



Statement of Intent

1 July 2024 – 30 June 2028

PRESENTED TO THE HOUSE OF
REPRESENTATIVES PURSUANT
TO SECTION 149(3) OF THE
CROWN ENTITIES ACT 2004



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CRHL Introduction to the 2024 – 2028 Statement of Intent

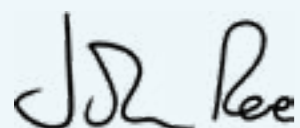
Introduction

The overall objective of the Crown, via the regional economic development initiatives, is to invest in regional economic development in New Zealand, including by providing various forms of financial support for recipients in regional New Zealand. The Crown’s decision making in relation to the investments is governed by the criteria for decision-making published by the Ministry of Business, Innovation and Employment (MBIE) from time to time, which includes non-financial criteria. The Crown wishes to hold its interests in certain regional economic development investments through a limited liability company called Crown Regional Holdings Limited, but in doing so the Crown wishes to ensure that the primary responsibility for management and administration of those investments remains with the Crown.

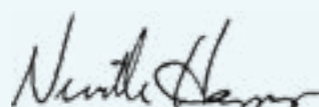
This Statement of Intent is submitted by the Board of Directors of Crown Regional Holdings Limited (the **Company or CRHL**), pursuant to the *Crown Entities Act 2004* (the Act). Under the Act, the SOI is required to cover up to a four year period, being the forthcoming year and the following three financial years. Therefore this SOI sets out the objectives and intentions of the Company for the period from 1 July 2024 – 30 June 2028.

Statement of responsibility

The Company is responsible for the statements contained in this document, including the appropriateness of the underlying assumptions.



John Rae
Chair, Crown Regional Holdings Limited
31 May 2024



Neville Harris
Director, Crown Regional Holdings Limited
31 May 2024

CRHL Purpose and objectives

CRHL purpose

To build economies, grow industries and strengthen communities by investing in regional economic development in New Zealand, including by providing various forms of financial support for recipients in regional New Zealand.¹



OBJECTIVES FOR ACHIEVING PURPOSE ²			
1 ACT AS AN ASSET HOLDING COMPANY To hold investments made through the PGF and other regional economic development initiatives	2 ENTER MANAGEMENT AGREEMENT WITH MBIE Under which CRHL will outsource the day-to-day management and administration of investments to MBIE	3 SUPERVISE & MONITOR THE PERFORMANCE Of MBIE’s obligations under the management agreement, consistent with CRHL’s constitution	4 OPERATE COMMERCIALY AND IN A MANNER THAT Optimises investments, minimises costs, reflects the funds’ overarching objectives and ensures the timely distribution of any surplus funds as agreed

SERVICE PERFORMANCE MEASURES				
1 CONTRACT MANAGEMENT The percentage of counterparties that have a contract management plan in place PERFORMANCE TARGET 100%	2 CONTRACT DELIVERY The percentage of counterparties that receive contact from MBIE at least once every quarter PERFORMANCE TARGET 100%	3 CONTRACT PAYMENT The percentage of payments made to counterparties within 11 working days of a valid drawdown notice being received PERFORMANCE TARGET 100%	4 PORTFOLIO RISK MANAGEMENT The percentage of investments, notified by the Head of Kānoa – RD, MBIE ³ to the CRHL Chair within 24 hours following MBIE increasing the RAG ⁴ status of the investment to Red PERFORMANCE TARGET 100%	

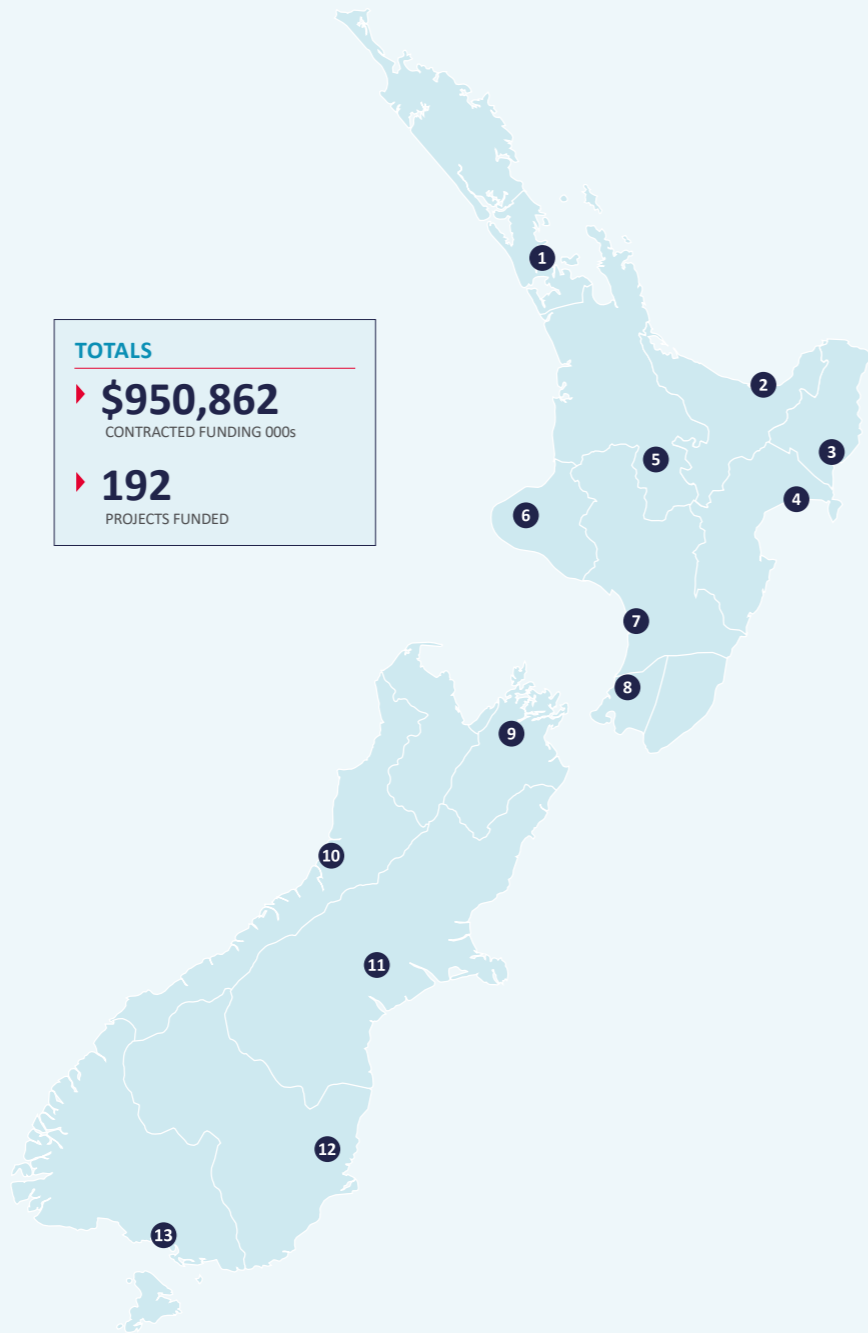
1 Source – Crown Regional Holdings Limited, Constitution
 2 Source – Crown Regional Holdings Limited, Statement of Intent 2021- 2025
 3 = Or his delegate
 4= Red Amber Green

CRHL

Regional Map, Funding and Projects

March 2024

	CONTRACTED FUNDING 000s	PROJECTS FUNDED
1	TE TAI TOKERAU NORTHLAND \$101,160	21
2	WAIARIKI BAY OF PLENTY \$344,197	36
3	TE TAIRĀWHITI EAST COAST \$113,426	20
4	TE MATAU-A-MĀUI HAWKE'S BAY \$88,150	19
5	HAURAKI WAIKATO \$69,462	15
6	TARANAKI \$6,119	4
7	MANAWATŪ-WHANGANUI \$70,410	16
8	KĀPITI \$4,090	3
9	TE TAU IHU TOP OF THE SOUTH \$23,291	8
10	TE TAI POUTINI WEST COAST \$12,546	6
11	WAITAHA CANTERBURY \$16,500	5
12	ŌTĀKOU / OTAGO \$26,125	18
13	MURIHIKU / SOUTHLAND \$63,945	15
	NATIONAL \$11,441	6



CRHL Cyclone Gabrielle update South Pacific Growers Ltd



South Pacific Growers Ltd
Hawkes Bay

Rob Sykes, South Pacific Growers Limited

“South Pacific Growers Ltd (SPG) is pleased and very grateful for the financial assistance via the Primary Producers Finance Scheme loan. This has provided our business, it’s suppliers and staff certainty after the events of 2023. We are delighted with the relationship with MSD with some of our new recruits being potential stars in this industry.

Comments from local businesses regarding the flow on effects of this funding into the local community is something MBIE/ Kānoa – RD should be proud of and shows it is working.”

“South Pacific Growers Ltd is committed to being a role model to demonstrate the benefits to business and the wider community from this scheme, and we are thankful for the support.”

CRHL Project update Royal Albatross Centre



Royal Albatross Centre
Otago Peninsula



Project

The Otago Peninsula Trust (The Trust) received a loan in May 2021 for the Royal Albatross Centre, as part of the funding from the Strategic Tourism Asset Protection Program (STAPP).

The STAPP fund was intended to protect the tourism industry's assets, so companies were able to survive through the disruption caused by the COVID-19 pandemic.

The Trust used the funding to support the Royal Albatross Centre operations when visitor numbers were low. This enabled them alongside Monarch and Larnach Castle to maintain their offerings to visitors, ensuring Dunedin was open for tourism during the pandemic.

Funding

A loan from the Strategic Tourism Asset Protection Programme was given to the value of \$130,000, enabling the Trust to retain all staff and maintain the visibility required to support the only mainland breeding colony of Northern Royal Albatross.



COVID-19 disruption

When visitor numbers were low as a result of the pandemic, the STAPP funding helped the Royal Albatross Centre operation to survive.

Quote from returning customer:

The jewel in the crown of Wild Dunedin

Section one

Background information

This Statement of Intent

The substantive background information on the Company is contained in the following sections of this Statement of Intent (SOI):

- ▶ nature and scope of functions and operations; and
- ▶ impacts, outcomes and objectives.

Objectives

The objectives of the Company are to:

- ▶ act as an asset holding company to hold investments made through the PGF and other regional economic development initiatives;
- ▶ enter into a Management Agreement with the Kānoa – Regional Economic Development & Investment Unit (Kānoa – RD), which is part of MBIE under which CRHL will outsource the day-to-day management and administration of investments to Kānoa – RD;
- ▶ supervise and monitor the performance of MBIE’s obligations under the management agreement, consistent with CRHL’s company constitution; and
- ▶ operate commercially and in a manner that optimises investments, minimises costs, reflects the funds’ overarching objectives and ensures the timely distribution of any surplus funds as agreed.

Accountability

The Company is accountable to its shareholding Ministers (the **Shareholding Ministers**), which are currently the Minister of Finance and the Minister for Regional Development.

Governance

The Shareholding Ministers appointed the Company’s Board, which governs the Company. All decisions about the Company’s operations are made under the authority of the Board. The Board is responsible for agreeing outputs with the Shareholding Ministers, ensuring that the expectations of the Shareholding Ministers are met and the Company operates within the terms of its Constitution and statutory framework.

Section two

Nature and scope of functions and operations

The Company’s statutory framework

The Company’s operational mandate is provided by the statutory framework that applies to it, including (but not limited to) the *Public Finance Act 1989*, the *Crown Entities Act 2004* and the *Companies Act 1993*.

The Company is incorporated under the *Companies Act 1993* and is listed in Schedule 4A of the *Public Finance Act 1989*.

All of the shares in the Company are owned by the Shareholding Ministers on behalf of the Crown.

Certain sections of the *Crown Entities Act 2004* apply to the Company by virtue of it being listed in Schedule 4A of the *Public Finance Act 1989*. In addition, the Company’s day-to-day operations are governed by the *Companies Act 1993*.

The Companies Act regime

Under the *Companies Act 1993*, the Board, each director and each Shareholding Minister have the rights, powers, duties and obligations set out in the Act, except to the extent that they are negated or modified, in accordance with the Act, by the Company’s constitution.

Funding

The Company will receive operational funding to cover day-to-day costs from the Crown. In time, it will also generate investment income from the loans and equity investments that will be novated (transferred) to it by MBIE.

Scope of the Company’s role

The Company will:

- ▶ act solely as the nominated legal entity for taking assignment of regional economic development investments;
- ▶ act at all times in accordance with its constitution and its Management Agreement with Kānoa – RD, which is part of MBIE, in relation to any matter relating to those investments;
- ▶ operate in a commercial manner and in a manner that optimises investments, minimises costs and reflects the funds’ overarching objectives; and
- ▶ subject to compliance with the *Companies Act 1993*, distribute the receipts or proceeds of any regional economic development investments to the Crown, unless otherwise agreed between CRHL, MBIE and Shareholding Ministers.

Section two Continued

Crown Entities Act requirements

Some provisions of the *Crown Entities Act 2004* apply automatically to the Company by virtue of the Company being listed in Schedule 4A of the *Public Finance Act 1989*. These sections are:

- ▶ section 133, which requires the Board to supply the Shareholding Ministers with information requested;
- ▶ section 134, which details good reasons for refusing to supply information requested by the Shareholding Ministers;
- ▶ sections 154 to 156, which relate to the preparation and audit of annual financial statements; and
- ▶ section 158, which relates to bank accounts.

The following sections of the *Crown Entities Act 2004* also apply to the Company:

- ▶ section 139, which relates to preparation of a statement of intent;
- ▶ section 150, which relates to preparation and publication of an annual report;
- ▶ section 162, which restricts borrowing; and
- ▶ section 164, which restricts use of derivatives.

Other statutory requirements

Because the Company is an organisation listed in Schedule 4A of the Public Finance Act, pursuant to the *Public Audit Act 2001*, the Controller and Auditor-General is the auditor of the Company.

The Company is also subject to the *Ombudsmen Act 1975* and the *Official Information Act 1982*.

Operations

The Company is required to operate within the functions, powers and constraints outlined above as a holding company. Within this framework, the Company undertakes a governance role while its day-to-day operations are performed by MBIE under a Management Agreement.

Section three Impacts, outcomes and objectives

Overall objective

As noted in the introduction, the overall objective of the Crown, via regional economic development initiatives, is to invest in regional economic development in New Zealand, including by providing various forms of financial support for recipients in regional New Zealand. The Crown's decision making in relation to investments is governed by the criteria for decision-making published by MBIE from time to time, which includes non-financial criteria. The Crown wishes to hold its interests in certain regional economic development investments through a limited liability company called CRHL, but in doing so the Crown wishes to ensure that the primary responsibility for management and administration of those investments remains with the Crown.

Having regard to the overall objective, the Company's constitution defines its purpose as to:

- ▶ enter into the Management Agreement and any ancillary agreement with MBIE and/or Shareholding Ministers as is reasonably required to give effect to the Company's purpose and overall objective;
- ▶ enter into other agreements in connection with Investments that are reasonably required to give effect to the Company's purpose and overall objective;
- ▶ act as the nominated legal entity for:
 - ▶ taking, and must take, novation of rights, benefits, liabilities and obligations; and
 - ▶ accepting, and must accept, transfer of any investments,
 under any Investment Agreement and any Related Agreements in relation to the relevant Investment and in accordance with the Management Agreement;
- ▶ supervise and monitor the performance of MBIE's obligations under the Management Agreement;
- ▶ establish (as required) one or more subsidiaries to receive, hold, manage or administer any investment;
- ▶ otherwise act at all times in accordance with the Management Agreement;
- ▶ subject to compliance with the *Companies Act 1993*, distribute the proceeds received from any Investment to Shareholding Ministers, unless otherwise agreed between the Company, MBIE and Shareholding Ministers; and
- ▶ carry out all incidental matters that are required to be carried out by the Company by law or under, and in accordance with, the constitution, the Management Agreement and any ancillary agreement.

Shareholding Ministers' discretion

If the Shareholding Ministers so direct or approve the Company may acquire additional assets from the Crown.

Commercial objectives

The Company is expected to operate commercially and in a manner that optimises investments, minimises costs, reflects the funds' overarching objectives and ensures the timely distribution of any surplus funds.

Section three Continued

How the Company will achieve its impacts, outcomes and objectives

Acquisition of assets

The Company has acquired since its establishment and will continue to acquire a range of investments made by the MBIE on behalf of the Crown.

Management of assets

The Company will manage these investments on behalf of the Crown. This may include providing further funds consistent with existing agreements, managing interest and principal repayments of the loans and taking whatever steps are necessary to manage the investments.

In practise, CRHL will outsource the day-to-day management and administration of all such investments to MBIE under the Management Agreement.

The Company will also acquire, manage and realise any other assets as directed or approved by its Shareholding Ministers.

Distribution Policy

The distribution policy provides for an annual distribution to be made to the Crown based on the available cash at the end of the year less cash required for forecast operating costs and investments over the subsequent year, and a cash buffer as agreed from time to time by the Crown. Such distributions will be by way of return of capital or dividends.

Governance

Board of Directors

During the period covered by this SOI, it is expected that the Company will be governed by a board consisting of between two and seven directors.

Structure

The Company will not have any staff. Most services will be provided to the Company by MBIE under the Management Agreement and any other services will be contracted as required.

Key Measurements

The key measurements are expected to be:

- ▶ the total value of;
- ▶ the investment income generated from; and
- ▶ the performance of the investments which are held by CRHL, on behalf of the Crown.

Section four Reporting / monitoring

Reporting

The Company's reporting will include:

- ▶ an annual statement of performance expectations (SPE);
- ▶ an annual report against the targets contained in the SPE;
- ▶ performance reports as agreed with Shareholding Ministers, prepared at a minimum, on a quarterly basis;
- ▶ ad hoc reports to Ministers of the Crown on issues as requested by Ministers of the Crown; and
- ▶ reports to Parliament.

The Company will report on its progress against its financial targets as set out in each statement of performance expectations in the relevant Annual Report. The Company will also comply with its reporting obligations under its constitution, the *Companies Act 1993* and the *Financial Reporting Act 1993*.

The Company will provide any other information within its control as requested by its Shareholding Ministers or other Ministers of the Crown, subject to confidentiality requirements.

Role of Ministers

The Company's Shareholding Ministers will:

- ▶ monitor the performance of the Company (by way of MBIE and The Treasury);
- ▶ appoint and remove Board Members;
- ▶ approve transactions defined by the *Companies Act 1993* as "major transactions";
- ▶ approve other significant decisions regarding the scope of the Company's activities; and
- ▶ give directions relating to the acquisition, management and realisation of any other assets by the Company.

Consultation

The Company will, in relation to any single or connected series of transactions, consult its Shareholding Ministers on substantial matters not contemplated in this SOI, including:

- ▶ Any substantial expansion or change of activities outside the scope of its core activities;
- ▶ Any substantial change to the Management Agreement with MBIE;
- ▶ The significant restructuring of any loans or equity investments over \$5 million; and
- ▶ The sale or disposal of any loan assets or equity investments over \$5 million whether for cash or non-cash consideration.
- ▶ Shareholding Ministers will continue to be advised of any other significant transactions, even if they do not meet the thresholds.

Committees

The Company does not presently have any board committees but may choose to create them in the future.



CRHL CROWN REGIONAL
HOLDINGS LIMITED



Te Kāwanatanga o Aotearoa
New Zealand Government