

2024 Annual Report

PRESENTED TO THE HOUSE OF REPRESENTATIVES
PURSUANT TO SECTION 150(3) OF THE CROWN
ENTITIES ACT 2004



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CRHL Purpose, objectives and Service Performance Measures

CRHL Purpose, objectives and Service Performance Measures

To invest in regional economic development in New Zealand, including by providing various forms of financial support for recipients in regional New Zealand¹

Its five objectives for achieving its purpose² are underpinned by strategic service performance measures



1 – Act as an asset holding company to hold investments made through the PGF and other regional economic development initiatives

As at 30 June 2024 CRHL held on behalf of the Crown investments from 8 regional funds (5 2022/23), in 13 regions (13 2021/22), and 19 (19 2021/22) industry sectors.

For more details, see [page 4-5](#)



3 – Operate commercially and in a manner that optimises investments, minimises costs, reflects the funds’ overarching objectives and timely distribution of any surplus funds

MBIE engaged BERL to undertake research into the value added from investments in a region during the active period of a project. A summary of results from this research can be found on [page 7](#).



4 – Supervise and monitor the performance of MBIE’s obligations under the Investment Management Agreement, consistent with CRHL’s company constitution

The CRHL Directors have identified 5 performance measures that they included in the Statement of Performance Expectations. The annual result of these measures is contained on [page 32](#).



2 – Maintain and comply with the Investment Management Agreement with MBIE – CRHL will outsource the day-to-day management of investments to MBIE

CRHL and MBIE have entered into a Management Agreement. Annually MBIE surveys the CRHL Directors for their satisfaction on agreed service levels and timeframes. The survey results are reproduced on [page 25](#) and are also available in the MBIE Annual Report available via the MBIE website.



5 – Provide its own advice to the relevant Ministers of prospective investments that MBIE assessed

A record of the pieces of advice is included in the Chair’s report on [pages 14-15](#).

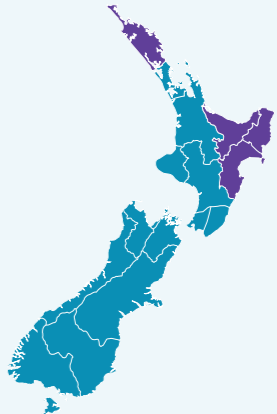
Resilience despite continued severe weather events

North Island Weather Events Primary Producer Finance Scheme

Multiple regions were again affected by severe weather events during FY23/24. The North Island Weather Events Primary Producer Finance Scheme (NIWE PPFS) was a \$240 million fund for businesses severely impacted by the North Island Weather Events in early 2023. Initially open for applications and expressions of interest from 31 July to 8 September 2023, the Scheme re-opened for expressions of interest from 2 October to 27 October 2023. The Scheme closed on 30 June 2024.

The Scheme contributed to eligible individual business’ recovery to make a tangible difference to the affected region’s social and economic outcomes.

See [page 7](#) for the economic and social impacts of the NIWE PPFS.



Regional funding as at 30 June 2024:

Te Tai Tokerau/Northland	\$10.285M
Te Moana-a-Toi/Bay of Plenty	\$0.600M
Tairāwhiti/East Coast	\$13.270M
Te Matau-a-Māui/Hawke’s Bay	\$98.620M

SEVERE WEATHER EVENT



FLOODING



DEBRIS



REBUILD



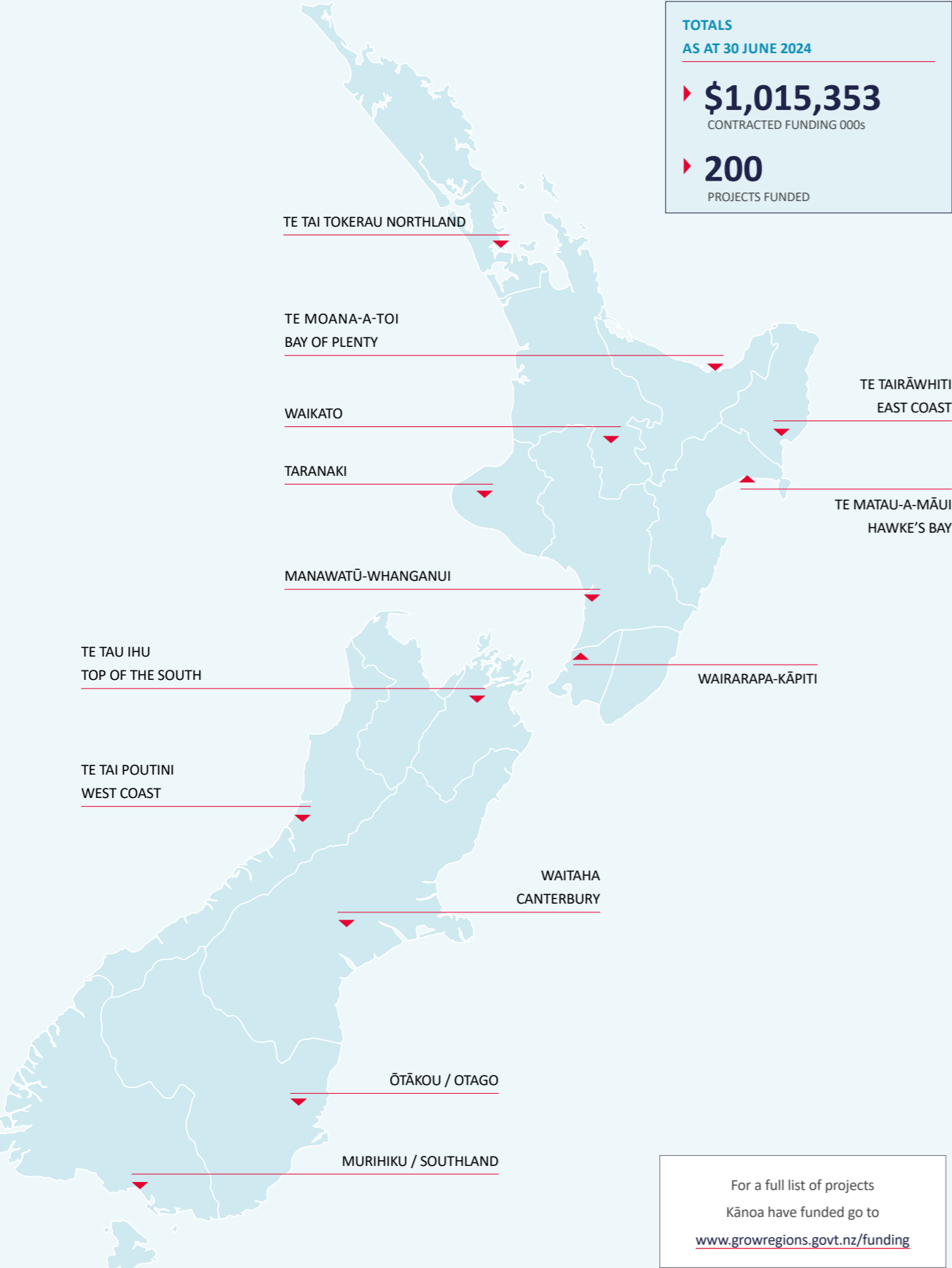
COMMUNITY RESILIENCE / RECOVERY



1 Source – Crown Regional Holdings Limited, Constitution

2 Source – Crown Regional Holdings Limited, Statement of Service Expectations 2023/24

CRHL Regional map



Funding and projects breakdown

TE TAI TOKERAU NORTHLAND CONTRACTED FUNDING 000s \$111,110 PROJECTS FUNDED 23	TE MOANA-A-TOI BAY OF PLENTY CONTRACTED FUNDING 000s \$340,846 PROJECTS FUNDED 36	WAIKATO CONTRACTED FUNDING 000s \$70,122 PROJECTS FUNDED 15
TE TAI RĀWHITI EAST COAST CONTRACTED FUNDING 000s \$117,195 PROJECTS FUNDED 23	TARANAKI CONTRACTED FUNDING 000s \$6,119 PROJECTS FUNDED 5	TE MATAU-A-MĀUI HAWKE'S BAY CONTRACTED FUNDING 000s \$151,604 PROJECTS FUNDED 26
MANAWATŪ-WHANGANUI/ HOROWHENUA CONTRACTED FUNDING 000s \$70,410 PROJECTS FUNDED 16	WAIRARAPA-KĀPITI CONTRACTED FUNDING 000s \$4,090 PROJECTS FUNDED 3	TE TAU IHU TOP OF THE SOUTH CONTRACTED FUNDING 000s \$19,500 PROJECTS FUNDED 7
TE TAI POUTINI WEST COAST CONTRACTED FUNDING 000s \$12,546 PROJECTS FUNDED 5	WAITAHA CANTERBURY CONTRACTED FUNDING 000s \$10,500 PROJECTS FUNDED 4	ŌTĀKOU OTAGO CONTRACTED FUNDING 000s \$25,995 PROJECTS FUNDED 17
MURIHIKU SOUTHLAND CONTRACTED FUNDING 000s \$63,875 PROJECTS FUNDED 14	NATIONAL CONTRACTED FUNDING 000s \$11,441 PROJECTS FUNDED 6	

PROJECT COMPARISONS FY2023 / FY2024	01/07/22 to 30/06/23 Contracts	01/07/23 to 30/06/24 Contracts	01/07/22 to 30/06/23 Contracted Funding \$000s	01/07/23 to 30/06/24 Contracted Funding \$000s
Opening balance	160	163	784,724	823,988
New projects contracted	16	58	60,520	240,925
Additional funding for existing projects	–	–	15,400	14,750
Reduced funding for existing projects	–	–	(17,467)	(6,050)
Withdrawn projects	(3)	(8)	(6,787)	(20,929)
Completed projects	(10)	(13)	(12,401)	(37,331)
Closing balance	163	200	823,989	1,015,353
In year movement	3	37	39,265	191,365

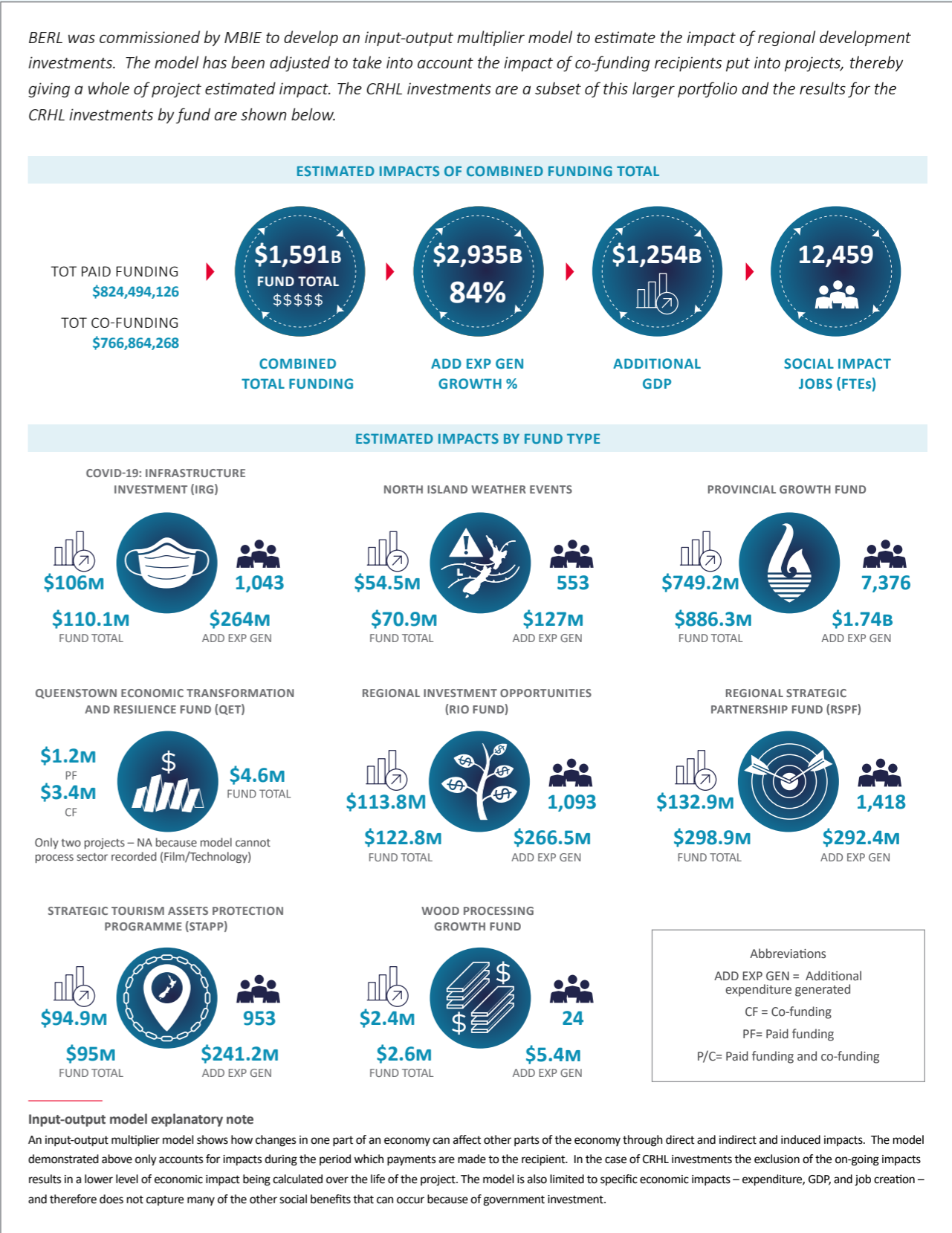
Results

Projects breakdown by sector



Economic and social impacts

From regional investments by fund type



CRHL Spotlight project: Reservoirs provide horticultural opportunities

Te Rarawa reservoir
Te Tai Tokerau / Northland

Project details
Provides transitioning to Horticultural opportunities through off stream water storage. It opens up 300 ha of land for conversion from dairy to horticultural production.

Size
7 hectare reservoir
0.3 million m³ volume

Funding
\$3.6 million PGF loan
\$4.5 million cost



Te Waihekeora Reservoir
Te Tai Tokerau / Northland

Project
The Kaipara Water Distribution Infrastructure Construction project opens up 1,100 ha of land for production horticultural intensification.

Size
42 hectare reservoir
3.3 million m³ volume

Funding
\$18.5 million*
\$25.9 million cost



*Loan given as two PGF loans in addition to \$11.5m for infrastructure reticulation.

CRHL Spotlight project

Whakarewarewa The Living Māori Village



Whakarewarewa The Living Māori Village
[Te Moana-a-Toi / Bay of Plenty](#)

Project

Whakarewarewa Thermal Village received funding as part of the Strategic Tourism Asset Protection Program (STAPP) given in response to COVID-19.

The funding was for a five year period to ensure tourism organisations were able to continue during a period of low tourist visitors.

The village provides visitors with a number of different experiences including guided tours of the village, and geothermal trails. The STAPP loan enabled staff to be retained during the COVID-19 period and gave assurance that the village could continue to operate.

Funding

Loan \$1 million



CRHL Spotlight project

Geo40's Ohaaki geothermal site

Geo40's Ohaaki geothermal site
Taupō



Project

Geo40 is an innovative technology development company that aims to make a significant difference to how mineral value is recovered from geothermal and underground fluids, covering those fluids used to generate geothermal power and subterranean fluids more generally.

The Crown has invested \$17 million to support the commercialisation of the extraction of silica and lithium based at Geo40's Northern Plant in the Waikāto region. The project is progressing with increased sales of silica being experienced and the development of a mobile lithium extraction unit being piloted in North America. The Company is also working with operators of geothermal power plants in Asia and Europe to expand the use of the silica and lithium technologies further, while maintaining a low-carbon environmentally sustainable process.

Funding

Loan: \$10,000,000
Equity: \$7,000,000



Crown Regional Holdings Limited

Chair's Report 2024



John Rae
Chair, Crown Regional Holdings Limited

On behalf of the Board of Crown Regional Holdings Limited (CRHL), I am pleased to present the Annual Report for the year 2023-2024.

It has been a productive year for CRHL, managing regional investments, providing independent commercial advice to Ministers, and supporting development and recovery initiatives that enable economic growth in regional New Zealand.

It has been slightly over a year since my appointment as Chair in June 2023. In that time, the CRHL portfolio has continued to grow, and in the coming year will start overseeing loans and equity investments approved under one of the Government's manifesto commitments, the Regional Infrastructure Fund (RIF). The RIF is intended to boost productivity, resilience and prosperity in New Zealand's regions, by investing in new and existing infrastructure assets that are used by, and generate benefits for, multiple businesses, organisations or communities. The RIF opened on 1 July 2024 for applications from councils, iwi, businesses, and organisations with infrastructure projects to support regional priorities.

With the addition of the RIF, the CRHL portfolio contains multiple investments under Government funding programmes. CRHL continues to oversee eight funds from existing investments and this year saw the addition of the North Island Weather Events- Primary Producer Finance Scheme (NIWE PPFS). This Fund was a response by the government to the extreme weather events that occurred in the North Island early in 2023.

As at 30 June 2024, the CRHL portfolio includes:

- ▶ 200 active contracts totalling \$1,015.4 million.
 - ▶ \$759.3million in loans
 - ▶ \$132.8million in equity
 - ▶ \$123.3 million in capital assets

In line with the CRHL Constitution and the expectations documented in the 2023-24 Statement of Expectation agreed with Ministers, the Board gave independent advice on six Regional Strategic Partnership Fund (RSPF) projects prior to approval. Due to the urgency needed in approving the NIWE PPFS projects the Board did not provide separate independent advice to Ministers on these projects.

Of the 200 active investments in the portfolio, at 30 June 2024 16 investments with drawdowns totalling \$63.7million were classified as "Red" risk status- the highest risk level

under the CRHL escalation policy. While this increase continues the trend from the previous reporting period, it is not unexpected when factoring the challenging macroeconomic environment. It is also important to remind ourselves that the space that the funds are almost universally targeted is into areas that banks and other financiers are either unwilling, or on a very limited basis, prepared to support – which makes our investments inherently more subject to risk.

As we move through 2025, the economic landscape remains challenging. High inflation, elevated interest rates, a tight labour market, and ongoing supply chain disruptions continue to weigh on business sentiment and investor confidence. In response, many New Zealand businesses have embraced a "Survive to 25" strategy—focusing on resilience, adaptability, and long-term sustainability.

This past year has been a testament to the determination and ingenuity of regional businesses. Despite the headwinds, our borrowers and equity partners have remained steadfast—delivering on projects, honouring commitments, and striving to maximise outcomes. The emphasis has shifted from short-term gains to building a foundation for future growth and stability.

While the road has not been easy, the collective resolve and positive mindset across the business community signal a strong commitment to enduring and emerging stronger in the years ahead. As a result of the interest earned and repayments received, CRHL has paid a dividend to the Crown (\$19.2 million), completed a share buyback from shareholding Ministers (\$58.1 million) and reduced the level of unsubscribed share capital (\$40.0 million). The net effect of these three actions means the Government's cash position improved by \$117.3 million.

This year has seen the CRHL portfolio achieve many milestones. A selected few are listed below:

- ▶ 13 loans were repaid in full, returning \$38.4 million in interest and principal

- ▶ 25 NIWE PPFS loans were novated to CRHL with a value of \$122.8 million, and \$59.6 million has been drawn down to begin the rebuild in the regions impacted by the weather events
- ▶ 16 RSPF projects met conditions and fully drew down with a total value of \$50.8 million
- ▶ In the smaller funds being administered one WPGF loan and two Queenstown Economic Transformation and Resilience were novated to CRHL.

CRHL remains focused on delivering great projects that create intergenerational assets for New Zealand. The Ōpōtiki Harbour Development is one such asset and will be fully operational in the third quarter of the 2025 calendar year. This asset is pivotal to the growth of the aquaculture industry in the Ōpōtiki region and is the largest asset in the CRHL portfolio.

I would like to acknowledge my fellow directors: Dame Patsy Reddy GNZM CVO QSO DStJ, Neville Harris QSO, Anne-Marie Broughton, Elizabeth Hopkins and Rosie Mercer for their invaluable contribution to these ambitious government programmes.

I am also pleased to extend a warm welcome to our newly appointed directors: Michael Greenslade, Mat Bolland and Angela Edwards. Your expertise, fresh perspective, and commitment to our shared vision come at a pivotal time as we transition from resilience to renewed growth.

I would also like to thank our Shareholding Ministers, MBIE and Kānoa – RD for their continued support to CRHL and commitment to our regional economies.

John Rae
Chair, Crown Regional Holdings Limited

CRHL Spotlight project

Te Rere O Kapuni (Dawson Falls)



Te Rere O Kapuni (Dawson Falls)
Taranaki

Project
The loan is contributing to the redevelopment of iwi-owned existing visitor’s centre located at Te Rere o Kapuni (Dawson Falls).

The redevelopment will enable the centre to be positioned as a cultural tourism destination that is fit for the future and will also support visitors enjoying the Taranaki Crossing.

The new visitor centre is currently scheduled to be completed by the end of 2024.

Funding
Loan \$1.8 million



CRHL Spotlight project Toitu Housing Project



Toitu Housing Project
Tairawhiti

Funding

Loan: \$4,000,000

Project

A number of Tairawhiti Iwi secured \$50 million from Housing and Urban Development (HUD). The funding is focussed on constructing housing specifically for Māori. The Iwi collective has established a partnership with Huntly based prefabricated housing company Builtsmart. Builtsmart provides prefabricated housing logistics to Toitu with housing to be constructed in-region.



To deliver in-region construction, the Toitu Tairawhiti Housing project (RSPF co-funded) has constructed a prefabricated housing facility in Gisborne. The facility comprises six covered bays capable of simultaneously constructing 12 houses.

Houses are now being delivered to a number of Iwi owned land blocks and sub-divisions.

CRHL Spotlight project

Mātai Medical Research Limited



Mātai Medical Research Limited
Tairāwhiti

Project

Mātai Medical Research Limited (Mātai) was provided funding from the RSPF to purchase a second MRI machine. The second MRI will focus on a new clinical service that Mātai is building as it works towards a more financially sustainable operating model.

Mātai is a cutting-edge medical research institute with a vision to shape the future of medical research and innovation. It has become a leading force in medical imaging, with a state-of-the-art GE 3 Tesla MRI machine and a team of experts.

Mātai was officially opened in April 2024 in front of a large crowd of politicians, civil servants, medical people, community stakeholders and members of the public.



Mission / Outcome

Their mission is to pioneer advancements in medical imaging, neuroscience, and predictive and preventive medicine.

Mātai has created 68 roles to date, with 20 of these being high value roles such as physicists and mathematicians.



Funding

Loan: \$1.500 million

CRHL

Director profiles



John Rae (B.Com, LLB) | Chair

John is a professional Director and advisor to a number of companies around New Zealand.

He is a Chartered Member of the Institute of Directors and has/had Director or Chairman roles for a number of New Zealand companies involved in the infrastructure, investment, agriculture, horticulture, energy, iwi, waste and economic development sectors.

He was involved in banking in New Zealand and London in various treasury and capital market roles for 10 years before returning to New Zealand in 1991 and undertaking a number of private equity, venture capital and corporate finance transactions in New Zealand and Australia.

For 9 years until early 2010, John was Managing Director of Stevenson Group, one of New Zealand's largest private companies with more than 600 employees. He was responsible for a major transformation of this almost 100 year old company into a successful, diversified investment group with significant interests in construction materials, quarrying, mining, agriculture, engineering and property.

John's current roles include Chair of Landcorp Limited, Director of Bremworth Limited, a Panel Member on the Waste Minimisation Fund and Chair of Gisborne Holdings Limited – the Tairāwhiti region's investment CCTO.



Neville Harris QSO | Director

Neville Harris QSO was appointed to the CRHL Board on 3 September 2019.

He worked for most of his career in the Public Sector in New Zealand with prominent roles in the management and supervision of the regulatory framework for corporations, securities, insolvency, intellectual property rights and Crown mineral estate.

He was a Deputy Secretary at the Ministry of Economic Development until 2013. He is Chair of the Racing Integrity Board and on the board of the New Zealand Antarctic Institute. Mr Harris was previously a member of the Independent Advisory Panel of the Provincial Growth Fund.



Rt. Hon. Dame Patsy Reddy
(GNZM CVO QSO DStJ) | Director

Dame Patsy Reddy GNZM CVO QSO DStJ, appointed to the CRHL Board in June 2022.

Former Governor-General Dame Patsy Reddy has served on numerous public and private sector boards across the arts, government and business sectors. She has also had significant experience working in investments, mergers and acquisitions. Her current governance roles include being the Chair for New Zealand Rugby and the NZ Symphony Orchestra Foundation; and Trustee of the Aspen Institute New Zealand. Dame Patsy was a founding trustee and advisory board member for NZ Global Women and is a Distinguished Fellow of the NZ Institute of Directors. Subsequent to year end, Dame Patsy Reddy retired from CRHL Board effective 31 December 2024.



Elizabeth Hopkins | Director

Elizabeth Hopkins, appointed to the CRHL Board in June 2022.

Elizabeth Hopkins is the Director of Research and Innovation at the University of Canterbury, and is also a Director of Precision Chroma Ltd. She has a background in science and technology commercialisation and has run a publicly listed biotechnology enterprise.

Elizabeth trained as a research biologist at Oxford University where she investigated the role of genetic inheritance in breast cancer. She was a founding Director of NZBio, and has held several other governance roles including being Chair of the Trans-Tasman Intellectual Property Attorney's Board and a member of MBIE's Science Board. Subsequent to year end, Elizabeth Hopkins retired from CRHL Board effective 31 December 2024.



Rosie Mercer | Director

Rosie Mercer, appointed to the CRHL Board in June 2022.

Rosie Mercer is a civil engineer and Chartered Member of Engineering New Zealand. She is the Chief Executive Officer at Marsden Maritime Holdings Ltd, and before that was Ports of Auckland's General Manager of Sustainability. Rosie was a Group Member of the Fast-Track Projects Advisory Group. Her career started at engineering services group Beca, delivering airfield and highway projects in New Zealand and overseas. She also served in the New Zealand Defence Force. Rosie was previously Deputy Chair of the Provincial Growth Fund's Independent Advisory Panel.

CRHL

Director profiles continued



Anne-Marie Broughton
(Ngā Rauru Kiitahi, Ngā Ruahine,
Ngāti Ruanui, Te Atihaunui A Papārangī, Ngāti Rangī,
Ngā Puhi | Director

Anne-Marie Broughton, appointed to the CRHL Board in June 2022.

Anne-Marie is a Professional Director and independent consultant specialising in Māori Economic Development. Through her roles on Parininihi Ki Waitōtara Incorporation (PKW), and PKW Farms GP, she is involved in a wide range of industries including farming, fisheries, forestry, property investment and development, hospitality and the energy sector.

Anne-Marie is on the Ministry for Primary Industries Sustainable Food and Fibre Futures Investment Advisory Panel and is a Trustee of Agri-Women’s Development Trust. She is deeply committed and actively engaged in raising the presence and impact of wāhine leadership in the food and fibre sector. With tribal links throughout Taranaki, she is active in her rural community and serves as Chair and Trustee of Whenuakura Marae and is on the Whanganui West Catchment Group Committee. Anne-Marie was a member of the Ministerial Advisory Group under former Minister of Māori Economic Development- Te Ururoa Flavell and served on the Taranaki-Whanganui Conservation Board for six years, three as Chair. Subsequent to year end, Anne-Marie Broughton retired from CRHL Board effective 31 December 2024.



Rosie Mercer, Dame Patsy Reddy, John Rae, Elizabeth Hopkins, Neville Harris, Anne-Marie Broughton
from left to right

CRHL

Directors’ Satisfaction Survey

CRHL Annual objective

One of CRHL’s annual objectives is to enter into a management agreement with MBIE. The CRHL Board entered into a Management Agreement (Agreement) with MBIE on 27 May 2022 and this continues until such time as a new Agreement is entered into. The Agreement outlines the manner in which MBIE will manage and administer investments on behalf of CRHL.

Each year, as part of MBIE’s statutory reporting, the Directors of CRHL are surveyed for their satisfaction level based on the work that MBIE has completed in relation to the management agreement. These results are published in the MBIE Annual Report and are reproduced below.

VOTE BUSINESS, SCIENCE AND INNOVATION		2023/24	
Appropriation	Performance Measure	Result	Target
REGIONAL DEVELOPMENT: INFRASTRUCTURE REFERENCE GROUP FUND MCA			
<div><div>▶ This appropriation is intended to achieve the support of regional economic development by providing operational and capital funding for infrastructure initiatives that lift regional productivity potential.</div><div>Investment through Crown-owned companies</div><div>▶ This category is intended to achieve the holding of the Crown’s infrastructure-related investments by Crown Regional Holdings Limited. The purpose of the investment is to reduce the economic impact of COVID-19 on the construction industry</div></div>	Note 1	4.5 4.5 FY22/23	Note 2
REGIONAL DEVELOPMENT: PROVINCIAL GROWTH FUND MCA			
<div><div>▶ This appropriation is intended to achieve a lift in the productivity potential of the regions through the delivery of regional, sectoral and infrastructure initiatives.</div><div>Management of investments in Crown-owned companies</div><div>▶ This category is intended to achieve the effective delivery and management of funds administered by Crown Regional Holdings Limited.</div></div>	Note 1	4.5 4.5 FY22/23	Note 2
REGIONAL DEVELOPMENT: REGIONAL STRATEGIC PARTNERSHIP FUND MCA			
<div><div>▶ This appropriation is intended to achieve improved regional economic and business development, accelerate Māori economic aspirations and support sector transformations.</div><div>Investment through Crown-owned companies</div><div>▶ This category is intended to achieve the holding of the Crown’s regional strategic partnership fund investments by Crown Regional Holdings Limited. The purpose of the investments is to improve regional economic and business development, accelerate Māori economic aspirations and support sector transformations.</div></div>	Note 1	4.5 4.5 FY22/23	Note 2
REGIONAL DEVELOPMENT: INVESTMENT IN CROWN-OWNED COMPANIES AND THEIR SUBSIDIARIES FOR THE WOOD PROCESSING GROWTH FUND			
<div><div>▶ This appropriation is intended to achieve the holding of the Crown’s wood processing investments by Crown Regional Holdings Limited. The purpose of the investments is to act as a catalyst and accelerate investments from the private sector into new long-lived wood processing.</div></div>	Note 1	4.5	Note 2 Note 3
REGIONAL DEVELOPMENT: INVESTMENTS THROUGH CROWN-OWNED COMPANIES FOR THE NORTH ISLAND WEATHER EVENTS PRIMARY PRODUCER FINANCE SCHEME			
<div><div>▶ This appropriation is intended to achieve the holding of the Crown’s North Island Weather Events Primary Producers Finance Scheme investments by Crown Regional Holdings Limited. The purpose of the investments is to help North Island land-based primary producers that had been severely impacted by the North Island Weather Events in early 2023.</div></div>	Note 1	4.5	Note 2 Note 3

NOTES Note 1 = The satisfaction of the CRHL Directors with agreed service levels and timeframes, on a scale of 1 to 5
 Note 2 = Average score of 4 out of 5 or better
 Note 3 = New Measure for FY2023/2024

CRHL Spotlight project

Johnny Appleseed Holdings



Johnny Appleseed Holdings
Hastings

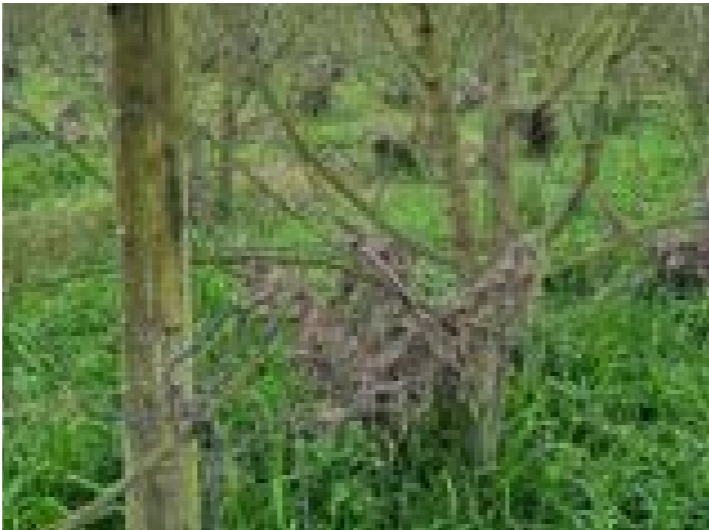
Funding

Loan \$26.400 million

Project

Johnny Appleseed Holdings is an apple orchard operation in the Hawke’s Bay that has been in business since 1985.

The Company was severely impacted by Cyclone Gabrielle with all trees in their Esk Valley orchards destroyed.



The funding received as part of the North Island Weather Event- Primary Producers Finance Scheme is being used to support:

- ▶ the Company’s orchards damaged but still viable once trees and infrastructure are repaired
- ▶ establishing new orchards in other parts of the Hawke’s Bay to replace those no longer viable
- ▶ some of the Company’s other business operations over the period of recovery.



CRHL Spotlight project

Port Tarakohe Project

Port Tarakohe

Tasman District Council

Borrower

Port Tarakohe is owned by Tasman District Council (TDC) and is located near Pohara in Golden Bay.

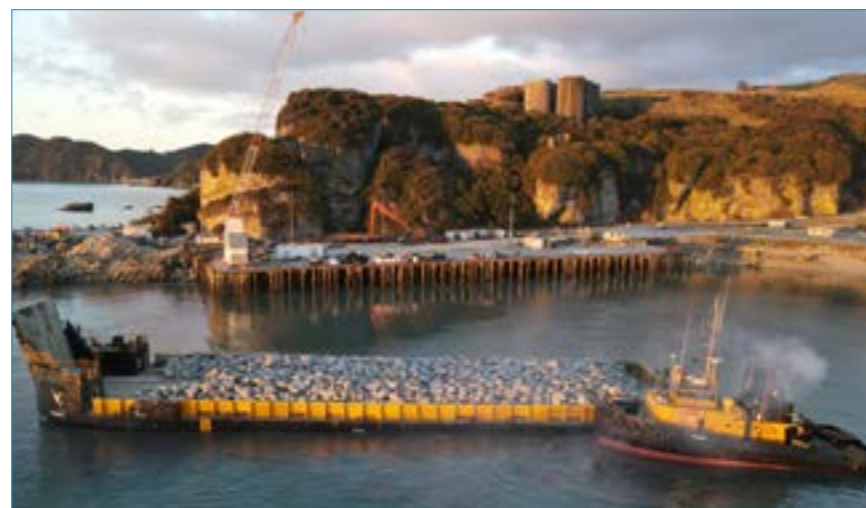
It is the only all-tide, all-weather, deep-water port in the Tasman District that is commercially and practically available to the Golden Bay and Tasman Bay marine farms. Significant growth is forecast in the Te Taihu aquaculture sector with additional marine farm space recently consented. However, the port was established 100 years ago, and growth of the sector is constrained by the lack of fit-for-purpose shore-based infrastructure.

Project

A \$6 million loan to the TDC is enabling it to undertake essential work required to support the commercial users of the Port (total cost \$12.7 million). It includes a new sheet-piled wharf with ramp which replaces the now demolished derelict timber wharf; four new commercial berths; a breakwater extension; repairs to the existing concrete wharf including a fendering upgrade and an office/ablution block which includes a treatment facility for vessel black and grey water.

The project is well underway, with the breakwater extension nearly complete, new commercial berths in and repairs to the existing work including new fendering complete.

The majority of the piles are now successfully in which reduces one of the main risks of the project. The new office/ablution block is undergoing final building consent, expected in time for building works to commence on schedule within 2 months.

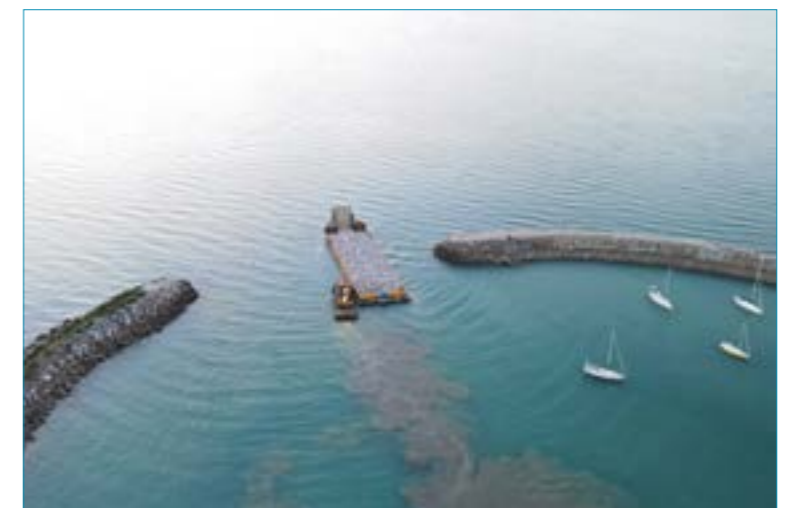


Works have had to be implemented in a phased approach due to relatively small space for the works, and congestion on the site.

Local companies have indicated willingness to TDC to contribute product (local Golden Bay cement and a Nelson wood manufacturer) to the new office/ablution block to support its delivery within budget showcasing local product.

Funding

Loan: \$6.000 million



Explanation of Accounting Terms used in this report

What kind of loans do we have?

Concessionary loans

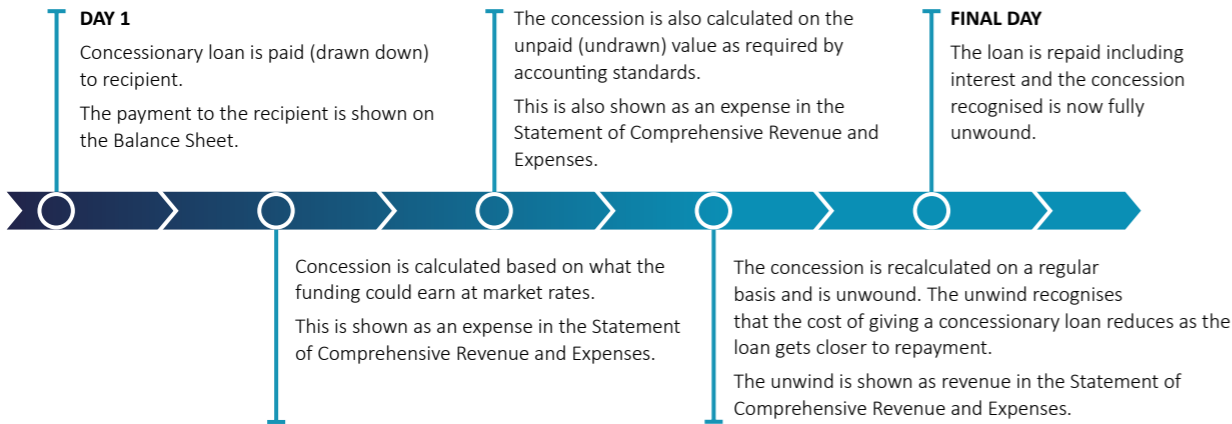
Concessionary loans offer more generous terms than market loans. The characteristics of these loans can include:

- ▶ Below market interest rates, including no interest
- ▶ Longer grace periods during which no interest or principal repayments are required
- ▶ Little or no covenants or other loan terms that can give rise to a default event
- ▶ The repayment of both principal and interest can be event driven rather than time driven. An example of such an event includes a borrower achieving certain project milestones or financial targets
- ▶ The granting of the loan is not assessed only on the credit worthiness of the entity, rather it is the purpose for which the funds are to be used that is important.

Accounting standards require concessionary loans to be presented in the financial statements in the following way.

- ▶ The funding paid to the recipient is shown on the balance sheet as an asset called Loans and advances
- ▶ At the time the funding is paid, it is calculated what this funding could have earned if market rates had been used. This is called the concession and is immediately recognised as an expense to CRHL in the Statement of Comprehensive Revenue and Expenses. It is a non-cash transaction.
- ▶ The concession is recalculated on a regular basis, and unwound or reversed to recognise the value of lost earnings falls as the expected loan repayment date gets closer. By the maturity of the loan the concession will be completely reversed. The reversal of concession is shown as revenue in the Statement of Comprehensive Revenue and Expenses as part of Interest Income.

Concessionary loans timeline



Suspensory loans

Suspensory loans are mostly interest-free for a specified period, and are then forgiven if specific loan conditions are fulfilled.

These loans are included in the Loans and advances line on our Statement of Financial Position until CRHL is satisfied the funding provided is delivering the agreed public benefits. The borrower's obligation to repay the forgiven loan amount is then reduced in the accounts.

How do we calculate the value of our loans?

Amortised cost

A loan is measured at amortised cost when it has a repayment schedule with set dates and repayment amounts.

Most CRHL loans presented in the accounts are measured at amortised cost. Value of such loan in the accounts consists of loan drawdowns less any repayments made and concession calculated.

Fair value

Fair value is the price you would receive if you sold the asset in a normal business transaction between two independent knowledgeable participants.

Some CRHL loans are measured at their fair value. When a value of a loan changes, CRHL recognises such movement as gain or loss in the Statement of Comprehensive Revenue and Expenses.

Loans held by CRHL that need to be shown at fair value are:

- ▶ Suspensory loans that could be forgiven in the future
- ▶ Concessionary loans with event-driven repayments

Fair value is calculated by using the projected estimated cash earned from the loans then discounted back using an appropriate discount factor.

Impairment

Impairment is required when the value of an asset in the accounts is greater than what you can expect to receive for it from selling on the market.

In relation to CRHL an impairment test is performed on the loans other than those held at fair value.

Reasons that could lead to the impairment of a loan include general economic downturn, decline in an industry and potential difficulties in a borrower's business.

Expected Credit Losses (ECL) Model

An expected credit loss model is a concept used in accounting for loans and advances to estimate the probability of not receiving full amount of repayments back from a borrower.

These estimates are made at a point in time and will change over time as more information becomes available.

The model used by CRHL considers the loans over three stages:

- ▶ **Stage 1**
Considers loans that have had no change in risk since they started, but estimates cash shortfalls that may happen in the 12 months following balance date
- ▶ **Stage 2**
Considers loans that have had a significant increase in risk but that don't have any independent evidence for impairment (e.g. where COVID-19 has resulted in a change in business environment)
- ▶ **Stage 3**
Considers loans that have had a significant increase in risk and there is evidence to support this increase. Evidence could be the borrower being in financial difficulties or breach of contract.

What other investments are held?

Investments in other organisations

CRHL has a number of assets that are investments by way of ownership of other organisations. When CRHL buys shares in another organisation, such investment are shown in the accounts as:

- ▶ **Equity Investment.**
An equity investment is where CRHL has purchased shares in another organisation and has no influence over what the organisation does.

- ▶ **Investment in associates.**

This is where CRHL has invested in an organisation, and as part of that investment, it has significant influence over the organisation. The influence can be either financial or operational but does not give CRHL control over the organisation.

- ▶ **Investment in a Joint Venture.**

This is when CRHL and a few others have made similar investments in an organisation. The investors all agree to sharing control on relevant activities concerning the organisation. No one investor can progress an activity unless all investors agree.

Physical Assets

CRHL holds two investment contracts that relate to physical assets.

These projects are held as either Fixed Assets under Construction, or Property, Plant and Equipment if the construction is complete. The physical assets are valued at cost during the construction stage and reviewed annually to ensure the value reflects the amount that could be recovered, should the physical asset be sold on the market.

Once a physical asset is complete, it must be accounted for in line with accounting standards. For a physical asset to be capitalised onto the Balance Sheet as Property, Plant and Equipment, there must be economic benefit (e.g., revenue earned) or service potential (e.g., access to better facilities) to CRHL. If this benefit or service potential is only partially achieved by CRHL, the value shown on the Balance Sheet must be impaired or reduced. In some circumstances all of the benefit or service potential will be achieved by other entities or New Zealand as a whole. In this situation the value of the physical asset will be impaired to nil until such time as CRHL starts receiving benefits or service potential.

Other contracts CRHL can enter into

CRHL can enter into lease arrangements in respect of its physical assets. Accounting standards define that there are two types of leases and each has a different impact on how the physical assets are accounted for.

When CRHL has a lease with a third party allowing them to use the physical asset but not be responsible for it, this is called an operating lease. Accounting standards require that the physical asset is held on CRHL's Balance Sheet and depreciated over its useful life. The income from the operating lease is then recognised as revenue.

But when CRHL has a lease with a third party that makes the third party responsible for the physical asset this is called a finance lease. The asset is written down to nil in CRHL's books, and all the future revenue to be earned from the lease is then recognised as a receivable (a different type of asset) on the Balance Sheet. Then over time this receivable converts into revenue.

CRHL

Statement of Service Performance

Reporting Entity

CRHL (formerly known as “Provincial Growth Fund Limited” (PGFL)) is a limited liability company (LLC) incorporated in New Zealand under the Companies Act 1993 and is a Schedule 4A entity of the Public Finance Act 1989. CRHL is domiciled and operates in New Zealand. CRHL’s ultimate parent is the New Zealand Crown.

CRHL’s primary objective is to act as an asset holding company to hold loans, equity and asset investments made through the Provincial Growth Fund (PGF), Regional Investment Opportunities (RIO) Fund, Strategic Tourism Assets Protection Programme (STAPP), Infrastructure Reference Group (IRG) “shovel-ready” projects, Regional Strategic Partnership Fund (RSPF) and other regional economic development initiatives. CRHL does not operate to make a financial return.

In the Statement of Service Performance CRHL has reported against performance measures included in the Statement of Performance Expectations. The Statement of Service Performance for CRHL is for the year ended 30 June 2024 and was approved by the Board on 13 June 2025.

CRHL’s performance measures are reported on page 33, opposite. Additional information is provided on pages 2 to 13, 16 to 21, 26 to 29, and 34.

Statement of Compliance

The Statement of Performance has been prepared in accordance with Tier 1 PBE financial reporting standards, which have been applied consistently throughout the period. The financial statements and service performance information have been prepared in accordance with PBE Standards and in accordance with Generally Accepted Accounting Practice (GAAP).

Disclosure of Judgements, Estimates and Assumptions

Service Performance measures have been selected for each objective listed in the CRHL Statement of Intent 2021– 2025. In selecting the service performance measures, judgements have been made in determining which aspect of performance are relevant and material to users of the information.

Judgements for specific objectives

- ▶ **Objective 1**
The measure identified to demonstrate the progress of CRHL acting as an asset holding Company for regional economic development is the assets held in each region. No target information is given, as the CRHL Constitution states that the Company has no decision-making rights over the assets it holds.
- ▶ **Objective 2**
The Management Agreement between CRHL and MBIE sets out what services MBIE will provide. The current agreement was signed in April 2022. To better reflect the outcomes from this Agreement, MBIE annually surveys the CRHL Directors using the MBIE Survey Monkey account to ensure that the services provided are at the agreed levels and timeframes. This satisfaction level is a relevant and reliable measure of the quality of those services and has been reproduced in the CRHL Annual Report to support this objective.
- ▶ **Objective 3**
Five contract measures with targets have been identified as providing CRHL with the ability to supervise and monitor MBIE’s performance. These measures have a material impact on ensuring that the contracts held by CRHL are being actively managed.
- ▶ **Objective 4**
The overarching purpose of Regional Investment funds is to improve the well-being of New Zealanders living in regional New Zealand. More information can be found on the following website: www.growregions.govt.nz.
New Zealand regions receive investment from many funds including those held by CRHL. MBIE commissioned during the 2023/24 financial year an input-output multiplier model to calculate the estimated impact of funding invested by region. This model was developed by BERL and the results are presented in this annual report ([page 7](#)).
- ▶ **Objective 5**
During the 2021/22 financial year the CRHL Boards’ mandate was expanded to include the giving of independent advice to Ministers on potential investments. This advice is part of a broader pack of information received by Ministers and does not restrict Ministers decisions. The Board can nominate not to give advice as occurred with the NIWE PPFS loans due to the urgency in seeking Ministers approval.

Statement of Performance

CRHL Performance Measures at 30 June 2024

The table below sets out CRHL’s performance measures as at 30 June 2024.

Performance Measure	Performance Target		Annual Report Result		Annual Report Commentary
	FY23/24	FY22/23	FY23/24	FY22/23	
1 Contract Management					
The percentage of counterparties that have a contract management plan in place	100%	100%	87%	97%	▶ There were 185 contracted loans at 30 June 2024 with only 16 requiring completion of a contract management plan ▶ There are 15 equity/asset contracts where two had a contract management plan outstanding
The percentage of counterparties that receive contact from Kānoa – RD at least once every quarter	100%	100%	97%	99%	▶ 97% of loan and equity recipients were contacted by Kānoa - RD at least once every financial quarter
2 Contract Delivery					
The percentage of counterparties that complete deliverables as per contract or for which variations are agreed prior to delivery period being completed	100%	100%	100%	100%	▶ The Board receives regular reporting from MBIE on the status of its full CRHL investment portfolio. From this, the Board gets assurance that counterparties are meeting their deliverables as required under the contract in place
3 Contract Payment					
The percentage of payments made to counterparties within 11 working days of a valid drawdown notice being received	100%	100%	100%	99%	▶ There were 108 loan and 20 equity drawdowns processed and paid during the financial year
4 Portfolio Risk Management					
The percentage of investments, notified by the Head of Kānoa – RD (or his delegate) to the CRHL Chair within 24 hours following Kānoa – RD increasing the RAG (Red Amber Green) status of the investment to Red.	100%	100%	100%	100%	▶ CRHL had 11 investments categorised as RED throughout the financial year ending 30 June 2024

Output class statement

	Actual 2024 \$000	Budget 2024 \$000	Actual 2023 \$000
Operating Revenue			
Revenue – Crown	3,818	3,818	3,818
Other Revenue	49,199	42,850	34,759
Total Operating Revenue	53,017	46,668	38,577
Total Operating Expenses	116,957	25,813	25,639
Surplus/(Deficit)	(63,940)	20,855	12,938

CRHL Investment Profile

as at 30 June 2024

The table below sets out the active contracts held by CRHL as at 30 June 2024. These contracts represent the current portfolio that is being supervised and monitored by the CRHL Directors as per the Company’s objectives.

This table does not include the contracts that have been completed or withdrawn during the financial year.

	ACTUAL 2024	ACTUAL 2023
SUMMARY CRHL INVESTMENT PROFILE		
Number of Contracts	200	163
Range of loan values	\$0.072 to \$115.300 M	\$0.070 to \$115.300 M
Total contracted value of investments profile	1015.353	823.989
Number of Contracts not yet paid	23	18
Number of contracts fully paid	127	111
Number of contracts partially paid	73	33
Number of contracts paid	200	144
Net drawdowns (less loan repayments)	759.140	630.603
Made up of:		
LOANS		
Number of loans paid	185	131
Range of loan maturities	9 months to 15 years	6 months to 15 years
Range of loan principal	\$0.072 to \$45.000 M	\$0.070 to \$16.504 M
Loan drawdowns (less loan repayments)	554.732	456.552
EQUITY		
Number of equity investments paid	13	11
Equity drawdowns	86.617	70.550
ASSETS		
Assets under construction		
Number of assets under construction	1	1
Drawdowns for assets under construction	110.721	96.431
Completed assets		
Number of completed assets	1	1
Assets completed	7.070	7.070

Statement of Compliance

and responsibility

Statement of Compliance

The Board of Crown Regional Holdings Limited (“CRHL”) acknowledge that the Company has not been able to meet requirements of section 156(3)(a) of the Crown Entities Act 2004 which required it to receive an audit report by 31 October 2024. This occurred because of delays experienced in receiving information from third parties, and preparers and auditors working through complex valuation and accounting matters. CRHL have closely monitored this audit and will be working with Audit New Zealand to comply with this requirement going forward.

Statement of Responsibility

We are responsible for the preparation of Crown Regional Holdings Limited’s Financial Statements and Statement of Performance and for the judgements made in them.

We are responsible for any end of year performance information provided by Crown Regional Holdings Limited under section 19A of the *Public Finance Act 1989*.

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance to the integrity and reliability of financial reporting.

In our opinion, these Financial Statements and Statement of Performance fairly reflect the financial position and operations of Crown Regional Holdings Limited for the 12 months ended 30 June 2024.



John Rae
Chair, Crown Regional Holdings Limited
13 June 2025



Neville Harris
Director, Crown Regional Holdings Limited
13 June 2025

Independent Auditor’s Report



To the readers of Crown Regional Holdings Limited’s financial statements and performance information for the year ended 30 June 2024

The Auditor-General is the auditor of Crown Regional Holdings Limited (the Company). The Auditor-General has appointed me, Chris Genet, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Company on his behalf.

Opinion

We have audited:

- the financial statements of the Company on pages 40 to 89, that comprise the statement of financial position as at 30 June 2024, the statement of comprehensive revenue and expenses, 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 a summary of significant accounting policies and other explanatory information; and
- the performance information which reports against the Company’s statement of performance expectations for the year ended 30 June 2025 on pages 32 to 33 and 90 to 91.

In our opinion:

- the financial statements of the Company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2024; 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 Company’s performance information for the year ended 30 June 2024:
 - presents fairly, in all material respects, for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 13 June 2025. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to the key judgements and assumptions applied by the Company in estimating the value of its loans, advances, and investments securities. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of matter - Key judgements and assumptions in estimating the value of loans, advances, and investment securities

Without modifying our opinion, we draw attention to Notes 2 and 4 on pages 51 to 62 and 70 to 71 that describe the key judgements and assumptions applied by the Company and the uncertainties in estimating the value of its loans, advances, and investment securities as at 30 June 2024. In particular the use of financial forecasts in the valuations, how the discount rates and expected credit losses are determined and whether a significant increase in credit risk has occurred.

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 Board for the financial statements and the performance information

The Board is responsible on behalf of the Company for preparing financial statements and performance information that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the Company for assessing the Company’s ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Company, or there is no realistic alternative but to do so.

The Board’s responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989 .

Independent Auditor’s Report continued

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Company’s statement of performance expectations.

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

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 performance information, 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 Company’s internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the performance information which reports against the Company’s statement of performance expectations.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’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 performance information 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 Company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board 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 Board is responsible for the other information. The other information comprises the information included on pages 1 to 31, 34 to 35, and 92 to 93 but does not include the financial statements and the performance information, and our auditor’s report thereon.

Our opinion on the financial statements and the performance information 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 performance information, 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 performance information 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 Company 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 (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Company.



Chris Genet
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Financial Statements

For the year ended 30 June 2024

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Statement of Comprehensive Revenue and Expenses

For 12 months ended 30 June 2024

	Note	Actual 2024 \$000	Actual 2023 \$000	Budget 2024 \$000
Revenue				
Funding from Crown	8	3,818	3,818	3,818
Other grants	8	830	6,417	1,279
Interest from loans and advances	8	34,956	22,723	30,167
Interest from bank deposits	8	13,413	5,619	11,404
Total revenue		53,017	38,577	46,668
Expenses				
Concession on undrawn loan commitments	7	(58,499)	3,832	(10,620)
Concession on initial recognition of loans and advances	2	(47,663)	(3,505)	(4,697)
Fair value movement of loans and advances	2	6,210	8,998	(6,677)
Loan impairment provision	2	(2,876)	(13,642)	–
Gains/(losses) from investment securities	4	11,310	(5,438)	–
Share of profit/(losses) from associates	3	(4,502)	(2,608)	–
Share of profit/(losses) from joint ventures	3	(1,704)	(131)	–
Gain/(loss) on sale of assets	6	(21)	–	–
Loans and advances written-off	2	(10,534)	–	–
Impairment losses on equity accounted investments	3	(3,640)	(9,366)	–
Impairment of assets	6	(522)	–	–
Directors’ remuneration	13	(217)	(209)	(217)
Other expenses	9	(4,299)	(3,570)	(3,602)
Total expenses		(116,957)	(25,639)	(25,813)
Net surplus/(deficit)		(63,940)	12,938	20,855
Total comprehensive revenue and expense		(63,940)	12,938	20,855

Explanations for major variances against budget are disclosed in respective notes.
The accompanying notes form part of these Financial Statements.

Statement of Financial Position

As at 30 June 2024

	Note	Actual 2024 \$000	Actual 2023 \$000	Budget 2024 \$000
Assets				
Current assets				
Cash and cash equivalents	15	199,313	237,386	185,112
Term deposits	15	15,000	40,000	100,000
Trade and other receivables	15	4,278	1,414	4,478
Loans and advances (current)	2	85,811	16,221	–
Assets held for sale	6	513	–	–
Total current assets		304,915	295,021	289,590
Non-current assets				
Loans and advances (non-current)	2	272,221	270,365	349,453
Fixed assets under construction	5	109,610	97,662	110,067
Investments in joint ventures	3	7,985	7,663	21,990
Investments in associates	3	12,235	16,736	55,583
Investment securities	4	27,527	6,817	37,379
Total non-current assets		429,578	399,243	574,472
Total assets		734,493	694,264	864,062
Liabilities				
Current liabilities				
Trade payables	15	283	1,866	5,453
Grants received in advance	8	671	–	–
Provision for concessionary loss on undrawn loan commitments	7	46,298	3,947	4,630
Total current liabilities		47,252	5,813	10,083
Net assets		687,241	688,451	853,979
Equity				
Contributed capital	12	956,637	874,734	849,475
Accumulated surplus/(deficit)		(269,396)	(186,283)	4,504
Total equity		687,241	688,451	853,979

Explanations for major variances against budget are disclosed in respective notes.
The accompanying notes form part of these Financial Statements.

Statement of Changes in Equity

For 12 months ended 30 June 2024

	Note	Actual 2024 \$000	Actual 2023 \$000	Budget 2024 \$000
Share capital				
Balance at the beginning of the period		874,734	691,769	840,851
Share capital	12	140,000	182,965	–
Share buy-back	12	(58,097)	–	(16,351)
Total Share capital as at 30 June 2024		956,637	874,734	824,500
Accumulated surplus/(deficit)				
Balance at the beginning of the period		(186,283)	(199,221)	8,624
Dividend paid		(19,173)	–	–
Net surplus/(deficit) for the period		(63,940)	12,938	20,855
Total accumulated surplus/(deficit) as at 30 June 2024		(269,396)	(186,283)	29,479
Total equity as at 30 June 2024		687,241	688,451	853,979

Explanations for major variances against budget are disclosed in respective notes.
The accompanying notes form part of these Financial Statements.

Statement of Cash Flows

For 12 months ended 30 June 2024

	Actual 30 June 2024 \$000	Actual 30 June 2023 \$000	Budget 30 June 2024 \$000
Cash flows from operating activities			
Cash provided from:			
Receipts from MBIE	3,818	4,000	3,818
Other revenue	1,500	–	5,000
Co-funding received for the Ōpōtiki Harbour Project	–	10,025	–
Net GST	100	1,400	–
Cash disbursed to:			
Payments to suppliers	(4,333)	(3,555)	(3,602)
Payments to Directors	(217)	(207)	(217)
Net cash flow from operating activities	868	11,663	4,999
Cash flows from investing activities			
Cash provided from:			
Interest received from bank deposits	13,591	5,407	11,404
Interest received from loans and advances	4,482	2,180	8,817
Other loans and advances repaid	37,217	16,964	83,497
Term deposits matured	360,000	290,000	–
Cash disbursed to:			
Term deposits placed	(335,000)	(280,000)	–
Acquisition of investments in associates	–	(4,200)	(3,671)
Acquisition of investments in joint ventures	(5,667)	(6,200)	(5,667)
Acquisition of investments in equity shares	(9,400)	–	(9,400)
Suspensory loans issued	(4,426)	(5,315)	
Other loans and advances issued	(147,996)	(91,127)	(149,907)
Fixed assets under construction	(14,472)	(26,852)	–
Net cash flow from investing activities	(101,671)	(99,143)	(64,927)
Cash flows from financing activities			
Cash provided from:			
Capital contribution from the Crown	140,000	182,965	(16,351)
Cash disbursed to:			
Share-buy back by the Crown	(58,097)		
Payment of dividend to the Crown	(19,173)		
Net cash flow from financing activities	62,730	182,965	(16,351)
Net movement in cash	(38,073)	95,485	(76,279)
Opening cash and cash equivalents balance	237,386	141,901	361,391
Closing cash and cash equivalents balance	199,313	237,386	285,112

Explanations for major variances against budget are disclosed in respective notes.

The accompanying notes form part of these Financial Statements.

Reconciliation of surplus/(deficit) to net cash flows from operating activities

	Actual 20 June 2024 \$000	Actual 20 June 2023 \$000
Net surplus/(deficit)	(63,940)	12,938
Add/(less) items classified as investing or financing activities:		
Interest income	(48,369)	(28,342)
Concession on loans and advances	47,663	3,505
Concession on undrawn loan commitments	58,499	(3,832)
Provision for impairment of loans and advances	2,876	13,642
Fair value movement of loans and advances	(6,210)	(8,998)
(Gains)/(losses from investment securities	(11,310)	5,438
Impairment of rock	522	–
Gain/(loss) on sale of assets	21	–
Share of (profits)/losses from associates	4,502	2,608
Share of (profits)/losses from joint ventures	1,704	131
Loans and advances written-off	10,534	–
Impairment of equity accounted investments	3,640	9,366
Total items classified as investing or financing activities	64,072	(6,482)
Add/(less) movements in working capital:		
(Increase)/decrease in receivables	235	5,288
Increase/(decrease) in payables	501	(81)
Net movement in working capital items	736	5,207
Net cash flow from operating activities	868	11,663

Explanations for major variances against budget are disclosed in respective notes.

The accompanying notes form part of these Financial Statements.

Notes to the Financial Statements

Note 1 Statement of accounting policies

Reporting entity

CRHL (formerly known as “Provincial Growth Fund Limited” (PGFL)) is a limited liability company (LLC) incorporated in New Zealand under the Companies Act 1993 and is a Schedule 4A entity of the Public Finance Act 1989. CRHL is domiciled and operates in New Zealand. CRHL’s ultimate parent is the New Zealand Crown.

CRHL’s primary objective is to act as an asset holding company to hold loans, equity and asset investments made through the Provincial Growth Fund (PGF), Regional Investment Opportunities (RIO) Fund, Strategic Tourism Assets Protection Programme (STAPP), Infrastructure Reference Group (IRG) “shovel-ready” projects, Regional Strategic Partnership Fund (RSPF), North Island Weather Events Primary Producer Finance Scheme (NIWE PPS), Queenstown Economic Transformation and Resilience Fund (QET), Wood Processing Growth Fund (WPGF) and other regional economic development initiatives. CRHL does not operate to make a financial return.

CRHL has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements for CRHL are for the 12 months ended 30 June 2024 and were approved by the Board on 13 June 2025.

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently since the inception of CRHL.

Statement of compliance

The financial statements of CRHL have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

CRHL is a Tier 1 reporting entity and the financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000), except for when stated otherwise.

Comparative information

Except where NZ GAAP permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

New accounting standards and interpretations

In the current year, CRHL has applied amendments to Accounting Standards and Interpretations that are effective for Annual periods that began on or after 1 July 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New standards – applicable for the year ending 30 June 2024

2022 Omnibus Amendments to PBE Standards

Effective for annual reporting periods beginning on or after 1 January 2023. The Amendments include several general updates and amendments to a number of Tier 1 and Tier 2 PBE Accounting standards. CRHL has adopted the revised PBE standards and the adoption did not have significant impact on CRHL financial statements.

Public Sector Specific Financial Instruments (Non-Authoritative Amendments to PBE IPSAS 41)

Effective for annual reporting periods beginning on or after 1 January 2023. These amendments clarify the accounting treatment of public sector specific financial instruments, including some instruments with characteristics similar to financial instruments. These amendments did not have any impact on CRHL financial statements.

Standards and Amendments issued and not yet effective and not early adopted

Amendments to PBE IPSAS 1 Disclosure of Fees for Audit Firms’ Services

Effective for annual reporting periods beginning on or after 1 January 2024. The amendment aims to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services. This amendment is not expected to have significant impacts on CRHL financial statements.

No new standards, amendments or interpretations to existing standards that are not yet effective have been early adopted by CRHL in these financial statements. The directors expect to adopt any new relevant standards, amendments, or interpretations to existing standards in the period within which they become mandatory. The adoption of these changes is not expected to have any material impact on the disclosures or on the amounts reported in these financial statements.

Notes

to the Financial Statements continued

Note 1 Statement of accounting policies continued

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate:

- ▶ Loans and advances (Note 2)
- ▶ Investments in associates and joint ventures (Note 3)
- ▶ Investment securities (Note 4)
- ▶ Fixed assets under construction (Note 5)
- ▶ Assets held for sale (Note 6)
- ▶ Provision for concessionary loss on undrawn loan commitments (Note 7)
- ▶ Revenue (Note 8)
- ▶ Other expenses (Note 9)
- ▶ Contingent liabilities and contingent assets (Note 10)
- ▶ Commitments (Note 11)
- ▶ Capital management (Note 12)
- ▶ Related party transactions and key management personnel (Note 13)
- ▶ Correction of prior period error (Note 14)
- ▶ Financial instruments (Note 15)
- ▶ Events after the balance date (Note 16)
- ▶ Service Performance Reporting (Page 32)

Significant accounting policies that do not relate to a specific note are outlined below.

There have been no changes in accounting policies during the reporting period.

Goods and services tax (GST)

Items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

CRHL is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held on call with banks, with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. While cash and cash equivalents at 30 June 2024 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated loss allowance for credit losses is immaterial.

Trade and other receivables

Trade and other receivables are non-derivative financial assets initially recorded at their fair value and subsequently measured at amortised cost. Receivables recorded at the amount due, less an allowance for credit losses. CRHL applies a simplified approach to recognise lifetime expected credit losses on receivables. In measuring expected credit losses, receivables have been assessed on a collective basis, based on the days past due, as they possess shared credit risk characteristics.

Trade and other payables

Trade and other payables are non-interest-bearing liabilities that are recorded at their face value. The carrying value of payables approximates their fair value.

Funding from the Crown

CRHL is primarily funded by the Crown. This funding is restricted in its use for the purpose of CRHL meeting the objectives specified in the Crown Entities Act 2004 and the scope of the relevant appropriations of the funder.

CRHL considers there are no conditions attached to the funding and it is recognised as revenue progressively over the period of entitlement.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Directors' remuneration

Directors' remuneration is recognised as an expense in the period in which it is earned by Directors.

Budget figures

The budget figures are derived from the Statement of Performance Expectations as approved by the Board. The budget figures are unaudited and have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Critical accounting estimates and judgements

In preparing these financial statements, CRHL has made estimates and judgements concerning the future. These estimates and judgements might differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on a number of factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes

to the Financial Statements continued

Note 1 Statement of accounting policies continued

Critical estimates and judgements in applying accounting policies

The areas involving significant estimates of judgements are:

- ▶ Estimation uncertainties and judgements made in the valuation of loans and advances (Note 2).
- ▶ Estimation uncertainties and judgements made in the fair valuation of investment securities (Note 4).
- ▶ Determination of appropriate classification of loans based on terms of the agreement (Note 2).
- ▶ Determination of appropriate classification of investments in associates and joint ventures (Note 3).
- ▶ Impairment of non-financial assets. (Note 3).

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectation of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Other obligations under Crown Entities Act 2004

Directions issued by Ministers

The Shareholding Ministers did not give any written direction under any enactment to CRHL in the 2023/24 financial year. A direction issued by the Minister of State Services and the Minister of Finance that applies to CRHL as a Crown entity, and is still current, is May 2016 direction issued under section 107 of the Crown Entities Act 2004 to apply the whole-of-government approach to implementing the New Zealand Business Number (NZBN).

Obligation to be a good employer

As CRHL does not have any staff, there is no relevant information to provide in respect of CRHL's obligation to be a good employer as required by section 151(1)(g) of the Crown Entities Act 2004.

Note 2 Loans and advances

Accounting policy

Initial recognition, classification and measurement

Financial assets are initially recognised at fair value, plus transaction costs in the case of a financial asset not measured at fair value through surplus or deficit (FVTSD). Financial assets are classified on initial recognition in accordance with the business model in which assets are managed and their contractual cash flow characteristics. CRHL's financial assets are classified as:

- ▶ subsequently measured at amortised cost where the business model is to hold the financial assets in order to collect contractual cash flows and those cash flows represent solely payments of principal and interest (SPPI), or
- ▶ FVTSD if they are held for trading or if the cash flows are not SPPI.

Cash and cash equivalents and trade receivables meet the SPPI test and are held to collect the contractual cash flows, therefore they are classified as subsequently measured at amortised cost.

When classifying loans and advances, CRHL first assesses whether the substance of the transaction is a loan, a grant, an equity contribution, or a combination thereof. If CRHL has determined that the transaction is a loan and advance it is then classified into the following classes:

- ▶ *Other loans and advances (amortised cost)*
– loans granted at market interest rates at the time of issue and where repayment terms reflect SPPI. Such loans are included in the business model to hold to collect the contractual cash flows.
- ▶ *Concessionary loans (amortised cost with adjustment to fair value on initial recognition)*
– loans granted with interest terms below market rates but where repayment terms reflect SPPI. Concessions provided by CRHL include interest rates below those available on the market, grace periods, or a combination of these. Such loans are included in the business model to hold and collect the contractual cash flows.
- ▶ *Concessionary loans (FVTSD)*
– loans with contractual provisions that change the timing or amount of cash flows giving rise to returns different from basic lending arrangements.
- ▶ *Suspensory loans (FVTSD)*
– loans where CRHL does not expect to recover all of its initial loan due to full or partial forgiveness of the loan, subject to a borrower achieving agreed public benefit outcomes. Suspensory loans are mostly interest-free for a specified period, and are then forgiven, in part or full, if specific loan conditions are fulfilled.

The transaction price of concessionary loans and suspensory loans will not represent the fair value of the loan on initial recognition due to the off-market nature of the transaction. Fair value is therefore required to be determined by discounting all future cash receipts using a market related rate of interest for a similar loan. The difference between the transaction price (loan provided) and the fair value represents a concession write-down expense which is recognised in the Statement of Comprehensive Revenue and Expenses on initial recognition.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except if there is a change in business model for managing assets. Any such reclassifications are applied in the period after the change in business model.

Notes

to the Financial Statements continued

Note 2 Loans and advances continued

Subsequent measurement

Loans and advances measured at amortised cost

Loans and advances measured at amortised costs are subsequently measured using the effective interest method (including transaction costs), less any impairment losses.

If loans and advances are issued with duration of less than 12 months, they are recognised at their nominal value, unless the effect of discounting is material. Interest income and expected credit losses (ECL) are recognised in the Statement of Comprehensive Revenue and Expenses.

Loans and advances measured at FVTSD

For loans and advances measured at FVTSD, transaction costs are expensed as incurred. Subsequently, these loans are measured at FVTSD with any realised and unrealised gains or losses recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expenses. Interest income is separately reported in surplus or deficit in the Statement of Comprehensive Revenue and Expenses.

Fair value is the amount for which the loans could be exchanged between knowledgeable, willing parties on an arm's-length basis and is calculated using a valuation technique.

Loans and advances classified at FVTSD are not assessed for impairment as their fair value reflects the credit quality of the instruments and changes in fair value are recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expenses.

Impairment losses (financial assets at amortised cost)

An ECL model is used to recognise impairment losses on financial assets subsequently measured at amortised cost. Assessment is made at each reporting date for any significant increase in the credit risk since initial recognition.

A three-staged approach is applied to loans and advances, where ECL is recognised in line with the credit quality stage of the loans and advances:

- ▶ **Stage 1.**
At initial recognition, a provision equivalent to 12 months of the ECL is recognised.
- ▶ **Stage 2.**
Where there has been a significant increase in credit risk since initial recognition, a provision equivalent to a lifetime ECL is recognised.
- ▶ **Stage 3.**
Where a loan is impaired or in default and there is objective evidence of impairment, a lifetime ECL is recognised.

ECL is determined by evaluating a range of possible outcomes, taking into account the time value of money, past events, current conditions and forecasts of future economic conditions.

Evidence that a financial asset may be impaired includes significant financial difficulty of a borrower; a breach of contract such as a default or past due event; a restructuring of a loan on terms that CRHL would not consider otherwise; or a borrower entering bankruptcy or other financial reorganisation; and a financial asset that is overdue for 90 days or more.

Financial assets are written-off (either partially or in full) when there is no reasonable expectation of recovering it in its entirety or a portion thereof. CRHL determines whether a financial asset should be written-off on an individual asset basis taking into consideration individual borrower's assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Recoveries of the amounts previously written-off are included in the provision for impairment of loans and advances in the Statement of Comprehensive Revenue and Expenses.

ECL are probability-weighted and determined by evaluating a range of possible outcomes, taking into account time value of money, past events, current conditions and forecasts for future economic conditions.

The ECL models use three main components to determine expected credit loss:

- ▶ Probability of default ("PD"): the probability that a counterpart will default;
- ▶ Loss-given default ("LGD"): the loss that is expected to arise in the event of a default; and
- ▶ Exposure at default ("EAD"): the estimate outstanding amount of credit exposure at the time of default.

Changes to ECL are assessed through three economic scenarios:

- ▶ A central scenario reflecting the expected track for the economy;
- ▶ An upside scenario; and
- ▶ A downside scenario.

The macroeconomic variables used in these scenarios are based on current economic forecasts which are: Consumer Price Index ("CPI"), Gross Domestic Product ("GDP"), unemployment rate and interest rates. The probability weightings attached to each scenario are reviewed by management when there is material changes in macroeconomic conditions impacting the economy. Details of the scenarios and probability weightings applying at year-end are outlined in this note.

Significant increase in credit risk ("SICR")

The determination of a SICR (i.e., the movement from Stage 1 to Stage 2) is based on changes in internally assessed borrower characteristics since origination of the facility. Those changes include arrears in loan facilities (at or less than the 30-day backstop), material movements in risk grades or other information that CRHL becomes aware of that indicates that repayment of the original terms and conditions may now be uncertain. The movement between Stage2 and Stage3 is based on whether the financial assets are credit impaired at the reporting date.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from CRHL's Statement of Financial Position) when:

- ▶ The rights to receive cash flows from the asset have expired, or
- ▶ CRHL has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) CRHL has transferred substantially all the risks and rewards of the asset, or
 - (b) CRHL has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes

to the Financial Statements continued

Note 2 Loans and advances continued

When CRHL has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, CRHL continues to recognise the transferred asset to the extent of its continuing involvement. In that case, CRHL also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that CRHL has retained.

Critical accounting estimates and judgements

(i) Valuation of loans and advances held at fair value

Valuation of loans and advances, on initial recognition and subsequently if held at FVTSD, is performed using the following assumptions:

- ▶ Discount rate which is the arm’s length rate for a loan;
- ▶ For suspensory loans provided on concessionary terms, assumptions regarding a borrower’s ability to fulfil conditions preceding a loan forgiveness; and
- ▶ Where repayment dates are subject to meeting certain conditions or milestones, expectations regarding such timing.

CRHL determines arm’s length rate for its loans and advances on an individual basis. Judgements are made in setting the arm’s length rate that is determined by observing benchmark interest rates that are then adjusted for various risks, including risk associated with a borrower’s financial position at the time a loan is provided, loan security, construction risk etc.

(ii) Impairment of loans and advances measured at amortised cost

Loans and advances measured at amortised cost are assessed for impairment on an individual basis at the end of the reporting period. In determining whether an impairment loss should be recognised, judgements are made whether there is any observable evidence indicating an adverse change in the payment status of the borrower, or economic conditions that correlate with defaults on similar assets.

The modelled provision for expected credit losses is an estimate of forward-looking losses based on the CRHL’s view of three different economic scenarios. These economic scenarios continue to be reassessed as more data becomes available on the actual impacts of recession on the economy, increase in inflation, GDP growth and fluctuations in the official cash rates.

In determining ECL, management makes a number of key judgements and assumptions, including but not limited to the following components:

- ▶ modelling inputs – PD, EAD and LGD
- ▶ the criteria under which exposures move between the IFRS stages, particularly when moving to and from Stage 1 and demonstrating a significant increase in credit risk (Stage 2);
- ▶ the macroeconomic inputs used within each of the economic scenarios; and
- ▶ the weightings given to each economic scenario.

These judgements and assumptions are reviewed and assessed at least half-yearly or when underlying economic conditions materially change.

Changes in ECL model assumptions and inputs

The modelled provision for ECL is an estimate of forward-looking losses based on CRHL’s view of three different economic scenarios. CRHL’s assumptions around the macroeconomic factors used within each scenario and the weighting applied to each scenario are key judgements applied to the ECL models. CRHL has adjusted the macroeconomic variables used in the ECL model and weightings used in each scenario based on current economic forecasts. The economic variables reflect the continuing uncertainty and higher potential downside risks for the global and domestic economy to deteriorate more than expected over the forecast period. In the current year, CRHL has adopted an approach that utilises economic factors with a lag of one year to establish relationship between historical default rate and economic factors.

The table below presents a range of rates applied in the ECL model

	2024	2023
Discount rates	2.73%-20.00%	2.73%-11.01%
Default rates applied for Stage 1 loans	1.65%-3.8%	0.32%-3.58%
Default rates applied for Stage 2 loans	1.65%-18.17%	1.03%-11.13%
Default rates applied for Stage 3 loans	54%-100%	34%-100%
Loss given default rates applied	35%-75%	35%-75%

ECL model uses the following scenarios:

	Scenario Weighting Applied 2024	Scenario Weighting Applied 2023
Scenario 1: low but steady economic and employment growth, supported by a lower interest rate forecast	50%	50%
Scenario 2: a mild upside with a higher track for GDP and interest rates	5%	5%
Scenario 3: a mild downside with a short-term impact on GDP, lower employment growth and interest rates	45%	45%

Notes

to the Financial Statements continued

Note 2 Loans and advances continued

(iii) Suspensory loans

Suspensory loans are loans that are forgiven if specific loan conditions are fulfilled. Judgement is involved in determining whether a suspensory loan is a financial asset in accordance with PBE IPSAS 41 Financial Instruments and whether a borrower is on track with fulfilling forgiveness conditions.

The fair value of suspensory loans in these financial statements is deemed to be nil and is determined based on the following assumptions:

- First, concession is recognised using the discount rate which is the arm’s length rate for the loan.
- Then, the loan net of concession is written down to nil fair value based on the assumptions regarding a borrower’s ability to fulfil agreed conditions for the loan forgiveness.

When agreed conditions for the loan forgiveness are met, a borrower notifies CRHL. CRHL checks that the conditions are met to its satisfaction and writes-off the loan accordingly.

The primary responsibility for the management and administration of CRHL’s loans remains with the Crown. The decision making in relation to CRHL’s loans and advances is governed by the criteria for the PGF, RIO fund, IRG fund, STAPP fund, RSPF fund, NIWE PPS fund, QET fund, WPGF and other funds as published by the Ministry of Business, Innovation and Employment (MBIE) from time to time, which includes non-financial criteria.

The following table presents loans and advances by product type and classification.

	Note	Actual 2024 \$000	Actual 2023 \$000
Loans and advances at amortised cost			
Concessionary loans	(a)	238,284	189,856
Other loans and advances		37,282	44,308
Total loans and advances at amortised cost		275,566	234,164
Less: Provision for impairment of loans and advances	(b)	(19,311)	(17,367)
Net loans and advances at amortised cost	14	256,255	216,797
Loans and advances at fair value through surplus and deficit			
Concessionary loans	(a)	82,285	64,889
Suspensory loans	(a)	11,498	2,571
Market rate loans	(a)	7,994	2,329
Net loans and advances at fair value through surplus and deficit	14	101,777	69,789
Total loans and advances		358,032	286,586
<i>Consists of:</i>			
Current		85,811	16,221
Non-current		272,221	270,365
Total loans and advances		358,032	286,586

Loans and advances include \$3.613 million of accrued interest as at 30 June 2024 (30 June 2023: \$2.331 million).

Notes

to the Financial Statements continued

Note 2 Loans and advances continued

(a) Movement in loans

The table below reconciles the concession movement of the loans and advances:

	Actual concessionary loans \$000	Actual suspensory loans \$000	Actual Market rate loans	Total \$000
12 months ended 30 June 2023:				
<i>Carrying value at the beginning of the period</i>	171,113	3,937	39,235	214,285
Additions (nominal value)	82,865	3,765	9,811	96,441
Concession on initial recognition of loans and advances	(3,244)	(261)	–	(3,505)
Utilisation of provision for concessionary loss on undrawn commitments	(11,991)	(1,117)	–	(13,108)
Concession unwind	14,811	934	–	15,745
Repayments made during the period	(14,458)	–	(2,737)	(17,195)
Interest accrued for the period	3,839	596	2,543	6,978
Interest repaid in the period	(1,591)	–	(1,214)	(2,805)
Fair value gains/(losses) on loans and advances	14,610	(4,882)	(730)	8,998
Reclassification of loan movements during the year	(1,209)	(401)	(271)	(1,881)
Total loans at 30 June 2023	254,745	2,571	46,637	303,953
12 months ended 30 June 2024:				
Additions (nominal value)	138,372	4,428	9,008	151,808
Concession on initial recognition of loans and advances	(46,786)	(877)	–	(47,663)
Utilisation of provision for concessionary loss on undrawn commitments	(15,778)	(370)	–	(16,148)
Concession unwind	19,443	3,310	–	22,753
Repayments made during the period	(29,831)	–	(9,989)	(39,820)
Interest accrued for the period	8,887	577	2,739	12,203
Interest repaid in the period	(4,994)	–	(798)	(5,792)
Loans and advances written off	(1,325)	(6,613)	(2,597)	(10,534)
Fair value gains/(losses) on loans and advances	5,343	766	101	6,210
Reclassification of loan movements during the year	(7,506)	7,705	174	373
Total loans at 30 June 2024	320,569	11,498	45,276	377,343

Sensitivity analysis

Changes in discount rate have no impact on fair value of suspensory loans as they are written-down to nil fair value at initial recognition.

The table below presents the significant inputs and sensitivity of fair value of concessionary loans and advances to changes in the discount rates:

	Actual 2024 \$000	Actual 2023 \$000
Concessionary loans and advances measured at amortised cost		
<i>Assumptions:</i>		
Fair value	275,566	234,164
Interest rates applied	0.00%-11.49%	0.75%-8.72%
Discount rates	2.73%-20%	2.73%-10.09%
<i>Sensitivity analysis:</i>		
Impact on fair value of increase in discount rate by 1%	(7,702)	(6,344)
Impact on fair value of decrease in discount rate by 1%	8,272	6,836
Concessionary loans and advances measured at fair value		
<i>Assumptions:</i>		
Fair value	93,783	67,218
Interest rates applied	0%-11.40%	0% - 8.01%
Discount rates	8.12% - 20.00%	7.85% - 17.4%
<i>Sensitivity analysis:</i>		
Impact on fair value of increase in discount rate by 1%	(2,870)	(2,226)
Impact on fair value of decrease in discount rate by 1%	3,023	2,653

Notes

to the Financial Statements continued

Note 2 Loans and advances continued

(b) Provision for impairment of loans and advances

The tables below reconcile the movements of the provision for impairment of loans and advances at amortised cost and show the impact of changes in gross carrying amounts of the loans and advances. The tables categorise loans and advances by the stage of credit quality used to calculate expected credit losses.

Movements of the gross carrying amounts for loans measured at amortised cost and the related provision for impairment of loans and advances as at 30 June 2024.

	Actual 2024			
	Stage 1 \$000	Stage 2 \$000	Stage 3 \$000	Total* \$000
Gross carrying amount:				
Balance at the beginning of the period	152,951	96,243	18,455	267,649
Additions	77,543	25,512	6,206	109,261
Repayments	(9,728)	(4,589)	(1,154)	(15,471)
Reclassification of loans from/(to) fair value through profit and loss	(7,162)	–	–	(7,162)
Loans and advances written off	–	–	(3,923)	(3,923)
Transfers between stages	(37,977)	40,004	(2,028)	–
Gross loans and advances	175,627	157,170	17,556	350,354
Concession on loans and advances:				
Balance at the beginning of the period	(22,312)	(10,618)	(555)	(33,485)
Net concession expense on loans and advances	(39,529)	(1,455)	(2,610)	(43,595)
Net transfers between stages	4,828	(3,174)	(1,654)	–
Reclassification of loans to fair value through profit and loss	2,292	–	–	2,292
Loans and advances net of concession	120,906	141,923	12,737	275,566
Provision for impairment:				
Balance at the beginning of the period	(1,235)	(1,776)	(14,356)	(17,367)
Transfers between stages	378	(9,459)	9,081	–
New collective provisions made	(1,527)	5,792	–	4,265
New individually assessed provisions made	–	–	(6,277)	(6,277)
Reclassification of loans to fair value through profit and loss	68	–	–	68
Provision for impairment of loans and advances	(2,317)	(5,443)	(11,551)	(19,311)
Net loans and advances	118,589	136,480	1,186	256,255

* Total loans and advances at amortised cost

Movements of the gross carrying amounts of loans measured at amortised cost and the related provision for impairment of loans and advances as at 30 June 2023:

	Actual 2023			
	Stage 1 \$000	Stage 2 \$000	Stage 3 \$000	Total* \$000
Gross carrying amount:				
Balance at the beginning of the period	172,087	28,486	6,020	206,593
Additions	41,429	36,217	2,179	79,825
Repayments	(2,382)	(220)	(2,102)	(4,704)
Reclassifications to fair value concessionary loans**	(2,000)	(12,065)	–	(14,065)
Net transfers between stages	(56,183)	43,825	12,358	–
Gross loans and advances	152,951	96,243	18,455	267,649
Concession on loans and advances:				
Balance at the beginning of the period	(21,507)	(5,940)	(288)	(27,735)
Net transfers between stages	(5,357)	(2,920)	149	(8,128)
Net concession expense on loans and advances	4,194	(3,778)	(416)	–
Reclassification of loans to fair value through surplus or deficit	358	2,020	–	2,378
Loans and advances net of concession	130,639	85,625	17,900	234,164
Provision for impairment of loans and advances:				
Balance at the beginning of the period	(1,540)	(1,075)	(3,488)	(6,103)
Transfers between stages	544	(462)	(82)	–
New collective provisions made	(414)	(686)	–	(1,100)
New individually assessed provisions made	–	–	(12,169)	(12,169)
Reclassification of loans to fair value through surplus or deficit	175	447	1,383	2,005
Provision for impairment of loans and advances	(1,235)	(1,776)	(14,356)	(17,367)
Net loans and advances	129,404	83,849	3,544	216,797

* Total loans and advances at amortised cost

**Reclassification from fair value concessionary loans was due to a loan coming to the end of its construction period and no longer being considered as Suspensory.

Notes

to the Financial Statements continued

Note 2 Loans and advances continued

At 30 June 2024, CRHL had no loans that were past due but not impaired (30 June 2023: nil).

The table below shows sensitivity of provision for impairment to changes in applied default rates for loans and advances at amortised cost:

	Actual 2024 \$000	Actual 2023 \$000
<i>Assumptions:</i>		
Loan impairment provision	(19,311)	(17,351)
Default rates applied for Stage 1 loans	3.07%-5.89%	0.32%-3.58%
Default rates applied for Stage 2 loans	1.65%-5.89%	1.03%-11.13%
Default rates applied for Stage 3 loans	54%-100%	34%-100%
<i>Sensitivity analysis:</i>		
Impact on impairment provision of 25% increase in default rates	1,385	1,012
Impact on impairment provision of 25% decrease in default rates	(1,385)	(1,012)
Impact on impairment provision of 10% increase in default rates	554	271
Impact on impairment provision of 10% decrease in default rates	(554)	(271)

Segment analysis

The table below provides analysis of gross loans and advances at amortised cost by segment:

	Actual 2024 \$000	Actual 2023 \$000
Agriculture and horticulture	98,588	147,325
Other Business	251,766	120,324
Gross loans and advances	350,354	267,649

Explanation of major variances against budget

Loans and advances at 30 June 2024 were \$8.579 million less than budget. This is mainly due to :

- ▶ borrowers meeting preconditions for loan drawdowns slower than initially anticipated due to various factors;
- ▶ delays in finalisation of loan agreements; and
- ▶ the loan impairment provision and fair value gains/(losses) on loans and advances not budgeted for due to associated uncertainty.

Note 3 Investments in associates and joint ventures

Accounting policy

An associate is an entity over which CRHL has a significant influence. Significant influence is a power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over these policies.

A joint venture is a joint arrangement where CRHL and other parties that have joint control of that arrangement have rights to the net assets of the investee. Joint control is the agreed sharing of control of an investee by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Equity method

Investments in associates and joint ventures are accounted for using the equity method whereby the investment is initially recognised at cost and subsequently adjusted for the post-acquisition change in CRHL's share of the investee's net assets. CRHL's share of the investee's post-acquisition surplus or deficit is recognised in CRHL's surplus or deficit. CRHL's share of the investee's post-acquisition other comprehensive revenue and expenses is recognised in CRHL's other comprehensive revenue and expenses. Distributions received from the investee reduce the carrying amount of CRHL's investment. Where CRHL invests additional equity in an equity-accounted investment, and the classification of the investment does not change, the consideration paid for the additional interest acquired is added onto the carrying amount of the investment.

If CRHL's share of the deficits in the investee equals or exceeds carrying amount of the investment, CRHL discontinues recognising its share of further deficits. After CRHL's investment is reduced to zero, additional deficits are provided for to the extent that CRHL has incurred legal or constructive obligations or made payments on behalf of the investee. If the investee subsequently reports surpluses, CRHL resumes recognising its share of those surpluses only after such share of the surpluses equals the share of the deficits not recognised.

The carrying amount of equity accounted for investments is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use.

Critical accounting estimates and judgements

In determining classification of CRHL's equity investment as an associate or a joint venture, judgements are made over CRHL's powers to have control, joint control or significant influence to participate in the financial and operating policy decisions of the entity. Such judgements are based on CRHL's voting power and the nature of the relationship between CRHL and the investee.

Firstly, an assessment is made whether an equity deal gives CRHL control or a joint control of an investee. Joint control is achieved when the parties must act together to direct the activities that significantly affect the benefits from the deal. If the parties control the arrangement collectively, joint control exists only when decisions about the relevant activities require the unanimous consent. If the requirement for unanimous consent relates only to decisions that give CRHL protective rights and not to decisions about the relevant activities of an arrangement, CRHL is not a party with joint control of the arrangement.

If CRHL holds 20 per cent or more of the voting power of the investee, it is presumed that CRHL has significant influence, unless it can be clearly demonstrated that this is not the case. Other evidence of significant influence includes CRHL's representation on the board of directors or equivalent governing body of the investee; participation in policy-making processes, including participation in decisions about dividends or similar distributions; material transactions between CRHL and its investee; interchange of managerial personnel; and provision of essential technical information.

Notes

to the Financial Statements continued

Note 3 Investments in associates and joint ventures continued

Investments in associates

The table below provides summary of CRHL investments in associates by company.

	Actual 2024 \$000	Actual 2023 \$000
Whakatōhea Mussels (Ōpōtiki) Limited	12,235	16,736
Ōpōtiki Marina and Industrial Park Limited	–	–
Total investments in associates	12,235	16,736

Whakatōhea Mussels (Ōpōtiki) Limited

There has been no additional investment in Whakatōhea Mussels (Ōpōtiki) Limited (WMOL) in the current year. CRHL has a total investment of 11,148,929 shares (30 June 2023: 11,148,929 shares) in WMOL which represents 38.213% of total shareholding (30 June 2023: 38.213%). WMOL is an LLC incorporated in New Zealand and is domiciled and operates in New Zealand. CRHL's investment in WMOL funds the acceleration of WMOL's mussel farming operations in the ocean and building of a mussel grading and powder processing facility.

As at 30 June 2024, due to the significant losses incurred by the entity, management performed an impairment review on the carrying amount of the investment. The losses were mainly driven by the adverse weather patterns as well as significant increase in costs of doing business. Management have determined to maintain prior year impairment of \$3.218 million.

The impairment review was performed by comparing the carrying amount of WMOL with the recoverable amount. The recoverable amount has been determined based on the net asset value of the investment. This has been assessed as the best estimate of the recoverable amount of the investment.

Ōpōtiki Marina and Industrial Park Limited

As at 30 June 2024, CRHL had invested 1,500,000 shares (30 June 2023: 1,500,000 shares) in Ōpōtiki Marina and Industrial Park Limited (OMIPL) representing 15.58% shareholding (30 June 2023: 15.58%). OMIPL is a LLC incorporated in New Zealand and is domiciled and operates in New Zealand. This investment will service activities enabled by the Ōpōtiki harbour development.

As at 30 June 2024, and in view of significant delays experienced in development of the Marina, management has performed an impairment review of the carrying amount of this investment. Similar to prior year, management have determined to maintain full impairment of the investment.

Financial information

The table below provides summarised financial information on the associates that are material to CRHL for the 12 months ended 30 June 2024 and 30 June 2023. As the associates are private entities no quoted fair value price is available. The information disclosed reflects the amounts presented in the financial statements of the respective associates, rather than CRHL's share of those amounts. The summarised financial information has been amended to reflect adjustments made by CRHL when applying the equity method. The accounting policies applied by the associates are consistent with that of CRHL.

The summarised financial information for OMIPL is shown for the 12 months ended 31 March 2024 because the cost of compliance outweighs the benefit of having these prepared again at 30 June 2024. Adjustments have been made to account for any significant transactions that may have occurred in the same reporting period as CRHL.

	Actual 2024		Actual 2023	
	WMOL \$000	OMIPL \$000	WMOL \$000	OMIPL \$000
Operating results				
Total revenue	10,713	–	16,444	–
Total expenses	(22,814)	(14)	(26,366)	(14)
Income tax (expense)/benefit	–	–	2,774	–
Profit/(loss) for the year	(12,101)	(14)	(7,267)	(14)
Other comprehensive income/(expense)	397		323	–
Total comprehensive income/(expense)	(11,704)	(14)	(7,005)	(14)
Assets				
Cash and cash equivalents	12	505	60	805
Trade and other receivables	915	7	1,999	16
Other current assets	3,267	2,076	1,933	1,835
Property, plant and equipment	51,735	7,000	55,371	7,001
Other non-current assets	7,183	–	6,317	–
Total assets	63,112	9,588	68,020	9,657
Liabilities				
Trade and other payables	5,172	27	4,497	82
Other current liabilities	23,291	–	14,836	–
Non-current borrowings	2,623	–	2,623	–
Other non-current liabilities	–	–	–	–
Total liabilities	31,086	27	22,294	82
Net assets	32,026	9,561	45,726	9,575
CRHL's share in net assets, %	38.21%	15.58%	38.21%	15.58%
CRHL's share in net assets	12,235	1,490	16,736	1,492
Goodwill	3,218	6	3,218	6
Less impairment	(3,218)	(1,498)	(3,218)	(1,498)
Unrecognised share of losses	–	2	–	–
Investment in associate at 30 June	12,235	–	16,736	–

The associates had no other contingent liabilities or capital commitments as at 30 June 2024 (30 June 2023: nil), for which CRHL has a corresponding commitment. There have been no dividends or other distributions received from associates for the 12 months ended 30 June 2024 (12 months ended 30 June 2023: nil). As at 30 June 2024, CRHL has not recognised its share of losses in OMIPL, amounting to 0.002 million (30 June 2023: nil), as CRHL's interest in the joint venture has been reduced to zero.

Explanation of major variances against budget

CRHL's investments in associates at 30 June 2024 were lower than budget by \$43.348 million. This is mainly due to delays in finalisation of investment agreements, including delays in additional investments on existing contracts.

Notes

to the Financial Statements continued

Note 3 Investments in associates and joint ventures continued

Investments in joint ventures

The table below provides summary of CRHL investments in joint ventures by company.

	Actual 2024 \$000	Actual 2023 \$000
Te Huata 1 Partnership (LP)	522	500
Ariki Tahi Sugarloaf Wharf Limited	741	840
Ngati Awa the Strand Development Limited	813	843
Te Rāhui Herenga Whakatāne 2021 Limited Partnership (LP)	5,612	5,480
Pure Tūroa	297	–
Total investments in joint ventures	7,985	7,663

Te Huata 1 Limited Partnership

CRHL and Te Huata Charitable Trust (THCT) established the Te Huata 1 Limited Partnership (TH1LP) as a joint venture. CRHL’s investment will enable the development of a mussel spat hatchery project in the Eastern Bay of Plenty.

TH1LP is an entity agreed in New Zealand and is domiciled and operates in New Zealand. As at 30 June 2024, CRHL held 6,000,000 ordinary shares in the Company with a total nominal value of \$6.000 million (30 June 2023: 0.5 million). As at 30 June 2024, CRHL held 43.75% voting rights in the Company. (30 June 2023:10%).

THCT holds an option to acquire the units in TH1LP held by CRHL. This option meets the definition of a derivative and is required to be fair valued at every year end. As at 30 June 2024, the fair value of the derivative has been determined to be nil.

As at 30 June 2024, and in view of significant delays experienced in the project including cost escalations, management performed an impairment review of the carrying amount of the investment. Management determined that an impairment had occurred and an impairment loss of \$3.569 million has been recognised in the Statement of Comprehensive Revenue and Expenses.

The impairment review was performed by comparing the carrying amount of TH1LP with the recoverable amount. The recoverable amount has been determined based on the net asset value of the investment. This has been assessed as the best estimate of the recoverable amount of the investment.

Ariki Tahi Sugarloaf Wharf Limited (ATSWL)

As at 30 June 2024, CRHL held 30 ordinary shares (30 June 2022: 30 ordinary shares) and 3,000,000 perpetual preference shares (30 June 2023: 3,000,000 perpetual preference shares) in the company with a total nominal value of \$3 million (30 June 2023: \$3 million). At 30 June 2024, CRHL held 33.333% voting rights in the company (30 June 2023: 33.333%).

CRHL, Coromandel Marine Farmers Association Incorporated and Thames-Coromandel District Council established ATSWL as a joint venture. CRHL’s investment funds the redevelopment and expansion of the Sugarloaf wharf located at the western end of Waipapa bay at Te Kouma, Coromandel, which will benefit the aquaculture and mussel farming industry in the region.

ATSWL is an LLC incorporated in New Zealand and is domiciled and operates in New Zealand.

As at 30 June 2024, in view of significant delays experienced in the development of ATSWL, management has performed an impairment review of the carrying amount of the investment. Management have determined to maintain prior year impairment of \$1.723 million.

The impairment review was performed by comparing the carrying amount of ATSWL with the recoverable amount. The recoverable amount has been determined based on the net asset value of the investment. This has been assessed as the best estimate of the recoverable value of the investment.

Ngati Awa the Strand Development GP Limited (NASDGL)

As at 30 June 2024, CRHL held 1,350,000 ordinary shares (30 June 2023:1,350,000 ordinary shares) in the company with a total nominal value of \$1.350 million (30 June 2023: \$1.350 million). At 30 June 2024, CRHL held 33.750% voting rights in the company (30 June 2023: 33.750% voting rights).

CRHL and Ngati Awa Group Holdings Limited established Ngati Awa the Strand Development GP Limited (“NASDGL”) as a joint venture. CRHL’s investment funds re-development of the Whakatāne Army Hall site into a visitor hub that will be the focal point for cultural, historical storytelling and local retailers in Whakatāne, as well as providing a space for training, meetings and events. NASDGL is an LLC incorporated in New Zealand and is domiciled and operates in New Zealand.

As at 30 June 2024, and in view of significant delays experienced in the project, management has performed an impairment review of the carrying amount of the investment. Management have determined to maintain prior year impairment of \$0.338 million.

The impairment review was performed by comparing the carrying amount of NASDGL with the recoverable amount. The recoverable amount has been determined based on the net asset value of the investment. This has been assessed as the best estimate of the recoverable amount of the investment.

Te Rāhui Herenga Whakatāne 2021 Limited Partnership (LP)

As at 30 June 2024, CRHL held 4,100,000 unsecured notes in the Company with a total nominal value of \$4.100 million and 5,700,000 ordinary shares with a total value of \$5.700 million. (30 June 2023: 4,100,000 unsecured notes with a total nominal value of \$4.1000 million and 5,700,000 ordinary shares with a total value of \$5.700 million). As at 30 June 2024, CRHL held 33.33% voting rights in the company. (30 June 2023:33.33%).

CRHL, Te Rāhui Lands General Partner Limited (“TRLGP”) and Te Rāhui Lands Trust (“Lands Trust”) established Te Rāhui Herenga Whakatāne 2021 LP as a joint venture. CRHL’s investment will enable the rehabilitation of the Lands Trust’s land in Whakatāne and the development of a commercial boat harbour on part of that land.

Te Rāhui Herenga Whakatāne 2021 LP is an entity incorporated in New Zealand and is domiciled and operates in New Zealand.

As at 30 June 2024, and in view of the significant delays experienced in the project, management has performed an impairment review of the carrying amount of the investment. An additional impairment loss of \$0.071 million has been recognised in the Statement of Comprehensive Revenue and Expenses.

The impairment review was performed by comparing the carrying amount of Whakatāne LP with the recoverable amount. The recoverable amount has been determined based on the net asset value of the investment. This has been assessed as the best estimate of the recoverable amount of the investment.

Pure Tūroa

Pure Tūroa was formed and started operations on 12 April 2024. During the year, CRHL and Pure Tūroa entered into a joint venture. CRHL’s investment will provide support to Pure Tūroa Limited to complete its purchase of Ruapehu Alpine Lifts Limited’s Tūroa ski field assets and its operations.

Pure Tūroa is an entity incorporated in New Zealand and is domiciled and operates in New Zealand. As at 30 June 2024, CRHL held 250 ordinary shares in the Company with a total nominal value of \$0.167 million (30 June 2023: nil). As at 30 June 2024, CRHL held 25% voting rights in the Company (30 June 2023: nil).

Notes

to the Financial Statements continued

Note 3 Investments in associates and joint ventures continued

Financial information

The table below provides summarised financial information on the joint ventures for the 12 months ended 30 June 2024 and 30 June 2023. As the joint ventures are private entities no quoted fair value price is available. The information disclosed reflects the amounts presented in the financial statements of the respective joint ventures, rather than CRHL’s share of those amounts.

	2024					2023			
	TH1 ¹	Ariki	Ngati	Te Rāhui ⁴	Pure	TH1 ¹	Ariki	Ngati	Te Rāhui ⁴
	\$000	Tahi ²	Awa ³	\$000	Tūroa	\$000	Tahi ²	Awa ³	\$000
Operating results									
Total revenue	100	–	47	876	3,120	–	0	28	374
Total expenses	(4,589)	(304)	(134)	(268)	(2,597)	–	(168)	(409)	(213)
Profit/(loss) for the year	(4,489)	(304)	(87)	608	523	–	(168)	(381)	161
Assets									
Cash and cash equivalents	1	621	766	12,803	2,611	5,000	998	908	13,987
Trade and other receivables	–	6	13	41	18	–	15	12	50
Other current assets	1,431	–	1,534	105	159	–	–	1,567	58
Property, plant and equipment	–	1,620	150	4,956	190	–	1,590	39	3,486
Other non-current assets	–	–	–	585	497	–	–	–	–
Total assets	1,432	2,247	2,463	18,490	3,475	5,000	2,603	2,526	17,581
Liabilities									
Trade and other payables	173	16	53	781	463	–	81	6	241
Other current liabilities	65	–	–	–	350	–	–	23	–
Other non-current liabilities	–	–	–	867	2,083	–	–	–	895
Total liabilities	237	16	53	1,648	2,896	–	81	29	1,136
Net assets	1,195	2,231	2,410	16,842	579	5,000	2,522	2,497	16,445
CRHL's share in net assets, %	43.75%	33.33%	33.75%	33.33%	25.00%	10.00%	33.33%	33.75%	33.33%
CRHL's share in net assets	522	741	813	5,612	144	500	841	843	5,479
Goodwill	3,569	1,723	338	4,382	153	–	1,723	338	4,312
Less impairment	(3,569)	(1,723)	(338)	(4,382)	–	–	(1,723)	(338)	(4,312)
Investment in joint venture at 30 June	522	741	813	5,612	297	500	841	843	5,479

The summarised financial information has been amended to reflect adjustments made by CRHL when applying the equity method. The accounting policies applied by the joint ventures are consistent with that of CRHL.

The joint ventures had no other contingent liabilities or capital commitments as at 30 June 2024 (30 June 2023: nil), for which CRHL has a corresponding commitment.

CRHL’s joint ventures cannot distribute their surplus without the consent from all venture partners. There have been no dividends or other distributions received from joint ventures for 12 months ended 30 June 2024 (12 month ended June 2023: nil).

The summarised financial information for TH1LP is shown for the 12 months ended 31 March 2024 because the cost of compliance outweighs the benefit of having these prepared again at 30 June 2024. Adjustments have been made to account for any significant transactions that may have occurred in the same reporting period as CRHL.

Explanation of major variances against budget

The investments in joint venture balance was \$14.005 million lower than budgeted due to the delays in finalisation of investment agreements, including delays in additional investments on existing contracts.

1 Te Huata 1 Limited Partnership (LP)
2 Ariki Tahi Sugarloaf Wharf Limited
3 Ngati Awa the Strand Development Limited
4 Te Rāhui Herenga Whakatāne 2021 Limited Partnership (LP)

Notes

to the Financial Statements continued

Note 4 Investment securities

Accounting policy

CRHL’s investments in investment securities, are financial assets in accordance with PBE IPSAS 41. These include both equity investments and debt securities.

CRHL’s investments in investment securities are initially recognised at fair value. They are subsequently measured at Fair Value Through Surplus or Deficit (FVTSD) with the associated gains or losses recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expenses.

Critical accounting estimates and judgements

Geo40 Limited

The fair value of the investment has been determined with reference to the price established on the secondary market between a willing buyer and seller.

Invercargill Central Limited

The fair value of the investment has been determined using an income approach. Under this approach, the discounted cash flow methodology was used to determine the cash flows anticipated over a discrete time horizon, plus a terminal value at the end of that time horizon. The cash flows were then discounted to their present value using an appropriate required rate of return.

Judgement has been involved in determining the assumptions used in this valuation:

- ▶ The discount rate of 13.70% was determined based on the appropriate cost of capital, which includes a risk-free rate, market risk premium, and an appropriate asset beta.
- ▶ Excess cash flows available for redemption of CRHL shares determined based on the expected cash inflows from the lease agreements and expected cash outflows from the project capital costs and expenses, including servicing of the debt.

The sensitivity analysis to the discount rate assumption is disclosed in the table below.

	2024		2023	
	Low	High	Low	High
Discount rate	12.70%	14.70%	16.50%	18.50%
Value of investment in Invercargill Central Limited ('000)	3,800	4,700	2,000	2,500

Whanganui Port Limited Partnership

During the year, CRHL made an additional investment into Whanganui Port Limited Partnership of \$9.400 million. The total investment held in Whanganui Port Limited Partnership at 30 June is \$12.400 million (2023: \$3.000 million). CRHL investment is in the form of convertible notes which are exercisable at a future date, on completion of the project. The convertible notes do not earn interest and CRHL, as the noteholder, is not entitled to any voting rights or distribution. The terms of the note deed also include mandatory redemption of the convertible notes upon occurrence of certain redemption events. Based on facts and circumstances, management has concluded that this instrument is a debt instrument that should be classified at fair value through surplus or deficit. The fair value has been determined by reference to CRHL’s share of net asset in this company as there is no market information on the value of the limited partnership’s shares.

The table below provides summary of CRHL investments in investment securities by company.

	Actual 2024 \$000	Actual 2023 \$000
Investment securities		
Invercargill Central Limited	4,200	2,300
Geo40 Limited	6,231	–
Convertible Notes		
Whanganui Port Limited Partnership	17,096	4,517
Total investments securities	27,527	6,817

The overall fair valuation gain realised on investments in investment securities was \$11.310 million (2023: loss of \$5.438 million).

Explanation of major variances against budget.

The investment securities balance was \$9.852 million lower than budgeted due to the delays in finalisation of investment agreements, including delays in additional investments on existing contracts.

Notes

to the Financial Statements continued

Note 5 Fixed assets under construction

Accounting policy

Additions are recognised as an asset only when it is probable that future economic benefits or service potential associated with the asset will flow to CRHL and the cost of the item can be measured reliably.

Fixed assets under construction are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the asset may be impaired. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use.

Work in progress (WIP) is recognised at cost less impairment and is not depreciated. Impairment has been considered, and it has been determined there is no impairment.

CRHL’s assets under construction relate to the Ōpōtiki Harbour Development project that will provide access to larger boats enabling Ōpōtiki to become a service and processing base for aquaculture and other marine related industries in the region.

Summary of CRHL’s fixed assets under construction is presented in the table below:

	Actual 2024 \$000	Actual 2023 \$000
Ōpōtiki harbour development	109,610	97,662
Total fixed assets under construction	109,610	97,662

Note 6 Assets held for sale

Accounting policy

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with CRHL’s accounting policies. Thereafter the assets are measured at the lower of their carrying amount and fair value less cost to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate distribution in its present condition. Management must be committed to the sale or distribution and expect it to be completed within one year from the date of classification.

Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in surplus or deficit. Gains are not recognised in excess of any cumulative impairment loss. Once classified as held for sale, property, plant and equipment are no longer depreciated.

On 01 May 2024 management had committed to sell surplus rock held for construction of Ōpōtiki Harbour. Management expects the surplus rock to be sold within the next 12 months.

From 01 May 2024 to 30 June 2024, \$213,000 of rock has been sold with a loss of \$21,000 being recognised as an expense. An impairment loss of \$522,000 has been recognised. As at reporting date, the carrying amount of the rock held for sale comprised of the following:

	Actual 2024 \$000	Actual 2023 \$000
Surplus Rock held for sale	513	–
Total assets held for sale	513	–

Notes

to the Financial Statements continued

Note 7 Provision for concessionary loss on undrawn loan commitments

Accounting policy

CRHL recognises provision for concessionary loss on undrawn loan commitments when it becomes a party to the contract and has an irrevocable obligation to provide funding to a loan recipient. The provision for concessionary loss on undrawn loan commitments is recognised as an expense in the Statement of Comprehensive Revenue and Expenses:

- ▶ On the date a loan agreement is signed, for loans and advances that have no conditions preventing a borrower from accessing a loan facility.
- ▶ On the date CRHL’s commitment becomes irrevocable, for loans and advances that have preconditions to a loan facility withdrawal.

The table below reconciles the movements of the provision for concessionary loss on undrawn loan commitments.

	Actual 2024 \$000	Actual 2023 \$000
Opening	3,947	20,887
New provision raised	58,834	2,849
Provision utilised	(16,148)	(13,108)
Provision reversed	(335)	(6,681)
Provision closing	46,298	3,947

The movements in the table above that relate to concession on undrawn commitments recognised as an expense in the Statement of Comprehensive Revenue and Expenses, are detailed below:

	Actual 2024 \$000	Actual 2023 \$000
New provision raised	58,834	2,849
Provision reversed	(335)	(6,681)
Concession on undrawn commitment	58,499	(3,832)

The provision is shown as current in the Statement of Financial Position because the loans are withdrawable on demand once conditions precedent are met, although some loan commitments could be drawn down in more than one year.

At 30 June 2024, the undrawn loan commitments with no conditions or where all conditions were met by the borrowers, amounted to \$120.027 million (30 June 2023: \$79.510 million).

Explanation of major variances against budget.

The provision for concessionary loss on undrawn loan is \$41.668 million higher than budgeted due to the unbudgeted amount of undrawn loan commitments as at 30 June 2024.

Note 8 Revenue

Accounting policy

Funding from the Crown

CRHL is primarily funded from the Crown. This funding is restricted in its use to enable CRHL to meet its purpose under its constitution and to comply with the scope of the relevant appropriations of the funder. CRHL considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement. This is considered to be the start of the appropriation period to which the funding relates. The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Other Grants

This relates to funds received from Ōpōtiki District Council (ODC) as a contribution towards the Ōpōtiki Town Wharf project. The total grant funding received from ODC was \$1.500 million. As at 30 June 2024, \$0.830 million of expenditure has been incurred by CRHL on the Ōpōtiki Town Wharf Project. As at 30 June 2024, expenditure of \$0.671 million had not yet been incurred, this amount has been recognised as income received in advance in the Statement of Financial Position.

In the previous period this related to co-funding arrangement with Bay of Plenty Regional Council (BOPRC) for the Ōpōtiki Harbour Development project.

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. There are no unfulfilled conditions and other contingencies attached to the grant recognised for the 12-month period ended 30 June 2024. The was no receivable recognised in respect to this grant as at 30 June 2024 (30 June 2023: \$nil).

Interest income

Interest income is recognised when earned using the effective interest rate method.

	Actual 2024 \$000	Actual 2023 \$000
Revenue from exchange transactions		
Interest from loans and advances	12,203	6,978
Interest from bank deposits	13,413	5,619
Total revenue from exchange transactions	25,616	12,597
Revenue from non-exchange transactions		
Funding from the Crown	3,818	3,818
Other grants	830	6,417
Interest from loans and advances	22,753	15,745
Total revenue from non-exchange transactions	27,401	25,980
Total revenue	53,017	38,577

Explanation of major variances against budget.

Interest earned from loans and advances was \$4.789 million more than budgeted due to higher than anticipated interest rate charged on new loans. Interest on bank deposits is \$2.009 million more than budgeted due to having earned a higher interest rate than anticipated.

Notes

to the Financial Statements continued

Note 9 Other expenses

Accounting policy

Other expenses are recognised when goods and services are received.

	Actual 2024 \$000	Actual 2023 \$000
Fees to Audit New Zealand for audit of financial statements	117	149
Service agreement with MBIE	2,683	2,870
Expenditure related to the Ōpōtiki Town Wharf project	830	–
Other overheads and expenses	669	551
Total other expenses	4,299	3,570

Note 10 Contingent liabilities and contingent assets

Accounting policy

Contingent liabilities and contingent assets are reported at the point at which the contingency is evident or when a present liability is unable to be measured with sufficient reliability to be recorded in the financial statements. Contingent liabilities are not disclosed if the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent liabilities

At 30 June 2024 CRHL had no contingent liabilities (30 June 2023: nil).

Contingent assets

At 30 June 2024 CRHL had no contingent assets (30 June 2023: nil).

Note 11 Commitments

As at 30 June 2024 loan commitments amounted to \$120.027 million (2023: \$79.510 million). Loan commitments are undrawn loan facilities with no conditions or where all conditions were met by the borrowers.

Capital commitments consisted of capital expenditure committed but not yet incurred relating to the Ōpōtiki Harbour Development Project of \$4.579 million (2023: \$18.869 million).

Note 12 Capital Management

Accounting policy

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into contributed capital and accumulated surplus or deficit. Loans and advances novated from MBIE are recognised as non-cash capital contribution at their fair value at the date of transfer.

The table below presents analysis of CRHL contributed capital:

	Actual 2024 \$000	Actual 2023 \$000
<i>Share capital</i>		
Balance at the beginning of the period	843,965	661,000
Capital contribution	140,000	182,965
Share buy-back	(58,097)	–
Total share capital	925,868	843,965
<i>Non-cash contribution from MBIE</i>		
Balance at the beginning of the period	30,769	30,769
Total non-cash contribution from MBIE	30,769	30,769
Total contributed capital at 30 June	956,637	874,734

The table below presents analysis of CRHL share capital by shares:

	Actual 2024 Shares	Actual 2023 Shares
Balance at the beginning of the period	843,965,000	661,000,000
Capital contribution	140,000,000	182,965,000
Share buy-back	(58,097,000)	–
Total share capital	925,868,000	843,965,000

Contributed capital represents proceeds from the issue of the ordinary shares to the Crown, net of related share issue costs, if any. The Crown investment made in CRHL is represented by \$1,311,965,100 ordinary shares of \$1, with 925,868,000 being fully paid and 386,097,100 being unpaid as at 30 June 2024 (30 June 2023: \$1,026,965,100 ordinary shares, with 843,965,000 being fully paid and 183,000,100 being unpaid). The Crown holds all the issued capital of CRHL. All shares have equal voting and dividend rights and share equally in any distribution on wind-up.

Notes

to the Financial Statements continued

Note 12 Capital Management continued

Capital management

The objective of managing CRHL’s equity is to ensure that CRHL achieves its goals and objectives efficiently, while remaining a going concern. Where CRHL identifies that it does not have sufficient resources to achieve this objective, a capital injection is sought.

Investment funding streams

As at 30 June 2024, CRHL capital includes the following funding streams:

- ▶ **Provincial Growth Fund (PGF)**
Established in Budget 2018 and was comprised of \$3.000 billion over a three-year term to invest in regional economic development which aims to lift productivity potential in New Zealand’s provinces.
- ▶ **Regional Investment Opportunities (RIO)**
Approved in January 2020 to fund large scale capital investments with a Crown ownership stake.
- ▶ **Infrastructure Reference Group (IRG)**
Fund for the “shovel-ready” infrastructure projects from across local and central Government, and the private sector.
- ▶ **Strategic Tourism Assets Protection Programme (STAPP)**
Loans that are intended to protect assets in the tourism landscape that form the core of New Zealand’s essential tourism offerings to ensure their survival through the disruption caused by COVID-19.
- ▶ **Regional Strategic Partnership Fund (RSPF)**
This fund is intended to support regions to make steps towards achieving their economic potential. This will enable regional economies to be stronger and more resilient to improve the economic prospects, wellbeing and living standards for all New Zealanders.
- ▶ **The North Island Weather Events (NIWE)**
Primary Producer Finance Scheme was a \$240 million fund designed to help North Island land-based primary producers that had been severely impacted by the North Island Weather Events in early 2023, including the Auckland Anniversary Weekend floods and Cyclone Gabrielle.
- ▶ **Queenstown Economic Transformation and Resilience Fund (QET)**
This fund is intended to support diversification beyond tourism for the Queenstown economy.
- ▶ **Wood Processing Growth Fund (WPGF)**
This fund is designed to help wood processors increase New Zealand’s onshore wood processing capacity.

Explanation of major variances against budget.

Share capital was \$107.162 million higher than budget due to additional capital contribution in the year.

Note 13 Related party transactions and key management personnel

CRHL is controlled by the Crown

CRHL recognised funding from the Crown of \$3.818 million to provide its services for 12 months ended 30 June 2024 (12 months ended 30 June 2023: \$3.818 million).

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 it is reasonable to expect CRHL would have adopted in dealing with the party at arm’s length in the same circumstances.

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

Board of Directors

The Board of Directors’ remuneration is disclosed in the following table:

	Actual 2024 \$000	Actual 2023 \$000
<i>Board member fees during the period were:</i>		
John Rae	62	5
Neville Harris	31	41
Rodger Finlay	–	36
Anne-Marie Broughton	31	31
Elizabeth Hopkins	31	31
Dame Patsy Reddy	31	31
Rosie Mercer	31	31
Graeme Mitchell	–	3
Total Board member fees	217	209

CRHL indemnifies the Directors against costs and liabilities incurred by Directors for acts and omissions in their capacity as Directors to the extent permitted by CRHL’s constitution and the Companies Act 1993. There are no unrecorded related party transactions involving the Directors or their close family members.

Notes

to the Financial Statements continued

Note 13 Related party transactions and key management personnel continued

Directors’ interests

JOHN RAE (Chair – From 1 June 2023)

- ▶ Chair, Gisborne Holdings Limited, Te Rāhui Herenga Waka Whakatāne Limited, Thos. Corson Holdings Limited & Corson Grain Limited and Abodo Wood Limited
- ▶ Managing Director and Shareholder, FJ Hawkes & Co. Limited (50%)
- ▶ Director, Bremworth Limited, Midlands Fund Management Limited and Independent Advisory Panel, Provincial Growth Fund (term has expired)
- ▶ Director and Shareholder, Gobble Limited (100%), Kingyo Foods Limited (37%) and Playtime Holdings 2022 Limited
- ▶ Panel member, Waste Minimisation Fund
- ▶ Member, Cabjaks Advisory Board
- ▶ Trustee, JR Family Trust
- ▶ Trustee, Burnett Valley Trust

NEVILLE HARRIS (DIRECTOR)

- ▶ Director and Shareholder, Tourmalet Limited (100%)
- ▶ Chair, Racing Integrity Board
- ▶ Member of the Board of Management, New Zealand Antarctic Institute
- ▶ Panel Member, Independent Advisory Panel, Provincial Growth Fund (term expired)

DAME PATSY REDDY (DIRECTOR)

- ▶ Chair, The New Zealand Rugby Unions Inc*, NZSO Foundation
- ▶ Director and Trustee, Aspen Institute New Zealand
- ▶ Patron, Centre for Brain Research – University of Auckland, Transparency International New Zealand, Sarjeant Gallery Te Whare o Rehua Whanganui, Hospice Wairarapa, Wellington Charity Hospital, Wellington Sculpture Trust and NZ Opera
- ▶ Director and Shareholder, Lawson Nominees Limited (50%)
- ▶ Shareholder, Southern Hops Limited (0.37%), Shott Beverages Limited, Urban Harvest Limited (15.01%)

ROSIE MERCER (DIRECTOR)

- ▶ CEO, Marsden Maritime Holdings Limited
- ▶ Director, Marsden Cove Canals Management Limited and Marsden Cove Marinas Limited
- ▶ Group Member, Fast Track Advisory Group
- ▶ Shareholder, Maunu Estates Limited (2%)
- ▶ Trustee, RM QE Family Trust

ANNE-MARIE BROUGHTON (DIRECTOR)

- ▶ Chair and Trustee, Whenuakura Marae
- ▶ Director, Pariniki Ki Waitotara Incorporation , and PKW Farms GP Limited
- ▶ Director/Shareholder, Mana Earth Ltd (50%) and Mataarangi Ltd (100%)
- ▶ Committee Member, Whanganui West Catchment Group Incorporated Society
- ▶ Trustee, Agri-Womens Development Trust and Mataarangi Trust
- ▶ Member, MPI Sustainable Food & Fibre Futures Investment Advisory Panel

ELIZABETH HOPKINS

- ▶ Board member (representing University of Canterbury’s shareholding), Precision Chroma
- ▶ Employee, University of Canterbury.

The Board Directors’ attendance record for the financial year is detailed below;

Director	Board Meetings Scheduled	2024		Board Meetings Scheduled	2023	
		Out of Cycle meetings	Attendance %		Out of Cycle meetings	Attendance %
John Rae (Chair)	5	1	100%	1	-	0%
Neville Harris	5	1	83%	8	2	80%
Anne-Marie Broughton	5	1	83%	8	2	80%
Elizabeth Hopkins	5	1	83%	8	2	80%
Dame Patsy Reddy	5	1	50%	8	2	100%
Rosie Mercer	5	1	100%	8	2	100%

Related party transactions

During the year, CRHL entered into the following transactions with related parties:

		Transaction amount		Balance owed	
Related party relationship	Type of transaction	2024	2023	2024	2023
Thos. Corson Holdings Limited	Loan issued	6,100	–	6,214	–

This related party loan was issued at a concessionary interest rate. This is consistent with the CRHL’s usual practice of providing concessionary loans as per the requirements of the various funds that CRHL administers on behalf of the Crown. The terms of the above loan transaction were not more favourable than those available to similar entities outside the related party relationship.

CRHL has an investment in a joint venture in Te Rāhui Herenga Whakatāne 2021 Limited Partnership (LP) which is a related party through common directorship. There were no transactions between CRHL and Te Rāhui Herenga Whakatāne 2021 Limited Partnership (LP) during the reporting period. The investment in joint venture is equity accounted for in the financial statements and is held at a balance of \$5.612 million (2023: 5.480 million).

* The New Zealand Rugby Union is an incorporated society and is the parent entity of the non-trading subsidiaries Computerised Match Ticketing Ltd and NZ Rugby Promotions Ltd of which a director position is held.

Notes

to the Financial Statements continued

Note 13 Related party transactions and key management personnel continued

Shareholding Ministers

Shares in CRHL are held by the Crown acting by and through Minister of Finance and Minister for Economic and Regional Development, formerly Minister for Regional Economic Development (the Shareholding Ministers).

The Treasury has advised that the Shareholding Ministers have certified that there have been no related party transactions for the period ended 30 June 2024 (30 June 2023: nil).

Shareholding Ministers’ remuneration and other benefits are set by the Remuneration Authority under the Members of Parliament (Remuneration of Services) Act 2013 and are paid under Permanent Legislative Authority, and not paid by CRHL, and hence excluded from this related party disclosures.

Related entities

Management and administration services provided by the Ministry of Business, Innovation and Employment

MBIE has transferred certain loans, equity investments and assets under construction to CRHL to act as an asset holding company. CRHL has appointed MBIE as the exclusive provider of management and administration services in respect of any investments transferred to CRHL. The investments are administered by Kānoa, formerly Provincial Development Unit, which was established within MBIE.

The table below shows revenue and expenditure during the year with the related entities:

	Actual 2024 \$000	Actual 2023 \$000
Revenue		
– Funding from MBIE	3,818	3,818
Expenses		
– Service agreement with MBIE	2,683	2,870
– Other recharges to MBIE	–	–

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Key management personnel compensation

CRHL has no employees. The costs related to key management personnel is included within the service agreement with MBIE. The compensation for key management personnel during the year was as follows:

	Actual 2024 \$000	Actual 2023 \$000
Key management personnel compensation		
Remuneration	509	454
Full-time equivalent staff	1.9	1.9

Note 14 Correction of prior period error

In the preparation of financial statements for the year ended 30 June 2024, it was identified that the disclosure of key management personnel (KMP) compensation was omitted in prior year’s financial statements. The omission resulted in incomplete information regarding related party transactions. The error has been corrected by restating the comparative information for KMP compensation as shown above.

The omission of KMP compensation disclosure did not affect the Statement of Comprehensive Revenue and Expenses or Statement of Financial Position as previously reported. However, the disclosure enhances the transparency of related party transactions.

Notes

to the Financial Statements continued

Note 15 Financial instruments

Accounting policy

Non-derivative financial assets

Refer to accounting policies disclosed in Note 2.

Non-derivative financial liabilities

Financial liabilities are initially recognised at fair value and generally subsequently measured at amortised cost except for those measured at FVTSD, such as liabilities held-for-trading and financial liabilities irrevocably designated as FVTSD on initial recognition.

CRHL financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities entered into with durations of less than 12 months are recognised at their nominal value. Amortisation is recognised in the Statement of Comprehensive Revenue and Expenses as is any gain or loss when the liability is derecognised.

Financial instrument categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	Actual 2024 \$000	Actual 2023 \$000
Financial assets measured at amortised cost		
Cash and cash equivalents	199,313	237,386
Term deposits	15,000	40,000
Loans and advances	256,255	216,797
Trade and other receivables	4,278	1,414
Total financial assets measured at amortised cost	474,846	495,597
Financial assets measured at fair value		
Investment securities	27,527	6,817
Loans and advances	101,777	69,789
Total financial assets measured at fair value	129,304	76,606
Financial liabilities measured at amortised cost		
Trade payables	283	1,866
Total financial liabilities measured at amortised cost	283	1,866

The maximum loss due to the default of any financial asset is the carrying value reported in the Statement of Financial Position.

Fair value hierarchy

For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:

- ▶ **Quoted market prices (level 1).** Financial instruments with quoted prices for identical instruments in active markets.
- ▶ **Valuation techniques using observable inputs (level 2).** Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- ▶ **Valuation techniques with significant non-observable inputs (level 3).** Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the Statement of Financial Position.

	Level 1 \$000	Level 2 \$000	Level 3 \$000
30 June 2024			
Investment securities			27,527
Loans and advances			101,777
30 June 2023			
Investment securities			6,817
Loans and advances			69,789

There were no transfers between the different levels of the fair value hierarchy.

Significant inputs and sensitivity of fair value of concessionary loans and advances to changes in the discount rates are disclosed in Note 2.

Notes

to the Financial Statements continued

Note 15 Financial instruments continued

Financial instruments risks

CRHL’s activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. CRHL has policies to manage these risks and seeks to minimise exposure from financial instruments. These policies do not allow transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. CRHL has no exposure to the price risk at reporting date.

Fair value interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. CRHL’s exposure to fair value interest rate risk is limited to its cash and cash equivalents that are held at fixed rates of interest, concessionary loans and advances and other loans and advances measured at fair value.

Interest rates, including Official Cash Rate and swap rates, have fluctuated which affected market rates used for determining fair value of CRHL’s loans and advances. Sensitivity analysis of fair value of loans and advances to changes in market rates is disclosed in Note 2.

CRHL does not actively manage its exposure to fair value interest rate risk.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. CRHL has limited exposure to the cash flow interest rate risk at reporting date.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. CRHL has no exposure to the currency risk at reporting date because all transactions entered into were in New Zealand Dollars.

Credit risk

Credit risk is the risk that a third party will default on its obligation to CRHL, causing it to incur a loss.

CRHL is exposed to credit risk from cash and cash equivalents with banks, trade receivables, loans and advances, and equity investments.

CRHL reviews the credit quality of customers before granting credit, issuing loans or investing in equity. It continues to monitor and manage these financial assets based on ageing and related entities’ performance towards agreed objectives and adjusts the expected credit loss allowance accordingly.

Concentration of credit risk arises where CRHL is exposed to risk in activities or industries of a similar nature. CRHL does not actively manage its concentration of credit risk as CRHL acts as an asset holding company for regional investments approved by the Crown. Analysis of loans and advances by industry sector is disclosed in Note 2.

The carrying amount of cash and cash equivalents and term deposits, by credit rating is provided below by reference to Standard and Poor’s credit ratings.

	Actual 2024 \$000	Actual 2023 \$000
Cash and cash equivalents		
AA-	199,313	237,386
Total cash and cash equivalents	199,313	237,386
Term deposits		
AA-	15,000	40,000
Total term deposits	15,000	40,000

Notes

to the Financial Statements continued

Note 15 Financial instruments continued

Loans and advances held by CRHL at 30 June 2024 were unrated. The table below represents the maximum gross credit risk exposure of CRHL at 30 June 2024 and 30 June 2023.

	Actual 2024		
	Financial assets on balance sheet \$000	Off-balance sheet commitments \$000	Maximum exposure to credit risk \$000
Cash and cash equivalents	199,313	–	199,313
Term deposits	15,000	–	15,000
Loans and advances	358,032	120,027	478,059
Investments in equity shares	27,527	–	27,527
Trade receivables	4,278	–	4,278
Total financial assets on balance sheet and off-balance sheet commitments	604,150	120,027	724,177

	Actual 2023		
	Financial assets on balance sheet \$000	Off-balance sheet commitments \$000	Maximum exposure to credit risk \$000
Cash and cash equivalents	237,386	–	237,386
Term deposits	40,000	–	40,000
Loans and advances	286,586	79,510	366,096
Investments in equity shares	6,817	–	6,817
Trade receivables	1,414	–	1,414
Total financial assets on balance sheet and off-balance sheet commitments	572,203	79,510	651,713

The exposures set out above are based on gross carrying amounts of financial assets as disclosed in relevant notes to these financial statements. No collateral or credit enhancements were held for financial assets other than loans and advances. At 30 June 2024 CRHL held unsecured loans and advances with a total gross value of \$79.469 million (30 June 2023: \$61.516 million). For secured loans and advances, collateral held by CRHL included first ranking and second ranking general security deeds in respect of borrowers’ present and future acquired properties.

Note 16 Events after the balance date

The following events and transactions occurred subsequent to year end:

- ▶ **During the ten months ended 30 April 2025:**
13 loan agreements totalling \$43.835 million were novated to CRHL with further investments still being negotiated.
- ▶ **Subsequent to year end, there were 3 resignations and 3 appointments of directors.**
Effective 31 December 2024, Anne-Marie Broughton, Elizabeth Hopkins and Patsy Reddy resigned from the Board of CRHL. Effective 1 January 2025, Michael Greenslade, Mat Bolland and Angela Edwards were appointed to the Board of CRHL, for a three-year term expiring on 31 December 2028.
- ▶ **During the year ended 30 June 2024:**
Cabinet agreed to establish the Regional Infrastructure Fund (RIF) with an aim of investing in and improving New Zealand’s regional infrastructure. The investments will be novated to CRHL. As at 31 March 2025, CRHL had subscribed to \$900 million ordinary shares at a price of \$1.00 per share. In May 2025, shares of \$150 million were called. Two loan agreements worth \$13.200 million were novated to CRHL as at 30 April 2025.
- ▶ **There has been a significant change in circumstances of below borrowers:**
 - ▶ Sustainable Foods Limited was placed in Voluntary Administration on 23 August 2024. The valuation of the loan advanced to the entity as at 30 June 2024 has appropriately considered this change of circumstances.
 - ▶ Cherri Global Limited was placed in liquidation in March 2025. The valuation of the loan advanced to the entity as at 30 June 2024 has appropriately considered this change of circumstances
 - ▶ Guru NZ Limited was placed in Liquidation in February 2025. The valuation of the loan advanced to the entity as at 30 June 2024 has appropriately considered this change of circumstances.

There are no other material events that occurred subsequent to the reporting date which require recognition or additional disclosure in these financial statements.

Report on Appropriation funding

Appropriation funding table

The table below shows the funding made available by the Crown through the Estimates and Supplementary Estimates compared to that recognised by Crown Regional Holdings Limited in the year for each of its appropriations.

	Actual 2023 \$000	Estimates 2023 \$000	Actual 2024 \$000	Supplementary estimates 2024 \$000
Vote Business Science and Innovation: Regional Development: Provincial Growth Fund (Multi-Category Appropriation)				
<i>Management of Investments in Crown-owned companies</i> Revenue – Crown	1,909	1,909	3,818	3,818
<i>Provincial Growth Fund Investment Management – Crown Regional Holdings Limited</i> Revenue – Crown	1,909	1,909	–	–
<i>Investment through Crown-owned companies</i> Revenue – Crown	27,319	77,319	56,200	56,200
Total	31,137	81,137	60,018	60,018
Vote Business, Science & Innovation: Regional Development: Infrastructure Reference Group (Multi-Category Appropriation)				
<i>Investment through Crown-owned companies</i> Revenue – Crown	22,013	22,013	–	10
Total	22,013	22,013	–	10
Vote Business, Science & Innovation: Regional Development: Regional Investment Opportunities (Multi-Category Appropriation)				
<i>Investment in Infrastructure</i> Revenue – Crown	–	10	–	–
<i>Investment through Crown-owned Companies</i> Revenue – Crown	18,452	18,442	–	–
Total	18,452	18,452	–	–

Appropriation funding table – continued

	Actual 2023 \$000	Estimates 2023 \$000	Actual 2024 \$000	Supplementary estimates 2024 \$000
Vote Business, Science & Innovation: Regional Development: Regional Strategic Partnership Fund (Multi-Category Appropriation)				
<i>Investment through Crown-owned companies</i> Revenue – Crown	42,181	140,000	43,800	50,000
<i>Supporting regionally significant firms impacted by Cyclone Gabrielle</i> Revenue – Crown	20,000	20,000	–	–
Total	62,181	160,000	43,800	50,000
Vote Business, Science & Innovation: Economic and Regional Development: Strategic Tourism Assets Protection Programme (Multi-Category Appropriation)				
<i>Investment through Crown-owned companies</i> Revenue – Crown	53,000	52,990	–	–
<i>Tourism Investments</i> Revenue – Crown	–	10	–	–
Total	53,000	53,000	–	–
Vote Business, Science & Innovation: Regional Development:				
<i>Investment in Crown-owned Companies and their subsidiaries for the Wood Processing Growth Fund</i> Revenue – Crown	–	–	–	20,000
<i>Investment through Crown-owned Companies</i> Revenue – Crown	–	–	40,000	80,000
Total	–	–	40,000	100,000
Total Appropriation	186,783	334,602	143,818	210,028

CRHL Nelson project

National Algae Centre



National Algae Centre
Nelson



Project

The National Algae Centre in Nelson, built and operated by Cawthron Institute using \$2M of PGF funding.

The seaweed tubs have been built outside to accommodate the expansion needed as a result of the demand for their services (including international demand) has increased.

Funding

\$2M PGF funding



Image credit *withKudos*

Directory

Shareholders

Minister of Finance
Minister for Regional Development

Registered office

15 Stout Street, Wellington Central
Wellington 6011
New Zealand

Contact address

15 Stout Street
Wellington Central
Wellington 6011
New Zealand

Auditor

The Auditor-General, pursuant to section 15 of the *Public Audit Act 2001*

Bank

Westpac Bank of New Zealand Limited

Board of Directors

John Rae, Chair
Neville Harris
Dame Patsy Reddy GNZM CVO QSO DStJ
Anne-Marie Broughton
Elizabeth Hopkins
Rosie Mercer



Te Kāwanatanga o Aotearoa
New Zealand Government

CRHL CROWN REGIONAL
HOLDINGS LIMITED