

WAIHANGA ARA RAU

ANNUAL REPORT 2023



WAIHANGA ARA RAU

**Construction and
Infrastructure**

Workforce Development Council

Rārangi take

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Publisher

Waihanga Ara Rau Construction and Infrastructure
Workforce Development Council.
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PO Box 445, Wellington 6140
Tel: 04 909 0174

This publication is available on the Waihanga Ara Rau
website at waihangaararau.nz

Further copies may be requested from
info@waihangaararau.nz

ISSN No. 2816-024 (print)
ISSN No. 2816-0258 (online)

He kupu nā ngā Heamana Tairua

Co-Chairs' report

Kia ora koutou.

We are pleased to present our second Annual Report covering 1 July 2022 to 30 June 2023.

Good progress has been made in delivering positive workforce outcomes for the construction and infrastructure industries. Some of the key achievements during the year include:

- Eleven industry Strategic Reference Groups established and operating effectively as a key mechanism for gaining industry insights and launch of the Workforce Development Plan website, which shares information on all 11 strategic industry sectors.
- Significant enhancements to the Workforce Information Platform with additional industry, employment, training and pathway information.
- Delivering advice to the Tertiary Education Commission (TEC) relating to its investment decisions for delivery and mix of training provision in 2024.
- Delivering the remaining COVID-19 Response Fund Projects – the Industry Equity Project, Workforce Recovery Packages, and Plumbing, Gasfitting and Drainlaying.

We are committed to our mission to reimagine vocational education, including a system that upholds the principles of Te Tiriti o Waitangi. This will enable all businesses to thrive as we work to address their current and future talent needs. Our approach demonstrates our commitment to support the Crown in its Treaty relationships and deliver our services in ways that enable equitable outcomes for Māori.

Waihanga Ara Rau has grown and developed into a robust and cohesive entity, united in purpose, and is well-positioned to continue to make positive progress for its industries.

**Ko te pae tawhiti whāia kia tata,
ko te pae tata whakamaua kia tina.**
Seek out distant horizons and cherish those you attain.



Elena Trout

Elena Trout
Co-Chair
Tiamana Tairua



John Chapman

John Chapman
Co-Chair
Tiamana Tairua



He kupu nā te Tumu Whakarae Chief Executive's report

Tēnā koutou.

This year, we have been dedicated to establishing ourselves as influencers in the system and ensuring the construction and infrastructure sector gets what it needs from vocational education and training. There is a \$282BN pipeline of work and significant skills shortages across all industries. While immigration will assist, we must build the capacity and capability of the skills workforce now and into the future.

In collaboration with our partners and industry, we play a critical role in addressing these challenges and ensuring the workforce is available to meet the demand. While we have only existed for a short period, we have built a high-performing organisation and established effective relationships with industry, providers, Māori and other priority communities.

We have accomplished many things, including advising the TEC on various themes and hosting impactful industry roadshows and webinars across the country and online. Insights from these engagements have also formed the development of our inaugural Statement of Strategic Direction 2023–28, which outlines the key focus areas for Waihanganga Ara Rau over the next five years.

Our 2022 Moderation Plan was completed, and we launched our programme endorsement function to ensure that training fits industry and community needs and delivers good outcomes for learners. Moreover, we've progressed our qualifications system product work plan to enhance existing products and create new ones tailored to industry needs. To date, we've reviewed and developed nearly 1,400 standards and over 50 qualifications. This has maintained the currency of industry qualifications, creating a skilled workforce for the future.

Continuing our commitment to progress, our capabilities, systems, and processes have been further enhanced. Through the Industry Equity Project, we championed the representation of women in trades, providing invaluable resources and tools to employers. These initiatives assist in both attracting and retaining women in the workforce. They include launching the Wāhine on the Tools videos, extending the Trade Careers website, and releasing the Keep it Decent Guidelines to encourage safe and respectful workplaces.

Developing qualified people joining and currently working in construction and infrastructure is our core motivation. We are proud to say that we have

made significant progress in achieving our goals outlined in our Operational Plan 2022-23 and the deliverables defined in the 2022-23 Tertiary Education Commission (TEC) Funding Agreement.

I want to thank our industries and other key partners for your support and valuable input. Your contribution and feedback are pivotal to our success and are greatly appreciated. Waihanganga Ara Rau remains committed to supporting and advocating for the best interests of the construction and infrastructure sector. Our ongoing mission is to ensure policy settings and investments align with industry requirements. Our primary focus is delivering tangible and positive outcomes for the entire sector.

Nā te hinengaro te whakaaro, nā te whakaaro te kōrero, nā te kōrero te wānanga, nā te wānanga ka poua he tikanga.

Imagining possibilities ignites creativity and innovation. By sharing views and experiences, a new pathway is established where transformation becomes common practice.



P. Aldridge

Philip Aldridge
Chief Executive
Te Tumu o Waihanganga Ara Rau



Ko Waihanga Ara Rau i a matou We are Waihanga Ara Rau

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

The construction and infrastructure workforce supports quality of life for all New Zealanders by creating and maintaining the critical infrastructure and the built environment where we live, work and play.

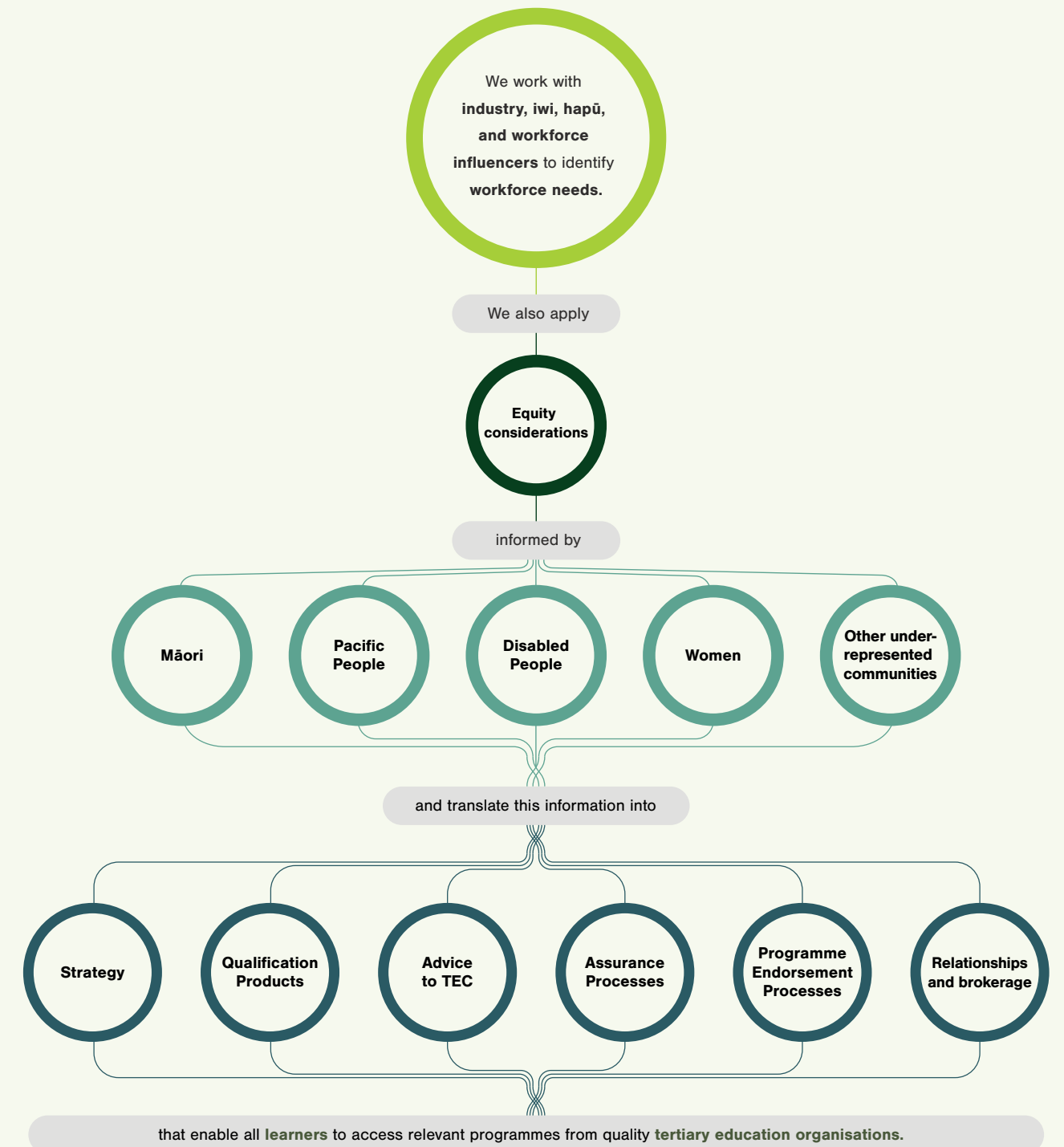
Our role is to ensure that the vocational education and training system supports the future-fit workforce that the industry and Aotearoa New Zealand need. We operate and build relationships to honour Te Tiriti o Waitangi and support Māori-Crown relations. We ensure that industry, including Māori, Pacific Peoples, and people with disabilities, have a strong independent voice in vocational education and that their needs are met.

We do this by working closely with industry, employers and other influencers across our sector. We identify themes, issues, and opportunities and make recommendations capturing these insights in Strategic Sector Workforce Development Plans. We share this information with industry, policy setters and influencers and the education and training providers who create learning programmes that give people relevant skills to address future workforce needs.

We develop, maintain and review qualifications and standards to ensure that they reflect the skills that are needed. We ensure that standards are 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.



A visual guide to the role of Waihanga Ara Rau



The meaning behind Waihanga Ara Rau is ‘to create and build many pathways within construction and infrastructure’.

Waihanga

is an all-encompassing tikanga or set of protocols.

Wai

represents fluidity and a natural flow of creativity.

Hanga

is circular in nature.

Waihanga

is solid in results.

Ara Rau

is the many pathways.

Our ngā mātāpono (organisational values) guide us in our daily lives and decision-making:



Pūmautanga
Enduring Relationships

Building authentic relationships starts with trust and open communication as we create an inclusive work culture to be proud of.



Wero
Re-think / Re-imagine

We are here to re-think and re-imagine what we can do to be transformative. This will inspire us to be innovative and foster the ability to create positive change.



Kairangi
Excellence

We hold our people in high esteem in pursuit of excellence. We will strive for continuous improvement and look for opportunities to develop our people.



Whakamana
Uplifting our People

We strive to excel in every aspect of our mahi and approach every challenge with a determination to succeed. We acknowledge we carry our own distinct mana determined by our whakapapa. Our differences make us unique.



Matatika
Honesty and Integrity

We exemplify our actions with honesty, loyalty, respect, and integrity when performing our day-to-day activities and interactions.

Te Karakia o Waihanga Ara Rau

Ko tēnei te ara kei runga. Ko tēnei te ara. Kia pūmau te here. Kia kairangi te angitu, kia toi te mana. Kia wero, kia whakatōmene, kia matatika te rau ranga tira. Ko tēnei te ara whakamua, ki te ao mārama. Tūturu whakamaua, kia tina! Haumi e, hui e, taiki e!

This is the horizon. This is the path. Let our bond be permanent. Let us pursue excellence and uphold our integrity. Let us challenge and explore while upholding our guiding principles. This is the way forward to the realm of enlightenment. Permanently fixed, established, and understood! Forward together!

Te Ara Waihanga

Our strategic framework

Te Whakakitenga | Vision

This is the horizon we look to.

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

Te Kaupapa | Purpose

Our purpose keeps driving us forward.

Elevating the voice of industry in our vocational education and training system.

Ā mātau kaupapa matua | Core functions

Our core functions are outlined in Section 366 of the Education and Training Act 2020. These are:

Skills Leadership

We identify the skills industry will need, and develop industry-endorsed plans to deliver them.

Qualifications and standard setting

We set standards and qualifications, and shape curriculum on behalf of industry.

Quality assurance

We assure that industry's qualifications are delivered consistently, and to a high standard.

Brokerage

We connect industry with information and advice that supports them to succeed.

Advice

We provide advice to the Tertiary Education Commission on investment in vocational education.

Programme endorsement

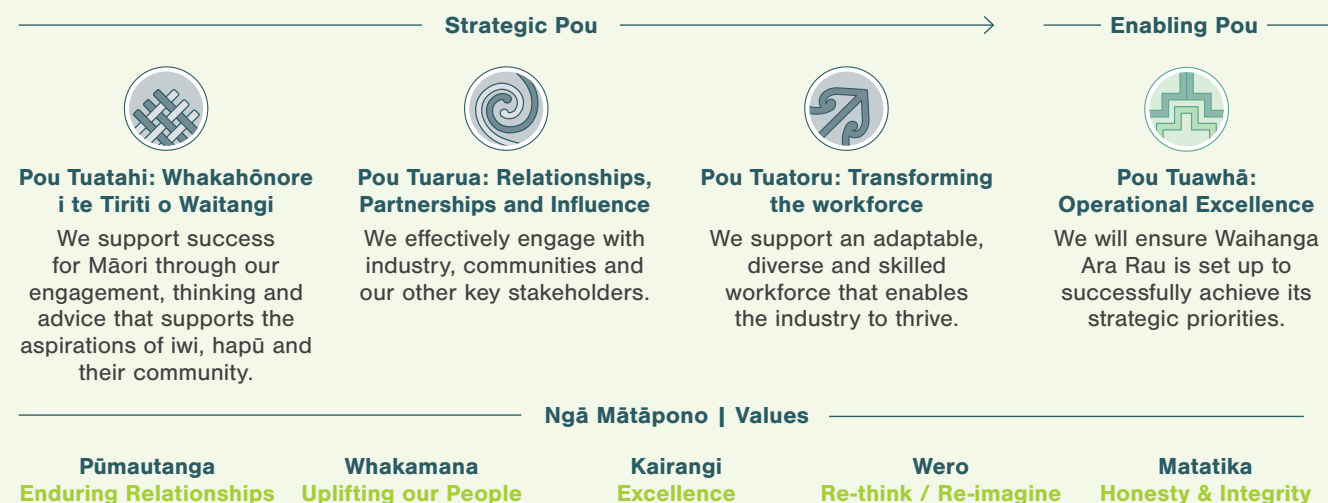
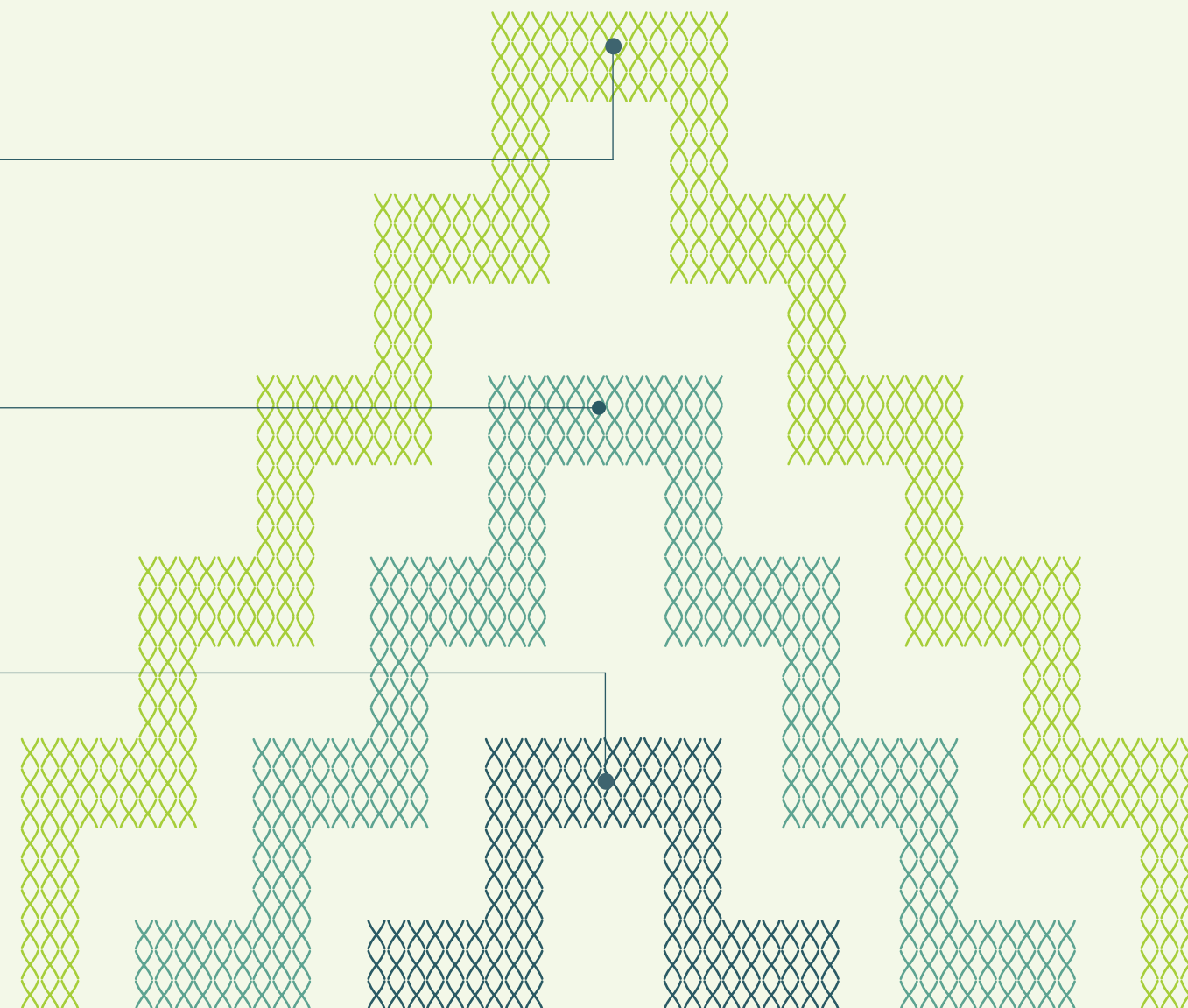
We endorse programmes that lead to industry qualifications.

Advocacy

We work to influence positive change in vocational education on behalf of industry and our community partners.

Ngā pou | Strategic pou

These four pou are foundational in our framework. They are the four pillars that enable us to continually review and correct our direction as needed.



Te Ara ki Angitu

Our goals

Our strategic priorities

Our strategic priorities are our more targeted whāinga (objectives) under each of our four pou (pillars). These will likely evolve over the next five years as we gather insights, deepen our relationships and realise success along the way.

Strategic Pou



Whakahōnore i te Tiriti o Waitangi

Whāinga Tuatahi: Cultural capabilities and progressive career pathways

We will support industry to enhance their cultural capability and encourage progressive career pathways that attract Māori to the workforce and retain them.

Whāinga Tuarua: Māori achieving success as Māori

We will build relationships with iwi and Māori businesses, to enable better support for kaimahi Māori to achieve success as Māori.



Relationships, Partnerships & Influence

Whāinga Tuatoru: Industry trust and confidence

We will build credibility with industry and other stakeholders through relationships that support us in addressing the issues that matter to them.

Whāinga Tuawhā: Industry and system performance

We will collaborate across the vocational education, construction, and infrastructure sector to lift industry and system performance.



Transforming the Workforce

Whāinga Tuarima: Evidence-informed advice and education products

We will generate data and insights to inform and advise the sector, guide sound investment in vocational education and build education products that deliver relevant skills.

Whāinga Tuaono: Continuously improving the quality of training

We will use assurance, qualifications, and advice to continuously improve the quality, relevance and accessibility of training for ākonga and employers.

Whāinga Tuawhitu: Future-focused pathways

We will develop future-focused qualification pathways that support the industry to lift productivity, improve industry and environmental sustainability and prepare for the future.

Whāinga Tuawaru: Inclusion and success

We will act as an advocate and broker to encourage an environment where all people including Māori, women, Pacific People and people with tāngata whaikaha can succeed and progress in the sector's workforce.

Enabling Pou



Operational Excellence

Whāinga Tuaiwa: Productive and engaged people

We will build and maintain a diverse, capable and high performing team at Waihanga Ara Rau.

Whāinga Tuangahuru mā tahi: Effective systems and continuous improvement

We will embed effective systems and tools that enable collaboration, continuous improvement and delivering outcomes within and with Waihanga Ara Rau.



Ngā Ekenga At a glance

Our mahi

Built meaningful relationships.

+1,100 engagements with industry and the sector.

80% engagement plans are in place or being finalised with priority industry stakeholders.

75% of survey respondents were satisfied or very satisfied with their engagements with Waihanga Ara Rau.

Delivered remaining Covid-19 Response Funded Projects:

\$0.70M Plumbing, Drainlaying and Gasfitting Titiro Whakamua Project.

\$0.60M Industry Equity Project: continued this mahi after completion, investing a further \$196K from our operating funds.

\$0.33M Construction Industry Recovery Packages

Ensured that providers were consistently delivering to industry standards.



2022 moderation plan delivered.



353 pre-assessment moderations completed.



40 provider programmes endorsed as meeting industry needs.

11

industry strategic reference groups (SRGs) established amplifying industry and community voice in vocational education.

Aligned qualifications and standards to the skills industry values.



99% of qualifications in the review schedule are up to date, reflecting the review, development and maintenance of 50 qualifications.



88% standards up to date, reflecting the review and development of 791 standards and an improvement from 79%.



1st micro-credential listed.

Generated insights for our industries.

Workforce Development Plan microsite (workforce.nz) launched with information on Water, Electricity Supply, Finishing Trades, Access Trades, Professional Services and Civil Infrastructure.

Significant enhancements made to our Workforce Information Platform (wip.org.nz).

Supported our industries to create a culture shift.

Refresh of TradeCareers.co, developed bystander guidelines, Building Belonging podcasts, and wider distribution of Wāhine on the Tools videos.

Our kaimahi



70%

staff engagement score.



92%

staff reported a level of confidence in using basic te reo Māori and tikanga in the workplace.

Some key facts about our industries:

15%

Our industries

Our industries represent 15% of the New Zealand economy.

- \$52,747m GDP
- 406,165 filled jobs
- 98,256 businesses

86,300

Learners

The number of learners has significantly increased since 2019.

There were 86,300 learners across levels 1–10 on the NZQF in 2022.



Changing workforce composition

As at 2021, the number of European workers decreased by 11% but still make up a large portion of the workforce, at 56%.

The number of Māori workers increased by 2%, after remaining stable for several years, making up 17% of the workforce.

The number of Asian workers increased significantly from 9% in 2015 to 17%.



Gender diversity

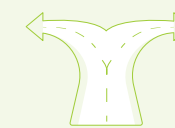
Women's employment in the sector has increased over the past 21 years.

Despite this growth, women only made up 19.5% of the workforce in 2021.

\$267 billion

Project pipeline

The projected pipeline value up to 2028. Projected average labour shortfall up to 2028 is approximately 162,000.



Career changers are vital

Career changers were the primary source of workforce supply, accounting for 58% of new entrants in 2021.

Te ahumahi

Our industry and stakeholders

We are the voice for over 50 industries across 11 strategic sectors. Our focus is to make sure our industries' interests are well represented, we build trust and confidence in what we do and share our findings and insights.

Construction

Strategic Sectors	Industries
Access trades	Cranes, scaffolding, rigging, industrial rope access, lifting equipment and exterior cleaning.
Electrotechnology	Electrical engineering, electronic engineering, electronic security, electronics engineering technician, marine electrical, structured data, radio transmission, industrial measurement and control, telecommunications.
Finishing trades	Painting and decorating, flooring, kitchen and bathroom design, floor and wall tiling, exterior plastering, interior plastering, interior systems.
Off site construction	Concrete production, pre-cast and product manufacture, frame and truss manufacture, timber joinery, architectural aluminium joinery, offsite manufacturing.
On site construction	Concrete construction, carpentry, stonemasonry, brick and block laying, glazing, roofing.
Plumbing, gasfitting and drainlaying	Plumbing, gasfitting and drainlaying.

Infrastructure

Strategic Sectors	Industries
Civil Infrastructure	Bitumen surfacing, bitumen plant production, road construction and maintenance, contract and projects management, roadmarking, temporary traffic management, deep piling and foundations, forestry earthworks, demolition, laboratory technician.
Electricity Supply	Electricity generation, electricity transmissions, electricity distribution.
Gas Infrastructure	Gas reticulation, gas transmission, gas distribution, gas conditioning, LPG storage and handling.
Water Services	Drinking water, stormwater, wastewater, water distribution networks.

Construction & Infrastructure Services

Strategic Sectors	Industries
Construction & infrastructure services	Quantity surveying, architectural technology and design, asset management, surveying, building information modelling, procurement, building officials and inspection, construction management.

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

Our engagement has extended across a range of diverse groups and individuals from across the sector, including industry peak bodies and other sector-representative groups, kaimahi and employers, Regional Skills Leadership Groups (RSLGs), providers, government agencies, and wānanga.

Only in partnership with industry and our other sector stakeholders can Waihanga Ara Rau support education providers to produce people with the right skills and enable people from all walks of life to have rewarding careers in our sector.

We have had over 1,100 engagements this financial year across the construction and infrastructure sector. Please refer to the Statement of Service Performance on page 19 for the year's key achievements and engagement statistics.



He Tauākī Tutukinga ā-mahi

Statement of Service Performance




Our vision is the horizon we look to.

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

Our purpose keeps driving us forward.

Elevating the voice of industry in our vocational education and training system.

Our strategic pou are the key focus areas where we strive for excellence.

-  Tuatahi – Whakahōnore i te Tiriti o Waitangi. We support success for Māori through our engagement, thinking and advice that supports the aspirations of iwi, hapū and their community.
-  Pou Tuarua – Relationships, Partnerships and Influence. We effectively engage with industry, communities and other key stakeholders.
-  Pou Tuatoru – Transforming the Workforce. We support an adaptable, diverse and skilled workforce that enables our industry to thrive.

Our core functions enable us to achieve outcomes.

These are our core functions as outlined under Section 366 of the Education and Training Act 2020:

Leadership	To provide skills and workforce leadership for the specified industries by identifying their current and future needs and advocating for those needs to be met through its work with the industries, schools, providers, regional bodies, and the Government.
Endorsing programmes and moderating assessment	To decide whether to endorse programmes developed by providers. To carry out moderation activities in relation to any standards and capstone assessments it sets.
Advisory and representative role	To provide employers with brokerage and advisory services approved by TEC. To advise TEC: <ul style="list-style-type: none"> • about its overall investment in vocational education and training. • about the mix of vocational education and training needed for the one or more specified industries covered by the workforce development council in the manner required by TEC and to represent the interests of the specified industries.
Developing and setting standards, capstone assessments, and qualifications	To develop, set, and maintain skill standards. To develop and maintain industry qualifications for listing on the Qualifications and Credentials Framework and to maintain qualifications for which it has become the qualifications developer. To develop and maintain micro-credentials. To develop and maintain national curricula for qualifications for which it is responsible as a standard-setting body. To develop, set, and maintain capstone assessments based on the needs of the specified industries.

Delivering to TEC requirements and expectations

Waihanga Ara Rau receives its operating funding from the TEC and successfully achieved all required deliverables included in our TEC Funding Agreement 2022/23.

Our performance was reported to the Minister of Education through TEC and NZQA's joint six-monthly WDC performance monitoring report, covering the period October 2022 to April 2023. Waihanga Ara Rau was assessed as performing in line with expectations across all six domains, including its four core functions, plus financial and governance.

Honouring Te Tiriti o Waitangi

When performing our core functions under the Act and its additional functions under clause 8 of the Education (Waihanga Ara Rau Construction and Infrastructure Workforce Development Council) Order in Council (OiC), Waihanga Ara Rau must act in a manner that fulfils the requirements and duties outlined in clause 7 of the OiC. This includes contributing to an education system that honours Te Tiriti of Waitangi and ensuring this underpins everything we do and how we do it.

Te Herenga Kura, an Ohu Ahumahi (cross-WDC) collaborative iwi engagement initiative, developed an Iwi Engagement Strategy and successfully endorsed a collaborative approach to iwi engagement with our Kaitakawaenga Ropū (Ohu Ahumahi Engagement Leads and Managers). This engagement strategy provides an effective, structured approach to engaging with Māori. It identifies tangible actions to ensure that Māori, iwi and hapū businesses, ākonga and their whānau will fill present and future talent needs while underpinning their sustainability, viability, and relevance to the future needs of both the Māori and wider Aotearoa economies.

Internal cultural capability has continued to lift with increased use of te reo Māori and tikanga in the workplace. A cultural competency self-assessment tool was developed and completed by kaimahi, establishing a baseline for measurement and continuous improvement.

What success looks like	Indicator(s) of success	What we achieved in 2022/23
Waihanga Ara Rau: <ul style="list-style-type: none"> • Has a culture of Te Tiriti o Waitangi partnership capability embedded across the organisational structure. • Has relationships and enduring partnerships with iwi, Māori businesses and other Māori stakeholders. • Is working with Māori Businesses to support an increase in Māori businesses working on industry projects. 	Staff becoming more confident in using te reo Māori and tikanga Māori in the workplace. Enduring relationships established with 4x iwi and hapū, focused on improving outcomes for Māori. Support provided to 4x Māori businesses working on industry projects.	<p>92% of staff reported a level of confidence (ranging from 'somewhat confident' to 'very confident') in using basic te reo Māori and tikanga in the workplace, as assessed via a cultural competency self-assessment tool.</p> <p>Built and maintained relationships with a collective of four Iwi (Toitū Tairāwhiti Iwi). This includes Ngāti Porou, Rongowhakaata, Ngai Tāmanuhiri, Te Aitanga a Mahaki. Relationships also exist with Ngāti Toa Rangatira, Taranaki Whanui ki te Upoko o te Ika, Waikato Tainui, Ngāti Porou and Ngāti Kahungunu to support their iwi development initiatives.</p> <p>We have established relationships with Ngāti Awa Group Holdings Ltd to support their upcoming Whakatāne Harbour development build project. Our next step is to further our work with Ngāti Awa Rūnanga based around the harbour development.</p> <p>We connected with the Tāmaki Regeneration housing project to assist with forming alliances to support the project.</p>
<p>Strategic Alignment: Pou Tuatahi - Whakahōnore i te Tiriti o Waitangi. Pou Tuarua - Enduring Relationships, Partnerships and Influence.</p>		

Leadership

Eleven industry sector Strategic Reference Groups (SRGs) were established during the year. The SRGs align with the Workforce Development Plans (WDPs). These groups have a terms of reference in place, elected chairs or co-chairs, and will have their work plans based on the needs of each sector. We also commenced the establishment of two additional community SRGs, which will represent the voices of Māori and Pacific Peoples.

A process for the development of industry insights by strategic sector is in place. The process began with establishing the SRGs, followed by undertaking qualitative semi-structured research interviews with SRG members and industry and collecting qualitative insights from administrative data and Workforce Information Platform workforce modelling.

This process used vocational education and training data from the Waihanga Ara Rau Workforce Information Platform. It also utilised insights from the Shared Data Platform dashboard. Industry voices were incorporated to offer skills and workforce leadership. This helped in identifying current trends and suggesting future recommendations for each industry. The process also advocated for the specific needs of these industries.

Significant enhancements were made to the Workforce Information Platform, with additional industry, employment, training and pathway information now available.

Workforce Development Plans

At the end of June, we completed a soft launch of the website for our Workforce Development Plans (WDPs), which will be officially launched in September 2023. The WDP website provides information and insights regarding the construction and infrastructure sector’s workforce needs, gaps, and potential solutions. It encourages collaboration by industry stakeholders, government bodies, training organisations and the Regional Skills Leadership Groups (RSLGs) to drive change and create a resilient and effective construction sector. It is designed for all industries within the construction and infrastructure workforce. Users can easily share information and download reports in various formats. As workforce development information is developed for strategic industry groups and sectors, it will be updated regularly.



Sector engagement

Of the 1,107 sector engagements during the year, 80% were face-to-face (either in person or virtually). The engagements can be broken down as follows:



What success looks like	Indicator(s) of success	What we achieved in 2022/23
Data, insights and industry-endorsed Workforce Development Plans (WDPs) are used to inform investments and decisions by government and industry. Industry sees its influence in vocational education and training, and we are valued as a trusted advisor.	6x industry informed WDPs published. 75% of industry representatives surveyed, report they have confidence that Waihanga Ara Rau leadership is stronger and more impactful in the vocational education and training system. Engagement plans in place with 80% of priority industry stakeholders. Number of quality engagements across the sector.	Two WDPs were fully completed by 30 June (Water and Electricity Supply). Four more were included in a soft launch of the WDP website which has newly developed information (Finishing Trades, Access Trades, Professional Services and Civil Infrastructure). Industry survey results show that 46% of sector respondents reported confidence that Waihanga Ara Rau leadership is stronger and more impactful in the vocational education and training system. 45% reported neutrality or did not know, which is somewhat expected given the organisation’s maturity. We have engagement plans in place or in the process of being finalised with 80% of our priority industry stakeholders. We also have memorandums of understanding (MoUs) in place with Te Pūkenga, ITENZ and ConCove. A total of 1,107 sector engagements were undertaken. Results from our industry survey undertaken in June 2023 showed that 75% of survey respondents were satisfied or very satisfied with their recent engagement experience with Waihanga Ara Rau.

Strategic Alignment: Pou Tuarua - Enduring Relationships, Partnerships and Influence. Pou Tuatoru – Transforming the Workforce.

1. As part of protecting Māori data sovereignty, we do not typically capture our engagements with iwi and hapū in Aka Korero (CRM). Therefore, this engagement statistic is not a true representation of the extent of our engagements with these groups.

Endorsing programmes and moderating assessments

Moderation

For 2023, an Assurance (Transformation) Plan has been implemented. It was piloted with six providers before being refined and progressively rolled out to all educational providers catering to construction and infrastructure. The Assurance Plan outlines how we will work more collaboratively with providers. It aligns our assurance needs with their mahi to put more focus on continuous improvement and flexibility of assessment practice. It also aligns moderation to the providers' focus for the year, except where high-risk or capstone standards are being assessed.

The 2023 Moderation Plan is being implemented on a quarterly basis. Moderation Plans are being developed with providers as each is brought onto the Assurance Plan process during 2023. Te Pūkenga divisions are being treated as individual delivery sites until the new structure has been finalised and we understand their Assurance system going forward.

There was a total of 353 pre-assessment moderations undertaken in 2022/23. These relate to new or revised assessment resources from providers. Submissions requiring resubmission by a provider prior to being approved were at 50%.

There have been 18 consent to assess applications during the year. Most applications related to unit standards that are required for new programmes or due to new private training establishments (PTEs) being established post transitional industry training organisation (TITO) transitions.

Programme endorsement

The programme endorsement function was introduced in July 2022. This was a new function, and the process was co-designed with NZQA.

We received 40 programme endorsement requests. Of these, we endorsed 40 provider programmes that meet the needs of industry. Our performance against the agreed timeframe of processing requests within 20 working days has improved but remained under our target of 95%. For the coming year, we plan to initiate a project to review our approach, including working with providers to predict our expected programme endorsement workload better across the year. This will support resourcing and improve the quality and timeliness of responses to providers.

Additionally, a cross-WDC review of programme endorsement will support improvements to type and relevance of the information supplied by providers as part of their applications for endorsement. This will further support the quality and efficiency of processing by all WDCs.

What success looks like	Indicator(s) of success	What we achieved in 2022/23
We engage with providers to raise the quality of training provision and improve system responsiveness. External moderation is fit for purpose, applies national standards and ensures greater consistency of graduate outcomes.	Number of relationships established with providers. 95% of programme endorsement applications processed within service level agreement timeframes. 95% of moderation plan delivered to schedule.	As part of the moderation and assurance activities, direct engagement relationships have been established with 96 tertiary educational providers and 300 secondary schools. 65% of programme endorsement applications were processed within 20 working days. 100% completion of the 2022 Moderation Plan and 100% of 2023 Moderation Plan was completed against planned schedule as at 30 June 2023. ²

Strategic Alignment: Pou Tuarua - Enduring Relationships, Partnerships and Influence. Pou Tuatoru – Transforming the Workforce.

2. The Moderation Plans are based on calendar year.

Advisory and representation

Industry insights alongside industry data were used to guide our strategic initiatives and inform the advice which centres on:

- prioritising funding for certain Detailing and Electrical Supply Qualifications
- cultural competency (te ao Māori)
- equity
- climate change
- retention of skills and knowledge
- qualification/skill standards.

Projects and outputs supporting or directing several advice components included:

- Plumbers, Gasfitters and Drainlayers Programme Framework Review and Capability and Capacity Review Projects
- information on construction micro-credentials
- small business management resources
- sector leadership capability resources.



What success looks like	Indicator(s) of success	What we achieved in 2022/23
Advice reflects the evidence base and needs of the sector as set out in our Workforce Development Plans and provides leadership in resolving skill and workforce issues. Our advice to TEC can be used by it to make investments in vocational education that meet our sectors' needs.	Quality and timely advice delivered to TEC.	We provided our advice to the Tertiary Education Commission (TEC) relating to its investment decisions for delivery and mix of training provision in 2024. Our advice was grouped into two categories 'give effect and 'have regard'. TEC confirmed that it has included three qualifications as priorities for increased provision, as result of our advice. It also noted the new and changed qualifications, credentials and programmes coming up between now and the end of 2024 and communicated the need for providers to adjust their programmes and delivery accordingly.

Strategic Alignment: Pou Tuatoru – Transforming the Workforce.

Developing and setting standards, capstone assessments, and qualifications

Qualifications

Ninety-nine percent of qualifications are up to date on 30 June 2023. This reflects the review and maintenance of 50 qualifications. We also extended the life of several expiring qualifications as the education sector continues to support learners disrupted by Covid-19 and adjusts to vocational education changes.

We are working with NZQA on plans to receive further qualifications including Level 7 Diplomas, and we are working with Te Pūkenga and other providers on plans to receive Engineering qualifications previously held by VEENZ.

Skill standards

Eighty-eight percent of unit standards are up to date on 30 June 2023. This reflects the completed review/development of 791 standards between July 2022 and June 2023. Most standards still overdue are under review. This activity has significantly reduced the number of outdated and unused standards on the framework.

Skill standards development is underway for several areas, including Flooring, Roofing, Cranes, Structural Detailing, Temporary Traffic Management, Painting and Decorating, and Carpentry.

Micro-credentials

Waihanga Ara Rau has successfully listed the first WDC-developed micro-credential (Steel Fixing/Reinforcing Installation). This was the result of significant collaboration with NZQA, providers and industry. Templates and protocols developed as part of this activity will support a more efficient process for listing further micro-credentials for Waihanga Ara Rau and other WDCs.

Several other micro-credentials are in development or under consideration, including Underground Utility Location, Trade Essentials, and Traffic Management Plan Design.

National curricula (New Zealand Programmes)

The industry has endorsed proposed programmes for the suite of Plumbing, Gasfitting and Drainlaying qualifications at Levels 3 and 4. These are proposed to be listed as NZ Programmes in the coming months. As this process is untested thus far, we have undertaken initial discussions with NZQA to develop a shared understanding of the requirements and implications.

Capstone assessments

Two exams were provided for the electrical sector between January and June 2023. These exams are intended to be knowledge checks for ākonga (learners) progressing towards achieving qualifications associated with occupational registration. In the coming year, we will review this process with industry, education providers and the regulator to ensure that the process remains fit for purpose.

Product Development Roadmaps

We have developed ten Strategic Sector Qualification Roadmaps encompassing 55 sub-sectors. These roadmaps identify the actions needed to ensure that qualification system products are fit for purpose now and in the future. The actions identified provide tangible information for industry partners about our plans to respond to their skill needs throughout the next five years. These roadmaps will be updated regularly with new information and in response to workforce development plans.

What success looks like	Indicator(s) of success	What we achieved in 2022/23
<p>Fit-for-the-future qualifications and micro-credentials that support flexible pathways and meet emerging needs.</p> <p>Accessible, flexible and relevant learning pathways support sector retention and progression.</p>	<p>95% of qualifications and 80% of standards are up to date and maintained against the review schedule.</p> <p>60% of industry survey respondents, report confidence that qualifications and standards reflect the skills industry needs.</p> <p>60% of industry survey respondents, report confidence that graduates will have the relevant skills.</p>	<p>99% of qualifications up to date against the review schedule and 88% of standards are now up to date.</p> <p>Industry survey results show that 58% of sector respondents have confidence that qualifications and standards reflect the skills industry needs.</p> <p>Industry survey results show that 52% of sector respondents have confidence that graduates will have the relevant skills.</p>
<p>Strategic Alignment: Pou Tuatahi - Whakahōnore i te Tiriti o Waitangi. Pou Tuatoru – Transforming the Workforce.</p>		



Ngā hau ora ā mahi mātou

Covid-19 Response Fund Projects

Industry Equity Project

In collaboration with Hanga-Aro-Rau, the continuation of [Tradecareers.co](https://www.tradecareers.co) is raising awareness of the trades to women which is critical to support meeting labour demands and ensuring positive opportunities for a range of workers. The Keep it Decent Guidelines are helpful for workplaces and support a healthy environment. This is invaluable work and there is a need for many different organisations to share their work and findings to make a step change for women and other groups not well-represented in construction and infrastructure.

New resources published at [tradecareers.co](https://www.tradecareers.co) included:

- online toolkit and equity directory – reached 119,000 women and 52,000 trade employers.
- Building Belonging 7-episode podcast series.
- 'Keep it Decent Guidelines' for safe and respectful workplaces - reached 1.3 million people.

Waihanga Ara Rau is continuing to invest in the diversity and inclusion space, including maintaining the TradeCareers.co website to help showcase best practice and good opportunities.



Workforce Recovery Packages (micro-credentials)

Waihanga Ara Rau listed the first WDC-developed micro-credential (Steel Fixing/Reinforcing Installation) with NZQA. This was a new process resulting from significant collaboration with NZQA, providers and industry. Templates and protocols developed as part of this process will support an efficient method for listing further micro-credentials for all WDCs.

Several further micro-credentials are in development or under consideration, including Underground Utility Location, Trade Essentials and Traffic Management Plan Design.

Plumbing Gasfitting Drainlaying Titiro Whakamua Project

This project was implemented to respond to persistent issues with the quality and consistency of training in the sector. It had a compounding effect where learners could not progress and complete their qualifications.

We facilitated the implementation of 11 recommendations from a review undertaken on behalf of the PGD industry.

This project resulted in the development of several reports and recommendations on improvements required to Plumbing Gasfitting and Drainlaying programmes, the capability and capacity of providers, pastoral care for learners, and the communication of the project outcomes to industry.

Key outcomes of PGD Project

- Apprentice Support. Approximately 175 overdue and at-risk PGD apprentices were provided one-on-one support to catch up. Workplace assessment was trialled as part of this mahi.
- Provider Capability & Capacity Review. This study was an opportunity to understand the current and future capability and capacity of all educational providers offering plumbing, gasfitting and drainlaying training.
- Programme Framework Review. The current PGD programmes were reviewed and NZ Programmes were proposed. The intent is that one programme is being delivered across all providers, and the delivery framework's structure is consistent, allowing apprentices to enter and exit provider programmes across the country seamlessly.
- The next stage of this project is the development of a delivery and transition plan by the providers involved in the current delivery platform.
- The SRG is now focusing on a communications plan to ensure all stakeholders involved in the PGD sector hear the same messaging about proposed changes.
- On behalf of industry and in conjunction with the SRG, Waihanga Ara Rau will continue to monitor the uptake of all project recommendations, provider delivery, and transition plans until the end of April 2024.



Mahi tahi

Collaborating for better outcomes

Memorandums of Understanding (MoUs), Terms of Reference (ToR) for engagement and Partnership Agreements.

Our Terms of Reference (ToR) with Te Pūkenga helps focus both entities on our commitment to the needs of the construction and infrastructure sector. Members of Te Pūkenga have been involved in Strategic Reference Groups, and there has been good communication with various business divisions. We note the end of June is a time of significant change within Te Pūkenga and remain committed to ensuring a healthy relationship and dialogue. Initial discussions have occurred regarding how to access the voice of ākonga to help ensure that our advice to TEC is aligned with industry needs.

The Construction Accord is a key body working in several areas overlapping with other activities. We are developing an MOU with the Accord to ensure we are aligned and leverage off each other. We are collaborating with the Accord in several workstreams including people, skill development, building a stronger Māori Construction economy, sustainability, and responding to recent severe weather events.

Ohu Ahumahi signed a Memorandum of Collaboration (MoC) with the New Zealand Defence Force. The MoC provides a framework for the WDCs and the NZDF to contribute to productive and valued outcomes in vocational training and education.

Weather event response

We worked with Te Waihanga (focusing on infrastructure) and the Construction Sector Accord using our WIP modelling (focusing on residential construction - <https://wip.org.nz/emergency-calculator>) to develop modelling for the recovery workforce, especially in the East Coast. With industry partners, the Regional Skills Leadership Group (RSLG) secretariate and the Construction Sector Accord, we tested the modelling with building, plumbing, gasfitting, drainlaying and electrical industry associations, with amendments made before developing modelling for Auckland. With the addition of Auckland data for the Anniversary Day and Cyclone Gabrielle events taking our total insurance claim value for residential construction up to \$912,632,207, there is still minimal impact on the Auckland workforce. The additional workforce peaked at only 7% of the BAU residential workforce and just over 4% of the total construction workforce (excluding Civil) in the region. Only eight trades peaked above a 10% increase in demand. This is compared to Hawke's Bay and Tairāwhiti peaking at 88% of the residential-specific workforce and 24% of the total BAU construction workforce (excluding Civil) with nine trades with more than a 100% increase.

Shared engagement to respond to iwi and hapū needs

Ohu Ahumahi (the WDCs) have been working on ways in which we give effect to Te Tiriti o Waitangi. This includes joint approaches to iwi and hapū engagement, a shared strategy for te reo me ngā tikanga Māori and mātauranga Māori-developing a set of overarching descriptors and broad guidelines for use across all Ohu Ahumahi.

Te Kāhui Ahumahi

Te Kāhui Ahumahi is a cross-WDC Māori industry governance group. Twelve members or two members from each Council make up the Kāhui Ahumahi although any number of Māori Council members can attend meetings.

Over the last year, the Kāhui Ahumahi has been working on its strategic plan and business plan. These will guide the work programme over the coming year and set the three-year strategic goal.

Several wānanga have been organised and held throughout the year. They have included the senior leadership of Ngā Ohu Ahumahi operations and other Māori participants in the Reform of Vocational Education (RoVE): Wānanga, Te Pūkenga, CoVEs, RSLGs, Te Taumata Aronui and MPTT.

The final wānanga for this year was held at Waitangi and organised to engage with iwi, hapū and Māori industry leaders of Te Tai Tokerau along with elected Māori representatives of local and central government. The outcomes of this wānanga are being compiled and will be released in the following year.

Ninety-two kaimahi Māori are working across Ohu Ahumahi, fulfilling the strategic vision of the Kāhui Ahumahi that these organisations would look more like organisations ready to embed and give effect to Te Tiriti o Waitangi. These kaimahi Māori form the foundation of the capability that is required to support the Māori Crown relationship. Through operationalisation, the vision He Rau Ranga Tira can be realised.



Pacific Fono and Pacific Staff Network

The Pacific Fono comprises members with Pacific heritage from across Ohu Ahumahi Councils (Boards). They play a crucial role in providing strategic leadership and direction across the six WDCs. Collaboration is key to the Pacific Fono's approach, working closely with other WDC members and interested parties to amplify the Pacific voice within the vocational education and training ecosystem.

They have provided valuable input on priority areas, goals, and strategies, ensuring plans across the six WDCs align with the aspirations and needs of Pacific communities, businesses and industry.

Shared Data Platform

Te Mata Raraunga, the shared platform for consistent and accurate vocational education and workforce data at an iwi, regional and national level, for each sector, was launched on 30 June 2023. Collaboration across Ohu Ahumahi and the different entities within the vocational education system is at the forefront of the kaupapa of the Te Mata Raraunga. Analysts from each WDC have been involved in scoping and checking the information for each WDC and the RSLGs. There is also an Ohu Ahumahi governance group that will continue to monitor the development of the tool.



Te Ara ki Tua

The future is in our focus

Honouring Te Tiriti o Waitangi

We are dedicated to ensuring industry has access to resources to support their understanding and application of te ao Māori concepts, the use of te reo Māori and tikanga practices, and knowledge of Te Tiriti o Waitangi.

Our invitation to participate in a panel discussion on Diversity, Equity, and Inclusion at the 2023 AuSAE conference highlighted the hunger from industry to understand the complexities of attracting and retaining a future Māori workforce by adopting a values-based approach to pastoral care and mentoring.

Our priority for the near future includes supporting activities relating to Cyclone Gabrielle Recovery efforts with a focus on ensuring industry have the leadership skills to manage the required workforce, predominantly from cyclone-affected Māori communities throughout the Hawke's Bay/East Coast regions.

There is a need to support iwi and hapū with their alliance on major construction and infrastructure projects to ensure they are aware of career opportunities that exist for Māori, particularly in areas that will benefit their future iwi/hapū development aspirations.

Our equity and inclusion commitment ensures Māori are represented and have a voice in our industry sector groups and steering committees, and at an industry governance level.

This will have an influence in progressive procurement procedures and making sure the broader social and economic outcomes for Māori and Māori businesses are being met.

Setting standards, capstone assessments and qualifications

Waihanga Ara Rau has developed sub-sector product roadmaps that capture opportunities and issues for each sector as well as existing qualification products. These support us to translate industry intelligence into a forward work plan that reflects what industry views as important and supports us to proactively respond to current and future skill challenges of our industries.

These roadmaps will continue to be updated to ensure that they reflect incoming sector intelligence and workforce development planning.

We will use all scheduled qualifications and standards reviews as an opportunity to work alongside industry to consider their training pathway and identify the best way to support their current and future needs through qualification products. This will result in the development of the right mix of qualifications, skill standards, micro-credentials and New Zealand programmes to address the curricula needs of each sector.

In prioritising activity for the coming year, we looked at where we can make the biggest impact and aligned our work programme with our partners and education providers. For example, the development of a New Zealand programme for the NZA in Plumbing, Gasfitting and Drainlaying will support consistency across the motu and boost industry trust and confidence in the vocational education sector. The development of skill standards for the Carpentry sector aligns with the Te Pūkenga plan to develop a transformative programme leading to the New Zealand Certificate in Carpentry, which has the highest volume of learners of any qualification. Key projects across our strategic sectors (see table on page 32) identifies key standard-setting initiatives from our 2023–2024 work plan for each of our strategic sectors.

Key standard-setting initiatives in our 2023–2024 work plan

Strategic Sector	Key standard-setting initiatives
Access Trades	Development of Cranes skill standards Review of Rigging qualifications and development of skill standards Review of Lifting Engineering qualification and development of skill standards
Civil Infrastructure	Development of Temporary Traffic Management micro-credentials Review of Infrastructure Supervision qualification and development of skill standards Review of the Infrastructure Works L2 qualification and development of skill standards
Construction and Infrastructure Services	Development of Building Surveying control skill standards
Electrical, Electronic Engineering and Electrotechnology	Review of Electronic Security qualification and development of skill standards Development of a Cabling Infrastructure qualification and development of skill standards
Energy and Telecommunications	Review of Electricity Supply L2 qualification and development of skill standards Review of Telecommunication qualification and development of skill standards
Finishing Trades	Development of Flooring skill standards and micro-credentials Development of Painting & Decorating skill standards
Offsite Construction	Development of Timber Panelisation credentials Development of Joinery Detailing qualification and skill standards
Onsite Construction	Development of Carpentry skill standards and pre and post apprenticeship micro-credentials Review of Roofing qualification and development of skill standards Review of BCATS qualifications and development of skill standards
Plumbing, Gasfitting and Drainlaying	Development of a NZ Programme for the NZA PGD Review of Level 5 PGD qualifications and development of skill standards Investigation of PGD micro-credentials for biogas and hydrogen
Water Services	Development of Water Reticulation skill standards Review of Water Treatment qualifications and development of skill standards
Retail and Wholesale Industries	Investigate construction and infrastructure specific credential requirements for the retail and wholesale sector

Transforming Assurance

Research was undertaken to develop our transformational plan for assurance. This focuses on how assurance activity can ensure consistency as well as support providers to lift their capability and provide high quality educational outcomes for all learners. The plan has a significant focus on supporting providers to identify opportunities for teaching, learning and assessment practices that support equitable outcomes and how they can take actions to self-evaluate and improve.

The Transformational Plan moves assurance away from being a prescriptive model of just moderation to a cooperative and self-assurance model. It was initially piloted with six providers before being refined and progressively rolled out to all educational providers across the Construction and Infrastructure sectors.

The Provider Profile is a document that will be at the centre of this new process. Each Provider Profile will tell the 'story' of that provider by describing their self-assurance processes, how they deliver and assess against programmes aligning to Waihangara Ara Rau qualifications or standards, their relationships within the Construction and Infrastructure sector, and their strengths, weaknesses, and barriers. The Provider Profile will allow Waihangara Ara Rau to set achievable annual goals based on continuous improvement. Goals may relate to improving self-assessment capacity, working on new offerings for industry or making changes to existing programmes, breaking down barriers, or improving the quality of resources. It will also identify moderation activities for the year that align to the provider's annual moderation plan. This will place Waihangara Ara Rau resources where they are needed most to ensure consistency and lift provider performance.

We will continue to use programme endorsement as an opportunity to ensure that programmes reflect industry expectations and support equitable outcomes for learners. Through Provider Profiles and our qualification systems activity, we will create early opportunities to support providers to understand and respond to industry needs.

Workforce development summit with the Construction Sector Accord

Planning toward the Workforce Development Summit was well underway as at 30 June 2023, with the event scheduled for 6 September 2023.

This summit will look at critical issues affecting the sector and what is coming down the pipeline that may affect the sector. It will bring together people from across the construction and infrastructure sector. This includes Iwi/Māori and Pasifika business leaders, to share presentations on best practice, development of tools, lessons, insights, and tips on:

- attracting and retaining the right talent.
- advancing teams through leadership development.
- building a skilled workforce for the future.
- harnessing the power of diversity, wellbeing, and culture to drive productivity.



Ngā mana urungi Governance and accountability

Governance structure and responsibilities

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

- Waihanga Ara Rau Construction and Infrastructure Order in Council (OiC).
- Education and Training Act 2020.
- TEC Funding Agreement and Conditions.
- TEC Chief Executive's Letter of Expectations.
- The Council's Code of Ethics and Code of Conduct policies.

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

The Waihanga Ara Rau Council held 11 Council Meetings during the year. The Council also held its annual Strategy Planning Session with Management in early March 2023, which informed the development of our Operational Plan 2023/24.

As part of good governance practice, the Council undertook an independently led review of its performance during the year. Several recommendations for improvement were made and actions developed for implementation. Another review will be undertaken in 2023/24.

The terms of three Council Members expired on 30 June 2023. A selection process was undertaken in May 2023 in accordance with Cl. 12 of the OiC. This included the establishment of a Selection Committee made up of 50% Council Members and 50% independent industry representatives. The Committee's recommendation to the Council was to reappoint the three existing incumbents, which the Council accepted via an online out-of-cycle meeting on 20 June 2023. Elena Trout, John Chapman and Bill Newson were reappointed for four-year terms. Elena and John are continuing as Council Co-Chairs until the next review.

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 assists the Council in fulfilling its responsibilities in relation to Waihanga Ara Rau external financial reporting, internal control environment, assurance and external audit functions, risk management. It ensures effective performance reporting that honours Te Tiriti o Waitangi. The Committee consists of four members, including one chair. The committee met seven times during the year.

The People, Culture and Safety (PCS) Committee oversees employee health, safety and wellbeing, advises the Council on remuneration matters, and ensures effective performance reporting that honours Te Tiriti o Waitangi. The Committee consists of four members, including one chair. The Committee met six times during the year.



Council members



Elena Trout Co-Chair

Elena Trout is a Chartered Fellow of the Institute of Directors and a seasoned professional director. She holds an extensive portfolio of directorships, including Ara Ake Ltd, Callaghan Innovation, Ngāpuhi Asset Holding Company, Contact Energy, Harrison Grierson, and Citycare Ltd. She is Chair of the Energy Efficiency and Conservation Authority. She is also an external Ministry of Defence/NZ Defence Capability Governance Board member.



John Chapman Co-Chair

John Chapman, Ngāti Tuwharetoa, Te Whakatōhea, Te Whānau Apanui, is the owner and director of KAEA, which delivers programmes for Kāinga Ora, Māori Pacific Trades Training and various other community and whānau development organisations. He has held senior roles focusing on education and youth development at Visionwest Community Trust Education and Training Centre and Wellington City Mission.



Daniel Haines

Daniel Haines (Te Rarawa) is an Associate Director in the Economic and Social Development team at KPMG New Zealand. 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 the Academic Quality Agency.



Bill Newson

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



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 a director of Rau Paenga, Hiringa Energy, Tainui Kawhia Incorporation, Scion, the establishment board for the Auckland-Northland Water Services Entity and Marae representative for Te Whakakitenga o Waikato.



Tracy Davis

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



Chantelle Bailey

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



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 currently Chair of BRANZ's Building Research Advisory Council (BRAC) and Director of the Building Construction Training Fund (BCTF).



Jan O'Neill

Jan is a co-opted member and Executive General Manager of People & Culture at Downer New Zealand. With over 30 years of 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.

Council members terms, remuneration and meeting attendance 2022/23

Name of Councillor	Other Roles	Start date of appointment	Term of appointment	Council fee	Council meetings attended
Bill Newson ³	Council Member only	June 2021	2 years	30,000	10/11
Brendon Green	Member of Audit, Finance and Risk Committee	June 2021	3 years	30,000 ³	8/11
Chantelle Bailey	Member of People, Culture and Safety Committee	June 2021	4 years	30,000	11/11
Daniel Rewi Haines	Member of Audit, Finance and Risk Committee	June 2021	3 years	30,000	10/11
Elena Trout ⁴	Ex officio of Audit, Finance and Risk Committee	June 2021	2 years	60,000	10/11
Jan O'Neill ⁵	Chair of People, Culture and Safety Committee	August 2022	1 year	33,000	10/11
John Chapman ⁶	Ex officio of People, Culture and Safety Committee	June 2021	2 years	60,000	10/11
Kieren Mallon	Chair of Audit, Finance and Risk Committee	June 2021	4 years	33,000	11/11
Tracy (William) Davis	Member of People, Culture and Safety Committee	June 2021	4 years	30,000	9/11

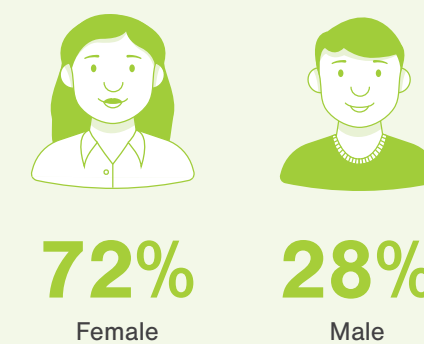
3. Bill was reappointed as a Council Member for a further 4-year term, from 1 July 2023.
 4. Elena was reappointed as a Council Member for a further 4-year term, from 1 July 2023.
 5. Jan was co-opted by the Council for another 1-year term in August 2022. Jan resigned from the Council on 30 June 2023.
 6. John was reappointed as a Council Member for a further 4-year term, from 1 July 2023.

Ā mātou kaimahi Our people

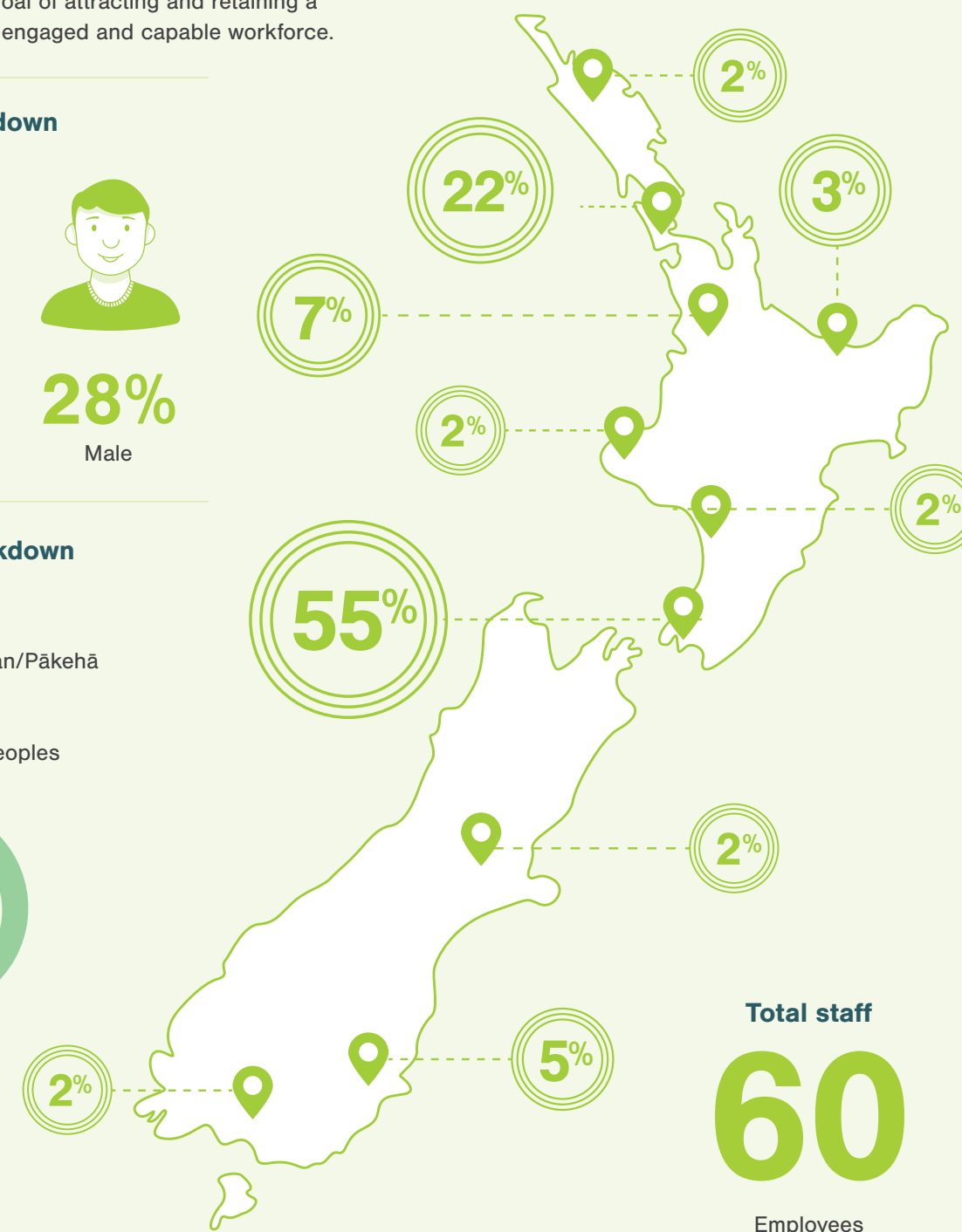
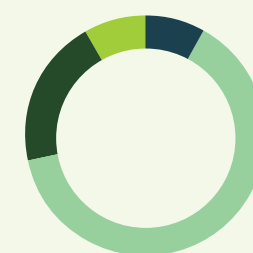
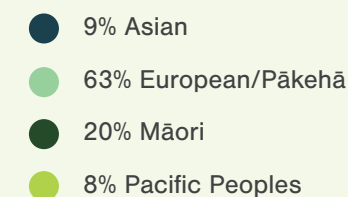
As at 30 June 2023, Waihanga Ara Rau has 60 employees. We have optimised the structure and scope of positions during the year to ensure we are set up to achieve our priorities. We are tracking well towards our goal of attracting and retaining a diverse, inclusive, engaged and capable workforce.

Our people are located across the motu

Gender breakdown



Ethnicity breakdown



Total staff
60
Employees

He tauākī tutukingaā-mahi

Supplementary information



Remuneration - Employee

The Council has employees, not including Councillors, who received total remuneration greater than \$100,000 for the 12 month period ending 30 June 2023.

The employee counts are shown in the table below:

Total remuneration paid or payable	Number of employees	
	2023	2022 ⁷
\$100,000 - \$109,999	5	2
\$110,000 - \$119,999	6	-
\$120,000 - \$129,999	8	1
\$130,000 - \$139,999	5	1
\$140,000 - \$149,999	2	-
\$150,000 - \$159,999	1	2
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999	-	-
\$180,000 - \$189,999	-	-
\$190,000 - \$199,999	2	1
\$200,000 - \$209,999	-	-
\$210,000 - \$219,999	2	1
\$220,000 - \$229,999	2	1
\$230,000 - \$239,999	-	-
\$240,000 - \$249,999	-	-
\$250,000 - \$259,999	-	-
\$260,000 - \$269,999	-	-
\$270,000 - \$279,999	-	-
\$280,000 - \$289,999	-	-
\$290,000 - \$299,999	-	-
\$300,000 - \$309,999	1	-

Cessation Payments

Payments of compensation or other benefits paid or payable to persons who ceased to be members, committee members or employees during the reporting period amounted to \$10,000. (2022: \$51,500)

7. For 2022 the reporting period is the 9 months from 4 October 2021 to 30 June 2022.

Ngā nama Financial Statements

Independent auditor's report



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 2023

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 48 to 74, that comprise the statement of financial position as at 30 June 2023, 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 19 to 26.

In our opinion:

- the financial statements of the Council on pages 48 to 74:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2023; 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 19 to 26:
 - 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 2023; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 13 December 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.

Responsibilities of the Council for the financial statements and the statement of service performance

The Council is responsible on behalf of the Council for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

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.



BDO Wellington Audit Limited

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 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.

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.



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- 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 18 and 27 to 43, 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.

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.

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 1 July 2022 to 30 June 2023.

The Financial Statements fairly reflect the financial position and operations of Waihanga Ara Rau for 1 July 2022 to 30 June 2023.

Signed by:



Elena Trout
Co-Chair
13 December 2023



John Chapman
Co-Chair
13 December 2023



Philip Aldridge
Chief Executive
13 December 2023

Statement of Comprehensive Revenue and Expense

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

All in \$000s	Note	Actual 2023	Budget 2023	Actual 2022
Revenue				
Government funding	2	12,260	12,262	9,020
Grants funding	2	1,623	350	2,310
Interest revenue	2	103	25	-
Total revenue		13,986	12,637	11,330
Expenditure				
People related expenses	3	8,054	8,195	4,201
Hāpaitia Ltd - Shared Council services	3	1,604	1,745	927
Administration and other expenses	3	3,951	3,005	2,968
Total expenditure		13,609	12,945	8,096
Surplus/(Deficit)		377	(308)	3,234
Other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense		377	(308)	3,234
Total comprehensive revenue and expense for the period attributable to				
Waihanga Ara Rau Construction and Infrastructure Workforce Development Council		377	(308)	3,234
Total		377	(308)	3,234

Explanations of major variances against budget are provided in Note 14.

The accompanying notes form part of these financial statements.

The comparative information provided in the Actual 2022 column is for the nine month period 4 October 2021 to 30 June 2022.

Statement of Financial Position

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
As at 30 June 2023

All in \$000s	Note	Actual 2023	Budget 2023	Actual 2022
Assets				
Current assets				
Cash and cash equivalents	4	877	2,394	5,346
Short-term investments	5	3,000	-	-
Trade receivables	6	42	106	121
Other receivables	6	1,066	743	453
Prepayments	6	56	-	7
Total current assets		5,041	3,243	5,927
Current assets				
Property, plant and equipment	8	19	-	-
Total non-current assets		19	-	-
Total assets		5,060	3,243	5,927
Liabilities				
Current liabilities				
Trade and other payables	9	902	418	1,122
Employee entitlements	10	406	-	242
Revenue received in advance	11	141	-	1,329
Total current liabilities		1,449	418	2,693
Total liabilities		1,449	418	2,693
Net assets		3,611	2,825	3,234
Equity				
Accumulated revenue and expense	13	241	1,065	159
Operating reserve	13	1,800	-	1,800
Capital reserve	13	795	1,760	900
Special projects reserve	13	775	-	375
Total equity attributable to Waihanga Ara Rau		3,611	2,825	3,234

Explanations of major variances against budget are provided in Note 14.

The accompanying notes form part of these financial statements.

The comparative information provided in the Actual 2022 column is for the nine month period 4 October 2021 to 30 June 2022.

Statement of Changes in Net Assets/Equity

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

2023	Note	Accumulated revenue and expense	Operating reserve	Capital reserve	Special projects reserve	Total net assets/equity
All in \$000s						
Balance at 1 July 2022	13	159	1,800	900	375	3,234
Total comprehensive revenue and expense for the year		377				377
Transfers between reserves						
Capital reserve		105		(105)		-
Special projects reserve		(400)			400	-
Total transfers		(295)	-	(105)	400	-
Balance at 30 June 2023		241	1,800	795	775	3,611

2022	Note	Accumulated revenue and expense	Operating reserve	Capital reserve	Special projects reserve	Total net assets/equity
All in \$000s						
Balance at 1 October 2021	13	-	-	-	-	-
Total comprehensive revenue and expense for the year		3,234				3,234
Transfers between reserves						
Operating reserve		(1,800)	1,800			-
Capital reserve		(900)		900		-
Special projects reserve		(375)			375	-
Total transfers		(3,075)	1,800	900	375	-
Balance at 30 June 2022		159	1,800	900	375	3,234

The accompanying notes form part of these financial statements.

The comparative information provided in the 2022 table is for the nine month period 4 October 2021 to 30 June 2022.

Statement of Cash flows

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

All in \$000s	Note	Actual 2023	Budget 2023	Actual 2022
Operating activities				
Receipts from Government		12,811	14,101	12,659
Receipts of interest		103	-	-
Receipts of other revenue		-	24	-
Goods and services tax (net)		(224)	(1,162)	14
Payments to employees		(7,890)	(7,984)	(3,139)
Payments to suppliers		(5,877)	(5,788)	(4,188)
Net cash flows from operating activities		(1,077)	(809)	5,346
Investing activities				
Sale/(Purchase) of Property, plant and equipment		(20)	-	-
Purchase of term deposits		(3,000)	-	-
Net cash flows from investing activities		(3,020)	-	-
Financing activities				
Advances to Hāpaitia		(372)	(100)	-
Net cash flows from financing activities		(372)	(100)	-
Net (decrease)/increase in cash and cash equivalents		(4,469)	(909)	5,346
Cash and cash equivalents at beginning of the period		5,346	3,303	-
Cash and cash equivalents at end of the period	4	877	2,394	5,346

Explanations of major variances against budget are provided in Note 14.

The accompanying notes form part of these financial statements.

The comparative information provided in the Actual 2022 column is for the nine month period 4 October 2021 to 30 June 2022.

Note Index

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

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Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

1. Statement of accounting policies

Reporting entity

Waihanga Ara Rau is domiciled in Aotearoa 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.

Basis of preparation

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period. This means accounts have been produced on the assumption that we 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 4 October 2021 and therefore the comparative reporting period for the financial statements is for the nine months from 4 October 2021 to 30 June 2022.

Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with Public Benefit Entity (PBE) Accounting Standards Reduced Disclosure Regime (RDR) 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 RDR disclosure concessions.

The Council has complied with its obligations under the Charities Act 2005.

These financial statements were authorised for issue by Waihanga Ara Rau Council on 13 December 2023.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars which is the functional currency of 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.

Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

1. Statement of accounting policies (continued)

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 budget figures were prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these 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 expenses. 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:

- 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.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2023 include the following:

- Useful lives and residual values - The useful lives and residual values of assets are assessed using the following to determine potential future use and value from disposal, the condition of the asset, the nature of the asset, its susceptibility and adaptability to changes, the nature of the process in which the asset is deployed availability of funding to replace the asset changes in the market in relation to the asset.

Goods and services tax (GST)

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 Inland Revenue Department (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 year ended 30 June 2023

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 we receive 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 our non-exchange transaction revenue streams must also be met before revenue is recognised.

Government Funding

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 the TEC funding as revenue when received. The 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 (e.g., 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 year ended 30 June 2023

2. Revenue (continued)

All in \$000s	Actual 2023	Actual 2022
Government funding classified as non-exchange transactions		
Government funding classified as non-exchange transactions	12,260	9,020
Project grant funding classified as non-exchange transactions	1,623	2,310
Total Government funding	13,883	11,330
Other revenue classified as exchange transactions		
Interest revenue	103	-
Total other revenue	103	-
Total other revenue	13,986	11,330
Revenue classification		
Non-exchange revenue	13,883	11,330
Exchange revenue	103	-
Total revenue	13,986	11,330

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 2023	Project grant funding 2022
Project Name		
Industry Equity Project	598	100
Electricity Supply and Three Waters Nahere Whakamahinga Project	-	1,069
Industry Recovery Packages (micro-credentials)	325	563
Construction Workforce Forecasting	-	578
Plumbing, Gasfitting and Drainlaying Industry Training	700	-
Total	1,623	2,310

The comparative information provided in the Actual 2022 column is for the nine month period 4 October 2021 to 30 June 2022.

Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

3. Expenditure

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

All in \$000s	Actual 2023	Actual 2022
Employee benefits expenses		
Wages and salaries	7,207	3,331
Contractors	473	583
Councillors and board expenses	346	258
Other employee expenses	28	29
Total	8,054	4,201
Hāpaitia Limited Shared Council Services¹	1,604	927
Administration and other expense		
Depreciation and Amortisation		
Depreciation	1	-
Total	1	-
Consultancy costs		
Consultancy costs	411	182
Audit expenses ²	55	38
Legal fees	22	29
Total	488	249
People and Culture costs		
Other staff costs	188	21
Recruitment costs	92	104
Total	280	125
Information Technology costs		
Subscriptions and memberships	73	5
Total	73	5

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

The comparative information provided in the Actual 2022 column is for the nine month period 4 October 2021 to 30 June 2022.

Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

3. Expenditure (continued)

All in \$000s	Actual 2023	Actual 2022
Office and other costs		
General expenses	607	96
Travel and engagement costs	508	105
Communication and marketing	370	67
Project costs	1,624	2,321
Total	3,109	2,589
Total administration and other expenses	3,951	2,968
Total expenditure	13,609	8,096

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 2023	Actual 2022
Bank deposits	877	5,346
Total	877	5,346

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

The comparative information provided in the Actual 2022 column is for the nine month period 4 October 2021 to 30 June 2022.

Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

5. Short-term investments

Accounting Policy

Deposits with an original maturity of more than three months and less than one year are recognised as short-term investments.

All in \$000s	Actual 2023	Actual 2022
Short-term investments		
Term deposits	3,000	-
Total	3,000	-

At 30 June there were three term deposits with the details provided in the table below (2022: Nil).

Bank	Deposit Value (000's)	Maturity	Interest Rate
ASB	1,000	17 August 2023	5.04%
ASB	1,000	14 September 2023	5.81%
ASB	1,000	14 December 2023	6.23%

The comparative information provided in the Actual 2022 column is for the nine month period 4 October 2021 to 30 June 2022.

Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

6. Trade receivables and other 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 or a group of debtors is 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 16).

All in \$000s	Actual 2023	Actual 2022
Trade receivables		
Trade receivables from exchange transactions	42	121
Net trade receivables from exchange transactions	42	121
Other receivables from non-exchange transactions		
GST receivable	241	-
Advances to Hāpaitia Limited	825	453
Total receivables from non-exchange transactions	1,066	453
Total Receivables	1,108	574
Prepayments and other assets		
Prepayments	56	7
Total Prepayments and Other Assets	56	7

The comparative information provided in the Actual 2022 column is for the nine month period 4 October 2021 to 30 June 2022.

Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

7. 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 our 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 Limited 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.

Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

8. Property, plant and equipment

Accounting Policy

Property, plant, and equipment consists of three asset classes: computer equipment, office equipment and office fit out. All asset classes are measured at cost, less accumulated depreciation, and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Waihanga Ara Rau and the group and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition. Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Toi Mai and the group and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred. Additions over \$2,000 in value are capitalised. Amounts under this are expensed.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

- Computer equipment SL 33.3%

Impairment

No assets have been impaired during the reporting period.

Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

8. Property, plant and equipment (continued)

All in \$000s	Computer Equipment	Capital work in progress	Total
Cost or valuation			
Balance at 1 July 2022	-	-	-
Additions	5	15	20
Disposals	-	-	-
Balance at 30 June 2023	5	15	20
Accumulated depreciation and impairment			
Balance at 1 July 2022	-	-	-
Depreciation	(1)	-	(1)
Disposals	-	-	-
Balance at 30 June 2023	(1)	-	(1)
Net book value			
As at 1 July 2022	-	-	-
As at 30 June 2023	4	15	19

9. 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 2023	Actual 2022
Trade payables	616	992
Accruals	279	117
GST payable	-	9
Other payables	7	4
Total	902	1,122

The comparative information provided in the Actual 2022 column is for the nine month period 4 October 2021 to 30 June 2022.

Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

10. 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 2023	Actual 2022
Current		
Short-term employee benefits	406	242
Current portion of long-term employee benefits	-	-
	406	242
Non-current		
Non-current portion of long-term employee benefits	-	-
Total employee benefit liability	406	242

The comparative information provided in the Actual 2022 column is for the nine month period 4 October 2021 to 30 June 2022.

Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

11. Revenue received in advance

Accounting Policy

Project funding received has been recognised as income when 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 2023	Actual 2022
Revenue received in advance		
Project funding	141	1,329
Total	141	1,329
Current portion	141	1,329
Total revenue received in advance	141	1,329

The comparative information provided in the Actual 2022 column is for the nine month period 4 October 2021 to 30 June 2022.

Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

12. 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 6 and 9 and below.

i) Classification of financial instruments

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

2023		Financial Assets	Financial Liabilities	Total
		Amortised cost	Amortised cost	
All in \$000s	Note			
Subsequently not measured at fair value				
Cash and cash equivalent (assets)	4	877	-	877
Short-term investments	5	3,000	-	3,000
Receivables	6	867	-	867
Payables	9	-	(902)	(902)
		4,744	(902)	3,842

2022		Financial Assets	Financial Liabilities	Total
		Amortised cost	Amortised cost	
All in \$000s	Note			
Subsequently not measured at fair value				
Cash and cash equivalent (assets)	4	5,346	-	5,346
Receivables	6	574	-	574
Payables	9	-	(1,113)	(1,113)
		5,920	(1,113)	4,807

The comparative information provided in the 2022 table is for the nine month period 4 October 2021 to 30 June 2022.

Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

12. Financial Instruments (continued)

ii) Fair value through surplus or deficit

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 Statement of Financial Position.

Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

13. Equity

Accounting Policy

Our 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 2023	Actual 2022
Equity		
Accumulated revenue and expenses	241	159
Reserves		
Operating reserve	1,800	1,800
Capital reserve	795	900
Special projects reserve	775	375
Total reserves	3,370	3,075
Total equity	3,611	3,234

All in \$000s	Actual 2023	Actual 2022
Accumulated revenue and expenses		
Balance at 1 July	159	-
Surplus/(deficit) for the year before other comprehensive revenue and expenditure	377	3,234
Allocation to reserves	295	241
Balance as at 30 June	241	159

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 2023	Actual 2022
Operating Reserve		
Balance at 1 July	1,800	-
Allocation from accumulated revenue and expense	-	1,800
Balance as at 30 June	1,800	1,800

The comparative information provided in the Actual 2022 column is for the nine month period 4 October 2021 to 30 June 2022.

Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

13. 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.

All in \$000s	Actual 2023	Actual 2022
Capital Reserve		
Balance at 1 July	900	-
Allocation from accumulated revenue and expense	(105)	900
Balance as at 30 June	795	900

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 2023	Actual 2022
Special Projects Reserve		
Balance at 1 July	375	-
Allocation from accumulated revenue and expense	400	375
Balance as at 30 June	775	375

The comparative information provided in the Actual 2022 column is for the nine month period 4 October 2021 to 30 June 2022.

Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

14. Major budget variations

Explanations for major statement of comprehensive revenue and expense budget variations from the 2023 Waihanga Ara Rau budget are detailed below in this table:

All in \$000s	Actual 2023	Budget 2023	Variance
Revenue variances			
Government funding	12,260	12,262	(2)
Project grants funding	1,623	350	1,273
Interest revenue	103	25	78
Expenditure variances			
Employee expenses	8,054	8,195	(141)
Shared services	1,604	1,745	(141)
Administration and other expenses	3,951	3,005	946
Total comprehensive revenue and expense	377	(308)	685

A small variance on Government funding arose from the rounding of the funding package from TEC. The variance in project grants funding arose from the timing of actual project expenditure and subsequent income recognition between last financial year and this financial year. Investment of surplus cash flow in term deposits resulted in interest income that was not budgeted.

There were significant savings in employee expenses due to decisions regarding the timing of recruitment and ensuring that appropriate resourcing is provided both now and in the future. Shared services expenditure was lower than budget primarily due to savings in budgeted collaborative projects and property costs that were offset by increased costs of contractors. Administration and other expenses were higher than budget primarily due to increased costs in engagement and travel expenditure. Another contributor was project costs which were assumed to be completed when the budget was prepared.

Explanations for major statement of financial position budget variations from the 2023 Waihanga Ara Rau budget are detailed below in this table:

All in \$000s	Actual 2023	Budget 2023	Variance
Statement of financial position			
Current assets	5,041	3,243	1,798
Non-current assets	19	-	19
Current liabilities	1,449	418	1,031
Equity	3,611	2,825	786

Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

14. Major budget variations (continued)

Current assets are higher than budget due to higher bank balances resulting from a higher operating surplus. Accounts receivable were higher than budget due to an increase in GST receivable. In addition, advances to Hāpaitia Ltd were higher than budgeted due a change in the use of advance accounts with monthly invoice payments no longer being offset through the advance accounts. These are paid under normal supply arrangements and the advance remains static for the financial year to cover cashflow requirements for operating and capital expenditure for Hāpaitia Ltd. The advance requirements are reviewed and adjusted annually in July of each year rent. Prepayments and non-current assets that were purchased during the year were not budgeted.

Current liabilities are higher than budgeted with trade payables being higher than expected due to timing differences for expenditure and payments. In addition, revenue in advance is higher than expected as a budget assumption was made that all projects would be completed in the previous year and therefore revenue fully recognised in the prior year. Offsetting this, employee benefits were lower than budgeted with kaimahi leave accruals lower than expected due to recruitment delays and a concentrated effort to ensure that kaimahi take annual leave as part of our commitment to wellbeing.

Equity balances are higher than budgeted largely due to the higher than expected surplus which has been transferred to various equity reserves for application in future years to special projects.

Explanations for major statement of cash flow budget variations from the 2023 Waihanga Ara Rau budget are detailed below in this table:

All in \$000s	Actual 2023	Budget 2023	Variance
Statement of cash flows			
Cash flow from operating activities	(1,077)	(809)	(268)
Cash flow used in investing activities	(3,020)	-	(3,020)
Cash flows from financing activities	(372)	(100)	(272)
Net (decrease)/increase in cash and cash equivalents	(4,469)	(909)	(3,560)
Cash and cash equivalents at beginning of the year	5,346	3,303	2,043
Total cash and cash equivalents at end of the year	877	2,394	(1,517)

Cashflows from operating activities were higher primarily due to higher than budgeted expenses in the delivery of projects which were partially offset by savings in other areas including personnel expenses. Cashflow used in the purchase of fixed assets and term deposits were not budgeted. Cash requirements for Hāpaitia advances were slightly higher than budgeted which was largely due to the change in the methodology for the application of advances.

Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

15. 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 leasee. Leases that are not finance leases are classified as operating leases. Operating leases are not recognised in our 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. We have entered leasing arrangements with our associate Hāpaitia Limited for computer and office equipment as part of the Service contract between both parties (Note 17).

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 charged back to the Workforce Development Councils. Waihanga Ara Rau has no other operating leases.

16. 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 is committed, as stipulated in the service contract with Hapaitia Limited, to fulfilling its responsibilities related to computer and office equipment leasing. This commitment extends to meeting both the ongoing operational costs and honouring the lease obligations for the duration of the assets and the lease commitments made by Hapaitia Limited throughout the contract period.

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 \$111,200 (2022: \$93,700). The lease commitment continues until either party terminates 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, as at 30 June 2023, was \$266,607 (2022: \$415,779).

Contingent Liabilities

The funding from the TEC sourced from the WDC 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 we are 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 (2022: Nil).

Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

17. 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 we 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' (FTEs) for Senior executive officers) in each class of key management personnel is presented here:

All in \$000s	Actual 2023	Actual 2022
Key management personnel related party transactions		
Council members		
Number of Council members ⁽¹⁾	0.22	0.59
Remuneration	330	248
Senior executive officers		
Full-time equivalent members ^{(2) (3)}	7.8	4.8
Remuneration	1,689	1,125
Total full-time equivalent members	8.02	5.39
Total key management personnel remuneration	2,019	1,373

1. There were nine members of council throughout the period of 1 July 2022 to 30 June 2023. One resigned 30 June 2023 (2022: There were nine members of council throughout the period of 4 October 2021 to 30 June 2022.)
2. There are eight members of the senior management team considered to be key management personnel. These members were employed throughout the period 1 July 2022 to 30 June 2023 resulting in a full time equivalent figure of 7.8. One member was only employed for 10 months. (2022: There were seven 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).
3. Includes salaries and cessation payments.

The comparative information provided in the Actual 2022 column is for the nine month period 4 October 2021 to 30 June 2022.

Notes to the Financial Statements

Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
For the year ended 30 June 2023

17. Related party transactions and key management personnel (continued)

ii) Other related parties

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

2023 Related Party	Goods/Services Provided	Transaction Value (\$000's)	Transaction Value (\$000's)	Accounts Payable (000's)	Accounts Receivable (000's)	Advances made (000's)
		Paid	Received	As at June 30	As at June 30	As at June 30
Hāpaitia Ltd	Shared Corporate Services including Finance, IT, People & Culture, and Office Management)	3,233	25	211	-	825
Hanga-Aro-Rau	Shared project and operational costs recharged	2	20	-	-	-
Muka Tangata	Shared project and operational costs recharged	13	33	-	6	-
Ringa Hora	Shared project and operational costs recharged	-	30	-	-	-
Total		3,248	108	211	6	825

2022 Related Party	Goods/Services Provided	Transaction Value (\$000's)	Transaction Value (\$000's)	Accounts Payable (000's)	Accounts Receivable (000's)	Advances made (000's)
		Paid	Received	As at June 30	As at June 30	As at June 30
Hāpaitia Ltd	Shared Corporate Services including Finance, IT, People & Culture, and Office Management)	927	-	276	21	453
Total		927	-	276	21	453

18. 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 (2022: Nil).

The comparative information provided in the 2022 table is for the nine month period 4 October 2021 to 30 June 2022.

