NATIONAL INFRASTRUCTURE
FUNDING AND FINANCING

NATIONAL INFRASTRUCTURE
FUNDING AND FINANCING LIMITED

# STATEMENT OF PERFORMANCE EXPECTATIONS

## 1 JULY 2026 – 30 JUNE 2027

June 2026
Presented to the House of Representatives
pursuant to the Crown Entities Act 2004

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*Cover: Te Reinga Bridge, Wairoa District Council - Cyclone Recovery*

*IFC: Te Awa Lakes development - IFF*

# 1: INTRODUCTION

This Statement of Performance Expectations (SPE) is submitted by the Board of Directors of National Infrastructure Funding and Financing Limited (the Company), pursuant to the Crown Entities Act 2004. It sets out the performance expected of the Company for the period 1 July 2026 to 30 June 2027 (FY2026/27).

This SPE includes information on reportable classes of outputs, including what each class of output is designed to achieve, expected revenue and proposed expenses, and how the performance of each class of outputs will be assessed. It is comprised of programme descriptions, metrics, targets and impacts.

This document is designed to be read in conjunction with the Company's Statement of Intent 1 March 2025 - 30 June 2029 which includes information on overarching programmes, including expected outcomes. The information provided in this SPE is for National Infrastructure Funding and Financing Limited (the Parent, and the Company) and its controlled subsidiaries (the Group).

## 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<br>30 June 2026 | Alan Dent, Director<br>30 June 2026 |



*Wellington Sludge Minimisation Facility - IFF*

# 2: ROLE OF THE COMPANY

The Company currently undertakes the following functions:

- **Partner on private funding and financing for public infrastructure**
  The Company works with government agencies to provide commercial, funding and financing and procurement advice and support to access private funding and financing for public infrastructure. This can be in the form of a Public Private Partnership (PPP), or alternative procurement models where private capital and funding sources are used to support the funding and delivery of public infrastructure. The Company also works with infrastructure owners and greenfield property developers to utilise the Infrastructure Funding and Financing Act (the IFF Act) tool which unlocks private funding and financing for public infrastructure.

- **Shopfront for public infrastructure investment**
  The Company engages domestic and international infrastructure investors to promote private capital investment opportunities in public infrastructure, in partnership with the government's Invest NZ (when in offshore markets). The Company manages and assesses Market-Led (unsolicited) Proposals on behalf of the government, providing a single interface for private sector ideas to enhance and improve public services and investment.

- **Infrastructure Funds management**
  The Company manages government infrastructure funds to deliver infrastructure in accordance with government policy and funding agreements. The Company reports on the performance of infrastructure funds to the government and the public.

## 2.1: OVERVIEW

There is considerable opportunity for New Zealand to utilise private funding and financing for public infrastructure. New Zealand is one of the few OECD countries where private capital tolling and farebox concessions are not used to fund transport. There is also limited use of integrated public and private health precincts and low application of private development agreements for public amenities. Increased utilisation of private capital will reduce dependency on public funding for infrastructure, enabling limited public funding to be directed to public services and infrastructure which the private sector cannot fund and finance.

International and domestic capital providers have a strong interest in investing in New Zealand's public infrastructure. In contrast to offshore pension funds that are actively pursuing opportunities, New Zealand pension funds (KiwiSavers) have to date been hesitant to invest in greenfield public infrastructure due to their settings, focus and approach. The Company is investigating structures to encourage KiwiSaver investment in greenfield public infrastructure.

*Milldale Development, Auckland - IFF*




Market-Led Proposals provide an opportunity for the government to utilise private sector innovation and consider new approaches to deliver public outcomes. Where a proposal can demonstrate that it is exclusive, in the public interest and provides value for money, the government may proceed with a direct procurement for the service or infrastructure. If a proposal cannot demonstrate exclusivity, but the proposal has merit, the government may choose to take the proposal to competitive procurement.

The government has established several Infrastructure Funds to facilitate government investment into infrastructure traditionally funded by other parties (particularly local government), but which supports government priority outcomes. The Company's oversight of Infrastructure Funds has resulted in more effective delivery than would otherwise have been the case and there are several opportunities within government where the Company's Infrastructure Fund delivery expertise could be more widely applied.

# 3: THE COMPANY'S OBJECTIVES, FUNCTIONS AND PRIORITIES

This SPE sets out the targets and forward budgets for the Company for FY2026/27 which are consistent with the direction from Shareholding Ministers in their Letter of Expectations to the Company, dated 13 March 2025.

The following diagram sets out the Company's strategic objectives and strategic priorities (which apply across multiple years) as well as FY2026/27 priorities (which apply for the upcoming year).

| PUBLIC OUTCOME | FUNCTION | STRATEGIC OBJECTIVE | STRATEGIC PRIORITIES | HOW WE MEASURE PERFORMANCE |
|---|---|---|---|---|
| **Public infrastructure agencies have access to private capital** | **Partnering on private capital** | **Unlock private capital for public infrastructure** | • **Advising and Partnering on Private Capital** – provide specialist advice, capability and expertise to support government agencies to deliver public infrastructure projects funded and financed by forms of private capital. | • Number of transactions receiving private finance advice and support and number of Public Safety Network (PSN) regions completed. |
| | | | • **Infrastructure Funding and Financing** – implement and facilitate funding and financing of infrastructure in accordance with the IFF Act 2020. | • Number of transactions initiated and closed. |
| **Private capital utilised to fund and finance public infrastructure** | **Shopfront** | **Attract private capital and innovation** | • **Investor Shopfront** – support public infrastructure agencies to access private capital for projects. | • Proportion of qualified investors engaged. |
| | | | • **Market-Led Proposals** – serve as a single point of contact for proponents of inbound Market-Led (or unsolicited) Proposals for the government. | • Steering Committee satisfaction with secretariat support, the timeliness of initial MLP assessment and publication of MLP aggregate data. |
| **Infrastructure effectively delivered to achieve government outcomes** | **Infrastructure funds** | **Deliver government investment into infrastructure** | • **Infrastructure Acceleration Fund** – provide funding and oversight to local councils for infrastructure required to enable housing developments that support housing growth in areas of need, including transport and three waters. | • Number of contractual milestones achieved and completion of IAF infrastructure projects. |
| | | | • **Cyclone Recovery Funds** – provide funding and oversight of councils in their response to severe weather events, including property purchase, construction of flood protection infrastructure, and repair of regional and local transport links. | • Number of transport and flood projects completed and marae pathways milestones paid. |
| | | | • **Infrastructure Reference Group (IRG) Fund** – provide funding and oversight on the delivery of projects approved by government to support construction, employment and economic activity. | • Number of projects completed and proportion of Company allocated funding invested. |
| | | | • **Electric Vehicle (EV) Charging Infrastructure Fund** – administer the concessionary loan scheme for EV charging infrastructure to support the roll-out of chargers. | • Number of charge points installed. |
| | | | • **Rural Connectivity Funds** – improve the coverage and resilience of mobile services for rural communities and users. | • Mobile coverage provided to tourist areas, rural roads and settlements, and number of sites receiving power resilience. |

*Moonlight Creek bridge replacement, West Coast - Cyclone Recovery*



# 4: REPORTABLE OUTPUTS

This section describes the Company's outputs for the period from 1 July 2026 to 30 June 2027 (FY2026/27). The outputs which are reportable under section 149E(1)(a) of the Crown Entities Act 2004 are:

**Strategic Objective: Unlock Private Capital for Public Infrastructure**

- Class of outputs: Advising and Partnering on Private Capital
- Class of outputs: Infrastructure Funding and Financing

**Strategic Objective: Attract Private Capital and Innovation**

- Class of outputs: Investor Shopfront
- Class of outputs: Market-Led Proposals

**Strategic Objective: Deliver Government Investment into Infrastructure**

- Class of outputs: Infrastructure Acceleration Fund
- Class of outputs: Cyclone Recovery Funds
- Class of outputs: Infrastructure Reference Group Fund
- Class of outputs: EV Charging Infrastructure Fund
- Class of outputs: Rural Connectivity Funds

**Financial**

- Class of outputs: Financial and Operational Efficiency

Performance on these measures will be reported in the Company's Annual Report.

## CHANGES FROM THE LAST SPE

This SPE consolidates the Company's strategic objectives to align with its three broad functions outlined in Section 2 above. The Partner on Private Financing on Public Infrastructure, Infrastructure Funding and Financing, and Advisory Services classes of outputs from FY2025/26 are now a single combined **Advising and Partnering on Private Capital** class of outputs under the **Unlock Private Capital for Public Infrastructure** strategic objective.

In response to the Company's completion of Connectivity Funds, the Improve Connectivity strategic objective has been removed and remaining Connectivity activities consolidated into a single **Rural Connectivity** class of outputs under the **Deliver Government Investment into Infrastructure** strategic objective. Rural Drinking Water Funds has also been removed as a class of outputs as the build phase was completed in FY2025/26 and the programme is now in its five-year maintenance phase.

## ACHIEVEMENT EVALUATION

**Performance for all Reportable Outputs will be recognised as Achieved, where 100% or more of the target was met, Mostly Achieved where the target has not been met but is within 95% or substantially close to target, Partly Achieved when the portion of achievement is greater than 50% but less than 95%, and Not Achieved if less than 50%.**

## 4.1 UNLOCK PRIVATE CAPITAL FOR PUBLIC INFRASTRUCTURE

### 4.1.1 Advising and Partnering on Private Capital

| PERFORMANCE TARGETS FOR THE ADVISING AND PARTNERING ON PRIVATE CAPITAL PRIORITY | | | |
|---|---|---|---|
| **REPORTABLE MEASURE** | **FISCAL 2025/2026** | | **FISCAL 2026/2027** |
| | **PLAN** | **FORECAST** | **PLAN** |
| Number of government transactions supported with private capital advice | 3 | 4 | 5 |
| Number of transactions receiving private capital advice and support (cumulative) | 4 | 4 | N/A |
| PSN Land Mobile Radio regions completed | 4* | 2* | 5* |

* Cumulative, includes regions completed in previous years.

This class of outputs tracks the Company's progress towards achievement of its Advising and Partnering on Private Capital strategic priority.

**What this class of outputs is trying to achieve:** Attract private investment into public infrastructure and improve the capacity and capability of government to deliver public infrastructure by providing corporate finance, commercial and procurement advice to government agencies.

**Role of the Company:** The Company partners with government infrastructure agencies to increase access to private funding and financing and alternative procurement models, such as Public Private Partnerships (**PPPs**), concessions, joint ventures, Strategic Leases and other alternative funding and financing models. The Company acts as a commercial and financial advisor for the government agency responsible for delivering the infrastructure project and advises government agencies on commercial and procurement elements, as well as funding and financing considerations. The Company has supported NZTA's Northland Corridor Road of National Significance (**RoNS**) PPP, and the Department of Corrections' Christchurch Men's Prison PPP and Waikeria Prison expansion, with these projects expected to reach financial or contractual close in 2026.

In 2026/27 the Company expects to support:

- The Ministry of Cities, Environment, Regions and Transport (MCERT) with advisory services for the Wastewater Accelerator, City and Regional Deals initiatives and Toll Concessions;
- The Ministry of Business, Innovation and Employment on the LNG (Liquified Natural Gas) Import Facility;
- NZTA on an additional Waitematā Harbour crossing and other transport projects on funding and financing;
- Health New Zealand on various private capital and complex procurement initiatives; and
- The Public Service Commission Government Digital Delivery Agency on Sovereign AI.

The Company is also involved in the Public Safety Network (PSN) programme where the Company provides procurement, commercial advisory and delivery support to SafetyNet (the Crown company responsible for the PSN).

**Medium-term objectives:** The Company will support government agencies by providing expertise to enable agencies to utilise private capital for public infrastructure. The Company will respond to government requests for specialised advice and support and work to ensure that private funding and financing options are available to public infrastructure agencies.

**Public outcome to be promoted:** Private funding and financing of public infrastructure will support government infrastructure agencies to realise greater and more consistent value for money sooner, reducing utilisation of public (government) funding. New Zealanders will benefit from infrastructure which meets public objectives and is more responsive to demand. High quality advice will enable government to access cost effective private funding and financing, leverage private sector expertise, and procure and deliver improved public infrastructure services.

**How we measure performance:** The reportable measure for this class of outputs has been chosen to monitor the number of transactions receiving private capital advisory support from the Company. A transaction is a public infrastructure project that is required to be considered by the Company for private financing pursuant to Treasury Circular 2024/18. The reportable measure for the PSN programme has been chosen to monitor delivery of the build-complete Land Mobile Radio (LMR) network regions ready for testing.

### 4.1.2 Infrastructure Funding and Financing

| PERFORMANCE TARGETS FOR THE INFRASTRUCTURE FUNDING AND FINANCING PRIORITY | | | |
|---|---|---|---|
| **REPORTABLE MEASURE** | **FISCAL 2025/2026** | | **FISCAL 2026/2027** |
| | **PLAN** | **FORECAST** | **PLAN** |
| Number of transactions initiated | 1 | 0 | 1 |
| Number of transactions closed | N/A | 1 | 1 |

This class of outputs tracks the Company's progress towards achievement of its Infrastructure Funding and Financing (**IFF**) strategic priority.

**What this class of outputs is trying to achieve:** Enable New Zealand's cities and regions to grow up and out by enabling infrastructure projects to be delivered outside of local authority or core government financing constraints, while mitigating high upfront costs to developers and infrastructure owners and providing funding to permitted classes of infrastructure.

**Role of the Company:** The Company's role includes facilitation and execution of transactions, provision (or facilitating provision) of equity financing, and in certain cases debt financing, as well as investing in and raising debt finance from capital markets for Special Purpose Vehicles established under the IFF Act, which fund and finance the infrastructure. To date, the Company has transacted the Te Awa Lakes Greenfield development outside Hamilton in FY2025/26 using the new Greenfield Funding model, the Transport Systems Projects (TSP) in Tauranga and a wastewater treatment Sludge Minimisation Facility (SMF) in Wellington using the IFF Act model, and funded and financed the Milldale (north Auckland) greenfield development using an alternative model.

**Medium-term objectives:** The Company will utilise the reformed IFF Act to facilitate the next phase of IFF transactions, including major transport and water infrastructure, and is developing a pipeline of Greenfield and other infrastructure projects.

**Public outcome to be promoted:** The IFF programme supports infrastructure owners and greenfield property developers to fund infrastructure which previously could not be funded or prioritised due to financial constraints and to allocate the costs of that infrastructure to beneficiaries of investment. New Zealanders will benefit from improved housing, transport, water, climate adaptation and community facilities.

**How we measure performance:** The reportable measures for this class of outputs have been chosen to monitor the number of transactions initiated and closed in FY2026/27. A transaction is initiated when the counterparty has formally advised that they want to proceed, infrastructure and beneficiaries are broadly known, and debt providers market sounding has occurred.

A transaction will be considered closed and the target achieved when the transaction is submitted to government for Order in Council approval, Mostly Achieved when the Recommender has submitted a recommendation report to the Responsible Minister which has been approved, Partly Achieved when a Levy Proposal has been submitted to the Recommender, and Not Achieved if none of these milestones are achieved.

## 4.2 ATTRACT PRIVATE CAPITAL AND INNOVATION

### 4.2.1 Investor Shopfront

| PERFORMANCE TARGETS FOR THE INVESTOR SHOPFRONT PRIORITY | | | |
|---|---|---|---|
| **REPORTABLE MEASURE** | **FISCAL 2025/2026** | | **FISCAL 2026/2027** |
| | **PLAN** | **FORECAST** | **PLAN** |
| Number of relationships identified, established and maintained with Senior Debt Panel providers | 25 | 25 | N/A |
| Number of domestic and international equity infrastructure investors (Including specialist Public Private Partnership funds, infrastructure) | 15 | 29 | N/A |
| Proportion of qualified investors engaged* | N/A | N/A | 50% |

* The Company maintains an investor database of over 100 potential international and domestic debt and equity investors.

This class of outputs tracks the Company's progress towards the Investor Shopfront strategic priority.

**What this class of outputs is trying to achieve:** Facilitate infrastructure investment, delivery and performance by acting as the government's lead to promote New Zealand public infrastructure opportunities to investors, infrastructure operators and government infrastructure agencies.

**Role of the Company:** The Company promotes opportunities for private capital to invest in New Zealand's public infrastructure. Working in partnership with Invest NZ when in offshore markets, the Company connects the capabilities and experience of qualified international and domestic investors with government agencies and projects that may be appropriate for private finance.

**Medium-term objectives:** The Company will continue to qualify, develop, maintain and expand relationships with domestic and international infrastructure investors to increase the availability of private funding and financing for public infrastructure. Over the medium-term, new investment options and more competitively priced long-term debt and equity that meet government infrastructure investment objectives is being explored and is aimed at reducing the cost of public infrastructure delivery.

*Manukau Heads Road, Auckland Council - Cyclone Recovery*

**Public outcome to be promoted:** Connecting investors 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, private revenues/funding, skills, technology, systems and processes will increase the impact of each dollar invested, helping to improve infrastructure service performance.

**How we measure performance:** The reportable measure for this class of outputs has been chosen to monitor the proportion of the Company's database of qualified investors engaged by the Company in the year, as captured through the Company's Investor Database. The Company currently has approximately 100 qualified investors in its Investor Database. The Company identifies an investor as "qualified" based on criteria including a track record of investment and whether that investor could reliably provide private capital for public infrastructure projects. A qualified investor is considered to have been "engaged" if the Company has held one or more meetings with representatives during the financial year.

### 4.2.2 Market-Led Proposals

| PERFORMANCE TARGETS FOR THE MARKET-LED PROPOSALS PRIORITY | | | |
|---|---|---|---|
| **REPORTABLE MEASURE** | **FISCAL 2025/2026** | | **FISCAL 2026/2027** |
| | **PLAN** | **FORECAST** | **PLAN** |
| Recommendation reports for Stage 0 proposals ready for Steering Committee review within one month of agency engagement being completed | 90% | 95% | 90% |
| Steering Committee satisfaction with secretariat support | N/A | N/A | 85% |
| Aggregate information published on Company website on MLPs received, including sector and likelihood of criteria being met | N/A | Complete | Publish December 2026 |

This class of outputs tracks the Company's progress towards achievement of its Market-Led Proposals (**MLP**) strategic priority.

**What this class of outputs is trying to achieve:** Encourage private sector ideas and innovation into public services by acting as a single point of contact for investors submitting unsolicited proposals to government.

**Role of the Company:** The Company receives all MLPs (other than pharmaceuticals) on behalf of the government and undertakes initial compliance checks. The Company facilitates interactions between proponents and government agencies, and coordinates assessment and responses. The Company performs a substantive role in assessing proposals for recommendation and consideration by government, and supports the Treasury on MLP policy reviews and process development.

**Medium-term objectives:** The Company receives and assesses proposals and provides secretariat support for MLPs to ensure proponents have a single point of contact with government and a clear and transparent process for submitting new ideas.

**Public outcome to be promoted:** A well-managed process to receive and assess MLPs encourages the private sector to engage in the MLP process, with the aim of stimulating innovation and providing more sustainable and cost-effective solutions for public benefit.

**How we measure performance:** The reportable measures for this class of outputs have been chosen to monitor the quality of the Company's secretariat support to the Steering Committee, as indicated through an annual survey of Committee members, the timeliness of recommendation reports and to track the Company's requirement under the MLP Guidelines to publish aggregate data each year.

*Ngawi South, Wairarapa Coast, RCG - Rural Mobile*

## 4.3 DELIVER GOVERNMENT INVESTMENT INTO INFRASTRUCTURE

### 4.3.1 Infrastructure Acceleration Fund

| PERFORMANCE TARGETS FOR THE INFRASTRUCTURE ACCELERATION FUND PRIORITY | | | |
|---|---|---|---|
| **REPORTABLE MEASURE** | **FISCAL 2025/2026** | | **FISCAL 2026/2027** |
| | **PLAN** | **FORECAST** | **PLAN** |
| Complete programme and status review of fund by the end of October 2025 | Review complete | Review complete | N/A |
| Funding payments to partners based on agreed milestones paid within 30 days of receipt of valid claim | 100% | 100% | N/A |
| Number of contractual milestones achieved | N/A | 37 | 80* |
| Completion of IAF Funded Infrastructure Projects | N/A | 47 | 77* |

* Includes projects completed before 30 June 2026.

This class of outputs tracks the Company's progress towards the achievement of the Infrastructure Acceleration Fund (**IAF**) strategic priority.

**What this class of outputs is trying to achieve:** Support housing supply by providing funding and oversight to local councils for infrastructure that is required to enable housing in areas of need.

**Role of the Company:** The Company administers and manages the delivery of the IAF. The Company approves the release of funds against contracted deliverables, monitors delivery of agreed services and outcomes, and provides regular reporting to the government and public on progress, including financial and performance reporting.

**Medium-term objectives:** Work with IAF recipients to progress projects in accordance with their IAF Funding Agreements. The Company will oversee delivery of 144 IAF funded infrastructure projects by June 2034.



**Public outcome to be promoted:** The IAF programme will benefit New Zealanders by accelerating the supply of infrastructure-enabled land to increase housing supply. The increase in developed land supply is expected to put downward pressure on urban land prices, support housing affordability and improve housing choice.

**How we measure performance:** The reportable measures for the IAF class of outputs have been chosen to monitor the Company's performance against completion of agreed projects and delivery milestones. More detailed information on IAF time, cost and scope performance will be included in reporting published on the Company's website.

### 4.3.2 Cyclone Recovery Funds

| PERFORMANCE TARGETS FOR THE CYCLONE RECOVERY PRIORITY | | | |
|---|---|---|---|
| **REPORTABLE MEASURE** | **FISCAL 2025/2026** | | **FISCAL 2026/2027** |
| | **PLAN** | **FORECAST** | **PLAN** |
| **Regional Transport:** Number of transport projects advanced, measured by projects completed | 18* | 18* | 21* |
| **Category 2 Flood Mitigation:** Number of Category 2 flood projects advanced during year, measured by projects started or completed | 14 started* | 14 started* | 14 completed* |
| **Flood Resilience:** Flood resilience projects advanced during the year measured by funding invested | 100% (completed) | 100% (completed) | N/A |
| **Category 3 Buyouts:** Proportion of Category 3 property purchases funded during year | 100% (completed) | 100% (completed) | N/A |
| **Marae pathways milestones:** Number of contract milestones paid to marae trustees | N/A | 12 | 38* |

* Cumulative and includes projects started/completed in previous years.

This class of outputs tracks the Company's progress towards the achievement of the Cyclone Recovery strategic priority.

**What this class of outputs is trying to achieve:** Facilitate the recovery of regions impacted by destructive weather events in 2023 and 2024, and improve the resilience of vulnerable areas to future events.

**Role of the Company:** The Company manages and oversees the Cyclone Recovery Funds for the government. The Company monitors the delivery of contracted infrastructure by councils and approves the release of Crown funding as agreed milestones are reached. The Company reports back progress to Ministers and the public.

**Medium-term objectives:** Support contracted councils with the reinstatement of transport links and construction of new flood mitigation infrastructure, assist in the buyout of flood affected residential properties where there is intolerable risk to life, and provide relocation support for marae and residents on whenua land. Funding agreements are all currently scheduled to expire in 2033. All transport projects are due to be completed in FY2027/28. Flood mitigation projects are currently expected to be complete by FY2030/31.

**Public outcome to be promoted:** Cyclone Recovery Funds will benefit New Zealanders by providing infrastructure which reduces intolerable risk to life, increases the insurability of residential properties in weather impacted regions across New Zealand, and restores regional and local transport links for communities and commerce. The Cyclone Recovery Funds will also provide funding to councils to support flood resilience projects in the most severely impacted regions and will replace seven marae which were classified as being in a location where there is an intolerable risk to life.

**How we measure performance:** The reportable measures for the Cyclone Recovery class of outputs have been chosen to monitor the Company's performance against delivery of planned infrastructure and marae projects.

### 4.3.3 Infrastructure Reference Group Fund

| PERFORMANCE TARGETS FOR THE INFRASTRUCTURE REFERENCE GROUP PRIORITY | | | |
|---|---|---|---|
| REPORTABLE MEASURE | FISCAL 2025/2026 | | FISCAL 2026/2027 |
| | PLAN | FORECAST | PLAN |
| Proportion of the Company's projects advanced during the year, measured by the amount of government funding invested versus total government funding approved | 95% | 95% | 100% |
| Company projects completed | 43* | 44* | 46* |

*Cumulative and includes projects completed in previous years.

This class of outputs tracks the Company's progress towards the achievement of the Infrastructure Reference Group (**IRG**) strategic priority.

**What this class of outputs is trying to achieve:** Support construction, employment and economic activity by providing funding and oversight on the delivery of projects approved by government for IRG funding.

**Role of the Company:** The Company monitors and reports on the overall programme and has responsibility for delivering 46 of the projects.

**Medium-term objectives:** The final company-managed projects will be completed in FY2026/27 and all funds committed. The final projects of the overall IRG Fund will be completed in FY2027/28 and the funds fully committed.

**Public outcome to be promoted:** The IRG Fund supported local economies by supporting construction and employment through the COVID-19 pandemic and its aftermath. It is now benefitting New Zealanders throughout the country by providing new community facilities such as sports and recreation centres, swimming pools, social housing, increased land supply for housing, improved transport links, social infrastructure (such as The Kind Foundation and City Missions), and increased tertiary education facilities.

**How we measure performance:** The reportable measures for the IRG class of outputs have been chosen to monitor the Company's oversight against the number of projects delivered and the proportion of funding invested.

### 4.3.4 EV Charging Infrastructure Fund

| PERFORMANCE TARGETS FOR THE EV CHARGING INFRASTRUCTURE PRIORITY | | | |
|---|---|---|---|
| REPORTABLE MEASURE | FISCAL 2025/2026 | | FISCAL 2026/2027 |
| | PLAN | FORECAST | PLAN |
| Completion of the RFP process | Complete | Complete | N/A |
| Loan agreements in place | Complete | Complete | N/A |
| Number of charging points installed | N/A | 57 | 440* |

* Cumulative and includes some chargers installed in FY2025/26.

This class of outputs tracks the Company's progress towards the achievement of the EV (electric vehicle) Charging Infrastructure strategic priority.

**What this class of outputs is trying to achieve:** To reduce barriers to electric vehicle uptake by increasing the number of public EV chargers in New Zealand through administration of the concessionary loan scheme for EV charging infrastructure.



*Rissington Bridge, Hastings District Council - Cyclone Recovery*

**Role of the Company:** The Company's role in FY2026/27 will be to administer the EV Charging Infrastructure concessionary loan scheme and to undertake a second funding round if directed by the government. The Company monitors the implementation of new EV Charging facilities, and reports on progress to the government and public.

**Medium-term objectives:** Deploy the capital allocated to the scheme and ensure best value for money is achieved, supporting progress towards the government's 10,000 national (including government-supported and privately funded) charge points by 2030 target.

**Public outcome to be promoted:** Co-investing in EV Charging Infrastructure will enable access to public charging which is a key factor in encouraging faster uptake of EVs, reducing 'range anxiety' and making owning an EV as easy as possible. Promoting accelerated adoption of electric vehicles will help New Zealand to achieve its target of net zero emissions by 2050. Additionally, this shift can help mitigate the effects of petroleum-related price fluctuations caused by international supply chain disruptions.

**How we measure performance:** The EV Charging Infrastructure output class is evaluated using a reportable metric that tracks the number of chargers delivered. This approach enables the Company to assess its performance while ensuring an appropriate allocation of charging stations across both urban and regional areas.

### 4.3.5 Rural Connectivity Funds

| PERFORMANCE TARGETS FOR THE RURAL CONNECTIVITY PRIORITY | | | |
|---|---|---|---|
| **REPORTABLE MEASURE** | **FISCAL 2025/2026** | | **FISCAL 2026/2027** |
| | **PLAN** | **FORECAST** | **PLAN** |
| Mobile Black Spots: coverage of tourist areas | 202 | 202 | 204 |
| Mobile Black Spots: coverage of state highways and local roads | 2,075km | 2,219km | 2,279km |
| Settlements which gain new mobile voice coverage | 13 | 17 | 20 |
| Power resilience: Sites with greater than 24 hours battery capacity | N/A | 108 | 310 |

Note: all targets are cumulative.

This class of outputs tracks the Company's progress towards the achievement of the Rural Connectivity strategic priority.

**What this class of outputs is trying to achieve:** Support safety and enhance user experience by improving the availability of mobile services along rural roads and to remote tourist areas and settlements, and to enhance the power resilience of critical connectivity services.

**Role of the Company:** The Company funds, manages, conducts user acceptance testing, and oversees the Rural Connectivity Funds. The key partners are the three Mobile Network Operators and their joint venture, the Rural Connectivity Group. The Company monitors the implementation of new mobile towers. Some towers that are vulnerable to power outages due to natural events are being upgraded to 24 hour off-grid operation. The Company reports on progress to the government and public.

**Medium-term benefit to New Zealand:** Rural Connectivity Funds are expected to be complete in FY2026/27. All targets are expected to be achieved and remaining funds are in the process of being allocated to projects. Two additional tourist areas, 60km of rural roads, and three new settlements are projected to receive mobile coverage, and 202 mobile sites will be enhanced with additional battery capacity in FY2026/27.

**Public outcome to be promoted:** The Rural Connectivity Funds will benefit New Zealanders by improving public safety in mobile blackspot areas and improving the availability of mobile coverage to some rural residences and businesses (including farms). Additional and more resilient mobile services along state highways and regional roads with high accident rates, and to great walks, cycleways, track-ends and rural settlements will provide critical telecommunication services in times of need. The Funds enhance access to emergency services and emergency civil defence cell broadcast alerts, improve navigation, and provide other benefits to people living, working or travelling in rural New Zealand. Power resilience will ensure some members of the public, particularly in small and remote rural settlements, have access to 111 emergency calls and can receive broadcast civil defence alerts during adverse events where mains electricity is lost for 24 hours.

**How we measure performance:** The reportable measures for the Rural Connectivity Funds have been chosen to monitor the performance of the Company in addressing identified mobile blackspots, expanding mobile coverage to some rural settlements and delivering power resilience to some mobile towers. The Company and its partners measure mobile coverage using a geospatial dataset.



## 4.4 FINANCIAL AND OPERATIONAL EFFICIENCY

### 4.4.1 Financial and Operational Efficiency

| PERFORMANCE TARGETS FOR FINANCIAL AND OPERATIONAL EFFICIENCY | | | |
|---|---|---|---|
| **REPORTABLE MEASURE** | **FISCAL 2025/2026** | | **FISCAL 2026/2027** |
| | **PLAN** | **FORECAST** | **PLAN** |
| The Company's net operational cost as percentage of annual investment/grants | 4.75% | 4.50% | 4.75% |

This class of outputs tracks the Company's operational efficiency of establishing and managing its various infrastructure programmes.

**What this class of outputs is trying to achieve:** Drive greater value from public funding and improve the efficiency of services provided by monitoring and managing costs to ensure value for money.

**Role of the Company:** The Company manages its time and resources to align with government direction.

**Medium-term objectives:** The Company aims to keep its cost of operations below five percent of its total investments and grants to ensure that overhead and administrative costs of delivering services remain a small and consistent proportion of overall activities.

**Public outcome to be promoted:** By keeping back-office costs low and benchmarking performance over the long term, the Company will continue to minimise its dependency on Crown funding and will contribute to getting the government's books back in order.

**How we measure performance:** The reportable measure for financial and operational efficiency has been chosen to monitor the proportion of administrative costs to infrastructure investment delivered.

*Te Papa Spatial Plan – Cameron Road, Tauranga City Council – IRG*

# 5: NON-REPORTABLE OUTPUTS

The Company is responsible for a number of outputs which are non-reportable under the Crown Entities Act 2004.

## 5.1 NON-REPORTABLE COMPANY PROGRAMMES

### 5.1.1 COST RECOVERY

The government expects the Company to move towards sustainable cost recovery for its operations. To provide time to develop its approach to cost recovery, monitoring and reporting, the Company will include cost recovery as a non-reportable output in FY2026/27 before incorporating it into the SPE FY2027/28 as a reportable output.

Infrastructure Funds achieve a level of cost recovery through contractual service charges to agencies and utilisation of interest earned on funds drawn down, where agreed by the government. Cost recovery relates to the IAF, IRG, Cyclone Recovery, EV Charging Infrastructure and Rural Connectivity funds.

Advising and Partnering on Private Capital cost recovery includes City Regional Deals, the Public Safety Network and the Wastewater Accelerator initiatives, which are fully recovered. Cost recovery on other advisory and partnering activities is focused on external costs, for example, legal and financing advisory expenditure. Internal Company costs will not be prioritised for recovery due to the importance of reducing barriers for agencies considering the use of private capital. IFF external costs will be recovered through transactions.

Company costs relating to the Investor Shopfront and Market-Led Proposals classes of outputs are proposed to be funded from the Company's Vote Finance Operating Appropriation.

### 5.1.2 ECONOMIC GROWTH

The government has identified economic growth as a top priority to raise living standards and has developed the Going for Growth initiative to drive progress. The Company has a direct role in supporting two of the five Going for Growth pillars. The Company supports pillar three, "Promoting global trade and investment", by working with Invest NZ to attract more high quality foreign direct investment into public infrastructure through its Investor Shopfront strategic priority. The Company also supports pillar five, "Infrastructure for growth", by reducing funding and financing barriers to the delivery of public infrastructure delivery, through its Advising and Partnering on Private Capital strategic priority.

### 5.1.3 CLIMATE CHANGE MITIGATION AND ADAPTATION

The Company's principal role is to fund and finance infrastructure which is owned and operated by public infrastructure providers. Emissions from the Company's activities are therefore mainly related to the operation of its head office in Auckland, a small office in Wellington and travel to and from Wellington and the regions. Given the relatively small volume of emissions resulting from the Company's activities, the Company is investigating cost effective options for monitoring and reducing emissions in line with government expectations.

### 5.1.4 RELATIONSHIP MANAGEMENT AND MONITORING

The Company places high emphasis on building and maintaining strong working relationships across central and local government and the private sector. The CEO will obtain regular informal feedback throughout the year from partners and stakeholders and report the state of key relationships to the board.

### 5.1.5 COMPLETED CLASSES OF OUTPUT

The Company will close several previous classes of output in FY2026/27 that no longer consume significant resources, including the Rural Broadband Funds and Rural and Marae Drinking Water Funds. Targets for these funds have been achieved or exceeded. Remaining funds will be paid out, reallocated or returned to the centre in FY2026/27.

*Te Ararata Creek Flood Resilience, Auckland Council - Cyclone Recovery*

## 5.2 HEALTH AND SAFETY

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

For the Rural Connectivity Funds class of outputs and remaining activities for Rural Broadband Funds and Rural and Marae Drinking Water Funds, the Company operates as a Person Conducting a Business or Undertaking (PCBU) under the Health and Safety at Work Act 2015. Although the health and safety of partners and their contractors and staff is the responsibility of those partners, the Company monitors performance to ensure that contractual requirements are being met.

In earlier iterations of the SPE, the Company benchmarked this performance against the Total Recordable Injury Frequency Rate (TRIFR). However, due to the scaling down of these funds as they approach completion, the TRIFR, which measures injuries per million hours worked, is no longer appropriate. The Company continues to monitor and report on health and safety performance and recorded one injury across PCBU programmes in the last 12 months. It is not expected that any injuries will be recorded in FY2026/27.

# 6: FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF FORECAST COMPREHENSIVE REVENUE AND EXPENSE

**FOR THE PERIOD 2026-2027**

| | Forecast 2026 $000 | SPE 2027 $000 |
|---|---|---|
| **Income** | | |
| Interest income | 109,248 | 59,123 |
| Grant income | 622,886 | 479,860 |
| Receipt of right to statutory levy | 222,707 | 119,942 |
| Government agency recoveries | 4,003 | 2,423 |
| Other income | 134 | - |
| Net fair value gains on FVTSD investments[1] | 4,029 | 9,227 |
| ***Total income*** | ***963,007*** | ***670,575*** |
| | | |
| **Expenses** | | |
| Directors' Fees | 476 | 582 |
| Personnel costs | 13,774 | 15,286 |
| Professional & advisory fees[2] | 5,463 | 6,228 |
| Depreciation expenses | 1,714 | 1,803 |
| Interest expense | 25,633 | 34,812 |
| Other finance charges | 1,818 | 3,277 |
| Other expenses | 4,082 | 4,625 |
| Grant funding expenses | 816,595 | 558,640 |
| Non-grant funded expenses[3] | 11,042 | 15,603 |
| Contribution - loans | 2,092 | 6,410 |
| Net fair value losses on derivatives[1] | 2,950 | 2,507 |
| Net fair value losses on FVTSD term loans[1] | 7,603 | 943 |
| Expected credit loss | 20 | 223 |
| ***Total expenses*** | ***893,262*** | ***650,939*** |
| **Net surplus/(deficit)** | **69,745** | **19,636** |

1 Fair value through surplus or deficit.
2 Recoveries on the Professional & advisory fees in 2026 of $3,051,000 and 2027 of $3,661,000.
3 Expenses funded by recycled funds received by company.

## CONSOLIDATED STATEMENT OF FORECAST CHANGE IN EQUITY

**FOR THE PERIOD 2026-2027**

| | Capital $000 | Retained earnings $000 | Total $000 |
|---|---|---|---|
| **Opening balance 1 July 2025** | 1,655,200 | (398,411) | 1,256,789 |
| Net Surplus/(deficits) | - | 69,745 | 69,745 |
| Capital contributions | 13,076 | - | 13,076 |
| Dividend | - | (45,100) | (45,100) |
| Return of Capital | (170,682) | - | (170,682) |
| **Closing balance 30 June 2026** | ***1,497,594*** | ***(373,766)*** | ***1,123,828*** |
| | | | |
| **Opening balance 1 July 2026** | 1,497,594 | (373,766) | 1,123,828 |
| Net Surplus/(deficits) | - | 19,636 | 19,636 |
| Capital contributions | 60,645 | - | 60,645 |
| Dividend | - | (12,250) | (12,250) |
| Return of capital | (675,000) | - | (675,000) |
| **Closing balance 30 June 2027** | **883,239** | **(366,380)** | **516,859** |

# CONSOLIDATED STATEMENT OF FORECAST FINANCIAL POSITION

### FOR THE PERIOD 2026-2027

| | Forecast 2026 $000 | SPE 2027 $000 |
|---|---|---|
| **Assets** | | |
| ***Current assets*** | | |
| Cash and cash equivalents | 387,891 | 332,389 |
| Trade and other receivables | 609 | 725 |
| Financial assets available for sale | 680,000 | - |
| GST receivables | 10,405 | 7,075 |
| Prepayments | 80 | 80 |
| ***Total current assets*** | ***1,078,985*** | ***340,269*** |
| ***Non-current assets*** | | |
| Property, plant and equipment | 8,130 | 7,075 |
| Intangible assets - software | 583 | 806 |
| Investments in financed infrastructure | 721,135 | 827,130 |
| Loans asset | 221,570 | 238,567 |
| ***Total non-current assets*** | ***951,418*** | ***1,073,578*** |
| **Total assets** | **2,030,403** | **1,413,847** |
| **Liabilities** | | |
| ***Current liabilities*** | | |
| Creditors and other payables | 100,594 | 24,285 |
| Grant funds held for distribution | 95,283 | 92,749 |
| Income in advance | 56,143 | 4,256 |
| Employee entitlements | 1,986 | 2,453 |
| ***Total current liabilities*** | ***254,006*** | ***123,743*** |
| ***Non-current liabilities*** | | |
| Borrowings | 628,158 | 750,679 |
| Income in advance | 4,353 | - |
| Interest rate swap | 20,058 | 22,566 |
| ***Total non-current liabilities*** | ***652,569*** | ***773,245*** |
| **Total liabilities** | **906,575** | **896,988** |
| **Net assets** | **1,123,828** | **516,859** |
| Contributed capital | 1,497,594 | 883,239 |
| Retained earnings | (373,766) | (366,380) |
| **Total equity** | **1,123,828** | **516,859** |



# CONSOLIDATED STATEMENT OF FORECAST CASH FLOWS

### FOR THE PERIOD 2026-2027

| | Forecast 2026 $000 | SPE 2027 $000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Interest received | 18,511 | 4,521 |
| Government grant received | 448,027 | 421,183 |
| Receipts from government agencies | 6,246 | 2,423 |
| Payments to suppliers | (18,527) | (13,506) |
| Payments to employees | (13,541) | (14,819) |
| Grant funded payments | (836,142) | (605,438) |
| Non-grant funded payments | (21,812) | (15,223) |
| Goods and services tax (net) | (7,176) | 3,131 |
| ***Net cash inflow/(outflow) from operating activities*** | ***(424,414)*** | ***(217,728)*** |
| **Cash flows from investing activities** | | |
| Net proceeds from sale of short-term investments | 119,979 | - |
| Proceeds from loan assets repayment | 14,000 | 6,999 |
| Purchase of furniture & fittings, equipment and software | (675) | (972) |
| Receipts from sale of Chorus Securities | - | 680,000 |
| Payments received from investment in financed infrastructure | 28,819 | 36,749 |
| Acquisition of investment in loans | (5,525) | (19,708) |
| ***Net cash inflow/(outflow) from investing activities*** | ***156,598*** | ***703,068*** |
| **Cash flows from financing activities** | | |
| Capital contribution - Crown | 13,076 | 60,645 |
| Dividend | (45,100) | (12,250) |
| Return of unused grant funding | (13,630) | (2,550) |
| Return of capital | (170,682) | (675,000) |
| Proceeds from borrowings | 207,629 | 123,607 |
| Repayment of borrowings | - | (482) |
| Interest paid | (25,633) | (34,812) |
| Net settlements on derivatives | (6,824) | - |
| ***Net cash inflow/(outflow) from financing activities*** | ***(41,164)*** | ***(540,842)*** |
| ***Net increase/(decrease) in cash and cash equivalents*** | ***(308,980)*** | ***(55,502)*** |
| Cash and cash equivalents at the beginning of the year | 696,871 | 387,891 |
| **Cash and cash equivalents at the end of the year** | **387,891** | **332,389** |

# 7: NOTES TO THE FORECAST FINANCIAL STATEMENTS

## 7.1 REPORTING ENTITY

The reporting entity is National Infrastructure Funding and Financing Limited (**the Parent, and the Company,**) and its controlled subsidiaries (**the Group**). As at 30 June 2026 the controlled entities were IFF Holdings Limited, Milldale Infrastructure GP Limited, Milldale Infrastructure LP, NIFF Services Limited, TSP Finance LP, TSP Finance GP Limited, Sludge Finance GP Limited, Sludge Finance LP Limited, Sludge Finance 1 Limited and Sludge Finance 2 Limited, Te Awa Lakes LP, and Te Awa Lakes GP Limited which are 100% controlled. These controlled entities were established to facilitate accelerated development of bulk housing infrastructure for the Milldale development located at Wainui, Auckland, implementation of the Western Bay of Plenty Transport System Plan in Tauranga, the Sludge Minimisation Wastewater Facility in Wellington, and the Te Awa Lakes development north of Hamilton. The Company is a limited liability company incorporated under the Companies Act 1993 and is a Crown entity as defined by the Crown Entities Act 2004. The Company is listed in Schedule 4A of the Public Finance Act 1989.

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 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 legislation, 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.

## 7.2 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 2026/27 together with the additional accounting policies set out below.

These prospective financial statements for FY2026/27 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 GAAP.

## 7.3 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. 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 Northpower Fibre Limited, Milldale 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.

## 7.4 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 IRG, Milldale, and Infrastructure Funding and Financing loans, receivables (including statutory levy), and interest rate swaps.

There is judgement made on the interest rates used to value the 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.

From December 2025, at the direction of Ministers to proceed with marketing the securities for sale, the Chorus Debt and Equity Securities have been actively marketed for sale. As these securities are expected to be sold within twelve months of the balance date, they are classified as current assets in the Statement of Forecast Financial Position.

All fair value gains and losses, including imputed interest calculated using the effective interest method, continue to be recognised in surplus or deficit in the period in which they arise.

Transaction costs directly attributable to the sale, including success fees contingent on completion, are not recognised until financial close is reached, at which point they are offset against the proceeds received on disposal. Any resulting net gain or loss on disposal is recognised in surplus or deficit at that time. The carrying value of the securities will be updated at each reporting date to reflect prevailing market conditions.

The proceeds from the sale of the securities, less any applicable costs, will be returned to the Crown.

### 7.4.1 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) and the Infrastructure Accelerate GFA, the Company acts as the Crown's agent, the grant received has been recognised as grant income in the Statement of Forecast Comprehensive Income and Expenses. The more usual approach is to only recognise these transactions in the cashflow, and the residual amounts in the balance sheet. However, given the size and nature of the activities, the Company has recognised the amounts in the face of the financial statements. The operational funding received is recognised as grant income for carrying out the Company's administrator functions.

### 7.4.2 INFRASTRUCTURE INVESTMENTS AND TREASURY BILLS

The Company's investment in Northpower Fibre Limited, Milldale, Infrastructure Funding and Financing projects, Infrastructure Reference Group loans and Electric Vehicle Charging Infrastructure loans to build partners 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 Northpower Fibre Limited, Infrastructure Reference Group loans and Electric Vehicle Charging Infrastructure loans to build partners, and the contribution by the Company, represents the Company's contribution and is reflected in the lines "Investment contributions".

The Company's investment in Treasury Bills is to fund the Infrastructure Reference Group fund projects. The Treasury Bills are short-dated investments and are typically issued with 1, 2 and 3 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.

### 7.4.3 GRANT FUNDING EXPENSES

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria. They are expensed when the Company receives an application that meets the specified criteria for the grant. The non-discretionary grants have no substantive conditions that need to be fulfilled to receive the grant.

Discretionary grants are those grants where the Company has no obligation to award the grant after receiving a grant application. For discretionary grants without substantive conditions, the total committed funding over the life of the grant is expensed when the Company approves the grant, and the approval has been communicated to the applicant. Discretionary grants with substantive conditions are expensed at the earlier of the grant payment date or when the grant conditions have been satisfied. Conditions can include either:

- specification of how funding can be spent, with a requirement to repay any unspent funds; or
- milestones that must be met to be eligible for funding.

### 7.4.4 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.

### 7.4.5 BORROWINGS

Borrowings are arranged through the Group's special purpose vehicles (SPVs) with financial institutions to fund infrastructure projects, and include both fixed and floating rate facilities.

Borrowings are initially recognised at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, except for fixed rate loans held by Sludge Finance LP, which are designated at fair value through surplus or deficit (FVTSD) to eliminate an accounting mismatch with the related statutory receivable and interest rate swap.

Interest expense is recognised using the effective interest method. Commitment fees on undrawn facilities are included in the effective interest rate where drawdown is expected.

Borrowings secured against the Milldale Bulk Housing Infrastructure Project are secured over the project's cash inflows, with recourse to development lot owners. Borrowings under the Infrastructure Funding and Financing Act are secured by pledges over partnership interests in designated subsidiaries. The parent Company provides no recourse or guarantee for these borrowings.

### 7.4.6 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.

### 7.4.7 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.

### 7.4.8 STATEMENT OF CASH FLOW

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.

## 7.5 NOTES TO THE FINANCIAL STATEMENTS

### 7.5.1 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 2026 $000 | Planned 2027 $000 |
|---|---|---|
| Bank Interest | 12,144 | 1,650 |
| IRG cash and cash equivalent | 4,370 | 1,505 |
| Imputed interest | 91,178 | 54,612 |
| BHI & IFF interest* | 1,556 | 1,356 |
| **Total interest income** | **109,248** | **59,123** |

*Bulk Housing Infrastructure (BHI) and Infrastructure Funding and Financing (IFF).

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 Income. The residual IRG Grant amounts are held as income in advance in the Statement of Financial Position.

iii **Receipt of Right to Statutory Levy:** 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 Income. As it is collected it reduces the outstanding Levy receivable amounts in the Statement of Financial Position.

vi **Government Agency 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 Milldale receivables, Infrastructure Reference Group loans, Electric Vehicle Charging Station loans to build partners, Infrastructure Funding and Financing Levy Receivable and other infrastructure investments and derivatives.

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 **Depreciation and Amortisation:** depreciation charges on property, plant, and equipment. Intangible assets are amortised.

viii **Grant Expenses:** these expenses are the cost of the Rural Broadband and Mobile Black Spots funds that the Company is paying to the Rural Connectivity Group to reduce mobile blackspots and improve digital connectivity to Marae/Rural Digital Hubs. Infrastructure Reference Group, Cyclone Recovery and Infrastructure Acceleration Fund grant expenses, as well as IFF transactions are the funding of infrastructure as part of the funds and IFF and reflected as an expense as they are incurred.

ix **Non-Grant Funded Expenses:** the Company funds mobile black spots, including the present value of site leases and operational expenditure, marae connectivity and some of the Chatham Islands' satellite backhaul capacity expenses that are not covered by Grant Funding.

x **Other Company Overheads:** administrative costs for the Company which include any additional costs associated with the Company's responsibilities.

xi **Contribution Loan:** is the 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.

xii **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.

xiii **Investment in Treasury Bills:** are Treasury Bills with a maturity of more than three months.

xiv **Capital:** the Crown investment made in the Company is represented by 1,654,013,164 ordinary shares issued at a value of $1.00. The Company forecasts calling $60.6 million and returning $675 million.

### 7.5.2 INVESTMENT, REVENUE, AND EXPENDITURE BY REPORTABLE OUTPUTS

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

| REVENUE BY CLASS OF OUTPUTS | Planned 2026 $000 | Forecast 2026 $000 | Planned 2027 $000 |
|---|---|---|---|
| Advising and Partnering on Private Capital | 1,111 | 167 | 100 |
| Infrastructure Funding and Financing* | 231,764 | 264,674 | 171,432 |
| Investor Shopfront | - | - | - |
| Market-Led Proposals | - | - | - |
| Infrastructure Acceleration Fund | 196,573 | 129,292 | 154,418 |
| Cyclone Recovery Funds | 525,534 | 414,065 | 241,449 |
| Infrastructure Reference Group Funds | 84,381 | 82,071 | 68,920 |
| Rural and Marae Drinking Water Funds | - | 1,295 | - |
| Electric Vehicle (EV) Charging Infrastructure Fund | 742 | 800 | 527 |
| Rural Connectivity Funds | - | 22,801 | 4,200 |
| Other Revenue (not Class of Outputs) | 176,499 | 47,842 | 29,529 |
| **Total as at 30 June** | **1,216,604** | **963,007** | **670,575** |

* Right-to-levy income from IFF levy payers.

| EXPENSES BY CLASS OF OUTPUTS | Planned 2026 $000 | Forecast 2026 $000 | Planned 2027 $000 |
|---|---|---|---|
| Advising and Partnering on Private Capital | 2,567 | 1,726 | 2,103 |
| Infrastructure Funding and Financing* | 327,452 | 200,911 | 143,298 |
| Investor Shopfront | 1,255 | 1,218 | 680 |
| Market-Led Proposals | 1,581 | 975 | 1,024 |
| Infrastructure Acceleration Fund | 198,008 | 128,207 | 153,733 |
| Cyclone Recovery Funds | 515,904 | 411,194 | 239,995 |
| Infrastructure Reference Group Funds | 81,878 | 63,867 | 53,397 |
| Rural and Marae Drinking Water Funds | 16,583 | 21,858 | - |
| Electric Vehicle (EV) Charging Infrastructure Fund | 3,223 | 2,379 | 15,151 |
| Rural Connectivity Funds | 218 | 48,178 | 30,717 |
| Other Expenses (not Class of Outputs) | 67,693 | 12,749 | 10,841 |
| **Total as at 30 June** | **1,216,362** | **893,262** | **650,939** |

* Includes IFF Transactional Costs.



# APPENDIX: DIRECTORY

**Shareholders**
The Minister of Finance
The Minister for Infrastructure

**Registered office**
c/- Bell Gully
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48 Shortland Street Auckland Central
Auckland 1010, New Zealand

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www.niff.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

**Executive**
Graham Mitchell
Chief Executive Officer

Sean Wynne
Deputy Chief Executive Officer

Dougal Evison
Chief Financial Officer

John Greenhough
Chief Technology Officer

Andrew McGavin
Head of Corporate Finance

Kathryn Mitchell
Chief Legal and Corporate Affairs Officer

Nicky Parkes
Head of People

Shanon Tapp
Chief Infrastructure Officer

**Board of Directors**
Mark Binns (Chair)
Tim Brown
Melissa Cameron
Alan Dent
Chris Gudgeon
Greg Lowe
David Webster

NATIONAL INFRASTRUCTURE
FUNDING AND FINANCING