



**CROWN
INFRASTRUCTURE**
PARTNERS | HANGA NGĀTAHI

BUILDING TOGETHER

ANNUAL REPORT 2024

FOR YEAR END 30 JUNE 2024



New Zealand Government
Te Kāwanatanga o Aotearoa



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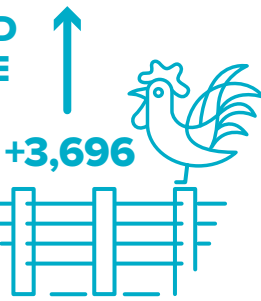
Cover: University of Auckland Social Sciences
Building, Auckland – IRG Programme
Stey Brae Tower, West Coast – Rural Connectivity
Group, Rural Broadband Programme

THE YEAR AT A GLANCE FOR YEAR ENDED 30 JUNE 2024

RURAL BROADBAND
COVERAGE TO DATE

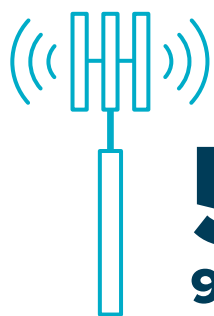
84,688 +3,696

HOMES & BUSINESSES
100% COMPLETE



MOBILE TOWERS
RURAL & BLACK SPOTS

513 +61
TOWERS
COMPLETE
90% COMPLETE



STATE HIGHWAY
KM COVERED*

+208km

1,481 km
95% COMPLETE



* Handed over State Highway KM

TOURISM SPOTS
COVERED*

159 +35

92% COMPLETE



* includes Spectrum Towers

MARAE
CONNECTED

661 +37



657 WITH HARDWARE INSTALLED



+26,675

RURAL
CAPACITY
UPGRADES

83% COMPLETE

57,830
HOMES, FARMS, & BUSINESSES

CIP INFRASTRUCTURE
REFERENCE GROUP

46 CIP IRG
PROJECTS

25 COMPLETED
46 COMMENCED



\$1.10bn

AMOUNT INVESTED
INCREASED \$254.4m



\$1.38bn

GOVERNMENT
FUNDING
COMMITTED **80%**
AMOUNT INVESTED

RURAL
DRINKING
WATER

51 +45

KĀINGA
UPGRADED



42%

INVESTED: \$12.5m

CYCLONE
RECOVERY

45 PROJECTS
APPROVED
9 UNDERWAY
20%



3 PROJECTS
COMPLETE

7%

\$54.3m

AMOUNT INVESTED



281

CATEGORY 3
PROPERTIES FUNDED

FUNDING PROVIDED: \$107.7m

RISK MITIGATION
INFRASTRUCTURE

1

PROJECT
UNDERWAY
\$4.3m INVESTED



TRANSPORT

7

PROJECTS
UNDERWAY

PROJECTS COMPLETED: 1
\$48.2m INVESTED



LOCAL GOVERNMENT
FLOOD RESILIENCE

10

PROJECTS
UNDERWAY

PROJECTS COMPLETED: 2
\$1.8m INVESTED



INFRASTRUCTURE
FUNDING AND
FINANCING

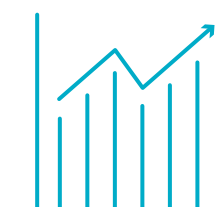


\$699m +3
DEALS
UNDERWAY

TOTAL DEBT RAISED **+\$440m**

NET
EARNINGS

\$192.9m

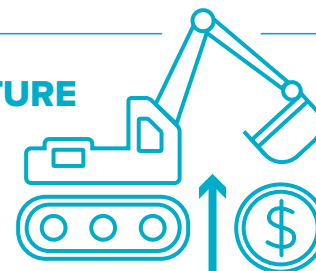


\$140.6m
CHANGE

BETTER
THAN
FY23

This is the total comprehensive
income for the Company.

INFRASTRUCTURE
INVESTMENT
TO DATE



\$3.71bn +\$630.7m



EMPLOYEE
ENGAGEMENT

4/5 **97%**
PARTICIPATION

TRIFR **9***

UP **5.37**

TOTAL RECORDABLE INJURY FREQUENCY RATE



* Total injuries have decreased, however hours worked has decreased
over the year, meaning the TRIFR rate has increased.

CIP REPORT FROM THE CHAIR AND CEO 2024

HANGA NGĀTAHI – BUILDING TOGETHER



THIS YEAR HAS SEEN CROWN INFRASTRUCTURE PARTNERS (CIP) BROADEN ITS FOCUS TO DELIVER OUTCOMES FOR COMMUNITIES ACROSS NEW ZEALAND. NEW RESPONSIBILITIES INCLUDE ADMINISTERING GOVERNMENT FUNDS THAT SUPPORT THE RECOVERY OF AREAS AFFECTED BY THE 2023 SEVERE WEATHER EVENTS AND DEPLOYING CIP'S FINANCIAL ADVISORY EXPERTISE TO UNLOCK INVESTMENT IN WATER INFRASTRUCTURE.

Important milestones were achieved on existing programmes with financing secured for a major wastewater treatment facility in Wellington, the completion of the University of Auckland Social Sciences Building, and delivery of the 500th Rural Mobile Tower, providing essential mobile coverage to isolated communities.

INFRASTRUCTURE FUNDS

CIP's responsibilities for funding infrastructure expanded in late 2023 when the Government appointed CIP as the administrator of the Cyclone Recovery Programme. CIP is now overseeing the distribution of \$1.8 billion of Government funds to support the recovery of areas affected by the devastating weather events in 2023, including the Auckland Anniversary Weekend floods and Cyclone Gabrielle.

The programme will assist affected communities with the reconstruction of critical transport links, the buyout of flood-affected properties, and the provision of new and enhanced flood protection infrastructure. In 2023/24, CIP funded over \$100 million towards property buyouts and \$48 million towards rebuilding critical infrastructure. As at June 2024, there were 45 infrastructure projects approved across the affected regions valued at \$388 million.

Thirteen CIP-managed Infrastructure Reference Group (IRG) projects were completed in 2023/24, bringing the total of completed projects to 25 out of the 46 projects CIP manages. These included the largest IRG project, the \$275 million University of Auckland Social Sciences Building and the \$32 million Te Kupenga o Rongomai Maidstone Sports Hub in Upper Hutt.

CIP's focus on delivering outcomes for the benefit of New Zealanders has brought new responsibilities, including supporting the recovery of areas affected by the 2023 severe weather events.



State Highway 94 Homer Tunnel,
Southland – IRG Programme

The CIP-managed Rural Drinking Water programme passed a milestone of 51 water treatment plants installed by the end of the financial year, providing safe drinking water solutions to rural marae and other rural settlements.

CIP assisted the Government with the administration of the \$500 million Better Off Fund which supports Government investment in infrastructure across 68 councils, and to 30 June 2024, \$263 million has been paid out. Some investment is now being reprioritised to water infrastructure with approximately 470 projects to receive funding through the programme.

INFRASTRUCTURE FUNDING AND FINANCING

Exemplifying CIP’s approach of Building Together was the award-winning financing of a \$400 million wastewater treatment facility, to be delivered in close partnership with Wellington City Council.

Wellington required a major investment in wastewater treatment¹ but was challenged by the size and scale of the investment required. CIP facilitated the transaction using the Infrastructure Funding and Financing Act 2020 tool. A Special Purpose Vehicle (SPV) owned by CIP was established to raise debt from five financiers with CIP providing equity.

The transaction was awarded ‘2024 Debt Deal of the Year’ at the Institute of Finance Professionals New Zealand (INFINZ) Finance Awards for its innovation, approach to risk management, and the affordability of finance.

Wellington residents can expect a world class facility in the second half of 2026 that reduces carbon emissions from wastewater treatment by up to 60 percent and that provides for a cleaner, more sustainable, and more efficient process.

The Government was able to draw on CIP’s infrastructure funding and financing expertise in 2024 to support the Local Water Done Well policy. CIP led the development of a financing model to financially separate water utility Watercare from Auckland Council from a balance sheet perspective, while still enabling local ownership. The solution will allow Watercare to borrow against its own assets and revenue stream, unlocking investment for critical wastewater and water supply infrastructure upgrades and growth. CIP was also instrumental in the in the development of water service delivery models for other parts of New Zealand recently announced by the Government.

DIGITAL CONNECTIVITY

Throughout the year, CIP’s longstanding digital connectivity programmes continued to achieve milestones. Delivery of the 500th rural mobile tower under the Rural Broadband and Mobile Black Spots programme was achieved when a tower at Anawhata to the west of Auckland was activated, providing mobile coverage to an area greatly affected by the weather events of 2023.



The Kind Foundation, Christchurch – IRG Programme

The Rural Capacity Upgrade programme continued at pace. CIP is partnering with 23 service providers to improve broadband services to rural New Zealanders in areas suffering from broadband network congestion. To 30 June 2024, nearly 60,000 rural homes and businesses have received new or upgraded broadband, and around 5,600 rural homes have received fibre-to-the-home broadband, future proofing their internet connectivity needs.

Over 660 marae have now been connected to broadband and provided with digital hardware to enable internet connectivity and video conferencing.

CIP is supporting NZ Police’s Next Generation Critical Communications Unit with delivery of the new Public Safety Network. Priority mobile roaming is being successfully delivered and the new digital technology for the nationwide Land Mobile Radio Network pilot has been established.

CORPORATE AND FINANCE

CIP achieved financial net earnings of \$192.9 million in the 2023/24 financial year, exceeding its Statement of Performance Expectation (SPE) by \$221.5 million and improving on FY23 by \$140.6 million because of increasing interest rates, increased infrastructure loan advances, grant revenue timings, and cost savings. CIP’s SPE measures were all achieved or exceeded except for one, that was missed.

1 The Te Whare Wai Para Nuku Moa Point sludge minimisation facility will reduce the amount of sewage sludge created through the wastewater treatment process and turn it into a safe, reusable product.



Thermal Dryer Project, New Plymouth – IRG Programme

partnerships (PPPs), and will act as a “shopfront” to receive unsolicited proposals and facilitate private sector investment in Crown infrastructure.

CIP would like to thank our infrastructure delivery partners, including other government agencies, departments, councils, infrastructure owners, iwi, our financiers, and other stakeholders for their contribution to the success of the programmes completed this year. CIP’s achievements would not have been possible without their cooperation and commitment to improving infrastructure for all New Zealanders. We look forward to continuing to work with all our partners as CIP transitions to the NIA on 1 December 2024.

A handwritten signature in blue ink, belonging to Mark Binns.

Mark Binns - Chair
21 October 2024

A handwritten signature in blue ink, belonging to Graham Mitchell.

Graham Mitchell - Chief Executive
21 October 2024

Infrastructure Funds

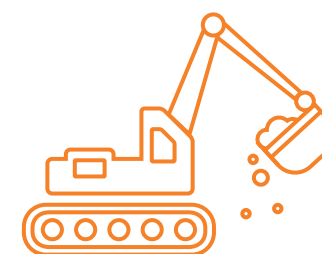
INFRASTRUCTURE REFERENCE GROUP (IRG) PROGRAMME

THE PURPOSE OF THE PROGRAMME IS TO SUPPORT THE CONSTRUCTION SECTOR BY SUPPORTING WORKFORCE EMPLOYMENT AND THE ECONOMY, WITH A DIRECT AND IMMEDIATE BENEFIT TO THE CITIES, REGIONAL ECONOMIES, AND COMMUNITIES IN WHICH THEY ARE BASED. THE PROGRAMME WAS INITIATED AS PART OF THE COVID-19 RECOVERY MEASURES.

The IRG programme moved towards conclusion in 2024. Of the 220 projects across the total programme, 152 have now been completed and a further 67 are underway. Government investment to June 2024 of \$2.2 billion has leveraged a further \$1.8 billion in co-funding from partners, supporting over 10,000 full time equivalent workers.

CIP performs two roles in the IRG programme. Firstly, it manages the overall IRG fund which distributes funding to partner agencies and reports back to Government on progress. Secondly, CIP directly manages the Government's investment for 46 projects.

In 2024, CIP-managed project delivery peaked with the completion of 13 of its 46 projects. CIP has now completed 25 IRG projects in total, committing \$1.1 billion of Government funding since the programme began and \$254.5 million in the past year alone.



TOTAL GOVERNMENT FUNDING:

\$2.70bn
AND CO-FUNDING
\$2.29bn



PEAK FTE
CONSTRUCTION SECTOR
(CIP-MANAGED PROJECTS)

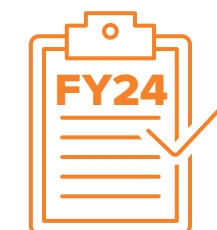
4,242



82%*
OF GOVERNMENT
FUNDING ADVANCED
ACROSS 46 PROJECTS



25
CIP-MANAGED
PROJECTS COMPLETED



13
CIP-MANAGED
PROJECTS COMPLETED
DURING FY24



\$1.1bn
OF GOVERNMENT
FUNDING INTO CIP-MANAGED
PROJECTS

* This is overall funding. The related performance measure is based on funding approved as at 30 June 2023.

THE FOLLOWING CIP-MANAGED PROJECTS WERE COMPLETED IN THE 2023/24 FINANCIAL YEAR:

AUCKLAND’S RESOURCE RECOVERY NETWORK



PROJECT OWNER:



MAIN CONTRACTOR:



COMPLETED: **APRIL 2024**
GOVERNMENT FUNDING: **\$10.7 MILLION**
PROJECT VALUE: **\$18.2 MILLION**
CONSTRUCTION WORKERS: **86**

This project established six community recycling centres that have been delivering on waste diversion targets and wider social, economic, and environmental outcomes.

The centres provide services for repair, reuse, behaviour change, and community engagement for low carbon living.

THE SOCIAL SCIENCES BUILDING



PROJECT OWNER:



MAIN CONTRACTOR:



COMPLETED: **OCTOBER 2023**
GOVERNMENT FUNDING: **\$200 MILLION**
PROJECT VALUE: **\$275 MILLION**
CONSTRUCTION WORKERS: **571**

This new build for the University of Auckland Faculty of Education and Social Work and Faculty of Arts became a world-leading six Green Star accredited project. The building will provide critical contributions to the development and well-being of New Zealanders through teacher education, sports studies, Māori-medium education, social work, human services, and counselling.

RUAKURA INLAND PORT WEST



PROJECT OWNER:



MAIN CONTRACTORS:



COMPLETED: **NOVEMBER 2023**
GOVERNMENT FUNDING: **\$40 MILLION**
PROJECT VALUE: **\$106 MILLION**
CONSTRUCTION WORKERS: **221**

CIP’s initial investment enabled this project to proceed. The Port is now New Zealand’s largest freight logistics hub providing efficient connectivity to both the Port of Tauranga and Ports of Auckland.

The development will improve freight efficiency, reduce pressure on infrastructure in other parts of the country, and has the potential to create around 8,000 jobs.

TAUPO EAST URBAN LAND BLOCK



PROJECT OWNER:



MAIN CONTRACTOR:



COMPLETED: **JUNE 2024**
GOVERNMENT FUNDING: **\$2.3 MILLION**
PROJECT VALUE: **\$180 MILLION**
CONSTRUCTION WORKERS: **221**

This development is an integrated residential, independent retirement living and aged care facility supported by medical, childcare, and retail facilities.

The project provided the community with a reserve, walking and cycling infrastructure, roading infrastructure, and a local pavilion.

FLAXMERE URBAN HOUSING DEVELOPMENT



PROJECT OWNER:



MAIN CONTRACTOR:



COMPLETED: **APRIL 2024**
GOVERNMENT FUNDING: **\$11.5 MILLION**
PROJECT VALUE: **\$31.4 MILLION**
CONSTRUCTION WORKERS: **45**

The project supported housing development on Iona Road and the delivery of other housing-related infrastructure on Flaxmere Avenue, the Gum Tree Block and Flaxmere Town Centre.

The project enabled well-functioning urban environments, to deliver over 500 ‘Social and Affordable’ as well as ‘Market’ homes to the community.

KIWA POOLS



PROJECT OWNER:



MAIN CONTRACTOR:



COMPLETED: **NOVEMBER 2023**
GOVERNMENT FUNDING: **\$40 MILLION**
PROJECT VALUE: **\$46 MILLION**
CONSTRUCTION WORKERS: **61**

The new build of the Gisborne District Council’s most used recreational facility in the Tairāwhiti region provides fully accessible aquatic facilities that are modern and fit for purpose. The project will improve user experience, community participation in aquatic recreation, and increase the number of people learning how to swim.

Sir Derek Lardelli worked with Architecture HDT and Apollo Projects to ensure cultural narrative was woven into the design of Kiwa Pools.

MAWHITIWHITI KANIHI PA BUILD



PROJECT OWNER:
TE KUPENGA O KANIHI CHARITABLE TRUST

MAIN CONTRACTOR:
LIVINGSTONE
BUILDING EXCELLENCE

COMPLETED: AUGUST 2023
GOVERNMENT FUNDING: \$5.5 MILLION
PROJECT VALUE: \$5.5 MILLION
CONSTRUCTION WORKERS: 26

The project provided a new multipurpose marae complex north of Hawera for whānau, hapū, iwi, and community gatherings.

This landmark for surrounding communities will create future employment opportunities, tourism prospects, and allow companies to have a marae experience through cultural and business workshops.

TE KUPENGA O RONGOMAI MAIDSTONE SPORTS HUB



PROJECT OWNER:
Te Kaunihera o Te Awa Kairangi ki Uta Upper Hutt City Council

MAIN CONTRACTOR:
maycroft
CONSTRUCTION + MANAGEMENT

COMPLETED: FEBRUARY 2024
GOVERNMENT FUNDING: \$15 MILLION
PROJECT VALUE: \$31.8 MILLION
CONSTRUCTION WORKERS: 47

The project completed Stage Three of the development of a regional destination sports and recreation park in Upper Hutt.

This project helps the sustainable and efficient operation of sports clubs and community groups, through combining resources and sharing costs.

FREDERICK STREET SOCIAL HOUSING



PROJECT OWNER:
KIRVA TRUST

MAIN CONTRACTOR:
McKEE FEHL
CONSTRUCTORS LTD

COMPLETED: AUGUST 2023
GOVERNMENT FUNDING: \$10 MILLION
PROJECT VALUE: \$39 MILLION
CONSTRUCTION WORKERS: 62

This Wellington project involved the construction of a 75-unit social housing development, a restoration of the Chinese Mission Hall, and the development of a new public park.

This charitable project provides accommodation and support services for Wellington's most in need, including the city's homeless population, people with disabilities and others waiting for social housing.

QUEENSTOWN TOWN CENTRE STREET UPGRADES



PROJECT OWNER:
QUEENSTOWN LAKES DISTRICT COUNCIL

MAIN CONTRACTORS:
Downer
Fulton Hogan

COMPLETED: JANUARY 2024
GOVERNMENT FUNDING: \$35 MILLION
PROJECT VALUE: \$66 MILLION
CONSTRUCTION WORKERS: 133

The project revitalised selected streets in central Queenstown by enhancing the pedestrian connection between two significant landmarks.

The project has increased economic activity and created a sustainable, integrated network that enhances user experience.

HE TOKI KAI TE RIKA TRADES TRAINING CENTRE



PROJECT OWNER:
OTAGO POLYTECHNIC
Te Kura Matatini ki Otago

MAIN CONTRACTOR:
Naylor Love

COMPLETED: AUGUST 2023
GOVERNMENT FUNDING: \$28 MILLION
PROJECT VALUE: \$38 MILLION
CONSTRUCTION WORKERS: 65

The development is a new multimillion-dollar training centre at Otago Polytechnic, built to develop the next generation of Otago tradespeople and engineers.

The structure is an environmentally friendly building that will provide facilities to meet the growth in industry demand for existing and new programmes.

SH94 HOMER TUNNEL



PROJECT OWNER:
WAKA KOTAHI NZ TRANSPORT AGENCY

MAIN CONTRACTOR:
Downer

COMPLETED: MAY 2024
GOVERNMENT FUNDING: \$29.4 MILLION
PROJECT VALUE: \$29.4 MILLION
CONSTRUCTION WORKERS: 43

The project focused on a package of tunnel safety and resilience upgrade projects to improve this critical piece of infrastructure linking Te Anau and Piopiotahi Milford Sound.

This tunnel provides the only road access for thousands of people who travel every year to one of the most iconic visitor destinations and improves the functioning of commercial fishing businesses in the area.

RURAL BROADBAND CAPACITY UPGRADE PHASE 2



PROJECT OWNER:

 CROWN
INFRASTRUCTURE
PARTNERS | HANGA NGĀTAHI

MAIN CONTRACTORS:

 WISPA NZ

 Rural
Connectivity
Group

COMPLETED: JUNE 2024
GOVERNMENT FUNDING: \$46.3 MILLION
PROJECT VALUE: \$52.8 MILLION

This programme of work enabled further funding towards improved broadband capacity in areas where mobile phone towers were experiencing congestion or were no longer able to connect new customers as part of the Rural Capacity Upgrade programme – more information on this programme is found on page 26.

This upgrade means that more homes and businesses can access broadband services, enabling rural communities to work and educate from home, engage in e-commerce, connect with whānau, and access entertainment.



Youth Hub, Christchurch - IRG Programme

RURAL DRINKING WATER PROGRAMME

IT HAS BEEN A SUCCESSFUL YEAR FOR THE RURAL DRINKING WATER PROGRAMME PROVIDING SAFE DRINKING WATER TO RURAL COMMUNITIES AND MARAE.

The programme reached a milestone of 51 water treatment plants installed at rural marae and small rural communities. CIP is continuing to work with delivery partner Filtec to provide remote kāinga and other rural communities in areas of high deprivation with safe and healthy drinking water that complies with New Zealand's Drinking Water Standards.

The \$30 million programme operates in partnership with Department of Internal Affairs (DIA), Te Puni Kōkiri, and Taumata Arowai. With the remainder of current funding, CIP is targeting another 40 new water treatment plants for kāinga and rural communities by the end of the 2024/25 financial year.

Clean Drinking Water to Te Hiku o Te Ika

Te Hiku o Te Ika, the northernmost marae in the country, is a meeting place for the Te Hāpua community and the iwi of Ngāti Kurī. The marae's primary water source has been rainwater, assisted by tankered-water deliveries in times of low rainfall and for any events held at the marae. With a round trip for each load of 200km to Kaitaia, not only was this costly but also unsustainable.

After registration with the Rural Drinking Water Programme the marae took the initiative and drilled a bore to solve their water shortage issues, however testing showed that there were very high levels of iron and silica, producing poor tasting and unsafe drinking water. These could not be removed by a standard water treatment plant, so CIP's contractors Filtec designed a bespoke treatment plant for the marae and its community. As the plant is close to the coast, the design of the treatment plant also enables it to be easily shifted up to a hill site in the event of coastal erosion or inundation.

The water treatment plant was installed in April 2024, and the marae and surrounding community are pleased to now have a safe, reliable source of drinking water that also tastes much better.

"It means so much to us, we have been in water poverty for many years, and now we are proud to awhi our hāpori (community) and be in a state of resilience. Without the treatment plant to clean the water that comes out of the bore when we run out (of rainwater) we wouldn't have drinkable water" said Huia Cooper.

This marae is just one example of the importance of the treatment plants CIP has installed, making a difference not only in the Far North, but around Aotearoa.



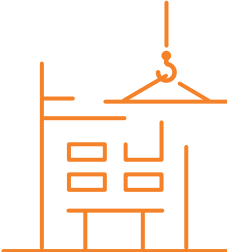
BETTER OFF FUNDING

CIP MONITORS AND ADMINISTERS THE \$500³ MILLION BETTER OFF FUNDING PROGRAMME ON BEHALF OF DEPARTMENT OF INTERNAL AFFAIRS. THE PROGRAMME SUPPORTS 68 COUNCILS TO DELIVER PROJECTS THAT BENEFIT AND AID IN THE WELLBEING OF THEIR COMMUNITIES.

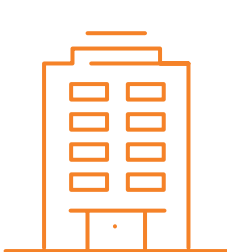
Government investment in the Better Off Funding programme supports about 470 projects with councils across New Zealand. At 30 June 2024, \$263 million of the \$500 million fund has been paid to councils for projects that are either completed or underway.



471
TOTAL
PROJECTS



182
PROJECTS
UNDERWAY



70
PROJECTS
COMPLETE

RUAKĀKĀ RECREATION CENTRE, WAHITAKARO – WHANGĀREI DISTRICT COUNCIL

Whangārei District Council received \$800,000 of Better Off Funding towards the new Ruakākā Recreation Centre - Wahitakaro. Construction of Stage 1 of the building is now complete and includes a gymnasium, a community hall with a kitchen, and multi-use spaces for classes and events, meeting the community’s growing social, cultural, and recreational needs.



KĀEO FOOTPATH REFURBISHMENT – NORTHLAND DISTRICT COUNCIL

North of the Kāeo fire station, the river had impacted the main road through Kāeo near State Highway 10. With Better Off Funding, Mooch Contracting, built a rock wall that gained more land back and a new footpath was constructed for pedestrians who were using the road.



3 Council co-funding is additional to the \$500 million Government contribution.

CYCLONE RECOVERY PROGRAMME

IN EARLY 2023, SEVERE RAINFALL OVER AUCKLAND ANNIVERSARY WEEKEND, AND CYCLONE GABRIELLE CAUSED SIGNIFICANT FLOODING ACROSS LARGE PARTS OF THE NORTH ISLAND. THE GOVERNMENT RESPONDED WITH THE \$1.8 BILLION CYCLONE RECOVERY PROGRAMME.

Weather events in 2023 caused widespread damage to land, infrastructure, services, and homes. In response, the Government announced funding to re-build and aid long-term recovery.

The Cyclone Recovery programme is supporting Councils with property buyouts,⁴ flood protection, flood resilience projects, rebuilding of affected roads, and repairing slips, bridges and culverts.

CIP has been appointed by the Department of the Prime Minister and Cabinet’s (DPMC) Cyclone Recovery Unit to manage and oversee the Cyclone Recovery Programme, which has two components:

- North Island Weather Events (NIWE) with funding of about \$1.7 billion (Auckland, Gisborne, and Hawke’s Bay)
- Local Government Flood Resilience Co-Funding Fund (FRCF) with funding of about \$67 million (across New Zealand)

First Cyclone Recovery project completed: Chrystal Culvert rebuild – Hastings District Council

A year and a half on from Cyclone Gabrielle, the first major permanent rebuild of a bridge/culvert is complete and in use, with Chrystal Culvert in Matahorua Road, Tutira, Hastings recently opened by Mayor Sandra Hazelhurst and mana whenua.

During the storm, 13 bridges and six large culverts were destroyed amid significant damage to the roading network across the Hastings district, including hundreds of slips and a further 160 bridges damaged and needing repair.

The Chrystal Twin Culvert was destroyed when flood waters sent a water tank downstream, blocking the culvert’s pipes and causing the water to build-up and encroach over the top of the road.

The scouring out that followed eventually led to the road being completely washed away, creating a 35-metre gap.

In the immediate aftermath, Hastings District Council’s roading team, together with contractor Downer and project designer Stantec, established four-wheel-drive vehicle access upstream of the culvert site, and by May 2023 a permanent solution was being investigated.

A new single culvert, 3.2 metres in diameter has been built and one of the smaller original culverts has been retained with over nine metres of stone blocks above them, up to the formation of Matahorua Road.

Government funded \$3.5 million of the project, which was delivered ahead of schedule and on budget.



4 The Government is funding 50% with councils funding the other 50% of the cost of the purchased uninsured portion of property determined to be in an area of intolerable risk to life.

Infrastructure Funding and Financing (IFF)

IN AUGUST 2023, CIP REACHED FINANCIAL CLOSE⁵ ON THE SECOND TRANSACTION TO UTILISE THE IFF MODEL. THE TRANSACTION FINANCED THE PROVISION OF \$400 MILLION TO WELLINGTON CITY COUNCIL TO SUPPORT THE CONSTRUCTION OF A NEW WASTEWATER TREATMENT FACILITY FOR WELLINGTON.

The new Sludge Minimisation Facility (SMF) will be world-class and will:

- provide a long-term, sustainable, and resilient approach to the treatment of Wellington wastewater, which includes supporting growth beyond the current connections. The current approach to sludge treatment is unsustainable and poses significant environmental and financial risk to the council and its ratepayer;
- generate long-term cost savings through efficient waste processing and certain financing terms; and
- reduce carbon emissions associated with the current treatment process by 28%, solid waste sent to landfill by 80%, and overall power consumption emissions by 36% while facilitating the production of biogas used for bio-energy generation.

CIP established a Special Purpose Vehicle (SPV) to raise non-recourse⁶, 30-year long term debt from a syndicate of lenders. The SPV is empowered by an Order in Council to charge a 30-year levy to all beneficiaries within the Wellington City area.

The financing provided was extremely efficient (materially reducing the cost and therefore the amount levy payers have to pay) and contained several firsts that have the potential to transform the domestic debt market, including 30+ year floating to fixed interest rate swaps resulting in certainty of financing cost over the term.

The transaction was awarded '2024 Debt Deal of the Year' at the Institute of Finance Professionals New Zealand (INFINZ) finance awards. Judges recognised the transaction as "impressive for pushing the boundaries of tenor of funding and risk management. This innovative and well-structured deal is an excellent place setter for New Zealand's quest for affordable, sustainable, and intergenerational infrastructure funding."

CIP financing partners for the Sludge Minimisation Facility transaction were:



He Kaupare. He Manaaki.
He Whakaora.
prevention. care. recovery.

- Joint Lead Arranger



Commonwealth
Bank

- Joint Lead Arranger and Sustainability Coordinator
- Hedge Counterparty



中国工商银行
INDUSTRIAL AND COMMERCIAL BANK OF CHINA

- Joint Lead Arranger and Sustainability Coordinator



中国建设银行
China Construction Bank

- Joint Lead Arranger and Sustainability Coordinator



- Agent
- Joint Lead Arranger and Sustainability Coordinator
- Hedge Counterparty

⁵ The point at which underlying base rates are set, equity and other funds flow into the SPV, and the IFF funding amount is locked in.

⁶ Non-recourse debt is a type of loan secured by collateral, commonly property. If the borrower defaults, the issuer can seize the collateral but cannot seek out the borrower for any further compensation, even if the collateral does not cover the full value of the defaulted amount.

CIP continues to build a pipeline of projects which can benefit from the Infrastructure Funding and Financing Act 2020. These include a mix of large-scale city-wide transport, water, and urban infrastructure developments as well as infrastructure for greenfield housing.

CIP’S SENIOR DEBT PANEL IS:

Appointed in 2018



Appointed in 2022



Appointed in 2024



LOCAL WATER DONE WELL

ACROSS NEW ZEALAND, COUNCILS FACE CHALLENGES DELIVERING INVESTMENT IN WATER SERVICES IN A MANNER AFFORDABLE BY CONSUMERS.

The Government’s Local Water Done Well (LWDW) policy sets out a new approach to local government water services delivery, that can support community ownership. Bolstered by stronger oversight from central government to promote efficiency, price certainty for consumers, and improved environmental outcomes, LWDW is designed to strengthen accountability across the sector.

CIP led engagement with Auckland Council to develop a new financially sustainable structure for water utility Watercare, to support financial separation from Auckland Council from a debt perspective. The structure allows Watercare to borrow outside the constraints of Auckland Council’s debt limit and take on additional debt to fund water infrastructure – under this plan, water prices will increase for Aucklanders by 7.2% rather than the previously projected 25.8%.

In addition, CIP provided support to the Department of Internal Affairs on the development of the interim economic regulation of Watercare until further legislation establishes a long-term economic regulatory framework.

LWDW recognises the importance of local decision-making and flexibility so that councils and communities can determine how their water services (drinking water, wastewater, and stormwater) can be delivered in the future. It will ensure a strong emphasis on delivering services to consumers, including improving drinking water and wastewater services, and facilitating long-term investment in infrastructure. CIP supported the development of the range of delivery models that councils can choose from to deliver water services in a financially sustainable manner that were recently announced by the Minister of Local Government.



Wellington Sludge Minimisation Facility, Wellington – IFF Programme

Digital Connectivity

RURAL BROADBAND AND MOBILE BLACK SPOTS PROGRAMME

A LARGE NUMBER OF RURAL MOBILE TOWERS WERE BUILT ACROSS NEW ZEALAND DURING THE 2023/24 FINANCIAL YEAR, IN INCREASINGLY DIFFICULT LOCATIONS, AND IN REGIONS AFFECTED BY THE 2023 WEATHER EVENTS. CIP HAS CONTINUED TO FUND AND MANAGE DELIVERY OF MOBILE TOWERS IN SUPPORT OF RURAL CONNECTIVITY, RESILIENCE AND SAFETY.

After slips and road closures across the Coromandel region, a new tower was built and was delivered to coincide with the reopening of State Highway 25A between Kopu and Hikuai in time for Christmas 2023, increasing safety by enabling emergency calling.

The Rural Connectivity Group (RCG)⁷ celebrated the build of their 500th tower in Anawhata, west of Auckland, a region severely affected by Cyclone Gabrielle, and home to some of the wildest coastlines in the country.

Most of CIP's regional Wireless Internet Service Provider (WISP) partners have finished or are nearing the end of their rural broadband deployments, and many are now working on the Rural Capacity Upgrade programme, providing improved broadband services (including more connections, higher speeds and greater reliability) to those users on towers that had exceeded capacity.

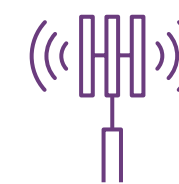
The completion of the West Coast and Southland Fibre Links in 2023 has provided increased network resilience for settlements on the West Coast, and to date has enabled the build of 18 towers on State Highway 6, along with 8 towers on the Milford Road.

A further fibre link between Manapouri and Blackmount was completed early this financial year and will provide resilience to Milford, Te Anau and Manapouri. In total, the RCG have commissioned 57 towers in the West Coast region.

As at 30 June 2024, there are now 1,481 km of State Highway and 159 tourism locations across New Zealand with access to mobile coverage.



84,688
RURAL HOMES &
BUSINESSES WITH
ACCESS TO IMPROVED
BROADBAND



513
MOBILE TOWERS
LIVE



44%
UPTAKE ON
RCG TOWERS



**MORE THAN
26,326 sqm**
OR 9.8 PERCENT OF LAND,
COVERED THROUGH
THE RURAL BROADBAND
PROGRAMME



**MORE THAN
20,690 sqm**
OR 7.7 PERCENT OF LAND,
COVERED THROUGH THE
MOBILE BLACK SPOTS
PROGRAMME

⁷ RCG is jointly owned by Spark, One NZ and 2Degrees.

500th Rural Connectivity Group Tower

This year, the Rural Connectivity Group (RCG) achieved a major milestone with the delivery of its 500th mobile tower in Anawhata, west of Auckland as part of the Rural Broadband programme.

A celebration to mark this milestone tower was held in Anawhata on 3 July 2024, with Media and Communications Minister Paul Goldsmith officially opening the site.

The tower in Anawhata, like many of the RCG towers, is built in rugged and difficult terrain, and delivers better connectivity for the local community and visitors to Auckland's iconic West Coast beaches and the Waitakere Ranges.

The Anawhata community was severely affected by Cyclone Gabrielle. This new site provides vital communication resilience in the case of further weather events. The tower site has 30 solar panels and a back-up power generator, helping people stay connected for longer in the event of outages. This kind of infrastructure is critical for those that live and operate businesses within New Zealand's rural communities.

To date, the RCG has enhanced broadband access for over 34,000 homes and has provided mobile phone services to nearly 1,500 km of State Highways and many tourism locations. Around 3,000 emergency services calls are now made each month from RCG towers where previously there was no service. This is helping to save lives and support communities across New Zealand.



Alpine Towers - Connecting the most remote communities

New Zealand has areas where mobile services are inaccessible because of challenging terrain impeding transmission, and the high cost and complexity of building new towers in isolated locations. These areas are also vulnerable to weather conditions causing disruptions, with slips, snow, and wind constantly testing the resilience of infrastructure.

As a result, businesses cannot operate, communities cannot connect, and there is often no way to call emergency services for help when needed.

Few locations are more challenging than New Zealand's alpine areas. High tower sites are the best way to cover remote stretches of highway with reliable mobile services for emergency calls. They also cover tourism locations, homes, and monitoring devices as well.

Alpine sites are generally hard, rocky ground, with no track access or electricity, and are only accessible by helicopter. Traditional build methods using heavy machinery and high volumes of concrete are not practical solutions, so a new approach to design is required.

RCG uses patented technology from Total Ground Engineering which developed advanced micro-pile designs for wind farms. The new design can cope with the huge loads induced by high winds and with near-vertical solar panels. The solar and cabinet frame technology significantly reduces the volume of concrete required onsite and makes assembly much easier.

With only 1.2 m3 of concrete required for the entire project, this has led to a significant reduction in helicopter times.

The design has now been successfully installed on four alpine sites; Poplars Ridge, Maruia Springs, Lake Heron, and Stey Brae.



RURAL CAPACITY UPGRADE PROGRAMME



57,830
HOMES AND BUSINESSES
WITH RCU UPGRADE

NOW IN ITS SECOND YEAR, THE RURAL CAPACITY UPGRADE (RCU) PROGRAMME IS DELIVERED THROUGH 23 PARTNERS ACROSS NEW ZEALAND TO ADD CAPACITY TO BROADBAND NETWORKS AND TO PROVIDE ALTERNATIVE TECHNOLOGIES SUCH AS FIBRE TO OFFLOAD TRAFFIC FROM MOBILE TOWERS.

Seven CIP partners are now deploying a rural fibre network as part of this programme, something not done before in rural areas. Over 5,600 rural households and businesses are now benefitting from fibre broadband services.

Traditionally, fibre broadband is better suited to higher density areas as the cost of running long lengths of fibre past widely spaced properties and down long driveways in rural areas had made fibre not as viable as other broadband options.

AmuriNet connecting fibre in rural New Zealand

Funding from the Rural Capacity Upgrade programme has been used by AmuriNet to build fibre broadband in rural North Canterbury.

Wireless Internet Service Provider (WISP) AmuriNet was aware that there were congested mobile towers on the fringe of urban suburbs. While satellite broadband is an option, fibre represents much higher speed and capacity as well as a more future-proof alternative as broadband demand continues to grow.

Having formed local supply partnerships and armed with a new, innovative design, AmuriNet successfully started its first ever build of fibre broadband in Ohoka, mid-Canterbury in April 2022 and connected the first user in December that year. AmuriNet contracted Connectrix to mole plough the majority of the duct installation work, meaning that it could deploy the fibre at speed with minimal disruption and next to no ground re-instatement needed. AmuriNet employs its own team to install the duct from the road to the premises. Fibre is then blown to complete the installation.

This has been a successful diversification for AmuriNet. Some satellite customers have returned, finding it beneficial to have a more consistent broadband service and the ability to contact local support when necessary. Demand for the new service is increasing and AmuriNet is already reporting a high uptake in rural areas.



Remote Strath Taieri receives broadband coverage from Unifone

Unifone is one of the 15 WISPs that CIP is partnering with to bring high quality broadband to New Zealand's most isolated communities. With funding from the RCU programme, Unifone now provides services across most of Otago.

Unifone's Gladbrook repeater in the Strath Taieri district near Dunedin provides services to a vast, sparsely populated area.

Local residents have to contend with geographical isolation and extremes of weather. The Gladbrook site serves as a hub for other repeaters in the area and is the primary repeater overlooking the Middlemarch township. Its construction represents a significant upgrade to the telecommunications infrastructure. It is one of 80 repeater sites Unifone has built or upgraded since the programme started.



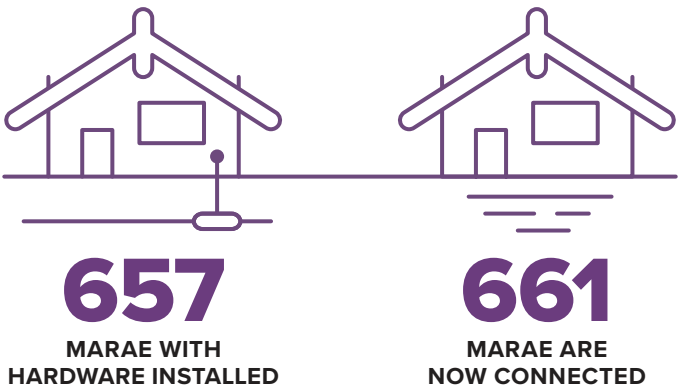
REMOTE USERS SCHEME

THE REMOTE USERS SCHEME IS FOCUSED ON INCREASING THE AVAILABILITY OF BROADBAND CONNECTIVITY IN RURAL AND REMOTE NEW ZEALAND.

Eligible households and communities in the most remote areas – where broadband is not currently available and there is only access to voice calling and text services – are able to apply for support. The scheme is also available in rural areas with poor internet coverage.

CIP partnered with three broadband network providers to extend their broadband network to eligible rural households and businesses identified through the scheme. CIP then received applications from those not covered to receive a one-off grant payment of up to \$2,000 towards the set-up and installation of a suitable broadband solution.

MARAE DIGITAL CONNECTIVITY PROGRAMME



THE MARAE DIGITAL CONNECTIVITY PROGRAMME HAS NOW CONNECTED 661 MARAE TO BROADBAND SERVICES AND A TOTAL OF 657 OF THESE HAVE RECEIVED DIGITAL HARDWARE THAT SUPPORTS WHĀNAU AND HAPŪ TO UNDERTAKE VIRTUAL HUI, ECONOMIC ACTIVITY AND ENHANCE THEIR DIGITAL CAPABILITIES.

Mana whenua and community groups have shared how broadband has benefited their communities, and the impact it has on their everyday lives, for example, holding community meetings and hui online, growing businesses and tourism operations, and providing opportunities for rangatahi in education and health.

PUBLIC SAFETY NETWORK - PRIORITY CELLULAR UPGRADE PROGRAMME

CIP IS SUPPORTING NZ POLICE'S NEXT GENERATION CRITICAL COMMUNICATIONS UNIT (NGCC) TO IMPLEMENT THE PUBLIC SAFETY NETWORK (PSN) FOR EMERGENCY SERVICES, INCLUDING PRIORITY MOBILE SERVICES AND A NEW DIGITAL LAND MOBILE RADIO (LMR) NATIONWIDE NETWORK.

The PSN programme will benefit New Zealanders by providing the most up to date, secure, resilient communications capability and coverage for emergency service providers, to better protect and improve wellbeing for members of the public.

The first priority mobile feature is complete, with agencies migrating to new SIM cards for their mobile devices. This new feature enables emergency services to roam between the Spark and One NZ mobile networks, providing additional coverage and seamless network resiliency in case of a fault in one of the networks.

To date, over 11,000 first responders from Wellington Free Ambulance, Hato Hone St John, NZ Police and Fire and Emergency NZ (FENZ) have migrated to this new feature. Migration will continue as mobile devices are upgraded, with an expected total of 35,000 devices accessing this priority new feature.

The delivery of the next stage of priority mobile features is being developed. These features include enabling quality of service, prioritisation, and pre-emption services on Spark and One NZ's mobile networks. This will ensure that Emergency Services agency traffic is prioritised when there is congestion, and that the quality of a call, data transfer or real time video is superior. These features are being built now and are expected to be available for migration from the end of 2024.

The Land Mobile Radio (LMR) network has 12 live LMR radio sites in South Canterbury that have been made available for emergency services agencies to carry out testing and refinement of their future operation processes. Site acquisition is being undertaken by Tait Systems in several regions in parallel, and third party build partners have been engaged to build the LMR network build.



First LMR site built, Timaru



Glen Massey tower, Ngaruawahia, Lightwire- Rural Broadband Programme

GOVERNANCE

ORGANISATIONAL FORM

Crown Infrastructure Partners (CIP) was incorporated on 29 October 2009 under the Companies Act 1993. CIP is a Crown-owned company, listed under Schedule 4A of the Public Finance Act 1989. The shareholders in CIP are the Minister of Finance and the Minister for State Owned Enterprises in their capacity as Ministers, and each holds 50% of the issued share capital.

CIP is subject to certain provisions of the Crown Entities Act 2004 and is also subject to the Official Information Act 1982 and the Ombudsmen Act 1975.

CIP is monitored by the Ministry of Business, Innovation and Employment's (MBIE) Communications Policy Group for connectivity programmes, the Department of Internal Affairs for the water services programmes, the Department of Prime Minister and Cabinet's (DPMC) Cyclone Recovery Unit for the Cyclone Recovery programme, the Treasury for Infrastructure Reference Group (IRG) and Infrastructure Funding and Financing (IFF) (in addition to the Ministry of Housing and Urban Development (MHUD) for IFF), and the Treasury Ownership Monitoring team for shareholding Ministers. CIP also works closely with other relevant portfolio agencies.

CIP implements Government policy, rather than making a financial return, by delivering on the Government's objectives in relation to the:

- Rural Broadband and Mobile Black Spots programmes, providing improved broadband coverage and capacity for rural households and businesses, mobile coverage on State Highways and tourism 'black spots' where there are currently no mobile services, marae digital connectivity, and fibre links in the lower west South Island;
- Remote Users Scheme, providing broadband connections for remote households outside of coverage areas;
- Cyclone Recovery programme, providing financial support and project oversight to local councils in regions affected by the North Island Weather Events in January and February 2023;
- Public Safety Network (PSN) programme, supporting network infrastructure delivery;
- Infrastructure funding and financing programmes utilising the Infrastructure Funding and Financing Act;
- Providing corporate finance advisory to the Government on Local Water Done Well policy and advising the Government on financing options for the Electric Vehicle Charger Programme;

- Infrastructure Reference Group (IRG) programme, providing funding and oversight on the delivery of projects approved by Government to support construction employment and economic activity; and
- Rural Drinking Water and Better Off Funding programmes, delivering improved water services across rural New Zealand.

Accordingly, CIP has designated itself a public benefit entity.

CIP MANAGEMENT

The Board of Directors is responsible for the overall direction of CIP's business and other activities on behalf of Shareholding Ministers in the manner set out in CIP's Constitution, Statement of Intent (SOI) and Statement of Performance Expectations (SPE).

CIP's purposes as provided for in the Constitution are to:

- a. implement, fund, facilitate, monitor, advise or otherwise assist the government with any government objectives in relation to:
 - i. radio and telecommunications connectivity and/or services;
 - ii. three waters (or equivalent programme) infrastructure and/or services;
 - iii. the government's COVID-19 response and recovery infrastructure funding programme;
 - iv. the government's funding programmes relating to severe weather events, natural hazards, and climate-related risks (including for response, recovery and/or proactive management);
- b. implement and/or facilitate funding and financing of infrastructure, including as provided for under the Infrastructure Funding and Financing Act, by:
 - i. government investment (including through debt or equity); or
 - ii. co-investment with, or facilitating investment from (including securing third-party debt or equity), private sector or other participants, to achieve the government's objectives for funding infrastructure; and
 - iii. implement, facilitate, advise or otherwise assist the government with any transaction, or class of transactions, or provide assistance with any other matter, in relation to any Infrastructure Projects that are selected by the government, as agreed from time to time between the Company and the Shareholding Ministers.

BOARD OF DIRECTORS

The Board has established strategic policy for, and guides and monitors, the business and affairs of CIP and is committed to a high standard of corporate governance.

Responsibility for the operation and administration of CIP is delegated to the Chief Executive, who is accountable to the Board. The Board places emphasis on strategic planning, the implementation of sound administrative systems and procedures, and regulatory compliance.

BOARD MEMBERSHIP

The Board is made up of five non-executive Directors. The Directors' profiles can be read on page 32 of this Annual Report.

Directors are appointed by shareholding Ministers following Cabinet approval.

BOARD COMMITTEES

To assist Directors in carrying out their duties, the Board has two standing committees (outlined below). Other ad hoc and standing committees may be formed from time to time.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in fulfilling its responsibilities by providing recommendations, counsel and information concerning accounting, reporting and responsibilities under legislation. Its Terms of Reference also cover the role of internal audit.

The Committee ensures oversight by the Board of all matters related to the financial accounting, planning and reporting of CIP. The Committee monitors the processes that are undertaken by management and both external and internal auditors. The Committee ensures that the Board meets all financial governance and accountability requirements and responsibilities.

The Crown Entities Act 2004 sets out the specific statutory planning and reporting obligations of CIP, including the requirements for key accountability documents, the Statement of Intent, the Statement of Performance Expectations and the Annual Report. The Committee also monitors and assesses risks to the business.

Remuneration Committee

The Remuneration Committee assists the Board in fulfilling its responsibilities by providing advice and recommendations on the appropriate remuneration policies and human resources policies for CIP.

BOARD OF DIRECTORS

DIRECTORS' PROFILES AND INTERESTS HELD

The following profiles include general disclosures of interest given by Board members under section 140(2) of the Companies Act 1993 and entered into CIP's interests register.

Mr Mark Binns (Chair) was appointed a Director of CIP on 1 June 2018 and Chair on 1 March 2020. His career has seen him involved in many of New Zealand's largest infrastructure projects, including the Wiri Prison public-private partnership, the Waterview Connection, Eden Park, Sky City, the Museum of New Zealand Te Papa Tongarewa and the Manapōuri trail race tunnel. For 22 years Mark worked at Fletcher Building and its predecessor, Fletcher Challenge. Mark was Chief Executive of Meridian Energy from 2012 to 2017. Mark is a qualified lawyer. He is currently a Director of Auckland International Airport, Te Pūia Tāpapa, Mercury NZ Limited and a number of other private companies.

Mr Alan Dent, BCA, CA established and led the Deloitte Corporate Finance Wellington practice from 1990 until May 2020. He led the Deloitte New Zealand firm's Financial Advisory Services practice from 2014 until 2020. Alan has provided commercial and financial advice in a broad range of contexts across both the public and private sectors, including mergers and acquisitions, state-owned enterprise/Crown entity establishment, financial reporting and dispute resolution. Alan has been extensively involved in advising on government- initiated sector reform and the related establishment processes. Alan also led the Deloitte water sector team and has delivered multiple projects in the Three Waters sector. Alan is Board member of Kāinga Ora and Chair of the Risk and Assurance Committee of the New Zealand Defence Force. Alan is a Member of the Institute of Directors.

Mr Chris Gudgeon has been involved in property investment, development and construction in New Zealand for more than 25 years. He was previously Chief Executive of Kiwi Property Group and Capital Properties NZ. Chris holds an MBA from the Wharton School of the University of Pennsylvania and a Bachelor of Engineering degree from the University of Canterbury.

He is a Director of Argosy Property, Ngāti Whātua Ōrākei Whai Rawa Limited and the Whai Rawa group of entities. Chris is a Fellow of the Royal Institute of Chartered Surveyors, and a past President of Property Council New Zealand.

Ms Mei Fern Johnson is a Partner at law firm Russell McVeagh. She has more than 20 years' experience advising on mergers and acquisitions and complex commercial contracting, with particular expertise in investments in the infrastructure, technology, transport and energy sectors. She also works with many public sector agencies and Crown entities and was (Acting) General Counsel for the Accident Compensation Corporation in 2014/15. Mei Fern served on Russell McVeagh's Board from 2018 to 2022.

Ms Bella Takiari-Brame is a Chartered Accountant and has worked in the oil, gas and utilities industries. She has a wealth of global market understanding and governance expertise. She holds many governance positions in Crown, private and iwi entities including Board member of ACC, Independent Director of Braemar Hospital, NZ Healthcare Investments Limited, and Te Ohu Kaimoana. Bella is Chair of The Lines Company and Deputy Chair of Te Nehenehenui Trust.

REMUNERATION COMMITTEE

At 30 June 2024:

Ms Mei Fern Johnson (Chair)
Mr Mark Binns
Mr Chris Gudgeon

AUDIT AND RISK COMMITTEE

At 30 June 2024:

Ms Bella Takiari-Brame (Chair)
Mr Mark Binns
Mr Chris Gudgeon
Mr Alan Dent

DIRECTORS	2023/24			2022/23		
	No. of regular meetings attended	No. of subcommittee meetings attended	No. of special meetings attended	No. of regular meetings attended	No. of subcommittee meetings attended	No. of special meetings attended
MARK BINNS	6	3	0	8	4	2
BELLA TAKIARI-BRAME	6	2	0	7	2	0*
CHRIS GUDGEON	5	2	0	8	3	2
ALAN DENT	6	2	0	8	1	1
MEI FERN JOHNSON	6	1	0	7	2	2

* Did not attend due to a conflict of interest

CIP AS A GOOD EMPLOYER

CIP's purpose is to partner with the private sector, iwi, and local government to deliver infrastructure to improve the lives of New Zealanders. CIP takes pride in the value we contribute to the broader community, which we achieve through the dedication and calibre of our team.

CIP places high importance on attracting and retaining an engaged, high-performing workforce to deliver the Government's infrastructure programmes that CIP funds.

To support these priorities, CIP has put in place policies and practices that comply with the Government's expectations of employment relations, and the principles of being a good employer. These policies support CIP to promote ways of working that enable inclusion, and support a diverse workforce reflective of New Zealand's society, and including a wide range of experience, backgrounds and expertise. CIP retains a purpose-driven, stable workforce in an environment that fosters high performance and sustains high employee engagement and wellbeing.

PURPOSE AND WORKING ENVIRONMENT

CIP is committed to creating a supportive working environment to help our people succeed. CIP has an Equal Employment Opportunity (EEO), Diversity and Inclusion policies focused on creating an environment that attracts and retains a diverse workforce through inclusive workplace practices and encouraging and supporting the full participation of staff. This is reflected in CIP's workforce, 47% of which are from a non-NZ European background and 58% are women.

CIP offers an inclusive workplace, with optional remote working on Mondays and Fridays. In 2023, we introduced a new parental leave

policy to support our employees who become parents, offering 26 weeks' full salary top-up to primary carers, and two weeks paid leave for secondary carers. The policy offers additional paid leave for CIP employees undertaking fertility treatment, those who have pre-term babies and also offers back-to-work transition support.

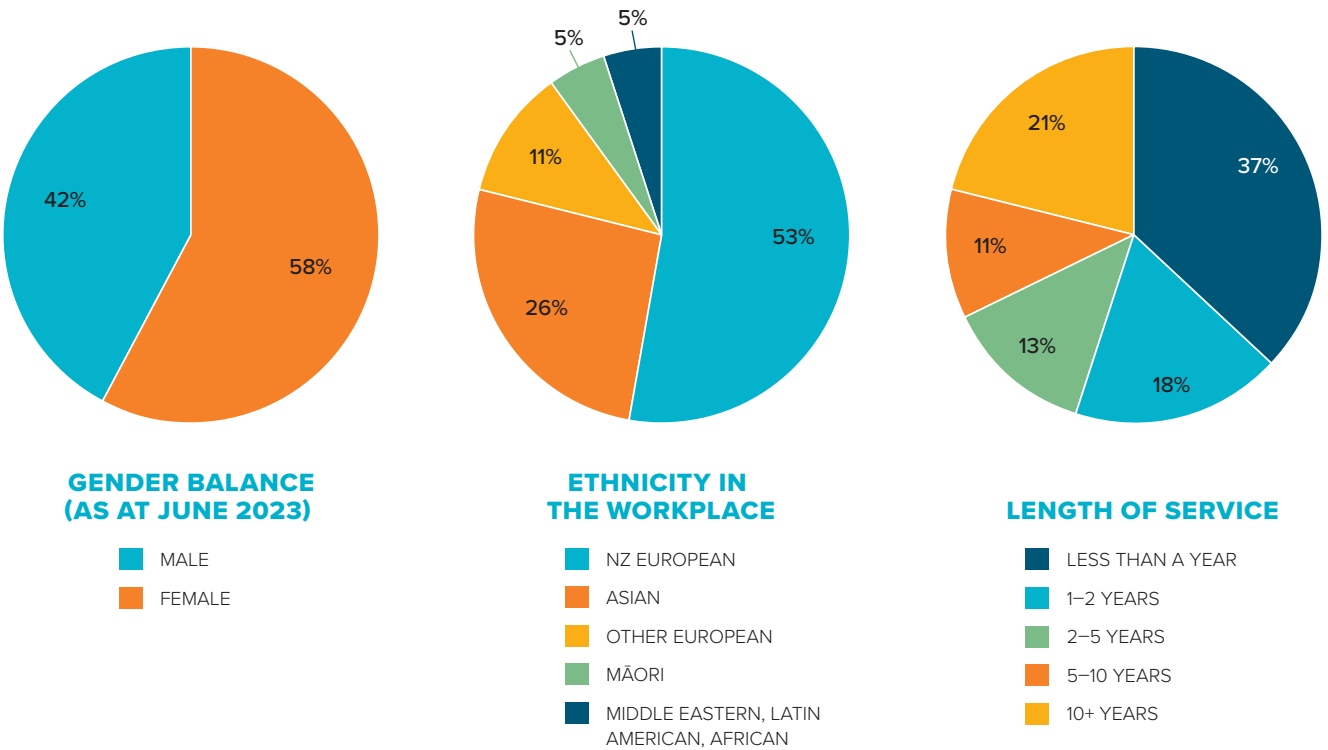
SAFE AND HEALTHY ENVIRONMENT

CIP manages the health, safety and wellness of its employees as well as ensuring that our contractors meet their health and safety obligations.

All CIP staff have completed the online workplace ergonomic self-assessments, and CIP has provided guidance internally where required. Additionally, a work from home process is in place for staff who require an ergonomic assessment of their home workstation.

CIP oversees the health and safety of telecommunications and infrastructure delivery partners to ensure that a high standard of care is applied to workers involved with the deployment of programmes and specific projects, keeping workers safe from harm or injury.

The Health and Safety Recordable Injury Frequency Rate for CIP projects in the year to June 2024 was 9.07. This is an increase on the previous year's rate, arising from a decrease in average hours worked, specifically with the completion of the UFB programme. Recordable injuries reduced to 6 in 2023/24 all of a minor nature, compared with 8 in 2022/23. Hours worked will continue to decrease over the coming years as the major infrastructure programmes are completed. It is pleasing to see that in this time, total injuries have gone down.



STATEMENT OF PERFORMANCE

Crown Infrastructure Partner’s (CIP) performance targets for the financial year 2023/2024, as measured against the Statement of Intent (SOI) and the Statement of Performance Expectations (SPE), relate to the Rural Broadband, Mobile Black Spots, Rural Capacity Upgrades, Remote Users Scheme, Fibre Links, the Public Safety Network, Infrastructure Funding and Financing, Infrastructure Reference Group, and the Water Programmes, and financial and operational efficiency.

STATEMENT OF COMPLIANCE

This Statement of Performance has been prepared in accordance with Tier 1 Public Benefit Entities (PBE) financial reporting standards, which have been applied consistently throughout the period, and complies with PBE financial reporting standards.

The Statement of Performance is reported on pages 9, 19, 23, 31, 34 to 42, and pages 92 to 93.

COST ALLOCATION

CIP’s primary role is to act as a government delivery and funding agency for a range of infrastructure programmes which are deployed and constructed by third parties such as Local Territorial Authorities, iwi, non-governmental agencies, and the private sector. As such, CIP does not have any independent revenue streams but rather a number of funding sources from government recycled capital and capital markets for the various Government programmes.

CIP has determined the cost of outputs using the cost allocation approach outlined below:

- Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output.
- Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity or usage information. Personnel costs are charged on the basis of actual time incurred.

Other indirect costs are assigned to outputs based on the proportion of direct staff time for each output. Unallocateted costs relate to current or future programmes where CIP does not have specific measures set as performance targets have been met in the past or relate to future activities.

ACHIEVEMENT EVALUATION

Performance for all Reportable Measures is recognised as **Achieved**, where 100% or more of the target was met, **Mostly Achieved** where the target has not been met but is within 95% or substantially close to plan, **Partly Achieved** when the portion of achievement is greater than 50% but less than 95%, and **Not Achieved** if less than 50%.

SIGNIFICANT JUDGEMENTS

The performance measures were selected to cover quantitative and qualitative measurement of progress towards the key goals of CIP in managing the delivery of infrastructure programmes on behalf of the Government.

The performance measures have metrics or targets that have been identified by CIP in consultation with relevant government agencies. This process ensured the selected measures best reflect CIP’s strategic outcomes and performance during the year.

Some measures are no longer reported where relevant programmes have been completed or the measure has been fulfilled. The performance measures are those of the CIP group, as the subsidiaries do not have performance measures.⁸ The significant judgement relates to many of CIP’s performance measures for the year reflecting performance since inception/over time rather than only relating to the financial year. This is a better reflection of CIP’s performance over time. Judgements in relation to this have been disclosed throughout the statement of performance.

8 Refer to note 1 of the financial statements for the group structure.

The table below shows the investment by programme that supports the performance objectives of CIP and the application of grant revenue from the Government to grant expenses and grant funded loans that supports the performance of objectives of CIP.

OUTPUT CLASSES	2023/24		2023
	ACTUAL \$(000)	PLAN \$(000)	ACTUAL \$(000)
INCOME			
Rural Broadband, Mobile Blackspots, Rural Mobile Tower Expansion and the Rural Capacity Upgrades Programmes	45,565	48,663	16,958
Remote Users Scheme	9,000	9,000	-
Fibre Links Programme	-	-	-
Public Safety Network Programme (PSN)	591	712	926
Infrastructure Reference Group Programme	284,361	384,252	400,623
Infrastructure Funding And Financing Programme (IFF)	148,091	126,374	42,100
Water Programme	20,000	20,000	29,618
Cyclone Recovery Programme	3,702	-	-
Unallocated Income to Current Performance Reporting	128,110	50,890	61,468
Total Income	639,420	639,891	551,693
EXPENSES			
Rural Broadband, Mobile Blackspots, Rural Mobile Tower Expansion and the Rural Capacity Upgrades Programmes	73,930	126,161	52,392
Remote Users Scheme	77	200	-
Fibre Links Programme	1,000	500	4,083
Public Safety Network Programme (PSN)	591	712	1,036
Infrastructure Reference Group Programme	212,035	336,058	317,158
Infrastructure Funding and Financing Programme (IFF)	136,703	127,701	46,403
Water Programme	10,088	12,250	51,670
Cyclone Recovery Programme	1,748	-	-
Unallocated Expnses to Current Performance Reporting ⁹	10,361	64,953	26,687
Total Expenses	446,533	668,535	499,429

Table 1: Performance measures. To be read in conjunction with the Consolidated Statement of Comprehensive Revenue and Expense on page 48.

9 Unallocated income and expenses relate to activities that are either completed or in the pipeline.

STATEMENT OF PERFORMANCE *Continued...*

RURAL BROADBAND, MOBILE BLACKSPOTS, RURAL MOBILE TOWER EXPANSION AND THE RURAL CAPACITY UPGRADES PROGRAMMES¹⁰

This class of outputs is funded by grant funding from Vote Business, Science and Innovation. the Telecommunications Development Levy, the Provincial Growth Fund, the Infrastructure Reference Group programme, and recycled funds from the Ultra-fast Broadband programme. It tracks CIP’s progress towards the achievement of its strategic objective and should be read in conjunction with page 23 that provides additional information.

RURAL BROADBAND INITIATIVE

The Government policy objective of the Rural Broadband Initiative is to provide access to new or improved broadband of over 20Mbps to at least 84,000 under-served rural households and businesses (jointly defined as ‘End Users’). CIP manages and oversees the programme.

The benefit of the Rural Broadband Initiative is to provide broadband services to rural households and businesses that do not otherwise have access to broadband, increasing their ability to work from home, conduct home schooling, engage in e-commerce, connect with whānau, and access entertainment.

The programme began in 2016 and is targeting the provision of new or improved broadband service to 84,327 End Users. It is due to be complete in 2025.

In the 2023/24 financial year, an additional 3,696 End Users were able to access improved broadband. This brought the total number of End Users receiving improved broadband to 84,688, exceeding the total programme target of 84,327 by 361 End Users.

MOBILE BLACKSPOTS INTIATIVE

The policy objective of the Mobile Black Spots Initiative is to provide mobile coverage to approximately 1,400 km of State Highway black spots (for public safety reasons), and 168 tourism locations. CIP manages and oversees the fund and identifies gaps in the coverage of mobile services.

The benefit of the Mobile Black Spots Initiative is to increase the coverage of mobile services at tourism sites and on State Highways, allowing as many people as possible to share in the social and economic benefits mobile coverage offers and improving public health and safety through broadcasting cellular emergency alerts, advising of road closures and other adverse events, accessing 111 emergency calls, and supporting caller location in the case of vehicle accident or medical emergency.

The programme was initiated in 2016 and to to 30 June 2024 approximately 1,481 km of State Highway and 159 tourism locations have received mobile coverage.¹¹

In the 2023/24 financial year, mobile services were made available to road users along 208 km of state highway and in 35 tourism locations. This was 73 km and 3 tourism locations ahead of target, due to greater than contracted coverage deployed by mobile towers. This means that, among other outcomes, emergency services are now able to respond sooner to more traffic and recreational incidents in remote locations, helping to save lives and speed up access to medical treatment.

RURAL MOBILE TOWER EXPANSION

The policy objective of the Rural Mobile Tower Expansion programme is to provide access to new or improved broadband to households and businesses and to provide coverage to state highways and tourism blackspots. The role of CIP is to approve business cases from the Rural Connectivity Group (RCG) to build towers that maximise the policy objectives.

The benefit of the Rural Mobile Tower Expansion programme is to deliver increased broadband and mobile coverage to additional households, businesses, tourism spots, and state highways, extending the economic, social and safety benefits of the Rural Broadband and Mobile Blackspots programmes.

Targets based on business cases submitted for the 5G Spectrum-funded mobile towers were identified in the 2023/24 SPE. The target of 25 business cases was exceeded in the 2023/24 financial year.

The measurement of business cases reflected the pre-construction phase of the programme which was funded from proceeds of the sale of 5G 3500Mhz spectrum to Mobile Network Operators and is now in the construction phase. Consequently, the metrics for rural households and businesses to receive improved broadband have been aggregated into the Mobile Blackspots programme for reporting.

10 CIP has a geospatial premises database with more than two million unique premises identifiers. It is based on Land Information New Zealand land parcels and buildings, and Corelogic Terrabase property database. It is used to identify the premises, roads, tourism spots and end users that are contracted or otherwise covered by telecommunications services.
11 Information provided by Rural Connectivity Group.

RURAL CAPACITY UPGRADES

The policy objective of the Rural Capacity Upgrades programme is to provide access to improved broadband connectivity for End Users who have experienced congestion or no service because of capacity constraints. The role of CIP is to fund and oversee the programme.

The benefit of the Rural Capacity Upgrades programme is to increase the availability of high-speed broadband to rural households and businesses in areas where demand growth has led to data congestion on rural internet towers, resulting in some towers going into ‘stop sell’ where no new users can be supported. The programme reduces capacity-constraints, improving broadband performance and allowing additional households and businesses to participate in rural economic activity and social interaction.

The programme began in 2021 and received a second tranche of funding in June 2022 and is targeting improved capacity to 69,869 End Users. It is due to be complete in 2025.

In the 2023/24 financial year, 26,675 End Users received improved broadband capacity, bringing the total to 57,830, as measured by broadband speeds of at least 20Mbps. This was 3,163 ahead of target and has helped improve the connectivity of rural businesses to markets and consumers to services. This was completed ahead of target due to partners prioritising these builds over other activities, and consequently a higher number of upgrades were handed over than expected.

REPORTABLE MEASURE ¹²	2023/2024			2022/23	
	ACTUAL	PLAN	PERFORMANCE	ACTUAL	PERFORMANCE
RURAL HOUSEHOLDS AND BUSINESSES TO RECEIVE IMPROVED ¹³ BROADBAND	84,688	83,809	Achieved	80,992	Achieved
MOBILE BLACK SPOTS: MOBILE COVERAGE OF TOURIST AREAS	159	156	Achieved	124	Achieved
MOBILE BLACK SPOTS: MOBILE COVERAGE OF STATE HIGHWAYS (KILOMETRES COVERED)	1,481km	1,408km	Achieved	1,273km	Achieved
RURAL MOBILE TOWER EXPANSION BUSINESS CASES	42	25	Achieved	32	N/A
RURAL HOUSEHOLDS AND BUSINESSES RECEIVING UPGRADED BROADBAND CAPACITY	57,830	54,667	Achieved	31,155	Achieved

Table 2: Rural Broadband, Mobile Blackspots, Rural Mobile Tower Expansion and the Rural Capacity Upgrades Programmes

REMOTE USERS SCHEME

This class of outputs is funded by Vote Business, Science and Innovation. It tracks CIP’s progress towards the achievement of the Remote Users Scheme strategic objective.

The policy objective of the Remote Users Scheme (RUS) is to increase the availability of broadband connectivity in remote rural New Zealand. Through the RUS, eligible households and communities in Aotearoa’s most remote areas – where terrestrial broadband is not currently available or is very poor quality (below 10Mbps) – are able to apply for support.

The benefit of the Remote User Scheme is to subsidise connectivity hardware and installation costs to enable the most remote households and businesses in New Zealand to gain access to broadband services so that they can access economic and social opportunities.

The first phase of RUS began in 2023 and provided a broadband internet service to areas contiguous to existing networks. It is now providing a one-off grant of up to \$2,000 towards set up and installation costs of a suitable broadband solution. CIP oversees the fund and considers applications to receive improved broadband.

In the 2023/24 financial year, 195 End Users benefitted from a grant from the fund. The advent of StarLink and other Low Earth Orbiting Satellite services means that this option is becoming more commonplace.

REPORTABLE MEASURE	2023/2024			2022/23	
	ACTUAL	PLAN	PERFORMANCE	ACTUAL	PERFORMANCE
REMOTE USERS SCHEME CONTRACTING AND IMPLEMENTATION	RFP ¹⁴ contracted and implementation commenced from August 2023	RFP contracted and implementation commenced	Achieved	N/A	N/A
PERCENTAGE OF ELIGIBLE REMOTE HOUSEHOLDS AND BUSINESSES WHO HAVE EITHER BEEN CONTRACTED BY A BUILD PARTNER, OR HAVE RECEIVED FUNDING VIA THE VOUCHER SCHEME	75%	75%	Achieved	N/A	N/A

Table 3: Remote Users Scheme

12 Performance targets and actuals relates to progress since programme inception
13 Across this class of outputs, broadband is considered to be “improved” where download speeds of at least 20Mbps are available.
14 RFP stands for Request for Proposal.

STATEMENT OF PERFORMANCE *Continued...*

FIBRE LINKS PROGRAMME

This class of outputs is funded by the Provincial Growth Fund. It tracks CIP’s progress towards the achievement of the Fibre Links strategic objective.

The policy objective of the Fibre Links programme was to improve broadband and mobile coverage in the south-west South Island where service capacity and coverage were constrained.

The benefit of the Fibre Links programme is to increase resiliency of, and access to, Ultra-Fast Broadband services for users in the West Coast and Southland regions, helping to maintain and enhance economic and social connections. In conjunction with the Mobile Blackspots and Rural Mobile Tower Expansion programmes, the Fibre Links programme also provides high capacity backhaul to new mobile towers which in turn provide service to some of the longest and most dangerous State Highway mobile blackspots in New Zealand, as well as to key tourism sites like Milford Sound.

The programme began in 2019 and consisted of three separate projects. The first two projects were completed in 2022 (a fibre link along State Highway 6 between Fox Glacier township and Lake Hawea) and May 2023 (a fibre link to Milford from Te Anau). The final project, the Te Anau Fibre Ring is reported on in this Annual Report.

The objective of the Te Anau Fibre Ring project was to improve resilience of the Southland region, including the Milford Fibre link, by completing the fibre link between Te Anau and Blackmount, and providing fibre connectivity to farms on the route. CIP oversaw the delivery partner (Chorus) and programme implementation.

The programme began in 2019 and was completed in 2023. It was delivered several months ahead of the December 2023 target. The fibre links programme was completed ahead of schedule due to Chorus using mole ploughing as opposed to drilling.

REPORTABLE MEASURE	2023/2024			2022/23	
	ACTUAL	PLAN	PERFORMANCE	ACTUAL	PERFORMANCE
PROGRESS OF FIBRE LINKS	Complete July 2023	Completion of Te Anau Fibre Ring by 31 December 2023	Achieved	Milford Fibre Link was substantially close to plan by 31 December 2023	Mostly Achieved

Table 4: Fibre Links Programme

PUBLIC SAFETY NETWORK PROGRAMME (PSN)

CIP activities under this class of outputs are funded from Vote Police and CIP does not have any financial exposure. It tracks CIP’s progress towards the achievement of the Public Safety Network strategic objective.

The policy objective of the PSN is to replace and significantly enhance the existing communications used by the emergency services, of which many are obsolete and approaching end of life.

The role of CIP is to support the New Zealand Police’s Next Generation Critical Communications Unit in the implementation of the PSN. CIP provides advice and sits on the steering committees for the following two components of the PSN:

- 1. Deployment of a common national Land Mobile Radio network that all emergency services can use; and
- 2. Implementation of priority mobile services for emergency services.

CIP is a signatory and delivery partner on the priority cellular and Land Mobile Radio projects for NGCC, leveraging experience from other connectivity programmes to provide advice and guidance to the project in conjunction with NGCC to ensure the programmes are delivered on time an on budget.

CIP received a formal request for assistance in June 2018. Priority mobile roaming services were activated in July 2023 across the Spark and One NZ networks and Mobile priority services are anticipated to go live in late 2024. The Land Mobile Radio network deployment is contracted for completion in the second half of 2026. Progress to implement the Land Mobile Network has been slower than planned because of contractor mobilisation challenges.

The benefit of the PSN programme is to provide quality of service pre-emption and priority over other mobile traffic for emergency service providers. It will deliver the most up to date, secure, resilient communications capability and coverage for emergency service providers to better serve and improve safety and wellbeing for Fire, Police and Ambulance agencies and members of the public.

REPORTABLE MEASURE	2023/2024			2022/23	
	ACTUAL	PLAN	PERFORMANCE	ACTUAL	PERFORMANCE
MOBILE IMPLEMENTATION	Roaming user acceptance was tested and in service in Q1 2023. Prioritisation build underway April 2024	Roaming user acceptance tested. Prioritisation build underway	Achieved	N/A	N/A
LAND MOBILE RADIO	12 pilot sites completed and ready for testing, no regions completed	Land mobile radio for the pilot area and one region having completed User Acceptance Testing	Not Achieved	Initial pilot site deployment commenced early 2023	Achieved

Table 5: Public Safety Network Programme

INFRASTRUCTURE FUNDING AND FINANCING PROGRAMME

This class of outputs is funded from Vote Finance and debt raised in capital markets. It tracks CIP’s progress towards the achievement of the Infrastructure Funding and Financing (IFF) strategic objective and should be read in conjunction with page 19.

The policy objective for the IFF programme is to secure private financing for infrastructure initiatives that support urban development markets. The enabling Infrastructure Funding and Financing Act was passed in 2020.

CIP’s role is to act as “facilitator”. CIP works with a number of government agencies, councils, infrastructure owners and property developers to develop the commercial structures, documentation and levy proposals required to obtain IFF funding and finance. Once the transaction has been developed, CIP runs a competitive debt process and secures finance from its panel of international financiers.

The IFF programme provides an alternative financing tool that enables targeted beneficiary groups to fund the delivery of infrastructure which provides local benefits, like improved treatment of wastewater, water and enhanced transport services, while freeing up Council balance sheet capacity for other priorities and programmes.

The first IFF transaction (the Tauranga Transport System Plan) was completed in the 2022/23 financial year. In the 2023/24 financial year, CIP worked with a number of councils to investigate IFF as an alternative funding and financing solution and completed the second transaction for the Wellington City Wastewater Sludge Minimisation Facility. This was in line with the programme target. The pipeline of IFF transactions is influenced by council appetite and demand. Both completed IFF transactions are under construction. Performance against this class of outputs is therefore measured against transaction progress.

CIP continues to work with lenders, government agencies and councils to refine and improve the model. Through this work, commercial arrangements have become more standardised. The model is now well understood and seen as an attractive model for finance markets.

REPORTABLE MEASURE	2023/2024			2022/23	
	ACTUAL	PLAN	PERFORMANCE	ACTUAL	PERFORMANCE
ADVANCING TRANSACTION	One transaction completed (Sludge Minimisation Facility financially closed August 2023)	Achieve financial close on at least one focus project by the end of FY24	Achieved	Tauranga City Council IFF transaction contractually closed November 2022. Financial close January 2023.	Achieved

Table 6: Infrastructure Funding and Financing Programme

STATEMENT OF PERFORMANCE *Continued...*

INFRASTRUCTURE REFERENCE GROUP (IRG) PROGRAMME

This class of outputs is funded by Vote Finance. It tracks CIP’s progress towards the achievement of the Infrastructure Reference Group strategic objective and should be read in conjunction with page 9.

The policy objective of the IRG programme is to support construction employment with projects which deliver public benefit. The IRG programme was initiated in 2020. There are 220 approved infrastructure projects in the programme and total Government funding of \$2.7 billion being managed by various Government agencies. There is one project still to commence and 152 have been completed. CIP reports back to the Government on all IRG Projects in monthly reports and in public facing quarterly reports.

The benefit of the IRG programme was originally to help New Zealand recover economically from the COVID-19 pandemic. While the immediate economic impacts from COVID-19 have diminished, the fund continues to support construction employment and act as an enabler of economic, environmental and social outcomes.

CIP has two roles in the programme. Firstly, CIP directly oversees 46 of the projects. Secondly, CIP reports back to the Government on overall programme progress. All CIP managed projects are underway, with 25 completed and the final project scheduled for completion in 2026.

In the 2023/24 financial year, 13 CIP-managed IRG projects were completed, (bringing the total of CIP-managed projects completed to 25) in line with performance targets. Approximately, 84% of Government funding for CIP projects has now been spent based on funding approved as at 30 June 2023, exceeding the programme target by 4%.

REPORTABLE MEASURE	2023/2024			2022/23	
	ACTUAL	PLAN	PERFORMANCE	ACTUAL	PERFORMANCE
PROJECT IMPLEMENTATION: CIP PROJECTS ADVANCED DURING YEAR, MEASURED BY AMOUNT OF GOVERNMENT FUNDING INVESTED VERSUS TOTAL GOVERNMENT FUNDING APPROVED FOR PROJECTS	84%	Investment of 80% of Government funding that was approved at 30 June 2023	Achieved	62%	Achieved
CIP PROJECTS COMPLETION: MINIMUM NUMBER OF CIP IRG PROJECTS COMPLETED, PROJECT TO DATE	25	22	Achieved	12	N/A

Table 7: Infrastructure Reference Group Programme

WATER PROGRAMMES

CIP activities under this class of outputs are funded by the Department of Internal Affairs. It tracks CIP’s progress towards the achievement of the Water programmes’ strategic objectives.

The Water programmes’ class of outputs is comprised of the Rural Drinking Water programme and Better Off Funding.

The objective of the \$30 million Rural Drinking Water programme is to improve drinking water quality in communities of high deprivation with unsafe drinking water. The programme provides financial and technical support, focusing on kāinga and private rural water suppliers that are not for profit, and involves fitting water filtration systems so that drinking water is safe and at the required standard set by Taumata Arowai, the water regulator.

The Rural Drinking Water Programme reduces rural inequities in access to safe drinking water and builds local capacity and capability to operate and maintain rural water treatment infrastructure and equipment. By providing safe drinking water to mana whenua, rural households and other users, the programme contributes to better public health outcomes.

CIP’s role in the Rural Drinking Water programme is to oversee delivery and the maintenance of drinking water infrastructure and to manage the Rural Drinking Water fund.

A total of 45 kāinga and 6 not-for-profit community organisations have received new drinking water services under the Rural Drinking Water programme, which exceeds the target of 50 sites installed. Registrations opened in November 2022 and the fund is fully subscribed. Programme completion is anticipated for year-end 2025.

CIP monitors Better Off Funding as part of its Water responsibilities. CIP’s role is as administrator and there is no direct funding to CIP. Funding is provided by the Department of Internal Affairs (DIA) with CIP providing progress reporting to DIA, the Government, and the public.

The fund is available to Councils to support the transition to a sustainable and low-emissions economy, for infrastructure which enables housing development, growth or supports community well-being, and also to support water services under Local Water Done Well.

REPORTABLE MEASURE	2023/2024			2022/23	
	ACTUAL	PLAN	PERFORMANCE	ACTUAL	PERFORMANCE
RURAL DRINKING WATER CONTRACTING AND INSTALLATIONS: MINIMUM NUMBER OF KĀINGA AND OTHER RURAL WATER TREATMENT PLANTS INSTALLED ¹⁵	51	50	Achieved	Head contractor in place and implementation underway	Achieved
RURAL DRINKING WATER INSTALLATION SATISFACTION: MINIMUM NUMBER OF KĀINGA AND OTHER RURAL SATISFIED WITH INSTALLATION ¹⁶	83%	80%	Achieved	82.7%	N/A
“BETTER OFF” PACKAGE	Provided bi-annual report to the Government and public	Provide bi-annual Government and public reporting on progress that is fit for purpose	Achieved	BoF reporting has not started as programme was delayed, CIP has established a comprehensive system for reporting and managing claims and is in the process of preparing the first 6-monthly report as at 30 June 2023.	Achieved

Table 8: Water Programmes

CYCLONE RECOVERY PROGRAMME

This class of outputs is funded by Vote Prime Minister and Cabinet. It tracks CIP’s progress towards the achievement of the Cyclone Recovery strategic objective.

In early 2023, the Auckland Anniversary Weekend flooding, Cyclone Gabrielle and other events caused significant flooding across large parts of the North Island. The events caused widespread damage to land, infrastructure, services and homes. In response, the Government announced funding to re-build and aid long term recovery.

In late 2023, the Government appointed CIP as the administrator of the Cyclone Recovery programme. The programme will assist affected communities with the reconstruction of critical transport links, the buyout of flood-affected properties, and will provide new and enhanced flood protection measures. CIP’s role is to oversee the distribution of \$1.8 billion of Government funds to support the recovery of areas impacted by weather events, including the Auckland Anniversary Weekend floods and Cyclone Gabrielle.

The Cyclone Recovery programme supports projects that repair damaged infrastructure, reconnecting communities and allowing them to get on with their lives as well as funding new infrastructure which will improve the resilience of communities to future flood events.

In 2023/24, CIP paid out \$107.7 million towards property buyouts and \$48 million towards rebuilding critical infrastructure. There are currently 45 infrastructure projects approved across the impacted regions to a value of \$388.1 million, including \$359.6 million of Crown funding. Refer to Note 23 in the Financial Statements.

CIP administers the Crown Funding Agreements between the Crown and affected councils. Under these agreements, the Crown and each council share the cost of purchasing residential properties that have been classified as Category 3 by the relevant council.

15 Programme to date, not all projects completed in 2023/24. There were 10 installations prior to FY24.
16 24 people were surveyed as of April 2024 with 5 participants responding. This allowed for a 1% margin of error. The result is determined as an average of the questions responded to by participants in relation to the overall satisfaction in the process.

STATEMENT OF PERFORMANCE *Continued...*

The properties are purchased under a voluntary buy out scheme for homeowners run by each council. The Crown and council share the buyout costs 50:50. CIP pays the Crown’s share to councils as properties are valued and then bought out.

Under the Crown Funding Agreements, the Crown also:

- has provided funding to councils for road transport projects to repair or reinstate roads and bridges that were affected by the North Island weather events in August 2022; and
- contributes funding towards projects, such as stopbanks, aimed at reducing ‘intolerable risk to life’ for residential properties that have been classified as Category 2 by the relevant council (i.e Category 2 properties are residential properties where an intolerable risk to life has been assessed to exist but measures can be undertaken to reduce this risk).

As CIP’s role in the Cyclone Recovery programme was not yet defined in the 2023/24 SPE, there are no measures for performance in this Annual Report.

CIP’S PERFORMANCE TARGETS FOR FINANCIAL AND OPERATIONAL EFFICIENCY

This measure outlines the operational efficiency of establishing and managing the various infrastructure programmes that CIP manages. CIP has made good overall progress towards achieving its performance targets for financial and operational efficiency (Table 9). In turn, the delivery partners have satisfactorily met their contractual obligations for deployment and operations.

CIP is involved in two programmes (being PSN and Water) where CIP is not directly funding the investments but is incurring the management costs. If the investment relating to those programmes is taken into account, CIP’s operational efficiency is improved further.

REPORTABLE MEASURE	2023/2024			2022/2023	
	ACTUAL	PLAN	PERFORMANCE	ACTUAL	PERFORMANCE
CIP NET OPERATIONAL COST AS PERCENTAGE OF ANNUAL INVESTMENT/ GRANTS	2.7%	5%	Achieved	3.5%	Achieved

Table 9: CIP’s Performance Targets for Financial and Operational Efficiency
For more detail refer to Consolidated Statement of Comprehensive Revenue and Expense - Page 48

PERFORMANCE MEASURES NOT INCLUDED THIS YEAR

The following measures are not included and reported on this year, because the relevant programmes and/or measures have been completed in the prior period:

- Ultra-Fast Broadband – the UFB programme is now complete and no longer reported.
- Fibre Links - Haast and Milford Fibre Links were complete in 2022/23 and these measures have been replaced by the Te Anau Fibre Ring measure.
- Public Safety Network (PSN) – the procurement, contracting and implementation measure has been completed and performance is now monitored against the Land Mobile Radio and Mobile Implementation objectives.
- Rural Water – the Rural Water measure to appoint a head contractor was achieved and measurement under the Water programme is now against programme delivery.

STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 30 JUNE 2024

IN TERMS OF THE PUBLIC FINANCE ACT 1989, AND PARTICULARLY SECTION 19A, THE BOARD IS RESPONSIBLE FOR THE PREPARATION OF CROWN INFRASTRUCTURE PARTNERS LIMITED’S ANNUAL REPORT, WHICH INCLUDES FINANCIAL STATEMENTS AND A STATEMENT OF PERFORMANCE, AND FOR THE JUDGEMENTS MADE THEREIN.

The Board of Directors of Crown Infrastructure Partners Limited has responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting for the Company. In the Board’s opinion, these financial statements and statement of performance fairly reflect the financial position and performance of Crown Infrastructure Partners Limited for the year ended 30 June 2024.

Signed on behalf of the Board.

Mark Binns
Chair

21 October 2024

Bella Takiari-Brame
Director

21 October 2024

INDEPENDENT AUDITOR'S REPORT

**TO THE READERS OF CROWN
INFRASTRUCTURE PARTNERS LIMITED
GROUP'S FINANCIAL STATEMENTS AND
PERFORMANCE INFORMATION FOR THE
YEAR ENDED 30 JUNE 2024**

The Auditor-General is the auditor of Crown Infrastructure Partners Limited Group (the Group). The Auditor-General has appointed me, Wikus Jansen van Rensburg, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for appropriations, of the Group on his behalf.

OPINION

We have audited:

- the financial statements of the Group on pages 48 to 91, that comprise the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information which reports against the Group's statement of performance expectations and appropriations for the year ended 30 June 2024 on pages 9, 19, 23, 31, 34 to 42 and 92 to 93.

In our opinion:

- the financial statements of the Group:
 - 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 Group'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
 - presents fairly, in all material respects, for the appropriations:
 - what has been achieved with the appropriations; and
 - the actual expenses or capital expenditure incurred as compared with the expenses or capital expenditure appropriated or forecast to be incurred; and
 - complies with generally accepted accounting practice in New Zealand.

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Our audit was completed on 21 October 2024. This is the date at which our opinion is expressed.

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

BASIS FOR OUR OPINION

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

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

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

**RESPONSIBILITIES OF THE BOARD OF
DIRECTORS FOR THE FINANCIAL STATEMENTS
AND THE PERFORMANCE INFORMATION**

The Board of Directors is responsible on behalf of the Group for preparing financial statements and performance information that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors 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 of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors 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 liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Public Finance Act 1989 and the Crown Entities Act 2004.

**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 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 Group'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 Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the performance information which reports against the Group's statement of performance expectations and appropriations.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group 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 obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express

an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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 of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 8, pages 10 to 18, pages 20 to 22, pages 24 to 30, pages 32 to 33, page 43, pages 46 to 47 and pages 94 to 95, but does not include the financial statements and the performance information, and our auditor's report thereon.

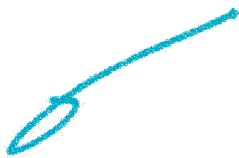
Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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 Group 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 the audit, we have no relationship with, or interests in, the Group.



Wikus Jansen van Rensburg
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand



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Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

CONSOLIDATED STATEMENT OF
COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024¹ \$000	2023 \$000
Income			
Interest income	14	103,251	77,800
Grant income	2.2	327,578	426,846
Receipt of right to statutory levy	2.2, 4	142,927	36,149
Government agency recoveries	2	2,969	2,195
Impairment reversal on loan assets – net	6	5,295	-
Net fair value gains on FVTSD² instruments	11	57,401	8,703
<i>Total income</i>		639,421	551,693
Expenses			
Finance costs	3	13,906	3,842
Directors’ fees	15	189	189
Personnel costs	16	8,816	8,301
Depreciation expense	12	1,101	117
Professional advisory fees	17	5,974	6,478
Other expenses	18	3,994	2,779
Grant programme expense	7	337,969	377,736
Non-grant funded programme expenses	7	33,797	5,594
UFB contribution – Chorus Debt and Equity Securities	11	-	24,895
Contribution – loans	11	32,551	61,269
Expected credit loss	6	674	1,178
Impairment on loan assets	6	-	6,795
Net fair value losses on derivatives	11	7,562	256
<i>Total expenses</i>		446,533	499,429
Surplus/(deficit) before tax		192,888	52,264
Tax expense/(credit)	19	-	-
Net surplus/(deficit)		192,888	52,264
Other comprehensive revenue and expense		-	-
Total comprehensive revenue and expense		192,888	52,264

¹ Budget figures and explanations of major variances against the budget are detailed in note 25.

² Fair value through surplus or deficit.

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	2024¹ \$000	2023 \$000
Assets			
Current assets			
Cash and cash equivalents	20	471,982	230,097
Short-term investments	20	181,861	213,602
Trade and other receivables		708	2,734
GST receivables		17,593	9,907
Prepayments		164	68
Deferred loan transaction costs	3	3,306	-
Investments in financed infrastructure	4	14,202	1,819
Investments in Chorus Debt and Equity Securities	5	159,224	-
Loan assets	6	5,086	-
<i>Total current assets</i>		854,126	458,227
Non-current assets			
Property, plant and equipment	12	9,177	10,182
Intangible assets – software	13	1,089	125
Investments in financed infrastructure	4	237,545	83,597
Investments in Chorus Debt and Equity Securities	5	613,980	653,420
Loan assets	6	200,527	153,887
Interest rate swap	8, 9	2,836	-
<i>Total non-current assets</i>		1,065,154	901,211
Total assets		1,919,280	1,359,438
Liabilities			
Current liabilities			
Creditors and other payables	21	77,034	55,719
Employee entitlements		1,350	1,221
Income in advance	22	130,669	207,021
Grant funds held for distribution	23	60,230	-
<i>Total current liabilities</i>		269,283	263,961
Non-current liabilities			
Borrowings	3	295,213	91,635
Income in advance	22	147,863	-
Interest rate swap	8, 9	10,257	66
<i>Total non-current liabilities</i>		453,333	91,701
Total liabilities		722,616	355,662
Net assets		1,196,664	1,003,776
Contributed capital	10	1,655,200	1,655,200
Retained earnings		(458,536)	(651,424)
Total equity		1,196,664	1,003,776

¹ Budget figures and explanations of major variances against the budget are detailed in note 25.

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Capital \$000	Retained earnings \$000	Total \$000
Opening balance 1 July 2022	1,597,500	(703,688)	893,812
Comprehensive income			
Net surplus/(deficit)	-	52,264	52,264
Total comprehensive revenue and expense	-	52,264	52,264
Owners' transactions			
Capital contribution – Crown (note 10)	57,700	-	57,700
Closing balance 30 June 2023	1,655,200	(651,424)	1,003,776
Opening balance 1 July 2023	1,655,200	(651,424)	1,003,776
Comprehensive income			
Net surplus/(deficit) ¹	-	192,888	192,888
Total comprehensive revenue and expense	-	192,888	192,888
Owners' transactions			
Capital contribution – Crown (note 10) ²	-	-	-
Closing balance 30 June 2024	1,655,200	(458,536)	1,196,664

¹ Budget figures and explanations of major variances against the budget are detailed in note 25.

² The capital contribution made in CIP is represented by 1,655,200,200 fully paid ordinary shares issued at a value of \$1.00. For fiscal year 2024, CIP made no capital calls. For fiscal year 2023, CIP made a total of \$57.7m capital calls. The cash received during fiscal year 2023 of \$67.7m included \$10.0m receivable from fiscal year 2022.

CONSOLIDATED STATEMENT OF
CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 ¹ \$000	2023 \$000
Cash flows from operating activities			
Interest received		34,580	23,044
Government grants received		105,681	57,527
Receipts from government agencies		3,293	1,825
Funds received for Cyclone Recovery Programme	23	251,947	-
Funds dispersed for Cyclone Recovery Programme	23	(161,903)	-
Payments to suppliers		(15,620)	(13,049)
Payments to employees		(8,483)	(7,718)
Grant programme payments		(353,255)	(374,072)
Non-grant funded programme expenses		(26,316)	(3,149)
Goods and services tax (net)		(4,932)	(1,641)
Net cash inflow/(outflow) from operating activities	20	(175,008)	(317,233)
Cash flows from investing activities			
Net proceeds from sale of short-term investments		326,378	298,301
Proceeds from loan assets repayment		9,930	-
Purchase of property, plant and equipment and software		(4,921)	(837)
Acquisition of investments in bulk housing projects		(8,399)	(3,476)
Payments received from investment in financed infrastructure		2,223	2,063
Acquisition of investments in Chorus Debt and Equity Securities		-	(81,218)
Acquisition of investments in loans		(80,768)	(137,203)
Net cash inflow/(outflow) from investing activities		244,443	77,630
Cash flows from financing activities			
Capital contribution – Crown ²	2	-	67,700
Proceeds from borrowings	3	184,363	48,141
Interest paid		(12,431)	(3,596)
Net settlements on derivatives		518	13
Net cash inflow/(outflow) from financing activities		172,450	112,258
Net increase/(decrease) in cash and cash equivalents		241,885	(127,345)
Cash and cash equivalents at the beginning of the year		230,097	357,442
Cash and cash equivalents at the end of the year	20	471,982	230,097

¹ Budget figures and explanations of major variances against the budget are detailed in note 25.

² The capital contribution made in CIP is represented by 1,655,200,200 fully paid ordinary shares issued at a value of \$1.00. For fiscal year 2024, CIP made no capital calls. For fiscal year 2023, CIP made a total of \$57.7m capital calls. The cash received during fiscal year 2023 of \$67.7m included \$10.0 m receivable from fiscal year 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The reporting entity is Crown Infrastructure Partners Limited (CIP, the Parent and the Company) and its controlled subsidiaries (the Group). As at 30 June 2024, the controlled entities were CIP (IFF Holdings) Limited, Milldale Holdco GP Limited, Milldale Infrastructure GP Limited, Milldale Holdco LP, Milldale Infrastructure LP, CIP Services Limited, TSP Finance GP Limited, TSP Finance LP, Sludge Finance GP Limited, Sludge Finance LP, Sludge Finance 1 Limited and Sludge Finance 2 Limited which are 100% controlled. These controlled entities were established to facilitate accelerated development of bulk housing infrastructure for the Milldale development located at Wainui, Auckland, implementation of the Western Bay of Plenty Transport System Plan in Tauranga, and the Sludge Minimisation Facility in Wellington. CIP is a limited liability company incorporated under the Companies Act 1993, and is a Crown entity as defined by the Crown Entities Act. CIP is listed in Schedule 4A of the Public Finance Act 1989.

The primary purpose of the Company is to carry out the public policy objectives of the government to:

- (a) implement, fund, facilitate, monitor, advise or otherwise assist the government with any government objectives in relation to:
 - (i) radio and telecommunications connectivity and/or services;
 - (ii) local water done well and climate resilience infrastructure and/or services;
 - (iii) the government’s COVID-19 response and recovery infrastructure funding programme;
- (b) implement and/or facilitate funding and financing of infrastructure, including as provided for under the Infrastructure Funding and Financing Act, by:
 - (i) government investment (including through debt or equity); or
 - (ii) co-investment with, or facilitating investment from (including securing third-party debt or equity), private sector or other participants, to achieve the government’s objectives for funding infrastructure; and
- (c) implement, facilitate, advise or otherwise assist the government with any transaction, or class of transactions, or provide assistance with any other matter, in relation to any Infrastructure Projects that are selected by the government, as agreed from time to time between the Company and the Shareholding Ministers.

As a consequence of carrying out the Company’s primary purpose, the Company may, subject at all times to satisfying the requirements of the Act, repatriate surplus funds by way of distributions to its Shareholders.

CIP’s aim is to provide services to the public and implement Government policy, and, as such, the Company is a company named in Schedule 4A of the Public Finance Act. The Company is recognised on Schedule 35 of the Income Tax Act 2007 as a public purpose Crown-controlled (PPC) company. Accordingly, CIP has designated itself as a PPC for the purposes of financial reporting under New Zealand Public Sector PBE Standards (PBE Standards). CIP is a public authority and so is exempt from the payment of income tax. Therefore, no provision has been made for income tax in CIP’s financial statements.

The consolidated financial statements of CIP are for the year ended 30 June 2024 and were approved by the Board of Directors on 21 October 2024.

STATEMENT OF COMPLIANCE

The financial statements of the Group have been prepared in accordance with the relevant requirements of the Public Finance Act 1989 and the Crown Entities Act 2004, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements are presented and prepared in accordance with Tier 1 PBE Standards and comply with PBE Standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

BASIS OF PREPARATION

The financial statements have been prepared on a going-concern basis, and the accounting policies have been applied consistently for all periods presented. The Directors consider that the Group will continue to have sufficient resources, access to unpaid share capital, Crown grant funding, and available debt facilities to pay its debts as they fall due for the foreseeable future, which is not less than 12 months from the date that these financial statements are approved.

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest one thousand dollars (\$000). The functional currency of the Company and each entity of the Group is New Zealand dollars.

GENERAL ACCOUNTING POLICIES

Significant accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Adoption of new and amended financial reporting standards

The Group has adopted all mandatory new and amended standards and interpretations, which have not had any material impacts on the financial statements of the Group. In the current period the Group adopted 2022 Omnibus Amendments to PBE Standards and Public Sector Specific Financial Instruments (Non-Authoritative Amendments to PBE IPSAS 41.

Standards and amendments issued but not yet effective, that have not been early adopted and relevant to the Group are:

Disclosure of Fees for Audit Firms’ Services (Amendments to PBE IPSAS 1) updates the required disclosures for fees relating to services provided by the entity’s audit or review firm. The amendments are effective for annual periods beginning on or after 1 January 2024. The Group will adopt the amendments in the year ending 30 June 2025.

Insurance Contracts in the Public Sector (Amendments to PBE IFRS 17) modifies PBE IFRS 17 to be suitable for public sector PBEs. The amendments are effective for annual periods beginning on or after 1 January 2026. The Group will adopt the amendments in the year ending 30 June 2027.

The above new standards and interpretations have not been early adopted as they are not expected to have material impacts on the recognition or measurement of items in the consolidated financial statements when adopted in the periods in which they become mandatory.

Significant accounting policies in respect of items that do not have specific notes are set out below:

Classification of financial assets and liabilities

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

All other financial assets are measured subsequently at fair value through surplus or deficit (FVTSD).

All the Group's financial liabilities are measured at amortised cost, except for derivative financial liabilities and fixed rate loans of Sludge Finance LP, which are measured at FVTSD.

Impairment of financial assets carried at amortised cost

The Group recognises a loss allowance for Expected Credit Losses (ECL) on financial assets that are measured at amortised cost. The amount of the ECL is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instruments.

The Group recognises the lifetime ECL for trade receivables. In assessing impairment for a portfolio of receivables, the Group considers past experience of collecting payments, as well as any increase in the number of delayed payments in the portfolio past the average credit period of 30 days, and observable changes in national or local economic conditions that correlate with defaults on receivables.

For investments in debt instruments (loans) the Group recognises the lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information.

The lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, the 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on financial instruments that are possible within 12 months after the reporting date.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

The carrying amount of an instrument is reduced by the impairment loss directly for all instruments with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. A receivable is considered to be uncollectible when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Changes in the carrying amount of the allowance account are recognised in surplus or deficit.

Significant estimates and judgements

In the application of the Group's accounting policies, management is required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that have the most significant effect on the amounts recognised in financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

- Classification of the Group's right to levy beneficiaries under the Infrastructure Funding and Financing (Western Bay of Plenty Transport System Plan Levy) Order 2022 and Infrastructure Funding and Financing (Wellington Sludge Minimisation Facility Levy) Order 2023 as a statutory receivable measured at fair value through surplus or deficit – Note 4.
- Classification of the interest rate swap under PBE IPSAS 41 as a derivative measured at fair value through surplus or deficit – Note 8.
- Classification of fixed rate loans as borrowings measured at fair value through surplus or deficit – Note 3
- Determination whether the Group acts as an agent rather than as a principal for the distribution of Cyclone Funding Grants – Note 23.

The following are the critical estimates that have the most significant effect on the amounts recognised in financial statements.

- Calculation of the fair value of the right to levy statutory receivable – Note 4.
- Calculation of the fair value of the investment in Milldale Bulk Housing Projects – Note 4.
- Calculation of the fair value of the Chorus Debt and Equity Securities – Note 5.
- Calculation of the fair value of the interest rate swap - Note 8.
- Calculation of the fair value of the fixed rate loans measured at fair value through surplus or deficit – Note 3.

2. COMPOSITION OF THE GROUP

2.1 CONSOLIDATION OF SUBSIDIARIES IN THE GROUP

Determining the nature of the interest in the subsidiaries

The Group holds 100% of the shares in Milldale Holdco GP Limited, Milldale Infrastructure GP Limited, CIP Services Limited, CIP (IFF Holdings) Limited, TSP Finance GP Limited, TSP Finance LP, Sludge Finance GP Limited, Sludge Finance LP, Sludge Finance 1 Limited and Sludge Finance 2 Limited and therefore has control over these companies and partnerships. These companies are treated as subsidiaries in the consolidated financial statements of the Group.

Milldale Holdco GP Limited is the general partner of Milldale Holdco LP. Milldale Infrastructure GP Limited is the general partner of Milldale Infrastructure LP. CIP owns 100% of the limited partnership interest in Milldale Holdco LP, which in turn owns 100% of the limited partnership interest in Milldale Infrastructure LP.

TSP Finance GP Limited is the general partner of TSP Finance LP. Sludge Finance GP Limited is the general partner of Sludge Finance LP. Sludge Finance LP owns 100% of the two subsidiary entities, Sludge Finance 1 Limited and Sludge Finance 2 Limited. CIP (IFF Holdings) Limited, a subsidiary of CIP, owns 100% of the limited partnership interest in TSP Finance LP and Sludge Finance LP. CIP, through CIP (IFF Holdings) Limited has power over TSP Finance LP through its ownership of TSP Finance GP Limited and Sludge Finance LP through its ownership of Sludge Finance GP Limited.

CIP has power over the limited partnerships through its ownership of the general partners, exposure to variable benefits through its limited partnership interests, and the ability to use its power to affect the amount of benefits from the limited partnerships through its decision-making rights. Therefore, the Group has control over these limited partnerships and are treated as subsidiaries in the consolidated financial statements of the Group.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

The financial statements of a subsidiary are prepared for the same reporting period as those of the Parent and are consistent with the Parent's accounting policies. Adjustments are made to bring into line any dissimilar accounting policy that may exist.

A subsidiary is consolidated from the date on which control is obtained to the date on which control is lost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

2. COMPOSITION OF THE GROUP (CONTINUED)

2.2 RELATED PARTY TRANSACTIONS

Significant transactions with government-related entities

During the current period, CIP has not received equity funding from the Crown (2023: \$57.7 million).

CIP was provided with \$326.0 million in cash and Treasury Bills from the Crown for IRG loans and grants (2023: \$12.9 million in cash from the Crown for IRG loans and grants). CIP has recorded \$254.5 million of IRG grant income (2023: \$382.2 million of IRG grant income).

CIP was also provided with \$72 million in cash from the Crown for Digital Connectivity programmes and Local Water Done Well programmes (2023: provided with \$44.6 million in cash from the Crown for Digital Connectivity programmes and Local Water Done Well programmes). CIP recognised \$52 million of grant revenue relating to Digital Connectivity programmes (2023: \$15 million) and \$20 million of grant revenue relating to Local Water Done Well programmes (2023: \$29.6 million).

CIP also received and recognised \$1.1 million operational funding grant for administrative services it has provided for the Cyclone Recovery Programme (refer to note 23).

The Group recognised \$35.9 million of revenue for receipt of the right to levy beneficiaries under the Infrastructure Funding and Financing (Western Bay of Plenty Transport System Plan Levy) Order 2022 (2023: \$36.1 million) and \$107.1 million under Infrastructure Funding and Financing (Wellington Sludge Minimisation Facility Levy) Order 2023 (2023: nil). The levies will be used to pay for the costs of financing the grants the Group is providing to Tauranga City Council and Wellington City Council for designated infrastructure projects and related administration expenses (note 4). In the current period, the Group recognised grant expense of \$31.4 million for funding provided to Tauranga City Council and \$83.5 million provided to Wellington City Council (2023: recognised grant expense of \$34.2 million for funding provided to Tauranga City Council and \$0 to Wellington City Council).

CIP recognised \$0.6 million in Government Agency Recoveries from the New Zealand Police for the Public Safety Network programme (2023: \$0.9 million). CIP is acting as the telecommunications infrastructure procurement partner for the Public Safety Network.

CIP recognised \$0.7 million in Government Agency Recoveries from the Department of Internal Affairs (DIA) (2023: \$0.8 million). CIP is supporting the DIA in providing monitoring and review services in respect of the ‘better off’ funding programme for local territorial authorities.

CIP recognised \$1.2 million in Government Agency Recoveries from the Department of Internal Affairs (DIA) (2023: nil). CIP is working with DIA to support the implementation of the Local Water Done Well policy in Auckland and other local government areas.

CIP recognised \$0.4 million in Government Agency Recoveries from the Ministry of Business, Innovation and Employment (MBIE) for costs to administer the Digital Connectivity Programmes (2023: \$0.4 million).

Other transactions with government-related entities

In conducting its activities, the Group is required to pay various taxes and levies (such as GST, PAYE and ACC levies and rates) to the Crown and entities related to the Crown. The payment of these taxes and levies is based on the standard terms and conditions that apply to all tax and levy payers. CIP and its subsidiaries are exempt from paying income tax.

The Group enters into transactions with government departments, Crown entities and state-owned enterprises (e.g. New Zealand Post) and other government-related bodies (e.g. Air New Zealand and local councils). These transactions generally occur within normal supplier or client relationships on terms and conditions no more or less favourable than those that it is reasonable to expect the Group would have adopted if dealing with those entities at arm’s length in the same circumstances. The transactions on normal arm’s length terms have not been disclosed as related party transactions and are not individually or collectively significant.

As disclosed above, the Group has provided funding to Tauranga City Council and Wellington City Council for infrastructure projects (note 4).

Key management personnel

Compensation of key management personnel is set out in note 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

3. BORROWINGS

	2024 \$000	2023 \$000
Principal	281,120	96,756
Unamortised transaction costs	(5,728)	(5,121)
Fair value movement	19,821	-
Net carrying amount borrowings	295,213	91,635
Fixed rate loan non-current	225,889	49,617
Floating rate facility non-current	69,324	42,018
	295,213	91,635

Debt facilities

Milldale Infrastructure LP, a subsidiary of CIP, has entered into an agreement with ACC to borrow up to \$60 million for a 35-year period at a fixed interest rate of 5.37%. The funds obtained from the borrowings are provided to the developer of the Milldale Bulk Housing Infrastructure Project (see note 4 for information about the investments in the Milldale Bulk Housing Infrastructure Project). The borrowings are secured over the cash inflows of the project, with recourse to the development lot owners through an encumbrance on the land. There is no recourse or guarantee provided by CIP for the borrowings.

During the construction phase of the development, the interest on the borrowings is being funded through drawdown and infrastructure payments. Repayments of principal begin in the fiscal year ending 30 June 2027.

TSP Finance LP, a subsidiary of CIP, has entered into a senior facilities agreement with Westpac New Zealand Limited (Westpac) and Bank of New Zealand (BNZ) to borrow up to \$198.4 million for a 7-year period at a floating interest rate calculated using BKBM plus a margin. The funds obtained from the borrowings are provided to Tauranga City Council (TCC) to fund infrastructure projects. The lenders have a security interest in the partnership interests in TSP Finance LP. There is no recourse or guarantee provided by CIP for these borrowings.

Levies, which will be used to fund the interest cost, principal repayments and other operating expenses for TSP Finance LP, will be collected starting 1 July 2024. A portion of the principal will be repaid based on an amortisation schedule in the loan agreement, with payments starting in the year ending 30 June 2027. The balance of the principal is due for repayment on 31 December 2029. TSP Finance LP intends to refinance the facility prior to the maturity date. TSP Finance LP is required to comply with a debt service cover ratio covenant outlined in the senior facilities agreement. TSP has complied with the covenant during the reporting period.

Sludge Finance LP has entered into a senior facilities agreement with Accident Compensation Corporation (ACC) and China Construction Bank Corporation (CCB) for fixed rate loans and ANZ Bank New Zealand Limited (ANZ), Commonwealth Bank of Australia (CBA) and Industrial and Commercial Bank of China Limited (ICBC) for floating rate loans to borrow up to \$440 million, of which \$400 million from the borrowings are provided to Wellington City Council (WCC) to fund infrastructure projects. The lenders have a security interest in the partnership interests in Sludge Finance LP. There is no recourse or guarantee provided by CIP for these borrowings.

Levies, which will be used to fund the interest cost, principal repayments and other operating expenses for Sludge Finance LP, will be collected starting 1 July 2024. For fixed rate loans, the repayment of the principal will start based on an amortisation schedule in the loan agreement from 30 September 2032 with the maturity date on 31 December 2053 for the first fixed rate loan while 30 June 2043 for the second fixed rate loan.

For floating rate loans, repayment of the principal will start based on an amortisation schedule in the loan agreement from 30 June 2027. Sludge Finance LP intends to refinance the facility prior to the maturity date on 30 September 2028.

Sludge Finance LP is required to comply with a debt service cover ratio covenant outlined in the senior facilities agreements starting after the date the facilities are drawn down in full or 31 March 2027, whichever is earlier.

Initial up-front and commitment fees paid amounting to \$3.3 million are deferred and presented under deferred loan transaction costs in the consolidated statement of financial position prior to any borrowings being drawn.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

3. BORROWINGS (CONTINUED)

Finance costs

	2024 \$000	2023 \$000
Effective interest on borrowings	13,747	3,746
Other finance charges	159	96
Total finance costs	13,906	3,842

Reconciliation of carrying amount of borrowings

	2024 \$000	2023 \$000
Opening balance	91,635	45,810
Drawdowns	184,363	48,141
Payment of upfront fees and commitment fees	(1,922)	(2,466)
Interest expense	13,747	3,746
Payments of principal and interest	(12,431)	(3,596)
Fair value movement	19,821	-
Closing balance	295,213	91,635

Accounting policies

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, except for the fixed rate loans borrowed by Sludge Finance LP which are elected to be classified at FVTSD. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised as a profit or loss in the Statement of Comprehensive Revenue and Expense over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs and included in the effective interest rate. Periodic commitment fees on the undrawn portion of the facility are also included in the effective interest rate of the loan if the loan is expected to be drawn down.

Fixed rate loans borrowed by Sludge Finance LP are elected to be classified at FVTSD. These fixed rate loans are recognised at fair value on initial recognition and subsequently, all gains and losses recognised in surplus or deficit except for changes in fair value that are attributable to changes in Group's own credit risk which are recognised in other comprehensive revenue and expense. Any transaction costs attributable to the issue of the debt are expensed immediately.

Significant judgements

The fair value movements relating to the base interest rate risk on the fixed rate loans plus the fair value movements on the derivative would be expected to largely offset the fair value movements in the statutory receivable and would significantly reduce fluctuations in the equity balance due to the changes in base interest rates. PBE IPSAS 41 permits an entity to irrevocably designate a financial liability as measured at fair value through surplus or deficit if doing so results in more relevant information because it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases (commonly referred to as an 'accounting mismatch'). As a result, the Group elected to account its fixed rate loans borrowed by Sludge Finance LP at fair value through surplus or deficit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

3. BORROWINGS (CONTINUED)

Fair value measurement

Fair value is determined using a discounted cashflow methodology based on the expected cash outflow from the principal and interest repayment. The key assumption is the discount rate set out below, along with information about a reasonably possible change and the potential impacts of such a change on the carrying value of the fixed rate loans. Management has determined that 100 basis points is a reasonably possible change in the discount rate at 30 June 2024 based on current market volatility (2023: nil, no loan drawdown).

Key assumptions/inputs	2024 Assumption	Possible change	2024 Impact \$000
Discount rate	avg 6.13%	+/- 100bps	18,241/-21,927

4. INVESTMENTS IN INFRASTRUCTURE FINANCED PROJECTS

The Group's investments in infrastructure financed projects include the Milldale Bulk Housing Infrastructure Programme and the right to levy statutory receivable relating to the Western Bay of Plenty Transport Systems Plan Programme and Sludge Minimisation Facility Programme.

Investments in infrastructure financed projects are shown in the Statement of Financial Position as:

	2024 \$000	2023 \$000
Current ¹	14,202	1,819
Non-current	237,545	83,597
Total	251,747	85,416

¹ The comparative balance for Investment in Bulk Housing Projects has been restated to align with current disclosure to reflect the estimated current portion based on the discounted present value for the next 12 months' cashflows. The restatement results in an increase of \$1.82m in current assets and a decrease in non-current asset to the same value.

INVESTMENTS IN MILLDALE BULK HOUSING INFRASTRUCTURE PROJECT

The Group's investments in the Milldale Bulk Housing Infrastructure Project financial assets are set out below:

	2024 \$000	2023 \$000
Balance at 1 July	49,667	44,610
Amount paid during the year	8,398	3,476
Interest revenue	3,966	3,376
Fair value gains/losses	(127)	268
Repayments received	(2,319)	(2,063)
Balance at 30 June	59,585	49,667

Investments in Milldale Bulk Housing Infrastructure Project financial assets – key terms

The Group, through its subsidiary Milldale Infrastructure LP, provides funding to the developer to fund construction of bulk housing infrastructure. The developer places a first ranking encumbrance on the land and the Group is entitled to receive infrastructure payments from the developer and subsequent landowners over a 35-year period. The infrastructure payments on a portion of the encumbrances began in July 2019, with the percentage making payments increasing over time to reflect the pattern on which lots are expected to be developed and released to third-party landowners. There are some provisions for either the developer or a subsequent landowner to prepay the remaining balance under the encumbrance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

4. INVESTMENTS IN INFRASTRUCTURE FINANCED PROJECTS (CONTINUED)

Accounting policies

The investments in the Milldale Bulk Housing Infrastructure Project financial assets are classified as FVTSD. These financial assets do not qualify to be measured at amortised cost because the cash flows do not represent solely payment of principal and interest. The investments are recognised at fair value on initial recognition and subsequently, with all gains and losses recognised in surplus or deficit.

The fair value movements relating to the investments in Milldale Bulk Housing Infrastructure Project financial assets are presented in the following line items in the Statement of Comprehensive Revenue and Expense:

- Interest income – imputed interest is calculated using the effective interest method; and
- Fair value gains/losses on FVTSD instruments – all other fair value movements, including impairment, are included in the fair value gains/losses on FVTSD instruments line item.

Key assumptions

Fair value is determined using a discounted cash flow methodology based on the expected cash inflows from the infrastructure payments. The key assumption is the discount rate set out below, along with information on a reasonably possible change and the potential impacts of such a change on the investment carrying value for the Milldale Bulk Housing Infrastructure Project financial assets. Management has determined that 100 basis points is a reasonably possible change in the discount rate at 30 June 2024 based on current market volatility (2023: 100 basis points is a reasonably possible change in the discount rate at 30 June 2023).

Key assumptions/inputs	2024 Assumption	Possible change	2024 Impact \$000	2023 Assumption	Possible change	2023 Impact \$000
Discount rate	6.96%	+/- 100bps	-6,203/7,355	6.81%	+/-100 bps	-5,492/6,559

RIGHT TO LEVY STATUTORY RECEIVABLE

The Group’s investment in the right to levy statutory receivable is set out below:

	TSP \$000	Sludge \$000	2024 \$000	2023 \$000
Balance at 1 July	35,749	-	35,749	-
Revenue for receipt of right to levy	35,875	107,052	144,867	36,149
Interest revenue	3,742	2,522	6,264	787
Fair value gains/losses	6,747	475	5,282	(1,187)
Levies received	-	-	-	-
Balance at 30 June	82,113	110,049	192,162	35,749

Right to levy statutory receivable – key terms

The Group, through its subsidiaries TSP Finance LP and Sludge Finance LP, are providing funding to councils for certain infrastructure projects.

Under the Infrastructure Funding and Financing (Western Bay of Plenty Transport System Plan Levy) Order 2022 (‘Tauranga Levy Order’), TSP Finance LP will be entitled to collect levies from ratepayers in the levy area for periods from 1 July 2024 to 30 June 2054. The levies will fund the financing and operating costs of TSP Finance LP.

Under the Infrastructure Funding and Financing (Wellington Sludge Minimisation Facility Levy) Order 2023 (‘Wellington Levy Order’), Sludge Finance LP will be entitled to collect levies from ratepayers in the levy area for periods from 1 July 2024 to 30 June 2057. The levies will fund the financing and operating costs of Sludge Finance LP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

4. INVESTMENTS IN INFRASTRUCTURE FINANCED PROJECTS (CONTINUED)

Significant judgements

The right to impose a levy on ratepayers arising from the Tauranga Levy Order and the Wellington Levy Order are transactions that are not explicitly covered by PBE accounting standards. In the absence of specific guidance, management is required to use its judgement to develop an appropriate accounting policy, including consideration of the requirements in PBE standards for similar transactions. The Group has determined that the right to levy is a statutory receivable that arises from a binding arrangement with the Crown. Since the receivable is statutory rather than contractual, it is not a financial asset under PBE IPSAS 41 Financial Instruments (‘PBE IPSAS 41’). However, the Group has determined that it would be appropriate to apply the guidance in PBE IPSAS 41 by analogy to account for the statutory receivable. Applying the guidance in PBE IPSAS 41, the Group has determined that the statutory receivable should be classified as FVTSD as outlined below.

Accounting policies

The Group recognises revenue for receipt of the right to levy statutory receivable from the Crown as it delivers funding to TCC or WCC. This is considered to be an exchange transaction. The revenue is recorded at the fair value of the consideration received, being the fair value of the future cash flows to be received through the levies.

The statutory receivable is classified as FVTSD. The statutory receivable does not qualify to be measured at amortised cost because the cash flows do not represent solely payment of principal and interest. The statutory receivable is recognised at fair value on initial recognition and subsequently, with all gains and losses recognised in surplus or deficit.

The fair value movements relating to the statutory receivable are presented in the following line items in the Statement of Comprehensive Revenue and Expense:

- Interest income – imputed interest is calculated using the effective interest method.
- Fair value gains/losses on the statutory receivable – all other fair value movements, including impairment are included in the fair value gains/losses on the statutory receivable line item.

The imputed interest income is recognised using the effective interest method. The effective interest rate is a rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial instrument at the time of initial recognition.

Key assumptions

Fair value is determined using a discounted cashflow methodology based on the expected cash inflows from the levy payments. The key assumption is the discount rate set out below, along with information about a reasonably possible change and the potential impacts of such a change on the carrying value of the statutory receivable. Management has determined that 100 basis points is a reasonably possible change in the discount rate at 30 June 2024 based on current market volatility (TCC 2023: 100 basis points is a reasonably possible change in the discount rate at 30 June 2023).

TSP Finance LP

Key assumptions/inputs	2024 Assumption	Possible change	2024 Impact \$000	2023 Assumption	Possible change	2023 Impact \$000
Discount rate	6.14%	+/- 100bps	-8,442/10,120	5.85%	+/-100 bps	-4,432/5,370

Sludge Finance LP

Key assumptions/inputs	2024 Assumption	Possible change	2024 Impact \$000
Discount rate	5.91%	+/- 100bps	-12,367/14,829

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

5. INVESTMENTS IN CHORUS DEBT AND EQUITY SECURITIES

The Group’s investments in Chorus Equity and Debt Securities are carried at fair value. These are set out below:

	Chorus Equity Warrants \$000	Chorus Equity Securities \$000	Chorus Senior Notes \$000	Chorus Subordinated Notes \$000	Total \$000
Net investments at 1 July 2022	1,016	296,190	100,851	180,498	578,555
Amount paid during the year	-	16,136	12,034	16,744	44,914
Less UFB contribution	-	(10,132)	(6,049)	(8,713)	(24,894)
<i>Initial investment recognised</i>	-	6,004	5,985	8,031	20,020
Fair value gain/(loss) recognised in surplus or deficit	(204)	7,154	(1,061)	3,528	9,417
Interest	-	26,923	5,934	12,571	45,428
Net investments at 30 June 2023	812	336,271	111,709	204,628	653,420
Amount paid during the year	-	-	-	-	-
Less UFB contribution	-	-	-	-	-
<i>Initial investment recognised</i>	-	-	-	-	-
Fair value gain/(loss) recognised in surplus or deficit	(726)	56,317	5,116	8,695	69,402
Interest	-	29,610	6,677	14,095	50,382
Net investments at 30 June 2024	86	422,198	123,502	227,418	773,204

All fair value gains/losses relate to assets that continue to be held at the end of the reporting period.

Investments in Chorus Debt and Equity Securities are shown in the Statement of Financial Position as:

	2024 \$000	2023 \$000
Current	159,224	-
Non-current	613,980	653,420
Total	773,204	653,420

Chorus overview

Chorus self-funded the design and build work and carried the risk of any cost overruns in the network build. CIP invested \$1.3 billion in Chorus progressively as deployment stages were completed. Chorus is required to repay or redeem the Crown for its investment in 2025, 2030, 2033 and 2036. CIP’s investment in Chorus is by way of Debt and Equity Securities. These securities were issued progressively by Chorus and subscribed to by CIP on a per-premises-passed basis as stages were completed and satisfied User Acceptance Testing.

Chorus also issued to CIP Equity Warrants to allow CIP to participate in the upside of the financial performance of Chorus (one warrant for each \$1 of the CIP Equity Securities). The warrants are not currently considered significant.

Chorus Equity Securities – key terms

The Chorus Equity Securities carry no rights to vote at meetings of ordinary Chorus shareholders, but rank ahead of ordinary shareholders in the event of liquidation. Dividends will become payable on a portion of the Chorus Equity Securities from 2025 onwards, with the portion increasing with time until all the Chorus Equity Securities attract dividends. These dividends are at the discretion of the Chorus Board; however, ordinary Chorus shareholders cannot be paid dividends if the Chorus Equity Securities’ dividends are unpaid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

5. INVESTMENTS IN CHORUS DEBT AND EQUITY SECURITIES (CONTINUED)

The dividend rate will equal the New Zealand 180-day bank bill rate plus a margin of 6%. It is expected that all Chorus Equity Securities, if not redeemed, will attract dividends by 2036. Chorus can redeem the Chorus Equity Securities in cash or by issuing Chorus ordinary shares (by reference to a formula) at any time.

At 30 June 2024 the Moody’s Chorus Credit rating is Baa2 (30 June 2023: Baa2), and Standard & Poor’s rating is BBB (2023: BBB). Both credit ratings are investment grade.

The terms of the Chorus Equity Securities do not prohibit the payment of dividends on Chorus ordinary shares. However, provisions elsewhere in the agreements prohibit Chorus, without CIP’s approval, paying any distributions on its ordinary shares during any period in which Chorus’s credit rating is below investment grade.

Chorus Debt Securities – key terms

The Chorus Debt Securities are unsecured and carrying no interest, but there are imputed interest and, like the Chorus Equity Securities, have no voting rights. The principal amount of a Chorus Debt Security consists of a senior portion and a subordinated portion. The senior portion ranks equally with all other unsecured, unsubordinated creditors of Chorus, and has the benefit of any negative pledge covenant that may be contained in any of Chorus’s debt arrangements. The subordinated portion ranks above ordinary shares of Chorus. The initial value of the Chorus debt securities is the present value of the sum repayable on the securities.

The repayment profile is based on a similar regime to the dividend rights for the Chorus Equity Securities. The redemption profile is 18.5% in 2025 and 2030, 27.7% in 2033 and the remaining 35% in 2036.

CIP’s investment

Any difference on initial recognition between the fair value of an investment in Chorus and the contribution by CIP represents CIP’s and the Crown’s contribution towards the deployment of UFB in New Zealand. As a result, the UFB transactions are considered, in substance, to be represented by two components, and the Group has:

- recognised the UFB contribution as a form of government grant. A government grant is recognised when Chorus meets the criteria to receive the grant. This is reflected in the UFB contribution line in surplus or deficit; and
- attributed the remaining fair value of the payment made to Chorus to the continuing financial instrument (the Chorus Equity or Debt Securities).

The judgement used in componentising the transactions in this way affects the amount of UFB contributions recognised. There is judgement made on the interest rates used to value the tranches of Chorus Equity and Debt Securities, as these interest rates affect the value recorded in the Statement of Comprehensive Revenue and Expense of the Crown contributions and the fair values of the equity and debt securities on initial recognition.

Accounting policies

The investments in unlisted Equity Securities of Chorus are classified as FVTSD. The investments are recognised at fair value on initial recognition and subsequently, with all gains and losses recognised in surplus or deficit.

The fair value movements relating to the Chorus Equity Securities are presented in the following line items in the Statement of Comprehensive Revenue and Expense:

- Interest income – imputed interest is calculated using the effective interest method to approximate the effect of interest income to CIP on these instruments;
- Dividends – dividends are recognised in surplus or deficit when the Company’s right to receive the dividends is established; and
- Fair value gains/losses on FVTSD instruments – all other fair value movements, including impairment, are included in the fair value gains/losses on FVTSD instruments line item. Indications that Chorus is in significant financial difficulty and late payments are considered to be objective evidence of impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

5. INVESTMENTS IN CHORUS DEBT AND EQUITY SECURITIES (CONTINUED)

The investments in Chorus Debt Securities are classified as FVTSD. The investments are recognised at fair value on initial recognition and subsequently, with all gains and losses recognised in surplus or deficit.

The fair value movements relating to the Chorus Debt Securities are presented in the following line items in the Statement of Comprehensive Revenue and Expense:

- Interest income – imputed interest is calculated using the effective interest method; and
- Fair value gains/losses on FVTSD instruments – all other fair value movements, including impairment, are included in the fair value gains/losses on FVTSD instruments line item.

Any difference on initial recognition between the fair value of the investment and the contribution by CIP is reflected in the UFB contribution line in surplus or deficit.

Key assumptions

Fair value is determined in the manner set out under the Fair Value Measurements section of note 9. The estimates used are based primarily on market-observable data of similar types of instruments; these include corporate bonds that have similar maturity dates, credit risks and industry characteristics. The current year discount rate used to fair value the equity securities have been adjusted by lowering the equity risk premium to reflect the current market conditions, improved macroeconomic factors and reassessment of the overall risk environment.

The key assumptions are set out below, along with information on a reasonably possible change (estimated based on past experience) and the potential impacts of such a change on the investment carrying value for the Chorus Equity Securities and Chorus Debt Securities carried at fair value. Management has determined that 100 basis points is a reasonably possible change in the credit spread inputs/assumptions below at 30 June 2024 based on current market volatility (2023: 100 basis points is a reasonably possible change in the credit spread inputs/assumptions below at 30 June 2023).

Key assumptions/ inputs	Equity Securities				Debt Securities			
	2024 Assumption	2023 Assumption	2024 Possible change	2023 Possible change	2024 Impact \$000	2023 Impact \$000	2024 Impact \$000	2023 Impact \$000
Senior credit spread (BBB (2023: BBB))	106-140 bps	155-200 bps	+/- 100bps	+/-100 bps	N/A	NA	-6,849/ 10,600	-6,859/ 10,787
Subordinated credit spread (BBB-/BB+ (2023: BBB-/BB+))	150-279 bps	201-247 bps	+/- 100bps	+/-100 bps	-28,837/ 31,838	-24,630/ 27,303	-15,817/ 15,561	-15,914/ 15,690
Risk-free term structure	4.58% – 5.30%	4.63% – 5.14%	+/- 100bps	+/-100 bps	-28,837/ 31,838	-24,630/ 27,303	-23,197/ 25,629	-22,324/ 25,924

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

6. INVESTMENTS IN LOAN ASSETS

The Group's investments in loan assets include the IRG loans and the Northpower Fibre Limited 2 (NFL2 loan). These loan assets are carried at amortised cost.

	IRG loans \$000	NFL2 loan \$000	Total \$000
Balance at 1 July 2022	71,625	8,954	80,579
Amount paid during the year	137,203	-	137,203
Less loan contribution	(61,269)	-	(61,269)
<i>Initial investment recognised</i>	75,934	-	75,934
Interest revenue ¹	5,532	464	5,996
Repayments received	(649)	-	(649)
Impairment	(6,795)	-	(6,795)
Provision for expected credit loss	(1,178)	-	(1,178)
Balance at 30 June 2023	144,469	9,418	153,887
Amount paid during the year	80,768	-	80,768
Less loan contribution	(32,551)	-	(32,551)
<i>Initial investment recognised</i>	48,217	-	48,217
Interest revenue ¹	8,907	490	9,397
Repayments received	(10,509)	-	(10,509)
Impairment reversal – net ²	5,295	-	5,295
Provision for expected credit loss	(674)	-	(674)
Balance at 30 June 2024	195,705	9,908	205,613

¹ The interest revenue is imputed interest of \$8.0 million and \$0.9 million of interest earned on loan assets (2023: imputed interest of \$5.3 million and \$0.7 million of interest earned on loan assets).

² Impairment reversal (net) relates to reversals of \$7.4 million, net of impairment loss of \$2.1 million.

Investments in loan assets are shown in the Statement of Financial Position as:

	2024 \$000	2023 \$000
Current	5,086	-
Non-current	200,527	153,887
Total	205,613	153,887

IRG overview

The IRG was set up to identify infrastructure projects in the private and public sectors that would have an immediate stimulatory effect on the construction industry, its workforce and the economy. Projects needed to show that they could be underway within 12 months from the date of funding being contracted, with material employment benefits, and provided national or regional public benefits.

CIP, and other Crown agencies, are now in the implementation phase with \$1.1 billion in grants and loans already paid out. CIP's role is to oversee the Government funding of \$1.4 billion of IRG projects, and to carry out a co-ordination role across the other agencies responsible for IRG projects for project approvals and regular reporting. CIP monitors the operational and service performance of IRG build partners to ensure that contractually agreed service levels are being met.

Most of the funding is being provided in the form of grants, while the remainder will be provided through concessionary loans. It has been determined that CIP is principal to the IRG grants. The Group recognises the IRG grant income in its Statement of Comprehensive Revenue and Expense as it incurs expense for providing the IRG grants to IRG delivery partners.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

6. INVESTMENTS IN LOAN ASSETS (CONTINUED)

IRG loans – key terms

Concessionary loans to asset owners are made either interest free or at below market interest rates. The loan agreements generally require the asset owners to provide co-funding for the projects and meet agreed milestones prior to making drawdowns. Repayments are made over a range of periods up to 30 years, from the dates of the agreements or the dates of initial drawdowns. CIP may require early repayment and/or suspend future drawdowns if an asset owner is in breach of the terms of the loan agreement.

CIP's investment in IRG loans

Any difference on initial recognition between the amount loaned by the Group and the fair value of the loan asset represents the CIP's and the Crown's contribution towards infrastructure projects to reduce the economic impacts of the COVID-19 pandemic. As a result, the IRG transactions are considered, in substance, to be represented by two components, and the Group has:

- recorded the loan asset at its fair value on initial recognition; and
- recognised the loan contribution as a form of government grant. A government grant is recognised when the IRG project owner meets the criteria to receive the grant. This is reflected in the loan contribution line in surplus or deficit.

The judgement used in componentising the transactions in this way affects the amount of loan contributions recognised. There is judgement made on the interest rates used to value the IRG loans, as these interest rates affect the value recorded in the Statement of Comprehensive Revenue and Expense of the Crown contributions and the fair values of the loans on initial recognition.

Accounting policies

The loan assets are measured initially at fair value and subsequently at amortised cost, less impairment. Any difference on initial recognition between the fair value of an investment and the contribution by CIP is reflected in the Contribution – loans line in surplus or deficit. Interest income is recognised by applying the effective interest method.

Fair value on initial recognition is determined using a discounted cash flow method. The estimates are based primarily on market-observable data of similar types of instruments; these include corporate bonds that have similar maturity dates, credit risks and industry characteristics.

The accounting policy for impairment is set out in the general accounting policies section at the beginning of these financial statements. An impairment review has been performed. The Group has recorded impairment reversal of \$7.4 million net of impairment loss of \$2.1 million and an expected credit losses of \$0.7 million (2023: impairment expense of \$6.8 million and expected credit losses of \$1.2 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

7. GRANT EXPENSES

Programme expenses

	2024 \$000	2023 \$000
Digital connectivity programmes	70,519	52,268
IRG grants	177,100	246,378
Affordable waters infrastructure grants	9,209	50,487
Infrastructure Funding and Financing ("IFF") grants	114,938	34,197
Total programme expenses	371,766	383,330

In the current period the Group paid \$36.7 million in digital connectivity programme grants that were funded by the Crown (2023: \$46.7 million), including \$6.4 million of Provincial Growth Fund (PGF) grants (2023: \$9.7 million), \$10 million of Rural Connectivity funding (2023: \$9.6 million) and \$20.3 million of 3.5 GHz (5G Spectrum) Rural Regional Connectivity funding (2023: nil). No Telecommunications Development Levy (TDL) grants during the year (2023: \$27.4 million). CIP makes digital connectivity grant payments as non-grant funded programme (being recycled funds from the completed programmes) expenses \$33.8 million (2023: \$5.6 million).

8. INTEREST RATE SWAP

Key terms

The Group has three 30-year interest rate swaps (2023: one) to receive fixed payments in exchange for floating (NZD-BKBM Bid) payments quarterly based on specified notional amounts outlined in the swap agreements. The total notional amounts are based on the expected principal amounts outstanding under the senior facilities agreement with the lenders. The swaps were taken out to manage interest rate risk on the floating rate facilities. The total notional principal amounts were \$92.7 million (2023: \$36.9 million).

Accounting policy

The interest rate swap is measured at FVTSD. Changes in fair value are recognised in the 'net fair value gains/losses on derivatives' line in the statement of comprehensive revenue and expense.

Key assumptions

Fair value is determined using a discounted cashflow methodology based on the expected cash inflows and outflows over the 30-year contract period. The key assumptions are the forward interest rate price curves and the discount rate, which reflects the counterparty credit risk. These key inputs are set out below, along with information about a reasonably possible change and the potential impacts of such a change on the carrying value of the interest rate swap. Management has determined that 100 basis points is a reasonably possible change in the swap rate at 30 June 2024 based on current market volatility (2023: 100 basis points is a reasonably possible change in the swap rate at 30 June 2023).

Key assumptions/inputs	2024 Assumption	Possible change	2024 Impact \$000	2023 Assumption	Possible change	2023 Impact \$000
Swap rate	avg 4.79%	+/- 100bps	53,979/ -52,730	avg 4.62%	+/-100 bps	22,758/ -21,881

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

9. FINANCIAL RISK

CIP’s activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. CIP has a range of policies to manage the risks associated with financial instruments and seeks to minimise this exposure. These policies do not permit any transactions that are speculative in nature. Investments of a financial nature can only be transacted with New Zealand major trading banks or in government securities.

MARKET RISK

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The Group is exposed to fair value interest rate risk on the Chorus Equity Securities, Chorus Debt Securities, Milldale Bulk Housing Infrastructure financial assets, right to levy financial receivable and the interest rate swap which are all accounted for at fair value.

The Group is also exposed to fair value interest rate risk in relation to its fixed-interest-rate financial instruments, including bank deposits, Treasury bills, the NFL2 loan, the IRG loans and the fixed-rate borrowings. However, because these items are not accounted for at fair value, fluctuations in interest rates do not have an impact on the surplus/(deficit) or the carrying amount recognised in the Statement of Financial Position.

The average interest rate on Group’s bank term deposits at 30 June 2024 is 5.94% (2023: 5.34%). The average interest rate on CIP’s Treasury bills at 30 June 2024 is 5.54% (2023: 5.45%).

The terms of the Chorus Equity Securities and Debt Securities and the investments in the Milldale Bulk Housing Infrastructure financial assets, right to levy financial receivable and the IRG loans are set out in notes 4, 5 and 6.

The terms of the Group’s fixed rate borrowings are set out in note 3.

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. Investments and borrowings issued at variable interest rates expose the Group to cash flow interest rate risk.

The Group has floating rate borrowings as described in note 3. The Group uses an interest rate swap to manage the interest rate risk relating to the borrowings.

The Group also holds term deposits, which are re-priced at maturity.

Sensitivity analysis

In relation to term deposits held on 30 June 2024, if the deposit rate had been 100 basis points higher or lower, with all other variables held constant, the surplus/(deficit) for the period would have been approximately \$0.6 million higher/lower (2023: \$1.2 million). In relation to Treasury bills held on 30 June 2024, if the interest rate had been 10 basis points higher or lower, with all other variables held constant, the surplus/(deficit) for the period would have been approximately \$0.2 million higher/lower (2023: \$0.1 million).

The sensitivities of the Chorus Securities, the Milldale Bulk Housing Infrastructure Project investments, the right to levy financial receivable, the interest rate swap and the fixed rate loans are set out in the relevant key assumptions sections of notes 3, 4, 5, and 8.

CREDIT RISK

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

Credit risk arises from the Group’s exposure to: the New Zealand Government arising from Treasury bills, banks arising from cash deposits, interest receivable and interest rate swaps; Chorus through its investment in the Chorus Debt Securities; NFL2 through its investment in the NFL2 loan; IRG project owners through the IRG loans and loan commitments; the Milldale developer and landowners through the investments in Milldale Bulk Housing Infrastructure Project financial assets and ratepayers through the right to levy financial receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

9. FINANCIAL RISK (CONTINUED)

CREDIT RISK (continued)

The investments in the Milldale Bulk Housing Infrastructure financial assets are secured by first-ranking encumbrances on the land. The credit risk relating to the Milldale investments is deemed to be low due to the first ranking encumbrances. In relation to the right to levy, Tauranga City Council and Wellington City Council will collect and enforce the levies on behalf of TSP Finance LP and Sludge Finance LP respectively as an agent, however TSP Finance LP and Sludge Finance LP may step in and enforce payment in some circumstances. The Councils, as agents, will impose penalties on late payments for levies in the same manner as for late payment of rates. There are rights under the Local Government Act for recovery, ultimately through a forced sale of the property.

The Group invests surplus cash with major registered trading banks. The Group’s deposits are currently held with two major banks (2023: five major banks), which are registered New Zealand banks. CIP’s Investment Policy limits the amount of credit exposure to any one institution (no more than \$150 million of term deposits with any one bank and subject to each bank having a credit rating of A or better).

The gross carrying amount of financial assets, excluding receivables, by credit rating is provided below by reference to Standard and Poor’s credit ratings.

	2024 \$000	2023 \$000
Cash at bank and term deposits		
AAA	198,128	98,602
AA-	455,715	345,097
Total cash at bank and term deposits	653,843	443,699
Derivative financial instrument assets		
AA-	2,836	-

The Group obtains guarantees and/or collateral for loans made to other parties as appropriate. The NFL2 loan is guaranteed by Northpower Limited (Northpower) and is secured against Northpower’s shares and debt in NFL2 and the assets of NFL2. The credit risk for the NFL2 loans and IRG loan commitments has been determined to be low. CIP has determined that the credit risk for the secured and unsecured IRG loans and loan commitments has not changed during the current period (2023: no change). The Group considers whether the credit risk has increased by evaluating the activities of the entities to which it has lent funds and made loan commitments to determine whether the entities are on target to complete construction projects and whether there are any other events or circumstances indicating that the credit risk of those entities has changed. There are no material overdue assets at 30 June 2024 (2023: nil). Management has performed an Expected Credit Loss (ECL) calculation and reviewed the general terms of impairment and determined that there is a \$0.7 million ECL impairment and a \$5.3 million net impairment reversals relating to IRG loans in the current period (2023: a \$1.2 million ECL impairment and a \$6.8 million impairment relating to IRG loans).

CIP’s maximum credit exposure is represented by the carrying amounts of the Group’s financial assets and the Group’s commitment to provide further funding to the Milldale developer, Tauranga City Council, Wellington City Council and IRG project owners.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. CIP’s primary mechanism for managing liquidity risk is capital funding from the Crown. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Most of the funding for the IRG loans and grants was received in advance from the Crown. The Group also manages the liquidity risk relating to its borrowings by matching the expected payments with expected cash receipts relating to the investments in the Milldale Bulk Housing Infrastructure Project financial assets and the right to levy financial asset.

The Group holds cash at bank, either in an interest-bearing transactional account or in term deposits. Term deposits are represented as cash and cash equivalents or short-term investments in the Statement of Financial Position depending on whether the maturity dates are more than three months from the origination date. All cash and short-term deposits are held in New Zealand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

9. FINANCIAL RISK (CONTINUED)

Contractual maturity analysis of financial liabilities

The following tables detail the Group's remaining contractual maturity for its financial liabilities. As disclosed in note 3, the loan facilities are due to be repaid between fiscal year 2027 and fiscal year 2054. The interest rate swaps, which were taken out to manage the floating rate debts, are in place for 30 years to fiscal years 2053 and 2054. The tables below have been drawn up based on the undiscounted cash flows of financial liabilities on the earliest date on which the Group can be required to pay (and shows the expected cash outflows if the borrowings are paid on its maturity dates). The tables include both interest and principal cash flows in relation to borrowings that have been drawn down at balance date. The Group expects to make additional drawdowns on its loan facilities over the next few fiscal years.

2024 Financial liability	Less than 12 months \$000	Between 1 and 5 years \$000	Between 5 and 10 years \$000	Greater than 10 years \$000
Creditors and other payables	77,034	-	-	-
Borrowings	18,788	72,372	145,459	400,237
Interest rate swap cash outflows	7,906	81,539	108,890	295,446
Interest rate swap cash inflows	(8,925)	(71,879)	(102,768)	(302,804)
Total cash flows	94,803	82,032	151,581	392,879

2023 Financial liability	Less than 12 months \$000	Between 1 and 5 years \$000	Between 5 and 10 years \$000	Greater than 10 years \$000
Creditors and other payables	55,719	-	-	-
Borrowings	6,079	22,249	64,576	79,486
Interest rate swap cash outflows	2,184	26,880	45,433	132,702
Interest rate swap cash inflows	(2,762)	(26,124)	(42,319)	(137,573)
Total cash flows	61,220	23,005	67,690	74,615

Since the Group expects to refinance its loan facilities, the following additional table presents the expected cashflows based on those borrowings being repaid over the period to fiscal year 2054. The table includes both interest and principal cash flows in relation to borrowings that have been drawn down at balance date. As noted above, the Group expects to make additional drawdowns on the loan facilities over the next few fiscal years, and the terms of the interest rate swaps reflect those additional expected drawdowns.

2024 Financial liability	Less than 12 months \$000	Between 1 and 5 years \$000	Between 5 and 10 years \$000	Greater than 10 years \$000
Creditors and other payables	77,034	-	-	-
Borrowings	18,788	72,087	94,084	533,549
Interest rate swap cash outflows	7,906	81,539	108,890	295,446
Interest rate swap cash inflows	(8,925)	(71,879)	(102,768)	(302,804)
Total cash flows	94,803	81,747	100,206	526,191

2023 Financial liability	Less than 12 months \$000	Between 1 and 5 years \$000	Between 5 and 10 years \$000	Greater than 10 years \$000
Creditors and other payables	55,719	-	-	-
Borrowings	6,079	22,249	29,527	163,016
Interest rate swap cash outflows	2,184	26,880	45,433	132,702
Interest rate swap cash inflows	(2,762)	(26,124)	(42,319)	(137,573)
Total cash flows	61,220	23,005	32,641	158,145

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

9. FINANCIAL RISK (CONTINUED)

Additional information on CIP's commitment to provide further funding to the Milldale developer, TCC, WCC and IRG delivery partners is set out in note 7 and note 22.

FAIR VALUE MEASUREMENTS

For the purposes of disclosing information on the fair value of financial instruments, the Group has classified its financial instruments into three categories based on the degree to which the inputs to the fair value measurements are observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group's financial assets measured at fair value, and the movements therein, are set out in notes 4 and 5. These financial assets are all considered to be in level three of the fair value hierarchy. The interest rate swap liability, disclosed in note 8, is considered to be in level two of the fair value hierarchy. Fixed rate loans measured at FVTSD, disclosed in note 3, is considered to be in level two of the fair value hierarchy. There were no transfers between levels in the current period.

The fair value of financial assets and liabilities is determined using a variety of valuation techniques. CIP uses a discounted cash flow method and makes assumptions that are based on market data and the key characteristics of the instruments. These include, but are not limited to, management's assessments of the cash flows, capital expenditure, profitability and market penetration during the estimated period of the investment.

The fair value of the Group's fixed rate borrowings measured at FVTSD is \$169.9 million. The carrying amount of the fixed rate borrowings of \$169.9 million at 30 June 2024 represents drawdowns of \$150.1 million and fair value movement of 19.8 million (30 June 2023: nil).

The investment in the NFL2 loan (carrying amount \$9.9 million) has a fair value of \$9.9 million (2023: the carrying amount of \$9.4 million had a fair value of \$8.0 million).

The investment in IRG loans (carrying amount \$195.7 million) has a fair value of \$193 million (2023: the carrying amount of \$144.5 million had a fair value of \$130.6 million). This primarily reflects movements in market interest rates since the loans were drawn down.

The carrying amounts of all other financial assets and liabilities approximate their fair values at 30 June 2024 and 30 June 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

9. FINANCIAL RISK (CONTINUED)

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial assets and liabilities in each of the PBE IPSAS 41 categories are as follows:

	2024 \$000	2023 \$000
Amortised cost		
Cash and cash equivalents	471,982	230,097
Short-term investments	181,861	213,602
Trade and other receivables	708	2,734
IRG loans	195,705	144,469
NFL2 loan	9,908	9,418
<i>Total financial assets carried at amortised cost</i>	860,164	600,320
Financial assets mandatorily measured at FVTSD		
Investments in Chorus Equity Securities	422,198	336,271
Investments in Chorus Debt Securities	350,920	316,337
Investments in Chorus Equity Warrants	86	812
Investments in Milldale Bulk Housing Infrastructure financial assets	59,585	49,667
Right to levy financial receivable	192,162	35,749
<i>Total financial assets mandatorily measured at FVTSD</i>	1,024,951	738,836
Total financial assets	1,885,115	1,339,156
Financial liabilities measured at amortised cost		
Creditors and other payables	77,034	55,719
Funds held for distribution	60,230	-
Borrowings	125,292	91,635
<i>Total financial liabilities measured at amortised cost</i>	262,556	147,354
Financial liabilities mandatorily measured at FVTSD		
Borrowings	169,921	-
Interest rate swap	7,421	66
<i>Total financial liabilities mandatorily measured at FVTSD</i>	177,342	66
Total financial liabilities	439,898	147,420

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

10. CAPITAL AND CAPITAL MANAGEMENT

	2024 \$000	2023 \$000
Opening balance	1,655,200	1,597,500
Capital contribution	-	57,700
Balance at 30 June	1,655,200	1,655,200

Contributed capital represents proceeds from the issue of ordinary shares to the Crown, net of related share issue costs (if any). Distributions paid to the Crown (if any) are deducted from contributed capital.

The Crown investment made in CIP is represented by 1,865,400,200 \$1 ordinary shares issued (2023: 1,865,400,200 \$1), with 1,655,200,200 being fully paid (2023: 1,655,200,200) and 210,200,000 being unpaid (2023: 210,200,000). The Crown (the Minister of Finance (50%) and the Minister for State-Owned Enterprises (50%)) holds all the issued capital of CIP. All shares have equal voting and dividend rights and share equally in any distribution on wind-up.

Capital management

CIP’s and the Group’s capital is their equity, which comprises accumulated funds and share capital, and borrowings. Equity is represented by net assets.

CIP and the Group manage their equity as a by-product of prudently managing revenue, expenses, assets, liabilities, investments and general financial dealings to ensure that CIP and the Group achieve their objectives and purposes effectively, while remaining going concerns.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

11. FAIR VALUE MOVEMENTS ON FINANCIAL INSTRUMENTS

The fair value gains/losses represent the change in the carrying value to the value that CIP believes it would attain in the market as at balance date. CIP uses a discounted cash flow method and makes assumptions that are based on market data and the key characteristics of the instruments.

The gains and losses (excluding interest, which is set out in note 14, and impairment, which is set out in note 9) in each of the PBE IPSAS 41 categories are as follows:

	2024 \$000	2023 \$000
Fair value gains/(losses) on remeasurement of financial assets at FVTSD		
Chorus Equity Securities – fair value gains/(losses)	56,317	7,154
Chorus Debt Securities – fair value gains/(losses)	13,810	2,468
Milldale Bulk Housing Infrastructure financial assets – fair value gains/(losses)	(128)	268
Statutory receivable – right to levy fair value gains/(losses)	7,223	(1,187)
Total fair value gains/(losses) on remeasurement of financial assets at FVTSD	77,222	8,703
Fair value gains/(losses) on derivatives		
Chorus Equity Warrants – fair value gains/(losses)	(727)	(203)
Interest rate swap – fair value gains/(losses)	(6,835)	(53)
Total fair value gains/(losses) on derivatives	(7,562)	(256)
Fair value losses on initial recognition of financial assets at FVTSD		
Chorus Equity Securities – UFB contribution	-	(10,132)
Chorus Debt Securities – UFB contribution	-	(14,763)
Total fair value losses on initial recognition of financial assets at FVTSD	-	(24,895)
Fair value losses on initial recognition of financial assets at amortised cost		
IRG loans – loan contributions	(32,551)	(61,269)
Total fair value losses on initial recognition of financial assets measured at amortised cost	(32,551)	(61,269)
Fair value gains on initial recognition of financial liabilities at FVTSD		
Fixed rate loans	(19,821)	-
Total fair value gains on initial recognition of financial liabilities measured at FVTSD	(19,821)	-
Total recognised in surplus/(deficit)	17,288	(77,717)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

12. PROPERTY, PLANT AND EQUIPMENT

	Fibre network assets \$000	Information technology \$000	Other equipment \$000	Total \$000
Cost				
Balance at 1 July 2022	5,484	326	170	5,980
Additions during the year	4,516	26	-	4,542
Disposals during the year	-	(90)	(6)	(96)
Balance at 30 June 2023	10,000	262	164	10,426
Accumulated depreciation				
Balance at 1 July 2022	-	176	47	223
Depreciation charge for the year	-	98	19	117
Disposals during the year	-	(90)	(6)	(96)
Balance at 30 June 2023	-	184	60	244
Net book value at 30 June 2023	10,000	78	104	10,182
Cost				
Balance at 1 July 2023	10,000	262	164	10,426
Additions during the year	-	96	-	96
Disposals during the year	-	(155)	(6)	(161)
Balance at 30 June 2024	10,000	203	158	10,361
Accumulated depreciation				
Balance at 1 July 2023	-	184	60	244
Depreciation charge for the year	1,000	84	17	1,101
Disposals during the year	-	(155)	(6)	(161)
Balance at 30 June 2024	1,000	113	71	1,184
Net book value at 30 June 2024	9,000	90	87	9,177

ACCOUNTING POLICIES

Property, plant and equipment are shown at cost, less any accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

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

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Fibre network assets

Chorus has designed and constructed fibre network infrastructure in Milford Sound, Southland and the West Coast of the South Island on behalf of CIP. These assets will support the Government’s objective of improving digital connectivity capabilities across local communities, support tourism activity, contribute to public safety and science programmes and contribute to network resilience in the West Coast and Milford Sound areas. Chorus will also provide operation and maintenance services on the network for a period of 25 years. The costs to design and build the infrastructure are capitalised as property, plant and equipment at cost.

Depreciation

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

Fibre network assets	10 years (10%)
Information technology (hardware)	2.5 years (40%)
Other equipment	3.3-9.5 years (10% – 30%)

The residual value and useful life of an asset are reviewed, and adjusted if applicable, at each balance date.

Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Group to consider a number of factors, such as the physical condition of each asset, the expected period of use of the asset by the Group, and the expected disposal proceeds from the future sale of the asset.

Impairment

Property, plant and equipment are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amounts might not be recoverable. An impairment loss is recognised for the amount by which an asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use.

Impairment has been considered, and it has been determined there is no impairment (2023: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

13. INTANGIBLE ASSETS

	Software \$000
Cost	
Balance at 1 July 2022	-
Additions during the year	125
Balance at 30 June 2023	125
Accumulated amortisation	
Balance at 1 July 2022	-
Amortisation charge for the year	-
Balance at 30 June 2023	-
Net book value at 30 June 2023	125
Cost	
Balance at 1 July 2023	125
Additions during the year	964
Balance at 30 June 2024	1,089
Accumulated amortisation	
Balance at 1 July 2023	-
Amortisation charge for the year	-
Balance at 30 June 2024	-
Net book value at 30 June 2024	1,089

Internally generated software assets are shown at cost, less any accumulated amortisation and impairment losses. The impairment has been considered, and it has been determined that there is no impairment. At 30 June 2024, the software assets are not yet available for use and therefore the Group has not recorded any amortisation expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

14. INTEREST INCOME

	2024 \$000	2023 \$000
Interest income		
Amortised cost financial assets		
NFL2 loan	490	464
IRG loans	8,907	5,532
Interest earned on cash balances with financial institutions	22,352	15,005
Interest earned on Treasury bills	10,890	7,208
FVTSD financial assets		
Investments in Milldale Bulk Housing Infrastructure Project financial assets	3,966	3,376
Right to levy statutory receivable	6,264	787
Chorus Equity Securities	29,610	26,923
Chorus Debt Securities	20,772	18,505
Total interest income	103,251	77,800

The interest income on the NFL2 loan, investments in Milldale Bulk Housing Infrastructure Project financial assets, IRG loans, the right to levy statutory receivable and Chorus Debt and Equity Securities is the imputed interest calculated to approximate the effect of interest income to CIP on these instruments. For the NFL2 loan and the Chorus Securities, the imputed interest is in effect the write-back of the discount on the investment for the year. The interest on the IRG loans is an imputed interest amount that reflects both the write-back of the discount on the investments and any interest received on the loans.

Interest income is recognised using the effective interest method. The effective interest rate is a rate that discounts estimated future cash receipts (including all fees and points paid or received between the parties, transaction costs and other premiums or discounts) through the expected life of a financial instrument, or where appropriate a shorter period, to the net carrying amount of the financial instrument.

15. DIRECTORS' FEES

	2024 \$000	2023 \$000
Board member fees during the year were:		
Mark Binns (Chair)	63	63
Alan Dent	32	32
Chris Gudgeon	32	32
Bella Takiari-Brame	32	32
Mei Fern Johnson	32	32
Total Board member fees	191	191

The Group has Directors' and Officers' liability insurance to cover Directors and Officers. The Group indemnifies the Directors against costs and liabilities incurred by Directors for acts and omissions made in their capacity as Directors to the extent permitted by CIP's Constitution and the Companies Act 1993.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

16. EMPLOYEE ENTITLEMENTS, PERSONNEL COSTS AND KEY MANAGEMENT PERSONNEL

	2024 \$000	2023 \$000
Salaries and wages	8,453	7,874
Employer contributions to defined contribution plans	196	41
Other staff benefits	167	386
Total personnel costs	8,816	8,301

CIP has 31.5 full-time-equivalent employees and 12 contractors as at 30 June 2024 (2023: 34 and 16 respectively).

Key management personnel compensation

	2024 \$000	2023 \$000
Directors – five individuals (2023: five individuals)	189	189
CEO and senior management (7 individuals) (2023: 7 individuals)	3,119	2,859
Total key management personnel compensation	3,308	3,048

During the year ended 30 June 2024, one (2023: nil) employee received compensation and other benefits in relation to cessation totalling \$109,706 (2023: nil).

The remuneration policy for the Company, including the CEO, is based on the following principles:

- To align remuneration, recognition and performance frameworks with the purpose and values of CIP;
- To balance the need to operate competitively in the private sector recruitment market and the need to be mindful of CIP being government owned and funded as a Schedule 4 Company;
- To build an organisation of motivated, engaged and productive employees, who in turn create desired business performance and results;
- To develop and maintain pay and performance systems that enable CIP to attract, retain and motivate suitably qualified staff;
- To develop consistent, transparent and sustainable pay and performance systems; and
- To value and reward staff fairly in relation to:
 - The work they do and their performance in their jobs;
 - The growth of individuals in their positions;
 - Other jobs in the organisation;
 - The market value of their jobs;
 - Remuneration levels in similar organisations and sectors; and
 - Their contributions to the organisation.

The Company remuneration is based on fixed remuneration and an At-Risk Incentive (ARI). Fixed remuneration consists of base salary and other benefits including KiwiSaver. Fixed remuneration for a position is determined by the job size and the corresponding remuneration ranges from our market comparator provided by independent remuneration specialists. The market comparator is selected based on the industry sectors from which CIP recruits. A review and market benchmarking of market data is conducted each year and informs a decision on whether a general increase in fixed remuneration is appropriate. Increases in an individual's fixed remuneration beyond the general adjustment may occur depending on where the individual sits in the remuneration range for their position, the individual's performance and growth in the role and whether the scope of their role has increased. There was a general adjustment to remuneration of 3% in fiscal year 2024 (2023: general adjustment to remuneration of 4%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

16. EMPLOYEE ENTITLEMENTS, PERSONNEL COSTS AND KEY MANAGEMENT PERSONNEL (CONTINUED)

The ARI is the principal method by which CIP recognises and rewards collective performance as a company, as outlined in the Statement of Performance Expectations (SPE), and individual performance against key performance indicators (KPIs). Fifty percent of the ARI is made up of an employee's performance against KPIs as defined annually in their KPI document. Individual KPIs are derived from CIP's SPE targets and are agreed by the individuals and their people managers. The other fifty percent of the ARI is determined by Company performance against targets that are agreed with the CIP Board Remuneration Committee each year.

CEO and executive remuneration for 2024 and 2023 was:

		Fixed remuneration \$	Short-term incentive \$	% of short-term incentive paid	Total remuneration \$
Graham Mitchell	2024	580,317	84,001	96.5%	664,318
Executive remuneration		2,347,997	365,341	95.4%	2,803,606
Graham Mitchell	2023	547,469	80,477	98%	627,947
Executive remuneration		2,340,946	214,226	98%	2,555,172

CEO and executive remuneration consist of fixed remuneration and a short-term incentive. The short-term incentive is based 50% on Company performance, as outlined in the SPE, and 50% based on individual KPIs determined by the Board. These measures are reviewed annually by the Board on advice from the Remuneration Committee of the Board. The CEO's Individual Employment Agreement has a three-month notice period and redundancy entitlement of three months' remuneration.

Short-term employee entitlements

Employee entitlements that the Group expects to settle within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. Employee entitlements that are not expected to be settled within 12 months of balance date are measured as the present value of the estimated future cash outflows, in respect of services provided by employees up to balance date.

These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date. A liability for sick leave is recognised based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it is expected to be used by staff to cover future absences.

A liability and an expense are recognised for an at-risk incentive where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

Defined contribution superannuation schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in surplus or deficit as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

17. PROFESSIONAL ADVISORY FEES

	2024 \$000	2023 \$000
Accounting	859	1,378
Legal	1,002	1,451
Engineering	1,227	898
Other	2,886	2,751
Total professional advisory fees	5,974	6,478

Accounting fees relate to non-audit accounting services provided; legal fees relate to the provision of legal services, and engineering fees relate to the provision of advice and project management on the IRG programme, Local Water Done Well infrastructure projects, Infrastructure Funding and Financing projects and Digital Connectivity programmes. The Other professional advisory fees are predominantly due to the capital raising and specialist fees for the IFF investments. A portion of these fees are recovered at the financial close of the IFF projects.

18. OTHER EXPENSES

	2024 \$000	2023 \$000
Financial statements audit fees – Audit New Zealand	499	436
Contractors	905	780
Staff travel and accommodation	186	168
Operating lease expenses	430	410
Information technology	566	376
Other	1,408	609
Total other expenses	3,994	2,779

Audit New Zealand, on behalf of the Office of the Auditor-General, is the auditor of CIP and its subsidiaries.

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Group are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in surplus or deficit. Lease incentives received are recognised in surplus or deficit over the lease term as an integral part of the total lease expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

19. TAXATION

	2024 \$000	2023 \$000
Current income tax expense/(credit) recognised in surplus/(deficit)	-	-
Deferred tax expense relating to tax losses and the origination and reversal of temporary differences	-	-
Total income tax expense/(credit)	-	-
Reconciliation		
Surplus/(deficit) for the period	192,888	52,264
Tax expense/(credit) calculated at 28% (2023: 28%)	54,009	14,634
Effect of non-taxable status of the entities in the Group	(54,009)	(14,634)
Total income tax expense/(credit)	-	-

CIP is a public authority and consequently is exempt from the payment of income tax, but it is required to show the effective tax at 28% in the reconciliation above. CIP’s subsidiaries are also exempt from the payment of income tax.

Goods and services tax

All 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, Inland Revenue is presented as its own line item in the Statement of Financial Position. The net GST paid to, or received from, Inland Revenue, including the GST relating to investing and financing activities, is classified as operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

20. RECONCILIATION OF NET DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2024 \$000	2023 \$000
Net surplus/deficit after tax	192,888	52,264
Add/(Less) non-cash items		
Interest income	(69,071)	(54,937)
Receipt of right to levy statutory receivable	(142,927)	(36,149)
Fair value losses/(gains) on FVTSD instruments	(57,401)	(8,703)
Fair value losses/(gains) on derivatives	7,562	256
Depreciation	1,101	117
UFB contribution	-	24,895
Loan contributions	32,551	61,269
Impairment on loan asset	(5,295)	6,795
Expected credit loss	674	1,178
<i>Total non-cash items</i>	<i>(232,806)</i>	<i>(5,279)</i>
Add/(Less) movements in working capital items		
Receivables, GST and prepayments	(5,756)	4,610
Short-term investments	31,741	300,370
Creditors and other payables	21,316	(25,248)
Employee entitlements	129	151
Funds held for distribution	60,230	-
Income in advance	71,511	(369,555)
<i>Net movements in working capital items</i>	<i>179,171</i>	<i>(89,672)</i>
Add/(Less) items reclassified as investing or financing		
Movements in trade and other receivables related to financing activities	-	(10,000)
Movements in trade and other receivables related to investing activities	(263)	-
Movements in short-term investments relating to investing activities	(326,378)	(298,301)
Movements in creditors and other payables related to property, plant and equipment	3,861	(3,830)
Movements in creditors and other payables related to Chorus investments and loans to LFCs	-	36,304
Interest paid	12,431	3,596
Deferred loan transaction costs	(3,306)	-
Transaction costs recorded as part of the initial carrying amount of borrowings	(606)	(2,315)
Net cash from operating activities	(175,008)	(317,233)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

20. RECONCILIATION OF NET DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES (CONTINUED)

Cash and cash equivalents:

	2024 \$000	2023 \$000
Deposits with financial institutions*	396,715	230,097
Term investments with financial institutions < 3 months	25,500	-
Treasury bills < 3 months	49,767	-
Total cash and cash equivalents	471,982	230,097

* Includes \$2.1 million of restricted cash that is not available for general purposes (2023: \$3.2 million).

Short-term investments:

	2024 \$000	2023 \$000
Term investments with financial institutions > 3 months < 12 months	33,500	115,000
Treasury bills > 3 months < 12 months	148,361	98,602
Total short-term investments	181,861	213,602

21. CREDITORS AND OTHER PAYABLES

	2024 \$000	2023 \$000
Creditors	76,274	55,307
Accrued expenses	760	412
Total creditors and other payables	77,034	55,719

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms; therefore, the carrying value of creditors and other payables approximates their fair value.

22. INCOME IN ADVANCE

	2024 \$000	2023 \$000
Income in advance		
IRG income in advance	278,532	207,021
Other income in advance	-	-
	278,532	207,021

Income in advance is shown in the Statement of Financial Position as:

Current	130,669	207,021
Non-current	147,863	-
Total income in advance	278,532	207,021

IRG income in advance relates to funding received from the Crown to be used for IRG grants and loans in future fiscal years. Delivery partners are required to meet agreed-upon criteria/milestones to be eligible for drawdowns under the funding agreements. The current portion of income in advance represents the funds that CIP expects to disburse in fiscal 2024 to delivery partners that, it is anticipated, will meet the required criteria/milestones.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

23. CYCLONE RECOVERY GRANT FUNDS HELD FOR DISTRIBUTION

	2024 \$000	2023 \$000
Balance at 1 July	-	-
FOSAL – Category 3	143,640	-
FOSAL – Category 2	26,850	-
Local Transport	70,135	-
Flood Resilience	11,122	-
Kaupapa Māori Pathway	200	-
Nelson Flood Recovery	-	-
Amount received during the year	251,947	-
FOSAL – Category 3	(133,131)	-
FOSAL – Category 2	(4,252)	-
Local Transport	(52,225)	-
Flood Resilience	(2,100)	-
Kaupapa Māori Pathway	(9)	-
Nelson Flood Recovery	-	-
Claims	(191,717)	-
Balance at 30 June	60,230	-

Funds held for distribution relates to funding received from Crown to deliver financial support to local authorities affected by severe weather events under the Cyclone Recovery Programme and are being held on behalf of Crown. The Group determined that CIP is acting as an agent of the Crown for the Cyclone Recovery Programme in relation to distribution of funding grants and therefore funding transactions are not recognised in the Consolidated Statement of Comprehensive Revenue and Expense. Instead, CIP recognises an administration fee for administering the programme.

In making the judgement that CIP is acting as an agent in respect of the funding transactions, the group considers the following factors are key:

- CIP’s role is to manage and oversee (administer) the programme and arrange for funding to be transferred to recipients on receipt of an invoice, without taking control over the funding.
- CIP does not have significant discretion in respect to which recipients are funded, or how much they receive.

There are other funding programmes where the group have assessed CIP is acting as the principal in relation to the receipt and distribution of funding grants, and therefore gross revenue and expense are recognised in the Consolidated Statement of Comprehensive Revenue and Expense. In respect of these programmes, the group has a more significant role in directly overseeing projects thereby deciding the level of funding to be received by recipients, agreeing milestones and project deliverables and whether funding should be withheld for non-delivery of key milestones.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

24. EVENTS AFTER BALANCE DATE

On 28 August 2024 the Government announced the new National Infrastructure Agency (NIA),and CIP has been appointed as the NIA. This change will come into effect on 1st December 2024. The role of the NIA expands on CIP’s existing programmes and incorporates new functions including:

- undertaking CIP’s existing functions and responsibilities;
- including administering central government infrastructure funds;
- being a partner to agencies on projects involving private financing; and
- acting as the Crown’s “shopfront” to receive unsolicited proposals and facilitate private sector investment in Crown infrastructure.

The change to CIP’s role does not affect its going concern status. Revisions to the existing appropriation will be made to accommodate changes arising from the existing and new functions.

25. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

The 2024 budgeted deficit of \$28.6 million was approved in the 2023/2024 Statement of Performance Expectations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	Actual 2024 \$000	Budget 2024 \$000
Income		
Interest income	103,251	81,893
Grant income	327,578	442,434
Receipt of right to statutory levy	142,927	112,831
Government agency recoveries	2,969	2,733
Impairment reversal on loan assets – net	5,295	-
Net fair value gains on FVTSD instruments	57,401	-
<i>Total income</i>	639,421	639,891
Expenses		
Finance costs	13,906	16,681
Directors’ fees	189	205
Personnel costs	8,816	9,717
Depreciation expense	1,101	619
Professional advisory fees	5,974	4,624
Other expenses	3,994	2,188
Grant programme expense	337,969	470,335
Non-grant funded programme expenses	33,797	73,809
Contribution – loans	32,551	33,685
Expected credit loss	674	-
Impairment on loan assets	-	2,844
Net fair value losses on FVTSD instruments	-	51,788
Net fair value losses on derivatives	7,562	2,040
<i>Total expenses</i>	446,533	668,535
Surplus/(Deficit) before tax	192,888	(28,644)
Tax expense/(credit)	-	-
Net surplus/(deficit)	192,888	(28,644)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

25. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET (CONTINUED)

EXPLANATION OF SIGNIFICANT VARIANCES

The key variances are:

- Interest rate was higher than the rates at the time the budget was set. In addition, Cyclone Recovery Programme was introduced after the budget was set, resulting in higher cash balances on hand.
- Grant income is lower than budget due to timing of the claims for IRG being slower than forecast, as the income is recognised when the expenses are incurred or loans advanced to the projects.
- Receipt of right to statutory levy is higher than budget due to the discount rate on the fair value on recognition being lower than forecast and the underlying instruments, giving rise to more gains on FVTSD instruments.
- Impairment reversal on loan assets – net is due to the reversal of the impairment IRG loans that were refinanced during the period.
- FV gains on FVTSD instruments, actual rates used for fair valuing CIP investments are lower than the rates used for fair valuation in the budget.
- Financing cost is lower than budget due to debt drawdown was lower than budget.
- Grant expense is lower than budget due to the timing of the claims from the projects and claims on the IFF projects.
- Non-grant funded programme expenses were lower than budget due to timing of the claims from the project build partners.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

25. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET (CONTINUED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Actual 2024 \$000	Budget 2024 \$000
Assets		
Current assets		
Cash and cash equivalents	471,982	370,523
Short-term investments	181,861	-
Trade and other receivables	708	2,318
GST receivable	17,593	-
Prepayments	164	32
Deferred loan transaction costs	3,306	-
Investments in financed infrastructure	14,202	-
Investments in Chorus Debt and Equity Securities	159,224	-
Loan assets	5,086	-
<i>Total current assets</i>	854,126	372,873
Non-current assets		
Property, plant and equipment	9,177	9,935
Intangible assets - software	1,089	-
Investments in financed infrastructure	237,545	234,966
Investments in Chorus Debt and Equity Securities	613,980	625,563
Loan assets	200,527	211,782
Interest rate swap	2,836	-
<i>Total non-current assets</i>	1,065,154	1,082,246
Total assets	1,919,280	1,455,119
Liabilities		
Creditors and other payables	77,034	2,586
Employee entitlements	1,350	917
Income in advance	130,669	175,856
Grant funds held for distribution	60,230	-
<i>Total current liabilities</i>	269,283	179,359
Term liabilities		
Borrowings	295,213	255,567
Income in advance	147,863	67,551
Interest rate swap	10,257	2,120
<i>Total term liabilities</i>	453,333	325,238
Total liabilities	722,616	504,597
Net assets	1,196,664	950,522
Contributed capital	1,655,200	1,687,200
Retained earnings	(458,536)	(736,678)
Total equity	1,196,664	950,522

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

25. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET (CONTINUED)

EXPLANATION OF SIGNIFICANT VARIANCES

The key variances are:

- Cash and short-term investments are higher than budget due to timing of the claims from the projects are slower than forecast, plus the addition of the Cyclone Recovery programme, after the budget was set.
- Short-term investment is higher than budget due to timing of the claims (slower) from the project build partners.
- Investments in financed infrastructure is higher than budget as there were lack of certainties at the time the budget was set to reasonably estimate the current amount.
- Investments in Chorus Debt and Equity Securities (current) is higher than budget as the budget treatment the full investment amount as non-current.
- Investments in Chorus Securities (non-current) are higher than budget due to fair value movements.
- Income in advance, updated forecasts claims from build partners were used to split between current and non-current liabilities.
- Grant fund held for distribution is related to the Cyclone Recovery programme which was assigned to CIP after the budget was set.
- Creditors – the increase in creditors is mainly due to the Cyclone Recovery claims (a new programme assigned to CIP) and timing of Telco claims received from the building partners at year end.
- Borrowings – the increase in borrowings reflects the actual drawdown profile of the new IFF project where the drawdown profile used when setting the budget was a forecast.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Actual 2024 \$000	Budget 2024 \$000
Opening equity	1,003,776	974,200
Total comprehensive revenue and expense	192,888	(28,644)
Capital contribution – Crown	-	22,000
Return of capital	-	(17,034)
Total equity	1,196,664	950,522

EXPLANATION OF SIGNIFICANT VARIANCES

The key drivers of these variances are set out in the Statement of Comprehensive Revenue and Expense and Statement of Financial Position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

25. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET (CONTINUED)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Actual 2024 \$000	Budget 2024 \$000
Cash flows from operating activities		
Interest received	34,580	15,585
Government grants received	105,681	401,032
Receipts from government agencies	3,293	4,638
Funds received for Cyclone Recovery Programme	251,947	-
Funds dispersed for Cyclone Recovery Programme	(161,903)	-
Payments to suppliers	(15,620)	(10,563)
Payments to employees	(8,483)	(9,031)
Grant programme payments	(353,255)	(470,335)
Non-grant funded programme expenses	(26,316)	(75,309)
Goods and services tax (net)	(4,932)	19,317
Net cash inflow/(outflow) from operating activities	(175,008)	(124,666)
Cash flows from investing activities		
Net proceeds from sale of short-term investments	326,378	-
Proceeds from loan assets repayment	9,930	10,260
Purchase of property, plant and equipment and software	(4,921)	(200)
Acquisition of investments in bulk housing projects	(8,399)	(19,980)
Payments received from investments in infrastructure	2,223	-
Acquisition of investments in loans	(80,768)	(68,145)
Net cash inflow/(outflow) from investing activities	244,443	(78,065)
Cash flows from financing activities		
Capital contribution – Crown	-	22,000
Return of capital	-	(17,034)
Proceeds from borrowings	184,363	176,527
Interest paid	(12,431)	(13,823)
Net settlements on derivatives	518	-
Net cash inflow/(outflow) from financing activities	172,450	167,670
Net increase/(decrease) in cash and cash equivalents	241,885	(35,061)
Cash and cash equivalents at the beginning of the year	230,097	403,229
Cash and cash equivalents at the end of the year	471,982	368,168

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

25. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET (CONTINUED)

EXPLANATION OF SIGNIFICANT VARIANCES

The key variances are set out below:

- Government grant received is lower than budget due to \$300 million were received in Treasury Bills and are held pending payment to project build partners.
- Funds received and disbursed for the Cyclone Recovery Programme are higher than budget, this was assigned to CIP after the budget was set.
- Payments to suppliers is higher than budget due to increased work associated with new programme and activities.
- Grant payments is lower than budget due to timing of the claims from the project build partners.
- Non-grant funded programme payments are lower than budget due to timing of the claims from the project build partners.
- Net proceeds from sale of short-term investments is higher than budget as it was assumed that the grants were received in cash instead of the Treasury Bills. Net proceeds from sale of short-term investments were mainly from the Treasury Bills matured in the year.
- Acquisition of investments in bulk housing projects is below budget due to timing of the claims from the project build partner.
- Return of capital is lower than budget due to timing, CIP is in the process of finalising the required documentation.

REPORTING AGAINST APPROPRIATION

FOR THE YEAR ENDED 30 JUNE 2024

SHOVEL READY PROJECT FUNDING

This is a multi-year appropriation is intended to provide grant funding to Crown Infrastructure Partners Limited to fund or deliver ‘Shovel Ready’ Infrastructure Projects. The funding commenced on 1 August 2020 and expires on 30 June 2025.

Shovel Ready Project Funding	\$000
Original appropriation	1,264,595
Accumulated spend and adjustments up to 30 June 2023	(924,604)
Appropriation remaining at 30 June 2023	339,991
Adjustments to 2023/24	(14,010)
Actual for 2023/24 year end	(325,981)
Balance of appropriation 30 June 2024	-

RURAL CONNECTIVITY

This appropriation is intended to achieve relieving network capacity pressures detrimental to broadband service performance in rural areas and enabling more users in underserved locations to have access to broadband.

Appropriation for Rural Connectivity	\$000
Appropriation for 2023/24 Year End	35,000
Actual for 2023/24 Year End	(35,000)
Balance of appropriation 30 June 2024	-

DIGITAL ECONOMY AND COMMUNICATIONS: 3.5 GHz RURAL AND REGIONAL CONNECTIVITY INITIATIVES

This is a multi-year appropriation which is intended for initiatives to support connectivity for rural New Zealanders. The funding commenced on 1 March 2023 and expires on 30 June 2027.

Appropriation for Digital Economy and Communications	\$000
Original Appropriation	72,000
Adjustments to 2021/22 and to 2022/23	-
Appropriation remaining at 30 June 2023	72,000
Actual to 2023/24 Year End	(17,000)
Appropriation remaining at 30 June 2024	55,000

REPORTING AGAINST APPROPRIATION

FOR THE YEAR ENDED 30 JUNE 2024

This appropriation is intended to provide grant funding to CIP to fund or deliver ‘shovel-ready’ infrastructure projects.			
Assessment of performance	Actual standard of performance 2022/23	Actual standard of performance 2023/24	Budgeted standard of performance 2023/24
Payments are made in accordance with approved grant drawdown requests	Achieved	Achieved	Achieved

This appropriation is intended to achieve relieving network capacity pressures detrimental to broadband service performance in rural areas and enabling more users in underserved locations to have access to broadband.			
Assessment of performance	Actual standard of performance 2022/23	Actual standard of performance 2023/24	Budgeted standard of performance 2023/24
Expansion of network capacity to serve rural broadband users through the deployment of infrastructure as per programme plan	Mostly achieved. Substantially close to plan.	Achieved	Achieved
Remote Users Scheme milestones achieved as per the programme plan	Mostly achieved. Substantially close to plan.	Achieved	Achieved

This is a multi-year appropriation which is intended for initiatives to support connectivity for rural New Zealanders.			
Assessment of performance	Actual standard of performance 2022/23	Actual standard of performance 2023/24	Budgeted standard of performance 2023/24
Funds drawn down in accordance with the Support and Funding Agreement (see Note 1).	N/A	Achieved – funds drawn down in accordance with the support and Funding Agreement by 30 June 2024.	By 30 June 2024
Note 1 – This is a new performance indicator and was selected for 2023/24 and years as it better reflects the PBE FRS 48 principle of faithful representation.			

REPORTING OF EMPLOYEE BANDING

TOTAL REMUNERATION PAID OR PAYABLE FOR THE YEAR

	2024 # staff	2023 # staff
\$100,000 – \$109,999	1	1
\$110,000 – \$119,999	-	1
\$120,000 – \$129,999	1	-
\$130,000 – \$139,999	2	1
\$140,000 – \$149,999	-	4
\$150,000 – \$159,999	3	-
\$170,000 – \$179,999	3	2
\$180,000 – \$189,999	2	-
\$190,000 – \$199,999	1	3
\$200,000 – \$209,999	3	3
\$210,000 – \$219,999	1	3
\$220,000 – \$229,999	-	2
\$230,000 – \$239,999	4	1
\$250,000 – \$259,999	1	-
\$270,000 – \$279,999	1	1
\$300,000 – \$309,999	-	1
\$320,000 – \$329,999	-	1
\$330,000 – \$339,999	-	1
\$340,000 – \$349,999	1	1
\$370,000 – \$379,999	2	-
\$380,000 – \$389,999	1	-
\$440,000 – \$449,999	-	1
\$460,000 – \$469,999	1	-
\$500,000 – \$509,999	-	1
\$520,000 – \$529,999	1	-
\$620,000 – \$629,999	-	1
\$660,000 – \$669,999	1	-
Total employees	30	29

DIRECTORY

Shareholders

The Minister of Finance

The Minister for State Owned Enterprises (Up to 25 August 2024)

The Minister of Infrastructure (Effective 26 August 2024)

Registered office

c/- Bell Gully

Deloitte Centre

Level 14, 1 Queen Street

Auckland CBD,

Auckland 1010, New Zealand

Contact address

PO Box 105321, Auckland City

Auckland 1143, New Zealand

Email: info@crowninfrastucture.govt.nz

www.crowninfrastucture.govt.nz

Auditor

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

Solicitor

Bell Gully

Bankers

ANZ Bank New Zealand Limited

ASB Bank Limited

Bank of New Zealand Limited

Kiwibank Limited

Westpac New Zealand Limited

Board of Directors

Mark Binns (Chair)

Alan Dent

Chris Gudgeon

Mei-Fern Johnson

Bella Takiari-Brame

Senior Management

Graham Mitchell,
Chief Executive Officer

Sean Wynne,
Deputy Chief Executive Officer

Dougal Evison,
Chief Financial Officer

John Greenhough,
Chief Technology Officer

Helen Kerr,
GM Infrastructure Delivery
(Departure: September 2024)

Nicky Parkes,
Head of People

Kathryn Mitchell,
Chief Legal and
Corporate Affairs Officer