



NATIONAL INFRASTRUCTURE
FUNDING AND FINANCING LIMITED

AMENDMENT TO THE STATEMENT OF PERFORMANCE EXPECTATIONS

1 JULY 2024 – 30 JUNE 2025

February 2025
Presented to the House of Representatives
pursuant to the Crown Entities Act 2004

CONTENTS

1. Introduction	2
2. Context	2
3. The Company’s Purpose, Objectives and Priorities	4
4. Reportable Outputs	6
4.1 Partner on Private Financing for Public Infrastructure	6
4.2 Infrastructure Funding and Financing	8
4.3 Connect Investors to Infrastructure Opportunities	8
5. Financial Statements	10
6. Notes to The Forecast Financial Statements	14
6.1 Reporting Entity	14
6.2 Basis of Preparation	14
6.3 Forecast Financial Information	15
6.4 Significant Accounting Policies	15
6.5 Notes to the Financial Statements	17
6.6 Investment, Revenue, and Expenditure by Reportable Outputs	18
Appendix: Directory	21



1: INTRODUCTION

This Amendment to the Statement of Performance Expectations 2024/25 is submitted by the Board of Directors of National Infrastructure Funding and Financing Limited (the Company), previously known as Crown Infrastructure Partners Limited (CIP), pursuant to section 149K(2)(b)(iv) of the Crown Entities Act 2004. It sets out the performance expected of the Company for the period 1 December 2024 to 30 June 2025 in relation to new areas of responsibility the Company has been assigned during the 2024/25 financial year.

STATEMENT OF RESPONSIBILITY

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



Mark Binns, Chair
26 February 2025



Alan Dent, Director
26 February 2025

2: CONTEXT

This amendment to the CIP issued 2024/25 financial year Statement of Performance Expectations (SPE) is made pursuant to section 149K(2)(b)(iv) of the Crown Entities Act 2004.

On 26 August 2024, Cabinet resolved to repurpose CIP with effect from 1 December 2024, and CIP's name was officially changed to National Infrastructure Funding and Financing Limited.

The repurposing of CIP to the Company has seen some significant changes in the work programmes since the original 2024/25 financial year SPE was finalised.

On 10 October 2024, the Minister for Infrastructure wrote to the Company outlining updated expectations to reflect the repurposed entity's additional responsibilities. In particular, the Company has been given new responsibilities in relation to:

- Partnering with government agencies on projects involving private financing; and
- Acting as the Crown's "shopfront" to facilitate private sector investment in infrastructure.

This amendment sets out additional measures for the Company's performance for these new areas of responsibility and updated financial information to reflect these. The Company's performance measure for the Infrastructure Funding and Financing programme is updated to reflect the reprioritisation of resources and priorities within the Company.

This amendment should be read in conjunction with the original 2024/25 financial year SPE which continues to have effect except in relation to the financial and other information which is updated in this amendment document.



3: THE COMPANY’S PURPOSE, OBJECTIVES AND PRIORITIES

As noted in section 2, since the issue of the original SPE, the Company has gained additional responsibilities. The following diagram sets out the Company’s updated purpose, strategic objectives, functions and strategic priorities that include the Company’s new responsibilities.

PURPOSE

“Our purpose is to partner with the private sector, iwi, and central and local government to fund, finance and deliver infrastructure to improve the lives of New Zealanders.”

Hanga Ngātahi – Building Together

STRATEGIC OBJECTIVES

Partner on private financing for public infrastructure: Enable Government infrastructure agencies to access private capital to fund and finance public infrastructure

Infrastructure funding and financing: Infrastructure owners can utilise the IFF tool to fund and finance eligible infrastructure

Connect investors to public infrastructure opportunities: Infrastructure investors and providers are connected to New Zealand infrastructure investment opportunities

Corporate finance advisory: The Government is expertly advised on the use of private capital for public infrastructure

Manage Infrastructure funds: For priority infrastructure that achieves Government priorities

Improve connectivity: Access to broadband, mobile and radio connectivity across New Zealand is improved

STRATEGIC PRIORITIES

Provide specialist advice, capability and expertise to support agencies to deliver PPPs and other public infrastructure projects financed by forms of private capital.

Implement and facilitate funding and financing of infrastructure in accordance with the IFF Act 2020.

- Act as the Government’s lead to facilitate private capital investment into public infrastructure
- Serve as a single point of contact for investors on inbound market-led (or unsolicited) proposals for the Crown.

Provide corporate finance advice to government agencies to inform and/or implement government infrastructure policy as required.

- **Infrastructure Reference Group Fund** – provide funding and oversight on the delivery of projects approved by Government for IRG funding to support construction, employment and economic activity.
- **Rural Drinking Water Funds** – deliver safe drinking water to kāinga and other water supplier sites in rural New Zealand through the provision of water treatment plants.
- **Cyclone Recovery Funds** – provide funding and oversight of councils in their response to the North Island weather events, including funding 50% of the purchase of Category 3 Properties,* construction of flood protection infrastructure to protect Category 2 Properties,* and repair of regional and local transport links.

- **Rural Broadband** – enable rural households and businesses to receive improved broadband capacity or coverage.
- **Rural Mobile** – improve the availability of mobile services to support safety on state highways and regional roads, enhance visitor experience at great walks/cycleways/track-ends and key tourist destinations, and provide mobile coverage to settlements, which do not currently have coverage from any mobile operator.
- **Public Safety Network** – act as delivery oversight partner together with NZ Police for the Public Safety Network in the delivery of radio and mobile network infrastructure.

* Category 2 properties are properties with catastrophic risk to life requiring property specific or community level risk mitigation projects to protect against flooding. Category 3 properties are properties with catastrophic risk to life which cannot be protected and subject to voluntary buyout.

4: REPORTABLE OUTPUTS

This section describes the Company's additional outputs for the period from 1 July 2024 to 30 June 2025, which are reportable under section 149E(1)(a) of the Crown Entities Act 2004. The additional performance measures for fiscal year 2024/25 relate to the repurposing, including the establishment of new functions agreed by Cabinet.¹ Performance on these measures will be reported in the Company's Annual Report.

4.1 PARTNER ON PRIVATE FINANCING FOR PUBLIC INFRASTRUCTURE

4.1.1 Provide specialist advice, capability and expertise to support agencies to deliver public infrastructure projects financed by forms of private capital

PERFORMANCE TARGETS FOR THE PRIVATE FINANCING OF PUBLIC INFRASTRUCTURE	
REPORTABLE MEASURE	PLAN
Provide initial advice and support to a lead agency on 1 potential public private partnership transaction	By end of FY24/25

This class of outputs tracks the Company's progress towards achievement of its Private Financing of Public Infrastructure Projects Strategic Priority. Projects with the potential for private finance are expected to commence early market engagement and expressions of interest in FY24/25 and the Company's performance will be measured by the number of projects supported in this phase.

There is currently a limited use of private financing to deliver public infrastructure in New Zealand. The Government considers that private financing can play a large role and has consolidated Crown expertise and capability in utilising private financing and alternative procurement models inside the Company.

The Company will partner with agencies to increase access to private financing and alternative procurement models, such as public private partnerships (PPPs). The Company will advise on the commercial, financing and procurement elements of an agency's business case, including the procurement options analysis, funding and financing options and structures, and investor engagement. The Company will act as a commercial and financial advisor for the Government agency responsible for delivering the infrastructure project and will advise Government agencies on funding and financing considerations.

Private financing of public infrastructure projects will benefit New Zealanders by supporting partner Government agencies to realise greater value for money from public infrastructure investment by using alternative private financing and structures, including Public Private Partnerships.

The reportable measure for this class of outputs has been chosen to monitor the Company's progress towards achievement of its objective to partner with Government agencies on infrastructure projects involving private financing. This is a new measure to reflect an additional Company responsibility.

1. In addition to the measures included below, the Company is developing five additional measures for inclusion in the SPE 2025/26. Measures under development relate to private capital support, PPP documentation, PPP post-outcomes review, market-led proposals, and corporate finance advisory.



Kiwa Pools, Gisborne - IRG Programme

4.2 INFRASTRUCTURE FUNDING AND FINANCING

Repurposing CIP to the Company has required a restructure of the organisation, including reprioritisation of resources across the teams that facilitate and execute the Infrastructure Funding and Financing Act (IFF) transactions. As a result, the performance measure for the IFF programme has been updated to reflect the change in resource priorities for the organisation. The following performance measure will replace section 3.2.1 of the CIP SPE (pages 7-8).

4.2.1 Implement and facilitate funding and financing of infrastructure in accordance with the IFF Act 2020

PERFORMANCE TARGETS FOR THE IFF PROGRAMME	
REPORTABLE MEASURE	FISCAL 2024/25
	PLAN
Initiate transaction	Initiate at least one IFF transaction by the end of FY24/25 that is capable of being closed in FY25/26

This class of output tracks the Company’s delivery of roles and functions under the Infrastructure Funding and Financing programme. The Company’s performance will be measured by the number of transactions initiated in a financial year.

New Zealand’s cities are growing quickly, with housing supply and associated public infrastructure often not keeping pace with demand. Councils are responsible for delivering public infrastructure such as water and transport but some, especially growth councils, have debt constraints. These borrowing constraints can lead to postponement of investment in viable infrastructure projects, including the infrastructure needed for new housing developments. The IFF Act enables infrastructure projects to be delivered free of local authorities’ financing constraints or from charging high upfront costs to developers.

The Company’s role includes facilitation and execution of transactions, investing in and raising finance (debt) on capital markets and investing in and operating Special Purpose Vehicles established under the IFF Act, and working with officials on the ongoing development of models. The public infrastructure projects and programmes that utilise the IFF Act are typically large and complex, resulting in long lead times (years). The Company’s facilitation role starts in the early stages of a project life cycle as the funding options are determined. Projects do not always eventuate due to reasons other than the availability of financing, of which there is no shortage. Therefore, the measure of materially advancing one transaction per year is considered reasonable.

The Infrastructure Funding and Financing programme will benefit New Zealanders by enabling infrastructure with community support to be delivered when other funding or financing options are constrained or less efficient.

The reportable measure for this class of outputs has been chosen to monitor the Company’s progress towards achievement of its objective to facilitate use of the Infrastructure Funding and Financing tool.

4.3 CONNECT INVESTORS TO INFRASTRUCTURE OPPORTUNITIES

4.3.1 Act as the Government’s lead to facilitate private capital investment into public infrastructure

PERFORMANCE TARGETS FOR CONNECTING INVESTORS TO INFRASTRUCTURE OPPORTUNITIES	
REPORTABLE MEASURE	PLAN
25 relationships identified, established and maintained with senior debt panel providers.	By the end of FY24/25
4 domestic and international equity infrastructure investors (including specialist Public Private Partnership funds, infrastructure fund investors and others) identified and engaged by the Company.	By the end of FY24/25

This class of output tracks the Company’s progress towards connecting investor to infrastructure opportunities strategic priority. The Company’s performance will be measured by:

- the number of relationships with senior debt panel providers; and
- the number of infrastructure equity investors engaged.

Significant amounts of private capital from domestic and international sources will be necessary for New Zealand to modernise and grow its infrastructure base to build a more resilient economy, add to national prosperity and secure international competitiveness. Achieving this requires strengthening the Government’s investment capability and engagement with domestic and international infrastructure investors.

The Company promotes potential New Zealand infrastructure opportunities to investors and infrastructure operators and support them through the Government’s Investment Management System (IMS) project approval processes to facilitate greater transparency, consistency, and efficiency for private and non-government parties. The Company connects private and non-government parties to applicable Crown infrastructure funds and supports government initiatives to attract private investment in public infrastructure.

Connecting investor to infrastructure opportunities will benefit New Zealanders by facilitating domestic and international interest in financing, delivering and operating New Zealand infrastructure. New and additional capital, skills, technology, systems and processes will increase the impact of each dollar invested, helping to improve infrastructure service performance.

The reportable measures for connecting investor to infrastructure opportunities have been chosen to monitor the Company’s performance engaging with potential investors in New Zealand public infrastructure. This is a new measure to reflect an additional Company responsibility.

4.3.2 Serve as a single point of contact for investors on inbound market-led (or unsolicited) proposals for the Crown

PERFORMANCE TARGETS FOR MARKET-LED PROPOSALS	
REPORTABLE MEASURE	PLAN
Submission forms, guidance and template documents are made publicly available and internal governance structures are in place to process and evaluate proposals	By the end of FY24/25

This class of outputs tracks the Company’s progress towards achievement of its Market-led Proposals Strategic Priority. The Company’s performance will be measured by the establishment of governance structures and processes necessary to receive, evaluate and respond to market-led (or unsolicited) bids.

New Zealand has not advanced a market-led or unsolicited proposal under existing settings, while other comparable jurisdictions have successfully delivered initiatives which provide value for money. The Government has developed new guidelines for considering and processing proposals and appointed the Company as the single point of contact for inbound market-led proposals from proponents.

The Company receives market-led proposals and undertakes initial compliance checks. The Company facilitates interactions between proponents and government, coordinates assessment and responses, and provides assistance to the likely agency responsible for project delivery.

The Company receives all market-led proposals on behalf of the Government and performs a substantive role in assessing such proposals for recommendation and consideration by Government.

The Market-led Proposals programme will benefit New Zealanders by stimulating innovation and providing more sustainable and cost-effective solutions to community needs.

The reportable measure for this class of outputs has been chosen to monitor the Company’s progress towards the initial task of establishing the systems and processes necessary to attract, receive and consider market-led proposals as they are submitted. This is a new measure to reflect an additional Company responsibility.

5: FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FORECAST COMPREHENSIVE REVENUE AND EXPENSE

FOR THE PERIOD 2024-2025

	Published 2025 \$000	Increment \$000	New SPE \$000
Income			
Interest income	103,278	-	103,278
Government agency recoveries	4,108	-	4,108
Impairment loss - reversal	-	-	-
Grant income	173,061	-	173,061
Receipt of right to statutory levy	193,664	-	193,664
Total income	474,111	-	474,111
Expenses			
Directors' Fees	189	32	221
Personnel costs	10,863	1,232	12,095
Professional & advisory fees	6,239	1,331	7,570
Other expenses	3,467	661	4,128
Depreciation	1,119	66	1,185
Interest expense	27,224	-	27,224
Other financing costs	1,832	-	1,832
Non-grant funded programme expenses*	59,200	-	59,200
Grant programme expenses	375,720	-	375,720
Contribution - loans	1,519	-	1,519
Net fair value losses/(gains) on FVTSD investments	29,293	-	29,293
Net fair value losses/(gains) on derivatives	18,344	-	18,344
Net fair value losses/(gains) on FVTSD term loans	9,801	-	9,801
Expected credit loss	54	-	54
Impairment on loan assets	-	-	-
Total expenses	544,864	3,322	548,186
Net surplus/deficit	(70,753)	(3,322)	(74,075)

CONSOLIDATED STATEMENT OF FORECAST CHANGE IN EQUITY

FOR THE PERIOD 2024-2025

	Published 2025 \$000	Increment \$000	New SPE \$000
Opening balance 1 July 2023	1,003,776	-	1,003,776
Net Surplus/(deficits)	152,549	-	152,549
Capital contributions	-	-	-
Return of capital	(10,070)	-	(10,070)
Closing balance 30 June 2024	1,146,255	-	1,146,255
Opening balance 1 July 2024	1,146,255	-	1,146,255
Net Surplus/(deficits)	(70,753)	(3,322)	(74,075)
Capital contributions	10,000	-	10,000
Return of capital	(12,000)	-	(12,000)
Closing balance 30 June 2025	1,073,502	(3,322)	1,070,180

CONSOLIDATED STATEMENT OF FORECAST
FINANCIAL POSITION

FOR THE PERIOD 2024-2025

	Published 2025 \$000	Increment \$000	New SPE \$000
Assets			
Current assets			
Cash and cash equivalents	392,237	(4,151)	388,086
Investments in Treasury Bills	97,385	-	97,385
Trade and other receivables	1,406	-	1,406
GST receivables	5,509	-	5,509
Prepayments	112	-	112
Total current assets	496,649	(4,151)	492,498
Non-current assets			
Property, plant and equipment	8,467	829	9,296
Intangible assets - software	315	-	315
Investments in financed infrastructure programmes	470,767	-	470,767
Investments in Chorus Debt and Equity Securities	566,537	-	566,537
Loans asset	227,224	-	227,224
Total non-current assets	1,273,310	829	1,274,139
Total assets	1,769,959	(3,322)	1,766,637
Liabilities			
Current liabilities			
Creditors and other payables	59,547	-	59,547
Income in advance	54,229	-	54,229
Employee entitlements	1,622	-	1,622
Total current liabilities	115,398	-	115,398
Non-current liabilities			
Borrowings	455,052	-	455,052
Income in advance	90,815	-	90,815
Derivatives at fair value	35,192	-	35,192
Total non-current liabilities	581,059	-	581,059
Total liabilities	696,457	-	696,457
Net assets	1,073,502	(3,322)	1,070,180
Contributed capital	1,643,130	-	1,643,130
Retained earnings	(569,628)	(3,322)	(572,950)
Total equity	1,073,502	(3,322)	1,070,180

CONSOLIDATED STATEMENT OF FORECAST
CASH FLOWS

FOR THE PERIOD 2024-2025

	Published 2025 \$000	Increment \$000	New SPE \$000
Cash flows from operating activities			
Interest received	18,918	-	18,918
Receipts from government agencies	4,108	-	4,108
Government grant received	493,586	-	493,586
Payments to suppliers	(11,771)	(2,024)	(13,795)
Payments to employees	(10,523)	(1,232)	(11,755)
Grant programme payments	(808,429)	-	(808,429)
Non-grant project payments	(57,336)	-	(57,336)
Goods and services tax (net)	(665)	-	(665)
Net cash outflow from operating activities	(372,112)	(3,256)	(375,368)
Cash flows from investing activities			
Loan repayments received	5,500	-	5,500
Net proceeds from sale of short-term investments	97,385	-	97,385
Purchase of property, plant and equipment and software	(500)	(895)	(1,395)
Acquisition of investment in Chorus Debt and Equity Securities	-	-	-
Receipts from redemption of Chorus Debt and Equity Securities	170,668	-	170,668
Payment received from investment in infrastructure programmes	16,941	-	16,941
Acquisition of investment in loans	(5,043)	-	(5,043)
Acquisition of investments in bulk housing projects	-	-	-
Net cash outflow from investing activities	284,951	(895)	284,056
Cash flows from financing activities			
Capital contribution - Crown	10,000	-	10,000
Return of capital	(12,000)	-	(12,000)
Proceeds from borrowings	162,487	-	162,487
Net settlements on derivatives	-	-	-
Interest paid	(27,224)	-	(27,224)
Net cash inflow from financing activities	133,263	-	133,263
Net increase/(decrease) in cash and cash equivalents	46,102	(4,151)	41,951
Cash and cash equivalents at the beginning of the year	346,135	-	346,135
Cash and cash equivalents at the end of the year	392,237	(4,151)	388,086

6: NOTES TO THE FORECAST FINANCIAL STATEMENTS

6.1 REPORTING ENTITY

- The primary purpose of the Company is to carry out the public policy objectives of the government to:
- (a) implement, facilitate, manage, monitor, advise, fund, finance, invest in or otherwise assist the government with any government objectives in relation to:
 - (i) radio and telecommunications connectivity and/or services;
 - (ii) water infrastructure and/or services;
 - (iii) the government’s COVID-19 response and recovery infrastructure funding programme;
 - (iv) the government’s funding programmes relating to severe weather events, natural hazards, and climate-related risks (including for response, recovery and/or proactive management);
 - (b) implement and/or facilitate funding and financing of infrastructure, including as provided for under the Infrastructure Funding and Financing Act, through:
 - (i) government Investment; and/or
 - (ii) co-Investment with, or Investment from, the private sector or other participants, to achieve the government’s objectives for funding infrastructure;
 - (c) partner with any Government Organisation by providing commercial and financial advice, including through business case, procurement, and delivery phases, in respect of current and proposed infrastructure projects and programmes that have potential to involve private finance (including public private partnerships) in accordance with any additional requirements set by government, including, for example, under any Cabinet Office Circular, Government Procurement Rules or government direction;
 - (d) provide commercial and financial advice at the request of any Government Organisation on infrastructure related issues involving private financing;
 - (e) facilitate and promote opportunities for private sector investment in New Zealand infrastructure and act as the government’s single point of contact for inbound market-led proposals for investment in accordance with any government guidance issued from time to time; and
 - (f) implement, facilitate, manage, monitor, advise, fund, invest in or otherwise assist any Government Organisation or Local Government Organisation with any transaction, or class of transactions, or provide assistance with any other matter, in relation to infrastructure related projects and programmes, as agreed between the Company and the Shareholding Ministers from time to time after having considered any perceived, potential or actual conflict of interest with the Company’s role delivering existing objectives.

As a consequence of carrying out the Company’s primary purpose, the Company may, subject at all times to satisfying the requirements of the Act, repatriate surplus funds by way of distributions to its Shareholders.

The Company’s aim is to provide services to the public and implement Government policy, and, as such, the Company is a company named in Schedule 4A of the Public Finance Act. The Company is recognised on Schedule 35 of the Income Tax Act 2007 as a public purpose Crown-controlled (**PPC**) company. Accordingly, the Company has designated itself as a PPC for the purposes of financial reporting under New Zealand Public Sector PBE Standards (**PBE Standards**). The Company is a public authority and so is exempt from the payment of income tax. Therefore, no provision has been made for income tax in the Company’s financial statements.

6.2 BASIS OF PREPARATION

The prospective financial statements have been prepared on a consistent basis to the accounting policies in the existing Statement of Performance Expectations for Financial Year 2023/24 together with the additional accounting policies set out below.

These prospective financial statements have been prepared for the purpose of providing information required for a government agency Statement of Performance Expectations, and we caution that the information in these statements may not be appropriate for purposes other than those described. These statements comply with the Generally Accepted Accounting Practice (**GAAP**).

6.3 FORECAST FINANCIAL INFORMATION

The financial information stated in the Financial Statements 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. The Company has undertaken a review of its financial models, and believes they remain fit for purpose in assisting the Company in preparing prospective financial information. Significant assumptions in the preparation of prospective financial information are for the investments in Chorus, Northpower Fibre Limited, Milldale LP, TSP LP, Sludge LP, IRG loans and any future infrastructure investments. The prospective information for IFF 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.

6.4 SIGNIFICANT ACCOUNTING POLICIES

6.4.1 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. The IRG grants are recognised as non-exchange revenue (PBE IPSAS 23), and to recognise 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. Under the Cyclone Recovery’s Grant Funding and Service Agreement (GFA), the Company acts as Crown’s agent, the grant received is not recognised as grant income in the Statement of Forecast Comprehensive Revenue and Expenses. The operational funding received is recognised as Grant Income for carrying out the Company’s administrator functions.

6.4.2 INFRASTRUCTURE INVESTMENTS AND TREASURY BILLS

The investments in infrastructure financed projects include the Milldale Bulk Housing Infrastructure Programme and the right to levy statutory receivable relating to the Western Bay of Plenty Transport Systems Plan Programme and the Wellington Sludge Minimisation Facility Programme are classified as FVTSD financial assets. 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 the profit or loss.

The Company’s investment in Northpower Fibre Limited, and Infrastructure Reference Group 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 expected credit loss and impairment. Any difference on initial recognition between the fair value of the investment in Northpower Fibre Limited and Infrastructure Reference Group loans and the contribution by the Company represents the Company’s contribution to the Infrastructure Reference Group projects and is reflected in the lines “Loan contributions”. Interest income is recognised by applying the effective interest method. In the Company’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 the Company represents the Company’s and the Crown’s contribution to the deployment of Ultra-Fast Broadband in New Zealand and is reflected in the line “Investment contributions” in surplus or deficit in the statement of comprehensive income. The Company’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.

The Company’s investment in Treasury Bills is to fund the Infrastructure Reference Group 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.

6.4.3 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.

6.4.4 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.

6.4.5 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 the Company in the Company's financial statements.

6.4.6 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 debt and contributed equity of the Company.

6.4.7 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements the Company has made judgements, estimates, and assumptions concerning the future which may differ from subsequent actual results. Judgements, 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, Milldale, and Infrastructure Funding and Financing loans, receivables, and interest rate swaps.

There is judgement made on the interest rates used to value the tranches of Chorus Equity and Debt Securities, IRG loans, Milldale, and Infrastructure Funding and Financing loans, receivables and interest rate swaps, as these interest rates impact the value recorded in the Statement of Comprehensive Revenue and Expense of the Crown contribution and their fair values.

6.5 NOTES TO THE FINANCIAL STATEMENTS

6.5.1 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 2024 \$000	Planned 2025 \$000
Bank Interest	14,087	7,257
IRG cash and cash equivalent	16,176	8,572
Imputed interest	69,051	85,549
BHI & IFF interest	2,227	1,900
Total interest income	101,541	103,278

- (ii) **Grant Income:** IRG grants are provided for the funding of infrastructure as part of the Infrastructure Reference Group work programme (the IRG Grants). As first recipient of the IRG Grant, the Company 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) **Right to levy income:** reflects the revenue from the Order in Council to collect levies for infrastructure funded using the Infrastructure Funding and Financing Act. The revenue is recognised upfront to the extent funding is made available to the infrastructure owner to build infrastructure, in the Statement of Comprehensive Revenue and Expense. As it is collected it reduces the outstanding Levy receivable amounts in the Statement of Financial Position.
- (iv) **Recoveries income:** is reimbursement for infrastructure project transaction or management costs incurred by the Company on behalf of a project or Government Agency. These costs are usually in the nature of establishment, financing, reporting, and monitoring costs directly attributable to a specific infrastructure project or programme.
- (v) **Fair value changes on investments:** gains and losses arising from changes in the fair value of the Company's investments, these include UFB investments, Milldale receivables, Infrastructure Reference Group loans, Infrastructure Funding and Financing Levy Receivable and other infrastructure investments.
- (vi) **Fair value changes on debt:** gains and losses arising from changes in the fair value of the Company's IFF fixed rate debt.
- (vii) **Fair value changes on derivatives:** gains and losses arising from change in the fair value of interest rate swap and Chorus equity warrants.
- (viii) **Depreciation and amortisation:** depreciation charges on property, plant, and equipment.
- (ix) **Grant Expenses:** these expenses are the cost of the Rural Broadband and Mobile Black Spots programmes that the Company is paying to Rural Connectivity Group and Wireless Internet Service Providers (WISPs) funded from the Telecommunications Development Levy and the Provincial Growth Fund for improving rural broadband connectivity, reducing mobile blackspots, providing fibre links to Haast and Milford, and digital connectivity to Marae/Rural Digital Hubs. Infrastructure Reference Group grant expenses are the funding of infrastructure as part of the Infrastructure Reference Group work programme and reflected as an expense as they are incurred. The affordable waters programme is to provide communities with treatment systems, training and maintenance to provide safer drinking water to Kāinga and rural users to meet the drinking water regulations.

- (x) **The Company funded expenses:** the Company funds rural broadband and mobile black spots including site leases, operational expenditure and rural broadband capacity upgrades, urban marae connectivity and some of the Chatham Islands’ satellite backhaul capacity expenses that are not covered by Grant Funding.
- (xi) **Other company overheads:** administrative costs for the Company which include any additional costs associated with the Company’s responsibilities for Infrastructure Reference Group and Affordable Waters programme monitoring.
- (xii) **UFB contribution** – Chorus Equity Securities and Debt Securities: The difference on initial recognition between the fair value of the investment and the contribution by the Company, represents the Company’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.
- (xiii) **Loan asset contribution:** is difference on initial recognition of loans and their market value. The contribution by the Company represents the Company’s contribution arising as a result of the concessionary interest rate nature, if any, of the loan.
- (xiv) **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.
- (xv) **Investment in Treasury Bills:** are Treasury Bills with a maturity of more than three months.
- (xvi) **Capital:** the Crown investment made in the Company is represented by 1,076,622,000 ordinary shares issued at a value of \$1.00. The Company forecasts calling \$10.00 million and returning \$12.00 million.

6.6 INVESTMENT, REVENUE, AND EXPENDITURE BY REPORTABLE OUTPUTS

The table below shows the investment, revenue, expenses, funding, grants, and debt by reportable outputs that support the performance objectives of the Company.

REPORTABLE MEASURE	Plan	Budget \$(000)
Provide initial support to a lead agency on 1 potential public private partnership transaction	By end of FY24/25	2,304
Initiate transaction	By end of FY24/25 Capable of being closed in FY25/26	518
25 relationships identified, established and maintained with senior debt panel providers.	By end of FY24/25	100
4 domestic and international equity infrastructure investors (including specialist public private partnership funds, infrastructure fund investors and others) identified and engaged by the Company.	By end of FY24/25	150
Submission forms, guidance and template documents are made publicly available and internal governance structures are in place to process and evaluate proposals	By end of FY24/25	250
Total		3,322



Youth Hub, Christchurch - IRG Programme

APPENDIX: DIRECTORY

Shareholders

The Minister of Finance
The Minister for Infrastructure
and of Transport

Registered office

c/- Bell Gully
Deloitte Centre
Level 14, 1 Queen Street
Auckland CBD,
Auckland 1010, New Zealand

Contact address

PO Box 105321, Auckland City
Auckland 1143, New Zealand
Email: info@nationalinfrastructure.govt.nz
www.nationalinfrastructure.govt.nz

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

Board of Directors

Mark Binns (Chair)
Alan Dent
Chris Gudgeon
Mei-Fern Johnson
Bella Takiari-Brame
(Departure: November 2024)

Senior Management

Graham Mitchell,
Chief Executive Officer

Sean Wynne,
Deputy Chief Executive Officer

Dougal Evison,
Chief Financial Officer

John Greenhough,
Chief Technology Officer

Helen Kerr,
GM Infrastructure Delivery
(Departure: September 2024)

Nicky Parkes,
Head of People

Kathryn Mitchell,
Chief Legal and
Corporate Affairs Officer
Andrew McGavin,
Head of Corporate Finance



NATIONAL INFRASTRUCTURE

FUNDING AND FINANCING

