



Crown
Infrastructure
Partners

Hanga Ngātahi • Building Together

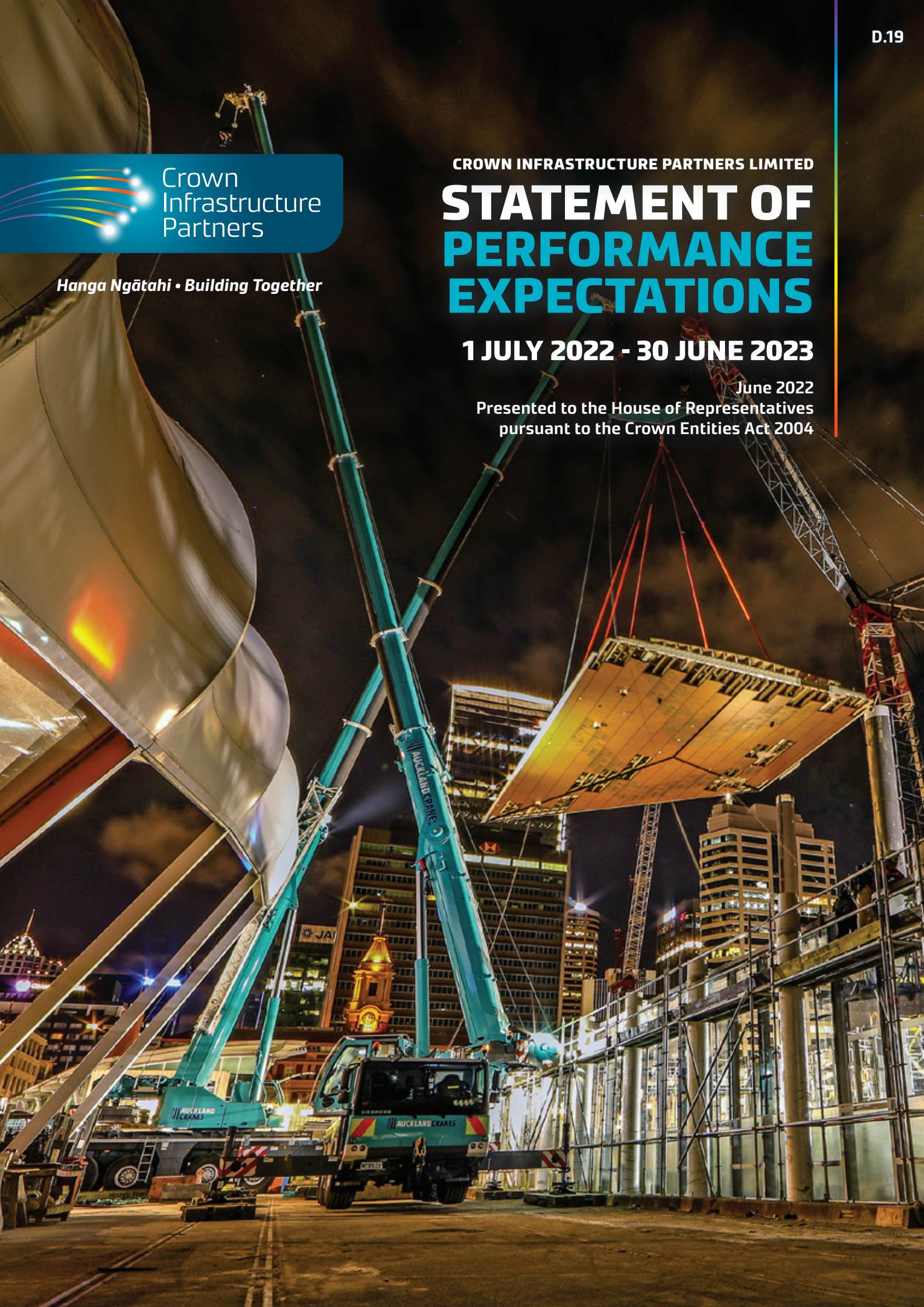
CROWN INFRASTRUCTURE PARTNERS LIMITED

STATEMENT OF PERFORMANCE EXPECTATIONS

1 JULY 2022 - 30 JUNE 2023

June 2022

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





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1: INTRODUCTION

This Statement of Performance Expectations (**SPE**) is submitted by the Board of Directors of Crown Infrastructure Partners Limited (**CIP**), pursuant to the Crown Entities Act 2004. It sets out the performance expected of CIP for the period 1 July 2022 to 30 June 2023.

STATEMENT OF RESPONSIBILITY

CIP is responsible for the statements contained in this document, including the appropriateness of the business assumptions underlying them. CIP is also responsible for internal control systems that provide reasonable assurance as to the integrity of its financial reporting.

A stylized blue ink signature of Mark Binns.

Mark Binns, Chair
30 June 2022

A stylized blue ink signature of Bella Takiari-Brame.

Bella Takiari-Brame, Director
30 June 2022

2: CIP’S VISION, OBJECTIVES, AND FUNCTIONS

This SPE sets out the targets and forward budgets for CIP for FY23, which are consistent with the direction from shareholding Ministers in their Letter of Expectations to CIP of 20 December 2021.

The following diagram sets out CIP’s vision, strategic objectives, functions and strategic priorities.



Te Takainga Marae, Rotorua – Marae Digital Connectivity Programme

CIP
VISION

“To partner with the private sector, iwi and local government to deliver infrastructure to improve the lives of New Zealanders”

Hanga Ngātahi - Building Together

STRATEGIC
OBJECTIVES

- To accelerate the roll-out of UFB to 86% of New Zealanders by 2022 (the **UFB Strategic Objective**)¹
- To improve broadband coverage for the last 3.4% of the population (the **RBIZ Strategic Objective**) and mobile coverage on state highways and in tourist areas (the **MBS Strategic Objective**)
- To deliver West Coast and Southland fibre links, upgraded rural broadband capacity and digital connectivity for eligible marae and regional digital hubs (the **Regional Digital Connectivity Strategic Objective**)
- To act as delivery partner for the Public Safety Network (**PSN**) by supporting procurement and delivery of radio and cellular network infrastructure (the **PSN Strategic Objective**)
- To implement and co-ordinate the Infrastructure Reference Group work programme (the **IRG Strategic Objective**)
- To assist with the monitoring of the infrastructure delivery stimulus funding for the Government’s 3 Waters Reform programme, and the “Better Off” package and implementing the rural water programme (the **3 Waters Strategic Objective**)
- To implement and/or facilitate funding and financing of infrastructure in accordance with the Infrastructure Funding and Financing Act 2020 (**IFF Act**) (the **IFF Strategic Objective**)

CIP
FUNCTIONS

CIP will ensure its policy goals are achieved by:

- establishing effective infrastructure delivery monitoring tools and databases across all programmes
- intervening where appropriate if infrastructure programmes are not performing or forecast not to deliver to time, cost, and scope
- conducting appropriate procurement in compliance with All of Government procurement policies and to high standards of probity to secure appropriate infrastructure delivery partners to achieve policy objectives
- utilising GIS and other engineering tools to assist in establishing infrastructure coverage requirements
- establish, manage, and monitor contracts with infrastructure delivery partners
- raising debt capital utilising the IFF Act to fund infrastructure
- reporting on all infrastructure programmes to Government and the public
- managing stakeholder interactions with local territory authorities, iwi and members of the public
- monitoring and investing Crown funds in infrastructure partners
- monitoring health and safety performance by partners and promote improvement where necessary
- accounting for costs and revenues, funding delivery partners and managing cash flows
- recruiting, retaining, and developing suitably qualified staff to manage the various infrastructure programmes

STRATEGIC
PRIORITIES

Strategic priorities are:

- that infrastructure programmes deliver the policy outcomes sought by Government
- that infrastructure is financed at the most effective cost to provide funding for its delivery
- that Government is fully advised of the progress and likely outcomes of infrastructure programmes
- to stay within fiscal envelope for the infrastructure programmes
- to ensure return of invested funds from infrastructure partners as per contractual arrangements
- that the public is informed on the progress of infrastructure programmes
- to take into account the Government’s wellbeing, sustainability and climate change reduction policies when implementing programmes
- to retain and develop engaged personnel, respecting diversity and achieving gender neural remuneration
- to keep workers and staff safe from harm or injury

1. NB: CIP is responsible for the roll-out of UFB to 86% of the population by 2022, with the remaining 1% (to 87%) being private fibre that CIP is not responsible for.

3: REPORTABLE OUTPUTS

Section 3 describes CIP’s outputs for the period from 1 July 2022 to 30 June 2023, which are reportable under section 149E(1)(a) of the Crown Entities Act 2004. CIP’s performance targets for FY23 relate to Ultra-fast Broadband (**UFB**) deployment, progress of the Rural Broadband Initiative and Mobile Black Spots (**RB12/MBS**) programmes, Regional Digital Connectivity programmes, supporting the PSN programme, infrastructure financing, progressing with the IRG and 3 waters programmes’ implementation, and on financial and operational efficiency. Performance on these measures will be reported in CIP’s Annual Report.

COVID-19 had several impacts on the timing of the delivery of some of the telecommunications infrastructure, infrastructure reference group (**IRG**) projects, 3 Waters infrastructure and timing of infrastructure projects and the financing thereof, some of which are likely to continue during FY23 and which may impact the achievement of some targets.

CIP also monitors health and safety performance across the various infrastructure programmes. Accordingly, these matters are regarded by CIP as non-reportable outputs for FY23 under section 149E(1)(c) of the Crown Entities Act.

3.1 CIP’S PERFORMANCE MEASURES

3.1.1 UFB programme

PERFORMANCE TARGETS FOR THE UFB PROGRAMME				
REPORTABLE MEASURE	FISCAL 2022			FISCAL 2023
	PLAN	FORECAST	% COMPLETE	PLAN
Number of UFB premises handed over by Partners to CIP or the applicable LFC under UFB (000’s)	1,426	1,430	99%	1,450
The number of broadband end users (such as households and businesses) able to connect to UFB (000’s)	1,800	1,808	99%	1,830

This class of outputs tracks CIP’s progress towards the achievement of the UFB Strategic Objective - the programme is on track for completion by the target of 31 December 2022, and this will be measured by the number of premises handed over to CIP and the number of broadband end users able to connect to UFB. This will be measured using a database.

3.1.2 RB12 and MBS programme

PERFORMANCE TARGETS FOR THE RB12/MBSF PROGRAMME					
REPORTABLE MEASURE	FISCAL 2022			FISCAL 2023	FISCAL 2024
	PLAN	FORECAST	% COMPLETE	PLAN	COMPLETION
Rural End Users to receive improved broadband	73,004	75,147	89%	80,500	84,327
Mobile Black Spot Tourism sites covered	91	91	54%	115	168
Mobile Black Spot Highway kilometers covered	1,056	1,056	75%	1,235	1,406

Rural Broadband Initiative and Mobile Black Spots

This class of outputs tracks CIP’s progress towards the achievement of the RB12/MBS Strategic Objective. CIP’s performance in terms of the number of RB12 end users able to receive improved broadband is based on the number of ‘Eligible End Users’ (such as households, marae and businesses) handed over by the Partners. CIP’s performance in terms of these measures is measured by CIP and its RB12 Partners using a geospatial dataset.

For MBS, there are two classes of output that track CIP’s progress towards achievement of the RB12/MBS Strategic Objectives – contracted MBS tourist sites covered, and contracted MBS state highway kilometres covered.

CIP’s performance in terms of the number of MBS tourist sites and state highway kilometres covered with mobile coverage is based on the number of sites and kilometres of coverage handed over by the Partners. CIP’s performance in terms of the sites and kilometres of coverage handed over under MBS is measured by CIP and its MBS Partner using a geospatial dataset.

3.1.3 Regional Digital Connectivity programme measures

PERFORMANCE TARGETS FOR THE REGIONAL DIGITAL CONNECTIVITY PROGRAMMES			
REPORTABLE MEASURES	FISCAL 2022		FISCAL 2023
	PLAN	FORECAST	PLAN
Rural Capacity Upgrades: Progress on rural broadband capacity upgrades programme (including any further rural capacity / broadband programmes)	Fully contracted and deployment commenced in priority areas	Likely to be achieved	Broadband capacity upgraded ² to 29,750 End Users
Fibre links Haast and Milford: progress of fibre links	On plan to achieve end of 2021 Haast and 2022 Milford completion	Haast link was materially achieved by December 2021 and subsequently is complete	Completion of Milford Fibre Link by 31 December 2022
Marae: Time to connect marae capable of connection ³	< 60 business days	Likely to be achieved	Not applicable - programme complete
Marae: Average time for hardware in place for marae capable of connection	< 120 business days	Likely to be achieved	Not applicable - programme complete

Rural Capacity Upgrades

This class of outputs tracks CIP’s progress towards the achievement of the rural broadband capacity upgrades (**RCU**) component of the Regional Digital Connectivity Strategic Objective which will enable households and businesses to connect to existing wireless infrastructure that previously had its capacity exhausted or to experience improved performance from congested rural broadband areas. CIP’s performance in terms of the number of RCU end users able to receive improved broadband capacity is based on the number of ‘Eligible End Users’ (such as households, marae and businesses), handed over by the Partners. CIP’s performance in terms of these measures is measured by CIP and its RCU Partners using a geospatial dataset.

Fibre links

The fibre link measure tracks CIP’s progress towards the achievement of the Milford fibre link objective component of the Regional Digital Connectivity Objective (as the West Coast link was complete in March 2022). 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 Milford Sound link being on track to meet its end completion date of 31 December 2022. Completion of the Milford fibre link will be determined by CIP receiving formal handover of the link following user acceptance testing.

2. Capacity upgraded means that an end user who was previously experiencing congestion (slower connections at peak times), or is facing ‘stop sell’ (cannot obtain a service), is now able to access an upgraded broadband service.
3. Capable of being connected means a marae has access to a broadband network.

3.1.4 PSN programme

PERFORMANCE TARGETS FOR THE PSN PROGRAMME			
REPORTABLE MEASURE	FISCAL 2022		FISCAL 2023
	PLAN	FORECAST	TARGET
Procurement and contracting and implementation	Procurement complete, network infrastructure contracts in place for mobilisation and deployment in FY23, by end of FY2022	Likely to be materially achieved	Initial pilot site deployment commenced by end of FY23

This class of outputs tracks progress towards the achievement of the PSN Strategic Objective by CIP as the telecommunications infrastructure procurement partner for the PSN.

CIP brings external market knowledge, commercial procurement experience in the telecommunications industry and technical knowledge in supporting the lead agency Next Generation Critical Communications (NGCC) in the implementation of the PSN. Based on the PSN contracted being executed in 2022, the target is to have commenced an initial pilot site by the end of FY23, and this will be measured by determining at the time whether initial site build has begun.

3.1.5 Contractual measures for the IFF Strategic Objective

PERFORMANCE TARGETS FOR THE IFF PROGRAMME			
REPORTABLE MEASURE	FISCAL 2022		FISCAL 2023
	PLAN	FORECAST	PLAN
Advancing transaction	By end of FY23, 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 MHUD and The Treasury) ⁴	Likely to be achieved	Achieve financial close on at least one focused project by the end of FY23
Pipeline of projects	By end of FY22, maintain a pipeline of medium to longer term projects for which there is a reasonable expectation of providing 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	Likely to be achieved	Not applicable as pipeline is established and will be maintained

This class of outputs tracks CIP's progress towards the achievement of the IFF Strategic Objective.

For infrastructure financing, this class of output tracks CIP's progress and will be measured based on achieving financial close on at least one focused project by the end of FY23. The other pipeline of projects measure is not applicable as the pipeline is now established, and will be maintained. Measurement will be through reporting to the Board and Government on progress.

4. Noting that the timing of completion of any particular IFF transaction is subject to a number of third party constraints and factors outside of CIP's control and influence.

3.1.6 Infrastructure Reference Group work programme

PERFORMANCE TARGETS FOR THE INFRASTRUCTURE REFERENCE GROUP WORK PROGRAMME			
REPORTABLE MEASURE	FISCAL 2022		FISCAL 2023
	PLAN	FORECAST	PLAN
Project implementation	All approved CIP projects with suitable risk contracted by end of CY21	Materially achieved	Not applicable as contracts in place
Project implementation	CIP projects advanced during year measured by amount of Government funding and total funding (includes co-funding) invested versus total Government funding and total project cost (at least 50%)	Likely to be materially achieved	CIP projects advanced during year measured by amount of Government funding invested versus total Government funding (at least 60% of Government funding approved at 30 June 2022)
Reporting	Preparation of timely regular reporting across whole IRG programme for Ministers, and release of suitable quarterly public reporting	Likely to be achieved	Not applicable as reporting in place

Infrastructure Reference Group programme

This class of outputs tracks CIP's progress towards the achievement of the IRG Strategic Objective. For CIP's performance in terms of project implementation, the percentage of CIP projects advanced during the year will be measured by the amount of Government funding invested versus total Government funding (at least 60%).

The other two former measures have been completed and are no longer relevant.



Papaioea Place Social Housing - IRG Programme

3.1.7 3 waters programme

PERFORMANCE TARGETS FOR THE 3 WATERS PROGRAMME			
REPORTABLE MEASURE	FISCAL 2022		FISCAL 2023
	PLAN	FORECAST	PLAN
Delivery plan reviews	Delivery plan recommendations provided to the Department of Internal Affairs by 31 October 2020 for complete delivery plans delivered on time	Achieved	Not applicable – programme complete
Review of quarterly reports from Local Territorial Authorities	Review quarterly reports and provide recommendations on funding drawdowns to Department of Internal Affairs within 15 business days of receipt of complete and understandable reports from Local Territorial Authorities	Likely to be achieved	Not applicable – programme complete
Reporting on 3 Water Stimulus programme	Timely quarterly reporting for DIA and public in place that meets Government requirements	Likely to be Achieved	Not applicable – programme complete
Rural water	Rural water improvement programme is underway and on plan as agreed by DIA	Likely to be Achieved	Contract head vendors, and commence implementation with initial sites underway by end of FY23
“Better Off” package	Not applicable	Not applicable	Provide bi-annual Government and public reporting on progress that are fit for purpose.

This class of outputs tracks CIP’s progress towards the achievement of the 3 waters reform programme objectives.

CIP has been engaged to manage the implementation of the rural water supply fund, as part of its 3 waters responsibilities. The programme is commencing, with the aim of contracting head vendors and implementation with initial sites underway by the end of FY23. This will be measured by assessing whether such matters have occurred at the end of FY23. In future years, this number will reflect the number of premises which will receive safe drinking water.

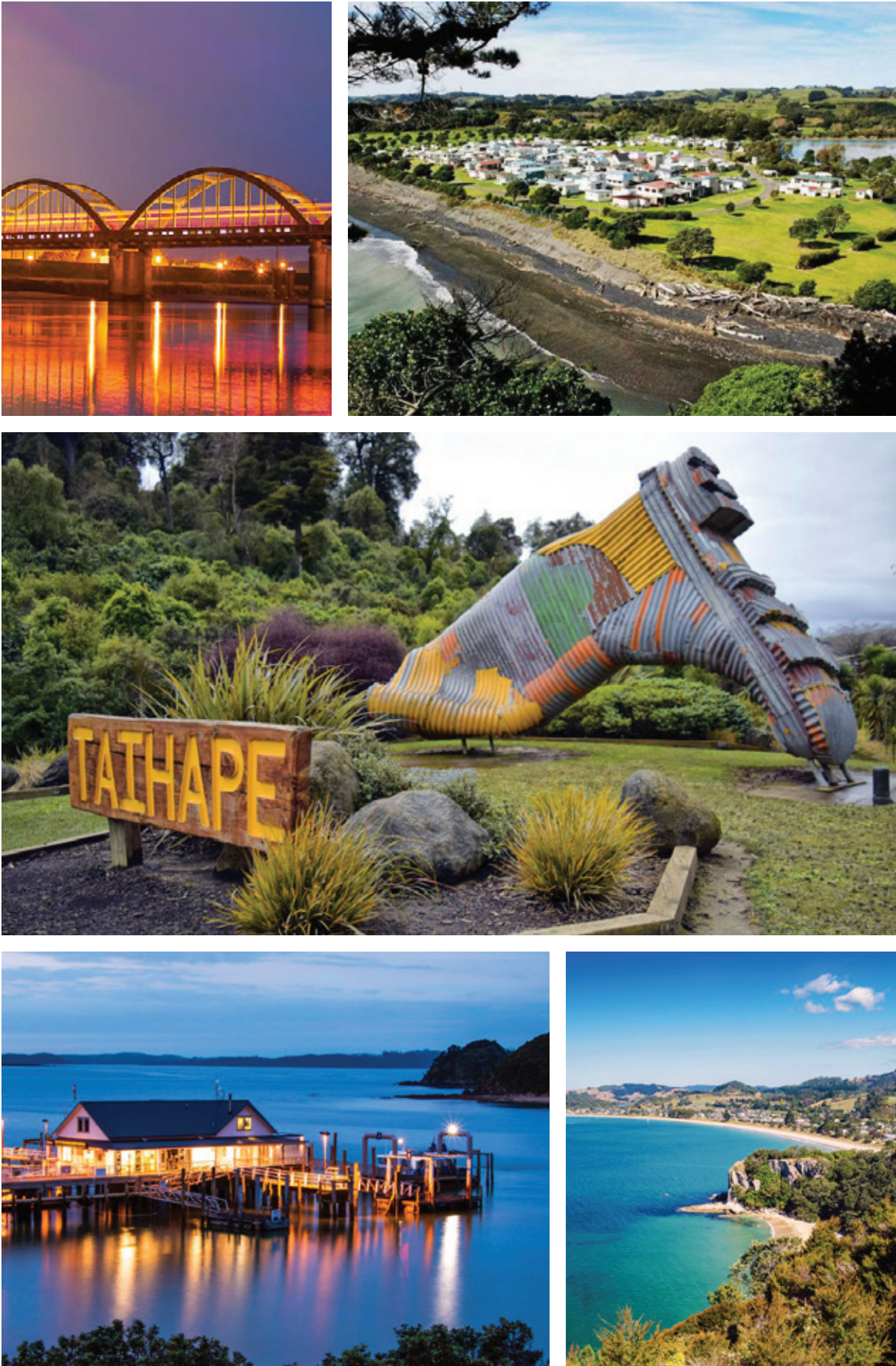
CIP has also been engaged to monitor the “Better Off” programme, as part of its 3 waters responsibilities. This programme is in a very early stage.

3.1.8 CIP’s performance targets for financial and operational efficiency

PERFORMANCE TARGETS FOR FINANCIAL AND OPERATIONAL EFFICIENCY			
REPORTABLE MEASURE	FISCAL 2022		FISCAL 2023
	PLAN	FORECAST	PLAN
CIP net operational cost as percentage of annual investment/grants	5%	4%	5%

This measure outlines the operational efficiency of establishing and managing the various infrastructure programmes. During FY23, CIP is involved in two programmes (being the PSN and 3 waters infrastructure/Better Off package) where CIP is not directly funding the investments but is incurring the management costs. If the investment relating to those programmes is taken into account, CIP’s operational efficiency is improved further.

Each year the CIP Board plans CIP’s future level of resourcing, which depends on CIP’s scope of work and functions.



Towns with UFB available in FY22 – UFB Programme

4: REPORTABLE MEASURES

4.1 CIP’S REPORTABLE MEASURES

CIP monitors health and safety as described in this section. Health and safety of partners and their contractors and staff is the responsibility of those partners; CIP’s role is to monitor performance to ensure that contractual requirements are being met.

4.2 HEALTH AND SAFETY

CIP will ensure that it complies with its obligations under the Health and Safety at Work Act 2015. CIP is committed to the wellbeing, health and safety of its employees, its contractors and the community. CIP will continue to encourage its Partners to achieve zero serious harm injuries.

CIP will also continually seek to improve health and safety processes, awareness and compliance across its own organisation and through its infrastructure delivery Partners, and will encourage its contractors to do the same.

CIP benchmarks the performance of Partners against key health and safety metrics such as the Total Recordable Injury Frequency Rate (**TRIFR**). The performance on TRIFR across Partners as at 31 May 2022 (on the basis of a rolling 12-month average) is shown below:

PARTNERS’ PERFORMANCE AGAINST WORKPLACE HEALTH AND SAFETY BENCHMARK FOR INFRASTRUCTURE DEPLOYMENT			
SAFETY METRIC	CIP	BENCHMARKS	
		NZ CONSTRUCTION	NZ MINING & UTILITIES
TRIFR ⁵	3.5	12	11

CIP also focuses on the health, safety and wellness of its own staff, and has a zero-harm environment.

Infrastructure delivery Partners have measures in place to stay below this threshold, and this will be reported on in CIP’s Annual Report.



RCG – Little River, Banks Peninsula – Rural Broadband Programme

5. A TRIFR of 10 means there were 10 total recordable injuries (including lost time injuries and medical treatment injuries) per one million hours worked. It is expected that TRIFR across UFB, RBI2/MBS, Regional Digital Connectivity programmes and rural water programme for fiscal year 2023 should remain within a range of 3-5.

5: KEY BUSINESS ASSUMPTIONS

5.1 REPORTING ENTITY

The reporting entity is Crown Infrastructure Partners Limited (**CIP**, the **Parent** and the **Company**) and its controlled subsidiaries (the **Group**). As at 30 June 2022 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. CIP is a limited liability company incorporated under the Companies Act 1993, and is a Crown entity as defined by the Crown Entities Act. CIP is listed in Schedule 4A of the Public Finance Act 1989.

The purpose of the Company, as amended to reflect the additional responsibilities, is to:

- (a) implement the government’s objectives in relation to improving the performance and availability of, and access to:
 - (i) ultra-fast broadband;
 - (ii) rural broadband;
 - (iii) mobile voice and data coverage;
 - (iv) telecommunications backhaul; and
 - (v) 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;
- (b) act as a 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 procurement and delivery of radio and cellular network infrastructure and services; and
- (c) implement and/or facilitate funding and financing of infrastructure, including as provided for under the Infrastructure Funding and Financing Act (the IFF Act) (upon the IFF Act receiving Royal Assent), by co-investment with, or facilitating investment from, private sector or other participants, to achieve the government’s objectives for:
 - (vi) the provision of infrastructure for housing and urban development; and
 - (vii) the provision of other eligible infrastructure in accordance with the IFF Act; and
- (d) assist with the government’s response to the COVID-19 pandemic by:
 - (i) providing assistance to the Infrastructure Reference Group (the IRG) in relation to:
 - i. advice to the government on issues affecting the construction industry as a result of the COVID-19 pandemic and the government’s response to such issues;
 - ii. assessing proposals for projects that may be suitable for potential government support as part of COVID-19 response initiatives; and
 - iii. preparing reports and other advice as necessary to assist the IRG to carry out its purpose for the government; and
 - (ii) implementing, facilitating or otherwise assisting the government with any transaction, or class of transactions, or providing assistance with any other matter, in relation to any projects that are selected for government support, as agreed from time to time between the Company and the Shareholding Ministers.
- (e) assist with the government’s “3 Waters” reform programme by:
 - (i) providing oversight in relation to delivery plans prepared and carried out by regional or district councils, or by other local authorities, and in particular by:
 - i. reviewing each delivery plan prepared by regional or district councils, or by other local authorities;
 - ii. prior to the disbursement of any funds in connection with any delivery plan, confirming to the Secretary of Local Government that the delivery plan is consistent with requirements set out in the relevant funding agreement; and
 - iii. monitoring the progress of work in connection with each confirmed delivery plan as against the requirements of the delivery plan, and providing relevant information on such progress to the Secretary of Local Government; and
 - (ii) implementing, facilitating, monitoring, advising or otherwise assisting the government with the “3 Waters” reform programme, including, but not limited to, supporting infrastructure deployment, as agreed from time to time between the Company and the Shareholding Ministers.

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). Accordingly, CIP has designated itself as a PBE for the purposes of New Zealand equivalents to International Financial Reporting Standards (**NZ IFRS**). CIP is a public authority and so is exempt from the payment of income tax. Therefore, no provision has been made for income tax in CIP’s financial statements.

5.2 BASIS OF PREPARATION

The prospective financial statements have been prepared on consistent basis to the accounting policies in the existing Statement of Performance Expectations for Financial Year 2021/22 together with the additional accounting policies set out below.

5.3 NOTES TO THE ACCOUNTS

- i. **Interest income:** interest earned on cash balances with financial institutions, and imputed interest from financial securities. The table below shows the reconciliation of interest income;

Interest income	Forecast 2022 \$000	SPE 2023 \$000
Bank interest	2,036	931
IRG cash and equivalents	6,358	8,766
Imputed interest – IRG loans	180	422
Imputed interest – UFB investments	41,891	50,649
Bulk Housing Infrastructure (BHI) interest	3,119	3,714
Interest income	53,584	64,482

- ii. **Grant Income:** are the grants funded by the Telecommunications Development Levy (**TDL**) and the Provincial Growth Fund (**PGF**) for improving rural broadband connectivity, reducing mobile blackspots, providing fibre links to Haast and Milford, and digital connectivity to Marae/RDHs all funded in FY22. IRG grants are provided for the funding of infrastructure as part of the ‘shovel ready’ IRG work programme (the **IRG Grants**). As first recipient of the IRG Grant, CIP recognises the IRG Grants, as they are paid to project owners on completion of construction milestones for the projects, in the Statement of comprehensive revenue and expense. The residual IRG Grant amounts are held as income in advance in the Statement of Financial Position.
- iii. **Recoveries income:** is reimbursement for infrastructure project transaction costs incurred by CIP on behalf of a project. These costs are usually in the nature of establishment and financing costs directly attributable to a specific infrastructure project, including PSN costs and 3 waters recovery.
- iv. **Fair value changes on investments:** gains and losses arising from changes in the fair value of CIP’s investments, these include UFB investments, Milldale, IRG loans, and other infrastructure investment.
- v. **Depreciation and amortisation:** depreciation charges on property, plant and equipment.
- vi. **Grant Expenses:** these expenses are the cost of the RBI2/MBS build that CIP is paying to RCG and ‘wireless ISPs’ (**WISPs**) funded from the TDL Levy for improving rural broadband connectivity, reducing mobile blackspots, providing fibre links to Haast and Milford, and digital connectivity to Marae/RDHs. IRG grants expenses are the cost of infrastructure as part of the ‘shovel ready’ IRG work programme and reflected as an expense as they are incurred.
- vii. **CIP funded expenses:** CIP funds RBI2/MBS including site leases, 3G operational expenditure and expansion operational expenditure and mobile capacity upgrade, urban marae connectivity and some of the Chatham Island’s satellite backhaul capacity expenses are those not covered by Grant Funding.
- viii. **Other company overheads:** administrative costs for CIP including any additional costs associated CIP’s new responsibilities for with IRG shovel ready and 3 Waters programme monitoring.
- ix. **UFB contribution - Chorus Equity Securities and Debt Securities:** The difference on initial recognition between the fair value of the investment and the contribution by CIP represents CIP’s and the Crown’s contribution towards deployment by one of its Partners, Chorus, that is funded through the issue of debt and equity securities.
- x. **Loan asset contribution:** is difference on initial recognition of loans and the market value. The contribution by CIP represents CIP’s contribution arising as a result of the concessionary nature, if any, of the loan.
- xi. **Cash and cash equivalents:** cash on hand with New Zealand’s major trading banks or Treasury Bills with a maturity of less than three months.
- xii. **Investment in Treasury Bills:** are Treasury Bills with a maturity of more than three months.
- xiii. **Capital:** the Crown investment made in CIP is represented by 1,597,500,200 ordinary shares issued at a value of \$1.00. CIP forecasts calling \$64.6 million.

5.4 INVESTMENT BY REPORTABLE OUTPUTS

The table below show the investment by that support the performance objectives of CIP.

Programme investment	PTD 2021	Plan 2022 \$000	Forecast 2022 \$000	Plan 2023 \$000	To be completed beyond 2023	Total
UFB programme	1,634,078	95,232	81,285	47,038	-	1,762,401
RBI2/MBS programme	145,205	58,695	41,761	69,964	43,052	299,982
Regional Digital Connectivity programmes	49,965	30,547	26,484	25,089	1,062	102,600
Infrastructure Reference Group Work programme	152,329	387,000	290,889	384,332	491,563	1,319,113
IFF programme*	52,568	16,911	11,459	100,850	577,815	742,692

* Total appropriation is \$292m, investment includes debt raised in the capital market.



Haast Water Treatment Plant after rock work – 3 Waters Programme

6: SIGNIFICANT ACCOUNTING POLICIES

6.1 FORECAST FINANCIAL INFORMATION

The financial information contained below is prospective and, by its nature, contains assumptions which may lead to material differences between the prospective financial information and the actual financial results prepared in future reporting periods. CIP has undertaken a review of its financial models, and believes they remain fit for purpose in assisting CIP in preparing prospective financial information. Significant assumptions in the preparation of prospective financial information are for the investments in Chorus, NFL, Milldale LP, IRG loans and any future infrastructure investments. The prospective information for BHI is subject to significant management judgement relating to the timing and quantum of the investments, and the prospective information reflects the best information available to management.

6.2 REVENUE

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

TDL and PGF grant income is recognised on receipt of the grant funds from MBIE.

The IRG grants are recognised as non-exchange revenue (PBE IPSAS 23), and to recognised grant money as an asset, and the corresponding payments to the recipients as a liability in the Statement of Financial Position. As the IRG Grant conditions are satisfied and the monies paid the asset and liability are reduced, and the corresponding transactions are recognised as Grant income and expense in the Statement of Performance.

6.3 INVESTMENT IN CHORUS AND CCHL, NFL, IRG LOANS, INVESTMENT IN TREASURY BILLS AND MILLDALE

CIP's investment in NFL, and IRG loans is categorised as a "loans and receivables" financial asset and is measured initially at fair value and subsequently at amortised cost using the effective interest method, less any impairment. Any difference on initial recognition between the fair value of the investment in LFC and IRG Loans and the contribution by CIP represents CIP's contribution to the IRG projects, and is reflected in the lines "UFB contributions - LFC Loans" and "IRG contributions - IRG Loans". Interest income is recognised by applying the effective interest method. In CIP's financial statements, the investment in unlisted Chorus Equity Securities and Chorus Debt Securities is categorised as an available-for-sale financial asset and is measured at fair value.

Any difference on initial recognition between the fair value of the investment in the Chorus Debt and Equity Securities and the contribution by CIP represents CIP's and the Crown's contribution to the deployment of UFB in New Zealand and is reflected in the line "UFB contributions - Chorus securities" in surplus or deficit in the statement of comprehensive income. CIP's investment in Chorus's warrants is treated as a derivative, which is categorised as a "fair value through profit or loss" financial instrument, is measured at fair value and is accounted for in the same manner as the "fair value through profit or loss" financial instruments above.

CIP's investment in Treasury Bills are to fund the IRG projects. The Treasury Bills are short-dated investments and are typically issued with 3, 6 and 12 month maturities. Treasury Bills do not pay a coupon instead they are issued as at discount to face value to reflect the interest yield on the bill. The interest yield is reflected as amortised interest in the profit or loss up to the face value of the instrument. The Treasury Bills are shown as current assets as their duration is no longer than 12 months. The investment in the Treasury Bills is categorised as a "fair value through profit or loss" financial instrument, is measured at fair value and is accounted for in the same manner as the "fair value through profit or loss" financial instruments above.

6.4 CREDITORS AND OTHER PAYABLES

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

6.5 GOODS AND SERVICES TAX

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

6.6 INCOME TAX

The Company is a public authority and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax by CIP in the Company's financial statements.

6.7 STATEMENT OF CASH FLOWS

The definitions of the terms used in the statement of cash flows are:

- i. **cash and cash equivalents** comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily converted to known amounts of cash and are subject to an insignificant risk of changes in value;
- ii. **operating activities** are the principal revenue-producing activities of the Company and other activities that are not investing or financing activities;
- iii. **investing activities** are those activities relating to the acquisition and disposal of current and non-current investments, property, plant and equipment, intangible assets and other non-current assets; and
- iv. **financing activities** are those activities that result in changes in the size and composition of the contributed equity of the Company.

6.8 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements CIP has made estimates and assumptions concerning the future, which may differ from subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management has exercised its judgement in respect of arriving at the fair values of its investments in Chorus, IRG and Milldale loans and receivables.



Papakawau Estuary Resilience Kerikeri Gateway SH10 - IRG Programme

7: FINANCIAL STATEMENTS

STATEMENT OF FORECAST COMPREHENSIVE INCOME FOR THE PERIOD 2022-2023

	Forecast 2022 \$000	SPE 2023 \$000
Income		
Interest income	53,584	64,482
Government Agency Recoveries	2,866	8,726
Grant income	406,660	413,082
Total income	463,110	486,290
Expenses		
Directors' Fees	195	221
Personnel costs	7,592	8,722
Professional & advisory fees	6,121	12,230
Other expenses	2,286	3,473
Depreciation	111	620
Financing costs	3,243	3,867
Non Grant programme expenses*	9,989	43,650
Grant programme expenses	258,611	346,674
UFB contributions - Chorus Debt & Equity Securities	44,269	29,546
Loan asset contributions	29,140	67,069
Net fair value losses on FVTSD investments	177,934	151,155
Total expenses	539,491	667,227
Net surplus/(deficit)	(76,381)	(180,937)

*CIP funds this through returned funds and cashflow

STATEMENT OF FORECAST CHANGES IN EQUITY FOR THE PERIOD 2022-2023

	Capital \$000	Retained earnings \$000	Total \$000
Opening balance 1 July 2021	1,505,400	(611,329)	894,071
Net surplus/(deficits)		(76,381)	(76,381)
Capital contributions	92,100	-	92,100
Closing balance 30 June 2022	1,597,500	(687,710)	909,790
Opening balance 1 July 2022	1,597,500	(687,710)	909,790
Net surplus/(deficits)		(180,937)	(180,937)
Capital contributions	64,687	-	64,687
Closing balance 30 June 2023	1,662,187	(868,647)	793,540

STATEMENT OF FORECAST FINANCIAL POSITION

FOR THE PERIOD 2022-2023

	Forecast 2022 \$000	SPE 2023 \$000
Assets		
Current assets		
Cash and cash equivalents	429,594	383,279
Investments in Treasury Bills	644,455	200,000
Trade and other receivables	3,181	152
GST receivables	-	-
Prepayments	56	32
Total current assets	1,077,286	583,463
Non-current assets		
Property, plant and equipment	5,760	9,958
Investments in Infrastructure financed projects	47,199	122,341
Investments in Chorus Debt & Equity Securities	604,751	534,970
Loans asset	86,205	164,139
Total non-current assets	743,915	831,408
Total assets	1,821,201	1,414,871
Liabilities		
Current liabilities		
Creditors and other payables	21,776	21,709
Deferred Revenue	384,332	350,392
Employee entitlements	807	917
Total current liabilities	406,915	373,018
Non-current liabilities		
Deferred Revenue	460,998	160,943
Borrowings	43,497	87,370
Total non-current liabilities	504,495	248,313
Total liabilities	911,410	621,331
Net assets	909,790	793,540
Contributed capital	1,597,500	1,662,187
Retained earnings	(687,710)	(868,647)
Total equity	909,790	793,540

STATEMENT OF FORECAST CASH FLOWS

FOR THE PERIOD 2022-2023

	Forecast 2022 \$000	SPE 2023 \$000
Cash flows from operating activities		
Interest received	9,658	10,229
Other receipts	8,616	8,726
Grant received	368,655	60,087
Payments to suppliers	(14,127)	(19,661)
Payments to employees	(7,071)	(8,441)
Grant payments	(282,346)	(346,524)
Non-Grant project payments	(19,139)	(43,650)
Goods and services tax (net)	8,188	5,907
Net cash outflow from operating activities	72,434	(333,327)
Cash flows from investing activities		
IRG loan repayments received	-	-
Purchase of property, plant, and equipment	(200)	(4,816)
Acquisition of investment in Chorus Debt & Equity Securities	(103,690)	(42,822)
Investment in IRG Loans	(91,456)	(140,295)
Acquisition of investments in Urban Development Infrastructure	(4,410)	(86,149)
Net cash outflow from investing activities	(199,756)	(274,082)
Cash flows from Financing activities		
Capital contribution - Crown	92,100	64,687
Proceeds from borrowings	10,130	54,003
Infrastructure receipts	1,302	1,816
Interest paid	(3,243)	(3,867)
Net cash inflow from financing activities	100,289	116,639
Net increase/(decrease) in cash and cash equivalents	(27,033)	(490,770)
Cash and cash equivalents at the beginning of the year	1,101,082	1,074,049
Cash, cash equivalents and T-Bills at the end of the year	1,074,049	583,279



APPENDIX: DIRECTORY

Shareholders

The Minister of Finance
The Minister for State Owned Enterprises

Registered office

c/- Bell Gully
Level 22, Vero Centre
48 Shortland Street
Auckland Central
Auckland 1010, New Zealand

Contact address

PO Box 105321
Auckland City
Auckland 1143, New Zealand

Email: info@crowninfrastucture.govt.nz
www.crowninfrastucture.govt.nz
Phone: +64 9 912 1970

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
Kiwibank Limited
Westpac New Zealand Limited

Senior Management

Graham Mitchell,
Chief Executive Officer

Sean Wynne,
Deputy Chief Executive Officer

Dougal Evison,
Chief Financial Officer

John Greenhough,
Chief Technology Officer

Jeremy Holman,
GM Infrastructure Delivery

Nick Manning,
GM Government and Industry Affairs

Kathryn Mitchell,
Chief Legal and Risk Officer

Board of Directors

Mark Binns (Chair)
Danelle Dinsdale
Chris Gudgeon
Mei-Fern Johnson
Bella Takiari-Brame

* Danelle Dinsdale will retire at 30 June 2022



Crown
Infrastructure
Partners

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