

**Crown  
Infrastructure  
Delivery**  
Limited

# Statement of Performance Expectations

For Financial Year 2027

# 1. Introduction

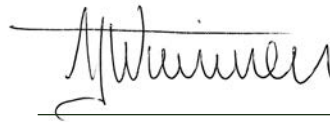
This Statement of Performance Expectations (**SPE**) is submitted by the Board of Directors (**Board**) of Crown Infrastructure Delivery Limited (**CID**, or the Company), pursuant to the Crown Entities Act 2004. It sets out the performance expected of CID for the period 1 July 2026 to 30 June 2027.

## STATEMENT OF RESPONSIBILITY

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



**Pamela Bell**  
Director and Board Chair



**Adrian Wimmers**  
Director and Audit & Risk  
Committee Chair

2 June 2026

2 June 2026



Construction of the Plant Health and Environment Capability facility for the Ministry for Primary Industries, Auckland.

## 2. Our Operating Context

### 2.1. A highly skilled, ready-to-deploy infrastructure services and delivery entity

CID is the only dedicated infrastructure services and delivery entity within the Crown. Distinct from other entities in the infrastructure system, CID focuses on and specialises in the mechanics of infrastructure-related services including delivery, and the day-to-day management of project execution. From business case development and advisory services to procurement and design through to delivery, defects remediation, commissioning and ongoing asset management, CID drives infrastructure priorities and projects forward, managing scope, schedule and budget while maintaining a strong health and safety ethos.

The key difference between CID and the Crown departments and agencies that deliver infrastructure is that, while they must balance infrastructure outcomes and project delivery against a range of competing priorities (e.g., policy development, provision of public services), CID is focused solely on infrastructure outcomes including project delivery service excellence.

CID is also distinct from private sector providers of project management and other services, because by being part of the Crown CID can effectively “own” a project on behalf of the lead agency and eventual asset owner. In practice, this means CID can take on key activities throughout the project lifecycle, managing the day-to-day execution of work across all project phases, with the lead agency holding important governance and funding levers that elevate its role as the ultimate owner of the asset.

CID operates on a cost-recovery basis and does not seek profit. This means our only accountabilities are to our clients and our shareholding Ministers, and our motivations centre on achieving “best for government” and “best for project” outcomes.

### 2.2. A growing portfolio that includes project delivery and service provision

CID is delivering infrastructure services and projects, to a range of Crown and local government clients. The breadth and quality of CID’s service offering is entirely unique:

- The Plant Health and Environment Capability project which CID is delivering on behalf of the Ministry for Primary Industries, and the seismic strengthening and replacement of “end of life” building services at Auckland District Council on behalf of the Ministry of Justice, are examples of where CID can step into a project and deliver it on behalf of an asset owner.
- CID’s work on the seismic strengthening of Wellington Girls’ College, the successful delivery of its assigned portion of the Short-Term Roll Growth programme for the Ministry of Education, and its support for Health New Zealand (**HNZ**) to deliver a nationwide programme to build interim inpatient units, demonstrates CID’s ability to provide much-needed capacity to New Zealand’s largest capital-intensive agencies.
- CID’s work on the National Archives development in central Wellington, and its work on the redevelopment of the New Zealand Institute for Public Health and Forensic Science (**PHF Science**) campus in Kenepuru, shows that even when working in an “Agent” capacity, CID can still act as a catalyst for improved delivery performance across time, cost and quality metrics.
- CID is leading business case development for future Oranga Tamariki and Ministry of Social Development investments in infrastructure that will enable them to continue providing vital services and supporting New Zealand Police with business case work to implement their Police Property Portfolio Upgrade Programme. This follows business case work CID delivered for Chatham Islands Council.

- In addition to its support for HNZ to deliver a nationwide programme to build interim inpatient units, CID is also working with HNZ in a Project Management Office (**PMO**) support role, embedding team members to augment its growing PMO function during a period of intense demand for health infrastructure. CID also provides embedded resource to other agencies, including Oranga Tamariki and Kānoa within the Ministry of Business, Innovation and Employment, demonstrating its ability to step into challenging environments and help clients solve complex delivery problems.
- CID is also providing a range of bespoke services tailored to the unique needs of our clients. These services include a mix of funding distribution and financial oversight and monitoring, 'health checks' on proposed investments, and advice on potential cost savings in proposed investments. Clients for these other services include Antarctica New Zealand, KiwiRail, Lyttelton Port Company and Whanganui District Council.

### 2.3. Giving effect to the CID mandate

CID is engaging with a range of agencies covered under the mandate given to CID by Cabinet in 2024. Over time, and once levels of infrastructure investment increase, the work CID is doing with mandated clients will bring greater consistency, accountability and specialist expertise in infrastructure delivery across a range of policy portfolios. Central to CID's engagement with agencies covered under the mandate is consistent messaging around the benefits of working with CID, and why fee-for-service need not be a barrier to effective collaboration and improved infrastructure outcomes for the agency and the Crown.

### 2.4. Demonstrating fiscal restraint, and helping clients to demonstrate it too

Fiscal restraint across the public sector means there is less capital available for new investment in infrastructure, and there is heightened sensitivity around cost management on all infrastructure and asset investment especially for in-flight projects. Through working with mandated and non-mandated agencies, CID is bringing its cost management expertise to bear on a range of Crown projects. This work will bolster agency efforts to adhere to the Government's fiscal restraint expectations. CID's expertise will also be useful in forecasting and managing the impacts of supply chain disruptions, cost increases and time delays caused by events outside of New Zealand's control, including the conflict in the Middle East.

### 2.5. Seeking financial sustainability and affordability

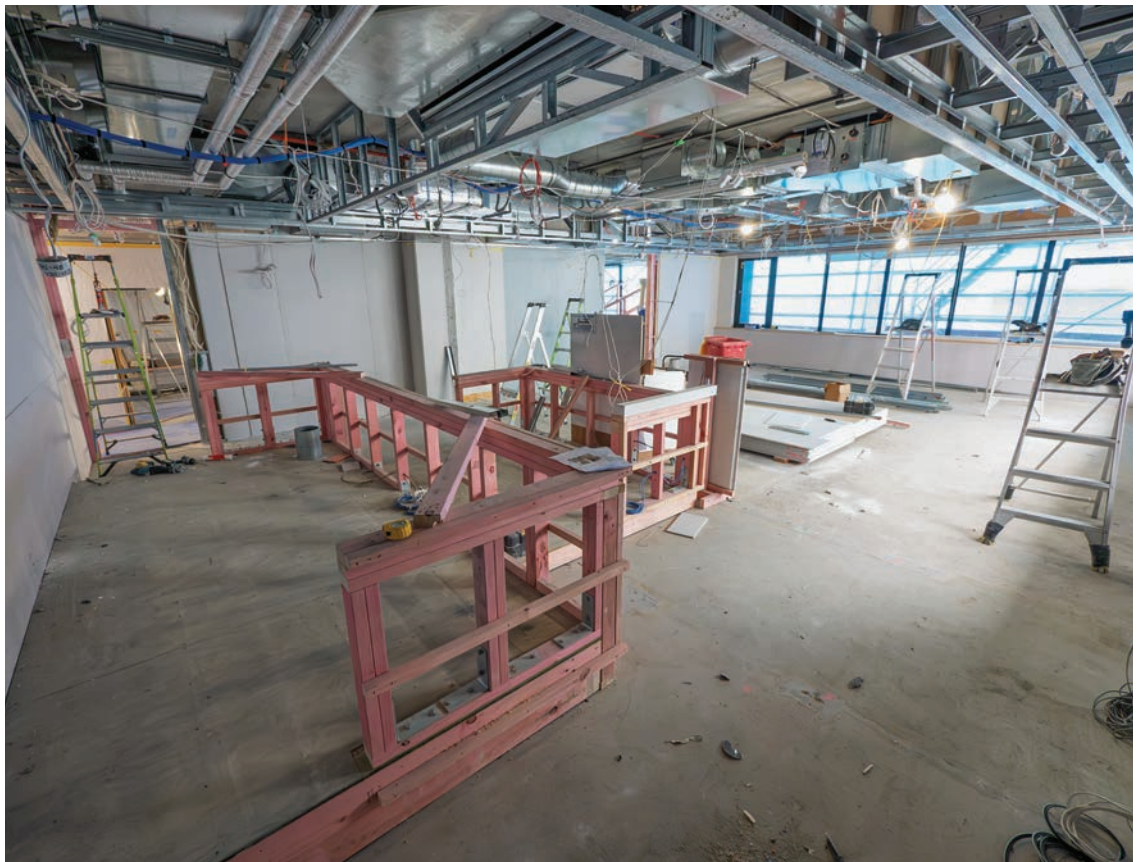
CID has implemented a fee-for-service (**FFS**) model, as directed by its shareholding Ministers and the Treasury. The FFS model has challenged assumptions and practices across all aspects of CID operations, and while adoption of the model has been challenging, CID is making real progress towards achieving full cost recovery. Full cost recovery is an ambitious "stretch goal" to which the Board and Management of CID are fully committed, but the timelines for achieving that goal will depend on a combination of factors, some of which are outside CID's control (e.g. levels of investment in infrastructure). CID will continue to take reasonable, prudent steps towards full cost recovery, building on its early fee-generating successes.

## 2.6.

### Holding ourselves to account on performance

Our accountability documents and business plan are driven by shareholding Ministers' Letter of Expectations, our engagement with Ministers and the Treasury throughout the year, and feedback from our clients. These inputs guide CID's Board and Management in their efforts to maximise the benefits CID delivers for the Government. This means CID is focused on delivering projects safely, on time, within budget and to agreed quality specifications – this has been the foundation of our success to date, and we continue to build on it. When it comes to infrastructure delivery services, CID is focused on providing a suite of offerings that enable more effective infrastructure outcomes, whether by CID or another agency. Across both project delivery and infrastructure-related service provision, CID is working to maximise the quality of what it does while minimising the cost of what it does, with the resultant benefits being passed on to CID clients and to New Zealand.

Despite the best efforts of the whole CID team, the Company continues to face challenges around long-term revenue generation and maintaining the critical capability that makes CID valuable to its clients. As New Zealand battles evolving economic conditions at home and abroad, CID will do all it can to turn these challenges into opportunities to deploy our capability, experience and expertise in infrastructure services to meet the Government's infrastructure objectives as well as achieving financial sustainability for CID. However, the path ahead for CID will be difficult and its ability to stand alone will be tested in the months ahead.



Remediation of the Auckland District Court building for the Ministry of Justice, Auckland.

# 3. Objectives, Scope and Output for Financial Year 2027

## 3.1. Strategic Objectives

The Company has as its Strategic Objectives the purposes set out in its Constitution, which are:

- (a) To provide project support and delivery services (including procurement and preparation and review of business cases) to Project Owners for horizontal and vertical infrastructure projects and programmes:
  - i. in accordance with any mandate set by the government from time to time including, for example, under any Cabinet Office Circular and/or government direction; and/or
  - ii. as agreed between the Company and the Shareholding Ministers and/or the Company and Project Owners, from time to time
- (b) To act as a partner and advisor to the government and Project Owners to lead and/or support the delivery of horizontal and vertical infrastructure projects and programmes
- (c) To add value to the delivery of Anchor Projects, and divest and manage the Anchor Project Assets where required by, and/or agreed by the Company with, Shareholding Ministers
- (d) To:
  - i. divest; or
  - ii. where required by, and/or agreed by the Company with Shareholding Ministers, manage, Crown-owned Assets (including Crown-owned land, but not including Anchor Projects) in a manner that balances a desire to achieve good commercial outcomes against the Crown's regeneration objectives; and
- (e) To undertake any role, and take any action to assist the government with any projects and programmes, as agreed between the Company and the Shareholding Ministers from time to time.

As part of giving effect to its purpose, the Company shall engage with and be a constructive contributor to the wider Crown infrastructure system, working with other entities as required to identify potential improvements, with the long-term view of ensuring the efficient delivery of Crown infrastructure projects.



Construction of the Kenepuru Science Centre for PHF Science, Wellington.

## 3.2.

### Nature and scope

#### **Business**

CID is a Crown-owned company that became operational on 16 April 2016 under Schedule 4A of the Public Finance Act 1989.

The Company, in its role as the Crown infrastructure delivery agency, supports the Crown's infrastructure objectives by providing infrastructure-related services and by delivering, and assisting with the delivery of other Crown agencies' projects and services. CID is mandated to function as the Crown's delivery agency for central government organisations with low infrastructure delivery capability. CID also offers infrastructure services including project delivery to local government organisations across New Zealand.

CID acts as the client in the delivery of infrastructure projects and services for local and central government agencies. This means the Company is an important interface between government and the construction sector and subcontractor market. CID is focused on building and maintaining strong partnerships with these parties. As part of the infrastructure services CID provides, we also support our clients in developing long-term meaningful relationships with Iwi Māori and meeting their Te Tiriti o Waitangi responsibilities.

#### **Scope**

Consistent with its Strategic Objectives and Letter of Expectations, the overarching responsibilities of CID include:

- To provide property and infrastructure related services, including project support and delivery services to Crown Project Owners for infrastructure projects and programmes
- To be a partner and advisor to lead and support the delivery of Crown horizontal and vertical infrastructure projects
- To prioritise and add value to the delivery of Christchurch post-quake Anchor Projects, and divest and manage the Anchor Project Assets
- To divest or manage Crown-owned Assets, balancing a desire to achieve good commercial outcomes against the Crown's objectives
- To undertake any role, and take any action to assist the Government requested by the Shareholding Ministers from time to time
- Over the longer term, work to ensure the efficient delivery of Crown infrastructure projects by being a collaborative and constructive contributor to the wider Crown infrastructure system.

## 4. Reportable Outputs and Performance Targets

### 4.1. Reportable outputs

CID produces outputs, impacts and outcomes from its activities which are defined as reportable outputs under the Crown Entities Act 2004. CID has three reportable outputs as follows:

1. Provide infrastructure related services including project support and delivery services.
2. Delivery of defined Anchor Projects.
3. Divestment of Crown land while balancing good commercial outcomes against regeneration outcomes.

These reportable outputs are intended to achieve the CID objectives to provide project support and delivery services to Crown Project Owners for infrastructure projects and programmes, and to add value to defined Anchor Projects and Crown land in a way that balances a desire to achieve good commercial outcomes with the Crown's regeneration objectives.

The expected revenue and expense for each reportable output for the 2027 financial year is as follows:

Reportable Output	Crown Revenue (NZ \$000)	Crown Expense (NZ \$000)
Provide infrastructure related services (including project support and delivery services)	\$222,703	\$217,158
Delivery of defined Anchor Projects (capital and operational)	\$10,301	\$16,702*
Divestment of Crown land while balancing good commercial outcomes with the Crown's regeneration objectives	\$22,687	\$9,010

\* Expenses exceed revenue by \$6.4m, due to \$2.1m of revenue carried forward from the prior year and CID now fully funding Te Pae owner expenses of \$4.3m.

The performance of two of the three outputs will be measured through the performance targets noted in the following sections 4.2.1 to 4.2.5. The reportable output relating to the divestment of Crown land, while balancing good commercial outcomes, is not reflected in the performance measures, as all remaining land within the divestment portfolio is forecast to be divested during the 2027 financial year. CID's monitoring role for Infrastructure Reference Group Shovel Ready projects concluded in the 2026 financial year, following the distribution of all remaining funding, and therefore the relevant Reportable Output has been removed for the 2027 financial year.

In addition to the reportable outputs above, CID also provides project support and delivery services for Infrastructure projects and workstreams, in an agent capacity, which is defined as when CID acts on the client's behalf and the client enters contracts with third parties. These outputs have not been included as reportable outputs, because CID does not hold the appropriation relating to these activities. These outputs are as follows:

1. Support of infrastructure projects as agent.
2. Support of infrastructure workstreams as agent.

Where CID has been designated as agent, to provide support and delivery services for Infrastructure projects and workstreams, the Crown Revenue received, and Crown Expense incurred will be reported in each of the respective Project Owner's financial statements.

The expected third-party revenue and expense for each output for the 2027 financial year is as follows:

Other Outputs	Crown Revenue (NZ \$000)	Crown Expense (NZ \$000)
Support of infrastructure projects as agent	\$17,276	\$17,276
Support of infrastructure workstreams as agent	\$23,351	\$23,351

## 4.2. Performance targets

Performance targets for the Company's activities are measured as milestones and key performance indicators which have been set, and performance on these measures will be reported in the CID Annual Report, as follows:

### 4.2.1. Delivery of infrastructure related services

**Outcome: Be a respected, sustainable and adaptable provider of exceptional infrastructure services**

CID will provide a range of property and infrastructure related services to government and local government organisations to improve the New Zealand infrastructure system. CID will lead, support and add value to projects by delivering the projects safely, within approved budgets, to agreed schedules and required quality standards. Our approach to ensuring a high standard of health, safety and wellbeing management on all our projects needs to respond to changes in our projects and work types over time. The Total Recordable Injury Frequency Rate (**TRIFR**) measure is aligned to the common industry reporting standard of incidents per 200,000 hours worked. More important than this lag indicator are lead indicators demonstrating the presence of safety on site. The Safe Home Observation Programme (**SHOP**) is our field leadership programme, aimed at developing a strong health and safety culture. Meeting our SHOP visit targets is a key lead indicator that we have regularly visited our live sites and have engaged in safety conversations with the workforce on site and/or made some positive and/or negative health and safety observations.

What will achievement of this outcome look like?

1. Cumulative working days' variance, when comparing forecast Client handover date to the baseline Client handover date, is delayed less than 8% of baseline duration as at 30 June 2027.
2. Current estimated costs at completion are below or equal to the current Project Owner-approved budget as at 30 June 2027.
3. Work undertaken on capital projects in the 2027 financial year is delivered in accordance with the quality standards set out in the applicable head contract between the Project Owner and CID.
4. TRIFR of less than 2.7 per 200,000 hours worked across the project portfolio as at 30 June 2027.
5. 100% SHOP visit target achieved for the 2027 financial year.

## 4.2.2. Te Pae Christchurch Convention Centre

### **Outcome: Be a responsible and innovative custodian of a well maintained and run Te Pae Convention Centre**

CID manages the operation of Te Pae as the building owner. The Company monitors and assures the performance of the Te Pae operator, and effective implementation of asset management strategy to ensure that agreed service levels are met in a cost-effective manner.

What will achievement of this outcome look like?

1. As at 30 June 2027, the Te Pae net operating and owner loss, excluding Asset and Facilities Management funding, expenditure and depreciation, is less than or equal to the current year approved budget (FY27 = \$4.6m).
2. Customer satisfaction is equal to or greater than 80%, based on completed surveys conducted by the operator, for the 2027 financial year.
3. CID will undertake quarterly health and safety reviews for Te Pae operations in the 2027 financial year<sup>1</sup>.

## 4.2.3. Financial and operating efficiency

### **Outcome: Be a sustainable, adaptable business that consistently demonstrates value-for-money for the Crown's investment in its operations**

CID expects to improve its operational efficiency over time as our project portfolio grows and matures and we continue transitioning from being an appropriation-funded entity to implementing a cost-recovery fee-for-service operating model.

What will achievement of this outcome look like?

1. Operating expenses excluding depreciation are less than or equal to \$20.7m for the 2027 financial year.
2. Revenue generated from fees in the 2027 financial year will be equal to or greater than 30% of total operating expenses in the same period.
3. Net operational costs are equal to or lower than 8.1% of the total value of the project portfolio delivered in the 2027 financial year.

## 4.2.4. Portfolio and impact

### **Outcome: Maintain high levels of client satisfaction with CID services**

CID will broaden relationships across Crown agencies and local government organisations and become a respected voice in public sector infrastructure best practice.

What will achievement of this outcome look like?

1. At least 80% of respondents to a CID-conducted client satisfaction survey of all clients report being 'Satisfied' or 'Very Satisfied' with the services provided by CID in the 2027 financial year.

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<sup>1</sup> SHOP visits, which were referenced in the equivalent measure in the 2026 financial year SPE, are a useful mechanism for assessing health and safety performance on construction sites. A different approach is being developed that will be more suited for an operating facility like Te Pae.

## 4.2.5. Employee health, safety and wellbeing

### ***Outcome: The health, safety and wellbeing of CID employees is proactively managed***

CID is committed to retaining a highly engaged workforce, while maintaining and nurturing a supportive company culture.

What will achievement of this outcome look like?

1. CID will hold a minimum of 8 wellbeing initiatives in the 2027 financial year.
2. CID will maintain a positive level of employee engagement, as measured by an employee Net Promoter Score (**eNPS**) within the range of 10 to 30 by the end of the 2027 financial year.



Parakiore Recreation and Sport Centre opened December 2025, Christchurch.

## 5. Forecast Financial Statements

### 5.1. Introduction

The forecast financial statements below include a forecast Statement of Comprehensive Revenue and Expense, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows for the 2027 financial year.

CID generates revenue in consideration for performance of infrastructure-related services including project delivery and support services, where an agreement is in place between CID and the respective client or Project Owner. CID also conducts several different activities, as outlined in section 3.2, under specific funding agreements with the Crown. The accounting treatment of revenue varies for each activity, depending on the specific terms in each agreement. Funding streams are a mixture of operating grants, share capital and fees for services. All operating grants received are recorded as revenue in the Statement of Comprehensive Revenue and Expense, except where operating grants are received in advance of the relevant period. In that instance the funding agreement with the Crown requires any unspent amount to be returned; this is recorded as revenue received in advance on the Statement of Financial Position. Fees for services are recognised as revenue in the Statement of Comprehensive Revenue and Expense when earned, by reference to the stage of completion defined in each agreement.

CID incurs expenditure as part of its various activities. Operating expenditure and project expenditure that is operating in nature is recorded in the Statement of Comprehensive Revenue and Expense. This expenditure is funded by Crown operating grants, clients and Project Owners. Project expenditure that is capital in nature is recorded on the Statement of Financial Position as capital work in progress. Capital expenditure is funded by the issue of shares to the Crown.

Land was initially introduced to the Company through a combination of Crown loans and share capital. After first repaying Crown loans and then distributing any eligible share of the proceeds to the Crown, remaining proceeds from the sale of land are retained by the Company.

## 5.2. Forecast Financial Statements

### 5.2.1. Statement of Forecast Comprehensive Revenue and Expense

**Statement of Forecast Comprehensive Revenue and Expense  
For the year ended 30 June 2027**

NZ \$000	2027 FINAL BUDGET
<b>Revenue</b>	
Crown Revenue – Operating	21,860
Crown Revenue – Infrastructure Projects	217,158
Crown Revenue – Project Operating	16
Crown Revenue – Te Pae Operations	10,285
Fee Revenue	5,545
Interest Received	1,840
Te Pae Sales Revenue	18,624
<b>Total Revenue</b>	<b>275,328</b>
<b>Net Gain/(Loss) on Land Sales</b>	<b>13,677</b>
<b>Operating Expenses</b>	
Salaries and Staff Costs	(15,222)
Facilities Costs	(1,091)
IT Costs	(1,348)
Depreciation	(359)
Other Expenses	(3,144)
Infrastructure Project Costs	(217,158)
Project Operating Expenses	(16)
Land Remediation	(1,255)
Te Pae Operations and Owner's Costs	(9,116)
Te Pae Operating Costs	(18,898)
<b>Total Operating Expenses</b>	<b>(267,607)</b>
<b>Operational Surplus/(Deficit)</b>	<b>21,398</b>
Interest Expense	(45)
Convention Centre Depreciation	(2,923)
<b>NET SURPLUS/(DEFICIT)</b>	<b>18,430</b>

## 5.2.2.

## Statement of Forecast Financial Position

**Statement of Forecast Financial Position  
For the year ended 30 June 2027**

NZ \$000	2027 FINAL BUDGET
<b>EQUITY</b>	
Share Capital Opening	813,819
<b>Share Capital Closing</b>	<b>813,819</b>
Retained Earnings Opening	(413,327)
Surplus (After Tax)	18,430
Distribution to the Crown	(4,416)
<b>Retained Earnings Closing</b>	<b>(399,314)</b>
<b>Revaluation Reserves</b>	<b>70,396</b>
<b>TOTAL EQUITY</b>	<b>484,901</b>
Represented By:	
<b>ASSETS</b>	
Operating Cash	101,776
Sundry and Other Debtors	14,853
<b>Total Current Assets</b>	<b>116,628</b>
Office Fit Out and Equipment	11,196
Land	37,700
Inventory	105
Buildings	339,577
<b>Total Non-Current Assets</b>	<b>388,577</b>
<b>TOTAL ASSETS</b>	<b>505,206</b>
Less:	
<b>LIABILITIES</b>	
Current Creditors	16,230
Revenue in Advance	4,074
<b>TOTAL LIABILITIES</b>	<b>20,304</b>
<b>NET ASSETS</b>	<b>484,901</b>

## 5.2.3.

## Statement of Forecast Changes in Equity

**Statement of Forecast Changes in Equity**  
**For the year ended 30 June 2027**

NZ \$000	Capital	Retained Earnings	Revaluation Reserves	TOTAL
Opening Balance	813,819	(413,327)	70,396	470,888
<b>Comprehensive Revenue and Expense</b>				
Net Surplus for the Year	-	18,430	-	18,430
<b>Total Comprehensive Revenue and Expense</b>	<b>-</b>	<b>18,430</b>	<b>-</b>	<b>18,430</b>
<b>Owner's Transactions</b>				
Contributed Capital	-	-	-	-
Distributed to the Crown	-	(4,416)	-	(4,416)
<b>Total Owner's Transactions</b>	<b>-</b>	<b>(4,416)</b>	<b>-</b>	<b>(4,416)</b>
<b>CLOSING BALANCE 30 JUNE 2027</b>	<b>813,819</b>	<b>(399,314)</b>	<b>70,396</b>	<b>484,901</b>

## 5.2.4.

## Statement of Forecast Cash Flows

**Statement of Forecast Cash Flows**  
**For the year ended 30 June 2027**

NZ \$000	2027 FINAL BUDGET
<b>Cash Flows From Project Activities</b>	
Crown, Convention Centre and Fee Revenue	281,495
Interest Received	1,840
Project Costs Paid	(250,665)
General Expenses Paid	(20,804)
<b>Net Cash Inflow/(Outflow) From Project Activities</b>	<b>11,867</b>
<b>Cash Flows from Land Sale Activities</b>	
Proceeds from Sale of Land	22,687
Payments to Crown – Loan Repayment	(3,050)
Payments to Crown – Distribution	(4,416)
<b>Net Cash Inflow/(Outflow) From Land Sale Activities</b>	<b>15,220</b>
<b>Cash Flows from Asset Transfers</b>	
Office and Other Equipment Purchased	(6,368)
<b>Net Cash Inflow/(Outflow) From Asset Transfers</b>	<b>(6,368)</b>
<b>Cash Flows from Investing</b>	
Transfer From/(to) Short Term Deposits	–
<b>Net Cash Inflow/(Outflow) From Investing</b>	<b>–</b>
<b>NET CASH MOVEMENT</b>	<b>20,719</b>
<b>OPENING CASH BALANCE</b>	<b>81,058</b>
<b>CLOSING OPERATING CASH BALANCE</b>	<b>101,776</b>

## 5.3.

### Notes to the forecast financial statements

#### REPORTING ENTITY

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

CID (then named Ōtākaro) was incorporated on 17 February 2016 with two Shareholding Ministers and a Board of Directors.

CID has designated itself as a public benefit entity (**PBE**) for the purposes of financial reporting under Public Sector PBE Standards. CID is a public authority and is exempt from the payment of income tax. Accordingly, no provision has been made for income tax in the financial statements.

#### BASIS OF PREPARATION

These prospective financial statements have been prepared:

- In accordance with the relevant requirements of the Public Finance Act 1989 and the Crown Entities Act 2004, which include the requirement to comply with New Zealand generally accepted accounting practice (**NZ GAAP**)
- In accordance with PBE FRS 42 and NZ GAAP as it relates to prospective financial statements
- On a GST-exclusive basis, except for receivables and payables which are presented on a GST-inclusive basis
- On an historical cost basis modified by the revaluation of certain assets and liabilities
- In New Zealand dollars rounded to the nearest thousand, unless separately identified.

The actual financial results achieved for the period covered are likely to vary from the information presented and the variations may be material for the reasons already noted.

#### SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies significantly affect the measurement of financial performance and position.

##### Revenue

##### *Project Funding*

The three types of projects that CID is funded by the Crown and/or Project Owner to deliver are:

- Projects that are operating in nature – these projects do not create an asset for CID, and funding is recognised as revenue in the period it is received
- Projects that are capital in nature – these projects create an asset for CID and are funded by a share issue to the Crown; this funding is not recognised as revenue in the forecast financial statements
- Infrastructure projects – these projects, where CID has been appointed as the project delivery principal, are funded by the Project Owner and delivered by CID. Project costs are incurred by CID, with third-party costs reimbursed by the Project Owner. CID receives funding to support the working capital requirements of the infrastructure projects. The working capital is funded by an issue of shares to the Shareholding Ministers.

### ***Operational Funding***

An agreement between CID and the Crown is in place for the Crown to fund the Company's operational expenditure. The agreement applies conditions to unspent funding received. Unspent funding is recorded as a liability in the forecast financial statements.

### ***Fees for Services***

CID generates revenue in consideration for performance of infrastructure- related services including project delivery and support services, where an agreement is in place between CID and the respective client or Project Owner.

Fee revenue is recognised when earned, by reference to the stage of completion defined in each agreement, if the outcome can be estimated reliably.

### ***Project Assets***

When operating and capital projects were transferred to CID, land and building assets were transferred with them. The classification of these assets is based on the expected future use.

Land and buildings associated with the projects have been classified as follows:

- Land held as inventory – this is land held for sale in the normal course of business and includes land related to the East Frame Residential project
- Land and buildings as part of property and equipment – this land is either public realm held for strategic purposes, or the future use of the land is not certain at the time of preparing the forecast financial statements.

### ***Fair Value and Revaluation of Land and Buildings***

Land and building revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the balance date. Land and building revaluation movements are accounted for on a class-of-asset basis.

### ***Depreciation***

Depreciation is calculated using the straight-line basis at rates that will write off the costs (or valuations) of the assets to their estimated residual values over their useful lives. The residual value and useful life of an asset are reviewed, and adjusted if applicable, at the end of each financial year.

### ***Borrowings***

All borrowings are held with the Crown and are attached to capital project land transferred to CID.

All loans are repayable upon the sale of the underlying asset. A portion of the interest due is not repayable upon the sale of the underlying asset.

### ***Share Capital and Equity***

All shares issued are fully paid and have a face value of \$1 each. The Crown holds all issued capital of CID. The Crown investment in CID is expected to be made up of 813,819,000 shares as at 30 June 2027.

## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these prospective financial statements, CID has made estimates and assumptions concerning the future. These estimates and assumptions may differ from subsequent actual results.

Estimates and assumptions are continually evaluated and are based on expectations of future events that are considered reasonable at the time of preparation. The estimates and assumptions that have a significant risk of resulting in a material adjustment to the carrying amount of the assets and liabilities within the forecast financial statements include the following:

- At the date of preparation, any potential impacts of the ongoing Middle East crisis on the forecast financial statements cannot be reliably quantified. The situation continues to evolve, and CID will reflect any material impacts in future forecasts as additional information becomes available.
- Fees for infrastructure-related services, where CID has, or highly anticipates having, agreements in place, are reflected in the forecast for FY27
- Infrastructure project forecasts, where CID has a development agreement and is acting as principal on the project, are reflected in the forecast for FY27. Expenditure on these projects is funded by revenue received from the respective Project Owner agencies
- Land sales and divestments' forecast uncertainty regarding timing of settlement between financial years, and number of future sales and divestments
- Cost of land remediation activities due to the current level of uncertainty in estimating land remediation costs
- Conclusion of defined Anchor Projects and the impact this has on overall project costs and funding required.

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