Regional Digital Connectivity Programme funded through the Provincial Growth Fund (PGF), the West Coast Fibre Link funded through the PGF, 3 Waters Infrastructure, and Rural Drinking Water (2021: \$111.2 million).

CIP recognised \$3.1 million in Government Agency Recoveries from NZ Police for the Public Safety Network programme (2021: \$nil). CIP is acting as the telecommunications infrastructure procurement partner for the Public Safety Network.

CIP recognised \$0.3 million in Government Agency Recoveries from the Department of Internal Affairs (DIA) (2021: \$nil). CIP is supporting the DIA in providing monitoring and review services in respect of the 3 Waters Better Off Funding Programme for Local Territorial Authorities.

CIP received \$5.8 million from Waka Kotahi NZ Transport Agency for plant and equipment for airport construction in the Chatham Islands. This funding will be used for work that will be undertaken in the year ended 30 June 2023.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

2. COMPOSITION OF THE GROUP (CONTINUED)

Other transactions with government-related entities

In conducting its activities, the Group is required to pay various taxes and levies (such as GST, PAYE and ACC levies and rates) to the Crown and entities related to the Crown. The payment of these taxes and levies is based on the standard terms and conditions that apply to all tax and levy payers. CIP and its subsidiaries are exempt from paying income tax.

The Group enters into transactions with government departments, Crown entities and state-owned enterprises (e.g. New Zealand Post) and other government-related bodies (e.g. Air New Zealand and local councils). These transactions occur within normal supplier or client relationships on terms and conditions no more or less favourable than those that it is reasonable to expect the Group would have adopted if dealing with those entities at arm's length in the same circumstances. These have not been disclosed as related party transactions and are not individually or collectively significant.

Key management personnel

Compensation of key management personnel is set out in note 8.

3. BORROWINGS

Milldale Infrastructure LP, a subsidiary of CIP, has entered into an agreement with ACC to borrow up to \$60 million for a 35-year period at a fixed interest rate of 5.37%. The funds obtained from the borrowings are provided to the developer of the Milldale Bulk Housing Infrastructure Project (see note 4 for information about the investments in Milldale Bulk Housing Infrastructure Project). The borrowings are secured over the cash inflows of the Project, with recourse to the development lot owners through an encumbrance on the land. There is no recourse or guarantee provided by either CIP or the Crown for the borrowings.

During the construction phase of the development, the interest on the borrowings is funded through further drawdowns on the facility. Repayments of principal begin in the financial year ending 30 June 2027.

Borrowings

	2022 \$000	2021 \$000
Principal	48,616	33,367
Unamortised transaction costs	(2,806)	(2,811)
Net carrying amount borrowings	45,810	30,556

Finance costs

	2022 \$000	2021 \$000
Effective interest on borrowings	2,352	1,592
Other finance charges	80	80
Total finance costs	2,432	1,672

Reconciliation of carrying amount of borrowings

	2022 \$000	2021 \$000
Opening balance	30,556	20,956
Drawdowns	15,248	11,388
Prepayment	-	(1,567)
Payment of upfront fees and commitment fees	(167)	(275)
Interest expense	2,352	1,592
Payments of principal and interest	(2,179)	(1,538)
Closing balance	45,810	30,556

Accounting policies

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs and included in the effective interest rate. Periodic commitment fees on the undrawn portion of the facility are also included in the effective interest rate of the loan if the loan is expected to be drawn down.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

4. INVESTMENTS

The structures of investments for the Chorus and Northpower Fibre Limited 2 (NFL2) investments, the Milldale Bulk Housing Infrastructure Project, IRG Loans, and the previous investment in CCHL are described below.

CIP'S INVESTMENT

Any difference on initial recognition between the fair value of an investment in Chorus, CCHL or NFL2 and the contribution by CIP represents CIP's and the Crown's contribution towards the deployment of UFB in New Zealand. Similarly, the difference on initial recognition between the fair value of an investment in an IRG loan and the contribution by CIP represents CIP's and the Crown's contribution towards infrastructure projects to reduce the economic impact of the COVID-19 pandemic. As a result, the UFB and IRG transactions are considered, in substance, to be represented by two components, and the Group has:

- recognised the UFB/loan contribution as a form of government grant. A government grant is recognised when the other party (e.g. Chorus, CCHL, NFL2, IRG Project Owner) meets the criteria to receive the grant. This is reflected in the UFB or loan contribution line in surplus or deficit; and
- attributed the remaining fair value to the continuing financial instrument (e.g. the Chorus Equity Securities, the Chorus Debt Securities, or the CCHL, NFL2 or IRG loans).

The judgement used in componentising the transactions in this way affects the amount of UFB and loan contributions recognised. There is judgement made on the interest rates used to value the tranches of Chorus Equity and Debt Securities and IRG loans, as these interest rates impact the value recorded in the Statement of Comprehensive Revenue and Expense of the Crown contribution and their fair values.

INVESTMENTS IN CHORUS, CCHL, AND NFL2

The Group's investments in Chorus Equity and Debt Securities are carried at fair value. The investments in Chorus Equity and Debt Securities are set out below:

	Chorus Equity Warrants \$000	Chorus Equity Securities \$000	Chorus Senior Notes \$000	Chorus Subordinated Notes \$000	Total \$000
Net investments at 1 July 2020	4,113	263,143	101,706	168,842	537,804
Amount paid during the year	-	97,911	4,327	7,830	110,068
Amount payable at balance date	-	7,302	5,412	9,691	22,405
Less UFB contribution	-	(58,564)	(3,607)	(7,142)	(69,313)
Initial investment recognised	-	46,649	6,132	10,379	63,160
Fair value gain/(loss) recognised in surplus or deficit	(3,697)	40,616	1,283	23,771	61,973
Interest	-	20,259	4,518	9,620	34,397
Net Investments at 30 June 2021	416	370,667	113,639	212,612	697,334
Amount paid during the year	-	14,954	10,656	17,279	42,889
Amount payable at balance date	-	11,132	9,786	15,386	36,304
Less UFB contribution	-	(16,219)	(10,198)	(17,485)	(43,902)
Initial investment recognised	-	9,867	10,244	15,180	35,291
Fair value gain/(loss) recognised in surplus or deficit	600	(108,501)	(28,119)	(58,193)	(194,213)
Interest	-	24,157	5,087	10,899	40,143
Net investments at 30 June 2022	1,016	296,190	100,851	180,498	578,555

All gains/losses attributable to financial assets at FVTSD relate to assets that continue to be held at the end of the reporting period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

4. INVESTMENTS (CONTINUED)

The Group's investment in the NFL2 loan and the previous investments in the CCHL loan are carried at amortised cost and are set out below:

	CCHL loan \$000	NFL2 loan \$000	Total \$000
<b>Balance at 30 June 2020</b>	<b>155,408</b>	<b>7,510</b>	<b>162,918</b>
Amount paid during the year	-	1,026	1,026
Amount payable at balance date	-	-	-
Less UFB contribution	-	(431)	(431)
<i>Initial investment recognised</i>	-	595	595
Interest revenue	4,386	408	4,794
Repayments received	(159,794)	-	(159,794)
<b>Balance at 30 June 2021</b>	<b>-</b>	<b>8,513</b>	<b>8,513</b>
Amount paid during the year	-	-	-
Amount payable at balance date	-	-	-
Plus/Less UFB contribution	-	-	-
<i>Initial investment recognised</i>	-	-	-
Interest revenue	-	441	441
Repayments received	-	-	-
<b>Balance at 30 June 2022</b>	<b>-</b>	<b>8,954</b>	<b>8,954</b>

Chorus overview

Chorus self-funds the design and build work and carries the risk of any cost overruns in the network build. CIP invests up to \$1.3 billion in Chorus progressively as deployment stages are completed. Chorus is required to repay the Crown for its investment, between 2025 and 2036 or earlier. CIP's investment in Chorus is by way of Debt and Equity Securities. These securities are issued progressively by Chorus and subscribed to by CIP on a per-premises-passed basis as stages are completed and satisfy UAT.

Chorus also issues to CIP Equity Warrants to allow CIP to participate in the upside of the financial performance of Chorus (one warrant for each \$1 of the CIP Equity Securities). The warrants are not currently considered significant.

Chorus Equity Securities - key terms

The Chorus Equity Securities carry no rights to vote at meetings of ordinary Chorus shareholders but rank ahead of ordinary shareholders in the event of liquidation. Dividends will become payable on a portion of the Chorus Equity Securities from 2025 onwards, with the portion increasing with time until all of the Chorus Equity Securities attract dividends. These dividends are at the discretion of the Chorus Board; however, ordinary Chorus shareholders cannot be paid dividends if the Chorus Equity Securities' dividends are unpaid.

The dividend rate will equal the New Zealand 180-day bank bill rate plus a margin of 6%. It is expected that all Chorus Equity Securities if not redeemed would attract dividends by 2036. Chorus can redeem the Chorus Equity Securities in cash or by issuing Chorus ordinary shares (by reference to a formula) at any time.

At 30 June 2022 the Moody's Chorus Credit rating is Baa2 (30 June 2021: Baa2), and Standard & Poor's rating is BBB (2021: BBB). Both credit ratings are investment grade.

The terms of the Chorus Equity Securities do not prohibit the payment of dividends on Chorus ordinary shares. However, provisions elsewhere in the agreements prohibit Chorus, without CIP's approval, paying any distributions on its ordinary shares during any period in which Chorus's credit rating is below investment grade.

Chorus Debt Securities - key terms

The Chorus Debt Securities are unsecured and carry no interest, but, in accordance with the applicable financial reporting standards, they do have imputed interest calculated and shown on the face of the financial statements and, like the Chorus Equity Securities, have no voting rights. The principal amount of a Chorus Debt Security consists of a senior portion and a subordinated portion. The senior portion ranks equally with all other unsecured, unsubordinated creditors of Chorus, and has the benefit of any negative pledge covenant that may be contained in any of Chorus's debt arrangements. The subordinated portion ranks above ordinary shares of Chorus. The initial value of the debt securities is the present value of the sum repayable on the securities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

4. INVESTMENTS (CONTINUED)

The repayment profile is based on a similar regime to the dividend rights for the Chorus Equity Securities. The redemption profile is 18.5% in 2025 and 2030, 27.7% in 2033 and the remaining 35% in 2036.

Accounting policies

The investments in unlisted Equity Securities of Chorus are classified as Fair Value Through Surplus or Deficit (FVTSD) and are measured at fair value. The investments are recognised at fair value on initial recognition and subsequently, with all gains and losses recognised in surplus or deficit.

The fair value movements relating to the Chorus Equity Securities are presented in the following line items in the Statement of Comprehensive Revenue and Expense:

- Interest income - imputed interest is calculated using the effective interest method to approximate the effect of interest income to CIP on these instruments;
- Dividends are recognised in surplus or deficit when the Company's right to receive the dividends is established; and
- Fair value gains/losses on FVTSD investments - all other fair value movements, including impairment, are included in the fair value gains/losses on FVTSD investments line item. Indications that Chorus is in significant financial difficulty and late payments are considered to be objective evidence of impairment.

The Group's investments in Chorus Debt Securities are recognised at fair value on initial recognition and subsequently, with all gains and losses recognised in surplus or deficit.

The fair value movements relating to the Chorus Debt Securities are presented in the following line items in the Statement of Comprehensive Revenue and Expense:

- Interest income - imputed interest is calculated using the effective interest method; and
- Fair value gains/losses on FVTSD investments - all other fair value movements, including impairment, are included in the fair value gains/losses on FVTSD investments line item.

The Group's investment in the NFL loan, IRG loans, and the previous investment in the CCHL loan are categorised as amortised cost financial assets and are measured initially at fair value and subsequently at amortised cost using the effective interest method, less any impairment. The accounting policy for impairment is set out in the general accounting policies section at the beginning of these financial statements. An impairment review has been performed and it has been determined in accordance with the relevant standards that there is no significant impairment. Interest income is recognised by applying the effective interest method.

Any difference on initial recognition between the fair value of the investment and the contribution by CIP is reflected in the UFB or loan contribution lines in surplus or deficit.

Key assumptions

Fair value is determined in the manner set out under the Fair Value Measurements section of note 15. The estimates used are based primarily on market-observable data of similar types of instruments; these include corporate bonds that have similar maturity dates, credit risks and industry characteristics.

The key assumptions are set out below, along with information on a reasonably possible change (estimated based on past experience) and the potential impacts of such a change on the investment carrying value for the Chorus Equity Securities and Chorus Debt Securities carried at fair value. Management has determined that 100 basis points is a reasonably possible change in the credit spread inputs/assumptions below at 30 June 2022 based on current market volatility and the increasing interest rate environment (2021: 50 basis points was determined to be a reasonably possible change in credit spread inputs/assumptions at 30 June 2021).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

4. INVESTMENTS (CONTINUED)

Key assumptions/inputs	Equity Securities				Debt Securities			
	2022 Assumption	2021 Assumption	2022 Possible change	2021 Possible change	2022 Impact \$000	2021 Impact \$000	2022 Impact \$000	2021 Impact \$000
Senior credit spread (BBB (2021: BBB))	189-256 bps	111-157 bps	+/-100 bps	+/-50 bps	NA	NA	-8,296/ 9,292	-5,600/ 5,900
Subordinated credit spread (BBB-/BB+ (2021: BBB-/BB+))	276-343 bps	160-205 bps	+/-100 bps	+/-50 bps	-23,837/ 26,596	-18,200/ 19,300	-14,443/ 16,145	-10,900/ 10,300
Risk-free term structure	3.60% - 4.08%	0.97% - 2.37%	+/-100 bps	+/-100 bps	-23,837/ 26,596	-35,200/ 39,800	-22,740/ 25,437	-30,600/ 34,700

CCHL LOAN

CIP has funded the UFB build by Enable Networks Limited (ENL) by loaning funds to CCHL progressively as stages were completed by ENL and satisfied User Acceptance Testing (UAT). CCHL repaid the loan in the prior period. The CCHL loan carried no interest, but like the Chorus Debt Securities had imputed interest calculated and shown on the face of the financial statements.

IRG Overview

The Infrastructure Reference Group (IRG) was set up to identify infrastructure projects in the private and public sector that would have an immediate stimulatory effect on the construction industry, its workforce and the economy. Projects needed to show that they could be underway within 12 months from the date of funding being contracted, with material employment benefits, and provided national or regional public benefit.

CIP, and other Crown agencies, are now in the implementation phase with \$460 million in grants and loans already paid out. CIP’s role is to fund \$1.3 billion of IRG projects, and also to carry out a co-ordination role across the other agencies responsible for IRG projects for project approvals and regular reporting. CIP monitors the operational and service performance of IRG build partners to ensure that contractually agreed service levels are being met.

Most of the funding is being provided in the form of grants, while the remainder will be provided through concessionary loans. It has been determined that CIP is principle to the IRG Grants. CIP recognises the IRG Grant income in its Statement of Comprehensive Income and Expense as the IRG Grants are paid to Project Owners on completion of construction activity by the projects.

IRG Loans - key terms

Concessionary loans to asset owners are made either interest-free or at below-market interest rates. Any difference on initial recognition between the fair value of the investment and the contribution by CIP is reflected in the Contribution - loans line in surplus or deficit. The loan agreements generally require the asset owners to provide co-funding for the projects and meet agreed milestones prior to making drawdowns. Repayments are made over a range of periods, up to 20 years from the date of the agreement or the date of initial drawdown. CIP may require early repayment and/or suspend future drawdowns if the asset owner is in breach of the terms of the loan agreement.

The Group’s investments in IRG Loans are carried at amortised cost and are set out below:

	2022 \$000	2021 \$000
<b>Balance at 1 July</b>	<b>12,830</b>	<b>-</b>
Amount paid during the year	86,329	20,737
Less loan contribution	(25,788)	(8,011)
<i>Initial investment recognised</i>	60,541	12,726
Interest revenue	1,713	104
Interest payments received	(271)	-
Impairment	(2,500)	-
Provision for expected credit loss impairment	(688)	-
<b>Balance at 30 June</b>	<b>71,625</b>	<b>12,830</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

4. INVESTMENTS (CONTINUED)

Key assumptions

Fair value is determined in the manner set out under the Fair Value Measurements section of note 15. The estimates used are based primarily on market-observable data of similar types of instruments; these include corporate bonds that have similar maturity dates, credit risks and industry characteristics.

The key assumptions are set out below, along with information on a reasonably possible change (estimated based on past experience) and the potential impacts of such a change on the investment carrying value for the IRG loans carried at fair value.

Key assumptions/inputs	2022 Assumption	2021 Assumption	Possible change	2022 Impact \$000	2021 Impact \$000
Discount rate	5.51%	NA	+/-100 bps	-6,005/6,726	N/A

INVESTMENTS IN MILLDALE BULK HOUSING INFRASTRUCTURE PROJECT

The Group’s investments in the Milldale Bulk Housing Infrastructure Project financial assets is set out below:

	2022 \$000	2021 \$000
<b>Balance at 1 July</b>	<b>39,668</b>	<b>34,433</b>
Amount paid during the year	6,907	10,606
Interest revenue	3,215	1,815
Fair value gains/losses	(3,822)	(4,260)
Repayments received and receivable	(1,358)	(2,926)
<b>Balance at 30 June</b>	<b>44,610</b>	<b>39,668</b>

Investments in Milldale Bulk Housing Infrastructure Project financial assets - key terms

The Group, through its subsidiary Milldale Infrastructure LP, provides funding to the developer to fund construction of bulk housing infrastructure. The developer places a first ranking encumbrance on the land and the Group is entitled to receive infrastructure payments from the developer and subsequent landowners over a 35-year period. The infrastructure payments on a portion of the encumbrances began in July 2019, with the percentage making payments increasing over time to reflect the pattern on which lots are expected to be developed and released to third party landowners. There are some provisions for either the developer or a subsequent landowner to prepay the remaining balance under the encumbrance.

Accounting policies

The investments in the Milldale Bulk Housing Infrastructure Project financial assets are classified as Fair Value Through Surplus or Deficit (FVTSD). These financial assets do not qualify to be measured at amortised cost because the cash flows do not represent solely payment of principal and interest. The investments are recognised at fair value on initial recognition and subsequently, with all gains and losses recognised in surplus or deficit.

The fair value movements relating to the investments in Milldale Bulk Housing Infrastructure Project financial assets are presented in the following line items in the Statement of Comprehensive Revenue and Expense:

- Interest income - imputed interest is calculated using the effective interest method; and
- Fair value gains/losses on FVTSD investments - all other fair value movements, including impairment, are included in the fair value gains/losses on FVTSD investments line item.

Key assumptions

Fair value is determined using a discounted cash flow methodology based on the expected cash inflows from the infrastructure payments. The key assumption is the discount rate set out below, along with information on a reasonably possible change and the potential impacts of such a change on the investment carrying value for the Milldale Bulk Housing Infrastructure Project financial assets. Management has determined that 100 basis points is a reasonably possible change in the discount rate at 30 June 2022 based on current market volatility and the increasing interest rate environment (2021: 50 basis points was determined to be a reasonably possible change in discount rate at 30 June 2021).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

4. INVESTMENTS (CONTINUED)

Key assumptions/inputs	2022 Assumption	Possible change	2022 Impact \$000	2021 Assumption	Possible change	2021 Impact \$000
Discount rate	6.39%	+/-100 bps	-5,232/6,301	6.28%	+/-50 bps	-2,500/+2,700

FUNDING COMMITMENTS AND PAYMENTS

UFB programme

The Crown, through CIP, will have invested a total of \$1.755 billion by the end of December 2022 to provide UFB access across New Zealand. At 30 June 2022, \$47 million remains to be spent. The table below summarises the cumulative number of premises that the Partners are expected to have passed by the time the programme is complete at the target date of 31 December 2022. CIP’s investment is at an agreed amount per premises passed multiplied by the number of premises passed. The agreed amount to be funded by CIP per UFB premises passed varies between each Partner.

Cumulative number of UFB premises passed #000	Financial Year 2023
Total premises passed #000	1,434
Total investment \$m¹	1,755

RBI2/MBSF programme

The RBI2 programme is targeted at underserved (<20 Mbps) rural broadband households and businesses, and MBS is targeted at providing mobile coverage to state highways and tourism sites that currently have no mobile coverage. CIP has contracted with the Rural Connectivity Group (RCG)², and 16 local Wireless Internet Service Providers (WISPs). The payments vary between the tower locations and households and businesses covered, and the basis of payment is per tower for RCG, and households and businesses for the WISPs. The Telecommunications Development Levy (TDL) funds up to \$180 million for the RBI2/MBS programme and the Provincial Growth Fund (PGF) provides for up to a further \$40 million of grant funding.

CIP receives the TDL and PGF funding as a Grant from the Ministry of Business, Innovation and Employment (MBIE), and itself grants the funds to RCG and the WISPs. CIP will also fund up to a further \$105 million of the RBI2/MBS programmes (of which \$77 million remains to be paid out at 30 June 2022). The table below summarises the objectives to be achieved by the RBI2/MBS programme. RBI2/MBS Grant income is recognised on receipt of the Grant Income. The RBI2/MBS Grant Expenses are recognised as the obligation to pay build partners arises.

CIP's performance targets for RBI2/MBSF		Financial year	Total programme³
		Fiscal 2023	Fiscal 2024
1	Rural End Users to receive improved Broadband	80,500⁴	84,327⁴
2	Mobile Black Spot Tourist sites covered	115	168
3	Mobile Black Spot Highway kilometres covered	1,235	1,406

Grant expenses

	2022 \$000	2021 \$000
RBI2/MBSF grants	59,776	83,069
IRG Grants	221,864	131,342
Total grant expenses	281,640	214,411

In the current period the Group paid \$59.8 million in RBI2/MBS grant payments that were funded by the Crown (2021: \$83.1 million), including \$23.7 million of PGF grants (2021: \$31.2 million). Additionally, in the current period, CIP provided an additional \$4.5 million of RBI2/MBS grant payments (2021: \$16.3 million). CIP received \$34.6 million in PGF funding (2021: \$44.4 million).

¹ The total investment is shown before the impact of the recycling mechanism.

² A joint venture between Vodafone, Spark and 2degrees.

³ Includes the RBI2/MBSF expansion contracts agreed during the year.

⁴ Total programme rural End Users includes commercial mobile broadband and commercial Wireless Internet Service Provider coverage.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

4. INVESTMENTS (CONTINUED)

Marae digital connectivity

CIP has spent \$19.1 million over three years to provide broadband connections and equipment to eligible marae and ‘regional digital hubs’. The purpose of the funding is to connect marae to the internet, and connect regional digital hubs in towns, and to provide relevant hardware and equipment enabling local people and businesses to access and use digital services.

Rural broadband capacity upgrades

To improve rural connectivity CIP was authorised to fund up to \$15 million toward rural broadband capacity upgrades as part of the Regional Digital Connectivity Programme which will enable households and businesses to connect to existing wireless infrastructure that previously had its capacity exhausted. CIP completed the capacity upgrades in the current period.

Infrastructure Funding & Financing (IFF)

In the May 2019 Government Budget, CIP was allocated \$292 million of uncalled capital over five years for bulk housing and other eligible classes of infrastructure, including community facilities, community infrastructure, environmental resilience and natural hazard infrastructure, transport and water services infrastructure with a focus on supporting land release for housing supply. To date, CIP has provided \$40.6 million in funding to the Milldale developer, which has been largely debt funded.

Three Waters

CIP also has a review, monitoring and funding role of the Government’s investment in 3 Waters infrastructure with Local Territorial Authorities (LTAs), supporting the Department of Internal Affairs (DIA) in the Government’s 3 Waters (drinking water, wastewater and stormwater) review programme.

Rural Drinking Water

The Government has appointed Crown Infrastructure Partners (CIP) to manage and work with the Department of Internal Affairs (DIA) to deliver a \$30m Rural Drinking Water programme. The programme is to provide communities with treatment systems, training and maintenance to help them keep their water safe, as well as to meet new regulatory requirements and drinking water rules.

Infrastructure Reference Group (IRG)

CIP is funding 46 IRG projects, and has distributed \$458.5 million as at 30 June 2022, and is expecting to distribute ~\$418.6 million in 2023. For further information on the IRG programme please see the CIP website <https://www.crowninfrastructure.govt.nz/irg/>

	IRG grant income recognised	IRG grant expenses	IRG loans
IRG projects	458.5	(347.4)	(111.1)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

### 5. PROPERTY, PLANT AND EQUIPMENT

	Fibre Network Assets \$000	Information technology \$000	Other equipment \$000	Total \$000
<b>Cost</b>				
Balance at 1 July 2020	2,940	437	221	3,598
Additions during the year	2,544	154	42	2,740
Disposals during the year	-	(343)	(119)	(462)
Balance at 30 June 2021	<b>5,484</b>	<b>248</b>	<b>144</b>	<b>5,876</b>
<b>Accumulated depreciation</b>				
Balance at 1 July 2020	-	361	135	496
Depreciation charge for the year	-	66	13	79
Disposals during the year	-	(343)	(119)	(462)
Balance at 30 June 2021	-	84	29	113
<b>Net book value at 30 June 2021</b>	<b>5,484</b>	<b>164</b>	<b>115</b>	<b>5,763</b>
<b>Cost</b>				
Balance at 1 July 2021	5,484	248	144	5,876
Additions during the year	-	79	26	105
Disposals during the year	-	(1)	-	(1)
Balance at 30 June 2022	<b>5,484</b>	<b>326</b>	<b>170</b>	<b>5,980</b>
<b>Accumulated depreciation</b>				
Balance at 1 July 2021	-	84	29	113
Depreciation charge for the year	-	92	18	110
Disposals during the year	-	-	-	-
Balance at 30 June 2022	-	176	47	223
<b>Net book value at 30 June 2022</b>	<b>5,484</b>	<b>150</b>	<b>123</b>	<b>5,757</b>

#### ACCOUNTING POLICIES

Property, plant and equipment are shown at cost, less any accumulated depreciation and impairment losses.

##### Additions

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 the Group and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

##### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets. Gains and losses on disposals are included in surplus or deficit.

##### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as they are incurred.

##### Fibre Network Assets

CIP has entered into an arrangement with Chorus under which Chorus will design and construct fibre network infrastructure in Milford Sound and the West Coast of the South Island on behalf of CIP. These assets will support the Government's objective of improving digital connectivity capabilities across local communities, support tourism activity, contribute to public safety and science programmes and contribute to network resilience in the West Coast and Milford Sound areas. Chorus will also provide operation and maintenance services on the network for a period of 25 years. The costs to design and build the infrastructure are capitalised as property plant and equipment at cost. Once the network is complete, the assets will be depreciated over their estimated useful lives.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

### 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the costs of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Information technology	2.5 years (40%)
Other equipment	4-17 years (7% - 30%)

The residual value and useful life of an asset are reviewed, and adjusted if applicable, at each balance date.

Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Group to consider a number of factors, such as the physical condition of each asset, the expected period of use of the asset by the Group, and the expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will have an impact on the depreciation expense recognised in surplus or deficit, and the carrying amount of the asset in the statement of financial position. The Group minimises the risk of this estimation uncertainty by physical inspections of assets and asset replacement programmes.

#### Impairment

Property, plant and equipment are reviewed for impairment at each balance date and 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 amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Impairment has been considered, and it has been determined there is no impairment (2021: nil).

### 6. INTEREST INCOME

	2022 \$000	2021 \$000
<b>Interest income</b>		
<b>Amortised cost</b>		
CCHL loan	-	4,386
NFL2 loan	441	408
IRG Loans	1,713	104
Interest earned on cash balances with financial institutions	4,216	797
Interest earned on Treasury Bills	3,298	353
<b>FVTSD financial assets</b>		
Investments in Milldale Bulk Housing Infrastructure Project financial assets	3,215	1,815
Chorus Equity Securities	24,157	20,259
Chorus Debt Securities	15,986	14,138
<b>Total interest income</b>	<b>53,026</b>	<b>42,260</b>

The interest income on the CCHL loan, NFL2 loan, investments in Milldale Bulk Housing Infrastructure Project financial assets and Chorus Debt and Equity Securities is the imputed interest calculated to approximate the effect of interest income to CIP on these instruments. For the CCHL and NFL2 loans and the Chorus securities, the imputed interest is in effect the write-back of the discount on the investment for the year under review. The interest on the IRG loans is an imputed interest amount which reflects both the write-back of the discount on the investments and any interest received on the loans.

Interest income is recognised using the effective interest method. The effective interest rate is a rate that discounts estimated future cash receipts (including all fees and points paid or received between the parties, transaction costs and other premiums or discounts) through the expected life of a financial instrument, or where appropriate a shorter period, to the net carrying amount of the financial instrument at the time of initial recognition.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

7. DIRECTORS’ FEES

	2022 \$000	2021 \$000
Board member fees during the year were:		
Mark Binns (Chair)	63	56
Danelle Dinsdale (resigned June 2022)	32	29
Chris Gudgeon	32	29
Kerry Knight (resigned May 2022)	29	29
Bella Takiari-Brame	32	29
Mei Johnson (appointed March 2022)	11	-
Total Board member fees	198	172

The Group has Directors’ and Officers’ liability insurance to cover Directors and Officers. The Group indemnifies the Directors against costs and liabilities incurred by Directors for acts and omissions made in their capacity as Directors to the extent permitted by CIP’s Constitution and the Companies Act 1993.

8. EMPLOYEE ENTITLEMENTS, PERSONNEL COSTS AND KEY MANAGEMENT PERSONNEL

	2022 \$000	2021 \$000
Salaries and wages	6,642	5,813
Employer contributions to defined contribution plans	76	108
Other staff benefits	311	233
Total personnel costs	7,029	6,154

CIP has 33 full-time-equivalent employees and 14 contractors as at 30 June 2022 (2021: 26 and 8 respectively).

Key management personnel compensation

	2022 \$000	2021 \$000
Directors - six individuals (2021: five)	198	172
Chief Executive Officer and senior management (7 individuals) (2021: 7 individuals)	2,776	2,669
Total key management personnel compensation	2,974	2,841

No significant compensation or termination benefits have been paid during the year (2021: nil).

The remuneration policy for the company, including the CEO, is based on the following principles:

- To align remuneration, recognition and performance frameworks to the purpose and values of CIP
- To balance the need to operate competitively in the private sector recruitment market, while being mindful of CIP being Government owned and funded as a Schedule 4 company.
- To build an organisation of motivated, engaged and productive employees, who in turn create desired business performance and results.
- To develop and maintain pay and performance systems that enable CIP to attract, retain and motivate suitably qualified staff.
- To develop consistent, transparent and sustainable pay and performance systems.
- To value and reward staff fairly in relation to:
  - » The work they do and their performance in the job;
  - » The growth of individuals in their positions;
  - » Other jobs in the organisation;
  - » The market value of their job;
  - » Remuneration levels in similar organisations and sectors; and
  - » Their contribution to the organisation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

8. EMPLOYEE ENTITLEMENTS, PERSONNEL COSTS AND KEY MANAGEMENT PERSONNEL (CONTINUED)

The company remuneration is based on Fixed remuneration and an At-Risk Incentive (ARI). Fixed remuneration consists of base salary and other benefits including KiwiSaver. Fixed remuneration for a position is determined by the job size and the corresponding remuneration ranges from our market comparator provided by independent remuneration specialists. The market comparator is selected based on the industry sectors CIP recruits from. A review and market benchmarking against market data is conducted each year which informs whether a general increase to fixed remuneration is appropriate. Increases to an individual’s fixed remuneration beyond the general adjustment may occur depending on where an individual sits in the remuneration range for their position, their performance and growth in the role and if the scope of their role has increased. There were no general adjustments to remuneration in 2021/22.

The ARI is the principal method by which CIP recognises and rewards collective performance as a company, as outlined in the Statement of Performance Expectations (SPE), and individual performance against KPIs. Fifty percent of the ARI is made up of an employee’s performance against KPIs as defined annually in their KPI document. Individual KPIs are derived from CIP’s SPE targets and are agreed by the individual and their people manager. The other fifty percent of the ARI is determined by company performance against targets which are agreed with the CIP Board Remuneration Committee each year.

CEO and executive remuneration for 2022 and 2021 was:

		Fixed Remuneration	Short-Term Incentive	% of Short-Term Incentive paid	Total Remuneration
Graham Mitchell	2022	516,480	73,502	95%	589,982
Executive remuneration		1,868,667	271,383	98%	2,186,370
Graham Mitchell	2021	516,480	73,598	95%	590,078
Executive remuneration		1,656,021	244,105	98%	1,900,126

CEO and executive remuneration consists of fixed remuneration, and a short-term incentive. The short-term incentive is based 50% on company performance, as outlined in the SPE, and 50% based on individual key performance indicators determined by the Board. These measures are reviewed annually by the Board on advice from the Remuneration Committee of the Board. The CEO’s Individual Employment Agreement has a three-month notice period and redundancy entitlement of three months’ remuneration.

Short-term employee entitlements

Employee entitlements that the Group expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. Employee entitlements that are not expected to be settled within 12 months of balance date are measured as the present value of the estimated future cash outflows, in respect of services provided by employees up to balance date.

These include salaries and wages accrued up to balance date, and annual leave earned but not yet taken at balance date. A liability for sick leave is recognised based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it is expected to be used by staff to cover future absences.

A liability and an expense are recognised for at risk incentive where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

Defined contribution superannuation schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in surplus or deficit as incurred.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

8. EMPLOYEE ENTITLEMENTS, PERSONNEL COSTS AND  
KEY MANAGEMENT PERSONNEL (CONTINUED)

Total remuneration paid or payable for the year

	2022 # staff	2021 # staff
\$100,000 - \$109,999	-	1
\$110,000 - \$119,999	1	1
\$120,000 - \$129,999	2	1
\$130,000 - \$139,999	1	1
\$140,000 - \$149,999	2	-
\$160,000 - \$169,999	-	3
\$170,000 - \$179,999	2	-
\$180,000 - \$189,999	-	2
\$190,000 - \$199,999	2	1
\$200,000 - \$209,999	2	3
\$210,000 - \$219,999	3	2
\$270,000 - \$279,999	-	1
\$280,000 - \$289,999	1	1
\$290,000 - \$299,999	1	1
\$300,000 - \$309,999	-	1
\$310,000 - \$319,999	1	1
\$320,000 - \$329,999	1	-
\$330,000 - \$339,999	1	-
\$420,000 - \$429,999	1	1
\$480,000 - \$489,999	1	1
\$580,000 - \$589,999	1	-
\$590,000 - \$599,999	-	1
Total employees	23	23

9. PROFESSIONAL ADVISORY FEES

	2022 \$000	2021 \$000
Accounting	909	734
Legal	1,959	833
Engineering	418	799
Other	2,963	523
Total professional advisory fees	6,249	2,881

Accounting fees relate to non-audit accounting services provided; legal fees relate to the provision of legal services, engineering is the provision of services advising on IRG, 3 Waters and telecommunications infrastructure to Ministers. The increases in Legal and Other were due to additional programmes including 3 Waters, expansion of Digital Connectivity, the Public Safety Network, and IFF transactional activity as it progresses towards financial close.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

10. OTHER EXPENSES

	2022 \$000	2021 \$000
Financial statements audit fees - Audit New Zealand	180	177
Other audit fees (probity review) - Audit New Zealand	-	(25)
Contractors and project management	1,735	2,574
Staff travel and accommodation	107	127
Operating lease expenses	397	306
Information technology	324	277
Other	525	612
Total other expenses	3,268	4,048

Audit New Zealand, on behalf of the Office of the Auditor-General, is the auditor of CIP and its subsidiaries.

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Group are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in surplus or deficit. Lease incentives received are recognised in surplus or deficit over the lease term as an integral part of the total lease expense.

11. TAXATION

	2022 \$000	2021 \$000
Current income tax expense/(credit) recognised in surplus/(deficit)	-	-
Deferred tax expense relating to tax losses and the origination and reversal of temporary differences	-	-
Total income tax expense/(credit)	-	-
Reconciliation		
Surplus/(deficit) for the period	(89,589)	43,786
Tax expense/(credit) calculated at 28% (2021: 28%)	(25,085)	12,260
Effect of non-taxable status of the entities in the Group	25,085	(12,260)
Total income tax expense/(credit)	-	-

CIP is a public authority and consequently is exempt from the payment of income tax, but is required to show the effective tax at 28% in the reconciliation above. CIP's subsidiaries are also exempt from the payment of income tax.

Goods and services tax

All items in the financial statements are presented exclusive of 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 presented as its own line item 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 operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

12. INCOME AND EXPENSES BY CATEGORY

The fair value gains/losses represent the change in the book value to the value that CIP believes it would attain in the market as at balance date. CIP uses a discounted cash flow method and makes assumptions that are based on market data and the key characteristics of the instruments.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 12. INCOME AND EXPENSES BY CATEGORY (CONTINUED)

The revenue and expenses (excluding interest, which is set out in note 6 and impairment, which is set out in note 15) in each of the PBE IFRS 9 categories are as follows:

	2022 \$000	2021 \$000
<b>Fair value gains/(losses) on remeasurement of financial assets at FVTSD</b>		
Chorus Equity Securities - fair value gains/(losses)	(108,501)	40,616
Chorus Debt Securities - fair value gains/(losses)	(86,312)	25,054
Milldale Bulk Housing Infrastructure financial assets - fair value gains/(losses)	(3,822)	(4,260)
Total Fair value gains/(losses) on remeasurement of financial assets at FVTSD	(198,635)	61,410
<b>Fair value gains/(losses) on derivatives</b>		
Chorus Equity Warrants - fair value gains/(losses)	600	(3,696)
Total Fair value gains/(losses) on derivatives	600	(3,696)
<b>Fair value losses on initial recognition of financial assets at FVTSD</b>		
Chorus Equity Securities - UFB contribution	(16,219)	(58,564)
Chorus Debt Securities - UFB contribution	(27,683)	(10,749)
Total Fair value losses on initial recognition of financial assets at FVTSD	(43,902)	(69,313)
<b>Fair value losses on initial recognition of financial assets measured at amortised cost</b>		
NFL2 loan - UFB contribution	-	(431)
IRG Loans - loan contributions	(25,788)	(8,011)
Total Fair value losses on initial recognition of financial assets measured at amortised cost	(25,788)	(8,442)
<b>Total recognised in surplus/(deficit)</b>	<b>(267,725)</b>	<b>(20,041)</b>

## 13. RECONCILIATION OF NET DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2022 \$000	2021 \$000
<b>Net surplus/deficit after tax</b>	(92,359)	43,786
<b>Add/(less) non-cash items</b>		
Interest income	(45,241)	(41,110)
Fair value losses/(gains) on FVTSD investments	198,635	(61,410)
Fair value losses/(gains) on derivatives	(600)	3,696
Gain on sale of investments in LFC equity	-	(1,476)
Depreciation	110	79
UFB contribution	43,902	69,744
Loan contributions	25,788	8,011
Impairment on loan asset	2,500	-
Expected credit loss	688	-
<i>Total non-cash items</i>	225,782	(22,466)
<b>Add/(less) movements in working capital items</b>		
Receivables, GST and prepayments	(8,502)	760
Short-term investments	384,434	
Creditors and other payables	14,795	22,504
Employee entitlements	222	4
Income in advance	(305,785)	882,361
<i>Net movements in working capital items</i>	85,164	905,629
<b>Add/(less) items reclassified as investing or financing</b>		
Movements in trade and other receivables related to financing activities	10,000	(7,000)
Movements in trade and other receivables related to investing activities	(18)	(898,390)
Movements in short-term investments relating to investing activities	(386,546)	
Movements in creditors and other payables related to property, plant and equipment	73	(71)
Movements in creditors and other payables related to Chorus investments and loans to LFCs	(13,899)	(7,205)
Interest paid	2,179	1,538
Transaction costs recorded as part of the initial carrying amount of borrowings	6	(221)
<b>Net cash from operating activities</b>	<b>(169,618)</b>	<b>15,600</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 13. RECONCILIATION OF NET DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES (CONTINUED)

### CASH AND CASH EQUIVALENTS:

	2022 \$000	2021 \$000
Deposits with financial institutions*	357,442	130,719
Treasury Bills	-	71,957
<b>Total cash and cash equivalents</b>	<b>357,442</b>	<b>202,676</b>

\*includes \$5 million of restricted cash that is not available for general purposes

### SHORT TERM INVESTMENTS:

	2022 \$000	2021 \$000
Term investments with financial institutions > 3 months < 12 months	120,000	160,000
Treasury Bills > 3 months < 12 months	393,972	738,406
<b>Total short-term investments</b>	<b>513,972</b>	<b>898,406</b>

The Treasury Bills is the funding for CIP's approved IRG projects

## 14. CREDITORS AND OTHER PAYABLES

	2022 \$000	2021 \$000
Creditors	80,287	65,485
Accrued expenses	679	686
<b>Total creditors and other payables</b>	<b>80,966</b>	<b>66,171</b>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms; therefore, the carrying value of creditors and other payables approximates their fair value.

Purchases of property, plant and equipment are set out in note 5.

## 15. FINANCIAL RISK

CIP's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. CIP has a range of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not permit any transactions that are speculative in nature. Investments of a financial nature can only be transacted with New Zealand major trading banks or in Government securities.

### MARKET RISK

#### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The Group is exposed to fair value interest rate risk on the Chorus Equity Securities, Chorus Debt Securities and Milldale Bulk Housing Infrastructure Project financial assets, which are accounted for at fair value.

The Group is also exposed to fair value interest rate risk in relation to its fixed-interest-rate financial instruments, including bank deposits, Treasury Bills, the NFL2 loan, the IRG loans, and borrowings. However, because these items are not accounted for at fair value, fluctuations in interest rates do not have an impact on the surplus/(deficit) or the carrying amount recognised in the statement of financial position.

The average interest rate on CIP's bank term deposits at 30 June 2022 is 2.37% (2021: 0.9%). The average interest rate on CIP's Treasury Bills at 30 June 2022 is 2.31% (2021: 0.26%).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 15. FINANCIAL RISK (CONTINUED)

The terms of the Chorus Equity Securities and Debt Securities and the investments in the Milldale Bulk Housing Infrastructure Project financial assets and IRG loans are set out in note 4.

The terms of the Group’s borrowings are set out in note 3.

### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments and borrowings issued at variable interest rates expose the Group to cash flow interest rate risk.

The Group currently has no variable-rate financial instruments; however, term deposits are re-priced at maturity.

### Sensitivity analysis

In relation to term deposits held on 30 June 2022, if the deposit rate had been 100 basis points higher or lower, with all other variables held constant, the surplus/(deficit) for the period would have been approximately \$1.1 million (2021: \$0.9 million) higher/lower. In relation to Treasury Bills held on 30 June 2022, if the interest rate had been 10 basis points higher or lower, with all other variables held constant, the surplus/(deficit) for the period would have been approximately \$0.4 million higher/lower (2021: \$0.8 million).

The sensitivities of the Chorus Securities and the Milldale Bulk Housing Infrastructure investments are set out in the relevant key assumptions sections of note 4.

## CREDIT RISK

Credit risk is the risk that a third party will default on its obligation, causing the Group to incur a loss.

Credit risk arises from exposure to the New Zealand government arising from Treasury Bills, banks where the Group deposits its surplus cash and trade debtors; Chorus through its investment in the Chorus Debt Securities; NFL2 through its investment in the NFL2 loan, IRG Project Owners through the IRG loans and loan commitments and the Milldale developer and landowners through the investments in Milldale Bulk Housing Infrastructure Project financial assets.

The Investments in the Milldale Bulk Housing Infrastructure Project financial assets are secured by first ranking encumbrances on the land. The credit risk relating to the Milldale investments is deemed to be low due to the first ranking encumbrances.

The Group invests surplus cash with major registered trading banks. The Group’s deposits are currently held with five (2021: five) major banks, which are registered New Zealand banks. CIP’s Investment Policy limits the amount of credit exposure to any one institution (no more than \$100 million of term deposits with any one bank and subject to each bank having a credit rating of A or better).

The Group obtains guarantees and/or collateral for loans made to other parties as appropriate. The NFL2 loan is guaranteed by Northpower Limited (Northpower) and is secured against Northpower’s shares and debt in NFL2 and the assets of NFL2. There are no material overdue assets at 30 June 2022 (2021: nil) and there is no material impairment (2021: no material impairment). The credit risk for the NFL2 loans and loan commitments has been determined to be low. CIP has determined that the credit risk for the secured and unsecured IRG loans and loan commitments has not changed between the date the agreements were entered into and balance date. The Group considers whether the credit risk has increased by evaluating the activities of the entities to which it has lent funds and made loan commitments to determine whether the entities are on target to complete construction projects and whether there are any other events or circumstances indicating that the credit risk of those entities has changed. Management has performed an Expected Credit Loss (ECL) calculation and reviewed the general terms of impairment and determined that there is \$0.69m impairment for ECL and a \$2.5m impairment relating to IRG loans in the current period(2021: nil). At 30 June 2022 there was \$10 million receivable from the Crown (2021: nil).

CIP’s maximum credit exposure is represented by the carrying amounts of the Group’s financial assets and the Group’s commitment to purchase Chorus Securities and to provide further funding to each of NFL2, the Milldale developer and IRG Project Owners.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 15. FINANCIAL RISK (CONTINUED)

### LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. CIP’s primary mechanism for managing liquidity risk is capital funding from the Crown. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Most of the funding for the IRG loans and grants was received in advance from the Crown. The Group also manages its liquidity risk relating to its borrowings by matching the expected payments with expected cash receipts relating to the investments in the Milldale Bulk Housing Infrastructure Project financial assets.

The Group holds cash at bank, either in an interest-bearing transactional account or in term deposits. Given the highly liquid nature of these accounts, these are represented as cash and cash equivalents on the statement of financial position. All cash and short-term deposits are held in New Zealand.

### Contractual maturity analysis of financial liabilities

The following tables detail the Group’s remaining contractual maturity for its financial liabilities. The tables have been drawn up using the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

2022 Financial liability	Less than 12 months	Between 1 and 5 years	Between 5 and 10 years	Greater than 10 years
Creditors and other payables	80,965	-	-	-
Borrowings	2,610	13,338	15,043	76,446
Total cash flows	83,575	13,338	15,043	76,446

2021 Financial liability	Less than 12 months	Between 1 and 5 years	Between 5 and 10 years	Greater than 10 years
Creditors and other payables	66,171	-	-	-
Borrowings	1,792	7,169	9,572	59,003
Total cash flows	67,963	7,169	9,572	59,003

Additional information on CIP’s commitment to purchase Chorus Securities and provide further funding to LFCs, the Milldale developer, and IRG Project Owners is set out in note 4 and note 17.

## FAIR VALUE MEASUREMENTS

For the purposes of disclosing information about the fair value of financial instruments, the Group has classified its financial instruments into three categories based on the degree to which the inputs to the fair value measurements are observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group’s financial assets measured at fair value, and the movements therein, are set out in note 4. These financial assets are all considered to be in level three of the fair value hierarchy. There were no transfers between levels in the current period.

The fair value of financial assets is determined using a variety of valuation techniques. CIP uses a discounted cash flow method and makes assumptions that are based on market data and the key characteristics of the instruments. These include, but are not limited to, management’s assessments of the cash flows, capital expenditure, profitability and market penetration during the estimated period of the investment.

The Group’s borrowings (drawdowns of \$48.6 million) (2021: \$33.4 million) have a fair value of \$44.6 million (2021: \$32.6 million)). The carrying amount of the borrowings at 30 June 2022 of \$45.8 million represents drawdowns of \$48.6 million net of transaction costs of \$2.8 million (30 June 2021: carrying amount of \$30.6 million represents drawdowns of \$33.4 million net of transaction costs of \$2.8 million).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

15. FINANCIAL RISK (CONTINUED)

The investment in the NFL2 loan (carrying amount \$9.0 million) has a fair value of \$7.0 million (2021: the carrying amount of \$8.5 million had a fair value of \$10.0 million).

The investment in IRG loans (carrying amount \$74.1 million) has a fair value of \$65.9 million (2021: the carrying amount of \$12.8 million has a fair value of \$12.7 million). This primarily reflects movements in market interest rates since the loans were drawn down.

The fair values of the loans and borrowings differ from their carrying amounts predominantly due to market interest rates moving compared with the amortised cost used in the initial recognition of the instruments.

The carrying amounts of all other financial assets and liabilities approximate their fair values at 30 June 2022 and 30 June 2021.

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial assets and liabilities in each of the PBE IFRS 9 categories are as follows:

	2022 \$000	2021 \$000
<b>Amortised cost</b>		
Cash and cash equivalents	357,442	202,676
Short-term investments	513,972	898,406
Trade and other receivables	10,737	779
IRG loans	71,625	12,830
NFL2 loan	8,954	8,513
<i>Total financial assets carried at amortised cost</i>	962,730	1,123,204
<b>Financial assets mandatorily measured at FVTSD</b>		
Investments in Chorus Equity Securities	296,190	370,667
Investments in Chorus Debt Securities	281,349	326,251
Investments in Chorus Equity Warrants	1,016	416
Investments in Milldale Bulk Housing Infrastructure Project financial assets	44,610	39,668
<i>Total financial assets mandatorily measured at FVTSD</i>	623,165	737,002
<b>Total financial assets</b>	<b>1,585,895</b>	<b>1,860,206</b>
<b>Financial liabilities measured at amortised cost</b>		
Creditors and other payables	80,965	66,171
Borrowings	45,810	30,556
<i>Total financial liabilities measured at amortised cost</i>	126,775	96,727
<b>Total financial liabilities</b>	<b>126,775</b>	<b>96,727</b>

16. CAPITAL AND CAPITAL MANAGEMENT

	2022 \$000	2021 \$000
Opening balance	1,505,400	1,431,900
Capital contribution	92,100	73,500
<b>Balance at 30 June</b>	<b>1,597,500</b>	<b>1,505,400</b>

Contributed capital represents proceeds from the issue of ordinary shares to the Crown, net of related share issue costs (if any). Distributions paid to the Crown (if any) are deducted from contributed capital.

The Crown investment made in CIP is represented by 1,865,400,200 \$1 ordinary shares issued (2021: 1,855,400,200), with 1,597,500,200 being fully paid (2021: 1,505,400,200) and 267,900,000 being unpaid (2021: 350,000,000). The Crown (the Minister of Finance (50%) and the Minister of State-Owned Enterprises (50%)) holds all the issued capital of CIP. All shares have equal voting and dividend rights and share equally in any distribution on wind-up.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

16. CAPITAL AND CAPITAL MANAGEMENT (CONTINUED)

Capital management

CIP's and the Group's capital is their equity, which comprises accumulated funds and share capital, and borrowings. Equity is represented by net assets.

CIP and the Group manage their equity as a by-product of prudently managing revenue, expenses, assets, liabilities, investments and general financial dealings to ensure that CIP and the Group achieve their objectives and purposes effectively, while remaining going concerns.

17. INCOME IN ADVANCE

Income in Advance	2022 \$000	2021 \$000
IRG income in advance	576,340	882,361
Other income in advance	237	-
	<b>576,577</b>	<b>882,361</b>
<b>Income in Advance is shown in the Statement of Financial Position as:</b>		
Current	424,609	560,021
Non-current	151,968	322,340
<b>Total income in advance</b>	<b>576,577</b>	<b>882,361</b>

IRG income in advance relates to funding received from the Crown to be used for IRG grants and loans in future fiscal years. Project Owners are required to meet agreed upon criteria/milestones to be eligible for drawdowns under the funding agreements. The current portion of income in advance represents the funds that CIP expects to disburse in fiscal 2023 to Project Owners that are anticipated to meet the required criteria/milestones.

Waka Kotahi income in advance relates to funding received from Waka Kotahi NZ Transport Agency for plant and equipment for airport construction in the Chatham Islands. The funding will be used for work that will be undertaken in the year ended 30 June 2023.

18. EVENTS AFTER BALANCE DATE

Following 30 June 2022 CIP has received and invested further funds of:

- \$20 million from DIA for the purposes of 3 Waters Infrastructure Programme;
- Has entered a Rural Drinking Water contract of up to \$25.8 million on 18th November 2022; and
- The Western Bay of Plenty Transport Systems Plan has reached contractual close on the 30th November 2022;

Throughout New Zealand there are ongoing supply chain issues and some cost increases across a number of sectors, with most Project Owners and programmes working within these constraints.

There have been no other significant events since balance date.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

19. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

The 2022 budgeted surplus of \$9.1 million was approved in the 2021/2022 Statement of Performance Expectations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	Actual 2022 \$000	Budget 2022 \$000
<b>Income</b>		
Interest income	53,026	48,468
Government Agency Recoveries	3,351	5,139
Grant Income	427,620	476,242
Net fair value gains on derivatives	600	-
<i>Total income</i>	484,597	529,849
<b>Expenses</b>		
Finance costs	2,432	3,783
Directors' fees	198	221
Wages and salaries	7,029	7,160
Depreciation expense	110	664
Professional and advisory fees	6,249	6,735
Other expenses	3,268	3,740
Non-grant project expenses (CIP Funding)	4,517	20,845
UFB contributions	43,902	49,143
Loan contributions	25,788	11,470
Grant Expense	281,640	363,242
Expected credit loss	688	-
Impairment	2,500	
Fair value losses on FVTSD investments	198,635	53,699
Net fair value losses on derivatives	-	-
<i>Total expenses</i>	576,956	520,702
<b>Surplus/(deficit) before tax</b>	<b>(92,359)</b>	<b>9,147</b>
Tax expense/(credit)	-	-
<b>Net surplus/(deficit)</b>	<b>(92,359)</b>	<b>9,147</b>

EXPLANATION OF SIGNIFICANT VARIANCES

The key variances are:

- Grant income and Grant expense are less than budget due to the claims for payment being slower than forecast. The slowness by Project Owners to claim is predominantly due to the supply chain constraints.
- Non-grant project expenses (CIP Funding) is less than forecast due to the lower RBI/MBS build claims from build partners.
- Net fair value gains/(losses) are ~(\$145 million) adverse to budget due to the forecast interest rate set in June 2021 being ~7.4%, and the actual interest rate at 30 June 2022 being ~8.3%. The increase in rates is due to tightening of monetary policy by central banks, and ongoing volatility of global economic conditions. A movement of 0.5% in interest rates is approximately \$32m in fair value movements.
- UFB contributions are lower than forecast due to the reduced volume of payments claimed for premises passed and the mix of debt and equity securities issued which carry different interest rates. This is partially offset by the higher than forecast interest rates.
- Loan contributions are higher than forecast, as a result of increased interest rates, and the concessionary nature of loans, rather than the volume of loans issued which is less than forecast.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

19. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

(CONTINUED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Actual 2022 \$000	Budget 2022 \$000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	357,442	106,616
Short term investments	513,972	450,000
Trade and other receivables	10,737	152
GST receivable	6,518	-
Prepayments	64	32
<b>Total current assets</b>	888,733	556,800
<b>Non-current assets</b>		
Property, plant and equipment (excluding fibre assets)	5,757	9,812
Investments in Treasury Bills	-	162,000
Investments in infrastructure financed projects	44,610	61,011
Investments in Chorus Equity Securities	297,206	363,859
Investments in Chorus Debt Securities	281,349	328,582
Investments in LFC loans and IRG loans	80,579	97,844
<b>Total non-current assets</b>	709,501	1,023,108
<b>Total assets</b>	<b>1,598,234</b>	<b>1,579,908</b>
<b>Liabilities</b>		
Creditors and other payables	80,965	1,866
Employee entitlements	1,070	806
Income in advance	424,609	427,646
<b>Total current liabilities</b>	506,644	430,318
<b>Term liabilities</b>		
Income in advance	151,968	192,164
Term loan	45,810	48,862
<b>Total term liabilities</b>	197,778	241,026
<b>Total liabilities</b>	<b>704,422</b>	<b>671,344</b>
<b>Net assets</b>	<b>893,812</b>	<b>908,564</b>
<b>Contributed capital</b>	1,597,500	1,603,947
<b>Retained earnings</b>	(703,688)	(695,383)
<b>Total equity</b>	<b>893,812</b>	<b>908,564</b>

EXPLANATION OF SIGNIFICANT VARIANCES

The key variances are:

- Cash and cash equivalents and Short-term investments is higher than budget due to timing of Grant expense claims, additional grant funding for payment of 3 Waters claims on behalf of DIA, and Treasury Bills in order to make future IRG payments.
- Chorus Debt and Equity investment valuations are lower than budget due to the higher interest rate environment resulting in fair value losses, and fewer UFB claims made reducing the volume of securities on issue.
- Creditors and other payables are larger than budget, due to the accruals for UFB, RBI/MBS, Marae Digital connectivity, and West Coast Fibre links, where there has been build handed over, delivery of connectivity to more eligible end users, and other contract obligations fulfilled creating the obligation to pay.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

19. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET  
(CONTINUED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Actual 2022 \$000	Budget 2022 \$000
Opening equity	894,071	800,870
Total comprehensive revenue and expense	(92,359)	9,147
Capital contribution - Crown	92,100	98,547
<b>Total equity</b>	<b>893,812</b>	<b>908,564</b>

EXPLANATION OF SIGNIFICANT VARIANCES

The key drivers of these variances are set out in the statement of comprehensive revenue and expense and statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Actual 2022 \$000	Budget 2022 \$000
<b>Cash flows from operating activities</b>		
Interest received	4,376	1,320
Grants received	117,408	276,242
Receipts from government agencies	9,095	5,487
Payments to suppliers	(9,501)	(11,619)
Payments to employees	(6,474)	(6,354)
Non-grant project expenses (CIP funded)	(10,864)	(48,769)
Grant payments	(275,125)	(363,242)
GST (net)	1,467	(29,670)
<b>Net cash inflow from operating activities</b>	<b>(169,618)</b>	<b>(176,605)</b>
<b>Cash flows from investing activities</b>		
Net proceeds from sale of short-term investments	386,546	-
Purchase of property, plant and equipment (excluding fibre assets)	(177)	(200)
Acquisition of investments in Chorus Equity Securities	(22,256)	(26,036)
Acquisition of investments in Chorus Debt Securities	(43,038)	(69,196)
Acquisition of investments in IRG loans	(86,329)	(113,000)
Investments in Milldale Bulk Housing Infrastructure Project	(6,907)	(9,017)
Receipts of payments from investments in Milldale Bulk Housing Infrastructure Project	1,376	1,392
<b>Net cash inflow from investing activities</b>	<b>229,215</b>	<b>(216,057)</b>
<b>Cash flows from financing activities</b>		
Capital contribution - Crown	82,100	98,547
Debt drawdown	15,248	10,648
Interest paid	(2,179)	(3,783)
<b>Net cash inflow from financing activities</b>	<b>95,169</b>	<b>105,412</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>154,766</b>	<b>(287,250)</b>
Cash and cash equivalents at the beginning of the year	202,676	1,005,865
<b>Cash and cash equivalents at the end of the year</b>	<b>357,442</b>	<b>718,615</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

19. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET  
(CONTINUED)

EXPLANATION OF SIGNIFICANT VARIANCES

The key variances are set out below:

- Interest received is higher than budget due to the increasing interest rates in the period under review and more cash on hand.
- The Non-grant project expenses (CIP funded) are less than expected due to the RBI/MBS build being slower than expected. The RBI/MBS build has momentum and is expected to complete on time.
- Grant payments are less than expected due to the IRG claims and RBI/MBS build being slower than expected. As noted above the RBI/MBS build has momentum and is expected to complete on time. The IRG build has been slower to claim than forecast, due to supply constraints, weather events, affecting all projects.
- Acquisition of Chorus Equity Securities and Debt Securities reflects the mix of UFB premises handed over, and a slower than forecast handover of UFB.
- Capital contributions are less than expected due to the impact of build claims and CIP only drawing the minimum capital required and working with available cash on hand.
- Debt draw down more than expected due to timing of Milldale project draw.



# REPORTING AGAINST APPROPRIATION

FOR THE YEAR ENDED 30 JUNE 2022

CIP received appropriations through the Vote: Business, Science and Innovation and Vote Finance. Our reporting against these appropriations is as follows:

## BROADBAND INVESTMENT

This is a multi-year appropriation is limited to the provision of ongoing investment funding for CIP to implement the Government's broadband investment commitment. The appropriation commenced on 1 April 2018 and expired on 30 June 2021.

<b>Appropriation for UFB</b>	<b>\$000</b>
Original appropriation	582,500
Accumulated spend and adjustments up to 30 June 2021	495,000
<b>Appropriation remaining at 30 June 2021</b>	<b>87,500</b>
Current-year expenditure	87,500*
<b>Balance of appropriation 30 June 2022</b>	<b>-</b>

\*Includes \$10 million of receivable called share capital.

## EQUITY INJECTION

This is a multi-year appropriation which is limited to Investment in CIP and is intended to enable Crown Infrastructure Partners Limited to invest in water and roading infrastructure to support the timely increase of housing supply. The funding commenced on 9 April 2018 and expired on 30 June 2022.

<b>Appropriation for Infrastructure</b>	<b>\$000</b>
Original appropriation	600,000
Adjustments to 2020/21	(308,000)
<b>Appropriation remaining at 30 June 2021</b>	<b>292,000</b>
Adjustments 2022	(258,867)
Adjusted appropriation	33,133
Cumulative actual expenditure to 1 July 2021	(27,500)
Current-year expenditure	(4,600)
<b>Balance of appropriation 30 June 2022</b>	<b>1,033</b>

## SHOVEL READY PROJECT FUNDING

This is a multi-year appropriation is intended to provide grant funding to Crown Infrastructure Partners Limited to fund or deliver 'Shovel Ready' Infrastructure Projects. It commenced on 1 August 2020 and expires 30 June 2025.

<b>Shovel Ready Project Funding</b>	<b>\$000</b>
Original appropriation	1,264,595
Accumulative spend and adjustments up to 30 June 2021	(1,034,892)
<b>Appropriation remaining at 30 June 2021</b>	<b>229,703</b>
Adjustments 2022	54,538
Current-year expenditure	-
<b>Balance of appropriation 30 June 2022</b>	<b>284,241</b>

# REPORTING AGAINST APPROPRIATION (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

## REPORTING AGAINST APPROPRIATION (CONTINUED)

<b>This appropriation is intended to achieve greater access to high-speed broadband for more people.</b>		
<b>Assessment of performance</b>	<b>Actual standard of performance 2021/22</b>	<b>Budgeted standard of performance 2021/22</b>
86% of New Zealanders have access to ultra-fast broadband by the end of 2022	Rollout targets are met.	Rollout targets are met
<b>This appropriation is intended to achieve improved rural broadband and mobile connectivity in remote areas of New Zealand</b>		
<b>Assessment of performance</b>	<b>Actual standard of performance 2021/22</b>	<b>Budgeted standard of performance 2021/22</b>
Mobile Black Spot Fund milestones achieved as per the programme plan	Rollout targets are met.	Rollout targets are met
Rural Broadband Initiative 2 milestones achieved as per the programme plan	Rollout targets are met.	Rollout targets are met
<b>This appropriation is intended to achieve improved rural broadband and mobile connectivity in remote areas of New Zealand.</b>		
<b>Assessment of performance</b>	<b>Actual standard of performance 2021/22</b>	<b>Budgeted standard of performance 2021/22</b>
Rural Broadband Initiative 2 and Mobile Black Spot Fund (in surge regions) milestones achieved as per the programme plan	Rollout targets are met.	Rollout targets are met
Expanded and accelerated coverage of Ultra-Fast Broadband to West Coast towns (including Haast) as per UFB programme plan	Rollout targets are met	Rollout targets are met
Enhanced connectivity in West Coast Digital Connectivity package (deployment of network infrastructure to programme plan when set by Crown Infrastructure Partners)	Rollout targets are met	Rollout targets are met
<b>This appropriation is intended to provide grant funding to Crown Infrastructure Partners Limited to fund or deliver 'Shovel Ready' Infrastructure Projects.</b>		
<b>Assessment of performance</b>	<b>Actual standard of performance 2021/22</b>	<b>Budgeted standard of performance 2021/22</b>
Payments are made in accordance with approved grant drawdown requests	Achieved	By the end of fiscal 2022
<b>This appropriation is intended to enable Crown Infrastructure Partners Limited to invest in water and roading infrastructure to support the timely increase of housing supply.</b>		
<b>Assessment of performance</b>	<b>Actual standard of performance 2021/22</b>	<b>Budgeted standard of performance 2021/22</b>
One transaction materially advanced including material progress, in totality, on the various matters that need to be included in a levy proposal for the transaction (to be ultimately submitted to the recommender for assessment) by end of fiscal 2022	Key projects have been identified and targeted for funding, not fully met	By the end of fiscal 2022
Pipeline established for feasible projects where Infrastructure financing can be utilised for fiscal years 2022 and beyond	A pipeline has been developed	By the end of fiscal 2022



# DIRECTORY

## SHAREHOLDERS

The Minister of Finance  
The Minister for State Owned Enterprises

## REGISTERED OFFICE

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Phone: +64 9 912 1970  
Fax: +64 9 368 9201

## AUDITOR

The Auditor-General, pursuant to section 15  
of the Public Audit Act 2001

## SOLICITOR

Bell Gully

## BANKERS

ANZ Bank New Zealand Limited  
ASB Bank Limited  
Bank of New Zealand Limited  
Westpac New Zealand Limited  
Kiwibank Limited

## SENIOR MANAGEMENT

Graham Mitchell, Chief Executive Officer  
Dougal Evison, Chief Financial Officer  
Jeremy Holman, General Manager  
Infrastructure Delivery  
John Greenhough, Chief Technology Officer  
Nick Manning, General Manager Government  
and Industry Relations  
Kathryn Mitchell, Chief Legal and Risk Officer  
Sean Wynne, Deputy CEO - Bulk Housing  
Infrastructure

## BOARD OF DIRECTORS

Mark Binns (Chair)  
Allen Dent (appointed 8 July 2022)  
Bella Takiari-Brame  
Chris Gudgeon  
Danelle Dinsdale (retired at 30 June 2022)  
Mei Fern Johnson