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# WAIHANGA ARA RAU

Annual Report 2022

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**WAIHANGA ARA RAU**

**Construction and  
Infrastructure**

Workforce Development Council

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Publishing Unit, 49 Tory Street, Tower B,  
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# CONTENTS



<b>Introduction</b>	<b>01</b>	<b>Our industry</b>	<b>10</b>
From the Co-Chairs	02	What our industry is saying	12
From the Chief Executive	03	Industry employers	13
About Waihanga Ara Rau	04	Stakeholder overview	14
At a glance	08	Industry qualifications and standards	16
		Assurance	16



<b>Establishing a new organisation</b>	<b>17</b>	<b>Financial statements</b>	<b>34</b>
Statement of Service Performance	18		
COVID-19 response fund projects	22		
Honouring Te Tiriti o Waitangi	26		
Governance and accountability	28		
Our people	31		

## FROM THE CO-CHAIRS



### *Kia ora koutou*

Welcome to our inaugural Annual Report covering the period from 4 October 2021 through to 30 June 2022.

As Council Co-Chairs, we focused on delivering our Establishment Plan guided by our strategic pillars:

- **Whakahōnore i Te Tiriti o Waitangi:** enabling success for Māori through our engagement, thinking and advice that supports the aspirations of iwi, hapū and whānau.
- **Transforming the workforce:** creating an adaptable, diverse and skilled workforce that enables the industry to thrive.
- **Relationships, partnerships & influence:** effective engagement with industry, communities and our other key stakeholders.
- **Operational excellence:** ensuring Waihangara Ara Rau delivers its strategic priorities successfully.

Prior to our establishment on 4 October 2021, our Interim Establishment Board (IEB) consulted extensively with industry associations, key employers, iwi, hapū and Māori organisations. This extensive and wide-reaching consultation is paramount to achievement of our purpose in elevating industry voice in the vocational education sector.

A number of the representatives from the WDC IEB were subsequently appointed to the permanent WDC Council.

We have successfully delivered on the objectives of our Establishment Plan and begun to set standards, develop qualifications, provide advice on the provision of training and are helping to shape the delivery of vocational education. In addition to completing our establishment phase activities, we were pleased to receive additional funding from the Tertiary Education Commission (TEC) to undertake the delivery of four projects within the Covid-19 Response Fund.

From July 2022, we moved into our first phase of operation, guided by our first Operational Plan. This plan is the realisation of years of transformative mahi to re-imagine vocational education and training across the motu.

On behalf of the Council we extend our sincere thanks to all Waihangara Ara Rau kaimahi and our valued partners for your mahi and the results achieved since its formation in 2021. Waihangara Ara Rau has grown and developed into a strong, cohesive entity, united in purpose, and capable of delivering extraordinary outcomes and demonstrable impacts.

***Titiro whakamuri, kōkiri whakamaua.***

*Look back and reflect so you can move forward.*

Ngā mihi,

**ELENA TROUT**  
Co-Chair  
*Tiamana Tairua*

**JOHN CHAPMAN**  
Co-Chair  
*Tiamana Tairua*

## FROM THE CHIEF EXECUTIVE



### *Tēnā koutou*

Since we were established, we have grown our team, our presence in the Construction and Infrastructure sector, and our understanding of the opportunities and challenges ahead.

This first year has been one of building a skilled and enthusiastic team, undertaking qualifications reviews and moderations, plus meeting and listening to the many people that make up the sector we represent - the Construction and Infrastructure sector. This includes industries, iwi, hapū and whānau throughout Aotearoa New Zealand.

We have achieved several key milestones and deliverables. These include:

1. Launched our Electricity Supply Industry research project.
2. Launched our Three Waters projects.
3. Published our first Workforce Development Plan.
4. Created our online Workforce Information Platform.
5. Signed Memorandums of Understanding (MoUs) with ConCOVE Tūhura and ITENZ, recognising the mutual benefits of collaboration and partnership.
6. Launched tradecareers.co online toolkit and equity directory.
7. Launched 15 regional reports as part of the Regional Construction Workforce Planning and Development Project.
8. Successfully managed the transfer of a significant volume of inflight work from the transitional Industry Training Organisations, including assurance activities and reviewing hundreds of standards.

On 1 July, all Workforce Development Councils (WDCs) took on a programme endorsement function. This means we play an integral role in making sure all new programmes that lead to qualifications meet both industry needs and learner vocational education and training needs.

In the next year and beyond, our goal is to firmly establish ourselves as a system influencer. In this position we can enable the future aspirations of the construction and infrastructure sectors and the development of qualified people joining and currently working in these sectors.

A handwritten signature in black ink that reads "P. Aldridge".

### **PHILIP ALDRIDGE**

**Chief Executive**

*Te Tumu o Waihanga Ara Rau*





# ABOUT WAIHANGA ARA RAU

## Introduction

Waihanga Ara Rau is the Workforce Development Council (WDC) representing construction and infrastructure.

As a WDC we play a key role in the Reform of Vocational Education. We ensure industry, including Māori, Pacific peoples, and people with disabilities have a strong voice in the vocational education and training system and that their needs are reflected in the qualifications and standards available within vocational education in Aotearoa.

## Our core functions are to:

- Provide skills leadership by ensuring our essential building, construction and infrastructure sectors are training new and existing workers to the highest and most consistent standards.
- Lead the development of industry qualifications, set industry standards and assess training provision against these industry standards.
- Bring consistency to industry standards and learning outcomes - making sure they are applied across the motu, and all learning modes.
- Be the voice of industry to represent their interests as well as being a system leader providing input on policies that matter most to industry.
- Provide advice to the Tertiary Education Commission (TEC) on investment in vocational education, and determine the appropriate mix of skills and training for the industries we cover.





**MOEMOEĀ**  
*OUR VISION*

*A construction and  
infrastructure sector that  
enables everyone to reach  
their potential.*



## Our purpose

Elevating the voice of industry in our vocational education system.

## Key goals

As highlighted in our Establishment Plan, our key goals in our first year of operation were to:

### 01

Set a culture and vision for Waihangara Ara Rau Construction and Infrastructure WDC and contribute to the transformation of vocational education, ensuring that it becomes industry-led, learner-centric and gives effect to Te Tiriti o Waitangi.

### 02

Minimise disruption to our industries while services were transferred from transitional industry training organisations (ITOs) to the WDC, with regard to engagement.

### 03

Develop our industry partnership and engagement model and engage with industry as soon as possible.

### 04

Design our approach to skills leadership (by leveraging existing advisory group mechanisms where appropriate), start to undertake research, and apply the gathered insights.

### 05

Ramp up to a 'business as usual' state for qualification development and review, moderations, and programme endorsements towards the end of our establishment phase.

### 06

Carry out scheduled reviews of standards initially, then scale this up so that our WDC is carrying out 'BAU-levels' of reviews by the end of the establishment phase.

### 07

Maintain work programmes related to the COVID-19 response and disseminate knowledge and learnings to other WDCs and partners in the vocational education and training system.

### 08

Build mechanisms and ways of working to support collaboration across the WDCs.

## AT A GLANCE

WE HAVE MADE STEADY PROGRESS SINCE OUR ESTABLISHMENT ON **4 OCTOBER 2021** THROUGH TO **30 JUNE 2022**, INCLUDING:

### Our Work

Launched the **Electricity Supply Industry/ Three Waters** research workforce **reports** and **roadmap** for the future.

Enhanced the **Workforce Information Platform** to include workforce **forecasting** for the infrastructure sector.

Managed the successful **transfer** of a significant volume of **inflight work** from transitional ITOs.

Published our first annual **Operational Plan** and **Industry Engagement Plan**.

Launched **tradecareers.co** an online **toolkit of resources** including an equity directory for trade employers who are keen to **hire women**.



Created **Memorandums of Understanding (MoUs)** with ConCOVE Tūhura and ITENZ, recognising the mutual benefits of **collaboration and partnership**.

### Our Impact

Produced

# 15 REGIONAL REPORTS

in the Regional Construction Workforce Planning and Development Project.

Published our first **Workforce Development Plan**. Workforce Development Plan - Waihanga Ara Rau<sup>1</sup>

<sup>1</sup> [www.waihangaararau.nz/research/workforcedevelopmentplan/](http://www.waihangaararau.nz/research/workforcedevelopmentplan/)



Supported and endorsed more than **25** programmes leading to qualifications.



Completed over **900+** pre-assessment moderation, post-assessment moderation and consent to assess applications.

Completed projects reviewing, developing and maintaining



Qualifications



Standards

## Engagement

449<sup>+</sup>

Engaged with over ▲ stakeholders in Construction and Infrastructure across the motu.

## Key Financials

In 2021/22 we spent **\$5.78m** of our operating funding. This went towards implementing our remaining establishment activities and launching our operating model and functions.

Expenditure by type was:

**\$3.33m**

People

**\$0.10m**

Engagement, Events & Travel

**\$0.93m**

Shared Services

**\$0.77m**

Contracts & Consultancy

**\$0.26m**

Governance

**\$0.39m**

Other

## Covid-19 Response Fund Projects Financials

In addition to our business-as-usual operating funds, we took on four projects which were inherited from industry training organisations. As at 30 June 2022, total expenditure for these projects was \$2.32mil. These were funded out of the TEC Covid-19 Project Response Fund.

Project Name	Funding Received as at 30 June 2022	Expenditure as at 30 June 2022	Status as at 30 June 2022
Industry Equity Project (previously Women in Trades Project)	\$700,000	\$100,446	Ongoing
Electricity Supply and Three Waters Mahere Whakamahinga Project	\$1,069,440	\$1,080,036	Completed
Industry Recovery Packages (micro-credentials)	\$592,060	\$562,457	Ongoing
Construction Workforce Forecasting	\$578,000	\$578,000	Completed



## OUR INDUSTRY

We are part of a wider change in vocational education and training that aims to tackle the long-term challenge of skills shortages and ensures a match between training provision and the needs of employers in the Construction and Infrastructure sector.

We share the vision of the wider system – one where vocational education adapts and responds to workplace and industry needs, with a key focus on Māori workforce needs.

In our first year, our priority for engagement has been establishing relationships with key organisations in our sector. We have connected specifically with industry associations, key employers, providers, iwi and hapū, and Māori organisations.

From the time Waihanga Ara Rau became operational through to the end of the 2022 financial year, we have had over 400 engagements and attended 17 conferences across the Construction and Infrastructure sector. Please refer to the Statement of Service Performance on page 18 for key achievements and engagement statistics during our establishment phase.



### The construction and infrastructure industries we represent include:

Individual Construction Industries	Strategic Sectors	Strategic Sectors	Infrastructure Strategic Sectors
Concrete construction, carpentry, stonemasonry, brick and blocklaying, interior systems, glazing, roofing.	On Site Construction	Civil Infrastructure	Bitumen production, road construction and maintenance, contract and project management, road marking, temporary traffic management, deep piling and foundations, forestry earthworks.
Concrete production, pre-cast and product manufacture, frame and truss manufacture, timber joinery, architectural aluminium joinery.	Off Site Manufacturing	Energy and Telecoms	Electricity supply, telecommunications, and gas reticulation.
Electrical engineering, electronic engineering, electrotechnology, industrial measurement and control.	Electrical, Electronic and Electrotechnology	Three Waters	Drinking water, stormwater, wastewater (including Pipeline Construction and Maintenance).
Painting and decorating, flooring, kitchen and bathroom design, floor and wall tiling, exterior plastering, monumental masonry.	Finishing Trades	<b>Strategic Sector</b>	<b>Construction and Infrastructure Occupations</b>
Cranes, scaffolding, rigging, industrial rope access.	Access Trades	Construction and Infrastructure Services	Quantity surveying, project management, architectural technology, asset management, surveying, building information modelling, procurement.
Plumbing, drainlaying & gasfitting.	Plumbing, Drainlaying, Gasfitting	<b>Strategic Sector</b>	<b>Retail &amp; Wholesale Industries</b>
		Construction Retail and Wholesale	Plumbing goods and furniture and floor covering wholesaling. Floor coverings, electrical, electronic, and gas appliance retailing and hardware and building supplies retailing.

We work with these industries, their employers, kaimahi, iwi and Māori organisations to help them address present and future skill gaps.

We provide skills leadership and use data and insights to improve the skills pipeline. We develop industry qualifications, set industry standards, and assess training provision against these industry standards.

## WHAT OUR INDUSTRY IS SAYING

Through the engagement activities undertaken across the sector we have heard about:

- the key issues around skills shortages and the impact this has had on the sector
- the desire for maximising on-the-job training
- support employers need to allow on-job training to be cost effective and of high quality
- access to the internet and the ability to use technology in the right way
- the role that technology is increasingly playing in parts of our sector, and what that will mean for future jobs
- the clear recognition that perceptions of and uptake of jobs will change rapidly given new demands and opportunities that technology advancements bring
- support for business owners so they are prepared and willing to give people their first chance at a job
- the need for foundational skills to help new employees get started in any workplace
- the need for supervisory and first-line management skills
- the possible role of cross-industry foundational skills training and help to ensure sector jobs are seen as being worthy career choices and a viable option for school leavers.



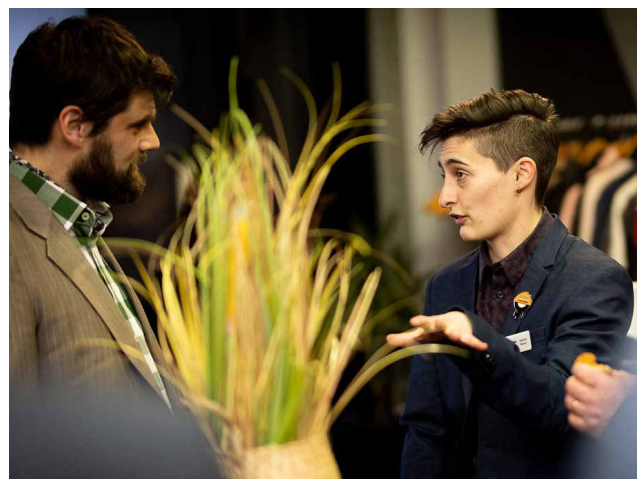


## INDUSTRY EMPLOYERS

We work with employers across Construction and Infrastructure industries to help build a more skilled workforce that can respond to meet rapid growth needs, build opportunities in the Māori economy, review and update standards, get professional recognition, tap into a diverse workforce by expanding the reach of the industries we represent and embed best practice.

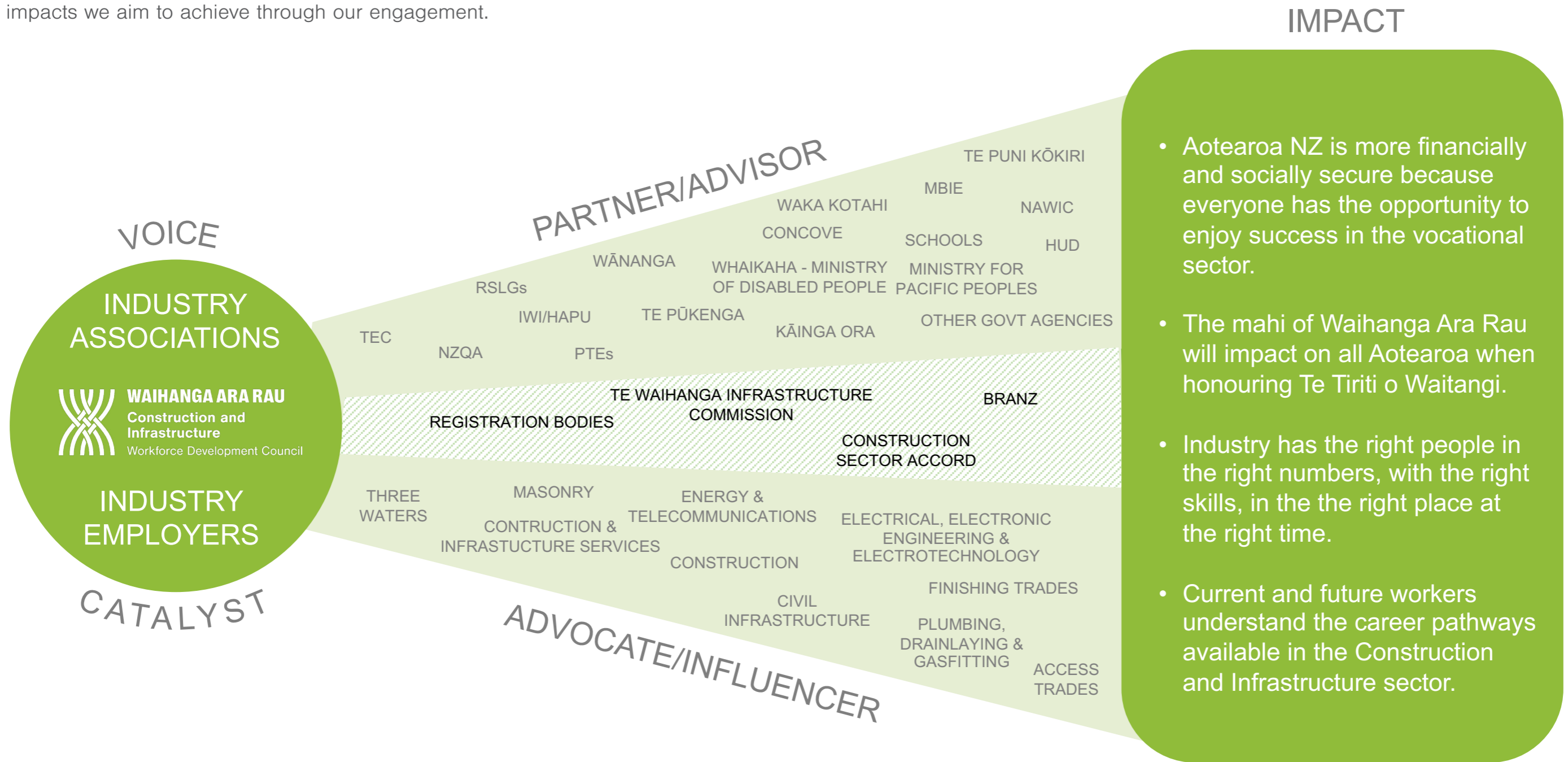
We have made great progress by working with and supporting a number of Industry-led Technical Advisory Groups including:

- Starting the development of Traffic Management Plan (TMP) Design Unit Standards. It was the first time unit standards had been developed for people who design traffic management plans.
- Reviewing the Crane Operators standards and qualifications that required updating after many years of use.
- The facilitation of a Civil Infrastructure Advisory Group (AG) to discuss the future direction of skills and training within the industry sector.
- Assisting the plumbing industry to restructuring their off-job training.
- The Industry Equity Project launched the TradeCareers.co online toolkit and equity directory. A one-stop-shop for women career seekers looking for work or professional development in the trades and for trade employers who are keen to hire women but need support and resources to do so. It also supports employers with retaining women in the workforce once they are hired, to support a sustainable, long-term career.
- Collaborating with Workforce Central Dunedin (alongside Te Pūkenga and ConCove) who support the construction of the new Dunedin Hospital, especially around the establishment of a skills and job hub.



# STAKEHOLDER OVERVIEW

Our stakeholder overview aims to depict how industry voice drives our engagements. It summarises our key stakeholders and the nature of our engagement with them, and outlines the impacts we aim to achieve through our engagement.



## INDUSTRY QUALIFICATIONS AND STANDARDS

To meet sector and industry needs for the future, it is vital that we develop, maintain and review qualifications and standards.

We work with industry and employers to understand the skills that are needed. This information is shared with education and training providers who create learning programmes that give people relevant skills to address future workforce needs.

We also lead the development of industry qualifications, set industry standards and assess training provision against these industry standards. Where appropriate, we set and help with capstone assessments at the end of a qualification. Industry standards will be consistently applied across the country, and across all modes of delivery, whether learning happens on the job (such as apprenticeships), on campus or online.

We endorse vocational education programmes prior to them being approved by NZQA.

Waihanga Ara Rau is currently responsible for the lifecycle of **147 Qualifications**, and **2,821 Unit standards**. For a full list, refer to our Statement of Service Performance on page 18.

## ASSURANCE

Our Assurance specialist team carry out the moderation processes required of Waihanga Ara Rau as the Standard Setting body on behalf of the New Zealand Qualifications Authority (NZQA) and the industries we represent. These moderation processes include pre-assessment moderation and post-assessment moderation. Pre-assessment moderation is the process of approving proposed assessment material/tools prior to their use. Material must meet the needs of the unit standard concerned and give learners every opportunity to present the required evidence for the unit standard to be awarded. Post-assessment moderation is a review of assessor performance in conducting assessment using the resources approved in Pre-assessment moderation. Assessor decisions need to be consistent with the unit standard requirements and consistent with other assessor decisions.

We work with providers to ensure that assessment outcomes are valid, fair and consistent with national standards enabling consistency of graduate outcomes. Assurance functions also help to identify where ākongā may be disadvantaged by assessment practices and allow us to work with providers to address this.

The assurance functions include consent to assess, pre-assessment moderation, and post-assessment moderation. These functions ensure that all providers continue to meet the consent to assess requirements.

The outcome of these functions gives confidence to industry, NZQA, and TEC that all programmes meet the needs of industry, are consistent, and of high quality.



## ESTABLISHING A NEW ORGANISATION

Waihanga Ara Rau was established by an Interim Establishment Board (IEB) made up of industry representatives. The IEB oversaw an Orders in Council (OiC) process, which established the organisation as a legal entity.

The organisation was established on 11 June 2021 when the OiC were passed into law and the first meeting of the elected Council was held in July 2021.

Operations officially commenced on 4 October 2021 and functions from related industry training organisations were transferred to Waihanga Ara Rau. Functions transferred included setting standards, developing qualifications, moderating assessments against industry standards and, where appropriate, setting and moderating capstone assessments at the end of a qualification. The organisation also began endorsing programmes that lead to industry qualifications prior to NZQA approval.

Māori members from the IEB formed te Kāhui Ahumahi, an expert advisory group that provided guidance on te ao Māori and honouring te Tiriti o Waitangi throughout the establishment phase.

A Shared Services Centre (SSC) named Hāpaitia was set up to provide leadership and support for all WDCs. Its functions include finance, technology, procurement, human resources, learning and development and facilities.

Ohu Mahi (all Workforce Development Councils) have worked together and collaborated through established mechanisms such as communities of practice, forums, working groups and other meetings to discuss mutual interests and issues, achieve alignment and oversee key initiatives and work programmes.



# STATEMENT OF SERVICE PERFORMANCE

The Statement of Service Performance outlines the progress that Waihanga Ara Rau Construction and Infrastructure Workforce Development Council has made in the nine months ended 30 June 2022.

Clear expectations were set by the Crown and the Tertiary Education Commission (TEC) to undertake establishment activities that would provide a strong foundation for future operations.

We have worked to implement the Establishment Plan that was approved by TEC. This plan outlined expectations, milestones and deliverables to be achieved by 30 June 2022 including standing up an organisational structure and operating model that best supports the effective delivery of the core functions outlined in Section 366 of the Education and Training Act 2020.

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## Skills leadership

### Key Achievements 4 October 2022 – 30 June 2022

We have an established Workforce Information Platform (WIP) tool which provides project pipeline information for construction and infrastructure industries.

Qualitative and quantitative research has been undertaken to understand the environment in which our industries are operating and issues they are facing. The qualitative outputs are largely captured in the 15 regional reports produced by Waihanga Ara Rau as part of the Workforce Information Platform COVID-19 Response Fund Project delivered with the support of and to inform the work of Regional Skills Leadership Groups (RSLGs).

See [www.waihangaararau.nz/research/regional-reports](http://www.waihangaararau.nz/research/regional-reports). Quantitative research is made available through the Workforce Information Platform with the construction and infrastructure pipeline of work updated monthly. See [wip.org.nz](http://wip.org.nz)

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## Industry engagement

### Key Achievements 4 October 2022 – 30 June 2022

We have built strong connections with industry groups and other Workforce Development Councils and have been involved with industry in development of plans and ensuring industry qualifications and skills standards are relevant, readily accessible and support improved outcomes for learners and employers. Many of these engagements are in an early phase. We have initiated contact and started relationship building while developing a database of our stakeholders. Our focus has been to build trust and confidence in what we do, sharing our findings and supporting industry initiatives.

We have engaged with a range of different groups and individuals from across the sector, including industry peak bodies and other sector-representative groups, kaimahi and employers, RSLGs, providers, government agencies, and wānanga.

From 4 October to the end of June 2022 we:

- Developed our stakeholder engagement model and plan.
- Had initial engagement with 161 of 183 Tier 1 and Tier 2 stakeholders.
- We have participated in 17 industry conferences and we have presented at eight.
- Worked with iwi to provide pathways and support development for major infrastructure contracts.
- Engaged with Pacific Peoples and iwi to support community housing and development projects.
- Worked with MoE, schools, iwi and industry to improve pathways for secondary students.



## Qualifications System Products

### Key Achievements 4 October 2022 – 30 June 2022

We have worked closely with industry, education providers and other stakeholders to ensure that qualifications and standards are current and fit-for-purpose. We have completed a significant volume of development, review and maintenance activity for standards and qualifications across the construction and infrastructure sector.

Our activities are summarised in the table below.

From February 2022, Waihanga Ara Rau and Ohu Mahi (all WDCs) have worked closely with NZQA to form Te Rāngai Ohu Mahi – Paerewa Ako me te Marautanga ā-motu - Skill standards and National Curricula Sector Working Group. With members from across the vocational education sector, this ropu has worked to develop the proposed design principles for skill standards and national curricula (New Zealand programmes).

### Volume of work on qualifications and standards by sub-sector (October 2021 – June 2022)

	Unit Standards	Qualifications
Industry Cluster	#	#
Access Trades	4	49
Civil	3	23
On-site Construction	8	177
Off-site Manufacturing	4	8
Construction & Infrastructure Services	1	20
Electrical, Electronic & Electrotechnology	2	92
Energy & Telecommunications	1	12
Finishing Trades	2	131
Three Waters	-	124
Construction Retail & Wholesale	-	-
<b>Total</b>	<b>25</b>	<b>636</b>



## Endorse Programme and Moderation Activities

### Key Achievements 4 October 2022 – 30 June 2022

On 1 June 2022, the new Programme Endorsement function went live. This new approval process works to ensure that programmes being developed by providers have the support of industry and that graduates meet the outcomes of their qualifications. As the representative and standard setting body for the Construction and Infrastructure sector, we are committed to supporting providers to develop and gain approval for high quality programmes.

WDCs worked together with NZQA to agree our considerations and process for the Programme Endorsement service.

WDC considerations for Programme Endorsement differ from NZQA approval criteria and look to meet both industry and vocational education and training needs, while also contributing to an education system that honours Te Tiriti o Waitangi and supports Māori Crown relations.

Waihangara Ara Rau has worked collaboratively with providers who have sought consent to assess, pre-assessment moderation, or who have been contacted for post assessment moderation. The outcome of the moderation function is to ensure that the assessment decisions of educational organisations with consent to assess are fair, valid and consistent with the national standard.

The number of consent to assess applications, assessment resources pre-moderated, and the number of assessment decisions post-moderated are outlined below.

	Supported	Not Supported	Number of Samples or applications	Number of Unit Standards	Number of providers / schools
Pre-assessment moderation	123	11	134		
Post-assessment moderation	519	232	751	751	83
Consent to Assess	15	2	17		

## Collaboration

We have worked collaboratively with providers, other WDCs, NZQA, Te Pūkenga and RSLGs.

### Examples of this include:

- work on our Regional Reports and Fortnightly Inter-agency meetings with communications representatives across the RoVE ecosystem
- significant level of collaboration occurring across Ohu Mahi (WDCs) including regular meetings to discuss issues of mutual interest, communities of practice, and specific projects and initiatives.
- created Memorandums of Understanding (MoUs) with ConCOVE Tūhura and ITENZ, recognising the mutual benefits of collaboration and partnership
- collaborated with Workforce Central Dunedin (alongside Te Pūkenga and ConCove) who support the construction of the new Dunedin Hospital, especially around the establishment of a skills and job hub
- regular connection with Te Pūkenga and its subsidiaries including supporting its programme unification efforts and the transition of ITOs
- working closely with NZQA to develop the proposed design principles for skill standards and national curricula (New Zealand programmes).

## TEC Advisory Function

Waihanga Ara Rau has provided three main pieces of advice to the TEC in the year to June 30 2022. Complementary feedback was provided on the two formal advice components by a TEC panel facilitated by Erin Keyworth our Relationship Manager.

Interim advice was supplied on the 29 April 2022, which included four sections.

### Section One: Priority Advice

1. Māori completion and progression.
2. Pacific Peoples, women and disabled learners, completion and progression.
3. Mix of Provision.
4. Employers and supervisors.
5. Sustainability and the carbon zero economy.
6. Technology and the future of work.
7. Language, Literacy, Numeracy, Problem Solving and Digital.

### Section Two: Programme and delivery advice

1. Private Training Establishments and Provider Choice.
2. Plumbing, Drainlaying and Gasfitting.
3. Health and Safety including mental health.
4. Future industry e.g., pre-apprentice, trade academies and schools.

### Section Three: Future advice

1. Electricity Supply Industry.
2. Training people on work permits.

### Section Four: New and reviewed qualifications 2021-2022

1. Qualifications first approved in 2020 and 2021.
2. Qualifications reviewed and registered with a new version in 2020 and 2021.

Supporting advice was provided to support all items.

The final 2023 funding round advice was provided on the 30 June 2022. The structure of advice was altered in line with feedback with the introduction of problem statements, the question to be answered, the advice, background, role of education, action, evidence and plan guidance connection. This format has been recommended by TEC as a model for other organisations to consider.

## Operating Model and Organisational Structure

### Key Achievements 4 October 2022 – 30 June 2022

Waihanga Ara Rau was stood up and continued to successfully operate notwithstanding the impact of Omicron/COVID-19. The key achievements in relation to our operating model and structure are:

- refined our organisational structure and capabilities, and recruited 49 kaimahi
- managed our expenditure within 2021/22 TEC funding
- completed our Operational Plan, including budget for 2022/23
- developed and implemented key policies and an Enterprise Risk Management Framework
- established our enterprise risk register and reporting to Council and committees
- established our performance reporting dashboard to Council and committees
- introduced our organisation through media coverage and digital/social media content
- developed and began executing a communications strategy and plan
- established a Health & Safety Committee.

## COVID-19 RESPONSE FUND PROJECTS

In addition to business as usual, Waihanga Ara Rau is taking on a significant volume of work with TEC Covid-19 Response Fund projects, that were inherited from industry training organisations. These initiatives are aimed at supporting our sectors to recover from the impacts of Covid-19 and they align strongly with our organisation's kaupapa.

### Electricity Supply and Three Waters Mahere Whakamahinga Project

From employers looking to build capability, to employees working beyond their skillsets, the water industry is facing increasing workforce pressures.

Urgent need to expand the skilled workforce	Competitive labour market	Increasing demands, diminishing skills	Skills for the future
<b>50%</b>	<b>46%</b>	<b>59%</b>	<b>56</b>
Under reform, labour and related direct costs represent an estimated 50% of total costs of capital works.	In the year to September 2021, overall online vacancies for technicians and tradespeople across all industries increased 46%.	of water sector employees have no qualifications listed with their employer.	The average age for a wastewater worker is around 56.
Source: DIA	Source: MBIE	Source: DIA	Source: WIOG

The electricity supply industry (ESI) needs to grow by approximately 150+ engineers, technicians and tradepeople per year.

#### Key ESI insights include:

<b>25%</b>	<b>10%</b>	<b>\$10b</b>	<b>88%</b>
of the ESI workforce is aged 55 or above.	Women represent less than 10% of the ESI technical workforce.	Over \$10b of ESI capital improvements and new large-scale projects are already planned for the next decade.	Over 88% of the sector already work 40 hours per week, leaving little room for increased capacity within the existing workforce.





A Workforce Development Strategy for the Electricity Supply and Three Waters sectors was a key output for this project. The strategy outlines a number of common strategic goals for the attraction and retention of people within the workforce in order to meet current and future demand.

The project prototyped and tested several solutions across five workstreams:

1. **Industry pathways** – making Electricity Supply industry and Water Supply industry career pathways accessible and intuitive.
2. **Industry profiles & case studies** – allowing career seekers to ‘see themselves’ in these careers by harnessing industry roles values, vision, and purpose.
3. **Industry experiences** – to provide high school and tertiary students with role models and practical experiences to allow them to evaluate whether careers in these industries match their aspirations, interests and values.
4. **Competency mapping** – to enable people working in these industries to efficiently move across organisations, roles, and sectors whilst providing employers confidence in recognising prior skills development.
5. **Iwi workforce development** – to create opportunities for Māori to succeed.

Collateral was developed to enable these solutions to be implemented by industry. Workforce activation strategies can be implemented by each sector to achieve the priorities and goals identified.

## Construction Workforce Forecasting

This project created a publicly available workforce information platform (WIP, [www.wip.org.nz](http://www.wip.org.nz)). See regional supply and demand heatmap in Figure 1.

WIP is a sector leading project-based forecasting tool which uses industry-specific project data and industry validated workforce modelling to visualise the pipeline of work by region and project type, thereby identifying the workforce demand by occupation to put that work in place.

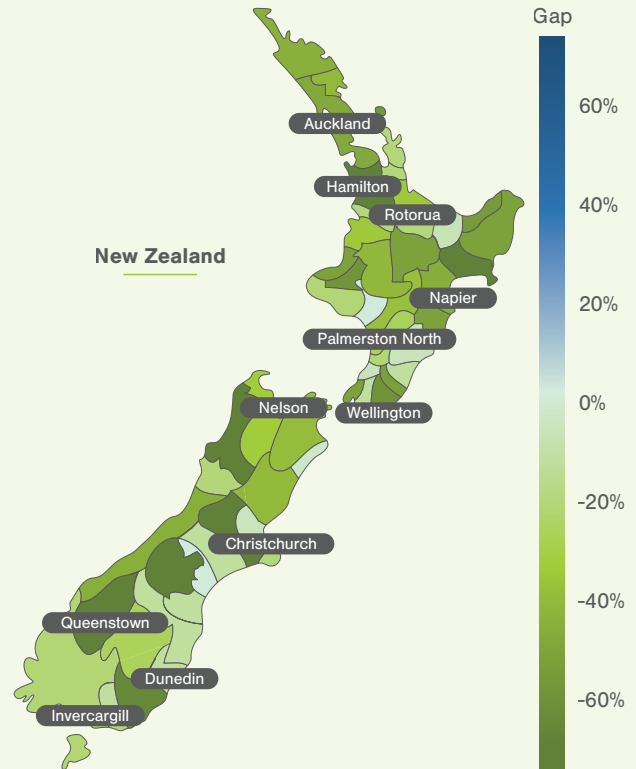
A key objective of the project is to provide and regularly update data on construction activity (see Figure 2) and associated workforce demand. Data is updated monthly and has proved to be a strong indicator of industry activity since June 2020.

More information is available in the short term with project insights dropping off over time in the project pipeline view. This is not suggesting a drop in activity just the reality of insights showing a wave of work which moves over time.

The WIP includes occupational forecasts for onsite construction and infrastructure occupations and is being enhanced to include off site construction and service providers.

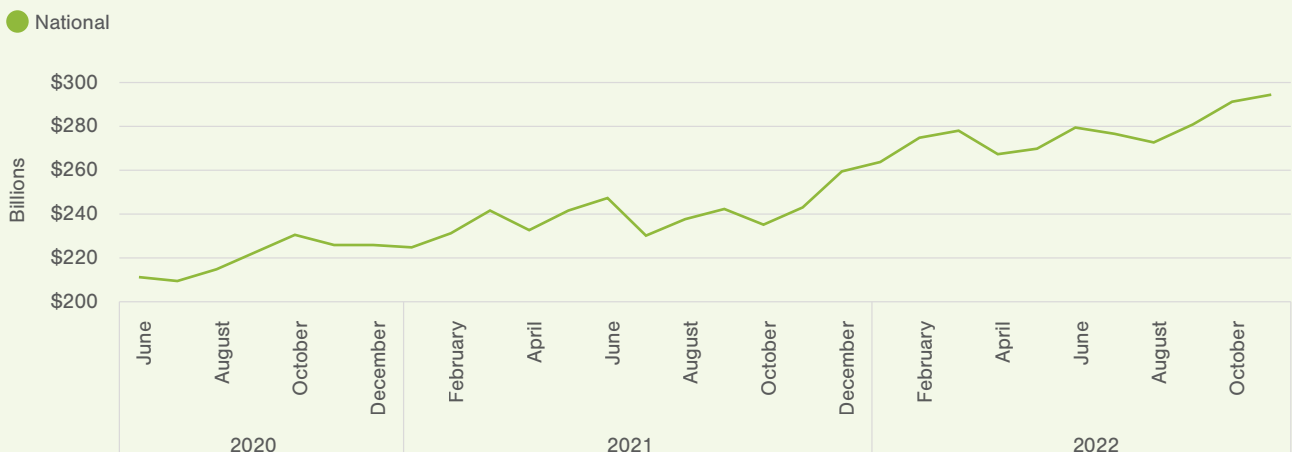
WIP provides valuable insights into the activity of people entering the sector highlighting the fact that over 50% of people joining our industries are career changers.

**Figure 1: Workforce Information Platform Supply and Demand Heat Map**



**Figure 2: Total Infrastructure and Construction Project Pipeline Value**

The pipeline for construction and infrastructure projects for the next three years is \$210B with the complete pipeline of known projects totalling \$294B in November 2022.





## Industry Recovery Packages (micro-credentials)

This project developed five micro-credentials which have been approved by NZQA. They are Basic Construction, Demolition and Renovation, Exterior Envelope, Interior Envelope and On-site Assembly. The microcredentials and support materials recognise key skills in the Construction Industry. The microcredentials and supporting learning packages focus on short term skills shortages and retraining requirements – such as those created by COVID-19. These packages are designed for delivery in a range of contexts including the workplace and provider-based environments, work preparation, experience and transition programmes. They will also incorporate key transferable work skills that provide a clear pathway to apprenticeship programmes in the future.

## Industry Equity Project (previously Women in Trades Project)

The purpose of this project is to ensure a collective and collaborative approach to diversity, equity and inclusion (DEI). A key objective is for stakeholders and partners to change perceptions about what our sectors can offer and amplify the voices of our partners to help share industry information.

We have launched the [TradeCareers.co](https://www.trade-careers.co) online toolkit and equity directory. The website is a one-stop-shop for women career seekers looking for work or professional development in the trades. It provides resources for trade employers who are keen to hire women but need support to do so and supports employers to retain women in the workforce and provide them with sustainable, rewarding, long-term careers.

In partnership with Hanga-Aro-Rau Workforce Development Council, we are also launching Wāhine on the Tools as part of the online toolkit and equity directory. This initiative is designed to encourage more wāhine Māori and Pacific women into the trades.



## HONOURING TE TIRITI O WAITANGI

We are focused on developing processes and systems that support equitable outcomes and create opportunities for Māori, Māori businesses, Industry, Māori education and training providers, and iwi.

These developments are underpinned by our commitment to whakahonore i te Tiriti o Waitangi and supporting Māori relationships as a Te Tiriti partner on behalf of the Crown.

### Our highlights to date

- Establishing a relationship with Ngāti Toa Rangatira to provide support and advice for their iwi housing and community development projects.
- Providing career pathway advice across all sectors in partnership with Te Aranga, the Alliance supporting Ngāti Toa infrastructure and construction projects.
- Successfully connecting the Pasifika community to Ngāti Toa to support workforce requirements and create possible business opportunities.
- Connecting Contact Energy and Ngāti Tūwharetoa with Māori training providers to help with developing a sustainable workforce including contributing career advice to support the construction of the Geothermal Power Stations for the rohe (region).
- Working in partnership with Māori-owned building and construction companies to establish, test and refine a career roadmap. This mahi included various components:
  - an industry awareness programme
  - links to Government agencies
  - transition to work
  - career pathway advice for industry, iwi, training providers, and Māori
  - iwi collaboration
  - leadership, management, and business management advice for iwi, industry, and training providers.

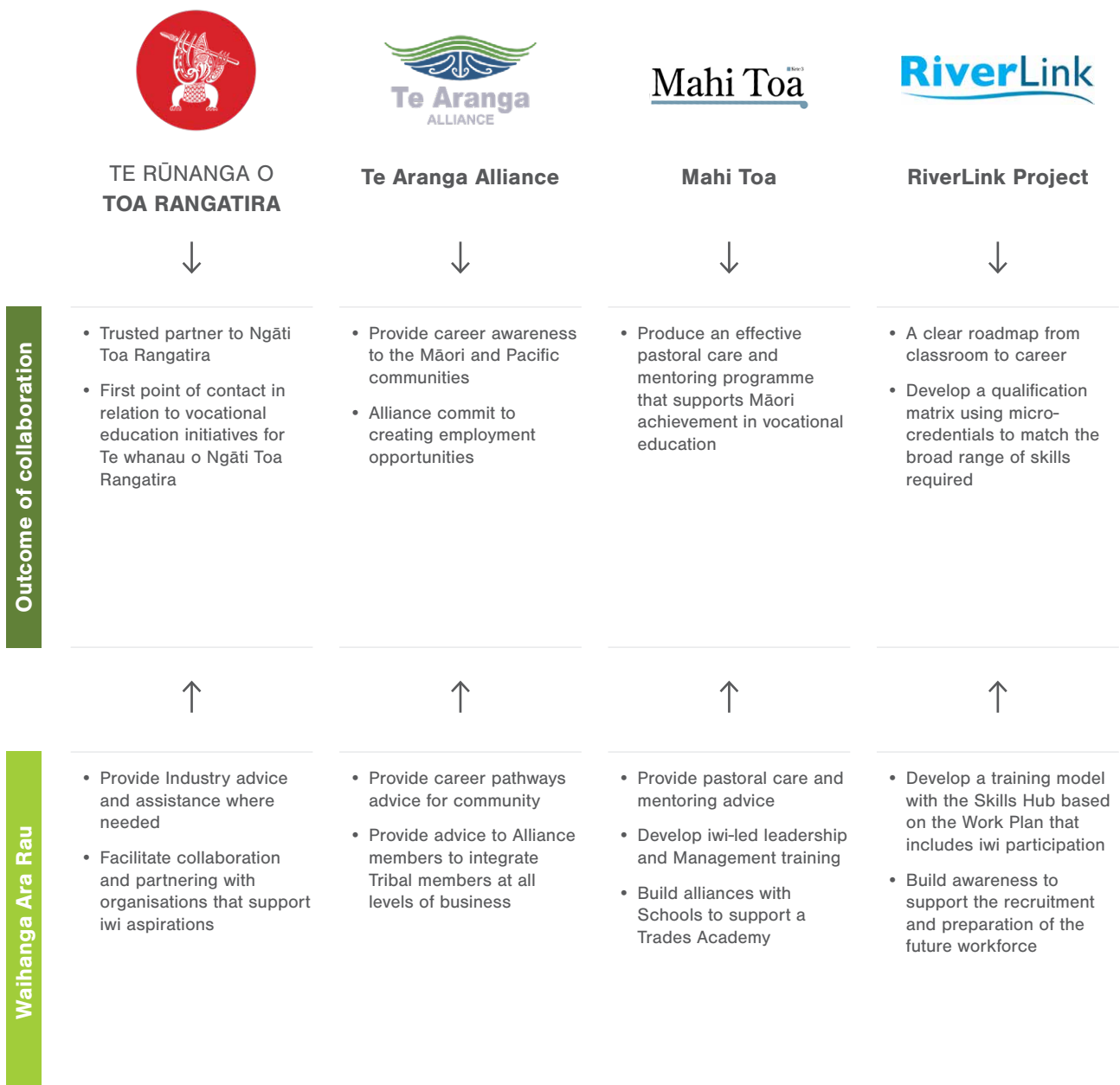
These highlights inform future models of engagement, relationships, and partnerships that will ensure better alignment of career options for Māori across all construction and infrastructure sectors.

### Our ongoing workplan

- Connecting the Poumatua Manukura ropū (group) with iwi Chief Executives, iwi Development Managers, and iwi Education Managers via a webinar as an introductory hui and to establish a key contacts list.
- Undertaking research on iwi development projects across the motu (country) and collaborating with WDCs to support common projects and help achieve iwi aspirations.
- Working in partnership with Māori Construction and Infrastructure sector industry leaders to advise how the vocational education sector can better respond and support Māori and iwi aspirations.
- Exploring ways that whānau Māori can have more success engaging with vocational education as they develop their careers in the Construction and Infrastructure sector.
- Supporting newly established Training Hubs to help align successful outcomes from their work with the career roadmap for major infrastructure and construction projects.
- Partnering with industry working groups, associations, and businesses to provide advice and support the integration of Te Ao Māori (Māori world view) and Mātauranga Māori (natural Māori knowledge and science) into business practices where required.
- Providing advice and support to align iwi projects within Pacific Peoples' communities.
- Working with MoE, schools, iwi and industry to improve pathways for secondary school students.
- Raising the internal capability of Waihangara Ara Rau kaimahi and Council members in Mātauranga Māori, Tikanga (practices), and Te Reo Māori.

The diagram below depicts our collaboration with Ngāti Toa Rangitira and how Waihanga Ara Rau has supported some key community projects. This is an example of how Waihanga Ara Rau can support other Iwi with their development projects and aspirations.

### Ngāti Toa Rangitira | Community Development Project



# GOVERNANCE AND ACCOUNTABILITY

## Council Establishment

In early March 2021, Expressions of Interest were sought from industry leaders who wanted to play a critical role in recommending and appointing governance Council members into our new Workforce Development Council.

An independent committee was established to assess the suitability of the applicants, and appointments were made in line with the requirements of the council composition outlined in the Order in Council (OiC).

Waihanga Ara Rau is governed by two Co-Chairs and seven Council members. The Co-Chairs were appointed in accordance with Section 16 of the OiC. One Council member was co-opted in for a 12-month period in accordance with Section 11 (2) of the OiC.



## Council Responsibilities

The Waihanga Ara Rau Council operates in accordance with the requirements and obligations set out in the following:

- Waihanga Ara Rau Construction and Infrastructure Order in Council.
- Education and Training Act 2020.
- TEC Establishment Plan.
- TEC Funding Agreement and Conditions.
- TEC Chief Executive's Letter of Expectations.
- Waihanga Ara Rau policies relevant to Councillor activities, and where relevant policies are not already covered under the OiC.

## Committees

The OiC empowers the Council to appoint committees to advise on any matters relating to the performance or exercise of its functions, duties, or powers.

The Audit, Finance and Risk (AFR) Committee was established by Council in October 2021. Four members (including a Chair) were subsequently appointed to the Committee in November 2021. The role of the AFR Committee is to assist the Council to fulfil its responsibilities in relation to Waihanga Ara Rau external financial reporting, internal control environment, assurance and external audit functions, risk management, and ensure effective performance reporting that honours Te Tiriti o Waitangi.

The People, Culture and Safety (PCS) Committee was established by Council in November 2021 and appointed four members (including a Chair). The role of the PCS Committee is to provide oversight on employee health, safety and wellbeing, advise the Council on remuneration matters, manage the process relating to the appointment of members, and ensure effective performance reporting that honours Te Tiriti o Waitangi.



## Council Members' Profiles



### Elena Trout – Co-Chair

Elena Trout is a Chartered Fellow of the Institute of Directors and a seasoned professional director. She is a professionally qualified civil engineer with significant experience in leading the development and delivery of complex projects in the infrastructure and energy sectors and is a Distinguished Fellow of Engineering NZ. Elena holds an extensive portfolio of directorships and chair roles across public and private organisations.



### John Chapman - Co-Chair

John Chapman, Ngāti Tuwharetoa, Te Whakatōhea, Te Whānau Apanui, has a working background in the construction industry. He is the co-owner and Director of KAEA. KAEA provides Executive Management Services and Pastoral Navigational Services. John has held executive and senior management positions in the Sport industry, Community and Youth Development organisations and Education including Industry Training.



### Kieren Mallon

An experienced construction business owner, Kieren Mallon is a Director and Vice President of the Registered Master Builders' Association of New Zealand (NZRMBA) and was awarded life membership of the Auckland Registered Master Builders' Association. A previous BCITO board member, he is current Chair of BRANZ Building Research Advisory Council (BRAC), and Director of the Building Construction Training Fund (BCTF).



### Jan O'Neill

Jan is a co-opted member and is the Executive General Manager of People & Culture at Downer New Zealand. With over 30 years' experience, Jan has worked at the most senior level in large complex New Zealand organisations. Jan's areas of speciality include executive leadership, HR strategy, organisational development, culture development, and change management. Jan has a strong understanding of vocational education.



### Brendon Green

Brendon Green, Ngāti Hikairo, Ngāpuhi, is an experienced director with a portfolio that has focused on energy, climate change, asset management, and engaging with the Māori economy and Māori communities. He is currently on the board of Watercare, HIRINGA Energy Ltd and Waikato District Council's Infrastructure Committee.



### Tracy Davis

Tracy Davis, Ngāti Whatua, is Deputy Chair for Ngā Maunga Whakahii o Kaipara. He holds a number of governance and advisory roles relating to infrastructure including the National Māori Advisory Panel for the restructure of Three Waters and is Chair of the Iwi Advisor Panel of Hōkai Nuku.

## Council Members' Profiles (continued)



### Daniel Haines

Daniel Haines (Te Rarawa) is the Head of Māori Outcomes for Eke Panuku Development Auckland. His recent experience includes Māori engagement and Treaty settlement work with Wynyard Edge Alliance and Auckland Council. Daniel is also a current board member of Academic Quality Agency.



### Chantelle Bailey

Chantelle Bailey, Te Rarawa, Ngāpuhi, Ngāti Hāmoa (Lotofaga and Le'auva'a) is a Lead Structural Engineer for Aurecon. She has more than 25 years' experience in engineering with a focus on structural and aircraft engineering in roles with GHD, OPUS and the Royal New Zealand Air Force.



### Bill Newson

Bill Newson is the National Secretary of E Tū. He has 40 years' experience within unions and is also a member of the New Zealand Council of Trade Unions National Affiliates Council.

## Council Members' appointments, attendance and remuneration as at 30 June 2022

Name of Councillor	Other roles	Start date of appointment	Term of appointment	Council fee <sup>2</sup>	Meetings attended
<b>Bill Newson</b>	• Council Member only	June 2021	2 years	\$20,000	8/10
<b>Brendon Green</b>	• Member of Audit, Finance and Risk Committee	June 2021	3 years	\$20,000	9/10
<b>Chantelle Bailey</b>	• Member of People, Culture and Safety Committee	June 2021	4 years	\$20,000	10/10
<b>Daniel Rewi Haines</b>	• Member of Audit, Finance and Risk Committee	June 2021	3 years	\$20,000	10/10
<b>Elena Trout</b>	• Ex officio of Audit, Finance and Risk Committee	June 2021	2 years	\$40,000	10/10
<b>Jan O'Neill<sup>3</sup></b>	• Chair of People, Culture and Safety Committee	August 2021	1 year	\$20,000	9/10
<b>John Chapman</b>	• Ex officio of People, Culture and Safety Committee	June 2021	2 years	\$40,000	10/10
<b>Kieren Mellon</b>	• Chair of Audit, Finance and Risk Committee	June 2021	4 years	\$20,000	8/10
<b>Tracy (William) Davis</b>	• Member of People, Culture and Safety Committee	June 2021	4 years	\$20,000	9/10

<sup>2</sup> Amounts are actual fees paid to Council members from period 4 October 2021 to 30 June 2022. Annual fees for Council members are at a rate applied using the Cabinet Fees Framework and are agreed by the Minister of Education.

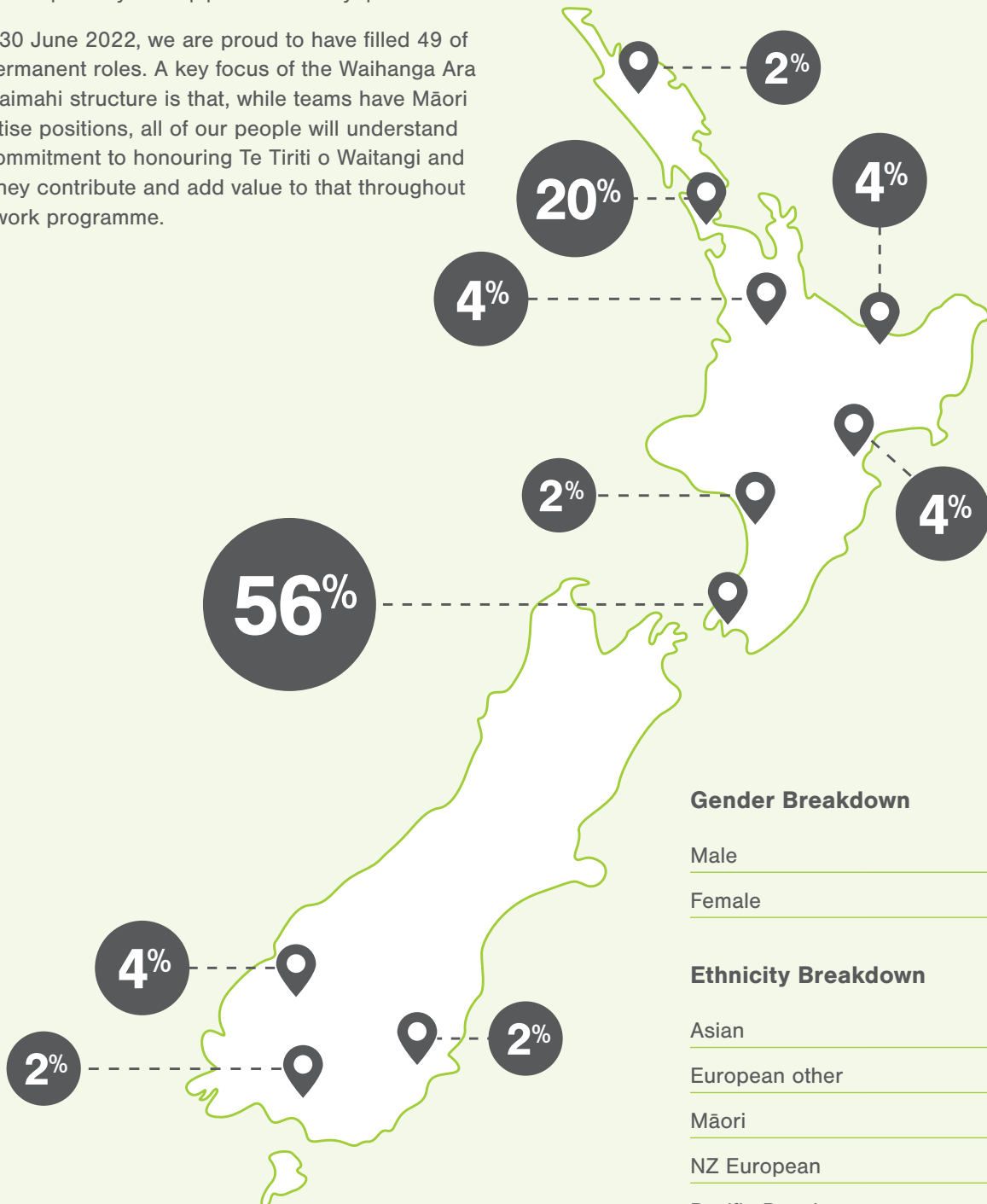
<sup>3</sup> Jan was co-opted by the Council after the first Council Meeting had been held.

# OUR PEOPLE

Waihanga Ara Rau is a new organisation. Since our formal establishment we have moved quickly to appoint to key positions.

As at 30 June 2022, we are proud to have filled 49 of our permanent roles. A key focus of the Waihanga Ara Rau kaimahi structure is that, while teams have Māori expertise positions, all of our people will understand our commitment to honouring Te Tiriti o Waitangi and how they contribute and add value to that throughout their work programme.

## Our people are located across the motu



### Gender Breakdown

Male	33%
Female	67%

### Ethnicity Breakdown

Asian	10%
European other	16%
Māori	16%
NZ European	52%
Pacific Peoples	6%

## Our Executive Leadership Team

Our Executive Leadership Team (ELT) is responsible for setting the direction for the organisation (in consultation with the Council). The team ensures our people are kept fully informed and embrace where the organisation is headed. They translate strategy into action for kaimahi so everyone knows how they contribute to achieving our strategic objectives in their day-to-day roles.

The current members are:



### Philip Aldridge

Chief Executive,  
Te Tumu o Waihanga Ara Rau



### Mark Williams

General Manager Strategy  
and Insights, Poururuku  
Rāngai Taumata



### Robbie Paul

Poumatua



### Mike Grumball

General Manager Assurance,  
Te Poururuku Rāngai Aromātairua



### Erica Cumming

(Acting) General Manager Equity  
& Partnerships, Poururuku Rāngai  
Pārekareka



### Garyth Arago- Kemp

General Manager Māori,  
Poururuku Rāngai Taketake



### Catriona Petrie

General Manager Qualifications  
Systems Products, Poururuku  
Rāngai Ringa Tohu



### Michelle Menken

Corporate Services and Planning  
Manager, Te Papa Arataki



### Di Geary

Executive Assistant  
to the Chief Executive  
Te Haika Whiriwhiri



## Remuneration

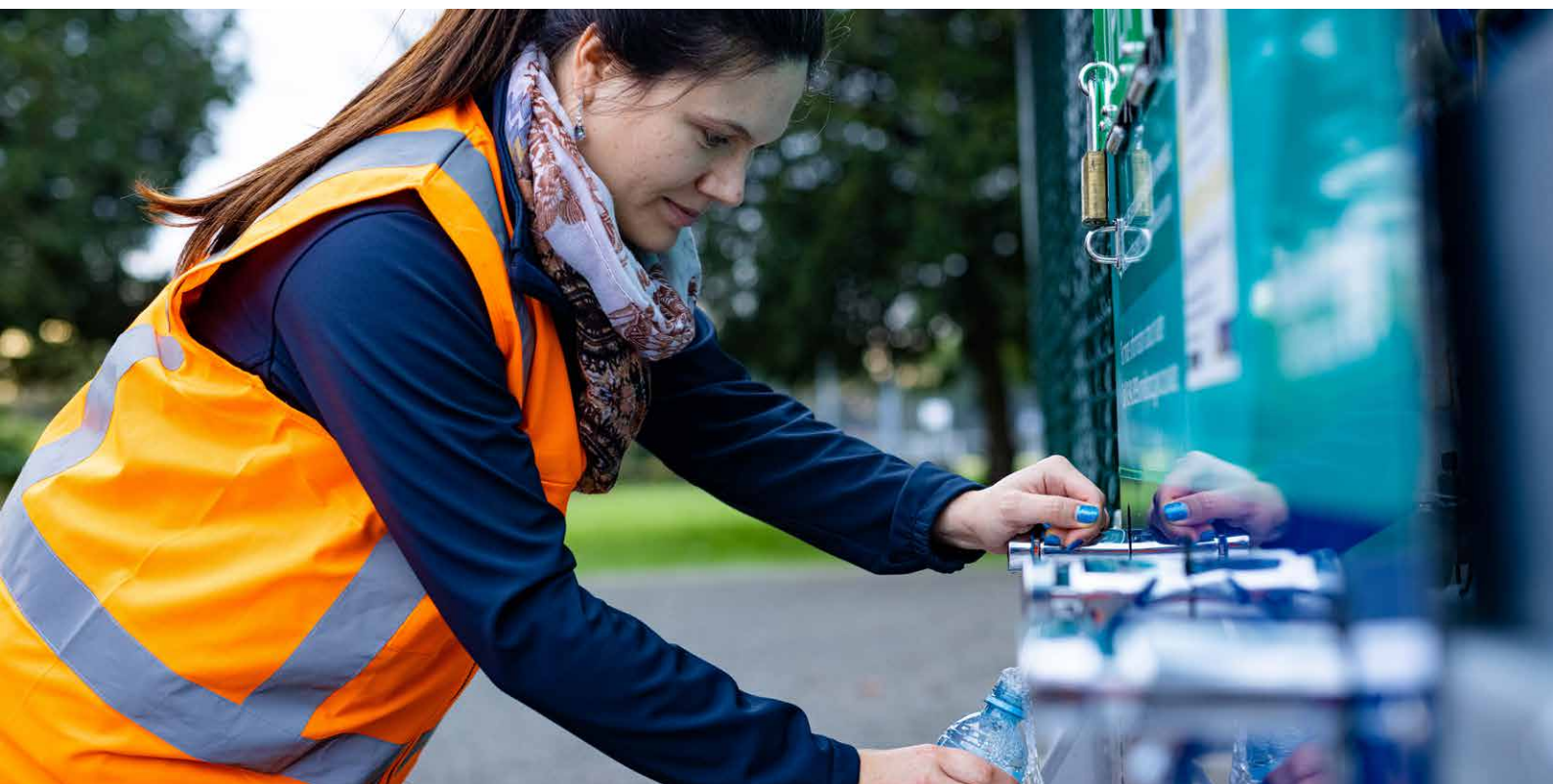
The Council has employees, not including Councillors, who received total remuneration greater than \$100,000 for the 9 month period ending 30 June 2022.

The employee counts are shown in the table below:

Total remuneration paid or payable	Number of Employees
\$100,000 - \$109,999	2
\$110,000 - \$119,999	-
\$120,000 - \$129,999	1
\$130,000 - \$139,999	1
\$140,000 - \$149,999	-
\$150,000 - \$159,999	2
\$160,000 - \$169,999	-
\$170,000 - \$179,999	-
\$180,000 - \$189,999	-
\$190,000 - \$199,999	1
\$200,000 - \$209,999	-
\$210,000 - \$219,999	1
\$220,000 - \$229,999	1
\$230,000 - \$239,999	-
\$240,000 - \$249,999	-

## Cessation Payments

Payments of compensation or other benefits paid or payable to persons who ceased to be employees during the 9 month period 4 October 2021 to 30 June 2022 amounted to \$51,500 for one employee.











# FINANCIAL STATEMENTS





BDO Wellington Audit Limited

**TO THE READERS OF WAIHANGA ARA RAU CONSTRUCTION AND INFRASTRUCTURE  
WORKFORCE DEVELOPMENT COUNCIL'S  
FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2022**

The Auditor-General is the auditor of Waihanga Ara Rau Construction And Infrastructure Workforce Development Council (the Council). The Auditor-General has appointed me, Geoff Potter, using the staff and resources of BDO Wellington Audit Limited, to carry out the audit of the financial statements and statement of service performance of the Council on his behalf.

### **Opinion**

We have audited:

- the financial statements of the Council on pages 41 to 62, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Council on pages 18 to 21.

In our opinion:

- the financial statements of the Council on pages 41 to 62:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2022; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the statement of service performance on pages 18 to 21:
  - presents fairly, in all material respects, the Council's service performance achievements as compared with the forecast outcomes included in the investment plan for the year ended 30 June 2022 and
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 1 February 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

### **Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





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The Council is also responsible on behalf of the Council for preparing a statement of service performance that is fairly presented and that complies with generally accepted accounting practice in New Zealand.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of service performance, the Council is responsible on behalf of the Council for assessing the Council's ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Council intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

The Council's responsibilities arise from the Order in Council made under section 363 of the Education and Training Act 2020.

#### **Responsibilities of the auditor for the audit of the financial statements and the statement of service performance**

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

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

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

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.



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As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We evaluate the appropriateness of the reported performance information within the Council's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of service performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

### **Other information**

The Council is responsible for the other information. The other information comprises the information included on pages 1 to 17 and 22 to 32, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.



BDO Wellington Audit Limited

In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

We are independent of the Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in the Council.

A handwritten signature in blue ink, appearing to read 'Geoff Potter', is written over a light blue horizontal line.

**Geoff Potter**  
**BDO WELLINGTON AUDIT LIMITED**  
On Behalf of the Auditor General  
Wellington, New Zealand

## STATEMENT OF RESPONSIBILITY

Waihanga Ara Rau is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance about the integrity and reliability of reporting. The Council is responsible for the preparation of the Statements of Performance, under the Public Finance Act 1989, and Financial Statements for Waihanga Ara Rau and for the judgements made within them.

In the Council's opinion:

The Statement of Performance fairly reflects the performance of Waihanga Ara Rau for 4 October 2021 to 30 June 2022.

The Financial Statements fairly reflect the financial position and operations of Waihanga Ara Rau for 4 October 2021 to 30 June 2022.

Signed by:



**Elena Trout**

Co-Chair

1 February 2023



**John Chapman**

Co-Chair

1 February 2023



**Philip Aldridge**

Chief Executive

1 February 2023



## Statement of Comprehensive Revenue and Expense

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

All in \$000s	Note	Actual	Budget
<b>Non-exchange revenue</b>			
Government funding	2	9,020	8,679
Project grants funding		2,310	-
<b>Total non-exchange revenue</b>		<b>11,330</b>	<b>8,679</b>
<b>Total revenue</b>		<b>11,330</b>	<b>8,679</b>
<b>Expenditure</b>			
Employee expenses	3	4,201	3,902
Hāpaitia Limited - Shared Council services	3	927	685
Administration and other expenses	3	2,968	2,071
<b>Total expenditure</b>		<b>8,096</b>	<b>6,658</b>
<b>Surplus/(Deficit) for the 9 months ended 30 June 2022</b>		<b>3,234</b>	<b>2,021</b>
<b>Other comprehensive revenue and expense</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive revenue and expense</b>		<b>3,234</b>	<b>2,021</b>
<b>Total comprehensive revenue and expense for the period attributable to:</b>			
Waihanga Ara Rau Construction and Infrastructure Workforce Development Council		3,234	2,021
<b>Total</b>		<b>3,234</b>	<b>2,021</b>

Explanations of major variances against budget are provided in Note 12.  
The accompanying notes form part of these financial statements.

## Statement of Financial Position

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
as at 30 June 2022

All in \$000s	Note	Actual
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	4	5,346
Accounts receivable	5	121
Advances	5	453
Prepayments	5	7
<b>Total current assets</b>		<b>5,927</b>
<b>Total assets</b>		<b>5,927</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	7	1,122
Employee entitlements	8	242
Revenue received in advance	9	1,329
<b>Total current liabilities</b>		<b>2,693</b>
<b>Total liabilities</b>		<b>2,693</b>
<b>Net assets</b>		<b>3,234</b>
<b>Equity</b>		
Accumulated revenue and expense	11	159
Operating reserve	11	1,800
Capital reserve	11	900
Special projects reserve	11	375
<b>Total equity attributable to Waihanga Ara Rau Construction and Infrastructure Workforce Development Council</b>		<b>3,234</b>

The accompanying notes form part of these financial statements.

## Statement of Changes in Net Assets/Equity

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

All in \$000s	Note	Accumulated revenue and expense	Operating reserve	Capital reserve	Special projects reserve	Total net assets/ equity
<b>Balance at 1 October 2021</b>	<b>11</b>	-	-	-	-	-
<b>Total comprehensive revenue and expense for the year</b>		<b>3,234</b>				<b>3,234</b>
Transfers between reserves						
Operating reserve		(1,800)	1,800			-
Capital reserve		(900)		900		-
Special projects reserve		(375)			375	-
<b>Total transactions with the owners of the company</b>		<b>(3,075)</b>	<b>1,800</b>	<b>900</b>	<b>375</b>	<b>-</b>
<b>Balance at 30 June 2022</b>		<b>159</b>	<b>1,800</b>	<b>900</b>	<b>375</b>	<b>3,234</b>

The accompanying notes form part of these financial statements.

## Statement of Cash flows

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

All in \$000s	Note	Actual
<b>Operating activities</b>		
Receipts from Government		12,659
Goods and services tax (net)		14
Payments to employees		(3,139)
Payments to suppliers		(4,188)
<b>Net cash flows from operating activities</b>		<b>5,346</b>
<b>Investing activities</b>		
<b>Net cash flows from investing activities</b>		<b>-</b>
<b>Financing activities</b>		
<b>Net cash flows from financing activities</b>		<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>5,346</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>-</b>
<b>Cash and cash equivalents at end of the period</b>	<b>4</b>	<b>5,346</b>

The accompanying notes form part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

## 1. STATEMENT OF ACCOUNTING POLICIES

### Reporting entity

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council (Waihanga Ara Rau) is domiciled in New Zealand and is a charitable organisation registered under the Charities Act 2005. The Council is a body corporate established in October 2021 through Orders in Council (OIC) and in accordance with section 363 of the Education and Training Act 2020. The role of Waihanga Ara Rau is to ensure the vocational education system meets industry needs and gives a stronger voice to Māori business and iwi development. Waihanga Ara Rau will give their industries and employers greater leadership and influence across vocational education. Success for Waihanga Ara Rau will mean employers - including Māori business owners - are confident that vocational education graduates are ready for work and that the future skills needs of their industry will be addressed by the vocational education system.

Governance responsibilities are held by a Council, comprising Councillors who act in similar capacity to Directors on a Board of Directors.

Waihanga Ara Rau is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013).

### Basis of preparation

The financial statements have been prepared on a going concern basis. This means accounts have been produced on the assumption that Waihanga Ara Rau will continue to operate for the foreseeable future (a period of greater than 12 months after the reporting date). Preparing the accounts on a going concern basis will be subject to an annual assessment and declaration as part of the audit of the Annual Report and Financial Statements.

### Reporting period

Waihanga Ara Rau began operations on 4th October 2021 and therefore the reporting period for the financial statements is for the nine months from 4th October 2021 to 30th June 2022 and as such there is no comparative period.

### Statement of compliance

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the year. The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand "NZ GAAP". They comply with Public Benefit Entity Accounting Standards Reduced Disclosure Regime (PBE Standards RDR) "PBE IPSAS" and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for public sector entities. For the purposes of complying with NZ GAAP, the Council is a public sector public benefit entity and is eligible to apply Tier 2 Public Sector PBE Standards RDR on the basis that it does not have public accountability and it is not defined as large. The Council members have elected to report in accordance with Tier 2 Public Sector PBE Accounting Standards RDR and in doing so have taken advantage of all applicable Reduced Disclosure Regime "RDR" disclosure concessions.

These financial statements were authorised for issue by Waihanga Ara Rau Council on 1 February 2023.

The Council has complied with its obligations under the Charities Act 2005, with the exception of the following breach of statutory deadline:

The annual report and financial statements are to be completed by 31 December 2022 (or within six months of balance date), as required by the Charities Act 2005. This deadline was not met in respect of the 2022 Annual Report and Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

## 1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

### Presentation currency and rounding

The financial statements are presented in New Zealand dollars which is the functional currency for Waihanga Ara Rau and all values, are rounded to the nearest thousand dollars (\$000). There has been no change in the functional currency of the controlling entity or any significant foreign operations during the year.

### Budget figures

Budget figures provided in the annual financial reports will be derived from the financial budget approved by the Council at the beginning of the financial year. The Council did not approve a Statement of Financial Position, Statement of Changes in Net Assets/Equity or Cashflow budget for the year ended 30 June 2022. Where revised budgets are submitted to and approved by the Council during the financial year, the most recent revised budget for that year will be used for management accounting reports only.

### Early Adoption of Accounting Standards

Waihanga Ara Rau has chosen to early adopt PBE IPSAS 41 *Financial Instruments*. This standard is effective for periods beginning on or after 1 January 2022 and establishes requirements for the recognition and measurement of financial instruments. Disclosures are provided in note 10 to the Financial Statements.

### Use of judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements made in applying accounting policies that have had significant effects on the amounts recognised in the financial statements include the following:

- Waihanga Ara Rau has exercised judgement when recognising grant revenue to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract
- judgement was also required when distinguishing between the research and development phase of projects and whether software costs meet the recognition criteria for capitalisation.

### Goods and Services Tax

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

### Income Tax

Waihanga Ara Rau is exempt from Income Tax as it is a registered Charity under the Charities Act 2005. Accordingly, no provision will be made for Income Tax.

# NOTES TO THE FINANCIAL STATEMENTS

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

## 2. REVENUE

### Accounting Policy

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to Waihanga Ara Rau, and measured at the fair value of consideration received or receivable. The following specific recognition criteria in relation to revenue streams must also be met before revenue is recognised.

### Revenue from Exchange Transactions

#### Interest and dividends

Interest revenue is recognised on an accrual basis, using the effective interest rate. Dividends are recognised when the right to receive payment has been established.

### Revenue from Non-Exchange Transactions

Non-exchange transactions are those where Waihanga Ara Rau receives an inflow of resources (e.g. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return. With the exception of services-in-kind, inflows of resources from non-exchange transactions are only recognised as assets where both:

- It is probable that the associated future economic benefit or service potential will flow to the entity, and
- Fair value is reliably measurable.

Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same inflow.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where both:

- It is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and
- The amount of the obligation can be reliably estimated.

The following specific recognition criteria in relation to Waihanga Ara Rau non-exchange transaction revenue streams must also be met before revenue is recognised.

Funding under the Workforce Development Council Fund is the main source of operational funding for Waihanga Ara Rau from the Tertiary Education Commission (TEC). Waihanga Ara Rau considers this funding to be non-exchange revenue and recognises TEC funding as revenue when received. TEC funding has stipulations, and they take the form of restrictions not conditions.

#### Grants

The recognition of non-exchange revenue from grants depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (e.g. present obligation) rather than the immediate recognition of revenue.

#### Other grants received

The recognition of non-exchange revenue from grants depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue. Stipulations that are 'conditions' specifically require the return of the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as a non-exchange revenue as and when the 'conditions' are satisfied. Stipulations that are 'restrictions' do not specifically require the return of the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

# NOTES TO THE FINANCIAL STATEMENTS

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

## 2. REVENUE (CONTINUED)

All in \$000s	Actual 2022
<b>Government funding classified as non-exchange transactions</b>	
Government funding classified as non-exchange transactions	9,020
Project grant funding classified as non-exchange transactions	2,310
<b>Total Government funding</b>	<b>11,330</b>
<b>Total revenue</b>	<b>11,330</b>
<b>Revenue classification</b>	
Non-exchange revenue	11,330
<b>Total revenue</b>	<b>11,330</b>

Waihanga Ara Rau received several grants to fund Covid-19 Response projects as detailed in the table below. Income from these projects is recognised as expenditure as incurred. The Industry equity project was novated from BCITO.

### Project grant funding classified as non-exchange transactions

All in \$000s	Project grant funding
<b>Project Name</b>	
Industry Equity Project	100
Electricity Supply and Three Waters Nahere Whakamahinga Project	1,069
Industry Recovery Packages (micro-credentials)	563
Construction Workforce Forecasting	578
<b>Total</b>	<b>2,310</b>

# NOTES TO THE FINANCIAL STATEMENTS

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

## 3. EXPENDITURE

The table below provides detail regarding key areas of expenditure shown in the Statement of Comprehensive Revenue and Expense.

All in \$000s	Note	Actual 2022
<b>Employee benefits expenses</b>		
Wages and salaries		3,331
Contractors		583
Councillors and board expenses	15	258
Other employee expenses		29
<b>Total</b>		<b>4,201</b>
<b>Hāpaitia Limited Shared Council Services<sup>1</sup></b>		<b>927</b>
<b>Administration and other expenses</b>		
<b>Consultancy and audit costs</b>		
Consultancy costs		182
Audit expenses <sup>2</sup>		38
Legal fees		29
<b>Total</b>		<b>249</b>
<b>People and culture costs</b>		
Other staff costs		21
Recruitment costs		104
<b>Total</b>		<b>125</b>
<b>Information Technology costs</b>		
Subscriptions and memberships		5
<b>Total</b>		<b>5</b>
<b>Office and other costs</b>		
Travel and engagement		105
Communication and marketing		67
General expenses		96
Project costs		2,321
<b>Total</b>		<b>2,589</b>
<b>Total administration and other expenses</b>		<b>2,968</b>
<b>Total Expenditure</b>		<b>8,096</b>

1. Hāpaitia Limited provides the Workforce Development Councils with shared services including Finance, IT, People and Culture, and Office Management services.
2. Audit expenses paid or payable to BDO for the audit of financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

## 4. CASH AND CASH EQUIVALENTS

### Accounting Policy

Cash and cash equivalents include cash on hand, cash in transit, in bank accounts and deposits with an original maturity of no more than three months. They are reported initially and subsequently at amount invested. If there are bank overdrafts these are shown in current liabilities in the Statement of financial position.

All in \$000s	Actual 2022
Bank deposits	5,346
<b>Total cash and cash equivalents</b>	<b>5,346</b>

There are no restrictions over any of the cash and cash equivalent balances held by Waihanga Ara Rau.

No interest bearing accounts were held at 30 June 2022.

# NOTES TO THE FINANCIAL STATEMENTS

Waihangā Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

## 5. ACCOUNT RECEIVABLES

### Accounting Policy

Receivables are recognised initially at fair value plus directly attributable transaction costs and subsequently at amortised cost, using the effective interest method, less impairment losses.

For trade receivables from exchange transactions impairment losses, are based on an assessment of the lifetime expected credit loss conducted at the end of each reporting period. That is, at each reporting date, the entity is required to assess whether it expects to recover all receivable balances outstanding and, if not, perform an assessment of the amount of loss expected to be suffered over the life of the receivable.

Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults and adjustments for future economic indicators.

The amount of the loss is measured as the difference between the receivables carrying amount and the present value of estimated future cash flow. The carrying amount of the asset is reduced and the amount of the loss is recognised in surplus or deficit.

In a subsequent period, if the amount of the impairment loss decreases, the reversal of previously recognised impairment loss is recognised in the surplus or deficit.

There are no amounts overdue or to be impaired at the reporting date and no balances were written off to bad debts during the reporting period.

There are no recoverables from non-exchange transactions at reporting date.

### Advances

Advances have been made to Hāpaitia Limited for shared services to be provided. As provided in the Service Contract with Hāpaitia Limited further advances are made on request from Hāpaitia Limited and should the contract be terminated at any time, once all obligations of the Council to Hāpaitia Limited have been met the balance of the advance account would be payable to the Council. The advance to Hāpaitia Limited, an associate, is non-interest bearing (Note 15).

All in \$000s	Actual 2022
Trade receivables from exchange transactions	121
Advances to Hāpaitia Limited	453
<b>Total receivables</b>	<b>574</b>

### Prepayment and other assets

All in \$000s	Actual 2022
Prepayments	7
<b>Total Prepayments and other assets</b>	<b>7</b>

## NOTES TO THE FINANCIAL STATEMENTS

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

### 6. ASSOCIATES

#### Accounting Policy

##### Associates

An associate is an entity over which Waihanga Ara Rau has significant influence, but not control, over the financial and operating policies and that is neither a subsidiary nor an interest in a joint venture.

Investments in associates are accounted for in the financial statements using the equity method of accounting. Investments in associates are measured at cost, including directly attributable transaction costs, in the financial statements, and there is no quoted market value for determining the fair value of the investment in the Associate.

Waihanga Ara Rau holds significance over the following entity, which is accounted for using the equity method:

Name	Voting rights & Ownership Interest
Hāpaitia Limited	16.67%

Hāpaitia Limited, shared services provider for the Workforce Development Councils, operates on a break-even basis and hence there are no accumulated revenues and expenses to be carried forward. Each Council was issued with one equal share, unpaid. Therefore no Investment in associate balance is reported in the Council Statement of Financial Position.

Hāpaitia has the same reporting date as Waihanga Ara Rau, being 30 June. The company is domiciled in New Zealand and is a limited liability company. There are no significant restrictions regarding the distribution of dividends or repayments of loans from Associates. There were no contingent liabilities in relation to the associate, Hāpaitia Limited, as at reporting date.

Management determined that Waihanga Ara Rau had significant influence over Hāpaitia Limited even though it held less than 20% of the voting rights because it has one representative on the board of directors of Hāpaitia Limited and has the same voting rights as the other five shareholders in Hāpaitia Limited, all of whom are Workforce Development Councils.

### 7. TRADE AND OTHER PAYABLES

#### Accounting Policy

Short-term payables are initially recognised at fair value plus directly attributable transaction costs and subsequently at amortised cost, using the effective interest method. Payables are non-interest bearing and are normally settled on the 20th day of following month or earlier per due date.

All in \$000s	Actual 2022
Trade payables	992
Accruals	117
GST Payable	9
Other payables	4
<b>Total</b>	<b>1,122</b>

# NOTES TO THE FINANCIAL STATEMENTS

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

## 8. EMPLOYEE BENEFIT LIABILITIES

### Accounting Policy

#### Short-term employee benefits

Short-term employee benefit liabilities are recognised when there is a legal or constructive obligation to remunerate employees for services provided and that are expected to be settled wholly before 12 months after the reporting date. Short-term employee benefits are measured on an undiscounted basis and expensed in the period in which employment services are provided. These include salaries and wages accrued up to reporting date, annual leave earned but not yet taken at reporting date.

#### Long-term employee benefits

Long-term employee benefits are those that are due to be settled beyond 12 months after the reporting date in which the employee provides the related service, such as long service leave and retirement gratuities, and have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Annual leave and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of reporting are classified as a current liability. All other employee entitlements are classified as a non-current liability.

#### Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans such as KiwiSaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are recognised as an employee benefit expense in surplus or deficit in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset (prepayment) to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

All in \$000s	Actual 2022
<b>Current</b>	
Short-term employee benefits	242
Current portion of long-term employee benefits	-
	<b>242</b>
<b>Non-current</b>	
Non-current portion of long-term employee benefits	-
<b>Total employee benefit liability</b>	<b>242</b>

# NOTES TO THE FINANCIAL STATEMENTS

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

## 9. REVENUE RECEIVED IN ADVANCE

### Accounting Policy

Project funding received has been recognised as income as expenditure directly related to project deliverables has been incurred. The remaining funding has been recognised as revenue in advance and is expected to be released to the Statement of Comprehensive Revenue and Expense as the various project deliverables are completed. Unspent project funding at the conclusion of the project, as provided in the grant funding agreement, will be returned to the funder.

All in \$000s	Actual 2022
<b>Revenue received in advance</b>	
Project funding	1,329
<b>Total</b>	<b>1,329</b>
Current portion	1,329
<b>Total revenue received in advance</b>	<b>1,329</b>



## NOTES TO THE FINANCIAL STATEMENTS

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

### 10. FINANCIAL INSTRUMENTS

Waihanga Ara Rau initially recognises financial instruments when Waihanga Ara Rau becomes a party to the contractual provisions of the instrument. Waihanga Ara Rau derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by Waihanga Ara Rau is recognised as a separate asset or liability. Waihanga Ara Rau derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Financial assets and financial liabilities are also derecognised when there has been significant changes to the terms and/or the amount of contractual payments to be received/paid. Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, Waihanga Ara Rau has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Waihanga Ara Rau classifies financial assets and financial liabilities as amortised cost. Financial instruments are initially measured at fair value plus directly attributable transactions costs. Subsequent measurement is dependent on the classification of the financial instrument and is specifically detailed in the accounting policies provided in notes 5 and 7 and below.

#### i) Classification of financial instruments

The tables below show the carrying amount of Waihanga Ara Rau financial assets and financial liabilities at the reporting date.

	Note	Carrying amount (\$'000)		
		Financial Assets	Financial Liabilities	Total
		Amortised cost	Amortised cost	
Subsequently not measured at fair value				
Cash and cash equivalent (assets)	4	5,346	-	5,346
Receivables	5	574	-	574
Payables	7	-	(1,122)	(1,122)
		<b>5,920</b>	<b>(1,122)</b>	<b>4,798</b>

# NOTES TO THE FINANCIAL STATEMENTS

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

## 10. FINANCIAL INSTRUMENTS (CONTINUED)

### ii) Amortised cost financial assets

These assets arise principally from the provision of goods and services to customers (e.g., trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within PBE IPSAS 41 using a provision matrix in the determination of the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in surplus or deficit. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised.

For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Waihanga Ara Rau financial assets measured at amortised cost comprise trade receivables from exchange transactions and other receivables and cash and cash equivalents in the statement of financial position. Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

### iii) Amortised cost financial liabilities

Financial liabilities at amortised cost are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. They are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Waihanga Ara Rau financial liabilities measured at amortised cost comprise trade and other payables and accruals in the consolidated of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

## 11. EQUITY

### Accounting Policy

Equity comprises accumulated revenue and expenses and reserves. Equity is represented by net assets. Waihanga Ara Rau manages its equity by prudently managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure that it achieves its objectives and purpose, while remaining a going concern. As provided in the Prudent Reserves policy movements in reserves, both inward and outward, must be approved by the Council. The prudent reserves policy provides guidelines for determining the appropriate level of capital, operating and other reserves for the Council to hold each year to maintain its financial health.

All in \$000s	Actual 2022
<b>Equity</b>	
Accumulated revenue and expenses	159
<b>Reserves</b>	
Operating reserve	1,800
Capital reserve	900
Special projects reserve	375
<b>Total Reserves</b>	<b>3,075</b>
<b>Total Equity</b>	<b>3,234</b>

All in \$000s	Actual 2022
<b>Accumulated revenue and expenses</b>	
At 4 October 2021	-
Surplus/(deficit) for the year before other comprehensive revenue and expenditure	3,234
Reserves	3,075
<b>Balance as at 30 June 2022</b>	<b>159</b>

The Operating reserve was established by Council under the Prudent Reserves policy to receive an allocation of operating surplus for the financial year and funds from which could be applied with the approval of the Council for special initiatives or future operating deficits.

All in \$000s	Actual 2022
<b>Operating Reserve</b>	
At 4 October 2021	-
Allocation from accumulated revenue and expense	1,800
<b>Balance as at 30 June 2022</b>	<b>1,800</b>

# NOTES TO THE FINANCIAL STATEMENTS

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

## 11. EQUITY (CONTINUED)

The Capital Reserve was established by Council under the Prudent Reserves policy to receive an allocation of any operating surplus for the financial year which could be applied for the purchase of capital assets in the future with the approval of the Council. The reserve would also be applied to cover the annual cost of leasing assets purchased by Hāpaitia Limited upon the establishment of the Workforce Development Councils and afterwards, leased to the Workforce Development Councils.

All in \$000s	Actual 2022
<b>Capital Reserve</b>	
At 4 October 2021	-
Allocation from accumulated revenue and expense	900
<b>Balance as at 30 June 2022</b>	<b>900</b>

The Special Projects Reserve is a reserve established by Council under the Prudent Reserves policy to receive an allocation of operating surplus for the financial year which could be applied to fund future special projects and initiatives with the approval of the Council.

All in \$000s	Actual 2022
<b>Special Projects Reserve</b>	
At 4 October 2021	-
Allocation from accumulated revenue and expense	375
<b>Balance as at 30 June 2022</b>	<b>375</b>

## NOTES TO THE FINANCIAL STATEMENTS

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

### 12. MAJOR BUDGET VARIATIONS

The Board approved the budget in two tranches, the first, the expenditure budget was approved in October 2021 and the second tranche in February 2022 once funding letters were received from TEC and approved by the Board. Explanations for major statement of comprehensive revenue and expense budget variations from the 2022 Waihanga Ara Rau budget are detailed below in this table:

All in \$000s	Actual	Budget	Variance
<b>Revenue variances</b>			
Government funding	9,020	8,679	341
Project grants funding	2,310	-	2,310
<b>Expenditure variances</b>			
Employee expenses	4,201	3,902	299
Shared services	927	685	242
Administration and other expenses	2,968	2,071	897
<b>Total comprehensive revenue and expense</b>	<b>3,234</b>	<b>2,021</b>	<b>1,213</b>

Government funding is higher than budget due to the receipt of additional funding from TEC that was distributed from unspent funds remaining after the TEC Establishment unit concluded its mahi. COVID-19 Project funding received was not factored into the budget. Employee expenses were over budget due to tight labour market conditions faced when recruiting kaimahi and additional contractor costs required to complete work while recruitment was being conducted. As establishment of the Workforce Development Councils and Hāpaitia Limited took place variations were made to services to be provided which resulted in transferring costs from Administration and other to Shared services. Employee and Administration and other expenses also includes project contractors and other project expenditure which was not included in the original budget.

### 13. OPERATING LEASES

#### Accounting Policy

##### Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Leases that are not finance leases are classified as operating leases. Operating leases are not recognised in Waihanga Ara Rau Statement of financial position. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease.

Waihanga Ara Rau has entered leasing arrangements with its associate Hāpaitia Limited for computer and office equipment as part of the Service contract between both parties (Note 15).

Waihanga Ara Rau has a commitment under the service contract with Hāpaitia Limited to meet its computer and office equipment lease and continuing operating cost commitments for the life of the assets and lease commitments made by Hāpaitia Limited.

All operating leases have been signed through Hāpaitia Limited and costs are recharged to the Workforce Development Councils. Waihanga Ara Rau has no other operating leases.



# NOTES TO THE FINANCIAL STATEMENTS

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

## 14. COMMITMENTS AND CONTINGENCIES

### Accounting Policy

Commitments are future expenses and liabilities to be incurred, on contracts that have been entered into at reporting date.

### Commitments

Waihanga Ara Rau has a commitment under the service contract with Hāpaitia Limited to meet its computer and office equipment lease obligations and continuing operating cost commitments for the life of the assets and lease commitments made by Hāpaitia Limited during the term of the contract.

The annual operating lease value for the computer and office equipment is variable depending on the quantum of assets leased, with an approximate annual lease cost of \$93,700. The lease commitment continues until either party terminate the contractual arrangement.

Hāpaitia Limited has ongoing contractual commitments including operating leases. Each Workforce Development Council is required under the terms of the service contract to meet these commitments for the life of any contracts executed during the period of the service contract. The value of this commitment for Waihanga Ara Rau, at the 30 June 2022, was \$1,187,000.

### Contingent Liabilities

The funding from the Tertiary Education Commission sourced from under the Workforce Development Council Fund ("Fund") has been assessed as being without conditions and recognised as revenue when received.

There are some circumstances when some or all of this funding could be required to be repaid (including receiving funding that Waihanga Ara Rau is not actually entitled to) but the triggers for this contingent liability are very unlikely given the governance and management oversight processes in place.

The quantity of any contingent liability is difficult to quantify as even if events triggered a liability there is extreme variability in what this liability would be.

### Capital Commitments

There are no capital commitments at reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

## 15. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

### Accounting Policy

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that are reasonable to expect that Waihanga Ara Rau would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with normal operating arrangements and undertaken on the normal terms and conditions for such transactions.

### i) Key management personnel remuneration

Waihanga Ara Rau classifies its key management personnel into one of two classes:

- Members of the governing body
- Senior executive officers, responsible for reporting to the governing body

Members of the governing body are paid annual fees in accordance with the Cabinet Office Circular CO-19 Revised Fees Framework for members appointed to bodies in which the Crown has an interest, dated 29 January 2020. Senior executive officers are employed as employees of Waihanga Ara Rau on normal employment terms.

The aggregate level of remuneration paid and number of persons (measured in 'people' for Members of the governing body, and 'full-time equivalents' (FTE's) for Senior executive officers in each class of key management personnel is presented to the right:

All in \$000s	Actual 2022
<b>Key management personnel related party transactions</b>	
Council members	
Number of Council members	0.59
Remuneration	248
Senior executive officers	
Full-time equivalent members*	4.8
Remuneration	1,125
<b>Total full-time equivalent members</b>	<b>5.39</b>
<b>Total key management personnel remuneration</b>	<b>1,373</b>

\*There are 7 members of the senior management team considered to be key management personnel. These members were employed throughout the period 4 October 2021 to 30 June 2022 resulting in a full time equivalent figure of 4.8.

\*\*Includes salaries and cessation payments.

### ii) Other related parties

During the reporting period Waihanga Ara Rau transacted with the following related parties:

Related Party	Goods/Services Provided	Transaction Value 2022 (\$'000)	Accounts Payable (000's)	Accounts Receivable (000's)
Hāpaitia Limited	Shared Corporate Services including Finance, IT, People & Culture, and Office Management)	927	276	21

# NOTES TO THE FINANCIAL STATEMENTS

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council  
For the nine months ended 30 June 2022

## 16. COVID-19

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a pandemic, and two weeks later the New Zealand Government declared a State of National Emergency. Since March 2020, New Zealand has experienced several lockdowns and various alert levels which have affected the operations of business throughout the country.

Most staff have worked in flexible conditions either working in the office or from home.

The main impacts on the financial statements due to COVID-19 are explained below:

Revenue	Receipt of Government Covid-19 recovery project funding.
Suppliers	The majority of suppliers are based in New Zealand, so the COVID-19 effect on supply was minimal.
Employees	The majority of staff were able to carry out their duties with minimal disruption to productivity.
Liquidity	Sufficient working capital reserves to meet day to day cash requirements have been held. COVID-19 has had limited effect on going concern status.

## 17. EVENTS AFTER REPORTING DATE

There have been no events, since reporting date, that have led to material effect on the interpretation of the financial statements presented.





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