

## Notice of Meeting:

I hereby give notice that an ordinary Meeting of the Economic Development Committee will be held on:

**Date:** Wednesday 11 August 2021  
**Time:** 9.30am  
**Meeting Room:** Council Chamber and via Audio Visual link  
**Venue:** Municipal Building, Garden Place, Hamilton

Richard Briggs  
Chief Executive

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## Economic Development Committee

### *Komiti OOhanga Whakatupu*

### OPEN AGENDA

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#### Membership

**Chairperson** Cr Ryan Hamilton  
*Heamana*

**Deputy Chairperson** Cr Ewan Wilson  
*Heamana Tuarua*

<b>Members</b>	Deputy Mayor Taylor	Mayor Paula Southgate (Ex Officio)
	Cr Martin Gallagher	Maangai Olly Te Ua
	Cr Rob Pascoe	Maangai Te Pora Thompson-Evans
	Cr Maxine van Oosten	

**Quorum:** A majority of members (including vacancies)

**Meeting Frequency:** As required – no less than four times a year.

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Becca Brooke  
Governance Manager  
*Menetia Mana Whakahaere*

**4 August 2021**

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## Purpose

The Economic Development Committee is responsible for:

1. Governance of Hamilton's economic agenda and investment development opportunities consistent with Council's vision for the city and to enhance the wellbeing of Hamiltonians.

***In addition to the common delegations, the Economic Development Committee is delegated the following Terms of Reference and powers:***

### Terms of Reference:

1. To drive and enhance Hamilton's economic position by actively promoting Hamilton.
2. To promote investment and business attraction opportunities for Hamilton and the greater Waikato region.
3. To provide advice on strategic initiatives, plans, projects and potential property developments that have a material impact upon the Hamilton economy.
4. To develop, review and monitor the implementation of the Economic Development Agenda.
5. To consider and recommend funding for Business Improvement District(s), Hamilton and Waikato Tourism and Te Waka through the Councils long-term plan process.
6. To monitor the performance and provide guidance on Council's relationship with key stakeholders including, but not limited to Te Waka, Hamilton Waikato Tourism and Hamilton Central Business Association.
7. To monitor the performance of Council's major event venues operation (H3).
8. To review and monitor the implementation of Council's Event Sponsorship Policy.
9. To approve annual Event Sponsorship funding applications and monitor any grants made to external organisations under the terms of the Event Sponsorship Policy.
10. To support and assist with efforts for external partnerships on Council projects that will provide economic development opportunities for Hamilton and the region.
11. To develop and monitor policy related to the appointment and remuneration of directors of CCOs, CCTOs and COs.
12. To provide clear direction to Council's CCOs CCTOs and COs on Council's expectations, including feedback on draft statements of intent.
13. To receive six-monthly reports of Council's CCOs, CCTOs and COs, including on board performance.
14. To undertake any reviews of CCOs and CCTOs and agree CCO/CCTO-proposed changes to their governance arrangements, except where reserved for Council's approval by Council.
15. To develop policy, approve and monitor implementation of plans and strategies in relation to the performance of Council's investments in the Municipal Endowment Fund and strategic property.

### The Committee is delegated the following powers to act:

- Approval of event sponsorship applications annually in accordance with the Event Sponsorship Policy.
- Approval of letters of expectation for each CCO, CCTO and CO.
- To provide feedback on draft statements of intent for each CCO, CCTO and CO.



**The Committee is delegated the following recommendatory powers:**

- Appointments to, and removals from, CCO, CCTO and CO boards
- Approval of proposed major transactions or constitutional adjustments of CCOs, CCTOs and COs.
- Approval or otherwise of any proposal to establish, wind-up or dispose of any holding in, a CCO, CCTO or CO.
- Approval of acquisition or sale or lease of properties owned by the Council, or owned by the Municipal Endowment Fund or the Domain Endowment Fund consistent with the Municipal Endowment Fund Investment Policy, for any endowment properties.
- The Committee may make recommendations to Council.
- The Committee may make recommendations to other Committees.

**Recommendatory Oversight of Policies and Bylaws:**

- *Appointment and Remuneration of Board Members of COs, CCOs and CCTOs Policy*
- *Event Sponsorship Policy*
- *Freeholding of Council Endowment Land Policy*
- *Municipal Endowment Fund Investment Policy*
- *Business Improvement District (BID) Policy*

1. *International Relations Policy*

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**1 Apologies – *Tono aroha***

**2 Confirmation of Agenda – *Whakatau raarangi take***

The Committee to confirm the agenda.

**3 Declaration of Interest – *Tauaakii whaipanga***

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

**4 Public Forum – *Aatea koorero***

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for five minutes or longer at the discretion of the Chair.

Please note that the public forum is to be confined to those items falling within the terms of the reference of this meeting.

Speakers will be put on a Public Forum speaking list on a first come first served basis in the Council Chamber prior to the start of the Meeting. A member of the Council Governance Team will be available to co-ordinate this. As many speakers as possible will be heard within the allocated time.

If you have any questions regarding Public Forum please contact Governance by telephoning 07 838 6727.

# Council Report

**Committee:** Economic Development Committee  
**Date:** 11 August 2021  
**Author:** Tyler Gaukrodger  
**Authoriser:** Becca Brooke  
**Position:** Governance Advisor  
**Position:** Governance Manager  
**Report Name:** Confirmation of the Economic Development Committee Open Minutes of 3 June 2021

<b>Report Status</b>	<i>Open</i>
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## Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Economic Development Committee confirm the Open Minutes of the Economic Development Committee Meeting held on 3 June 2021 as a true and correct record.

## Attachments - *Ngaa taapirihanga*

Attachment 1 - Economic Development Committee Unconfirmed Open Minutes - 3 June 2021

## Economic Development Committee

### *Komiti OOhanga Whakatupu*

### OPEN MINUTES

Minutes of a meeting of the Economic Development Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 3 June 2021 at 9.31am.

#### PRESENT

**Chairperson** Cr R Hamilton

**Heamana**

**Deputy Chairperson** Cr E Wilson

**Heamana Tuarua**

**Members**

Deputy Mayor G Taylor

Cr M Gallagher

Cr R Pascoe

Cr M van Oosten

Mayor P Southgate (Ex Officio)

#### In Attendance

Blair Bowcott – General Manager Growth

Sean Murray – General Manager Venues, Tourism and Major Events

Jennie Lavis – Executive Assistant Venues, Tourism and Major Events

Tracey Musty - Financial Controller

Mike Bennett – Key Account Manager

Sija Soman - Economic Development Analyst

#### Governance Staff:

Amy Viggers – Governance Team Leader

Carmen Fortin and Tyler Gaukrodger – Governance Advisors

#### 1. Apologies – *Tono aroha*

**Resolved:** (Cr Hamilton/Cr Wilson)

That apologies for absence from Maangai Thompson-Evans and Te Ua, and for partial attendance from Deputy Mayor Taylor and Cr Pascoe are accepted.

#### 2. Confirmation of Agenda – *Whakatau raarangi take*

**Resolved:** (Cr Hamilton/Cr Wilson)

That the agenda is confirmed noting that:

- Item 9 (Waikato Regional Airport Limited - Appointment of Director) be taken after item 11 (Policy Review - Appointment and Remuneration of Board Members of COs, CCOs and CCTOs) at the request of staff; and
- Item C2 (Appointment of Director - Waikato Innovation Growth Limited/ New Zealand Food Innovation Waikato Limited) be taken at 12pm to accommodate guest speaker availability.

#### 3. Declarations of Interest – *Tauaakii whaipaaanga*

No members of the Council declared a Conflict of Interest.

4. **Public Forum – Aatea koorero**

Roger Stratford provided a written submission to item 9 (Waikato Regional Airport Limited - Appointment of Director). This was circulated to Members prior to the meeting and is attached to the minutes as **appendix 1**.

5. **Confirmation of the Economic Development Committee Open Minutes of 9 March 2021**

**Resolved:** (Cr Hamilton/Cr Wilson)

That the Economic Development Committee confirm the Open Minutes of the Economic Development Committee Meeting held on 9 March 2021 as a true and correct record.

*Mayor Southgate and Cr Gallagher joined the meeting (9.33am) at the conclusion of the above item. They were not present when the matter was voted on.*

6. **Chair's Report**

The Chair took the report as read.

**Resolved:** (Cr Hamilton/Cr Wilson)

That the Economic Development Committee receives the report.

7. **Te Waka Six-Monthly Update** (*Recommendation to the Council*)

The Key Account Manager and Hamish Bell (Te Waka, Chair) provided an update to the Committee on the collaboration with KiwiRail and Waikato-Tainui, its funding needs, staff recruitment process and the staff recommendation. They responded to questions from Members concerning funding, budget shortfalls, collaboration with other economic development groups, finalisation of Council agreements with Te Waka, and future development opportunities.

**Resolved:** (Cr Pascoe/Cr Gallagher)

That the Economic Development Committee:

- a) receives the report; and
- b) recommends the Council delegates the Chair of Economic Development Committee, Deputy Chair of Economic Development Committee, and the CE to work with staff to finalise and sign the 2021-2024 Partnership Agreement and 2021-2022 Service Level Agreement with Te Waka.

8. **Major Event Sponsorship Fund - recommendations for approval 2021/22**

The General Manager Venues, Tourism and Major Events and Executive Assistant Venues, Tourism and Major Events introduced the report, noting the previous allocation of the fund. They responded to questions from Members concerning Tainui Waka Tourism funding and the allocation process.

**Resolved:** (Mayor Southgate/Cr Wilson)

That the Economic Development Committee:

- a) receives the report; and
- b) approves the following single year event sponsorship applications for financial sponsorship in 2021/22:
  - i. **NZ National Badminton Championships 2021** by Badminton NZ for \$3,000;
  - ii. **Tainui Secondary Schools Kapa Haka Festival 2021** by Tainui Teachers Association

*Society Incorporated for \$8,000;*

- iii. **Centenary Mooloo Parade and Legends Game 2021** by Waikato Rugby Union for \$5,000;
- iv. **95th Aotearoa Māori Tennis Championships 2021** by Aotearoa Māori Tennis Association for \$3,000;
- v. **Wheels Along The Waikato 2022** by Rotary Club of Rototuna for \$10,000; and
- vi. **Waikato River Festival He Piko He Taniwha 2022** by Tainui Waka Tourism Incorporated for \$16,000.

Item 9 (Waikato Regional Airport Limited - Appointment of Director) was moved to be taken after Item 11 (Policy Review - Appointment and Remuneration of Board Members of COs, CCOs and CCTOs) at the request of staff.

#### 10. **New Licence - WEL Networks - Municipal Building** (*Recommendation to the Council*)

The General Manager Venues, Tourism and Major Events took the report as read and responded to questions from Members concerning staff delegations.

**Resolved:** (Cr Wilson/Deputy Mayor Taylor)

That the Economic Development Committee:

- a) receives the report; and
- b) recommends that the Council approves a new licence for WEL Networks for a base radio station located on the roof of the Municipal Building, subject to the following terms and conditions:
  - i. Term – 10 years, commencing 1 July 2021;
  - ii. Renewals – nil;
  - iii. Rental – Market, to be determined by a registered valuer; and
  - iv. Rent reviews – CPI annually, market review at 5 years.

#### 11. **Policy Review - Appointment and Remuneration of Board Members of COs, CCOs and CCTOs** (*Recommendation to the Council*)

The Financial Controller introduced the report, noting updates made to the policy since the last meeting of the Committee.

**Resolved:** (Cr Wilson/Deputy Mayor Taylor)

That the Economic Development Committee:

- a) receives the report; and
- b) recommends that the Council approves the draft Appointment and Remuneration of Board Members of COs, CCOs and CCTOs Policy (**Attachment 1**).

#### 9. **Waikato Regional Airport Limited - Appointment of Director**

The General Manager Venues, Tourism and Major Events spoke to the report and the appointment process. He responded to questions from Members concerning recruitment timelines.

**Resolved:** (Mayor Southgate/Cr Hamilton)

That the Economic Development Committee:

- a) receives the report; and

b) notes the planned Director appointment process.

**12. H3 Group - Quarter 3 Activity Report 1 July to 31 March 2021**

The General Manager Venues, Tourism and Major Events spoke to the report, noting the increase in H3 venue usage, quality of facilities, accommodation, previous and upcoming events, staffing capacity and increasing employment. Staff responded to questions from Members concerning future event opportunities, increasing accommodation, budgeting and finance cost, staff remuneration, alternative accommodation and central city activation.

**Resolved:** (Mayor Southgate/Cr Wilson)

That the Economic Development Committee receives the report.

**13. Open Information only reports**

The Key Account Manager and Economic Development Analyst took the report as read.

**Resolved:** (Cr Hamilton/Cr Wilson)

That the Economic Development Committee receives the General Manager's Report.

**14. Resolution to Exclude the Public**

**Resolved:** (Cr Hamilton/Cr Wilson)

**Section 48, Local Government Official Information and Meetings Act 1987**

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Economic Development Committee Public Excluded Minutes of 9 March 2021	) Good reason to withhold ) information exists under ) Section 7 Local Government ) Official Information and ) Meetings Act 1987	Section 48(1)(a)
C2. Appointment of Director - Waikato Innovation Growth Limited/ New Zealand Food Innovation Waikato Limited	)	
C3. Claudelands Commercial Partnership Agreement		
C4. 2 Brooklyn Road and 778 Heaphy Terrace - Property Disposal		
C5. Municipal Endowment Fund Action and Management Plan - Approval		



C6. Victoria Street Development -  
Verbal Update

C7. Public Excluded Information  
only reports

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to protect the privacy of natural persons to enable Council to carry out commercial activities without disadvantage to enable Council to carry out negotiations	Section 7 (2) (a) Section 7 (2) (h) Section 7 (2) (i)
Item C3.	to enable Council to carry out commercial activities without disadvantage to enable Council to carry out negotiations	Section 7 (2) (h) Section 7 (2) (i)
Item C4.	to enable Council to carry out commercial activities without disadvantage to enable Council to carry out negotiations	Section 7 (2) (h) Section 7 (2) (i)
Item C5.	to avoid the unreasonably, likely prejudice to the commercial position of a person who supplied or is the subject of the information to enable Council to carry out commercial activities without disadvantage to enable Council to carry out negotiations	Section 7 (2) (b) (ii) Section 7 (2) (h) Section 7 (2) (i)
Item C6.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C7.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)

**The meeting moved into a Public Excluded session at 11.14am**

**The meeting was declared closed at 1.20pm**

**Roger Stratford Written Submission:**

Economic Development Committee.

Re: item #9: WRAL - Appointment of Director.

Members / chairperson,

In your matapaki, point 14 refers to the criteria for recruitment of a Director to the Waikato Regional Airport Limited Board, to replace the outgoing officeholder. As well as having experience in finance, tourism and property etc, we might also include telecommunications. This field of knowledge will prove to be invaluable for responses to travel inertia brought about by the pandemic.

The projected total cost of \$40,000 to recruit the incoming Director onto the WRAL Board should then be passed onto the successful candidate, to be recouped through abatement in his/her pay, over the maximum two terms, to alleviate the ratepayer contribution. This will ensure the candidate has a greater personal commitment to the Hamilton / Waikato region.

Roger Stratford,  
Hamilton.

# Council Report

Item 6

**Committee:** Economic Development Committee

**Date:** 11 August 2021

**Author:** Tyler Gaukrodger

**Authoriser:** Becca Brooke

**Position:** Governance Advisor

**Position:** Governance Manager

**Report Name:** Chair's Report

<b>Report Status</b>	<i>Open</i>
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## Recommendation - *Tuutohu*

That the Economic Development Committee:

- a) receives the report; and
- b) approves the Municipal Endowment Fund (MEF) Working Group, made up of Deputy Mayor Taylor, Cr Hamilton, Cr Wilson and Cr Pascoe, to continue to work with staff on matters relating to the Municipal Endowment Fund and Council's strategic property assets.

## Attachments - *Ngaa taapirihanga*

Attachment 1 - Chair's Report



## Chair's Report

Kia ora tatou

As we just roll past the half way point of our term I am pleased to see the work of this newly formed committee started to make meaningful traction and direction into the economic leadership space of this city and region. Our Economic Development Agenda is now starting to get some meat on the bones as Jen and now Blair start to both enable and resource the work of this committee from a strategic perspective. Our initial lead in creating Hamilton as the 'Tech Centre' of New Zealand / Aotearoa is gaining momentum with nearly 20 key stakeholders and organisations from top end down to the education sector and meeting regularly and we are playing a key role in facilitating and enabling this key piece of work.

You will see the work of our Sister City and International Relations (whilst being challenged by Covid) is now being reformed in a strategic manner and will have visible and frequent updates reported through this committee and supported by the Mayors Office as the main official lead.

Our Municipal Endowment fund has been restored to its original intent and unanimously supported by Elected Members and now guided by our Action Management Plan this puts us in an exciting position to support or catalyse transformational development. I acknowledge Councillor Wilson's unrelenting determination to achieve this and was only too pleased to support him in this endeavour but also again thank all EM colleagues for their support in this.

The Management Plan and Action Plan were approved by the Council on 10 June 2021. Staff are currently working to operationalise these plans. The MEF forms a significant part of the Council's overall strategic property holdings – these holdings are intended to support the Council's strategic objectives while also providing solid commercial outcomes. The MEF Working Group has a valuable ongoing role providing an informal forum to work with staff to enhance utilisation of the Council's strategic property assets. Initially it was set up to form the Action Plan, this has now been achieved and approved by Council however it is recommended that the MEF Working Group remain active for the remainder of the current triennium with an expanded scope to include the Council's strategic property holdings.

More will be covered off in our GM's report sufficed to say these items above and two or three more key things underway will be the hallmarks of this committee this term.

### **Recommendation:**

That the Economic Development Committee:

- a) receives the report; and
- b) approves the Municipal Endowment Fund (MEF) Working Group, made up of Deputy Mayor Taylor, Cr Hamilton, Cr Wilson and Cr Pascoe, to continue to work with staff on matters relating to the Municipal Endowment Fund and Council's strategic property assets.

Ngaa mihi,

**Ryan Hamilton**

Chair – Economic Development Committee

# Council Report

Item 7

**Committee:** Economic Development Committee

**Date:** 11 August 2021

**Author:** Sean Murray

**Authoriser:** Sean Murray

**Position:** General Manager Venues, Tourism and Major Events

**Position:** General Manager Venues, Tourism and Major Events

**Report Name:** Hamilton and Waikato Tourism Limited - Year End Report 2020/21

<b>Report Status</b>	<i>Open</i>
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## Purpose - *Take*

1. To inform the Economic Development Committee of the Hamilton and Waikato Tourism (HWT) year-end report for the period 1 July 2020 to 30 June 2021.
2. HWT representatives will attend and provide a verbal update at the meeting.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Economic Development Committee receives the report.

## Executive Summary - *Whakaraapopototanga matua*

4. HWT is a subsidiary company of Waikato Regional Airport Limited. HWT has a three-year service level agreement with Council for 2018-2021. This is the last reporting period under this agreement.
5. HWT is supported by six other councils with a total funding pool across all partner Councils of \$1,215,000 + CPI. The following table provides a contribution breakdown. HWT also raises funding contributions and leverages its partnerships with private sector interests of around \$400k annually.

### 6. Table 1: Council funding of Hamilton and Waikato Tourism 2018-2021

Council	Annual Funding
Hamilton City Council	\$585,000 + CPI
Waipa District Council	\$150,000 + CPI
Waikato District Council	\$150,000 + CPI
Matamata-Piako District Council	\$150,000 + CPI
Otorohanga District Council	\$ 60,000 + CPI
South Waikato District Council	\$ 60,000 + CPI
Waitomo District Council	\$ 60,000 + CPI
<b>Total</b>	<b>\$1,215,000 + CPI</b>

7. Note that contributions from the South Waikato District Council will cease from 2021/22 financial year.

### **Legal and Policy Considerations - *Whaiwhakaaro-aa-ture***

8. Staff confirm that the recommendation to approve funding complies with the Council's legal and policy requirements.

### **Financial Considerations - *Whaiwhakaaro Puutea***

9. There are no financial implications in relation to the recommendation in this report.

### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

10. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
11. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
12. The recommendations set out in this report are consistent with that purpose.
13. HWT is an ambassador of the "Tiaki Promise" programme that promotes care for New Zealand within the visitor industry and by visitors to New Zealand.

### **Social**

14. Hamilton and Waikato Tourism supports and promotes the local and regional tourism and events sector that make Hamilton a great place to live, work, play and visit.

### **Economic**

15. Hamilton and Waikato Tourism's role is to generate competitive economic benefit through visitor sector strategies focused on increasing visitor length of stay and spend.

### **Environmental**

16. Hamilton and Waikato Tourism supports and promotes the local and regional natural environment and green spaces that make Hamilton a great place to live, work, play and visit.

### **Cultural**

17. Hamilton and Waikato Tourism has a goal that by 2025 the Hamilton and Waikato region will be recognised by visitors as the home of Kiingitanga with exceptional visitor experiences that enable the visitor to immerse themselves in our unique Māori culture.

### **Risks - *Tuuraru***

18. There are no known risks associated with the decisions required for this matter.

**Significance & Engagement Policy - *Kaupapa here whakahira/anganui*****Significance**

19. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.

**Engagement**

20. Given the low level of significance determined, the engagement level is low. No engagement is required.

**Attachments - *Ngaa taapirihanga***

Attachment 1 - HWT - Year End Report to 30 June 2021

# Hamilton & Waikato TOURISM

## Annual Report to Hamilton City Council 1 July 2020 – 30 June 2021

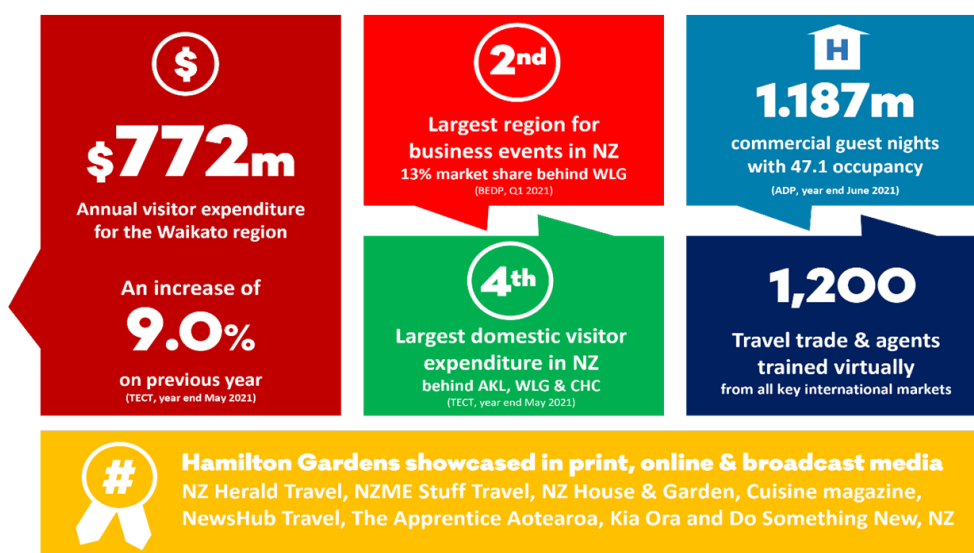
Hamilton & Waikato Tourism (HWT) is the region's Regional Tourism Organisation (RTO) whose role is to generate competitive economic benefit through visitor sector strategies focused on increasing visitor length of stay and spend. It leads destination management, destination marketing, business events & conventions, major event coordination and the Thermal Explorer Regional Events Fund for the region.

Hamilton & Waikato Tourism is a subsidiary company under the Council Controlled Organisation (CCO) of Waikato Regional Airport Limited. It has a commercial board with Annabel Cotton as its Chair.

During the 2020-21 financial year, HWT was funded through a public/private partnership with the region's tourism industry and seven local authorities including Hamilton City and Matamata-Piako, Ōtorohanga, Waikato, Waipā, Waitomo and South Waikato Districts.

From 1 July 2021, Hamilton & Waikato Tourism will no longer be funded by South Waikato District Council to promote and support tourism businesses in South Waikato District. The withdrawal of support follows a decision by the council to cut its \$60,000 annual investment and not renew its three-year funding agreement with Hamilton & Waikato Tourism.

### Key highlights





## Executive summary

Hamilton & Waikato Tourism has been relentless in leading the restart, recovery and reset strategy for Waikato's visitor economy to ensure our sector could move from 'survive' to 'thrive'. From supporting our tourism and event businesses through the long-term impacts of COVID-19, using this time to reset the industry for the future, lobbying for additional Government support and executing multi-channel marketing campaigns targeting the leisure, business and events market in key 'drive and fly' markets, including Australia when the quarantine-free travel opened.

Locals and wider Waikato residents are a key audience for our tourism businesses which make-up a third of their market. We decided to accelerate and enhance our locals campaign through the new 'Mighty Local' platform which included a new 'hot deals' section on our website [waikatonz.com](http://waikatonz.com) to incentivise our residents to explore their own backyard on weekends and school holidays.

We continue to partner with Tourism New Zealand's 'Do Something New, New Zealand' national domestic marketing campaign to successfully drive demand, visitation and expenditure into our region. We also collaborated with a number of other regions to drive visitation and expenditure into Waikato such as our first-ever Auckland partnership and working with our Central North Island regions like Bay of Plenty, Rotorua, Taupo, Ruapehu and Tairāwhiti Gisborne with a 'Get Out More NZ' short-break itineraries. Our geographic location continues to drive our success with 2.6 million people living within a three-hour drive radius of our region.

The long-term economic and social impact for the tourism sector is ongoing. It has been estimated that 42% of New Zealand's visitor economy comes from international tourism and there is an expected gap of \$12.9 billion in visitor expenditure. Tourism is vital to the region's recovery with every \$178,000 of tourism spend creating a job; this equates to 40 international visitors or 480 domestic overnight trips. International visitors spend on average \$232 per day which is over three-times more than local residents at \$74 per day or domestic travellers at \$155 per day.

Compared to 2019-2020, tourism spending has increased 9% for the Waikato tourism region over 2020-2021 achieving \$772 million in visitor expenditure for the year ended May 2021. Although we are seeing increased expenditure and visitation across the region, it is a very different story for the Waitomo District which continues to remain well-below industry averages with double-digit expenditure decreases and visitor numbers over 75% down compared to pre-COVID levels.

The latest figures released by the Business Events Data Programme show the Waikato region secured 13% market share of all New Zealand business events being held in Q1 2021. With 196 business events held in the region during January to March 2021, this placed the Waikato region second in the country behind Wellington at 29% for the number of meetings, conferences and exhibitions held.











Over 17,000 delegates were hosted in the region during this time, equating to a 13% market share of the total number of delegates hosted in the country, third behind Wellington (28%) and Auckland (14%).

Domestic business events delegates have always been an important visitor segment for the region contributing \$480 per day to the economy, double the amount of the leisure visitor. Business events are also a key seed market driving repeat visitation and further economic benefit as delegates will often return for a holiday with their friends or family.

The first round of funding from the Thermal Explorer Regional Events Fund was announced in June 2021 with \$1.6 million allocated to a total of 15 events from the Waikato, Rotorua, Taupō and Ruapehu regions. The selected events are a mixture of new and existing and include business, sport, culture and exhibitions. In total, the events are predicted to attract over 120,000 attendees, with two-thirds being visitors from outside the host region.

## Performance targets

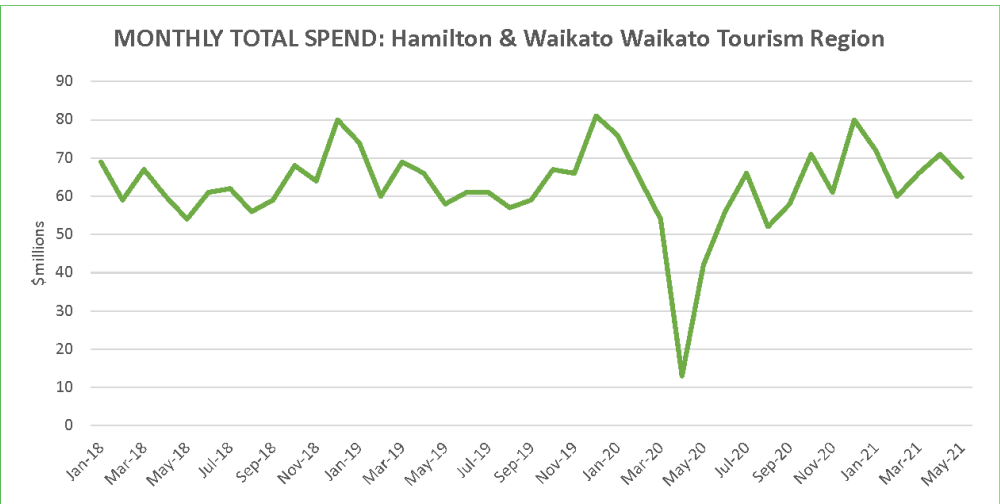
Given the restart journey for the visitor economy post-COVID, Hamilton & Waikato Tourism (HWT) revised five performance targets which are set in the 'Schedule of Services for Local Government 2020-2021'. The results are provided below.

Measure	Result
 <b>Visitor nights</b> 0% increase of total visitor nights' vs national compared to 2019-20	 <b>1.187m</b> guest nights <small>(Accommodation Data Programme, Year ending June 2021)</small>
 <b>Visitor spend</b> 0% increase in visitor spend across the region compared to 2019-20	 <b>9%</b> up on previous year <b>\$772million</b> annual expenditure <small>(MBIE; TECT; Year ending May 2021)</small>
 <b>Conventions, incentives &amp; business events</b> Rebuild & restore market share of total business events to 5%	 <b>13%</b> market share of business events hosted within NZ <b>Second behind Wellington</b> <small>(Business Events Data Programme Q1 2021)</small>
 <b>Industry investment</b> \$100,000 of industry contribution towards marketing activities & campaigns	 <b>\$160,000</b> domestic campaigns, famil in-kind contributions & visitor guide sales <small>(As at 30 June 2021)</small>
 <b>Media &amp; travel trade</b> 10 media outlets hosted + 50 travel trade trained or hosted	 <b>23</b> <b>12</b> <b>1200</b> media outlets hosted agents hosted agents trained <small>(As at 30 June 2021)</small>

## Visitor statistics and expenditure

The Ministry of Business, Innovation and Employment (MBIE) have discontinued the Monthly Regional Tourism Estimates (MRTes) as they were becoming unreliable within the Covid-19 environment. They have replaced the data with an interim data set capturing electronic card transactions. The key difference is that this data does not make any estimates for online or cash spending. This interim data set provides some district level information but is more limited than the older MRTes. MBIE have provided three years of TECT data for comparisons.

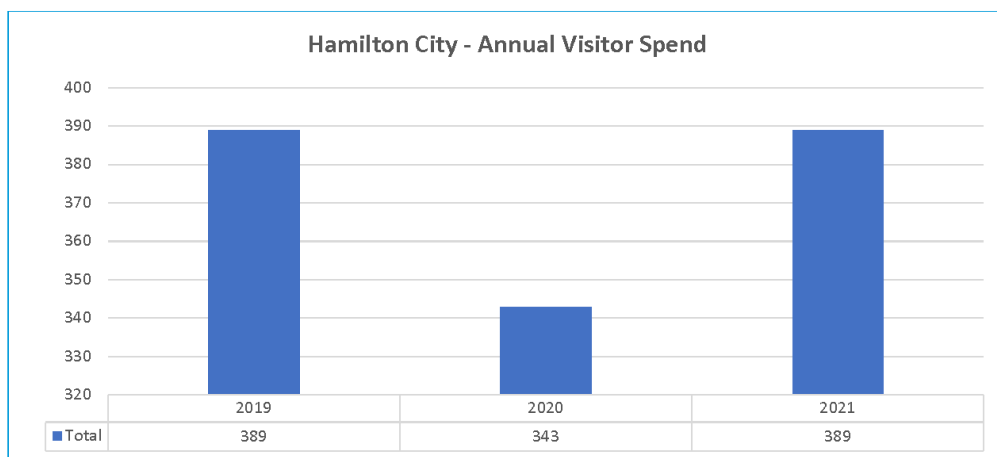
Compared to 2019, tourism spending has increased 9% for the Waikato RTO region for the year ended May 2021.



Source: Tourism Electronic Card Transactions, MBIE (May 2021)

## Visitor expenditure in Hamilton

Annual visitor expenditure for Hamilton increased 11.8% to year end May 2021. For the year ending May 2021, the visitor economy injected \$389 million into Hamilton's economy (based on electronic card transactions).

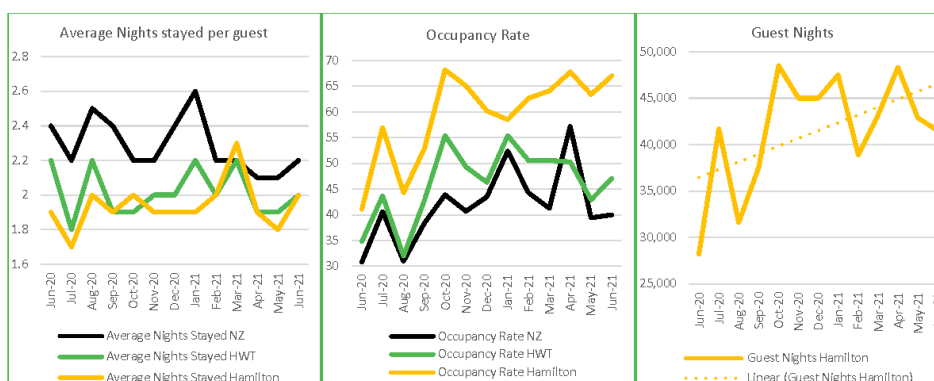


Source: Tourism Electronic Card Transactions, MBIE (May 2021)

## Commercial accommodation in Hamilton

The new national 'bed nights' measurement tool, the Accommodation Data Programme (ADP) began providing monthly measurements from June 2020.

Hamilton has 54 commercial accommodation providers contributing data into this programme (unlike the old Commercial Accommodation Monitor, this is not a legal requirement). The occupancy rate for Hamilton accommodation providers in June 2021 was 67% - the highest occupancy rate for all districts/cities across the country during June. In comparison, the Waikato region achieved 47.1% and the national occupancy was 40%. People stayed an average of two nights per visit/stay. This resulted in 41,500 guest nights in June 2021. For the 12 months up to and including June 2021, Hamilton achieved 511,600 guest nights.

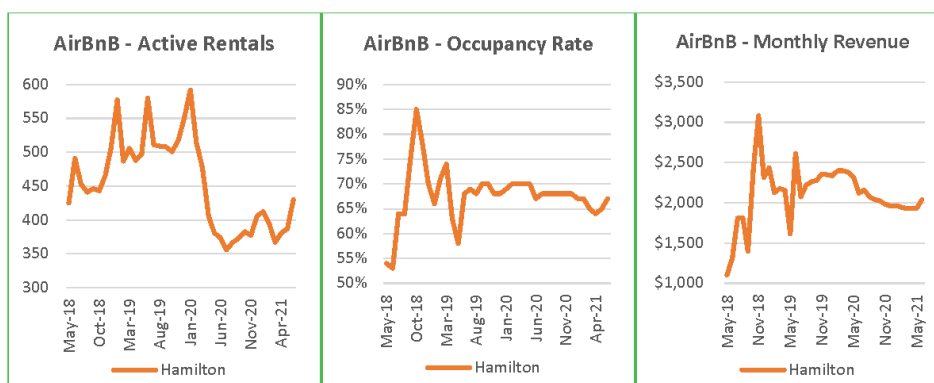


Source: Accommodation Data Plan, MBIE (June 2021)

## Non-commercial accommodation in Hamilton

Hamilton also had 430 properties listed on AirBnB during June 2021 as alternative accommodation to the traditional commercial offerings. This has declined from 374 listings (down 56) in June 2020.

These properties experienced 67% occupancy during June 2021. For the 12 months May 2020 to June 2021, the average occupancy rate for AirBnB properties in Hamilton was 67%.



Source: AirDNA (June 2021)

## Trade & leisure marketing

### Domestic marketing

#### External domestic markets: Open for Exploration Campaign

Our domestic marketing campaign, 'Open for Exploration', ran from June to August targeting the key drive markets for the Waikato (Auckland, Bay of Plenty, Rotorua, Taupo and Taranaki).

This campaign ran across Facebook, Instagram, Google Display & Search, YouTube and digital placements with NZ Herald, the campaign was designed to complement the 'Do something new, New Zealand' national campaign by encouraging visitors to see new things in familiar places, while also exploring the known and unknown adventures of the Waikato. The campaign creative included user generated content (UGC) imagery, videos featuring our tourism operators welcoming visitors back and the 'Do Something New NZ' device.

#### External & internal domestic markets: school holiday promotions

Given the environment and the importance of the September 2020 school holidays for operators after lockdown, HWT undertook a specific digital 'school holidays' campaign. The campaign targeted drive markets as well as Waikato residents to promote travel to and within the Waikato and channels included social media advertising and e-DMs.

**Hot Deals platform**

HWT launched a free, user-generated platform designed to showcase operators' latest promotions, experiences, deals and information to HWT's consumer audience while optimising their Google My Business (GMB) posts at the same time.

The platform integrates a wide variety of Waikato businesses – from activities and accommodation to tour operators, as well as retail and hospitality providers. Businesses are able to upload their own offer, experience, deal or upcoming event through the platform and the information displays on waikatoz.com as well as their Google business listing. HWT understands this to be the first platform in NZ that allows for this to happen, providing time and process-efficiencies for operators across the two channels.

**External domestic markets: Summer 'It's just magic!' campaign**

Our Summer inspiration campaign 'It's just magic,' targeting key drive markets inspiring them to visit the Mighty Waikato as part of their summer travel plans, was live from 18 November to 14 December. Like the rest of New Zealand, we have never had to promote the region to domestic visitors over the summer period as our tourism operators are normally busy with international visitors.

The Summer campaign was primarily video-led and focused on highlighting personal experiences of previous visitors to the region. We know the Waikato is well placed for a short break, so this campaign targeted this type of travel rather than the traditional week-long breaks taken over the summer period.

**Internal domestic market: Christmas Campaign - Gift Guide**

Our annual Christmas Gift Guide campaign launched into the local Waikato market on 30 November and concluded on 21 December. With the theme of 'Give the gift of Magic' the campaign encouraged Waikato residents to gift experiences from local tourism businesses or tickets to upcoming local events. This campaign targeted the internal domestic market for the Waikato through Facebook and Google adverts and advertising in local newspapers including the Cambridge Edition, Hamilton Press, Matamata Chronicle and Waikato Times.

**Internal domestic market: Summer 'It's just magic!' Campaign**

The Summer "Explore Your Own Backyard" campaign used the same personal concept as the external summer campaign with video pieces from locals who had visited and loved Waikato various attractions. Aimed to encourage locals who weren't travelling out of the Waikato during this time to explore the region over the festive holiday season, this campaign launched in late December and ran through January. The online campaign featured domestic operator partners and the region's natural assets such as walks, waterfalls, beaches and cycleways as well as summer events and school holiday activities.

**'Get Out More NZ' Domestic Campaign – Central North Island collective**

For the first time, HWT partnered with our neighbouring regions Bay of Plenty, Rotorua, Taupo, Ruapehu and Tairāwhiti Gisborne in the domestic market. Targeting drive markets through online and print channels, the first phase of the 'Get out More NZ' campaign ran from September until mid-December with the second phase running from late March until late May 2021. The collective produced a lift-out print magazine as part of the second phase which was distributed via the Dominion Post, Waikato Times, The Press (Christchurch),

Taranaki Daily News, Manawatu Standard and Sunday Star Times. A total of 99,800 copies were distributed.

As part of our collaborative activity, the group exhibited at the 2020 Motorhome & Caravan Show as well as at Fieldays 2021. Using a life-size viewmaster and the theme of 'view something new' as the hook, the aim was to raise awareness and drive preference for holidays in the Central North Island.

### **Love This, Love That Campaign – Auckland JV**

For the first time, we partnered with Auckland RTO on a joint campaign to encourage residents to enjoy experiences in their extended backyard. The campaign launched on 22 March and ran through until late April. Based on the familiar expression 'love thy neighbour', the campaign targeted Auckland and Waikato residents and was designed to encourage travel around the two regions during autumn by showcasing activities and attractions across five themes – nature, active breaks, family, relaxation and wellness, and food. We also worked with Urban List to create articles that tie into campaign theme.

### **External & internal domestic markets: Easter & School Holidays Campaign**

We launched a digital campaign at the end of March to target local and travellers over the Easter break and April school holidays period. This campaign was targeting both Waikato residents, and those within a drive distance of the region encouraging travel to and around the region during autumn by showcasing activities and attractions on offer via digital ads. This phase of domestic marketing activity ran until late-April across Facebook in various ad formats.

### **Kids Cycling Guide**

Cycling continues to be a key special interest topic for both local and domestic visitors to the region. HWT worked with influencer and travel guide creator Outdoor Kid to create a "Family-Friendly Guide to Cycle Trails in the Waikato". The guide features rides such as Te Awa - The Great NZ River Ride.

### **Internal domestic market: Mighty Locals Campaign**

To continue the 'Mighty Local' message we developed during lockdown in 2020, we launched a digital campaign to encourage local residents to continue to explore their own backyard, and to share great Waikato experiences with visiting family and friends from NZ or Australia. This campaign launched in early May and ran until late June, running across Google Display Network and Facebook.

### **Tourism New Zealand - Urban Experiences Campaign**

As a region with a main metro, we worked with Tourism New Zealand and the other four main cities across the country (Auckland, Wellington, Christchurch and Dunedin) on an 'Urban Experiences' campaign to encourage city visitation through short breaks and holidays. The first phase of the campaign launched mid-October using the content platform Neat Places and showcased each city through five local experts' guides of their favourite things.

The second phase of this campaign went live mid-January until the end of February 2021, again partnering with Neat Places to create more bespoke guides for each city. The

Hamilton guide was distributed to all i-SITES in the region and Hamilton Airport. Billboard advertising at Hamilton Airport was also introduced in February. Hamilton was Tourism New Zealand's top performing city for the Urban Leisure campaign with a referral rate of 36%.

### **Tourism New Zealand - summer campaign**

Tourism New Zealand worked with Regional Tourism Organisations (RTOs) across the country to develop the content for their summer campaign. The production crew visited the Waikato during early October filming in three locations to showcase different ways to 'do something new' in the region over summer. Surfing in Raglan was a key feature of the creative, as well as visiting Hamilton Gardens and kayaking with Lake District Adventures. This campaign launched into market late November to play off the back of their 'firework' song launch in early November in which the region also features.

### **Content Creators Project**

HWT worked with Tourism New Zealand and social media agency Socialites on a content creation project. The programme matched micro-influencers around New Zealand with operators in each region who needed assistance with creating visual content for their social media channel. The content created by the influencers can be used by the operators, HWT and Tourism New Zealand as well.

Tourism New Zealand funded five influencers per region and HWT funded an additional four to enable the region to access a total of nine content creation pieces. The project also included some workshops and resourcing to lift capability and upskill operators in their own social media content creation and utilisation as well.

### **Regional Events**

HWT supported regional events throughout the year by profiling them in campaign activity, on social media and with coverage on [waikatoz.com](http://waikatoz.com). Events are an important driver for domestic visitation as well as local expenditure, and post-COVID they provide great reasons for repeat visitation to a region. The events section of [waikatoz.com](http://waikatoz.com) has ranked amongst the most visited sections of the site illustrating that the interest and demand for events remains high.

### **Summer Events**

A specific 'Waikato Summer Events Guide' campaign launched mid-January and concluded mid-February after running for four weeks. This campaign targeted Waikato residents and key drive markets including Auckland, Taranaki, Bay of Plenty and Manawatu. Ads targeting these markets ran on Google and Facebook as well as a print version distributed as an insert (117,000 copies) in the Bay of Plenty Times, Cambridge Edition, Hamilton Press, Manawatu Standard, Taranaki Daily News, Piako Post and Waikato Times.

### **Fieldnights Campaign**

In support of Fieldays we implemented our annual 'Fieldnights' campaign. This campaign is designed to encourage exhibitors and visitors who are in the region for Fieldays to explore more while they are here, whether that be on tourism experiences or dining out at local eateries. This small campaign launched the first week of June and ran until the conclusion of the Fieldays event on 18 June.



### **The Apprentice Aotearoa**

HWT partnered with Great Southern Television and Hamilton City Council on a task challenge for episode three of The Apprentice Aotearoa. Classics Museum and Hamilton Gardens were featured, plus Mayor Paula Southgate and HWT CE Jason Dawson were panel judges.

### **Matariki Events Campaign**

A new initiative this year was the creation of a specific 'Waikato Matariki Events' campaign which launched in early June and will conclude at the end of July to coincide with Matariki from 11 June – 31 July. Supporting the Matariki Ki Waikato festival, this campaign is targeting Waikato residents encouraging them to participate in events happening across the region to celebrate the Māori New Year. This campaign ran across digital channels and included 84,000 printed copies of an events guide which was distributed through the Waikato Times, Hamilton Press and Cambridge Edition in June.

### **Annual Visitor Guide**

50,000 copies of the 2021 Official Regional Visitor Guide were distributed in late December 2020. This is a reduced number from the 2020 distribution due to the impacts of COVID-19 and international borders being closed. The guides have proven popular as NZers travel through their own backyard, with national distribution through i-SITEs and airports, displays at visitor attractions, used at trade shows, and conference delegate packs. This guide remains a cost-neutral project with discounted advertising sales (out of recognition of the impact of COVID on industry) funding the production and distribution of the guide.

### **Media**

Post-lockdown, we have had a successful year for domestic travel media coverage with a number of media pitches, fams and hosting. Domestic media platforms and publications are content hungry and we have leveraged this opportunity. Coverage includes content in:

- Kia Ora magazine
- NZ Herald Travel Supplements
- NZ House & Garden
- Cuisine magazine
- NewsHub
- Good magazine
- AA Directions
- MindFood
- Coverage across the Stuff network in print and online

HWT undertook a content partnership with Cuisine magazine for their January edition. This partnership included an eight-page feature on the region's F&B offering by editor Kelli Brett, plus a regional map of foodie hot spots, a Waikato eatery being showcased in their five-page bar bites article and a four-page recipe feature with guest chef Martin Bosley showcasing Waikato produce and products.

### **Virtual International Media Marketplace Australia**

HWT attended the Virtual International Media Marketplace event on 5 -6 May. The AU/NZ media focused event highlighted trends and changes in the media industry and featured a series of speaker sessions including; Australia industry insights, how to collaborate with media and consumer behaviours in 2021.

The 'marketplace' is an exhibition-style event that brings top Australian and New Zealand travel journalists and freelancers together for a series of 16 x 15min appointments. We are currently working through media opportunities that have resulted from the event in collaboration with our neighbouring regions. HWT attended the event alongside other regions from the ECNI collective, to showcase not only each of the individual regions but also highlight the collective offering in the Central North Island.

## International marketing

While no physical training or sales activity with international travel trade has been possible (on or offshore), we have continued to undertake virtual trade training and promotional activities throughout the year. This resulted in over 1,200 travel sellers (wholesalers, product managers, frontlines OTAs, home-based agents) across the globe being trained on the Waikato.

### Webinars

- **TNZ North America – Relaxation & Romance webinar:** 180 agents from around North America tuned in for the NZ Relaxation & Romance webinar which featured a live cross to Waikato and the Hamilton Gardens along with five other destinations around the country.
- **TNZ Australia Virtual Famil:** This the first 'virtual famil' activation where six regions across New Zealand were selected as part of a Relaxation & Romance themed event. For Waikato, we featured Zealong Tea Estate where HWT and a representative from Zealong toured the plantation and took part in a tea tasting together.
- **TNZ UK/Europe – Wildlife webinar:** The Waikato was selected to be the only RTO to present to 140 travel sellers around the UK/Europe in TNZ's Wildlife webinar. HWT presented on the wildlife experiences available in the Waikato including Sanctuary Mountain Maungatautari and trade-ready experiences that showcase glowworms such as Waitomo operators and Lake District Adventures.
- **Explore Central North Island webinars:** HWT took part in two ECNI webinars for the NZ and AU markets in early December – the first being a Thermal Explorer Highway overview/update and the second being a dedicated Waikato webinar. For the dedicated webinar HWT provided a regional overview and we invited a selection of trade-ready operators to provide updates on their businesses through live crosses so viewers could see and hear what was happening in real time and provided an interactive element.
- **TNZ South East Asia Virtual Road Trip:** HWT took part in the TNZ South East Asia Virtual Road Trip series by contributing to two webinars based on the products available in the Waikato. The first of the webinars was on the 3rd of March and attracted 119 agents. This webinar featured highlights and videos from Hobbiton Movie Set and Sanctuary Mountain Maungatautari along with a regional introduction about further products in the Waikato. The second webinar was on the 17th of March and attracted 118 agents. This webinar was livestreamed from The Henley in Cambridge, and also featured highlights and videos from Hamilton Gardens and Discover Waitomo's Ruakuri Cave.
- **TNZ Korea Webinar:** HWT also took part in a webinar with TNZ Korea. This was on 31 of March and attracted 74 agents. The key product that was featured was Hamilton Gardens as the webinar was livestreamed and hosted from the gardens. There was

also a regional introduction about the other key trade products available in the region.

- **TNZ Japan Webinar:** HWT hosted a webinar in early May with TNZ Japan. The 253 attendees joined HWT, TNZ and Hobbiton Movie Set for the webinar which was livestreamed from Hobbiton Movie Set. While showcasing the Green Dragon Inn and The Millhouse on Set, HWT also provided an introduction to the region and highlighted other key trade products available.
- **Southern World Trade Training:** 2 x 2 ½ hour one-on-one virtual training session. 48 agents and Southern World team (NZ IBO and USA based wholesaler). Live chat and presentation to update and train agents on the regional offerings and updates.
- **TNZ Australia Virtual Trade Show:** Online event with over 200 Australian and NZ retail and wholesale agents. Virtual stand, live chat and PPT presentation sessions, plus a 6-minute mainstage video.
- **ANZCRO Webinar:** Part of a wider JV initiative with ANZCRO – webinar session to train agents and support ANZCRO in promotion of the region and the development of Waikato packages. This webinar went live to 77 Australian agents – and the full 137 registrations received the link to watch again or share. A new Waikato blog page on ANZCRO site was also created. The webinar featured a regional 101, product updates, and a live cross and virtual tours with Hobbiton Movie Set and THL/Ruakuri Cave, as well as a virtual tour of Hamilton Gardens. This was presented from Hidden Lake Hotel in Cambridge.
- **ECNI Kiwi Trade Chat:** Virtual Trade Show – one-on-one online appointments with 34 Product Managers from NZ and Australia as part of the ECNI Group trade training programme. Discussions, queries and regional power point presentation featuring key products and product updates.

### **Accor Famil**

We hosted an Accor-organised famil in November with 12 key Inbound Tour Operators (ITOs). During the visit, we showcased Zealong Tea Estate and Good George Brewery, including their tours and experiences. The itinerary included Novotel Tainui Hamilton to view the new executive rooms and we presented on what the wider region has to offer. As a result, several of the ITOs have reached out about follow-up opportunities and itinerary creation for their NZ-based clients and international clients when borders open.

### **JV campaign with Flight Centre NZ**

HWT partnered with Flight Centre NZ in December on a week-long content promotion through Flight Centre's brands (Flight Centre, Travel Associates and Travel Managers) and retail stores. The campaign was delivered through GDN and Facebook advertising and as well e-DMs and in-store billboards.

### **TRENTZ**

The tourism industry's largest international buying and selling event TRENTZ did not happen due to the continued international border closure.

Instead, TRENTZ Hui was held in May where 750+ people from across the industry came together for two days of strategy sessions and industry workshops. While it wasn't like the traditional 'selling' trade show, it was an opportunity to connect on a large scale and plan for the future of the sector.

## Marketing activity for Hamilton City

A summary of specific trade and leisure marketing for Hamilton is detailed below.

Target market	Campaign or activity	Hamilton experiences profiled
<b>Media – domestic &amp; international famils</b>	<p>Media hosting and famils profiling Hamilton:</p> <ul style="list-style-type: none"> <li>• Good Magazine famil</li> <li>• NewsHub famil</li> <li>• Stuff.co.nz Roadie</li> <li>• Cuisine Magazine famil</li> <li>• Stuff.co.nz School Holidays</li> <li>• NZ Herald famil</li> <li>• Mike Yardley famil</li> <li>• Toni Street famil</li> </ul>	<p>Hamilton Gardens, Waikato Museum, Good George brewery tour, Novotel Tainui Hamilton, Boon After Dark, Hamilton Zoo, Hayes Common, Gothenburg, Volare, Duck Island, Mr Pickles, Palate, Hamilton Street Art, The Bearded Weasel, Bahn Mi Caphe, Camarosa, Paddock to Plate, River Kitchen, Riff Raff, Boon Street Art Festival, ArtsPost, Tongue of the Dog, The Doorway to Hamilton - Te Tatau ki Kirikiriroa, Hamilton Gardens, Restaurant on Alma, Victoria On The River</p>
<b>Media - domestic</b>	<p>Hamilton was profiled as part of regional promotions in the following publications:</p> <ul style="list-style-type: none"> <li>• NZ Herald Travel Supplements</li> <li>• Avenues Magazine</li> <li>• NZME 'Where I'd Rather Be' column</li> <li>• Family Times</li> <li>• Stuff.co.nz</li> <li>• NZ House &amp; Garden</li> <li>• Cuisine Magazine</li> <li>• NewsHub</li> <li>• Kiwi Tripsters</li> <li>• Family Times</li> </ul>	<p>Hamilton Gardens, Waikato Museum, Good George brewery tour, Novotel Tainui Hamilton, Boon After Dark, Hamilton Zoo, Hayes Common, Gothenburg, Volare, Duck Island, Mr Pickles, Palate, Bearded Weasel, Bahn Mi Caphe, Sisterfields, Ramada Hamilton, FMG Stadium History Wall, Te Tatau ki Kirikiriroa, Waiwhakareke Natural Heritage Park, Lovegrove Lane, Bowl &amp; Social, Scotts Epicurean, Classics Museum, Wonder Horse, The Bearded Weasel, Bahn Mi Caphe, Paddock to Plate, River Kitchen, Riff Raff, Boon Street Art Festival, ArtsPost, Tongue of the Dog, The Doorway to Hamilton - Te Tatau ki Kirikiriroa, Hamilton Gardens, Restaurant on Alma, Bowl and Social, Lovegrove Lane, Ramada Hamilton</p>

Target market	Campaign or activity	Hamilton experiences profiled
<b>Travel Trade - famils</b>	Hamilton profiled in following trade famils: <ul style="list-style-type: none"> <li>• Accor Inbound Tour Operators</li> </ul>	Novotel Tainui Hamilton, Good George Brewery
<b>Travel Trade – webinars</b>	International trade training webinars: <ul style="list-style-type: none"> <li>• TNZ North America</li> <li>• TNZ SEA Virtual Road Trip</li> <li>• TNZ SEA Virtual Road Trip</li> <li>• TNZ Korea</li> <li>• TNZ Japan</li> <li>• ECNI 'Kiwi Chat' virtual trade expo</li> <li>• ANZCRO Waikato</li> <li>• TNZ Virtual Expo</li> <li>• Southern World Virtual Trade Training Event</li> </ul>	Hamilton Gardens, Waikato Museum, Good George, Brew Bus Waikato Tour, Novotel Tainui Hamilton, Ramada Hamilton, Ventura Hamilton
<b>Travel Trade – Explore Central North Island Alliance</b>	HWT are part of the Explore Central North Island RTO alliance which includes the two touring routes – The Thermal Explorer Highway and the Pacific Coast Highway. Trade training webinars Jul-Dec: <ul style="list-style-type: none"> <li>• Thermal Explorer highlights</li> <li>• Waikato region update</li> </ul>	Hamilton Gardens, SkyCity Hamilton, Hamilton Zoo, Good George, Brew Bus Waikato Tour, Waikato Museum, Novotel Tainui Hamilton, Ramada Hamilton, Ventura Hamilton
<b>Domestic consumer - Local, Hamilton &amp; Waikato</b>	<ul style="list-style-type: none"> <li>• School Holidays – Sept 2020</li> <li>• Hot Deals – Oct 2020 &amp; Jan 2021</li> <li>• Christmas Gift Guide – Dec 2020</li> <li>• Locals – It's just magic! – Dec 2020 – Jan 2021</li> <li>• Get Out More NZ – phase one and two</li> <li>• Christmas Gift Guide – Dec 2020</li> <li>• Summer Events – Jan – Feb 2021</li> <li>• Easter &amp; School Holidays – April 2021</li> <li>• Kids Cycling Guide – Apr – May 2021</li> <li>• Mighty Locals – May – June 2021</li> <li>• Fieldnights – June 2021</li> <li>• Matariki Events – June – July 2021</li> </ul>	Hamilton Gardens, SkyCity Hamilton, Hamilton Zoo, Waikato Museum, Good George Brewing, Bowl and Social, Banh Mi Caphe, Boon After Dark 2020, Taitua Arboretum, Great Kiwi Beer Festival, Six60 Concert, Summer Cricket, Hamilton Gardens Arts Festival, Crowded House Concert, Feast Waikato, Waikato Show, Balloons Over Waikato, Matariki Dish Challenge, Matariki in the City, Matariki Events + Exhibitions, Mr Pickles, Hamilton Farmers Markets, Hamilton Playgrounds, Te Awa River Ride: Hamilton City section

Target market	Campaign or activity	Hamilton experiences profiled
Domestic consumer - External Drive & Fly Markets	<ul style="list-style-type: none"> <li>• Open for Exploration Campaign – July - August 2020</li> <li>• School Holidays – Sept 2020</li> <li>• Hot Deals – Oct 2020 &amp; Jan 2021</li> <li>• It's just magic! – Nov – Dec 2020</li> <li>• Summer Events – Jan – Feb 2021</li> <li>• Easter &amp; School Holidays – April 2021</li> <li>• Kids Cycling Guide – Apr – May 2021</li> <li>• Love This, Love That Auckland Campaign</li> <li>• Fieldnights – June 2021</li> </ul>	Hamilton Gardens, SkyCity Hamilton, Hamilton Zoo, Waikato Museum, Good George Brewing, Escapist, Bowl and Social, Banh Mi Caphe, Boon After Dark 2020, Mr Pickles, Hamilton Farmers Markets, Hamilton Playgrounds, Great Kiwi Beer Festival, Six60 Concert, Summer Cricket, Hamilton Gardens Arts Festival, Crowded House Concert, Feast Waikato, Waikato Show, Balloons Over Waikato, Te Awa River Ride: Hamilton City section
Domestic consumer – Chinese New Zealanders	Ongoing campaign activity has continued through our Weibo social media channel, blogs, forums etc	Hamilton City, Taitua Arboretum, Hamilton Gardens, Waikato Museum, Boon After Dark 2020, Jansen Park, Hamilton Lake Domain Walkway, Jim Barnett Reserve, Duck Island Ice Cream, Hamilton Christmas Tree lighting event, Jubilee Park, Hamilton Zoo, SkyCity Hamilton, Banh Mi Caphe, Gothenburg, Valentine's Day events and activities, Chinese New Year events at Garden Place, Balloons over Waikato 2021, Dog friendly walks in Hamilton, Hamilton Neat places guide, Family friendly activities Hamilton, Easter events and activities, 'Galileo - Scientist, Astronomer, Visionary' exhibition, Dining options in Hamilton, Te Ruru Light Festival 2021, Let It Go - The Songs of Frozen 1&2 - Live In Concert, Brickman Awesome, Bowl & Social at SkyCity Hamilton, Sunny Nelson Real Fruit Ice, Cream

Target market	Campaign or activity	Hamilton experiences profiled
<b>Domestic &amp; International consumer and trade</b>	2021 Hamilton & Waikato Regional Visitor Guide	Hamilton City profiled in 'Regional Highlights' section and 'Hamilton' section. Hamilton based tourism operators advertised in their respective sections. Events based in Hamilton have also been profiled in the 'Events' section.
	Guide to Waikato Walking Trail	Hamilton City River Walk, Te Awa - The Great NZ River Ride
	Kids Cycling Guide	Te Awa River Ride: Hamilton City section
	Guide to Waikato Cycle Trails	Hamilton City River Rides, Te Awa River Ride: Hamilton City section, Hamilton Mountain Bike Park
<b>Domestic &amp; international consumer, travel trade and media <i>Newsletters</i></b>	<b>Quarterly e-newsletters distributed to our consumer, trade and media databases featuring:</b>  Surrealist Garden, Waikato Museum, The Cat In The Hat, Gallagher Chiefs Vs Hurricanes, Splice Construction Magic Home Games, Dinosaur Revolution Secrets Of Survival, Hamilton Gardens, Hayes Common, Good George Brewing, Duck Island Ice Cream, Lovegrove Lane, Tainui Waka Kapa Haka Festival 2020, Boon After Dark 2020, Tunes In The Shrooms, Good George Oktoberfest, Silver Ferns Vs England, Te Moana Glow Show!, Gourmet In The Gardens, Synthoni 2020, Six60 Saturdays Tour , Blackcaps V West Indies 1st Test Match, Seddon Park , Crowded House - To The Island Tour, Blackcaps V Pakistan 2nd T20, Blackcaps V Bangladesh 3rd T20, Hamilton Gardens Arts Festival 2021, Hamilton Zoo, The Great Kiwi Beer Festival, Nature & Nosh Tours, Ramada Hamilton, Novotel Hamilton Tainui , Balloons Over Waikato 2021 , ICC Women's Cricket World Cup 2022, Galileo – Scientist, Astronomer, Visionary Exhibition, Hamilton Summer Events, Never Have I Ever' Hamilton Neat Places Guide, Grey St Kitchen, Easter Events, Madagascar The Musical, Waikato Show Gothenburg, Mr. Pickles bar & eatery, Sol3 Mio, Magic Vs Pulse, Fieldays 2021, Mother's Day High Tea at SkyCity Hamilton, Steampunk Extravaganza, The Great NZ Food Show, Gallagher Chiefs V Brumbies, NZSO Fantastique, Matariki Events, All Blacks V Flying Fijians at FMG Stadium, FIFA Women's World Cup 2023, Mojo Campers, NZSO: Pick-A-Path In Concert, Magic V Mystics.	

<p><b>Domestic &amp; International consumer</b></p> <p><b><i>Social media</i></b></p>	<p><b>Hamilton profiled through HWT's website and various social profiles including Facebook, Instagram, Twitter &amp; YouTube, including:</b></p> <p>Waikato Museum, Kiwi Beer Festival, ICC Women's Cricket World Cup, Taitua Arboretum, Hamilton Gardens, Good George Brewing, Boon After Dark 2020 'Shrooms', Garden Place, Te Ruru Light Festival 2020, Collective Secret Tour Waikato Museum, Tainui Waka Kapa Haka Festival, Claudelands Arena, Behind the Scenes Hamilton Gardens Tour, Hamilton Airport, Hamilton city, Hamilton Lake Domain Walkway, Ferment Fest, Good George Octoberfest, Waikato Design &amp; Lifestyle Market, Waikato Baby Expo, Te Moana Glow Show - Clarence St Theatre, The Show Must Go On, Duck Island Ice Cream, Jubilee Park, Gourmet in The Gardens, Waikato Home &amp; Garden Show, Luxe + Local Fashion Show, Waikato V Bay Of Plenty Mitre 10 Cup - FMG Stadium, Hamilton Women's Lifestyle Expo, Floyd Live, Christmas Tree Lightning Event, Synthony 2020, Hamilton Christmas Parade, Waikato Museum Christmas Music, Maori All Blacks V Moana Pasifica, Blackcaps V West Indies 1st Test Match, Stories In The Garden, The Abba Show, Blackcaps V Pakistan 2nd T20 - Seddon Park, Fairfield Bridge, Chinese Scholars' Garden, Hamilton Lake, Surrealist Garden, Hamilton City's Central Library, Suffrage Pavilion And The Valley Walk In Hamilton Gardens, Waikato River Walk, Hamilton Christmas Tree, Turtle Lake, Dinosaur rEvolution Secrets of Survival, The Splice Construction Magic games, FMG Stadium Waikato History Wall, The Waikato Orchid Society winter show, Bold Experience: A Night of Musical Theatre at the Meteor, "Te Wiki o te Reo Maaori Hiikoi" Discovery Trail at the Waikato Museum, SIX60 Saturdays tour - Claudelands Oval, Silver Ferns netball games, Meyer Gouda Cheese Ltd, Zealong Tea Estate, Hamilton Christmas Tree lighting event, Hamilton iSite, Good George Dining Hall, Novotel Tainui Hamilton, Waikato Market Day at Riverlea Theatre, SkyCity Hamilton, Te Awa - The Base, Classics Museum, Hamilton Zoo, Matariki Dish Challenge, Bowl and Social, Leap in Hamilton City, Megazone, ArtsPost, All Blacks v Flying Fijians and Tonga v Samoa, Hamilton City River Rides, Fieldays 2021, Gallagher Chiefs vs Rebels, The Pink Floyd Experience 2021, FMG Stadium, Te Ruru Light Festival 2021, Showquest, ANZ Premiership - Magic vs Mystics, Matariki ki Te Whare Taonga o Waikato, Chicago - The Musical, Waikato Wedding Expo, EAT Burger, The River Kitchen, Hamilton Street Art, Victoria On The River, Hamilton Lake Domain Playground, Hamilton Gardens Playground, Hare Puke Park Playground, Gothenburg Restaurant, Mr Pickles, Banh Mi Caphe, Palate Restaurant, The Great NZ Food Show, Queen: It's A Kinda Magic, Ben Elton Live, NZSO Fantastique, Gallagher Chiefs v Brumbies, Madagascar The Musical, The Kirk, Sisterfields, Feast Waikato, Waikato Show, SOL3 Mio, Princess Pyjama Party - Glenview Community Centre, Gallagher Chiefs v Crusaders, Magic vs Pulse, The NZ String Quartet, Four Suits and a Soprano, Easter events, Balloons over Waikato 2021, ZURU Nightglow, Medieval Fair, Crowded House - To The Island Tour, The Wiggles We're All Fruit Salad 2021 tour, The Great Pumpkin Carnival, Blackcaps V Bangladesh &amp; White Ferns V Australia T20, Galileo - Scientist, Astronomer, Visionary' exhibition, Hamilton Neat Places, Hamilton City River Walking track, Sunny Nelson Real Fruit Ice Cream, Hamilton Gardens Arts Festival 2021, Hamilton city dog friendly walks, Disney Alice in Wonderland JR, Macky Gee, Chinese Scholars' Garden at Hamilton Gardens, Riverbank Lane, Western Rail Trail Biking Path, Hamilton parks, Madam Woo, Drax Project + Mitch James, Ramada Hamilton.</p>
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## Conferences, incentives & business events

### Conference leads and rehousing

During the 2020-21 financial year, Business Events Waikato managed 18 leads, four bid document requests and 50 referrals as well as some basic assist requests such as supplying regional imagery. Our business events team successfully relocated 16 business events after Jet Park Hotel Hamilton Airport became a designated Managed Isolation Facility earlier in the year and we were able to re-house most of the events within the Waikato.

We are fortunate the Waikato is predominantly a domestic conference destination and easy to get to from key markets. Our marketing activity is focused on multi-day association and the corporate conference market.

Unfortunately, three of our largest commercial accommodation providers are now unavailable as they are Managed Isolation Facilities which has impacted on the conference market, significantly reducing our offer for larger multi-day association conferences. Hosting some of these conferences is now very challenging due to limited accommodation availability.

In addition to our limited commercial accommodation inventory, the biggest threat to the conference market is uncertainty. Event organisers cannot confidently book conference venues and accommodation, plus they are afraid of the force majeure clauses in contracts. Currently venues are experiencing short lead-in times which brings its own challenges.

### Business Events Waikato Showcase

The Business Events Waikato Showcase scheduled for 24<sup>th</sup> September 2020 had to be cancelled due to the change in COVID-19 alert levels. The business events team have rebooked this event to be held on 23<sup>rd</sup> September 2021. The target market for this event will be local organisers, meeting planners, EAs and PAs based within driving distance of the Waikato. We will predominantly target corporates who organise one day meetings through to multi-day conferences and events.

### Convention Bureau activity

Summary of specific conference marketing activity (1 July 2020 to 31 June 2021)

Activity	Detail
Enquiries	86 enquiries managed
Buyers Hosted	<ul style="list-style-type: none"> <li>International Hobbit Day - 5 Waikato PCOs</li> <li>Pre BE:Reconnected dinner – 6 hosted buyers</li> <li>Bespoke famils – 4 local buyer famils hosted</li> <li>Wellington Soiree – 50 buyers, co-hosted with 6 BE partners</li> <li>Pre-MEETINGS dinner – 7 buyers, co-hosted with three BE partners</li> <li>Local buyer famils – 6 postponed March 2022</li> <li>Mega Famil – 1 postponed until Nov 2021</li> </ul>

<b>Trade Shows &amp; Event Attendance</b>	<ul style="list-style-type: none"> <li>• AuSAE LINC – shared site with Dunedin business events</li> <li>• BE:Reconnected – BEIA</li> <li>• Office &amp; PA Show – shared site with Hobbiton™ Movie Set</li> <li>• Association X + Business Exchange</li> <li>• MEETINGS – Australasian trade show in Auckland</li> <li>• AuSAE Networking Lunch, Auckland</li> <li>• AuSAE BA4, Auckland</li> <li>• AAPNZ Waikato annual breakfast – Abby Camp represented</li> <li>• AAPNZ BAs throughout the year</li> </ul>
<b>BE partner activity</b>	<ul style="list-style-type: none"> <li>• BEW partner zoom</li> <li>• Reunite Industry Dinner</li> <li>• Christmas partner breakfast</li> <li>• BEW sustainability breakfast</li> <li>• Hobbiton event</li> <li>• Gold partner catch ups</li> <li>• HWT Symposium</li> </ul>
<b>Campaigns &amp; advertising</b>	<ul style="list-style-type: none"> <li>• WBN quarterly advertorial</li> <li>• Pre-MEETINGS LinkedIn campaign</li> <li>• Preview Mag advertorial (pre-MEETINGS magazine)</li> <li>• Meetings Newz advertising</li> <li>• BEW Directory</li> <li>• www.meetwaikato.com</li> <li>• HWT Industry Newsletter – BE inclusion</li> <li>• Locals LinkedIn campaign</li> <li>• Mighty Waikato Campaign – phase 1 July, phase 2 Dec 2020</li> </ul>
<b>Hamilton City BE partners</b>	<p>Claudlands Conference &amp; Exhibition Centre, Distinction Hotel Hamilton, Novotel Tainui Hotel Hamilton, Ramada by Wyndham, SkyCity Hamilton, University of Waikato, ForumPoint2, Hamilton Gardens, Leisure Time Tours, Wintec Venues, ACLX, Classics Museum, Escape HQ, FMG Stadium Waikato, Good George Group, Gothenburg, Hamilton Golf Club, Heartland Ambassador Hotel, Ibis Tainui Hamilton Hotel, Kerr &amp; Ladbrook, Montana Food &amp; Events, Panama House &amp; Square, Park View Motor Lodge, Phoenix Decoration Hire, The Events Company, The Greenspace, The Lawrenson Group, Waikato Museum &amp; ArtsPost.</p>

## Restart, recover & reset the visitor economy

Hamilton & Waikato Tourism has been instrumental in leading the restart, recovery and reset of the regional tourism and events sector. The impacts of the COVID-19 pandemic were swift and severe for the entire visitor economy which includes tourism businesses, activities and attractions, accommodation providers, retail and hospitality, transport operators, conferences and business events, major events and venues, education institutions, plus the many suppliers who partner with the sector.

There are a number of key initiatives underway to support the rebuild and reset of Waikato's tourism sector.

### Strategic Tourism Assets Protection Programme (STAPP)

The \$230m Strategic Tourism Assets Protection Programme (STAPP) was announced in the Government's budget in May 2020 to protect the assets in the tourism landscape that form the core of our essential tourism offerings to ensure their survival through the disruption caused by COVID-19. Grants and loans were allocated to tourism businesses, Inbound Tour Operators and Regional Tourism Organisations.

#### TOURISM BUSINESSES

130 tourism businesses received a total of \$261m in support comprised of a mix of grants and loans. The Waikato region were successful with initial funding support provided to the following tourism businesses:

- Discover Waitomo: up to \$4m over two years (year one will be a grant and year two will be a loan if required)
- Ōtorohanga Kiwi House: \$500,000
- Waitomo Adventures: \$500,000
- Spellbound Glowworm and Cave Tour, Waitomo: 401,440
- Caveworld Waitomo: \$290,000

#### REGIONAL TOURISM ORGANISATIONS

Hamilton & Waikato Tourism successfully applied for a maximum of \$700,000 to address the significant shortfall in industry investment. The criteria for applying for the grant was to retain existing local government investment.

The financial support could only be used to enhance work from the Aotearoa New Zealand Government Tourism Strategy in the following three priority areas:

1. domestic marketing;
2. industry capability; and
3. adopting a destination management approach.

Out of the 27 programmes of work we successfully received funding under the three tagged areas listed above, 11 were collaboration projects with other regions which border the Waikato.

Specific STAPP projects we have either completed or will be finalised by December 2021 for Hamilton City include:

- Review and refresh of touring routes (collaboration project with Visit Ruapehu and Destination Rotorua) - *underway*
- Co-curate and development of food tourism experiences, including itineraries, marketing initiatives and product development (collaboration project with Destination Rotorua) – *complete and action plan developed*
- Domestic marketing to build demand and attract visitation to the district, including event promotion and a joint Auckland drive market campaign with Auckland Unlimited (previously ATEED) - *completed*
- Participation in the national and Central North Island domestic marketing campaigns driving visitation into the district - *completed*
- Regional tourism marketing advisory services for tourism businesses - *underway*
- Launching a regenerative tourism leadership programme to enhance sustainability initiatives for tourism operators - *completed*

All other projects from participation with Tourism New Zealand's national domestic marketing campaign, partnerships with AA Traveller and the NZ Motor Caravan Association through to procurement of visitor travel data, will benefit the city and wider region as well.

### **Tourism Communities: Support, Recovery and Reset Plan**

In addition to the \$20.2 million in grants that was allocated to RTOs through the Strategic Tourism Assets Protection Programme (STAPP) by the Government in 2020/2021, the \$26 million Tourism Communities: Support, Recovery and Re-set Plan was announced in May for RTOs to manage, plan, promote, and market tourism activities in their regions. This funding is for the 2021/2022 financial year.

As a medium-large RTOs with a local government contribution of \$1 million to \$3 million, HWT are eligible to receive up to \$1 million.

This funding support is available for a programme of activity across three categories and appropriately scaled to the RTO's needs, priorities and agreed investment plan;

1. **Destination Management & Planning**
2. **Industry Capacity Building and Product Development**
  - Engaging specialist support to assist with planning, industry capability building and product development;
  - To provide capacity to implement the work programme across the three categories;
  - RTO capability building including participation in MBIE-RTNZ forums and events; and
  - Feasibility and business case development (please specify the specific opportunities).
3. **Domestic and International Marketing.**
  - Tactical domestic marketing activity including creative development, enhancing digital platforms, media buying, and PR activity;

- Tactical international marketing activity that complements Tourism New Zealand's marketing activities including creative development, enhancing digital platforms, media buying, and PR activity;
- Event and business event promotion (eg. promotion of venues, events, marketing);

This work must be completed by using RTO staff, or by external capability.

Our Reset Investment Plan application was submitted on 18<sup>th</sup> June 2021, and we are still awaiting a response.

## **Adopting a destination management approach for Waikato**

Destination management brings together different stakeholders to achieve the common goal of developing a well-managed, sustainable visitor destination. It is an ongoing process that requires destinations to plan for the future and considers the social, economic, cultural and environmental risks and opportunities.

Adopting a destination management approach enables communities and destinations to respond to changing conditions and determine the type of tourism they would like to have and the benefits they would like to receive, taking an active role in managing these.

Destination management requires a holistic and integrated approach with three interdependent components:

1. **Visitor Experience:** the Waikato's experience offering, including activities, attractions, supporting infrastructure, services and amenities.
2. **Marketing and Promotion:** the destination's marketing and promotional activity, creating demand and enabling the destination to be competitive, productive and sustainable.
3. **Resource Management:** the region's strategy, policy and regulatory frameworks, Te Tiriti o Waitangi, co-governance arrangements, organisational structures and the investments that support the destination.

We have successfully managed to attract funding from the Ministry for Business, Innovation and Employment to undertake this work. After the first round of stakeholder consultation, a Draft Waikato Destination Management Plan will be released for a second round shortly.

## **Major and regional events**

Hamilton & Waikato Tourism know that hosting major and business events are crucial to lead the economic and social recovery of the Waikato region. Tourism New Zealand research indicates that up to one-third of domestic travel is primarily driven by people looking to participate in events.

Post-COVID, the national funding made available has enabled us to activate our Regional Major Events Strategy.

### **Regional Events Fund – Thermal Explorer Highway**

The four regions of the Thermal Explorer Highway collective including Waikato, Rotorua, Taupō and Ruapehu were approved \$3.75 million for regional events by Tourism Minister Stuart Nash on 18 December 2020.

The Regional Tourism Organisations (RTOs) from Waikato, Rotorua, Taupō and Ruapehu, alongside their council partners, worked together on developing a collaborative regional events investment plan for the next 2-3 years to drive additional domestic visitation into their regions.

Hamilton & Waikato Tourism were selected as the Lead Entity for the Regional Events Fund across the four regions. We see the collaboration between Waikato, Rotorua, Taupō and Ruapehu will lead to a strong and compelling event proposition for our four regions, who also partnered together for the Domestic Events Fund.

The bulk of the \$3.75 million fund will be used to create a contestable fund with successful events being supported over a three-year period. The focus will be on the development of iconic or anchor events, with a mix of new and expansion of existing events. Another portion of the funding will be used to run capability building workshops and training for event organisers and suppliers, plus develop or update existing regional event strategies; with the remainder to cover administration, legal and event measurement.

The first round of funding from the Thermal Explorer Regional Events Fund was announced in June 2021 with \$1.6 million allocated to a total of 15 events from the Waikato, Rotorua, Taupō and Ruapehu regions. The selected events are a mixture of new and existing and include business, sport, culture and exhibitions. In total, the events are predicted to attract over 120,000 attendees, with two-thirds being visitors from outside the host region. The second round for the Contestable Fund will open in February 2022.

### **Industry support**

The Kirikiriroa-Hamilton Ambassador workshops continue to be offered monthly and we now have trained 221 people.

We continue to coordinate the Event Venues and Crowded Spaces Forum, with the latest meeting held in May 2021. This forum is an opportunity for venues to share intelligence, emergency services to update venues, plus changes to health, safety and risk mitigation, including COVID-19 actions. The next meeting will be held in August 2021.

### **Regional Business Partner Network**

The Government provided funding for subsidised business advice services under the COVID Business Recovery Programme. In the Waikato region, this was delivered through the Regional Business Partner (RBP) programme with Te Waka. Hamilton & Waikato Tourism were sub-contracted to Te Waka for three months to provide advice and support for tourism businesses. In total, 77 tourism businesses were supported through the RBP programme.

## Establishment of Waikato Screen

The Waikato Regional Council has decided to allocate one of its first grants from the Regional Development Fund to Hamilton & Waikato Tourism. Over the next three financial years, \$575,000 will be granted to HWT to establish a Waikato Film Office – to be called ‘Waikato Screen’.

Waikato Screen will be established as a separate entity and be co-located with HWT for the next three years. HWT will then contract Waikato Screen to undertake the role of a Regional Film Office including marketing activities to showcase Waikato as a desirable screen destination. They will also work alongside prospective filmmakers to facilitate their needs from film permits through to post-production, creating sustainable employment opportunities within Waikato.

## Conclusion

As we continue to lead the rebuilding and reimagining of our tourism industry post-COVID, our key focus areas for the coming six months include:

- continue to work with our industry to stimulate domestic demand throughout the winter/spring season;
- support tourism businesses through delivery of free industry capability building training;
- undertake a second round of consultation for the Draft Waikato Destination Management Plan;
- investigate, review and enhance existing and new touring routes around the region and across borders;
- accelerate sales, marketing and trade activity in the business events sector to maintain market share;
- support the development of large-scale commercial accommodation to increase average length of stay;
- assist new visitor experience development across the region;
- lead round two of the Regional Events Fund for Waikato, Rotorua, Ruapehu and Taupō;
- complete the additional 27 programmes of work funded under STAPP to boost our economic and social recovery;
- continue to lobby and advocate for the tourism sector with Government; and
- establishment of a Regional Film Office to be called ‘Waikato Screen’.

On behalf of the board and management of Hamilton & Waikato Tourism, we would like to sincerely thank Hamilton City Council, our local government partners and the industry for their continued support, especially as we continue to work our way through the long-term impacts of COVID-19. Your proactive and supportive approach managing the impacts of COVID-19 has been greatly appreciated by the tourism sector and our community.

**Jason Dawson**

Chief Executive, Hamilton & Waikato Tourism

July 2021

# Council Report

**Committee:** Economic Development Committee  
**Date:** 11 August 2021  
**Author:** Sean Murray  
**Authoriser:** Sean Murray  
**Position:** General Manager Venues, Tourism and Major Events  
**Position:** General Manager Venues, Tourism and Major Events  
**Report Name:** Waikato Regional Airport Limited - Year End Report 2020/21

<b>Report Status</b>	<i>Open</i>
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## Purpose - *Take*

1. To inform the Economic Development Committee of the Waikato Regional Airport Limited (WRAL) draft year-end report for the period 1 July 2020 to 30 June 2021.
2. WRAL representatives will attend to present a verbal update at the meeting.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Economic Development Committee receives the draft year-end report from WRAL for 1 July 2020 to 30 June 2021, noting the final audited version will be circulated to Members when it is available.

## Executive Summary - *Whakaraapopototanga matua*

4. WRAL representatives will present results at the meeting which despite the challenges of COVID, include very strong growth in operating revenue across all business streams and a significant lift in assets held on the balance sheet as a result of extraordinary updated property valuations.
5. Shareholder equity year on year has risen from \$133M to \$172M.
6. A copy of Council's letter of expectation for 2020/21 is also attached for reference. This letter set out Council's expectations of WRAL and its subsidiaries, Titanium Park Limited, Hamilton and Waikato Tourism Limited and Waikato Regional Airport Hotel Limited.
7. WRAL have been advised by Audit NZ that their final audit sign off will be completed in late October or early November. A final version will be circulated when available.
8. Staff consider the matters and decisions in this report to have a low significance and that the recommendations comply with the Council's legal requirements.



## Background - *Koorero whaimaarama*

9. WRAL operates as a limited liability company, with the following shareholders:

Council	Shareholding
Hamilton City Council	50.00%
Matamata-Piako District Council	15.63%
Waikato District Council	15.63%
Waipa District Council	15.63%
Otorohanga District Council	3.13%

## Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

10. Staff confirm the recommendation complies with the Council's legal and policy requirements.

## Financial Considerations - *Whaiwhakaaro Puutea*

11. There are no financial implications in relation to the recommendation in this report.

## Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

12. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
13. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
14. The recommendations set out in this report are consistent with that purpose.

## Economic Wellbeing

15. WRAL's activity relates strongly to the economic wellbeing by its delivery of key objectives to operate an efficient and compliant airport, maximised revenue through diversification to protect the core aeronautical business and enhanced tourism growth within the region.

## Environmental, Social and Cultural Wellbeings

16. There are no environmental, social or cultural wellbeing implications identified in the formulation of this report although the report includes progress on operational environmental sustainability initiatives.

## Risks - *Tuuraru*

17. There are no known risks associated with the decisions required for this matter.

## Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

### Significance

18. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.

### Engagement

19. Given the low level of significance determined, the engagement level is low. No engagement is required.

**Attachments - *Ngaa taapirihanga***

Attachment 1 - Council's Letter of Expectation to WRAL for 2020/21

Attachment 2 - WRAL Year-End Report to 30 June 2021



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8 September 2020

Mr Barry Harris  
Chair  
Waikato Regional Airport Limited  
Hamilton Airport Road, RD2  
HAMILTON 3282

Dear Barry

**Letter of Expectation (2020/21) for:**

- **Waikato Regional Airport Limited and its subsidiaries**

This letter sets out Hamilton City Council's (HCC) expectations of Waikato Regional Airport Limited (WRAL) and its subsidiaries for consideration in WRAL's business planning and the development of its 2020/21 Statement of Intent (SOI). HCC expects the Board of WRAL to do everything possible to pursue the best interest of the company across all elements of the business but do so with a full understanding of the much broader strategic interests of its shareholders.

**1. Statement of Intent**

In accordance with the Local Government Act 2002, HCC expects the Board of WRAL to submit its Statement of Intent (SOI) in advance of the next financial year. Council reviews all WRAL reports and accountability documents and we request that your draft SOI 2020/21 be provided as early as possible, and no later than 31 March 2020.

In developing the SOI, HCC welcomes discussion on the content of this letter and the Board's views on its priorities in drafting your annual SOI for the coming year and beyond.

HCC expects this Letter of Expectation (LOE) to give the Board a clear sense of WRAL's business' purpose, strategic direction and its business outcomes. HCC expects the Board to accept and understand its powers, responsibilities and obligations as placed upon it by its shareholders.

**2. Principle of good governance relationships with shareholders, information flows and no surprises**

As a local government entity largely funded by ratepayers, HCC, as shareholder, can face more rigorous scrutiny in the conduct of its business and performance of its investments than private shareholders.

It is vital the Board of WRAL directly or through its Executive team keeps shareholder(s) fully informed on matters material to the business and or of public interest.

Where there are commercial sensitivities involved WRAL should communicate directly with the Chief Executive of HCC and can have total confidence that those matters will be handled appropriately and in confidence by HCC.

Board members should be aware of the major transaction thresholds that apply for the company and each subsidiary. These may be set out in the shareholder agreement or the constitution, rather than solely in the Companies Act.

In summary:

- Major transactions should be signaled via the SOL and identified as such.  
Approval of a SOL is not approval of a major transaction by the shareholder.  
Or  
Through special advice and request for resolution dependent upon timing.
- HCC staff will engage with you to assist in preparing necessary reports for HCC to facilitate consideration by Elected Members.
- Adequate time should be allowed for HCC approval, once your board approves the transaction for presentation to the Shareholder, prior to signing contracts for the transaction.

As a minimum each SOL must clearly state the definition of a major transaction for the company and whether there are major transactions planned during the SOL period.

HCC takes health and safety matters seriously. To ensure that HCC and the group as a whole are adequately addressing health and safety risks, the draft SOL should outline how the Board manage and monitor health and safety risks.

### 3. HCC Shareholding

HCC remains a 50% shareholder of WRAL. HCC would always consider increasing its shareholding in the business. However at the same time should an opportunity arise for a new investor to take a stake in the airport with a strong strategic fit and common aspiration for the business HCC would consider a reduction of its shares assuming there is no detrimental impact to the business or the interests of Hamilton city and the region.

### 4. Consistency with wider objectives of HCC

It is important that the Board and Executive of WRAL be familiar with the relevant strategies and policies of HCC that have a bearing on the WRAL operation.

Section 59 of the Local Government Act sets out the principle objectives of a Council Controlled Organisation (CCO). HCC sets out its own objectives, in accordance with s59 (1) (a), in the Hamilton Plan and this should be considered when developing the SOL.

- **Location consideration**- although WRAL is not located within HCC's territorial boundaries, HCC has a strong interest in the ongoing development of land use in and around the airport operation and its implications for future core infrastructure provision and land use planning. Given its strong relationship with the Waipa District Council (where the WRAL resides) and other local and central government planning collaborations, the Board should keep HCC fully informed on matters to do with land use and major infrastructure planning requirements.
- **The Hamilton – Auckland Corridor Plan H2A** – HCC also specifically requests that the WRAL Board and Management through its management team engage fully with the Hamilton – Auckland Corridor Plan initiative. This is a partnership between Central Government, NZTA and the Auckland, Waikato, Hamilton and Waipa Councils. This is a critical initiative to secure a long-term plan for this rapid growth corridor. The Hamilton Airport must fully engage with this initiative in sharing its input and expertise and to ensure that its strategic interests are fully considered a part of the plan.
- **An economic enabler** - HCC sees its investment in WRAL providing vital infrastructure and services to foster business activity and economic growth. This aligns with HCC's broader infrastructure investments that have a material impact upon the city's and surrounding region's economic activity. HCC expects the Board to fully recognize WRAL's role as a business

enabler for the city and region and report on those initiatives and outcomes where it has played a role in facilitating new business opportunities.

#### 5. HCC Aspirations for WRAL

HCC also considers the following specific objectives and aspirations apply:

- Core operation- operate in full accordance with the terms of its operating licenses and conditions as per relevant statutory requirements.
- Maximize returns- prudently manage the business to maximize the returns on investment, enabling the Board to maintain and sustain a healthy balance sheet, a profitable trading position and be able to fund future renewals and growth activity.
- Payment of Dividends- Subject to Board strategy, HCC expects a dividend from its investment in WRAL if possible and sustainable. Where no dividend is paid, HCC expects any trading surpluses to be invested back into the business or to offset debt at the Board's direction. This will be a matter for ongoing review.
- Diversification of revenue- the Board should preserve its capacity to diversify its business base, particularly through its property interests, that will add value to the WRAL operation. The Board should continue to operate and grow aviation services, regional commuter and freight services, and flight training activities.
- International Airport - The Board should protect, as best it can, the airports "international" designation and medium to long-term opportunity to extend its runway capability and continue to serve international landings where it can under its current operating license and commercial arrangements with airlines. The company is encouraged to become more proactive in the development of additional aviation activity at the airport including an increase in domestic and international passenger services and air freight. In particular WRAL should pursue new international air service opportunities (charter and scheduled) where it can with an initial focus on international airport city pairing that match existing runway capability notably east-coast Australia and the Pacific rim. Should any new opportunities come out of this approach the Board should report to shareholders on the matter and how they will manage new establishment costs (if required) in support of new services.

#### 6. Hamilton and Waikato Tourism Limited (HWT)

HCC would like the Board of WRAL to support HWT in its role of raising Hamilton's and the wider Waikato region's profile, resulting in increased visitor numbers. HCC plans to continue to purchase tourism marketing outcomes from HWT.

#### 7. Waikato Regional Airport Hotel Limited

HCC welcomes a revitalised focus on the Hamilton Airport Hotel and proposed remediation and expansion plans. HCC expects however that the Board will be prudent and alleviate any risk to WRAL associated with this activity.

We recognise the significant achievements of WRAL over the last year and since incorporation. We thank you for your diligence on behalf of HCC and the company.

If you have any queries or comments, your key contacts are Richard Briggs, Chief Executive and/or Sean Murray, General Manager Venues, Tourism and Major Events Group.

Yours Sincerely

A handwritten signature in black ink, appearing to be 'R. Briggs', written in a cursive style.

**Richard Briggs**  
**Chief Executive**  
**Hamilton City Council**

D-3242048



# Hamilton Airport

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Waikato Regional Airport Limited  
Annual Report & Consolidated Financial Statements  
For the year ended 30 June 2021

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DRAFT  
UNAUDITED

Item 8

Attachment 2

Waikato Regional Airport Limited  
Annual Report & Consolidated Financial Statements  
For the year ended 30 June 2021

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**Waikato Regional Airport Limited**  
Results at a Glance  
For the year ended 30 June 2021

(all amounts in '000)



Five Year Summary	2017	2018	2019	2020	2021
(all amounts in '000)					
Aeronautical income	\$2,367	\$2,595	\$3,350	\$3,379	\$4,015
Operating revenue	\$7,635	\$8,594	\$10,484	\$12,355	\$17,324
EBITDA excluding Land sales	\$2,436	\$2,871	\$3,964	\$2,838	\$6,931
Net profit before tax	\$4,063	\$2,640	\$3,021	\$5,780	\$41,657
Passenger Activity	317	353	381	304	358
Aircraft movements	129	141	146	116	73
Total Assets	\$103,666	\$107,717	\$124,220	\$132,576	\$171,781
Shareholder Funds	\$82,757	\$84,937	\$97,285	\$105,734	\$147,463
Shareholder Funds Ratio	80%	79%	78%	81%	86%
Net Asset Backing per Share	\$16.64	\$17.08	\$19.56	\$21.55	\$29.65

## Waikato Regional Airport Limited

### Chairman's Forward

For the year ended 30 June 2021

The success of the 2021 financial year amidst the backdrop of the greatest challenging times of our generation has paid testament to the progress of our diversification strategy implemented over the past five years. Each business unit responded positively to opportunities presented amongst the uncertain times to produce the most profitable year on record in the 30-year history of the Company and Group.

Our core Airport business performed strongly on the back of a resurgent recovery of domestic tourism and a better than expected return of corporate travel. The second half of the financial year saw passenger activity recover with some months achieving their record levels, exceeding even total passenger volumes from the international era. Overall, the year ended ahead of its 2018 passenger levels which is a significant achievement given the first 4 months were still very much a recovery phase for domestic tourism and corporate travel, with additional airline capacity being progressively injected to the region.

At a time when the industry was very much in a recession, it was a milestone event anywhere in the world to welcome new airline services when Origin Air commenced weekday services to Hamilton in October 2021. The Nelson based airline became our second regular scheduled airline, offering direct services to Palmerston North, a route that had been discontinued by Air New Zealand in March 2020, and no longer considered viable to be serviced by their smallest alternative 50 seat aircraft. Origin Air also introduced a new route between Hamilton and Nelson serviced via a mix of direct services at peak leisure times, complimented by seamless connections through Palmerston North.

Looking more widely around the Airport, it is evident our community has not been immune to the longer-term effects of the pandemic that have already been experienced more severely in the global aviation industry. International pilot academy L3 Harris ended its New Zealand operations in February of this year after a 17-year presence at Hamilton Airport, accounting for around 70% of our annual air traffic movements; and local utility aircraft manufacturer Pacific Aerospace closed its doors after a presence at the Airport that spanned 9 decades. While neither event was ultimately financially damaging to the airport, the profound impacts on the wider regional economy will continue to be significant for some time yet with the loss annually of 300 international students, in addition to a similar number of permanent jobs. Pacific Aerospace has since been purchased by local interests after a global search for a buyer and a small spare parts manufacturing operation has already resumed.

On our doorstep is another reminder of the ongoing consequences of the pandemic and of New Zealand's relative immunity to these. In the first week of the financial year, we received inquiry from the Crown to contract our hotel as a Managed Isolation Facility, one of 31 nationally and 3 in the Waikato. The initial 6-month contract has been through various extensions. This presented a significant change in fortunes for the Hotel business and came at a time when the employer wage subsidy was coming to an end, and with it would have been the need for significant restructuring.. Accordingly, the Hotel has been able to make a positive contribution to the Group's net trading profit, something not originally contemplated for several years at the time of purchase given the effective rebuild and start up nature of the improved Hotel property. Under the management of Jet Park Hotels, our hotel and staff have secured accolades by various agencies and guests for service delivery rated continually amongst the very best quality Managed Isolation Hotel experiences nationally.

The demand for asset classes amongst the economic uncertainty inherent in the pandemic recovery saw TPL sell 4.6 hectares of land at prices that have increased consistent with the market. Over 7 hectares were developed with further sales from this development under contract at year end for settlement over the coming 12 months. Generally speaking we saw price growth of around 30% on last year. The strength of trading amongst the remainder of the Group ensured the capital proceeds from land sales were able to be used in new investment opportunities in line with the original property development strategy, rather than as a source of working capital as was originally expected to be the case during 2021.

For the year ended 30 June 2021, the Group reported a gain arising from revaluation of its investment property portfolio of \$34 million, more than doubling its portfolio value. While this is a non-cash valuation gain, it is an important and very positive indicator of the future potential of the Group's non-aeronautical development strategy.

**Waikato Regional Airport Limited**

Chairman's Forward (continued)

For the year ended 30 June 2021

Hamilton & Waikato Tourism has continued to position the region as a very attractive destination for domestic tourists. The year began with the continuation of the highly successful "Mighty Local" campaign working collaboratively with other local development agencies to encourage Waikato residents to explore their own backyard and support local businesses. At a time where local tourism operators were constrained in their marketing expenditure, these income streams were largely replaced by two key multi-year funded initiatives from Central Government. The Strategic Tourism Asset Protection Partnership provided funding to Hamilton & Waikato Tourism, in addition to certain iconic operators directly. The funding will continue through to the end of the 2021 calendar year. Secondly, Hamilton & Waikato Tourism were appointed as the Lead Entity of the Thermal Explorer Regional Event Fund which is designed to fund new major events in the region and enable existing events to grow and diversify over the next 5 years. The primary goal of both these streams is to fund domestic visitation in the region through new activities and initiatives the region would not otherwise be able to undertake.

We expect the coming year to be remembered for two flagship investment projects:

- Firstly, after not proceeding with construction in June 2020, construction works on our \$15M terminal resilience project have already commenced early in the new financial year. The project will see the building seismically strengthened well in excess of future building code requirements and given a complete renovation to offer a modern customer experience, upgrading the current public areas that have served the region immensely well since the mid-2000s. The works will be staged over an 18-month period, including relocation of operations to the currently unused northern end of the terminal. Ongoing work around the terminal including the carpark will ensure all facets of our infrastructure are renewed and future-proofed to cope with the expected growth in passenger volumes over the next twenty years.

- Secondly, due diligence and planning work by the Group to re-zone 100ha of land to the North of the Airport into a commercial and industrial business park will result in lodging a plan change toward the end of 2021. The opportunity is commercially significant to not only the Airport, but to the region by offering further supply strategically located between the Peacocke growth cell, Cambridge and Te Awamutu whilst being well connected to the State Highway Road network, in addition to the Airport. In tandem with this exercise are workstreams to ensure the current runway extension designation consents can be renewed into the 2030s and that development north of the Airport for aeronautical and for commercial/industrial is effectively managed by an updated masterplan to be completed early 2022.

After navigating a very difficult past year much uncertainty remains, however when approaching the year with a conservative lens, the Group remains confident of continuing strong performance into 2022 due to the ongoing successful delivery and returns from its diversification strategy. With the global virus trends not showing any signs of receding, we expect ongoing strength in domestic business and leisure travel in the absence of any substantial international travel possibilities. Additionally, these global trends and New Zealand's absence of community transmission underpin the importance of the Managed Isolation Border facilities: we expect our hotel will remain contracted to the Crown in its current capacity for the vast majority of the coming year.

## Waikato Regional Airport Limited

## Consolidated Statement of Comprehensive Revenue and Expense

Year ended 30 June 2021

		2021 \$ '000	2020 \$ '000
<b>Revenue</b>			
Operating revenue	2A	17,324	12,385
Land sales		8,617	5,875
Other gains	2B	35,682	6,166
		<b>61,623</b>	<b>24,426</b>
<b>Expenses</b>			
Operating expenses		(6,159)	(5,574)
Cost of land sales		(5,586)	(3,608)
Employee benefits expense		(4,234)	(3,938)
Depreciation & amortisation	3A, 3B	(3,426)	(3,368)
Other losses	2B	-	(1,544)
Finance costs		(561)	(614)
		<b>(19,966)</b>	<b>(18,646)</b>
<b>Net surplus/(deficit) before tax</b>		<b>41,657</b>	<b>5,780</b>
Tax (expense)/credit	4A	(1,906)	2,969
<b>Net surplus/(deficit) after tax</b>		<b>39,751</b>	<b>8,749</b>
<b>Other comprehensive revenue &amp; expense</b>			
Revaluation of property, plant & equipment	3A	7,263	-
Impairment of property, plant & equipment	2C	(4,516)	-
Tax (expense)/credit	4A	(769)	-
<b>Total other comprehensive revenue &amp; expense</b>		<b>1,978</b>	<b>-</b>
<b>Total comprehensive revenue &amp; expense</b>		<b>41,729</b>	<b>8,749</b>

The accompanying notes form part of these financial statements

**Waikato Regional Airport Limited**  
Consolidated Statement of Changes in Equity  
Year ended 30 June 2021

	Share Capital \$ '000	Retained Earnings \$ '000	Revaluation Reserves \$ '000	Total \$ '000
Opening Balance - 1 July 2019	14,860	25,323	57,102	97,285
Net profit/(loss) after tax	-	8,749	-	8,749
Other comprehensive income	-	-	-	-
Total comprehensive income	-	8,749	-	8,749
Dividends paid to shareholder	-	(300)	-	(300)
<b>Closing Balance - 30 June 2020</b>	<b>14,860</b>	<b>33,772</b>	<b>57,102</b>	<b>105,374</b>
Opening Balance - 1 July 2020	14,860	33,772	57,102	105,374
Net profit/(loss) after tax	-	39,751	-	39,751
Other comprehensive income	-	-	1,978	1,978
Total comprehensive income	-	39,751	1,978	41,729
Dividends paid to shareholder	-	-	-	-
<b>Closing Balance - 30 June 2021</b>	<b>14,860</b>	<b>73,523</b>	<b>59,080</b>	<b>147,463</b>

The accompanying notes form part of these financial statements

Waikato Regional Airport Limited  
Consolidated Statement of Financial Position  
As at 30 June 2021

		2021 \$ '000	2020 \$ '000
<b>Current Assets</b>			
Cash and cash equivalents	5B	1,360	629
Trade and other receivables		1,002	558
Inventories		116	117
Development property	3C	7,256	9,409
		<b>9,734</b>	<b>10,713</b>
<b>Non Current Assets</b>			
Property, plant and equipment	3A	97,535	95,262
Investment property	3D	63,580	25,376
Intangible & other non-current assets	3B	932	1,225
		<b>162,047</b>	<b>121,863</b>
<b>Total Assets</b>		<b>171,781</b>	<b>132,576</b>
<b>Current Liabilities</b>			
Trade and other payables	4B	4,852	2,784
Employee entitlements		594	388
Provisions	4C	856	-
Borrowings	5B	-	15,888
		<b>6,302</b>	<b>19,060</b>
<b>Non Current Liabilities</b>			
Provisions	4C	626	1,396
Borrowings	5B	11,995	1,739
Deferred tax liability	4A	5,395	4,647
		<b>18,016</b>	<b>7,782</b>
<b>Total Liabilities</b>		<b>24,318</b>	<b>26,842</b>
<b>Net Assets</b>		<b>147,463</b>	<b>105,734</b>
<b>Equity</b>			
Share capital		14,860	14,860
Retained earnings		73,523	33,772
Revaluation reserves	5A	59,080	57,102
<b>Total Equity</b>		<b>147,463</b>	<b>105,734</b>

Authorised for issue by the Board of Directors on 30 November 2021

Director

Director

The accompanying notes form part of these financial statements

**Waikato Regional Airport Limited**  
Consolidated Statement of Cash Flows  
Year ended 30 June 2021

	2021 \$ '000	2020 \$ '000
<b>Operating activities</b>		
Receipts from operations	17,098	13,260
Receipts from land sales	8,617	5,875
Payments to suppliers and employees	(9,877)	(10,104)
Payments for construction of development property	(3,635)	(1,616)
Payment of interest	(528)	(588)
Payment of income taxes	(1,515)	(636)
Net cash from/(used in) operations	<b>10,160</b>	<b>6,191</b>
<b>Investing activities</b>		
Receipts from sale of property, plant and equipment	-	5
Purchases of property, plant & equipment	(1,054)	(6,473)
Purchases of investment properties	(3,753)	(2,108)
Purchases of intangible assets	-	(118)
Acquisition of business combination	-	(500)
Net cash from/(used in) investment activities	<b>(4,807)</b>	<b>(9,194)</b>
<b>Financing activities</b>		
Receipts from/(repayments of) borrowings	(5,632)	3,121
Payments of dividends	-	(300)
Net cash from/(used in) financing activities	<b>(5,632)</b>	<b>2,821</b>
<b>Net change in cash for the period</b>	<b>(279)</b>	<b>(182)</b>
Add opening cash and cash equivalents balance	629	811
Closing cash and cash equivalents attributable to the Group	<b>350</b>	<b>629</b>

The accompanying notes form part of these financial statements

**Waikato Regional Airport Limited**

Notes to the Consolidated Financial Statements

Year ended 30 June 2021

**Section One: About our annual report**

This section of notes explains how we have prepared the financial statements and the general accounting policies we have applied. More specific policies and judgements we have made are explained in sections 2-4.

**1A Reporting entity**

Waikato Regional Airport Limited owns and operates Hamilton Airport. Its consolidated financial statements include the results of the Company and its wholly owned subsidiaries:

- Titanium Park Limited (TPL) conducts commercial and industrial property development around the airport precinct.
- Hamilton & Waikato Tourism Limited (HWT) is the Waikato region's official Regional Tourism Organisation and promotes the region as a business and leisure tourism destination both nationally and internationally.
- Waikato Regional Airport Hotel Limited (WRAHL) which since 2019, has operated and traded as the Jet Park Hamilton Airport Hotel & Conference Centre.

**1B Basis of preparation**

These consolidated financial statements have been prepared to comply with:

- Companies Act 1993
- Local Government Act 2002
- Airport Authorities Act 1966

The financial statements are prepared in accordance with Generally Accepted Accounting Practice, which in the case of the Group, is the Public Benefit Entity standards for Public Sector organisations that have less than \$30 million annual expenditure ("Tier 2 PBE Standards"). The Group is eligible to apply Tier 2 PBE Standards, including the Reduced Disclosure Regime as it is not publicly accountable or large.

In preparing the consolidated financial statements, transactions including revenues, expenses and loans occurring between entities and balances owing/receivable between entities at year end in the Group have been eliminated. Individual entity financial statements are adjusted if necessary to comply with the Group's accounting policies upon consolidation.

The financial statements are presented in New Zealand Dollars and rounded to the nearest thousand dollars unless otherwise stated. The Group does not routinely enter into material transactions denominated in foreign currencies.

Except as disclosed in the Notes to the Financial statements, all amounts have been recorded using the historical cost measurement basis, on the assumption the Group is a going concern. All amounts presented are shown exclusive of GST, except for amounts owing or receivable where the balance is inclusive of GST.

During the year Hamilton & Waikato Tourism was appointed the lead entity for the Thermal Explorer Regional Events Fund, a central government-funded initiative to boost domestic tourism while international borders remain largely closed. HWT acts only as an agent for the fund which represents 8 Central North Island RTOs and Local Authorities, therefore revenues and expenses of the fund's trading activity are excluded from the consolidated results of the Group. Any assets and liabilities held by HWT on behalf of the fund in its capacity as an agent are separately identified in the Notes accompanying these financial statements.

**Critical estimates and judgements**

In preparing financial statements that comply with Tier 2 PBE Standards, the Company has made certain estimates and judgements which have a material impact on the amounts reported, in particular the valuation of Property, Plant & Equipment (Note 3A), impairment of Intangible Assets (Note 3B); cost of Development Property (Note 3C); valuation of investment Property (Note 3D); recognition and measurement of assets acquired in business combinations (Note 3E); and provisions and contingencies in respect of Infrastructure Development (Note 4C).



**Waikato Regional Airport Limited**

Notes to the Consolidated Financial Statements

Year ended 30 June 2021

**1C Specific Accounting Policies**

Accounting policies adopted by the Group and critical estimates and judgements made in preparing these financial statements are detailed further in the accompanying notes, in addition to those outlined below.

All accounting policies have been applied consistently to both the current reported period balances and the comparative amounts, and there have been no changes in accounting policies in the current or previous year. Certain amounts have been restated from previous periods to comply with current year presentation. Additionally, there have been no material changes arising from the adoption of newly effective accounting standards.

**(i) Land Sales**

Revenue from sale of development property is recognised when the significant risks and rewards of ownership have passed to the purchaser. This ordinarily coincides with settlement by the purchaser. Upon recognising the sale of development property, the cost of that property and any transaction costs are expensed to net surplus/(deficit).

**(ii) Employee benefit expense & Employee entitlements**

Employee benefit expense includes all salaries, wages, any performance bonuses paid to staff and contributions to post-employment benefit schemes (e.g. Kiwi Saver). The Group's expense also includes PAYE income tax and other deductions made by the Group. Amounts owing to staff, and any deductions collected but not yet paid, are recognised within the Employee entitlements liability. All Employee entitlements including performance bonus schemes are expected to be settled in the next twelve months, so no discounting adjustment is made.

**(iii) Finance Costs**

Finance costs include interest incurred on borrowings and other similar charges. Finance costs are expensed except to the extent they relate to borrowings specifically incurred to finance construction of qualifying assets, in which case the finance costs are capitalised as part of the asset's cost. Qualifying assets typically take more than 6 months to construct. Upon completion of the asset construction, capitalisation of further finance costs ceases.

**(iv) Trade and other receivables**

Trade and other receivables are recorded at their expected realisable value, net of an allowance for balances where collection appears doubtful. Balances receivable by the Group are subject to a provision where there is material uncertainty around collection at 30 June 2021 of \$3,000 (2020: \$53,000).

**(v) Inventory**

Inventories include consumables for use in the Group's operations which are recorded at cost, and goods for re-sale in the Group's retail outlets which are recorded at lower of cost or net realisable value when it is identified the selling price will be less than their cost. There have been no material write downs of inventory in the current or previous period.

**(vii) Impairment of non-financial assets**

All assets not already recorded at fair value are reviewed for indicators of impairment when there are indicators that asset's value may not be recoverable. An impairment loss is recognised when an asset's recoverable value is less than its current carrying value. Impairment losses are recognised in net surplus/(deficit) except to the extent a loss relates to a reduction in the fair value of an asset previously revalued through the Asset Revaluation Reserve, in which case the revaluation reserve is reduced. The recoverable value of an asset is the greater of its disposal value or value in use, being its depreciated replacement cost.

**Waikato Regional Airport Limited**

Notes to the Consolidated Financial Statements

Year ended 30 June 2021

**Section Two: About our performance for the year**

This section provides information about how we performed for the year including how we derived our revenue and earnings, and how we performed against our Statement of Intent.

**2A Operating Revenue**

Operating revenue from exchange transactions is recognised when the underlying goods or services have been provided to the customer. Rental income from property leased to customers by the Group is recognised on a straight line basis over the lease term. Amounts received from customers in advance of the underlying goods or services being delivered are deferred initially and recognised as a liability.

Revenue from non-exchange transactions arise when there is no obligation to deliver goods or services directly in return to the funding provider. Revenue is only deferred if there are other substantive performance obligations yet to be met or conditions to return unspent amounts to the funding provider. Included in non-exchange income is government grant revenues recognised for the COVID19 employer wage subsidy. Grant monies received for the extended period covering July and August 2020 were recognised as a liability at 30 June 2020 as not all performance obligations were met to recognise these revenues by 30 June 2020.

	2021 \$ '000	2020 \$ '000
Aeronautical, landing and passenger charges	4,015	3,379
Leases, rentals and concessions	2,912	2,245
Carparking & retail	2,802	2,438
Hotel trading	5,375	1,995
Other	164	132
<b>Total exchange revenue</b>	<b>15,268</b>	<b>10,189</b>
Regional Tourism Organisation funding	1,888	1,632
Government grants	168	564
<b>Total non-exchange revenue</b>	<b>2,056</b>	<b>2,196</b>
<b>Total operating revenue</b>	<b>17,324</b>	<b>12,385</b>

**2B Other gains and (losses)**

	2021 \$ '000	2020 \$ '000
<b>Other gains</b>		
Gain on revaluation of investment property	34,227	6,136
Gain on disposal of property, plant and equipment	48	30
Gain on acquisition of property, plant & equipment	220	-
Reversal of impairment expense from prior periods	1,187	-
	<b>35,682</b>	<b>6,166</b>
<b>Other losses</b>		
Impairment expense	-	(1,484)
Loss on disposal of property, plant and equipment	-	(60)
	<b>-</b>	<b>1,544</b>

**Waikato Regional Airport Limited**

Notes to the Consolidated Financial Statements

Year ended 30 June 2021

**2C Impact of COVID19 Pandemic**

For the majority of the financial year all entities within the group had operated in line, or better than expectations and were able to achieve all of the performance measures set in their respective Statements of Intent. The global pandemic's impact was most significantly during the first quarter of the financial year with the following overall major impacts on each entity:

<b>Waikato Regional Airport Limited (Hamilton Airport)</b>	Domestic passenger activity recovered quickly during the first half of the year to pre-COVID monthly levels. Neither Hamilton, nor any cities serviced directly from our airport, were subject to further travel restrictions due to alert level changes resulting in the airport handling more than double its expected passengers. The cessation of the L3 CTS Airline Academy resulted in a significant reduction in air traffic movements in the second half of the year with a resultant impact to aeronautical and landing charges.
<b>Titanium Park Limited</b>	There were no material impacts to the current year trading results as properties subject to previous sale contracts that had been cancelled were re-sold to new purchasers.
<b>Hamilton &amp; Waikato Tourism</b>	HWT were recipients of additional central government grants to fund additional domestic visitation to the region, of which \$0.4m were recognised as income during the period. This offset a reduction in industry contribution funding enabling HWT to maintain its existing level of investment in local tourism.
<b>Waikato Regional Airport Hotel Limited (Jet Park Hotel Hamilton Airport)</b>	Early in the financial year the Hotel was contracted to the Crown as a Managed Isolation Facility, initially for 6 months, the contract has since been renewed into the 2022 year. This enabled the Hotel to trade profitably with a contribution of approximately \$2.0m to Group Net Surplus before Tax, compared to a loss of \$0.7m budgeted in the Statement of Intent.

As a result of the ongoing pandemic response there were no material additional operating expenses incurred however there were some savings in operating costs from the previous year due to cost saving initiatives implemented by the Group during the period, and variable operating costs reducing in line with downturns in activity.

## Waikato Regional Airport Limited

Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 2C Impact of COVID19 Pandemic (continued)

The carrying value of assets and liabilities at 30 June 2020 were subject to a high degree of uncertainty due to the absence of market information following the significant events of the Pandemic, being most notably the Alert Level 3 and 4 Lockdown.

▪ Property, plant and equipment was found to be impaired due to projects for asset work in progress (under construction or development) being suspended without clarity of if or when the projects would resume. In the current year the Group has made decisions to resume these projects resulting in the reversal of all prior year impairment of property, plant & equipment due to there being no changes in scope, additional costs or re-work required in respect of the projects to date. At 30 June 2021, except as detailed below, no further indicators of impairment to Group assets have been identified, with Airport Infrastructure also having been independently valued in the current year resulting in a gain of \$7.263m.

▪ On the basis of the Group electing to proceed with the Terminal Resilience Project, a significant project with a budget of \$15.0m that will take place over the next two financial years to seismically strengthen the building and deliver an improved customer experience, previous impairments relating to this project were reversed amounting to \$1.186m. As a result of this, the current terminal building asset was found to be impaired by \$4.516m. This has been recognised as a reduction in Other Comprehensive Revenue & Expense in the current year, on the basis the asset and asset class had positive revaluation reserve balances previously. The net effect of these impairments was a \$3.330m reduction in carrying value of buildings at 30 June 2021.

▪ Certain Intangible assets were deemed to be impaired at 30 June 2020 on the basis of assumptions around future earnings and benefits indicating the asset value was not recoverable. In the case of assets identified to have been impaired in the previous year, there has been no material change identified in their recoverable values so there has been no further impairment recognised, nor any recovery of previous impairment.

▪ Investment property was revalued resulting in a gain of \$34.2m being recognised in the current year. This has been based on independent valuations as further described in Note 3D. The valuers indicated there was greater certainty attributed to these valuations compared with the prior year due to reliable, observable market data being available and improved economic forecasts.

▪ Development property was again assessed for impairment by considering price evidence for commercial and industrial land achieved in post-COVID market transactions. In this regard no impairment was identified however due to the cancellation of certain future property contracts, costs incurred in relation to development for these contracts have been fully impaired.

Impairment and other losses in the recoverability of the Group's assets arising from these assessments over the past two years is summarised below:

Impairment Expense		2021 \$ '000	2020 \$ '000
Property, plant & equipment	3A	1,186	(1,186)
Intangible assets	3B	-	(165)
Development property		-	(66)
Accounts Receivable		1	(53)
Inventories		-	(14)
<b>Total Impairment (Expense)/Reversal</b>		<b>1,187</b>	<b>(1,484)</b>

The reversal of impairment expense in the current financial year has been recognised within Other Gains Revenue, refer Note 2B.

Waikato Regional Airport Limited  
Notes to the Consolidated Financial Statements  
Year ended 30 June 2021

2D Our performance against our financial targets set in our Statement of Intent (Our Statement of Service Performance)

	2021			2020		
	Actual \$ '000	Target \$ '000	Met	Actual \$ '000	Target \$ '000	Met
<b>Earnings performance targets</b>						
Net surplus/(deficit) before tax <i>no less than</i>	2,944	(3,700)	✓	n/a	n/a	n/a
Net surplus/(deficit) after tax <i>no less than</i>	n/a	n/a	n/a	(965)	1,200	✗
Earnings before tax, interest, depreciation & amortisation (EBITDA) excl Land Sales <i>of at least</i>	6,931	(500)	✓	2,873	4,000	✗
Earnings before tax, interest, depreciation & amortisation (EBITDA) incl Land Sales <i>of at least</i>	9,962	300	✓	5,140	6,000	✗
Percentage of non-landing charges to total revenue <i>of at least</i>	77%	60%	✓	73%	60%	✓
Land Sales <i>of at least</i>	8,617	4,000	✓	0	7,000	✗
Interest coverage ratio <i>of at least</i>	12.4	(4.0)	✓	4.7	4.0	✓
<b>Cash flow and funding performance targets</b>						
Net operating cash flow excl Land sales <i>of at least</i>	10,160	(1,500)	✓	1,932	2,500	✗
Net debt <i>a maximum of</i>	11,645	30,000	✓	16,998	25,000	✓
<b>Shareholder value performance targets</b>						
Shareholder funds to total assets <i>of at least</i>	86%	65%	✓	80%	65%	✓
Net profit after tax, interest and revaluations to total assets <i>of at least</i>	n/a	n/a	n/a	4.6%	1.3%	✓
Net profit after tax, interest and revaluations to total shareholder funds <i>of at least</i>	n/a	n/a	n/a	5.8%	1.0%	✓

All earnings and profitability financial performance targets exclude the effect of land sales (and land cost of sales) and revaluation gains and losses recognised in net surplus/(deficit) after tax unless otherwise stated. Refer Note 2C for further details around the impact of COVID19 on the Group's ability to meet its performance targets during 2020.

Waikato Regional Airport Limited  
Notes to the Consolidated Financial Statements  
Year ended 30 June 2021

2D Our performance against our non-financial targets set in our Statement of Intent (Our Statement of Service Performance)

Performance Target	Comment	Met	
		2021	2020
Facilitate health & safety meetings every 2 months with representatives from each company department.	Health & Safety committee meetings are undertaken on a monthly basis	✓	✓
Zero WorkSafe notifiable accidents/injuries.	There were no notifiable incidents in either 2021 or 2020	✓	✓
Independently review and audit the health and safety system each year.	An independent audit of the Group's health and safety framework was undertaken and all recommendations were implemented	✓	✓
To achieve airport certification standards required by the Civil Aviation Authority (CAA) as evidenced by CAA audit reports.	The airport continues to meet all relevant CAA certification standards	✓	✓
Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events).	There have been no incidences of scheduled flights being operationally impacted by controllable events	✓	✓
Facilitate noise management meetings every 4 months in accordance with the noise management plan.	Regular meetings have been facilitated every 4 months	✓	✓

Waikato Regional Airport Limited  
Notes to the Consolidated Financial Statements  
Year ended 30 June 2021

2D Our performance against our non-financial targets set in our Statement of Intent (Our Statement of Service Performance)

Performance Target	Comment	2021	2020
Titanium Park Limited			
Finalise subdivision plans for the 4th Stage of Titanium Park's Central Precinct	Plans were finalised and construction commenced during the year.	n/a	✓
Complete construction of the 4th Stage of Titanium Park's Central Precinct and 2nd Stage of Southern Precinct.	Construction of both precinct developments was completed and land sales settled	✓	n/a
Develop a masterplan for Titanium Park's Northern Precinct and prepare a private plan change submission to Waipa District Council	The masterplan was completed however the project was halted due to the Group's financial constraints arising from COVID19 and resumed during 2021.	✗	✗
Hamilton & Waikato Tourism			
Achieve 5% growth in visitor nights and visitor expenditure (as measured by key MBIE Tourism statistics)	Growth in these metrics was on track for the 2020 year until the travel restrictions imposed due to COVID19 effectively halted Tourism.	n/a	✗
Jet Park Hotel Hamilton Airport (Waikato Regional Airport Hotel Limited)			
Complete a refurbishment program (both internally and externally) that will allow the hotel to be accredited to a Qualmark 4 Star standard	Extensive refurbishment work was undertaken and the property gained Qualmark 4 Star and Silver Enviro accreditations.	n/a	✓
Implement a recovery plan to enable a steady return to pre-COVID key metrics such as occupancy, room rates and customer satisfaction in line with the expectations underlying the achievement of a Qualmark 4 Star rating.	The hotel's contract to operate as a Managed Isolation Facility was continued throughout the financial year so it did not resume operations as a regular trading hotel.	✗	n/a

### Section Three: About our assets

This section provides information about the assets we own, how much they are worth and how we value and report them on an ongoing basis.

#### 3A Property, Plant and Equipment

##### Classes of Asset

Property plant and equipment comprises the following classes of assets:

- Land owned by the Group for use in its own operations or retained for strategic purposes
- Buildings owned by the Group for use in its own operations or retained for strategic purposes
- Airport infrastructure, including runways, taxiways, apron areas, reticulated systems, internal roading and carparking
- Other plant and equipment, including motor vehicles, general plant and equipment, computer & IT equipment and furnishings

##### Initial recognition

Items of property, plant and equipment are recognised initially at cost. Assets under construction (work in progress) are recognised at cost and are not depreciated until available for use.

##### Subsequent measurement

- Land is revalued to fair value determined from market based evidence of similar land.
- Buildings and Airport infrastructure are revalued on a depreciated replacement cost basis except for the Airport Hotel & Conference Centre building which is valued on a market value basis.

Valuations are undertaken when the Group estimates there has been a material change in fair value, and at least every 5 years. All valuations are undertaken by independent, professional valuers with experience in the types of assets the group owns. Telfer Young Waikato undertake land valuations (last valuation: 2019), Beca Valuations Limited undertake all building and airport infrastructure (last valuations: buildings 2019, infrastructure 2021), except for the Airport Hotel Buildings which are valued by Jones Lange LaSalle (last valuation: 2020).

Changes in fair value including impairment losses are recognised within Other comprehensive revenue & expense except where a revaluation results in a carrying value below the asset's cost, in which case decreases below cost are recognised in net surplus/(deficit) for the period.

##### Depreciation

Except for land, the cost or valuation of all items of property, plant and equipment are depreciated over their estimated useful lives on a straight line basis

- Buildings - 4-59 years
- Airport infrastructure - 4-79 years
- Other plant and equipment - 2-50 years

##### Disposals

Upon disposal of an asset, any gain or loss arising between the disposal proceeds and carrying value is recognised in net surplus/(deficit). Any revaluation reserve attributable to the asset is transferred directly to retained earnings.



**Waikato Regional Airport Limited**  
Notes to the Consolidated Financial Statements  
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**3A Property, Plant and Equipment (continued)**

	Land	Buildings	Airport Infrastructure	Other Plant & Equipment	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Cost/Valuation</b>					
Cost/Valuation at 1 July 2019	45,206	26,442	23,600	6,077	101,325
Additions	1,117	3,565	755	1,113	6,550
Disposals	-	(13)	-	(555)	(568)
Revaluation	-	-	-	-	-
Cost/Valuation at 30 June 2020	46,323	29,994	24,355	6,635	107,307
Cost/Valuation at 1 July 2020	46,323	29,994	24,355	6,635	107,307
Additions	-	563	268	653	1,484
Disposals	-	-	-	(48)	(48)
Revaluation	-	-	(583)	-	(583)
Cost/Valuation at 30 June 2021	46,323	30,557	24,040	7,240	108,160
<b>Depreciation</b>					
Accumulated Depreciation 1 July 2019	-	(65)	(4,592)	(3,838)	(8,495)
Depreciation Expense	-	(690)	(1,621)	(558)	(2,869)
Disposals	-	3	-	502	505
Revaluation	-	-	-	-	-
Impairment 2C	-	(1,186)	-	-	(1,186)
Accumulated Depreciation 30 June 2020	-	(1,938)	(6,213)	(3,894)	(12,045)
Accumulated Depreciation 1 July 2020	-	(1,938)	(6,213)	(3,894)	(12,045)
Depreciation Expense	-	(909)	(1,633)	(591)	(3,133)
Disposals	-	-	-	37	37
Revaluation	-	-	7,846	-	7,846
Impairment 2C	-	(3,330)	-	-	(3,330)
Accumulated Depreciation 30 June 2021	-	(6,177)	-	(4,448)	(10,625)
<b>Carrying Value</b>					
30 June 2020	46,323	28,056	18,142	2,741	95,262
30 June 2021	46,323	24,380	24,040	2,792	97,535

At 30 June 2021, buildings of \$1,306,000 (2020: \$13,000) remained under construction and were not in use or depreciated. There were no other assets under construction (2020: airport infrastructure of \$497,000; other plant & equipment \$250,000).

Included in additions to buildings year ended 30 June 2021 were assets acquired in a non-exchange transaction for no consideration. These were recognised initially at their fair value upon acquisition of \$220,000, with the corresponding revenue included within Other Gains.

## Waikato Regional Airport Limited

Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## 3B Intangible and other assets

Intangible and other assets comprise:

• Aeronautical designations are consents issued by local authorities that provide regulatory protection for the Group to undertake activities such as extend the airport runway and install approach lighting on neighbouring properties. Assets are recognised initially at the cost obtaining consent from the local authorities, and amortised on a straight line basis over the period of the consents which are between 10 and 15 years (up to 5 years remaining). These assets have been designated as being held in non-cash generating units as the principal purpose is to protect and enhance the future service potential of the airport, over and above generating an economic return.

• Other intangibles have arisen primarily from the acquisition of other business around the airport. They reflect the benefit to the Group of acquiring these businesses with standing contracts and customers and are amortised on a straight line basis over the length of the remaining lives of the contracts which are normally up to 3-6 years. During the year ended 30 June 2020, \$606,000 of other intangible assets were recognised in a business combination transaction. These assets are designated as being held in cash generating units as these businesses were acquired for the purpose of generating a profit, rather than to enhance the service potential of the aeronautical business.

• Other assets that are recognised initially at the cost of acquisition and amortised on a straight line basis over the expected life of the underlying asset.

	Aeronautical Designations \$ '000	Other Intangibles \$ '000	Other Assets \$ '000	Total \$ '000
<b>Cost</b>				
Cost at 1 July 2019	1,394	394	184	1,972
Additions	-	732	-	732
Disposals	-	-	-	-
Cost at 30 June 2020	1,394	1,126	184	2,704
Cost at 1 July 2020	1,394	1,126	184	2,704
Additions	-	-	-	-
Disposals	(335)	(8)	-	(343)
Cost at 30 June 2021	1,059	1,118	184	2,361
<b>Amortisation</b>				
Accumulated Amortisation 1 July 2019	(660)	(27)	(128)	(815)
Amortisation Expense	(163)	(327)	(9)	(499)
Impairment Expense	-	(165)	-	(165)
Disposals	-	-	-	-
Accumulated Amortisation 30 June 2020	(823)	(519)	(137)	(1,479)
Accumulated Amortisation 1 July 2020	(823)	(519)	(137)	(1,479)
Amortisation Expense	(95)	(188)	(10)	(293)
Disposals	335	8	-	343
Accumulated Amortisation 30 June 2021	(583)	(699)	(147)	(1,429)
<b>Carrying Value</b>				
30 June 2020	571	607	47	1,225
30 June 2021	476	419	37	932

**Waikato Regional Airport Limited**

Notes to the Consolidated Financial Statements

Year ended 30 June 2021

**3C Development Property**

The Group, through its subsidiary Titanium Park Limited, undertakes the development of commercial and industrial property for sale. Land held by the Group for development is recognised initially at cost, or carrying value on the date it is designated for development if previously held as Investment property, or Property, plant and equipment. The balance of Development Property includes the costs of land plus costs such as roading and utilities infrastructure as well as consents from regulatory authorities needed to develop subdivisions and interest capitalised on borrowings used to finance development.

Development property is carried at the lower of its cost or its fair value less cost to sell. Fair value less cost to sell is determined by the Group based on contracted future sales prices, and estimates of market value of land not committed to future sale, taking into account sales activity of comparable properties and typical costs incurred in completing sales.

	2021 \$ '000	2020 \$ '000
Opening balance	9,409	10,858
Development costs capitalised	3,497	1,977
Reclassification to investment property	(227)	-
Less cost of development property sold	(5,423)	(3,426)
	<b>7,256</b>	<b>9,409</b>

At 30 June 2021, the Group has 13.9 hectares (2020: 19.1 hectares) available for development and sale.

**3D Investment property**

Investment properties are land and buildings owned by the Group and held for capital appreciation, or primarily for earning rental income under operating leases. Investment properties are recognised initially at cost then subsequently measured to fair value annually, with changes recognised in net surplus/(deficit).

Fair value is determined by independent, professional valuers Telfer Young Waikato who have experience in the type of Investment properties owned by the Group. Valuations are derived from comparable market data for similar properties.

	2021 \$ '000	2020 \$ '000
Opening balance	25,376	17,132
Acquisitions & additions	3,750	2,108
Reclassification from development property	227	-
Changes in fair value	34,227	6,136
	<b>63,580</b>	<b>25,376</b>

During the year ended 30 June 2021, \$227,000 of development property was redesignated as investment property due to it now being retained for leasing purposes by the Group.

## Waikato Regional Airport Limited

Notes to the Consolidated Financial Statements

Year ended 30 June 2021

## Section Four: About our obligations and commitments

This section details the future liabilities and commitments we have, and how we have measured and calculated them.

## 4A Income Tax

Income tax is recognised in net profit/(deficit) except to the extent it relates to items recognised in equity. Income tax expense for the period comprises current tax and deferred tax. Current tax is the estimated income tax payable based on the current period taxable income, plus any adjustments to income tax payable in respect to prior periods.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax losses used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Income Tax Expense	2021 \$ '000		2020 \$ '000	
Net surplus/(deficit) before tax		41,657		5,780
Income tax at Group's tax rate	28.0%	(11,664)	28.0%	(1,618)
Effect of tax exempt income	(23.5%)	9,805	(32.9%)	1,899
Effect of expenditure non-deductible for tax purposes	0.5%	(190)	21.8%	(1,259)
Adjustments in respect of prior periods	(0.3%)	122	(1.7%)	99
Current tax expense	4.6%	(1,927)	15.2%	(879)
Effect of change in legislation for building depreciation	-	-	0.0%	2,825
Effect of temporary differences (deferred tax expense)	(0.1%)	21	(17.7%)	1,023
Total tax expense	4.6%	(1,906)	-51.4%	2,969

Movement in Deferred Tax Assets/(Liabilities)	1 July 2019	Recognised in Surplus	Recognised in OCRE	Business Combination	30 June 2020
Property, plant and equipment	(8,402)	3,586	-	-	(4,816)
Intangible assets	(7)	34	-	(169)	(142)
Employee entitlements	21	19	-	-	40
Other	62	209	-	-	271
	(8,326)	3,848	-	(169)	(4,647)

	1 July 2020	Recognised in Surplus	Recognised in OCRE	Business Combination	30 June 2021
Property, plant and equipment	(4,816)	56	(769)	-	(5,529)
Intangible assets	(142)	42	-	-	(100)
Employee entitlements	40	42	-	-	82
Other	271	(119)	-	-	152
	(4,647)	21	(769)	-	(5,395)

**Waikato Regional Airport Limited**

Notes to the Consolidated Financial Statements

Year ended 30 June 2021

**4B Trade and other payables**

Trade and other payables are recorded initially at their fair value. All amounts are interest free, and expected to be settled in the next accounting period.

	2021 \$ '000	2020 \$ '000
Trade payables and accrued expenses	1,763	1,305
Revenue received in advance	793	664
Thermal Explorer Regional Events Fund Agency Liability	1,082	-
Income tax payable	1,214	815
	<b>4,852</b>	<b>2,784</b>

**4C Provision for Infrastructure Development**

Due to the nature of property development undertaken by the Group via its subsidiary Titanium Park Limited, the Group has a number of actual and potential future obligations to construct (or contribute to the construction of) water supply and reticulation, waste water facilities and roading infrastructure around the Hamilton Airport precinct.

Provisions are recognised at the Group's best estimate of future costs in relation to commitments where a present obligation has arisen, discounted for the expected timing of the construction or contribution being made. The initial cost of a provision is capitalised as part of the asset to which it relates with subsequent changes in the provision due to discounting reflected in net surplus/(deficit).

	2021 \$ '000	2020 \$ '000
Opening balance	1,396	632
Additional obligations and commitments capitalised	181	743
Provision utilised	(140)	(5)
Other changes recognised in net surplus/(deficit)	45	26
	<b>1,482</b>	<b>1,396</b>

**Presentation in Financial Statements**

Current Liability	856	-
Non Current Liability	626	1,396
	<b>1,482</b>	<b>1,396</b>

During the year ended 30 June 2020, the Group was able to extend certain consents by up to 5 years meaning it could defer \$632,000 of obligations that were previously classified liabilities. Accordingly, these obligations have been classified as non-current liabilities at 30 June 2020 and 2021.

Waikato Regional Airport Limited  
Notes to the Consolidated Financial Statements  
Year ended 30 June 2021

#### 4C Infrastructure Development (continued)

Contingent liabilities are recognised where there is less certainty about the timing, amount or likelihood of a future commitment, and when no present obligation exists. The Group's best estimate of the potential future commitment is disclosed where practicable, but not included within its balance sheet.

Contingent liabilities	2021 \$ '000	2020 \$ '000
Waipa District Council - water supply upgrade contribution	690	690
NZTA State Highway 21 - intersection upgrade contribution	unknown	unknown

The potential costs in relation to the NZTA State Highway 21 Intersection cannot be reliably estimated as the eventual intersection design is dependent on future traffic flow and generation which are outside the control of the Group.

#### 4D Commitments

At 30 June 2021, the Group had contractual commitments for capital expenditure of \$11,221,000 (2020: \$851,000).

#### 4E Events subsequent to balance date

**Waikato Regional Airport Limited**

Notes to the Consolidated Financial Statements

Year ended 30 June 2021

**Section Five: About how we are funded and our shareholder value**

This section gives information about our shareholders including their shareholdings and how their interest in the Group has grown in value.

**5A Equity****Share Capital**

The shareholding of Waikato Regional Airport Limited at 30 June 2021 was:

	Ordinary Shares	Percentage
Hamilton City Council	2,486,752	50.0%
Waipa District Council	777,110	15.6%
Waikato District Council	777,110	15.6%
Matamata Piako District Council	777,110	15.6%
Otorohanga District Council	155,422	3.2%
	<b>4,973,504</b>	<b>100.0%</b>

There were no changes in shareholding during the year (2020: none). All shares are fully paid and carry equal rights to vote and share the net assets of the Company. The shares have no par value, nor any fixed dividend rights.

**Asset Revaluation Reserve**

The accumulated, unrealised gains in asset revaluation are accumulated in the Asset revaluation reserve and are attributable the following asset classes:

	2021 \$ '000	2020 \$ '000
Land	34,712	34,712
Buildings	4,580	7,832
Airport Infrastructure	19,787	14,558
	<b>59,080</b>	<b>57,102</b>

**Waikato Regional Airport Limited**

Notes to the Consolidated Financial Statements

Year ended 30 June 2021

**5B Cash and Borrowings**

Cash and cash equivalents comprise cash on hand and bank accounts held with reputable retail banks in New Zealand. This balance also includes overdraft facilities used for working capital purposes and set off facilities between account balances among Group entities.

Borrowings are longer term debt facilities held with retail banks in New Zealand used to finance capital and investment requirements.

<b>Borrowings</b>	<b>2021 \$ '000</b>	<b>2020 \$ '000</b>
Current portion - due within 12 months	-	15,888
Non-current portion - due between 12 and 24 months	-	1,739
Non-current portion - due between 24 and 36 months	11,995	-
<b>Total drawn borrowing facilities</b>	<b>11,995</b>	<b>17,627</b>
Undrawn bank overdraft facilities	400	1,050
Undrawn term borrowing facilities	17,005	6,303
<b>Total unutilised borrowing and overdraft facilities</b>	<b>17,405</b>	<b>7,353</b>

The weighted average interest rate on borrowings at year end was 2.73% (2020: 3.58%). All borrowings and overdraft facilities are held with the Bank of New Zealand and are secured by way of a general security agreement and mortgages over certain land, buildings, investment properties.

<b>Cash and cash equivalents</b>	<b>2021 \$ '000</b>	<b>2020 \$ '000</b>
Cash and bank/(bank overdraft) balances held by the Group	(35)	224
Cash and bank balances held in trust and with restrictions on use	385	405
<b>Cash and bank balances attributable to the Group</b>	<b>350</b>	<b>629</b>
Cash and bank balances held in capacity as agent	1,010	-
<b>Total cash and cash equivalents</b>	<b>1,360</b>	<b>629</b>

As is common for the types of land sales contracts entered into by Group, customers pay a deposit which is customarily retained in an independent trust account until settlement of a property sale is complete. The Group includes such amounts as part of its cash and cash equivalents balance but these are restricted in their use as the Group must first get approval of customers to use such monies to meet specific performance obligations under its land sale contracts. These amounts totalled \$385,000 at 30 June 2021 (2020: \$405,000).

Additionally, the Group, via its subsidiary Hamilton & Waikato Tourism, held cash of \$1,010,000 at 30 June 2021 (2020: none) in an agency capacity on behalf of the Thermal Explorer Regional Events Fund. The corresponding liability is recognised as a component of trade and other payables in Note 4B.



#### Section Six: Corporate Governance and Management

Section Six provides details about remuneration provided to the Group's Directors and Key Management Personnel, as well as details of transactions that took place with related parties

#### 6A Related parties

The following transactions took place with entities and individuals related to the Group

	2021 \$ '000	2020 \$ '000
<b>Remuneration</b>		
Directors	199	187
Number of directors	9	9
<b>Key management personnel</b>	1,164	959
Number of personnel (full time equivalent)	6	6
<b>Other</b>		
Transactions in which directors declared an interest	249	152

Transactions carried out between the Group and its related parties arise from interests declared by directors. These transactions were for purchases of IT-related goods and services (\$133,000, 2020: \$152,000) and utility infrastructure (2021: \$116,000, 2020: nil) in the normal course of the Group's business.

**Waikato Regional Airport Limited**  
Notes to the Consolidated Financial Statements  
Year ended 30 June 2021

**6B Directors Holding Office**

	Director Fees	
	2021 \$ '000	2020 \$ '000
<b>Waikato Regional Airport Limited</b>		
Barry Harris (Chair)	49	48
Annabel Cotton	30	29
Simon Craddock (appointed November 2020)	18	-
Carlos Da Silva (retired November 2020)	12	29
Margaret Devlin	30	29
Kate Searancke (appointed November 2020)	18	-
<b>Hamilton &amp; Waikato Tourism Limited</b>		
Annabel Cotton - Chair	18	18
Simon Douglas (retired December 2019)	-	6
Steven Gow	12	12
Richard Leggat	12	12
Mark Morgan	-	-
Karleen Turner Puriri (retired December 2019)	-	6

The Directors of the Parent Company (WRAL) are also the Directors of subsidiaries Titanium Park Limited and Waikato Regional Airport Hotel Limited under a common Board of Directors. The Directors receive no separate remuneration from these subsidiaries.

In addition to Director Fees paid, Margaret Devlin received payment for other advisory services of in 2020 of \$3,000 (2021: none) Annabel Cotton received an additional \$5,000 (2020: \$5,000) for Chairing the Group's Audit & Risk Committee.

**Waikato Regional Airport Limited**  
Notes to the Consolidated Financial Statements  
Year ended 30 June 2021

#### 6C Employee Remuneration

The numbers of employees outlined below received remuneration including salaries and performance bonuses exceeding \$100,000:

	2021	2020
\$360,000-\$369,999	1	-
\$260,000-\$269,000	-	1
\$200,000-\$209,999	1	-
\$180,000-\$189,999	1	1
\$170,000-\$179,999	1	1
\$150,000-\$159,999	-	1
\$130,000-\$139,999	1	-
\$100,000-\$109,999	2	-

#### 6D Auditor

Pursuant to the Local Government Act 2002, Audit New Zealand is the auditor of the Group on behalf of the Auditor General. Audit New Zealand were paid \$145,000 for the audit of the Group and subsidiary financial statements (2020: \$139,000).

# Council Report

**Committee:** Economic Development Committee  
**Date:** 11 August 2021  
**Author:** Tilly Murcott  
**Authoriser:** Blair Bowcott  
**Position:** Programme Manager  
**Position:** General Manager Growth  
**Report Name:** Hamilton Central Business Association - Six-monthly update

<b>Report Status</b>	<i>Open</i>
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## Purpose - *Take*

1. To inform the Economic Development Committee on the Hamilton Central Business Association (HCBA) six-monthly update and the Action Plan for 2021-22 and Strategic Plan for 2021 – 2024.
2. To inform the Economic Development Committee of the CBD Activation Plan and to seek delegated authority for the General Manager Growth to renew the CBD Activation Plan Service Level Agreement (SLA) for 2021 - 2024.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Economic Development Committee:
  - a) receives the following HCBA reports, which are attached to this staff report:
    - i. 6-monthly report to 30 June 2021;
    - ii. Annual audited accounts for the year ending 30 June 2021;
    - iii. CBD Activation Plan 2022-2024.
  - b) receives the HCBA Strategic Plan and Action Plan, as required by the Business Improvement District Policy and Rules, that was approved by the HCBA Executive Committee;
  - c) receives the CBD Activation Plan 2022-2024, noting that it was supported by the Central City River Plan Advisory Group at its 23 June 2021 meeting; and
  - d) delegates authority to the General Manager Growth Group, in consultation with the Chair and Deputy Chair of the Economic Development Committee and the Chair of the Central City River Plan Advisory Group, to enter into a Service Level Agreement between HCBA and Hamilton City Council for the delivery of the CBD Activation Plan and release of the annual \$100,000 CBD Activation Fund payment to HCBA.

## Executive Summary - *Whakaraapopototanga matua*

4. This report is required under the Business Improvement District (BID) Policy.

5. Vanessa Williams (General Manager) and Mike Neale (HCBA Executive Committee member) will attend the meeting and will present the following reports to the Committee:
  - i. Regular 6-monthly report covering January 2021 - June 2021 (**Attachment 1**)
  - ii. Annual Audited Accounts for the year ending 30 June 2021 (**Attachment 2**)
  - iii. HCBA Action Plan for 2021-22 (**Attachment 3**)
  - iv. Strategic Plan for 2021-24 (**Attachment 4**)
  - v. The CBD Activation Plan for 2022-24 (**Attachment 5**).
6. Staff are in the process of renewing the draft Service Level Agreement (SLA) for the CBD Activation Plan 2022-24 and seek delegated authority to the General Manager Growth to renew the SLA, in consultation with the Chair of the Central City River Plan Advisory Group and the Chair and Deputy Chair of the Economic Development Committee.
7. Staff consider the matters in this report to have a low significance and that the recommendations comply with the Council's legal requirements.

### **Background - *Koorero whaimaarama***

8. A Business Improvement District (BID) works on behalf of its members to improve a defined commercial area, funded by a levy charged on all business rate payers in the area. The Hamilton City Council BID Policy sets the process for establishing a BID and related association in return for setting the targeted rate within the defined BID area.
9. The Hamilton Central Business Association (HCBA) has been established as the BID for Hamilton's Central City, in accordance with the BID Policy.
10. The HCBA represents the central city business voice on issues of strategic importance to the CBD, promotes the central city as a bustling, active, innovative, vibrant place that offers exceptional business and experiences, and contributes and collaborates on projects that support the central city business economy.
11. The HCBA is a key partner to enable the Central City to become a place where people love to be.
12. As approved in the 2021-31 Long Term Plan, HCBA receives a BID Funding Grant of \$315,000 per annum which is fully funded by targeted rates and is paid in quarterly instalments. The BID Funding Grant supports the operations of the HCBA.
13. In addition to the BID Funding Grant, Council has provided funding to HCBA of \$100,000 per annum since 2018 for the delivery of CBD Activation Plan. This fund is paid annually in one instalment upon acceptance of the budget and CBD Activation Plan. The continuation of this funding for CBD Activation Plan was recently approved in the 2021-31 Long Term Plan and includes \$100,000 per annum for the period 2021 – 2024.
14. A Service Level Agreement (SLA) between Hamilton City Council and HCBA for the CBD Activation Plan and associated funding was in place for the period 2018 – 2021.
15. The SLA now needs to be renewed for the period 2021 – 2024.
16. The BID Policy and associated HCBA rules requires the HCBA Executive Committee to regularly report to Council. This includes:
  - i. six-monthly updates to Hamilton City Council as a requirement under the BID Policy to support the BID Funding Grant
  - ii. annual audited accounts (for the previous financial year ending June each year)
  - iii. an annual HCBA action plan
  - iv. a three yearly strategic plan.

17. Vanessa Williams (General Manager) and Mike Neale (HCBA Executive Committee member) will attend the meeting and will speak to this report.

## Discussion – *Matapaki*

### CBD Activation Plan and Associated SLA

18. The Central City River Plan Advisory Group has endorsed HCBA to continue delivering the CBD Activation Plan for 2022-24, and new Activation Priorities have been developed.
19. New CBD Activation Plan for 2022-24 puts a key focus on:
- i. Culture
  - ii. Sports and Leisure
  - iii. Play and Celebration.
20. The outcomes expected to be delivered through HCBA include a cohesive programme of activity that will provide vibrancy, experiences, economic benefits and create a safer environment in the central city.
21. Staff are in the process of renewing the draft SLA for the CBD Activation Priorities for 2021-24. The SLA will identify agreed objectives and outcomes sought by the Council in relation to the implementation of HCBA's Activation Priorities.
22. Council will release full funding to HCBA for the CBD Activation Fund, in annual instalments. This enables HCBA to leverage the fund in the most efficient and effective manner, to deliver the agreed outcomes.

### Regular HCBA Reports

23. As required under the BID Policy, HCBA has provided a regular six-monthly update for the period January 2021 - June 2021 (**Attachment 1**).
24. The previous six-monthly update was reported to the Economic Development Committee on [9 March 2021](#).
25. The HCBA has developed an Action Plan for 2021 - 2022 (**Attachment 3**) and a new Strategic Plan for 2021-2024 (**Attachment 4**), which supports HCBA's outcomes to:
- i. Represent the central city business voice on issues and projects of strategic importance to the central city.
  - ii. Contribute and collaborate on projects that support the CBD business economy.
  - iii. Promote the CBD as a bustling, active, innovative, vibrant place that offers exceptional businesses and experiences.
26. As per the BID Policy and Rules, the HCBA Executive Committee are responsible for approval of the Action Plan and Strategic Plans. Both the Action Plan and Strategic Plan are required to be presented to Hamilton City Council to support payment of the BID grant funding.

## Financial Considerations - *Whaiwhakaaro Puutea*

27. The budget for the BID Funding Grant for the HCBA has been approved in the 2021-31 Long Term Plan and includes \$315,000 per annum that is fully funded by a targeted rate.
28. As per the BID Policy, payment is made in quarterly instalments. The first payment for Q1 of the 2021-22 financial year has been paid.
29. The CBD Activation Fund has been approved in the 2021-31 Long Term Plan and includes \$100,000 per annum for Years 1 – 3.

## Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

30. Staff confirm that the recommendation to approve funding complies with the Council's legal and policy requirements.

## Wellbeing Considerations- *Whaiwhakaaro-aa-oranga tonutanga*

31. The purpose of Local Government changed on 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
32. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
33. The recommendations set out in this report are consistent with that purpose.

### Social

34. HCBA supports people to be healthy and happy through the activities in the Central City to, helping to make Hamilton a great place to play and be active.
35. Many elements of HCBA's work ensures that Hamilton Is a place where people feel safe. This includes:
  - i. Conducting an annual city safety survey of the CBD business community;
  - ii. Actively supporting City Safe and distributing information to new businesses;
  - iii. Partnering in Safe Zone provided to students during Orientation Week;
  - iv. Providing submissions to Council on projects and policies impacting the CBD;
  - v. Initiating monthly drop-in sessions with the Police to support businesses.
36. HCBA supports making the central city inclusive and accessible to all and has supported initiatives from community groups to advance this including iBeacon, Emerge Aotearoa, Age Concern and Rotary.

### Economic

37. We have a strong and diverse business sector, and our city is built on true partnerships, helped in part by HCBA hosting an elected member tour of CBD commercial activity.
38. Activities undertaken by HCBA to help Hamilton have a thriving, sustainable business sector include networking events, central city promotion and social media marketing to support economic activity.
39. HCBA supports technology initiatives and helping Hamilton become a hub for innovation via their Cultivate IT partnership.
40. Enabling individuals and businesses to prosper is achieved by HCBA's promotion and support of commercial activity in the CBD.

### Environmental

41. HCBA's efforts are part of wider initiatives to restore and protect the health and wellbeing of the Waikato River. They have actively pursued river activations through the CBD Activation Priorities and activities supporting environmental initiatives.
42. HCBA has purposefully selected awards venues for the CBD Celebration Awards facing the river to honour, enhance and protect our environmental treasures like the Waikato River and have included a sustainability award to recognise businesses successfully implementing sustainable initiatives.

## Cultural

43. Our city values, respects, protects, and promotes the treasured status of tangata whenua, acknowledges our shared history and celebrates our cultural identity and heritage, underscored by HCBA's support and promotion of culture initiatives in the CBD including the Te Ahurei Maaori Tourism CBD heritage walk.
44. Vibrant and attractive public spaces are part of the CBD Activation Priorities, which is supported by HCBA.
45. HCBA supports and promotes the central city through promotion, media, and initiatives.
46. Our rich history and heritage are valued, protected, and celebrated by HCBA's support of cultural initiatives and a diverse range of activations through the CBD Activation Priorities and their promotion of CBD businesses supports local communities.
47. Efforts to have a thriving arts and events scene are supported by HCBA's collaboration with organizations to support the implementation of arts and events in the CBD. Most notably, actively lobbying in support of the Waikato Regional Theatre and for the establishment of the Waikato Film Hub.
48. To ensure Hamilton continues to be a place we are proud of, HCBA collaborated to create the Hamilton Ambassador Programme, implemented visual branding on empty shop sites in the CBD and wrote articles and gave interviews to support Shopping, Dining, Eating, Experiencing local businesses.

## Risks - *Tuuraru*

49. There are no known risks associated with the decisions required for this matter.

## Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

50. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance and no engagement is required.

## Attachments - *Ngaa taapirihanga*

Attachment 1 - HCBA Six Monthly Report Jan-June 2021

Attachment 2 - Annual Audited Accounts Year End 2021

Attachment 3 - HCBA Action Plan 2021-2022

Attachment 4 - HCBA Strategic Plan 2021-2024

Attachment 5 - CBD Activation Priorities 2022-2024



# Hamilton Central Business Association (HCBA)

## Six-month report JANUARY - JUNE 2021

Item 9

Attachment 1



**HAMILTON CENTRAL**  
BUSINESS ASSOCIATION

**OUR VISION – To be New Zealand’s premier CBD business destination.**  
**OUR MISSION – Creating a dynamic CBD environment for business to thrive.**

## 1.0 INTRODUCTION

After the 2020 Covid-19 pandemic, central cities worldwide are on a journey of transformation responding to the challenges of changing workforce patterns, online shopping and increasing commercial and residential infrastructure demands. The opportunity now exists to build city centres for people to take advantage of internationally identified attributes of central cities, including location, density, transit connectivity and a working population base.

Previously CBDs were seen as places for workers, designed to separate work life from home. Now CBDs are being reborn by overcoming this separation and creating more vibrant places. Instead of being office-centric, they are defined by a mix of live, work and play, all in a walkable setting.

Hamilton’s CBD is ideally placed to accelerate these international trends already underway, through Central and Local Council legislation, investment in infrastructure and key strategic developments to help Hamilton’s central city thrive.

## 2.0 ADVOCACY

*To represent the central city business voice on issues and projects of strategic importance to the central city.*

### 2.1 Submissions

#### Long Term Plan Submission (LTP)

HCBA has been a key stakeholder in the revision of the Central City Transformation Plan and wholeheartedly supports the projects within this plan, that show a strong commitment from Council to invest in the CBD.

During the LTP deliberations HCBA members supported a number of projects around the CBD and provided both a written and verbal submission to the following:

- Support of the Walking/Cycling bridge, Embassy Park (theatre) development, Ferrybank park enhancement, Alexandra Street upgrade, Sapper Moore Jones upgrade and transportation improvements.
- HCBA supported a budget allocation for street furniture upgrade in the CBD, which has been included in the LTP. This however is as an unbudgeted item.
- HCBA supported the introduction of paid commuter parking in underutilised 2-hour parking areas of the CBD, but was opposed to charging commuters to park outside of the CBD boundary.
- HCBA supported the 66% DC remission for the CBD to continue and the proposed 100% DC remission for developments above six stories within the CBD.
- HCBA verbal submission included advocating for a Council procurement policy review to support local business, creating the walking/cycling bridge as an iconic piece of infrastructure and reiterating the need to support Hamilton being NZs most beautiful city with a street furniture upgrade.

#### Policy and Plan Submissions

HCBA has submitted on the following plans and policies over the past six months:

- Public Art and Memorials Policies Review
- Trading in Public Places Policy
- Eastern Pathways/Te Ara o te Rawhiti Plan
- Biking and Micro-mobility Plan

#### Activation Submission

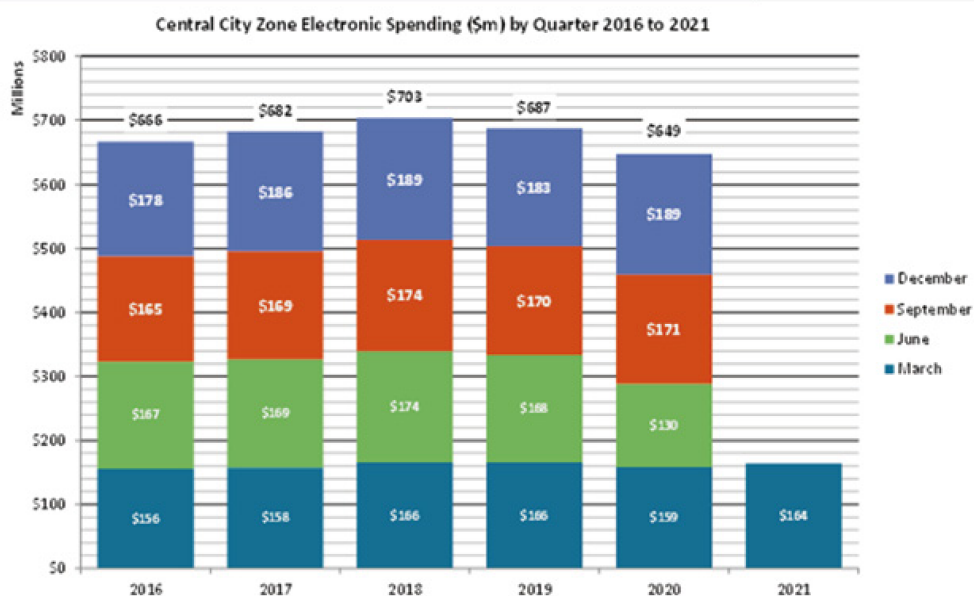
HCBA has also submitted a three-year Activation funding proposal based on three key activities: Art & Culture, Sport & Leisure and Play & Celebrate. HCBA will, where possible, look to align the activation fund to CCTP outcomes.

## 2.2 Innovating Streets

HCBA has been a participant in the Innovating Streets Programme for Ward Street and Rostrevor Street. This programme of work has been challenging for the business community, particularly on Ward Street, with the function and form of the street being heavily criticised by many. There have been businesses on Ward Street who have suffered financially for the duration of the trial and a want to see the street restored to its previous form while feedback is appropriately assessed to inform future design. While it has been acknowledged by many participants of the programme that accepting change can be difficult, the trial did identify many shortfalls in the process, calling into question the trials ability to be agile to the market and adapt when necessary.

## 2.3 CBD Data

The central city economic bounce back, post lockdown, is continuing with spending in the first quarter of 2021 higher than the same quarter of 2020 and comparable to the pre-pandemic spending of 2018 and 2019.



Pedestrian counts are also on the rise, with Saturdays and Sundays showing the largest increases, however the number of pedestrians in the CBD are still not at pre Covid levels with changes to workforce working patterns impacting these numbers.





### 3.0 COLLABORATION

*To contribute and collaborate on projects that support the CBD business economy.*

#### 3.1 Commercial Update

The CBD has welcomed over 50 new business in the past year to the CBD, with the highest number in the hospitality sector (17), followed by professional services (13) and retail (11), full list attached in appendix 1. There have been 17 new builds and redevelopments in the CBD which have started or been completed in the 2021 year - full list attached in appendix 1. These results are particularly pleasing after the challenges faced by all in 2020.

#### 3.2 Economic Development

##### BID Conference

HCBA is continuing to share ideas with BIDs around NZ. HCBA attended a BID Managers conference in Onehunga.

HCBA attended a meeting with Palmerston North Chamber of Commerce to provide assistance in setting up a BID in the city.

##### Spark 5G Launch

HCBA assisted Spark Business and strategic partners to create a VIP launch of 5G to Hamilton.

##### Dairy Industry Awards

HCBA provided collateral and special offers from contributory retailers and hospitaliers to award attendees. In addition, HCBA collaborated with Lime scooters and Novotel to provide attendees with a discounted ride price and free helmet offer when using the scooters.

##### Business Sentiment Survey

HCBA provided Te Waka with CBD specific questions to tailor the sentiment survey to CBD businesses, in order to provide appropriate insights to the CBD. HCBA was a key distribution point of the survey and provided results to the CBD business community.

##### Small Business Initiatives

HCBA participated in ASB's Backing Business evening with the Marketing Association to provide marketing support to businesses post lockdown. This was a fantastic initiative led by ASB that has the potential to be an ongoing offering to small businesses.

HCBA promoted to Hamiltonian's the inaugural Small Business Day lead by Manaaki on 9 April, which was positively received by businesses in the CBD. HCBA would like to be further involved in this initiative in 2022 after the great results in 2021.

#### 3.3 Partnership and Networking

##### Social Business

HCBA continues to work with businesses to showcase and support new businesses, new builds, developments and renovations in the CBD. Social business for 2021 has included:

- Urban Homes new build on the corner of London and Anglesea Streets in partnership with the Property Council (Waikato Division).
- Waikato Regional Theatre drop in event with the Southend business community.
- Sentinel Café breakfast event.
- Vetro Mediterranean Supermarket wine/cheese tasting afternoon.

##### Safety Initiatives

- HCBA collaborated on Safe Zone being provided during the University of Waikato's Orientations Week, situated down in the hospitality zone of the CBD. This was a fantastic collaboration of businesses, emergency services and Council to create a safe environment in the CBD.
- HCBA hosts monthly meetings with the police in HCBA's office.
- HCBA organised the police van into Garden Place for businesses to share any concerns and feedback regarding safety in the CBD. This was promoted under the police's 'Coffee with a Cop' brand offering.





- HCBA working with the Council's Parking team on creating positive PR on their role in the CBD. HCBA working with PR agency to create a campaign and deliverables.
- HCBA coordinated and attended a meeting with Police and Council to address the issue of ramraids in the CBD and to look at any preventative actions that can be taken by targeted retailers. HCBA distributed a list of preventative measures to retailers and instigated a risk mitigation query to the four key NZ insurers. HCBA is awaiting a response.

#### **Governance and Community Contributor Role**

- Governor of People's Project, Zeal, Safe Zone, Riff Raff Trust, Embassy Park Working Group and Waikato Film Office
- Contributor to CBD Transportation Initiatives, Boon Street Festival, Smart City Initiatives and CCTP & River Plan Refresh
- NZ Mentor
- Soda Inc Panel Member
- Smart Waikato Secondary School Employment Programme (SSEP)

## **4.0 PROMOTION**

*To promote the CBD as a bustling, active, innovative, vibrant place that offers exceptional businesses and experiences.*

### **4.1 Activation Highlights (Appendix 2)**

- The Chinese Lantern Festival was held in Garden Place in February to great success. Hosting over 3,000 people, there was an excellent line-up of acts, well supported by local Chinese businesses and CBD businesses.
- Unfortunately due to COVID-19 alert level changes were a number of activities planned for March that had to either be postponed or cancelled. This included a huge weekend line-up supporting International Womens Day, Childrens Day, Boon Festival, Grrrrl Fest, Saw Wave and Pecha Kucha.
- Summer Meditation was held in Garden Place and had a dedicated following. Attendee numbers were higher when held at Victoria on the River and is the preferred location for future meditation classes.
- Balloons Over Waikato week started with a Walk Thru balloon in Garden Place run by Sunrise Rotary, who were gold coin fundraising for Kids Can. 2021 was the first time the Walk Thru Balloon had been in the CBD and was really well received by the public and well attended by the local CBD Early Childhood Centres. In addition, HCBA set up a balloon basket as a selfie photo booth in the Hamilton Library.
- March also saw the end of the Stories in the Garden series for the year. Held in collaboration with Hamilton Libraries, this continues to be an enormously successful event over the Summer and will look to return at the end of the year.
- Feast Waikato was held over Easter Weekend in April. For the third year HCBA sponsored the CBD Progressive Dinner and this year also sponsored the inaugural Flicks and Food Trucks at VOTR. This is a highlight festival for the hospitality sector and HCBA is happy to provide ongoing support to this festival.
- HCBA worked with Storybox to have the Echoes window display installed in the HCBA offices. This installation ran for six weeks and provided the opportunity for people to take a walk down memory lane, as the installation featured over 500 historic images of Hamilton sourced from the Hamilton Heritage Collection. The Waikato Times wrote a fantastic article on the activation which drew people into Garden Place to see the installation.
- HCBA hosted a retirement home group Foxbridge from Te Rapa for afternoon tea at Sentinal Café to take them through the photos from the Echoes display.
- HCBA put together a photo competition for amateur photographers to capture images on the CBD now, as a comparative to the Echoes display of the CBD then. With a prize provided by Snapshot, three fantastic prize winning images were selected and have been on display in the offices of HCBA.
- HCBA had a prototype planter box created from an existing Garden Place planter with design by Designwell. The repurposed planter box, currently installed by the stage in Garden Place, uses a modern wood panel effect and has had seating for nine incorporated into the design. The repurposed planter box provides an excellent template for modernising the rest of the planters in Garden Place.

### **4.2 Advantage Club**

HCBA continues to profile new businesses, events and activities in the CBD to Advantage Club members.

HCBA has now opened the membership up to the wider public through social media promotion.

- February promoted businesses included Cream on the corner of Garden & Worley Place and Tudo Bem on Hood Street.
- March promoted businesses included Sentinel House and the Grumpy Baker on Victoria Street.
- April promoted businesses included Atticus Treats in Garden Place and Le Rendezvous Café in Alexandra Street.
- May promoted businesses included Gong Cha in Worley Place and Fox & Frame in Alexandra Street.

#### 4.3 Ambassador Programme

The Ambassador Programme has continued to have strong attendance numbers, particularly from high customer contact businesses:

- March programme held at Waikato Museum.
- April programme held at Trust Waikato.

#### 4.4 Sector specific initiatives

Education:

- HCBA attended the inaugural Vice Chancellors dinner at the University of Waikato to learn about the direction and focus for the University.
- HCBA has had an intern from Wintec completing some database work to ensure membership businesses details are up-to-date.
- HCBA has had an intern from the University of Waikato completing some marketing and promotional work.

Hospitality:

- HCBA collaborated with Lime Scooters to create a Dine on a Lime hospitality initiative.
- HCBA collaborated with the NZ Dairy Awards for hospitality offerings in the CBD.

Retail:

- HCBA partnered with Lime to provide helmets to the retail sector, as a giveaway to customers.
- HCBA via zoom, attended the Retail Seminar provided by the Property Council NZ.

Arts:

- HCBA attended a Boon After Dark appreciation event.
- HCBA agreed support of a lighting activation for Garden Place in August.
- HCBA met with a music representative to discuss creating an event for NZ Music Month. Unfortunately, the timeframe was unable to work, however discussions are underway to create a Music Festival/Competition for 2022.

Film:

- The Film Office has been successful in their submission to Waikato Councils for support and HCBA are continuing to support their development.
- The Film Office has provided feedback to the Waikato Film Office on their KPIs for interested parties. HCBA has provided 'hot desking' space for the Waikato Film Office team.

Health & Wellness

- HCBA promoted Anglesea Clinic flu vaccination programme to the network.
- HCBA has agreed to be a promotional channel when COVID vaccinations become available via Anglesea Clinic.

#### 4.5 Social media development

HCBA social media channels are continuing to grow, now with close to 50,000 social media followers. HCBA provides key promotional channels for CBD businesses and continues to market businesses across all CBD sectors. HCBA have introduced a number of new ways to promote the CBD, most recently 'Street Snaps' – highlighting businesses around different streets in the city.

#### 4.6 PR Opportunities

HCBA has strengthened relationships with media organisations to be a 'go to' source for information and comment on the CBD and its development. Over the past six months HCBA has been interviewed a number of times by Stuff, the Herald, Hamilton Press, Waikato Business News, The Breeze, Drive Time and Free FM on topics from procurement strategies to CBD revitalisation.

#### 5.0 FUTURE PROJECTS

HCBA is excited to be a part of a central city that is continuing to evolve from the challenges of Covid-19 to the opportunities created by population growth and construction development.

HCBA continues to look for opportunities and projects that will positively support the central city. Over the coming months HCBA will be looking at progressing the following projects:

- The upgrade of Collingwood Street to create a cultural hub in the CBD.
- The Kitchen Incubation Project, supporting hospitality entrepreneurs through a 20 week programme in partnership with Soda Inc.
- An online, interactive map to create a CBD identity.

*In a recent article by Bloomberg CityLab, The Post-Pandemic Future of Central Business Districts, it has been identified that the culture of a business will extend beyond the four walls of an office tower. The CBD can no longer function as a collection of low-end grab and go cafeterias, chain coffee shops and chain restaurants. To evolve and survive, its offerings will have to become more local, authentic and actively curated. Downtown expert David Milder sees a shift happening from the Central Business District of old to what he terms the Central Social District, in which workers and people meet, collaborate and socialise together.*

**APPENDIX 1****New Business Names & Address**

	<b>Sector</b>
1. Abbott Insurance Brokers - 164 London Street	Professional
2. Financial advisory, 17 Grantham Street	Professional
3. Vetro Mediterranean Foods, 122 Rostrevor Street	Retail
4. Sports Safari, 3 Ulster Street	Retail
5. Ultimate Properties real estate, 919 Victoria Street	Professional
6. Paddock to Plate, 186 Victoria Street	Hospitality
7. Homebrew Coffee, 103 London Street	Hospitality
8. Radio Tainui, 509-511 Victoria Street	Professional
9. Best Beds and Headboards, 405 Victoria Street	Retail
10. Sports Fuel, 801 Victoria Street	Health & Beauty
11. The Cave Nutrition store, 807 Victoria Street	Health & Beauty
12. Victoria Beauty Salon, 130 Alexandra Street, Reid House	Health & Beauty
13. Opteon, 210 Collingwood Street	Professional
14. The Grumpy Baker, 591 Victoria Street	Hospitality
15. Well Women's Clinic, 130 Rostrevor Street	Health & Beauty
16. GHD Group, 586 Victoria Street	Professional
17. The Property Group, 214 Collingwood Street	Professional
18. Family Law Solutions, 19 Hood Street	Professional
19. Tudo Bem, 29 Hood Street	Hospitality
20. Barber Shop, 581 Victoria Street	Health & Beauty
21. Architecto, Level 1, 298 Barton Street	Professional
22. A Charitable Trust, Level 2, 36 Bryce Street	Professional
23. Ashley & Martin, Level 2, 137 Alexandra Street	Health & Beauty
24. Poison Studio, 3 Garden Place	Retail
25. Hospitality, 54 Collingwood Street	Hospitality
26. Professional Services, PWC Building, Ward Street	Professional
27. Cleantastic, 23 Vialou Street	Retail
28. Appliance Star – 118 Rostrevor Street	Retail
29. Mystic Den, 335 Victoria Street	Hospitality
30. Gong Cha, Worley Place	Hospitality
31. Vice Vape Co, 221 Victoria Street	Retail
32. Molly's Kitchen, 575 Victoria Street	Hospitality
33. Global fire and security, 903 Victoria Street	Professional
34. Sisterfields Restaurant – 287 Victoria Street	Hospitality
35. Victoria Beauty Salon - 130 Alexandra Street	Health & Beauty
36. Victoria Barbers – 312 Victoria Street	Health & Beauty
37. Atticus American Treats - 14 Garden Place	Hospitality
38. Scoff Café – Centre Place	Hospitality
39. Soul Images - Casabella Lane	Creative
40. The Art Studio - Casabella Lane	Creative
41. Dagu Rice Noodle – 36 Bryce Street	Hospitality
42. Gong Cha - 11 Worley Place	Hospitality
43. The Bedroom Store - 298 Barton Street	Retail
44. Fox & Frame - 127 Alexandra Street	Retail
45. Found - Riverbank Lane	Retail
46. On a Roll Food Truck – 7 Vialou Street	Hospitality
47. Granity (Upstairs Dance Studio) – 30 Alexandra Street	Creative
48. Human Digital - 24 Garden Place	Professional
49. The Breeze – 15 Hood Street	Hospitality
50. Advance Hair Studio- 657 Victoria Street	Health & Beauty
51. Vape 2 Go – 589 Victoria Street	Retail
52. Cream – Cnr Garden Place & Worley Place	Hospitality
53. Sentinel Café – 586 Victoria Street	Hospitality

Total of new businesses – 13 Prof | 17 Hospitality | 11 Retail | 9 H & B | 3 Creative



## List New Builds &amp; Redevelopments

1. Union Square office development (includes Rabobank & AA) - Hood & Anglesea Streets
2. Watts & Hughes Development - 325 Victoria Street
3. ACC - Tristram & Collingwood Streets
4. 646 Victoria Street (Ex Munn's Clothing)
5. 19 London Street (Ex Portrait House/Confinement)
6. Kainga Ora - 848-850 Victoria Street
7. Waikato Regional Council - Stark Property Development, Corner of Ward & Tristram Streets
8. Waikato Regional Theatre - Victoria Street
9. Tūāpapa - Stark Property Development, Corner of Ward & Tristram Streets
10. Urban Homes - Anglesea & London Streets
11. Designwell - 10 Garden Place & School Kit - 10 Garden Place
12. Old Pascoes Building - Garden Place
13. Cnr Victoria Street & Garden Place (Previously Hamilton Central Office)
14. 99 Victoria Street (Previously Para Rubber)
15. 540 Victoria Street (Previously Army & Outdoors)
16. Tainui Group Holdings / Centre Place - Ward Street
17. Ramada Hotel - 287 Victoria Street

## APPENDIX 2

July 2020 – June 2021	Activity	Location
14 <sup>th</sup> August – 9 <sup>th</sup> October	‘Shrooms’ by Amigo and Amigo	Garden Place
8 <sup>th</sup> October	Tunes in the Shrooms	Garden Place
10 <sup>th</sup> November	Guided Meditation	Garden Place
15 <sup>th</sup> November	Lugton’s Round the Bridges	Hamilton CBD
17 <sup>th</sup> November	Guided Meditation	Victoria on the River
21 <sup>st</sup> November	Stories in the Garden	Garden Place
17 <sup>th</sup> November	Guided Meditation	Victoria on the River
27 <sup>th</sup> & 28 <sup>th</sup> November	Riff Raff’s Birthday	Embassy Park
28 <sup>th</sup> November	Christmas Tree Lighting Event	Garden Place
1 <sup>st</sup> December	Guided Meditation	Victoria on the River
3 <sup>rd</sup> December	Lunchtime Live Music	Victoria on the River
4 <sup>th</sup> December	Lunchtime Live Music	Garden Place
4 <sup>th</sup> December	The Embassy Park Picture Show	Embassy Park
4 <sup>th</sup> December	Live Music – Coral	Casabella Lane
5 <sup>th</sup> December	Stories in the Garden	Garden Place
6 <sup>th</sup> December	Christmas Parade	Anglesea Street
8 <sup>th</sup> December	Guided Meditation	Victoria on the River
10 <sup>th</sup> December	Lunchtime Live Music	Victoria on the River
11 <sup>th</sup> December	The Embassy Park Picture Show	Embassy Park
11 <sup>th</sup> December	Weave Cultural Market	Garden Place
12 <sup>th</sup> December	Hamtown Smakdown 2020 Summa Smakaz	Embassy Park
12 <sup>th</sup> December	Pasko Sa Nayon	Garden Place
15 <sup>th</sup> December	Guided Meditation	Victoria on the River
17 <sup>th</sup> December	Lunchtime Live Music	Victoria on the River
18 <sup>th</sup> December	Lunchtime Live Music	Garden Place
18 <sup>th</sup> December	The Embassy Park Picture Show	Garden Place
19 <sup>th</sup> December	Embassy Park Goes Pop	Embassy Park
19 <sup>th</sup> December	The Embassy Park Picture Show	Embassy Park
19 <sup>th</sup> December	Stories in the Garden	Garden Place
21 <sup>st</sup> December	Live Music	Garden Place
31 <sup>st</sup> December	The Embassy Park Picture Show	Embassy Park
16 <sup>th</sup> January	Stories in the Garden	Garden Place
21 <sup>st</sup> January	Lunchtime Live Music	Victoria on the River
22 <sup>nd</sup> January	Lunchtime Live Music	Garden Place
28 <sup>th</sup> January	Lunchtime Live Music	Victoria on the River
29 <sup>th</sup> January	Lunchtime Live Music	Garden Place
2 <sup>nd</sup> February	Guided Meditation	Garden Place
5 <sup>th</sup> February	Embassy Park Picture Show	Embassy Park
6 <sup>th</sup> February	Embassy Park Goes Doof	Embassy Park
9 <sup>th</sup> February	Guided Meditation	Garden Place
13 <sup>th</sup> February	NZ All Style Dance Championship Vol 3	Garden Place
13 <sup>th</sup> February	Embassy Park Goes Pop 2	Embassy Park
13 <sup>th</sup> February	Stories in the Garden	Garden Place
16 <sup>th</sup> February	Guided Meditation	Garden Place
18 <sup>th</sup> February	Lunchtime Live Music	Victoria on the River
19 <sup>th</sup> February	Embassy Park Picture Show	Embassy Park
19 <sup>th</sup> February	Lunchtime Live Music	Garden Place
23 <sup>rd</sup> February	Guided Meditation	Garden Place
25 <sup>th</sup> February	Lunchtime Live Music	Victoria on the River
26 <sup>th</sup> February	Lunchtime Live Music	Garden Place
26 <sup>th</sup> February	Embassy Park Picture Show	Embassy Park
27 <sup>th</sup> February	Hamilton Chinese Lantern Festival	Garden Place
27 <sup>th</sup> February	Stories in the Garden	Garden Place
27 <sup>th</sup> February	Book Fairies Picnic	Garden Place

2 <sup>nd</sup> March	Meditation	Garden Place
4 <sup>th</sup> March	Lunchtime Live Music	Garden Place
5 <sup>th</sup> March	Lunchtime Live Music	Garden Place
5 <sup>th</sup> – 7 <sup>th</sup> March	Boon Street Art Festival	Various CBD Locations
5 <sup>th</sup> – 7 <sup>th</sup> March	Grrrl Fest	Various CBD Locations
5 <sup>th</sup> March	Embassy Park Picture Show	Embassy Park
6 <sup>th</sup> March	Grrrl Fest Basement Stage	Nivara Lounge
6 <sup>th</sup> March	Children's Day	Various CBD Locations
6 <sup>th</sup> March	Chalk Fest	Civic Square
6 <sup>th</sup> March	Saw Wave	Victoria on the River
6 <sup>th</sup> March	Pecha Kucha	Victoria on the River
9 <sup>th</sup> March	Meditation	Garden Place
11 <sup>th</sup> March	Live Music	Garden Place
12 <sup>th</sup> March	Live Music	Garden Place
13 <sup>th</sup> March	Embassy Park Goes Pop	Embassy Park
13 <sup>th</sup> March	Stories in the Garden	Garden Place
16 <sup>th</sup> March	Meditation – additional class	Garden Place
16 <sup>th</sup> – 19 <sup>th</sup> March	The CBD Walk Thru Balloon (BOW)	Garden Place
16 <sup>th</sup> – 20 <sup>th</sup> March	Balloons Over Waikato	Hamilton
18 <sup>th</sup> March	Live Music	Garden Place
19 <sup>th</sup> March	Live Music	Garden Place
26 <sup>th</sup> March	Embassy Park Picture Show	Embassy Park
27 <sup>th</sup> March	Stories in the Garden	Garden Place
31 <sup>st</sup> March	CBD Progressive Dinner – Kicking off Feast Waikato 2021	Various CBD Locations
1 <sup>st</sup> – 5 <sup>th</sup> April	Feast Waikato	Various Locations
2 <sup>nd</sup> April	Food Truck Friday and Foodie Movies	Victoria on the River
9 <sup>th</sup> April	The Embassy Park Picture Show	Embassy Park
16 <sup>th</sup> April	Embassy Park Picture Show	Embassy Park
17 <sup>th</sup> April	Maia Bear Picnic	Garden Place
21 <sup>st</sup> – 25 <sup>th</sup> April	Poppy display by Rainbow Kids Preschool	Garden Place
23 <sup>rd</sup> April	Embassy Park Picture Show	Embassy Park
20 <sup>th</sup> May	Open Air Classical Music Concert – Hector Fitsimons	Ward Street
20 <sup>th</sup> May – 17 <sup>th</sup> June	Echoes – Interactive Installations	10 Garden Place
22 <sup>nd</sup> May	Glow Ride	Rostrevor Street
22 <sup>nd</sup> May	Glow Rave	Rostrevor Street
27 <sup>th</sup> May	Open Air Classical Music Concert – Nom Kohara & Flamenco	Ward Street
29 <sup>th</sup> May	Music in a Park	Rostrevor Street
3 <sup>rd</sup> June	Open Air – Classical Music Concert	Ward Street
5 <sup>th</sup> June	Music To Make Things To - Goes Outdoors	Ward Street
5 <sup>th</sup> June	Improv - presented by Wrong Answers Only	Ward Street
5 <sup>th</sup> June	Ward Street (Traffic) Light Show	Ward/Tristram Streets
11 <sup>th</sup> June	Te Ruru Light Festival	Rostrevor Street
26 <sup>th</sup> June	Kapow – Live Art in Carparks	Ward Street

# **Performance Report**

**Hamilton Central Business Association  
For the year ended 30 June 2021**

Prepared by Tak CA Limited

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## Directory

### Hamilton Central Business Association For the year ended 30 June 2021

#### Nature of Business

Promotion and development of business in the Hamilton CBD

#### IRD Number

104-245-730

#### Chartered Accountant

Tak CA Limited

Hamilton

#### Auditor

Hart & Co

Auckland

#### Bankers

ASB Bank Limited

Hamilton

## Approval of Financial Report

### Hamilton Central Business Association For the year ended 30 June 2021

The Executive Committee is pleased to present the approved financial report including the historical financial statements of Hamilton Central Business Association for year ended 30 June 2021.

APPROVED

For and on behalf of the Executive Committee



Chairperson

Date 30/7/2021



Executive Committee Member

Date 29-7-2021

**Hart&Co**  
NORTH SHORE

**HAMILTON CENTRAL BUSINESS ASSOCIATION INC  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

**Report on the Performance Report**

To the Trustees and Board of the Hamilton Central Business Association Inc

**Opinion**

We have audited the performance report of Hamilton Central Business Association Inc, which comprises the trust directory, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 30 June 2021, the statement of financial position as at 30 June 2021, and the statement of accounting policies and other explanatory information.

In our unqualified opinion:

- a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- b) the accompanying performance report presents fairly, in all material respects:
  - the entity information for the year then ended;
  - the service performance for the year then ended; and
  - the financial position of Hamilton Central Business Association Inc as at 30 June 2021, and its financial performance, and cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Performance Report* section of our report. We are independent of Hamilton Central Business Association Inc in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Hamilton Central Business Association Inc.



### **Responsibilities of the Trustees for the Performance Report**

The Trustees are responsible for:

- (a) Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- (b) the preparation and fair presentation of the performance report on behalf of the entity which comprises:
  - ☐ the entity information;
  - ☐ the statement of service performance; and
  - ☐ the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board, and
- (c) such internal control as the Trustees determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Trustees are responsible on behalf of Hamilton Central Business Association Inc for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate Hamilton Central Business Association Inc or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Performance Report**

Our objectives are to obtain reasonable assurance about whether the performance report is 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 conducted in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this performance report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance report, 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.
- 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the [entity'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 performance report 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 trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

We communicate with the trustees 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.

Auditors



Hart & Co - North Shore  
Chartered Accountants  
Albany, Auckland

2 August 2021

## Entity Information

### Hamilton Central Business Association For the year ended 30 June 2021

#### Legal Name of Entity

Hamilton Central Business Association

#### Entity Type and Legal Basis

Incorporated society

#### Entity's Purpose or Mission

To provide advocacy, support and promotional opportunities for the business and property owners located within the Hamilton Central Business Improvement District (Hamilton, New Zealand).

#### Entity Structure

Executive committee led by a chairperson, with all members carrying voting rights for major events and transactions of the Association.

#### Main Sources of Entity's Cash and Resources

- Funds received from commercial ratepayers in the Hamilton CBD
- Funds raised from special projects focused on businesses in the Hamilton CBD

#### Main Methods Used by Entity to Raise Funds

- Funding from Hamilton City Council (Rates from commercial members and funding for special projects)
- Fees and other income received from members for participation and recognition in special projects hosted by the Association

#### Entity's Reliance on Volunteers and Donated Goods or Services

Minimal, as current expenditure is covered by income and funds received by the Association.

#### Physical Address

10 Garden Place

Hamilton Central

Hamilton 3204

New Zealand

# Statement of Service Performance

## Hamilton Central Business Association For the year ended 30 June 2021

### Description of Entity's Outcomes

Advocacy - "To support and facilitate environmental, commercial and design projects in the CBD."

1. CBD masterplan development
2. Access Hamilton initiatives in the CBD
3. Property Council research project
4. Partner on central city improvements
5. Promote CBD businesses and initiatives
6. Commercial and residential development

Promotion - "To market and promote CBD businesses, events and activities."

1. CBD activation plan
2. Ambassador Programme
3. Advantage Club
4. Sector specific initiatives
5. Social media development
6. PR opportunities
7. Stories of the CBD
8. CBD Celebration Awards

Organisation - "To contribute and collaborate on projects that support the CBD business economy."

1. Economic development opportunities
2. Partnership and networking opportunities
3. CBD safety initiatives
4. Smart city initiatives
5. Cultural awareness opportunities
6. Executive Committee representative of the CBD community
7. CBD brand development and profile raising
8. Governance role: People's Project, Safe Zone, Zeal, Riff Raff Trust, Embassy Park Working Group, Central City Safety Action Strategy contributor, Access Hamilton contributor, Boon Street Art contributor, Smart City contributor
9. Smart Waikato Secondary School Employment Programme

	2021	2020
<b>Quantification of the Entity's Outputs</b>		
<b>Activation - CBD</b>		
Balance carried forward	2,639	(12,817)
Funding	105,766	102,485
Spending	(106,354)	(87,029)
<b>Total Activation - CBD</b>	<b>2,051</b>	<b>2,639</b>
<b>Ambassador Programme</b>		
Funding	-	20,030
Spending	-	(21,596)
<b>Total Ambassador Programme</b>	<b>-</b>	<b>(1,566)</b>
<b>Business Awards</b>		
Funding	19,014	18,517
Spending	(46,106)	(37,261)
<b>Total Business Awards</b>	<b>(27,092)</b>	<b>(18,744)</b>
<b>Garden Place</b>		
Funding	4,174	3,450
Spending	(2,698)	(1,591)
<b>Total Garden Place</b>	<b>1,476</b>	<b>1,859</b>
<b>Neat Places</b>		
Funding	14,150	-
Spending	(14,310)	-
<b>Total Neat Places</b>	<b>(160)</b>	<b>-</b>
<b>Safe Zone</b>		
Balance carried forward	4,713	6,798
Spending	(4,074)	(2,084)
<b>Total Safe Zone</b>	<b>639</b>	<b>4,713</b>
<b>Other Project Spending</b>		
Special Projects - Member Workshop & Events	-	(176)
Special Projects - Advantage Club	(964)	(1,722)
Special Projects - Economic Development	(11,450)	(7,725)
Special Projects - Corporate Identity/PR	(1,495)	(2,397)
Special Projects - Retail Campaign	-	(2,023)
Sponsorship	(11,000)	(12,283)
<b>Total Other Project Spending</b>	<b>(24,909)</b>	<b>(26,326)</b>

# Statement of Financial Performance

## Hamilton Central Business Association For the year ended 30 June 2021

	NOTES	2021	2020
<b>Revenue</b>			
Rates from Members		310,000	303,000
<b>Grants &amp; Special Projects</b>			
Ambassador Programme		-	20,030
Business Awards - Sales & Sponsorships		19,014	18,517
Garden Place Live Music		4,174	3,450
Income - CBD Activation		105,766	102,485
Neat Places		14,150	-
<b>Total Grants &amp; Special Projects</b>		<b>143,104</b>	<b>144,482</b>
Interest, dividends and other investment revenue		65	122
Other revenue		-	2,054
<b>Total Revenue</b>		<b>453,169</b>	<b>449,659</b>
<b>Expenses</b>			
ACC Levies		493	460
Accountancy Fees		3,000	180
Advertising		1,412	1,665
Audit Fees		3,179	2,814
Bank Fees		138	112
Carparks		4,440	4,810
Computer Expenses		644	157
Depreciation		3,891	8,447
Insurance		2,273	-
Interest - Bank Overdrafts & Credit Cards		-	-
Interest Paid - UOMI		-	(3)
Legal Fees		667	-
Loss on Disposal of Fixed Assets		978	-
Marketing		11,251	9,576
Meeting Costs - AGM		1,463	55
Meeting Costs inc Social Business		3,368	3,801
Office Cleaning		1,952	1,483
Office Expenses		8,142	833
Postage		213	180
Power		607	1,702
Printing & Stationery		1,431	1,533
Rent		27,668	12,845
Seminars & Conferences		840	2,208
Special Projects		-	7
Special Projects - Advantage Club		964	1,722
Special Projects - Ambassador		-	21,596
Special Projects - Business Awards		46,106	37,261
Special Projects - CBD Activation		106,354	87,029

These financial statements should be read in conjunction with the attached Independent Auditor's Report and Notes.

## Statement of Financial Performance

	NOTES	2021	2020
Special Projects - Corporate Identity/PR		1,495	2,397
Special Projects - Economic Development		11,450	7,725
Special Projects - Garden Place		2,698	1,591
Special Projects - Member Workshop & Events		-	176
Special Projects - Neat Places		14,310	-
Special Projects - Retail Campaign		-	2,023
Special Projects - Safe Zone		4,074	2,084
Sponsorship		11,000	12,283
Staff Expenses		1,029	515
Staff Training & Welfare		1,033	605
Subscriptions		3,840	2,850
Telephone & Tolls		2,615	3,768
Travel Expenses - NZ		1,450	1,161
Travel Expenses - Overseas		-	3,320
Wages		199,822	195,798
Website Maintenance		1,410	3,000
<b>Total Expenses</b>		<b>487,701</b>	<b>439,767</b>
<b>Surplus/(Deficit) for the Year</b>		<b>(34,532)</b>	<b>9,892</b>

These financial statements should be read in conjunction with the attached Independent Auditor's Report and Notes.

## Statement of Movements in Funds

Hamilton Central Business Association  
For the year ended 30 June 2021

	2021	2020
<b>Movements in Funds</b>		
Opening Balance	63,469	53,577
<b>Increases</b>		
Surplus/(deficit) for the Period	(34,532)	9,892
<b>Total Increases</b>	<b>(34,532)</b>	<b>9,892</b>
<b>Total Movements in Funds</b>	<b>28,937</b>	<b>63,469</b>

These financial statements should be read in conjunction with the attached Independent Auditor's Report and Notes.



# Statement of Financial Position

## Hamilton Central Business Association

As at 30 June 2021

	NOTES	30 JUN 2021	30 JUN 2020
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Bank Accounts	12	44,666	58,455
Trade and Other Receivables	7	-	15,974
<b>Total Current Assets</b>		<b>44,666</b>	<b>74,429</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	13	5,107	9,976
<b>Total Non-Current Assets</b>		<b>5,107</b>	<b>9,976</b>
<b>Total Assets</b>		<b>49,773</b>	<b>84,405</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	14	9,370	8,227
GST Payable	15	11,466	12,708
<b>Total Current Liabilities</b>		<b>20,837</b>	<b>20,936</b>
<b>Total Liabilities</b>		<b>20,837</b>	<b>20,936</b>
<b>Net Assets</b>		<b>28,937</b>	<b>63,469</b>
<b>Equity</b>			
Retained Earnings		28,937	63,469
<b>Total Equity</b>		<b>28,937</b>	<b>63,469</b>

These financial statements should be read in conjunction with the attached Independent Auditor's Report and Notes.

Depreciation Schedule

Hamilton Central Business Association

For the year ended 30 June 2021

NAME	RATE	METHOD	PURCHASED	DISPOSED	SALE PRICE	COST	OPENING ACCUM DEP	OPENING VALUE	PURCHASES	DISPOSALS	DEPRECIATION	CLOSING VALUE	DEP RECOVERED	DEP START DATE	PRIVATE USE AMOUNT	PRIVATE USE %
Office Equipment																
Modem Office	16.00%	DV	2 Sep 2019		-	1,148	153	995	-	-	159	836	-	2 Sep 2019	-	0.00%
2x Laptops May 2012	50.00%	DV	23 May 2012	1 Jul 2020	-	3,462	3,450	12	-	12	-	-	-	23 May 2012	-	0.00%
AOC 23.9" Monitor	50.00%	DV	27 Feb 2010	1 Jul 2020	-	248	248	-	-	-	-	-	-	27 Feb 2010	-	0.00%
Asus Laptop 15"	50.00%	DV	16 Jun 2016	1 Jul 2020	-	584	544	40	-	40	-	-	-	16 Jun 2016	-	0.00%
Canon Eos 18-55MM Camera Kit	67.00%	DV	27 Aug 2015	1 Jul 2020	-	393	391	2	-	2	-	-	-	27 Aug 2015	-	0.00%
Fridge	25.00%	DV	11 Feb 2013	1 Jul 2020	-	652	574	78	-	78	-	-	-	11 Feb 2013	-	0.00%
Heat Pumps	20.00%	DV	12 Jun 2013	1 Jul 2020	-	3,043	2,415	628	-	628	-	-	-	12 Jun 2013	-	0.00%
Laptop	50.00%	DV	22 Aug 2014	1 Jul 2020	-	1,878	1,844	34	-	34	-	-	-	22 Aug 2014	-	0.00%
Mircosoft Surface Pro	67.00%	DV	27 Feb 2019		-	2,461	1,875	585	-	-	392	193	-	27 Feb 2019	-	0.00%
MS Office Professional 2007	50.00%	DV	27 Feb 2010	1 Jul 2020	-	258	258	-	-	-	-	-	-	27 Feb 2010	-	0.00%
Office Desks	13.00%	DV	31 Jan 2017		-	726	279	447	-	-	58	389	-	31 Jan 2017	-	0.00%
Office Furniture	16.00%	DV	9 Jun 2010		-	1,891	1,555	336	-	-	54	282	-	9 Jun 2010	-	0.00%
Printer	40.00%	DV	27 Feb 2010	1 Jul 2020	-	684	683	1	-	1	-	-	-	27 Feb 2010	-	0.00%
Surface Pro 256GB i5 8GB w/ Cover	67.00%	DV	20 Apr 2018		-	4,346	3,952	394	-	-	264	130	-	20 Apr 2018	-	0.00%
Website	50.00%	DV	31 Aug 2015	1 Jul 2020	-	5,391	5,208	183	-	183	-	-	-	31 Aug 2015	-	0.00%
Website - HCBA	50.00%	DV	30 Jun 2019		-	9,750	5,078	4,672	-	-	2,336	2,336	-	30 Jun 2019	-	0.00%
Total Office Equipment					-	36,915	28,508	8,407	-	978	3,263	4,166	-		-	
Plant & Equipment																
Samsung 55" PHF Signage Panel	40.00%	DV	21 Aug 2017		-	6,880	5,311	1,569	-	-	627	941	-	21 Aug 2017	-	0.00%
Total Plant & Equipment					-	6,880	5,311	1,569	-	-	627	941	-		-	
Total					-	43,795	33,819	9,976	-	978	3,891	5,107	-		-	

These financial statements should be read in conjunction with the attached Independent Auditor's Report and Notes.

# Notes to the Financial Statements

## Hamilton Central Business Association

### For the year ended 30 June 2021

#### 1. Reporting Entity

Hamilton Central Business Association is an incorporated society incorporated under the Incorporated Societies Act 1908. The financial statements of Hamilton Central Business Association are special purpose financial statements. These financial statements have been prepared for internal purposes and may not be suitable for any other purpose.

#### 2. Basis of Preparation

These financial statements have been prepared in accordance with taxation principles contained within the Income Tax Act 2007 and disclosure requirements contained within the Tax Administration (Financial Statements) Order 2014.

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Financial Performance and Statement of Financial Position on a tax value basis are followed by an incorporated society, unless otherwise stated in the specific accounting policies.

#### 3. Historical Cost

These financial statements have been prepared on a historical cost basis. The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

#### 4. Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

#### 5. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, excluding goods and services tax rebates and discounts, to the extent it is probable that the economic benefits will flow to the entity and revenue can be reliably measured.

Sales of services are recognised in the period by reference to the stage of completion of the transaction at the end of the reporting period.

Lease income is recognised on a straight line basis over the life of the lease.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

Dividends received are recognised on receipt, net of non-refundable tax credits.

#### 6. Foreign Currencies

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction. At balance date foreign monetary assets and liabilities are translated at the closing rate and variations arising from these transactions are included in the statement of profit or loss.

#### 7. Accounts Receivable

Accounts receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts. Individual debts that are known to be uncollectable are written off in the period that they are identified.

#### 8. Property, Plant and Equipment and Investment Property

Property, plant and equipment and investment property are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

An item of property, plant and equipment or investment property is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of financial performance in the year the asset is derecognised.

## 9. Depreciation

Account	Method	Rate
Office Equipment	Diminishing Value (100%)	13% - 67%
Plant & Equipment	Diminishing Value (100%)	40%

## 10. Provisions

Provisions are recognised when the Association has an obligation which can be reliably measured at balance date as a result of past event and it is probable that the company will be required to settle the obligation.

Where the Association expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

## 11. Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

	2021	2020
<b>12. Cash and Bank Accounts</b>		
ASB - 00	4,012	2,907
ASB - 01	639	5,273
ASB - 50	40,077	43,061
ASB - 51	2,051	9,153
ASB Credit Card XX-4043	(2,114)	(1,939)
<b>Total Cash and Bank Accounts</b>	<b>44,666</b>	<b>58,455</b>
	2021	2020

## 13. Property, Plant and Equipment

<b>Plant and Equipment</b>		
Plant and machinery owned	6,880	6,880
Accumulated depreciation - plant and machinery owned	(5,939)	(5,311)
<b>Total Plant and Equipment</b>	<b>941</b>	<b>1,569</b>
<b>Office Equipment</b>		

## Notes to the Financial Statements

Office equipment owned	20,322	36,915
Accumulated depreciation - office equipment owned	(16,156)	(28,508)
<b>Total Office Equipment</b>	<b>4,166</b>	<b>8,407</b>
<b>Total Property, Plant and Equipment</b>	<b>5,107</b>	<b>9,976</b>
	<b>2021</b>	<b>2020</b>

**14. Trade and Other Payables**

Creditors	4,646	3,503
Wages & PAYE Payable	4,725	4,725
<b>Total Trade and Other Payables</b>	<b>9,370</b>	<b>8,227</b>
	<b>2021</b>	<b>2020</b>

**15. GST**

GST	11,466	7,592
GST Adjustments - 2017	-	1,965
GST Adjustments - 2018	-	3,152
<b>Total GST</b>	<b>11,466</b>	<b>12,708</b>

**16. Contingent Liabilities and Guarantees**

The Association had no contingent liabilities and no guarantees as at 30 June 2021 (2020: Nil/Nil).

**17. Capital and Lease Commitments**

There are no capital of lease commitments at balance date (2020: The Association has undertaken a new lease at a premises in Garden Place, Hamilton to commence on 1st July 2020).

	<b>2021</b>	<b>2020</b>
<b>18. Related Parties</b>		
<b>Hamilton City Council</b>		
Rates from Members	310,000	303,000
Grants & Other Income	105,267	123,450
<b>Total Hamilton City Council</b>	<b>415,267</b>	<b>426,450</b>
<b>Total Related Parties</b>	<b>415,267</b>	<b>426,450</b>



### EFFECTIVE OUTCOME 1 - ADVOCACY

To represent the central city business voice on issues and projects of strategic importance to the central city.

- |   |   |
|---|---|
| 1. Central City Transformation and River Plan | 5. Commercial and residential development |
| 2. Transportation initiatives                 | 6. CBD trends                             |
| 3. Tactical urbanism                          | 7. Central city safety and wellbeing      |
| 4. Central city infrastructure                | 8. Buying local                           |

### EFFECTIVE OUTCOME 2 - COLLABORATION

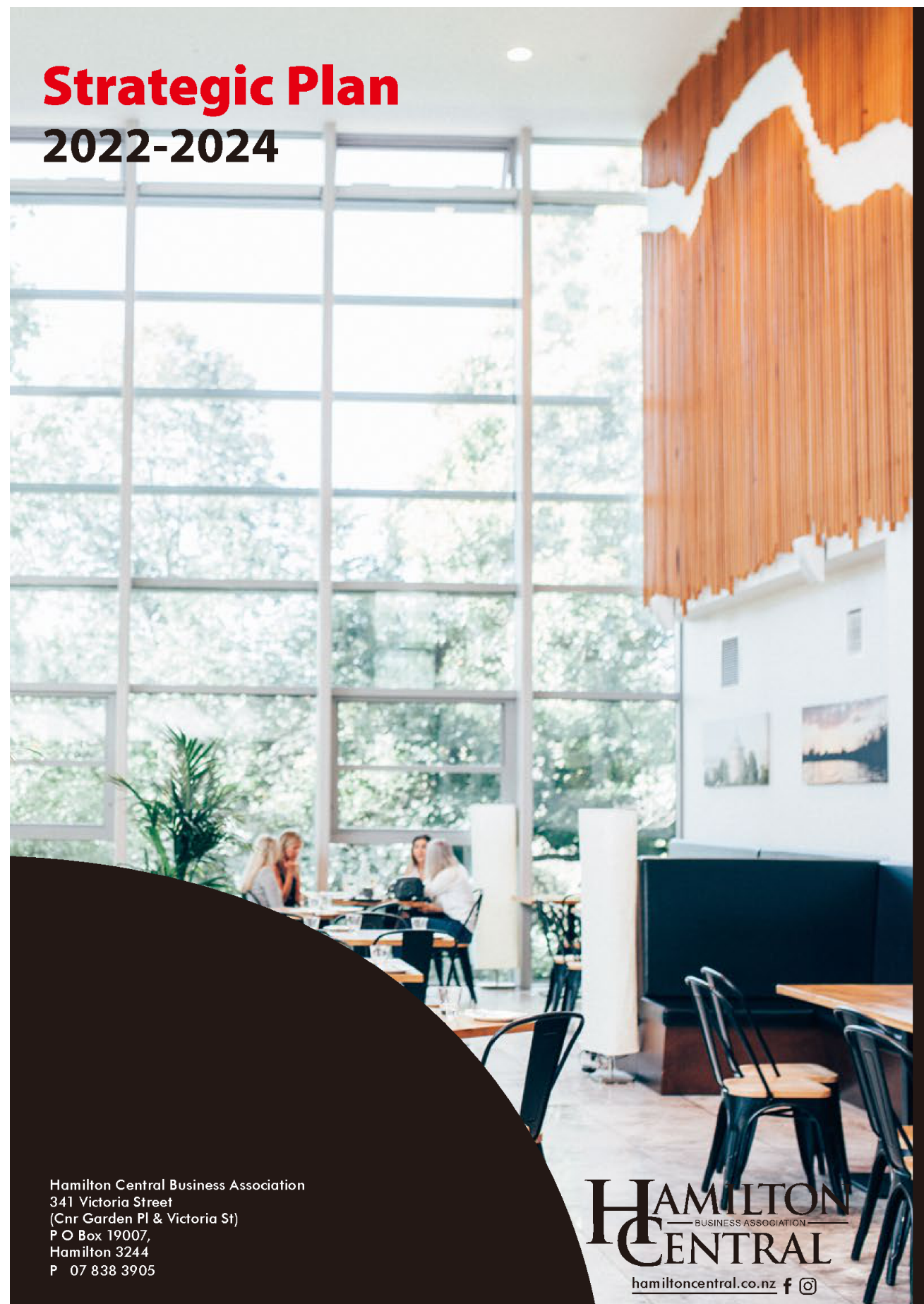
To contribute and collaborate on projects that support the CBD business economy.

- |   |  |
|---|--|
| 1. Economic development initiatives         | 5. CBD accessibility initiatives         |
| 2. Partnership and networking opportunities | 6. Ambassador Programme                  |
| 3. Smart City initiatives                   | 7. Executive committee representatives   |
| 4. CBD safety initiatives                   | 8. Governance roles and responsibilities |

### EFFECTIVE OUTCOME 3 – PROMOTION

To promote the CBD as a bustling, active, innovative, vibrant place that offers exceptional businesses and experiences.

- |                                |                           |
|--------------------------------|---------------------------|
| 1. Social media engagement     | 5. Advantage Club         |
| 2. Sector specific initiatives | 6. HCBA brand refresh     |
| 3. Profile raising activities  | 7. Interactive CBD        |
| 4. Public space activation     | 8. CBD Celebration awards |



# Strategic Plan 2022-2024

Hamilton Central Business Association  
341 Victoria Street  
(Cnr Garden Pl & Victoria St)  
P O Box 19007,  
Hamilton 3244  
P 07 838 3905

**HAMILTON**  
BUSINESS ASSOCIATION  
**CENTRAL**  
hamiltoncentral.co.nz f i

## OUR VISION

To be New Zealand's premier CBD business destination.

## OUR WHY

### Business Prosperity

- Partnership & collaboration
- Support & recognition
- Sustainable success

### Meaningful Experience

- Energy & enjoyment
- Connection & community
- Inspiration & activation

## OUR MISSION

Hamilton Central Business Association (HCBA) strives to create a vibrant and bustling environment for CBD businesses who seek advocacy, promotion and collaboration in a time when the central city is adapting to the effects of urban sprawl.

## OUR VALUES

**Lively - Clear - Local - Inviting - Credible - Versatile**

## HOW WE DO IT

### Business Advocacy

- Advocate to Council on behalf of the local business community on key issues affecting the central city
- Create and take advantage of opportunities to positively enhance the central city's reputation
- Provide connection between the businesses and local Government to support business activity.

### Business Collaboration

- Strengthen and develop partnerships with key stakeholders of the CBD
- Connect and network CBD businesses providing opportunities for growth and development
- Create opportunities for CBD businesses to thrive in Hamilton.

### Business Promotion

- Develop, market and promote Hamilton's central city businesses
- Encourage people to visit Hamilton's CBD for business and pleasure
- Create and market events, activities and activations in the CBD.



CENTRAL CITY DEVELOPMENT

As a result of the Covid-19 pandemic, central cities worldwide are on a journey of transformation, responding to the challenges of changing workforce patterns, online shopping and increasing commercial and residential infrastructure demands. The opportunity now exists to build city centres for people, taking advantage of internationally identified attributes of central cities, including location, density, transit connectivity and a working population base. Hamilton's CBD is ideally placed to accelerate these international trends already underway through Central and Local Council legislation, investment in infrastructure and key strategic developments.

Property

- Ongoing modernisation and development of older grade building stock
- Legislation requirements for development of earthquake prone buildings
- Investment in the revision of Hamilton's District Plan

Environment

- Council investment in the Central City Transformation Plan (CCTP)
- Innovating Streets trial projects
- Key development projects in the CBD including the Tristram Precinct, Waikato Regional Theatre, Union Square development, ACC building, Tūāpapa and 28Harwood.
- Investment in transportation initiatives

CENTRAL CITY MARKET DEVELOPMENT

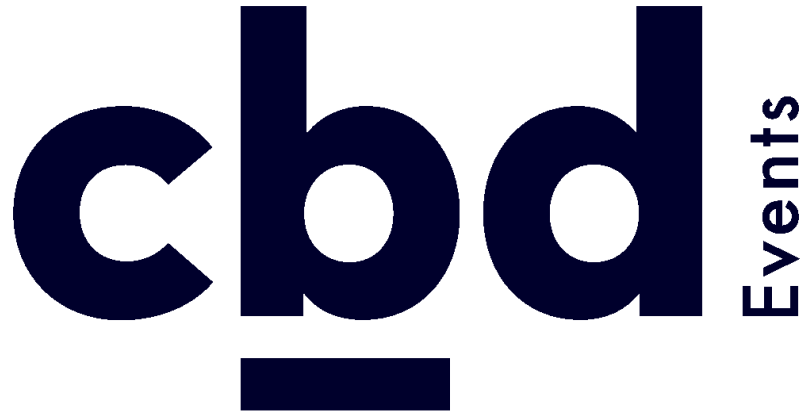
- Growing inner city residential opportunities
- Growing boutique retail and second branch retail opportunities
- Broad spectrum hospitality offerings
- Head office and call centre location potential
- Government business location potential
- Hamilton promotional opportunities

EFFECTIVE OUTCOME 1 - ADVOCACY		
To represent the central city business voice on issues and projects of strategic importance to the central city.		
Action	Timeframe	Measurement tools
Support the revitalisation of the central city	Ongoing	CCTP projects CBD trends and statistics: pedestrian counts, retail spend, vacancy rates, commercial enquiry CBD developments: commercial and residential Positive PR
Endorse commercial and residential development in the central city	Ongoing	Collaborative Social Business events CBD residential statistics CBD worker statistics CCTP projects
Support building a night-time economy	Ongoing	Commercial development Retail & office CBD occupancy surveys BID survey
Creating a safe and accessible environment in the central city	Ongoing	Collaboration with accessibility organisations HCBA central city safety survey statistics CCTP
To contribute on projects that positively affect the CBD	Ongoing	Submissions to annual and long-term plan, written and verbal. Public forum speaking Project specific lobbying Advocacy

EFFECTIVE OUTCOME 2 - COLLABORATION		
To contribute and collaborate on projects that support the CBD business economy.		
Action	Timeframe	Measurement tools
Build an effective Executive Committee that represents the CBD business community	Annual	AGM Nominations CBD sector representation
Support organisations that contribute to the central city environment and create positive outcomes for the CBD	Ongoing	Annual safety survey Collaborative projects, events & activations Ambassador Programme Executive Committee membership
Actively engage with key organisations and the membership to connect, collaborate and create CBD initiatives	Ongoing	Social Business events Monthly e-newsletter to members and member only social media updates Economic development initiatives CBD events and activations
Continue to build effective partnerships with key organisations and influencers	Ongoing	Regular engagement with business leaders HCBA attendance at key stakeholder business events Explore opportunities for partnership projects and activities Governance participation

EFFECTIVE OUTCOME 3 - PROMOTION		
To promote the CBD as a bustling, active, innovative, vibrant place that offers exceptional businesses and experiences.		
Action	Timeframe	Measurement tools
To support and develop businesses to thrive in the CBD	Ongoing	Collaboration projects and networking events PR opportunities Social media engagement Promotional opportunities
CBD identity development	2021	Amalgamate the Hamilton Central Business Association brand with the CBD brand. Create brand collateral and material Promote new identity within CBD marketing
To bring vibrancy to public spaces in the CBD through activation, events and people	2021-2024	Annual activation planning and reporting CCTP support Business membership collaboration
Showcase, celebrate and promote the diversity of the CBD	Ongoing	CBD Celebration Awards Hamilton CBD YouTube Series Sector campaigns Stories of the CBD Social media support Marketing and promotion opportunities





## **CBD ACTIVATION PRIORITIES 2022-2024**

Hamilton Central Business Association (HCBA) is the only business association that strives to create a vibrant and bustling environment for CBD businesses who seek advocacy, promotion and collaboration in a time when the central city is adapting to the effects of urban sprawl.

In 2018 responded to market demand to have a year round calendar of events in the CBD and introduced the CBD Events brand to show support and recognition of events and activations held in the central city.

The \$100,000 activation fund provided to HCBA from Hamilton City Council provides financial support and opportunity to events and activations to come into to the CBD and help Hamilton's central city to thrive.

The key areas of focus are:

- Arts & Culture
- Sport & Leisure
- Play & Celebration

Below are the identified events that HCBA will continue to support over the next three years (ongoing) as well as events one off events (impact) to support vibrancy in the CBD. In addition HCBA will look to support emerging opportunities as they are identified.

## ARTS & CULTURE

### Storybox – May/June/July (impact)

HCBA works with Storybox, a creative production and design studio based in Wellington – who create art installations that celebrate culture and make people stop and think. In 2019 CBD Events brought in Speakertube, an interactive childrens art installation, that was installed in Civic Square for six weeks and created good engagement with the community.

During May and June, the HCBA office windows had an installation running for 6 weeks called Echoes, which celebrated Hamilton's history through a sequence of photos dating back over 100 years that the public were able to bring up on screens as they walked toward the office windows. HCBA worked with the Hamilton City Libraries to source and caption the photos for the installation. The historical photos provided Hamiltonians a nostalgic opportunity to view Hamilton's history when they were visiting Garden Place. While the installation was in place HCBA and the Heritage Librarian hosted a group from a local retirement village to take a walk down memory lane.

To further support the Echoes installation, HCBA, in collaboration with local business Snapshot, ran a photo competition to capture the best CBD 'now' image. Three winning photos were selected and put on display in HCBA office windows after the completion of the installation.

HCBA is working with Storybox to bring Pou Rama to Victoria on the River. Pou Rama is a light sculpture, featuring a series of free-standing light structures, inspired by Maori land symbols of support – poiwhenua. HCBA is looking to partner with the Victoria on the River placemaking group who have a small budget to contribute to activations and events held in this space. HCBA has also spoken with Muna Wharawhara about this installation and will ensure he is a key liaison point as this continues to progress. It is anticipated this installation will be in Winter 2021.

HCBA will continue to work with Storybox for impact installations that can be housed in the CBD for a number of weeks, to support the interactive elements that art can provide.

### Te Ruru – June (ongoing)

CBD Events partnered with Creative Waikato for the first Te Ruru light festival held in the central city in 2019. This was successfully implemented over a number of days and sites throughout Garden Place and Civic Square, in collaboration with surrounding businesses. Due to COVID-19 audience restrictions Te Ruru in 2020 was held at Hamilton Lake. In 2021 HCBA was able to support Te Ruru back into the CBD in collaboration with the Innovating Streets project to be held on Rostrevor Street. Te Ruru Light Festival will also include musical performances Dr Mesmer's Private Army with taonga puoro master Horomona Horo (if available). There is an expectation of around 3,000 attendees.

HCBA would like to continue to support Te Ruru and the connection it provides to Māori heritage over the next three years.

### Pecha Kucha – June (ongoing)

CBD Events supported Pecha Kucha to take their storytelling platform outdoors in 2019 with a speaker event held at Victoria on River on creative cities. Although this was unable to happen outdoors in 2020, Pecha Kucha will be back in the central city in 2021.

HCBA would like to continue to support Pecha Kucha to provide their event outdoors, themed to issues relevant to the time.

**Boon After Dark – August/September (ongoing)**

CBA has supported the work of Boon After Dark in bringing in art installations into the central city to be enjoyed over a sustained period of time. This has included the Hybocozo Light Sculptures, Shrooms and for 2021 three ‘wow’ factor lighting installations across two public spaces. HCBA is particularly supportive of the installations happening over the Winter months, providing the city centre with a drawcard to visit in the evenings. The Boon After Dark installations continue to delight the crowds over a period of time and have been made possible through a strong funding partnership across a number of businesses and organisations.

HCBA would like to continue to invest in Boon After Dark installations, providing a positive business collaboration via a sustained activation opportunity.

**Weave Festival – November (ongoing)**

In 2019 the Red Cross collaborated with HCBA to introduce the Weave Festival into Garden Place in 2019. This has been successfully run each December for the past three years, showcasing new migrants and the cooking of their home country.

HCBA would like to continue to support the Weave Festival coming into Garden Place as it celebrates the migrant communities in Hamilton.

**Chinese Lantern Festival – February (ongoing)**

CBD events has a strong partnership with the Chinese Lantern Festival and supported this event back into the central city in 2018. This event is well supported by local businesses and visitors to the central city attracting in excess of 3,000 people to Garden Place. With high calibre international performers and a celebration of Chinese culture, this is held in support of the Chinese New Year. Unable to happen in 2020, the Lantern Festival was back in Garden Place in 2021, attracting an enormous crowd and continues to go from strength to strength.

HCBA would like to continue to support this Chinese Lantern Festival in the central city as a celebration of the Chinese culture.

**Maaori Cultural Tourism – March (ongoing)**

CBD Events has previously supported both the Haka Festival and Te Ahurei Maaori in 2020. HCBA has reached out to Tainui Waka Tourism to see if there is any potential to create any further activations with these providers.

HCBA would like to support He Pou Manawa Ora – Pillars of Wellbeing to be recognised and celebrated in the CBD.

**Boon Festival – March (ongoing)**

The Boon Festival is an extremely successful street art festival, turning plain buildings and streets into canvases for works of art. HCBA has supported the street art festival since its inception and through the CBD Events brand has continued to invest in the Festival as it has grown its offering to include live performances and food.

HCBA would like to continue to invest in Boon Street Arts Festival recognising the importance of art and experience opportunities it brings into the CBD.

**Festivals (ongoing)**

There are a number of other festivals that celebrate the different cultures and arts within Hamilton. HCBA ensures all festivals held in central city public spaces are well promoted via Hamilton Central social media channels and provide contributory funding when required e.g. Fringe Festival and Hamilton Garden Arts Festival. HCBA recognises the importance that festivals provide to recognise and celebrate arts and culture in the CBD.

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## **SPORTS & RECREATION**

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Sport and recreation events provide local audiences with the opportunity to support and recognise events happening locally, nationally and internationally. Hamilton has worked hard to get on the 'shopping list' for events particularly at the local stadiums including FMG Stadium, Seddon Park and Claudelands. HCBA uses the CBD Events brand to bring this recognition into the central city for one off sport & recreation events as well as established events.

**Round the Bridges – November (ongoing)**

The CBD Events brand has been leveraged to support the iconic Round the Bridges event by being the named sponsor of the 6km event. This event trails through the main street of the CBD and brings thousands of people into the CBD to participate and spectate during the event. HCBA recognises the vibrancy Round the Bridges creates for the CBD and would like to continue its support.

**7s – January (ongoing)**

HCBA has been involved with the 7s since it was first held at FMG Stadium. This event brings many people from out of town as well as the local community into Hamilton to revel and enjoy what is on offer at the FMG Stadium and the central city outside of game time. If the 7s event returns to Hamilton in 2022, HCBA would like to contribute to 7s events held in the CBD.

**Womens Cricket World Cup 2022 – December/January/February (impact)**

HCBA has put forward a proposal to create a Box Cricket Business House series to be held in Garden Place to raise awareness of and support the Womens Cricket World Cup 2022. This would also include the potential to create a Fan Zone in the boxed space in Garden Place. Internationally cricket has a dedicated fan base and HCBA would like to encourage that fan base into the CBD.

**2023 FIFA Women's World Cup (impact)**

Jointly hosted between New Zealand and Australia, the FIFA Women's World Cup 2023 will possibly be the largest event hosted in New Zealand stadiums. The full schedule and games are to be confirmed, however confirmation of Hamilton as a venue has significant economic and social impact for the city and the wider region. HCBA will be open to partnering on any events created to support this phenomenal sporting event and the association this would have for the central city.

**Markets (impact)**

Over the past three years HCBA has supported markets to come into the CBD to either complement an existing event or to create a new event. This has included art, food and maker markets. HCBA would like to continue to work with markets coming into town.

**Health & Wellness (impact)**

There has been a heightened emphasis on health and wellbeing, particularly since COVID-19 and lockdown. HCBA has supported this movement by providing free meditation to workers and visitors to town. HCBA would like to continue to provide health and wellness opportunities to the public.

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## **PLAY & CELEBRATE**

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One of the key areas to develop in the CBD is play spaces to engage with children and families. While there is currently a lack of public infrastructure in the central city to support play there is a range of activations that are provided often in collaboration with local businesses and organisations. HCBA will also look at opportunities to incorporate play infrastructure in the central city environment.

**Stories in the Garden – November/December/February (ongoing)**

An event created by HCBA in partnership with Hamilton City Libraries, prince & princesses, heroes & heroines come from near and far to hear magical tales from dressed up story tellers. Popular with families, this event is held on the grass in Garden Place and continues to be a great central city Saturday drawcard.

**Christmas Activations – December (ongoing)**

HCBA has been a long supporter of the Christmas Tree in Garden Place and the Christmas Parade on Anglesea Street. Through the CBD Events brand, HCBA have been able to help further develop these events and have enjoyed the opportunity to partner with CBD businesses in their support. The Christmas activations are widely enjoyed with thousands of Hamiltonians and visitors to Hamilton enjoying the Christmas Tree and Parade.

**Rainbow Machine – February (impact)**

HCBA looks for opportunities to create vibrancy in the central city through installations and activations and after having a recommendation from a local business actively pursued bring Auckland's Rainbow Machine to Hamilton. Having already been installed at Silo Park and MOTAT, HCBA has been confirmed for a Spring/Summer temporary installation of the Rainbow Machine – machine guaranteed to bring wonder, curiosity and playfulness to the inner city.

**Balloons Over Waikato – April (ongoing)**

A major iconic event for Hamilton, the Balloons Over Waikato is of interest both nationally and internationally. For a number of years the CBD hosted the City Burn event which attracted thousands into Garden Place. Due to a number of issues this event had to be

moved in 2021, however this was replaced with the walk through balloon event held over five days in Garden Place. HCBA is committed to continuing support Balloons Over Waikato with a central city event.

#### **Feast Waikato – April (ongoing)**

HCBA supported Feast Waikato, a festival of food, into the CBD by sponsoring the CBD Progressive Dinner. A ticketed event, the progressive dinner sees some of the best hospitality Hamilton has to offer showcased and celebrated through visiting local establishments. Feast Waikato is a food festival that has established itself on the foodie calendar and HCBA would like to continue to support this event.

#### **Movies and Music (impact)**

Throughout the central city public spaces, people continue to be drawn to movies and music when on offer. Throughout the summer months and beyond, HCBA look create opportunities for movies and music to happen as either stand alone or support events. These are always well attended by the public and will often include local business collaboration.

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## **ACTIVATION SUMMATION**

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The intention of the activation fund is to create interest in the central city by bringing in people to enjoy what is on offer, providing a flow on economic effect to the businesses located in the CBD and to positively impact the reputation of Hamilton. The fund has been used to support large, signature events to continue in the CBD as well as allow the creation of new events, both large and small, to support the central city as a place for people to enjoy.

By focusing on the areas Arts & Culture, Sport & Leisure and Play & Celebration, HCBA are able to support many of the place shaping outcomes of the CCTP including: Hamilton Kirikiriroa, a place to call home, a playful city, a home for diversity and a prosperous economy.

Proposed budget spend:

• Arts & Culture	\$30,000
• Sport & Leisure	\$30,000
• Play & Celebration	\$30,000
• Collateral/resources	\$10,000
<b>TOTAL</b>	<b>\$100,000</b>

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**Contact**

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Business Association

**P:** (07) 838 3905

**M:** 022 414 0780



# Council Report

Item 10

**Committee:** Economic Development Committee

**Date:** 11 August 2021

**Author:** Sean Murray

**Authoriser:** Sean Murray

**Position:** General Manager Venues, Tourism and Major Events

**Position:** General Manager Venues, Tourism and Major Events

**Report Name:** H3 Group - Year End Activity Report 30 June 2021

<b>Report Status</b>	<i>Open</i>
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## **Purpose - Take**

1. To inform the Economic Development Committee on the performance of H3 including financial and non-financial reporting, focusing on Year End results from 1 July 2020 to 30 June 2021.

## **Staff Recommendation - Tuutohu-aa-kaimahi**

2. That the Economic Development Committee receives the report.

## **Executive Summary - Whakaraapopototanga matua**

3. The intention of this report is to provide a more focused commentary on H3 (Council's Major Event Venues) for the 2020/21 year. This includes financial and non-financial activity for Claudelands, FMG Stadium Waikato, Seddon Park and residual activity related to the Founders Theatre.
4. The full report providing the results from 2020/21 is attached.
5. The financial reporting of H3 activity is also reported to Council's Finance Committee within the Financial Monitoring Report under "Venues, Tourism and Major Events" activity.
6. Staff consider the matters in this report to have low significance and the recommendation comply with the Council's legal requirements.

## **Legal and Policy Considerations - Whaiwhakaaro-aa-ture**

7. Staff confirm that the recommendation complies with the Council's legal and policy requirements.

## **Financial Considerations - Whaiwhakaaro Puutea**

8. This is a regular operating activity funded through the Long-Term Plan.

## **Wellbeing Considerations - Whaiwhakaaro-aa-oranga tonutanga**

9. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
10. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
11. The recommendations set out in this report are consistent with that purpose.

## Social

- 12. H3 venues and events are safe for people to attend;
- 13. H3 venues are a place where communities can meet, compete and perform;
- 14. H3 Venues are place Hamiltonians are proud of.

## Economic

- 15. H3 venues attract events that have a positive economic impact to the city;
- 16. Events held at H3 venues attract people to the city;
- 17. H3 venue infrastructure is well maintained, and improvements align with industry needs and requirements;
- 18. H3 financial management and decision making is sound.

## Environmental

- 19. H3 venues respond to climate change challenges through several operating and built in initiatives. However continuous improvement and attention to this responsibility remains a critical element of the operations reputation and competitiveness. Refer Section 5 of the activity report.
- 20. H3 venues are healthy environments;
- 21. H3 cares about reducing, recycling and reusing water, electricity and waste.

## Cultural

- 22. H3 venues offer a range of events for people to attend;
- 23. The heritage of H3 venues and locations is valued;
- 24. Our community has trust in H3.

## Risks - *Tuuraru*

- 25. There are no known risks associated with the decisions required for this matter.

## Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

### Significance

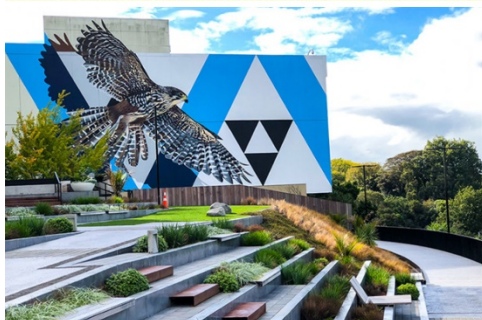
- 26. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.

### Engagement

- 27. Given the low level of significance determined, the engagement level is low. No engagement is required.

## Attachments - *Ngaa taapirihanga*

Attachment 1 - H3 Activity Report - 1 July 2020 to 30 June 2021



# H3 GROUP ACTIVITY REPORT

For Year Ending  
30 June 2021





## H3 ACTIVITY REPORT 2020/21

# OVERVIEW

*H3 is the unit within the Venues, Tourism and Major Events Group at Hamilton City Council responsible for overseeing the city's premier event venues. H3's purpose is to attract and deliver exceptional event experiences to Hamilton. This report is a summary of H3's Q4 and year-end activity to 30 June 2021 and was prepared for Council's Economic Development Committee meeting on 11 August 2021.*

As the 2020/21 year progressed, we saw an exceptionally strong 'bounce-back' of confidence in the event market by promoters and organisations responsible for event content, particularly in the impact event (performance and sports) area.

Our location and market reputation makes Hamilton the envy of many parts of New Zealand, and our ability to hold a range of events across our multi-purpose venues has seen us surpass our revised revenue budget expectations at year end.

H3 delivered a \$742,000 operating surplus against budget and a \$285,000 improvement on the prior year.

Our 20/21 summer and winter event campaigns resulted in strong sales results for our clients to ticketed events such as shows and performances, plus international and domestic sports events (cricket, rugby and netball) which were all supported by healthy numbers of attendees.

Conversely, the large business event market (multi-day conferences) has been affected in the short term by COVID impacts. However we are pleased to report forward bookings in 2021/22 and beyond suggest a healthy return to business from this sector.

Over 470,000 people attended events across our three venues and while the year exceeded our expectations, we remained conservative in our business expectations right up to year end. This was due to the fast-evolving nature of lockdown levels in NZ and the known effect on the events industry.

In addition to day to day event delivery and client liaison, H3 also delivered a capital works programme across the venues.

Several venue projects were completed during the year and proactive asset maintenance remains a key component of H3 activity.

The creation of a small team dedicated to this function will help ensure our venues remain fit for purpose and market relevant.

Venue security is set to be further enhanced with the approval via the 2021-31 Long-Term Plan of sufficient resourcing to execute venue security upgrades, alongside small budget adjustments to ensure our personnel structure is agile and able to respond to demand driven requirements.

While marketing, sales and asset management are an essential part of our business, successful venue management is perhaps best shown by the application of exceptional logistics management – and H3 relies on several key partners (external contractors) to do this.

H3 employs just over 70 permanent and 30 casual staff but has significant partnerships with a range of partners who bring specialist expertise and ensure their services are delivered to a high standard.

H3 would like to thank all these partners and their teams for their efforts and support. It is recognised that each of these partners have a substantial impact on the local (and regional) economy by being in business, and in turn supporting our business.

The H3 team are grateful for Council's ongoing support, however on a personal note I must also directly acknowledge the H3 team for their tireless and dedicated professionalism which has made the 2020/21 year a highly successful one.

To close, while it can be hard to look past the effects of the COVID pandemic globally, there are many underlying positives to reflect on which leaves H3 well positioned to proceed with confidence into the 2021/22 year.

**Sean Murray**  
General Manager – Venues, Tourism and Major Events Group  
Hamilton City Council

**H3 thanks the following delivery partners for their support:**

**MONTANA**  
FOOD AND EVENTS

**vidcom**  
NEW ZEALAND

**RED BADGE**  
SECURITY

**SPOTLESS**

**Ungerboeck**  
Software  
INTERNATIONAL

**TICKETEK**

**evolution**  
ROAD SERVICES

# 1. HIGHLIGHTS

## SUMMARY OF QUARTER FOUR

- The events landscape in Hamilton remained relatively settled in quarter four, with no lockdown level changes taking place. Due to this and previously reported growing confidence, several new and returning events took place during the quarter.
- H3 Venues held 328 separate events in Q4, which was attended by 138,517 people. Claudelands saw 95,536 people through its doors and our Stadia welcomed 42,981 patrons.

## 2021-2022 YEAR IN REVIEW

- This unique year began with a strong start as New Zealand being in Alert Level 1 from July.
- This return to business exceeded expectations after a tumultuous prior year Q3 and Q4 as a multitude of events returned to H3 venues sooner than expected. Notwithstanding two short restricted periods (Alert Level 2, August and late Feb/early March), the year was relatively settled and the retention of the majority of H3's COVID plans to prioritise on-going safety and reassurance for guests at our venues allowed us to continue the safe delivery of events.
- H3 continues to deliver events that support local business opportunities, stimulate the economy and promote Hamilton city. H3's reputation in the events and venue industry continues to be strong across the New Zealand market, which reflects well on Hamilton.
- Figures released by the Business Events Data Programme showed Hamilton was securing good market share of all NZ Business events during the year. Domestic business events delegates contributing \$480 per day to the economy, Business events are also a key market, often driving repeat visitation and further economic benefit as delegates return for a holiday with their friends or family. *(Source - Hamilton and Waikato Tourism)*

# 1039

EVENTS AT  
H3 VENUES

# 1144

HIRE DAYS  
ACROSS H3  
VENUES

# 470,645

ATTENDEES  
AT H3  
VENUES

## CLAUDELANDS

- Across the year, Claudelands showcased its versatility as a multi-zoned event facility. The venue hosted over 360 live music, performance, sport, conference, meetings, functions and exhibition events.
- Claudelands received significant praise and recognition from media, community, event attendee and the events industry sector, demonstrating the vibrancy and pride the venue brings to the city.
- The most talked about event at Claudelands this year was the successful hosting of a SIX60 concert, with a sell-out, all ages concert hosted on The Oval, New Zealand's newest large outdoor concert venue. Claudelands also hosted New Zealand's biggest business-to-business trade show, the Foodstuff Fresh & Grocery Expo, with over 300 exhibitors and 6,000 visitors. A new event this year was the creation of a campervan village to assist Fieldays 2021 with temporary exhibitor accommodation, due to shortages of commercial accommodation space in Hamilton. The private functions market continues to be a growing market for the iconic Grandstand venue.



SIX60 Saturdays concert on Claudelands Oval, February 2021

## H3 ACTIVITY REPORT 2020/21

**CLAUDELANDS - CONTINUED**

- The Claudelands Arena venue also celebrated its 10 year anniversary in June and Council resolved to enter into a commercial partnership agreement with a local media company for arena naming rights for up to 10 years from September 2021. While the arena remains Council owned and managed, the 6,000-seat venue will officially become "Globox Arena" in Q1 2021/22. The partnership contribution will be used to offset operational costs, attract new events to our city, and enhance the event experience at H3 venues.

**FMG STADIUM WAIKATO**

- FMG Stadium Waikato had a busy year, opening with several 2020 Super Rugby Aotearoa games played to large crowds, before reduced (but compliant) crowds for three Mitre-10 Cup and one Super Rugby Aotearoa match as lockdown levels fluctuated across NZ.
- Most of the year was settled enough for the venue to host, without restrictions, further Mitre-10 Cup home games, the Maori All Blacks v Moana Pasifika and 2021 Super Rugby Aotearoa matches plus a 2021 Super Rugby Trans-Tasman match.
- The H3 team also hosted an international FIFA delegation for host city, venue and training site visits in late June, in preparation for the 2023 tournament.
- The venue also hosted numerous private functions and remains a popular venue for small business meetings and medium business events.
- Several venue projects were completed during the year including the installation of a new passenger lift and replacement of the tie-rods that connect the Brian Perry Stand roof and light towers. Work also continued with the completion of investigation and detailed design work of FMG Stadium Waikato's sports light renewal project and the WEL Networks Stand seismic strengthening project.
- In total over 117,852 people attended over 590 events at FMG Stadium Waikato.

**330,852**  
PEOPLE ATTENDED  
EVENTS AT  
CLAUDELANDS IN  
2020/21

**139,793**  
PEOPLE ATTENDED  
EVENTS AT STADIA  
IN 2020/21

**SEDDON PARK**

- Seddon Park hosted another successful cricket season, with the Blackcaps playing a five-day test against the West Indies, a T20 showdown against Pakistan and A Team matches plus a T20 double header against Bangladesh with The White Ferns v Australia. The venue also hosted numerous domestic Super Smash, Plunket Shield, Ford Trophy and Northern Spirit cricket matches in between and around the international schedule.
- In addition to day to day event delivery and client liaison, also started during the year were two upgrade projects at Seddon Park – new sight screens and replacing the LED big screen. Both will be completed in Q1 and Q2 2021/22.
- Seddon Park was also announced as the recipient of government funding to upgrade changing facilities in preparation for the ICC Women's Cricket World Cup, postponed one year in August from early 2021 to 2022 due to COVID.



FMG Stadium Waikato supporting the events industry  
#wemakeevents - September 2020

#### SEDDON PARK - CONTINUED

- Upgrades at Seddon Park included improvements to existing player facilities including individual toilets and showers and refurbishment of the decommissioned public toilets to create additional gender neutral and fully accessible player facilities to cater for double headers.
- In total, 21,941 people attended 78 events at Seddon Park.

#### FOUNDERS THEATRE

- Founders Theatre remained closed for all but essential maintenance during the year. A COVID-19 testing station was relocated to the theatre's rear carpark and external loading bay area due to the resumption of event activity at Claudelands in Q2.
- During the year, Council conducted a consultation process to seek community feedback on the future of the Founders site for inclusion in its long-term planning process. Over 500 submissions were received during October-November, with 84% of respondents favouring the removal of the theatre building, creation of a multi-purpose park with landscaping to feature recognition of the past use of the site and full integration into the West Town Belt Masterplan. This was included in the draft 2021-31 long-term plan (\$3.57M) as the preferred option. During the hearings and deliberation of the long-term plan in April and May, Council agreed to include the budget for re-imagining the Founders site as a multi-purpose park. In addition, Council also agreed to give local charitable trust TOTI (Theatre of the Impossible) additional time to December 2021 to deliver a full alternate use and funding proposal to renovate and repurpose the building as a community centre.





# 2. FINANCIALS

2.1 TABLE 1: H3 FINANCIAL RESULT FOR THE PERIOD 1 JULY 2020 TO 30 JUNE 2021

Prior Actual 2019/20		Actual	Budget	Variance favourable (unfavourable)
\$000		\$000	\$000	\$000
	<b>Revenue</b>			
-	Subsidies and Grants	-	-	-
40	Capital Revenue	326	200	126
6,680	Revenue from Activities	6,309	3,710	2,599
<b>6,720</b>	<b>Total Revenue</b>	<b>6,636</b>	<b>3,910</b>	<b>2,726</b>
	<b>Direct Operating Costs</b>			
2,756	Cost of Sales	2,259	1,085	(1,174)
5,147	Personnel Costs	5,022	4,999	(23)
2,327	Operating and Maintenance costs	2,337	1,855	(481)
101	Professional Costs	117	198	81
896	Administrative Costs	917	777	(140)
1,512	Property Costs	1,717	1,469	(247)
<b>12,737</b>	<b>Total Direct Operating Costs</b>	<b>12,368</b>	<b>10,384</b>	<b>(1,984)</b>
<b>(6,017)</b>	<b>Direct Operating Surplus/(Deficit)</b>	<b>(5,732)</b>	<b>(6,474)</b>	<b>742</b>
	<b>Indirect Revenue</b>			
139	Interest Income	82	79	3
	<b>Indirect Overhead Costs</b>			
5,321	Depreciation and Amortisation	5,270	5,459	189
2,795	HCC Overhead Allocation	2,903	2,871	(32)
1,704	Finance Costs	1,184	1,477	293
<b>9,820</b>	<b>Total Indirect Operating Costs</b>	<b>9,358</b>	<b>9,807</b>	<b>450</b>
<b>(9,681)</b>	<b>Net Indirect Costs</b>	<b>(9,276)</b>	<b>(9,728)</b>	<b>453</b>
<b>(15,698)</b>	<b>Net Surplus/(Deficit)</b>	<b>(15,008)</b>	<b>(16,202)</b>	<b>1,194</b>
(4)	Gains and Losses	(331)	-	(331)
<b>(4)</b>	<b>Total Gains and (Losses)</b>	<b>(331)</b>	<b>-</b>	<b>(331)</b>
<b>(15,703)</b>	<b>Surplus/(Deficit)</b>	<b>(15,338)</b>	<b>(16,202)</b>	<b>864</b>

## NOTES

### REVENUE:

- Favourable due to additional volume of events incurred against our budget phasing. Our budget phasing assumed events would be slower to return

### OPERATING COSTS:

- Cost of sales: Additional costs relate to the uplift in revenue against budget
- Operating and Maintenance: Identified additional maintenance required and higher level of event activity
- Property Costs: Increased utilities charges relate to events being held at the venues during the first half of the year vs budget phasing of venue closures. Additional costs incurred due to COVID cleaning regimes.



# REVENUE SUMMARY

2.2 GRAPH 1: H3 REVENUE VARIANCE TO BUDGET AT 30 JUNE 2021



## SUMMARY

H3 revenue budgets were revised during preparation for the annual plan 2020/21 with a conservative approach to revenue due to the expected limitations of holding events. Events bounced back faster than expected which is reflected in the favourable result at year end.

- Total revenue for the year was above budget by \$2.6M (70%).
- Conference revenue was \$249k below budget due to less large conferences being held. When budgets were set, H3 had several large conferences booked which subsequently cancelled due to COVID which resulted in this variance. Conference revenue recovered slightly in Q4 with events occurring that had previously been delayed due to COVID.
- Sporting events revenue was \$739k above budget with higher than expected event volumes due to the commencement of Super Rugby Aotearoa, Māori All Blacks, Silver Ferns and MITRE 10 Cup and ANZ Premiership Netball games.
- Performance event revenue was \$456k above budget due to extremely strong last half of the year that included several concerts and comedy events.
- Exhibition revenue was \$490k above budget, driven by a favourable return of the exhibition market and longer than expected hire days.

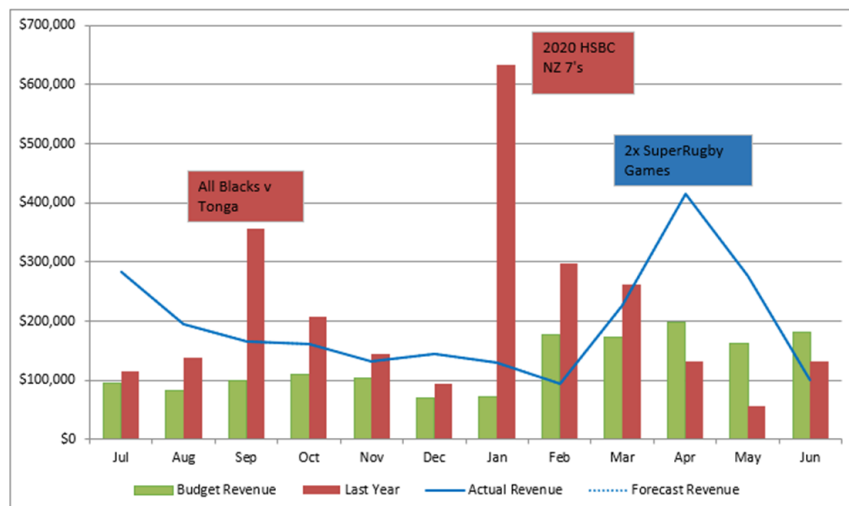
## OUR RESULTS AT A GLANCE

- 70% above budget due to sports, impact and expo business
- Conference activity down

## H3 ACTIVITY REPORT 2020/21

# 2020/21 STADIA RESULT

2.3 GRAPH 2: STADIA REVENUE FOR THE PERIOD 1 JULY 2020 TO 30 JUNE 2021

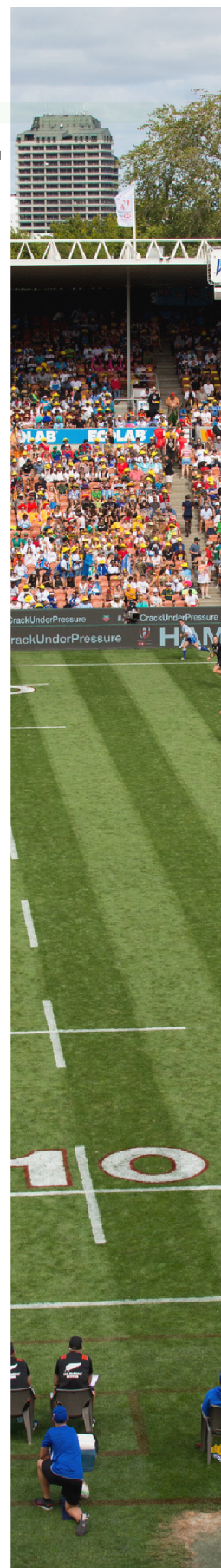


2.3.1 TABLE 2: STADIA SUMMARY FOR THE PERIOD 1 JULY 2020 TO 30 JUNE 2021

	Actual YTD	Budget YTD	Variance Favourable/ (unfavourable)
	\$000	\$000	\$000
<b>Revenue</b>			
Subsidies and Grants	-	-	-
Capital Revenue	326	200	126
Revenue from Activities	2,610	1,649	962
<b>Total Revenue</b>	<b>2,937</b>	<b>1,849</b>	<b>1,088</b>
<b>Direct Operating Costs</b>			
Cost of Sales	827	465	(362)
Personnel Costs	2,097	2,276	179
Operating and Maintenance Costs	1,426	1,303	(122)
Professional Costs	64	112	48
Administrative Costs	445	375	(70)
Property Costs	899	811	(88)
<b>Total Direct Operating Costs</b>	<b>5,757</b>	<b>5,343</b>	<b>(414)</b>
<b>Direct Operating Surplus/(Deficit)</b>	<b>(2,820)</b>	<b>(3,494)</b>	<b>674</b>

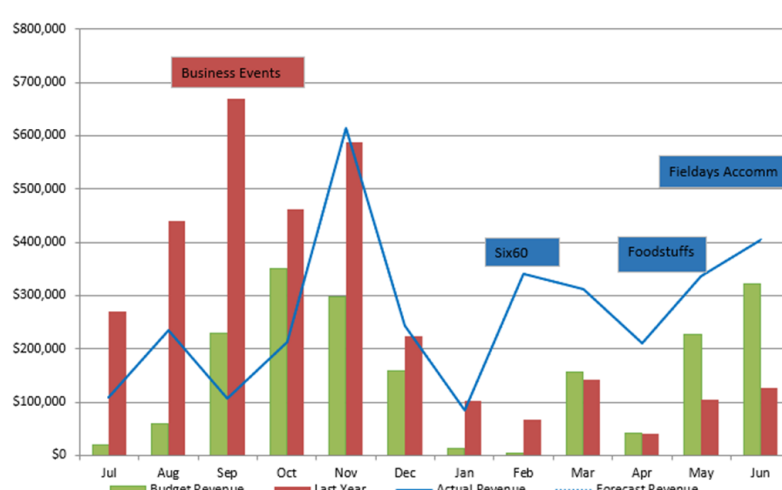
## SUMMARY

- Total Stadia revenue is 59% above budget driven by the commencement of Super Rugby Aotearoa, the MITRE 10 Cup and international rugby (Māori All Blacks v Moana Pasifika), which were unbudgeted due to events not being confirmed at time of budget setting.
- This is offset by additional costs related to the revenue uplift (Cost of Sales).



# 2020/21 CLAUDELANDS RESULT

2.4 GRAPH 3: CLAUDELANDS REVENUE FOR THE PERIOD 1 JULY 2020 TO 30 JUNE 2021



2.4.1 TABLE 3: CLAUDELANDS SUMMARY FOR THE PERIOD 1 JULY 2020 TO 30 JUNE 2021

	Actual YTD	Budget YTD	Variance Favourable/ (unfavourable)
	\$000	\$000	\$000
<b>Revenue</b>			
Subsidies and Grants	-	-	-
Capital Revenue	-	-	-
Revenue from Activities	3,699	2,061	1,638
<b>Total Revenue</b>	<b>3,699</b>	<b>2,061</b>	<b>1,638</b>
<b>Direct Operating Costs</b>			
Cost of Sales	1,432	620	(812)
Personnel Costs	2,925	2,723	(202)
Operating and Maintenance Costs	911	552	(359)
Professional Costs	53	86	33
Administrative Costs	472	401	(70)
Property Costs	818	658	(160)
<b>Total Direct Operating Costs</b>	<b>6,610</b>	<b>5,041</b>	<b>(1,570)</b>
<b>Direct Operating Surplus/(Deficit)</b>	<b>(2,912)</b>	<b>(2,979)</b>	<b>68</b>

## SUMMARY

- Total Claudelands revenue is 79% above budget, due to events returning earlier than expected.
- This is offset by additional costs related to the revenue uplift (Cost of Sales).
- Maintenance overspends relates to identified additional maintenance. As the venue ages, these costs will increase and be reflected in our future budgets accordingly.
- Property costs overspend is driven by increased utilities related to events being held at the venues during the first half of the year vs budget phasing of venue closures. Additional costs incurred due to cleaning regimes.



## 3. ACTIVITY SUMMARY

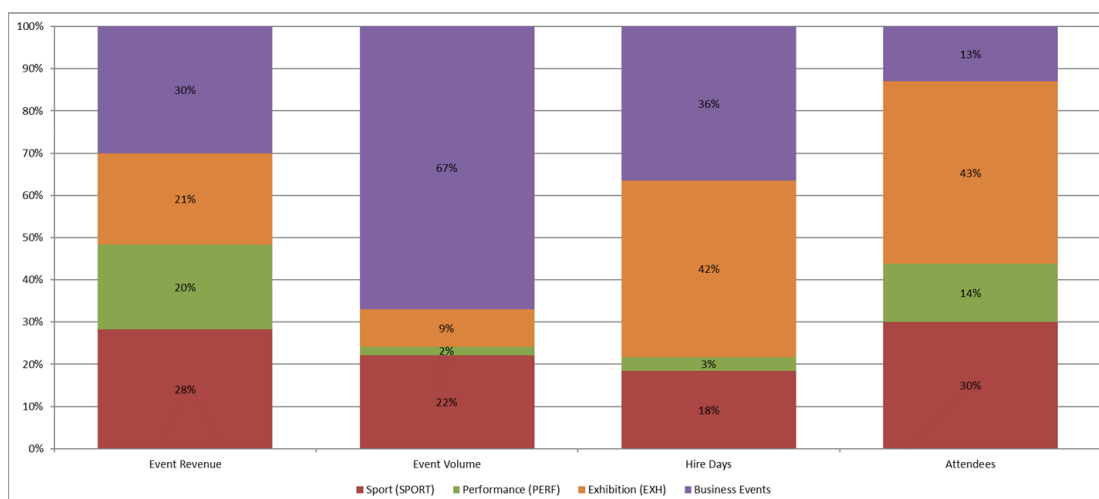
### 3.1 HIGH LEVEL ACTIVITY SUMMARY 1 JULY 2020 TO 30 JUNE 2021



### 3.2 TABLE 4: NUMBER OF EVENTS, HIRE DAYS AND ATTENDANCE BY EVENT TYPE AT YEAR END

Event Type	Number of Events					Hire Days					Attendance				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Business Events	149	189	162	194	694	120.75	141.5	123.5	136	521.75	5,821	24,350	14,858	16,284	61,313
Exhibition	20	23	22	29	94	152.25	49	25.5	84	310.75	17,583	77,921	39,890	67,748	203,142
Performance	1	6	5	9	21	1.75	13.5	12.75	18.5	46.5	4,026	12,569	35,940	12,278	64,813
Sport	28	35	71	96	230	23.75	37.75	28.75	174.5	264.75	39,903	38,095	21,172	42,207	141,377
Total	198	253	260	328	1039	298.5	241.75	190.5	413	1143.75	67,333	152,935	111,860	138,517	470,645
FY 2019/20 comparison	314	285	214	85	898	283.75	292.25	286.50	190	1052.5	127,592	134,787	128,668	49,850	440,897

### 3.3 GRAPH 4: BUSINESS MIX BY EVENT TYPE FOR PERIOD 1 JULY 2020 TO 30 JUNE 2021



## 4. NON-FINANCIAL ACTIVITY

### 3.4 COUNCIL'S PERFORMANCE MEASURES

TABLE 5: 2018-28 10-YEAR PLAN KPI FOR PERIOD 1 JULY 2020 TO 30 JUNE 2021

Survey Type	Q1	Q2	Q3	Q4	Total
Business Events Hire Survey (1-10)	9.1	9.6	9.7	9.1	9.3
Ticketed Events Attendee Survey (1-10)	N/A	N/A	8.8	8.9	8.9

### 3.5 CUSTOMER SATISFACTION

TABLE 6: CUSTOMER SATISFACTION FOR THE PERIOD 1 JULY 2020 TO 30 JUNE 2021

10-YP Measure	Annual Target	Q1	Q2	Q3	Q4	Total
The number of people attending events at H3 Venues	441,000	67,333	152,935	111,860	138,517	470,645

- There were no ticketed events surveyed in Q1 or Q2 due to re-prioritisation of resources. Surveys for ticketed events recommenced in the last half of the year.

### 3.6 KEY SUPPLIERS

- Contracts approved or renewed during 2020/21 were:
  - Contract 0585/2020 FMG Stadium Lighting Upgrade Consultancy
  - Contract 17173 H3 Traffic Management Services
  - Contract 849/2021 - Tech Services LED Production Lighting Capex

### 3.7 OUR PEOPLE

TABLE 7: H3 STAFF PERMANENT STAFF TURNOVER

	Q1	Q2	Q3	Q4	Total
Number of permanent leavers	0	4	5	7	16

- H3's cumulative permanent staff turnover for year was 22%. This is above the prior year period result (12.61%), due to a flourishing employment market at present across many industries, including events.
- Recruitment is underway on key roles to ensure we remain a competitive market leader. The labour market remains a challenge across H3, with good candidates harder to secure due to a highly competitive market.

### 3.8 HEALTH AND SAFETY

TABLE 8: HEALTH AND SAFETY INSTANCES FOR THE PERIOD 1 JULY 2020 TO 30 JUNE 2021

Health and Safety Instances	Q1	Q2	Q3	Q4	Total	Notes
Injuries	2	4	2	0	8	6 Staff injuries (minor), 2 Contractor injuries (minor)
Medical Treatments	0	2	0	0	2	
Lost Time Injuries	0	0	0	0	0	



## H3 ACTIVITY REPORT 2020/21

## HEALTH AND SAFETY SUMMARY 2020/21

This year has been focused on continued improvement to our processes and assets to ensure we're providing safe places for people to work, hold and attend events.

Key elements to achieving this was:

- the introduction of Venue Safe Guard - our COVID Safe Operational Procedures
- engagement of staff in emergency response planning
- regular scenario drills and specific training
- the development of tools and processes to enable staff to confidently assess risk and implement the appropriate mitigations; and
- venue improvements addressing safety concerns or issues, and areas where security is vulnerable or compromised.

The impact of COVID with relation to staff was two-fold. Cancellation and postponement of events increased stress levels for a number of staff due to uncertainty about the future and increased workload as events returned in force. In response training and support was provided to staff.

# We're ready to roll

As we get set to welcome you and your events back to our venues, we wanted to let you know about steps we've taken to ensure we're operating in the safest and smartest way possible.



## Contactless service

Mobile ticketing and pedestal scanners at entry points and Paywave functionality at food concessions enables contactless service throughout our venues



## Intensive cleaning

Additional cleaning has been introduced for high touch areas and a sanitiser fogging system is now in use across our venues



## Contact tracing

Tools have been introduced to enable quick, easy and robust contact tracing for all people on site across our venues, including for your events



## Terms of entry

Our Conditions of Entry have been revised to only permit clear, A4-sized bags and clearly state that anyone who is ill will be refused access



## Hygiene messaging

Advanced messaging is now being provided to ticket-buyers ahead of events and displayed on site to reinforce the importance of good hygiene and health practices



## Internal processes

Additional customer service training is being provided to all staff, and extra health checks have been introduced for rostered staff 48 hours before and during the event



Claudlands | FMG Stadium Waikato | Seddon Park



## OUR HEALTH AND SAFETY Q4 HIGHLIGHTS

- Review of trespass processes
- Emergency lockdown buttons installed
- New Beetham Park safety nets installed to protect from neighbouring golf driving range
- Increased security initiatives (cardex and auto-gates)
- Recruitment of casual and contract staff to respond to an increase in business and management of long working hours for operational teams

## 5. MARKETING

### 2021/2022 YEAR IN REVIEW

- In total across the past 12 months, over 280,000 page site visits were recorded on H3 websites. This is an increase of 24.7% on the previous year.
- This was due to an increased focus by the H3 Marketing team on directing traffic to the sites via social media channels and eDMs. A focus on connecting with new audiences and broadening reach on social media is likely to have been a strong contributor to this increase in site traffic. Growing brand awareness and online following is an important area of focus for the H3 Marketing team, so it was pleasing to see this increase.
- Another area of focus was building on the HLive Instagram following and online presence. A summer campaign was created called "Summer For It" which highlighted key events at H3 venues over the summer period. This campaign ran from December 2020 to end of March 2021. During this campaign period HLive's website received 12,222 site visitors compared to the 6,312 site visitors in the four-month period prior to the campaign. This shows an increase of 93% in site visits.
- There has been a push in growing the online community of business event organisers and industry contacts via the Meet\_Claudeland's Instagram account and the H3 Group NZ LinkedIn page. All pages reported increases.
- Ticket giveaways consistently receive high engagement across all three Facebook pages with an average reach of 5,000 people per giveaway focused post across all pages.

### DATABASE SEGMENTATION

- The HLive database currently has 47,978 active subscribers with a drop off of around 600 subscribers this quarter. This was a result of data cleansing.
- During the quarter, ten electronic direct mails were sent to the HLive database. On average these had an open rate of 17.4% and an average click through rate of 1.45%.
- The top locations based on where our audience was located when opening our emails was Auckland, Hamilton and Tauranga. People residing in Auckland were our most engaged audience for the quarter, which reflects a heavy focus we have applied to this market over the year.

**280,000**  
OVERALL  
WEBPAGE  
VISITS TO H3  
SITES

**93%**  
INCREASE IN  
HLIVE VISITS DUE  
TO SUMMER  
CAMPAIGN

**5,000**  
AVERAGE  
NUMBER OF  
PEOPLE REACHED  
PER GIVEAWAY

## H3 ACTIVITY REPORT 2020/21

**QUARTER 4 SUMMARY:**

- H3's websites (h3group.co.nz, hlive.co.nz, Claudelands.co.nz, fmgstadiumwaikato.co.nz, seddonpark.com and spoiltforchoice.co.nz) had a combined total of 129,819 web visitors throughout the quarter. The site with the most visitors during this time was the Claudelands website with 71,109 and also had the most views on a single day with 1,327 visitors the day of Tihe Tainui – A Celebration of Kapa Haka (19 June).

**SOCIAL MEDIA ENGAGEMENT**

- Facebook is our primary social media platform for communicating and engaging with our audiences. Below we share information about the posts that had the highest engagement throughout the quarter for each of our Facebook pages:

**@Claudelandsnz**

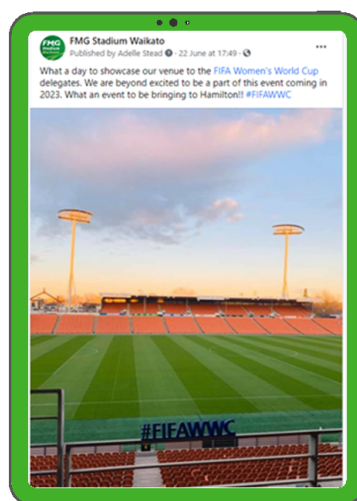
- The post with the highest reach and engagement was a post announcing Brickman Awesome, posted on June 9. This resulted in a post that had 15,909 reaches and 2,015 engagements.
- A social media promotion of Claudelands' 10-year redevelopment anniversary resulted in a 250% increase of people reached on the Claudelands Facebook page and a 109% increase on the Claudelands Instagram page.

**@HLivenz**

- HLive's post with the highest engagement and reach was a post shared from 1-Day. The post was of the opening day of The Pretty Big Sale with 7,475 people reached and 736 engagements.

**@fmgstadiumwaikato**

- The post with the highest reach was a post about the FIFA site visit, posted on 22 June. This post reached approximately 4,945 people which showed great interest.





# 6. SUSTAINABILITY

## 2021/2022 YEAR IN REVIEW

- Our 'Branches of Sustainability' (pictured below) inform our way of working in this area, aimed at reducing the negative impact of our venues and activities
- Over the last year we've seen an increase in demand from our clients and users to have more sustainable initiatives and practices introduced at our venues. Our clients (particularly business events) continue to provide constructive feedback around things we can improve on and we ensure to look into suggestions.
- The consensus from sustainability experts is that our venues, particularly Claudelands, are doing well in the sustainability field, however more resource and dedicated focus is needed to take the venue to the next level in terms of sustainability. This will be a focus area in 2021/22.

Sustainability achievements from across the year include:

- MoU signed with local supplier Sweet Tree Honey to manage eight on-site beehives, wildflower meadow sown on large dirt bund behind the Barn venue and the successful first harvest of 80kg of honey with 32 x 250g pottles of honey of 'Claudelands Honey' for client gifts.
- Introduction of recycling of all venue e-waste and disposable batteries, plastic pallet wrapping, plastics (1-7), plastic/metal bottle caps and lanyards
- Introduction of composting of turf grass clippings and paper towels from all venues
- Introduction of energy saving upgrades i.e. LED lighting upgrade at FMG stadium Waikato and Claudelands' building management system upgrade to measure and control energy usage more efficiently
- Continued client education on sustainable giveaways
- Completion of commercial compostable packaging trial with feedback to inform future options and development in this area
- Working closely alongside our catering partner Montana Food and Events, to improve services and put in place more sustainable initiatives around food and beverage provisions.



**CLAUDELANDS RAW HONEY**  
250g

### OUR BRANCHES OF SUSTAINABILITY

Here at H3 we pride ourselves on protecting and caring for the environment around us. Our Guiding Principles of Tight Team, Dedicated Hosts and Best in the Business guide our internal culture and way of working, including our commitment to meaningful and long-lasting sustainable practices.

We are united in our commitment to continuously improve our impact on the environment, as outlined in our sustainability branches below:



**Our environment**  
Significantly reduce our environmental impact through a range of meaningful sustainable initiatives  
= *A healthier Hamilton / Tupu ora a Kiriikiriroa*



**Our community**  
Act as guardians of our city, helping to shape and grow a healthy future through local partnerships, investments and initiatives to benefit future generations  
= *Lasting local legacies / He mana tuuora*



**Our people**  
Ensures our team, partners, contractors, clients and customers all connect to and support sustainable beliefs and behaviours  
= *A green culture / Ahurea tahi taiao*



**Our purchases**  
Always adhere to the highest sourcing standards to guarantee responsible, local and ethical purchases  
= *Mindful purchasing / Hokohoko tika*



**Our green spaces**  
Maximise and manage our green spaces as living examples of our commitment to the environment  
= *Symbols of sustainability / Ngaa tohu manaaki taiao*



Did you know in mid-2019 we introduced a return scheme for event lanyards? This has already prevented hundreds of lanyards from going to landfill

CLAUDELANDS

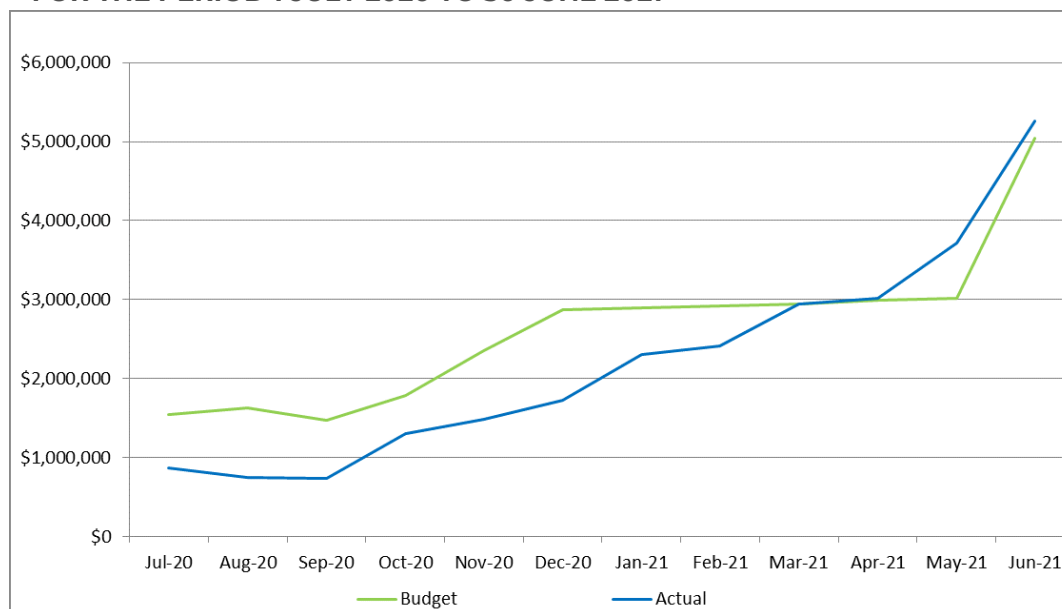


Claudlands | FMG Stadium Waikato | Seddon Park



# 7. CAPEX AND ASSET MANAGEMENT

## 7.1 GRAPH 5: 2020/21 CAPEX SPEND ACTUALS VS BUDGETS FOR THE PERIOD 1 JULY 2020 TO 30 JUNE 2021



### SUMMARY:

- H3's capital programme is spent to budget at year end. Any unspent budget that meets the deferral criteria has been deferred to the next year. These deferrals are reflected in the above budget. This is for work started/contracted that didn't get completed this year due to scheduling delays.

## 7.2 ASSET MANAGEMENT

### FMG STADIUM WAIKATO WEL NETWORK STAND SEISMIC STRENGTHENING

- Delegated Authority was given to the Chief Executive by Council Finance Committee resolution on 15 June 2021 to award the contract. Contract to be awarded in Q1 2021/22 and is scheduled for completion by end of Q2. The Stand will be unavailable for event use during this project.

### FMG STADIUM WAIKATO LIGHT TOWERS

- The business case for this project has also been approved and will seek Council's contract approval in Q1 2021/22. The project is due to be completed by Q2 in 2022/23, with the early tender timeframe providing for the procurement of long lead time items.

### CLAUDELANDS EXHIBITION HALLS - HVAC

- Project currently underway with long lead items having been ordered. Detailed timing plan required to fit the install around event schedule.

### WORKFORCE PLANNING

- As part of our transformation project, H3 is implementing a toolset that works alongside our event management system to provide integrated staff scheduling and rostering. The pilot is near completion with deployment planning underway and the live rollout to commence in Q1 2021/22.

### OTHER PROJECTS UNDERWAY

- Venue Security – FMG Stadium Waikato and Seddon Park Cardex
- Venue Improvements - Sight screens and pavilion roof at Seddon Park, Claudelands operational staff facility, Seddon Park screen and Claudelands roof access.



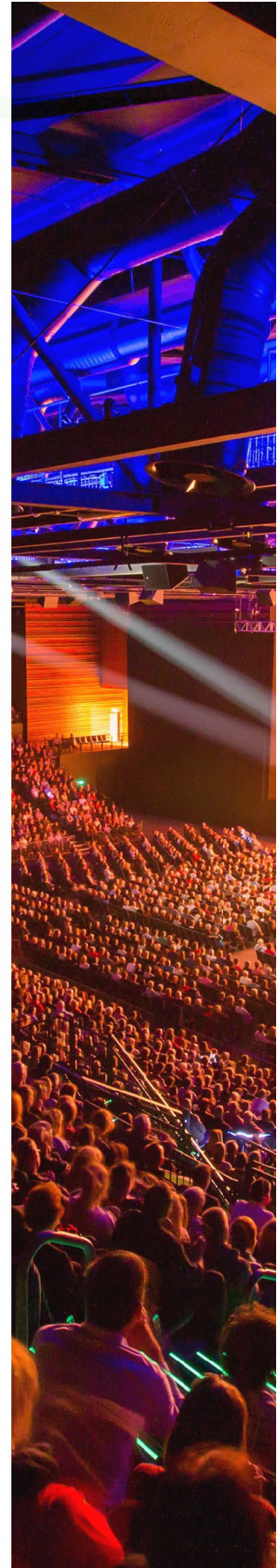
## 8. THE YEAR AHEAD

The 2021/22 year has started strongly with significant activity levels across all venues and a particularly healthy forward booking profile. This includes a lift in business events and the return of major conferencing business.

However, some nervousness does remain across the events industry with the return of "international" content looking less likely this year which may suppress some impact event activity. At present, New Zealand's domestic events market remains buoyant.

H3 has three major areas of focus for the year ahead:

- 1.Process: How we transact seamlessly and consistently to keep getting better at what we do;
- 2.Protection of our assets - people and property;
- 3.Safe, sanitary and secure venues.



Item 10

Attachment 1

# Council Report

**Committee:** Economic Development Committee

**Date:** 11 August 2021

**Author:** Candice Swanepoel

**Authoriser:** Tracey Musty

**Position:** Business Performance Accountant

**Position:** Financial Controller

**Report Name:** Civic Financial Services Limited - Annual Report 31 December 2020

<b>Report Status</b>	<i>Open</i>
----------------------	-------------

## Purpose - *Take*

1. To inform the Economic Development Committee of the Civic Financial Services Limited Annual Report to 31 December 2020.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee receives the report.

## Executive Summary - *Whakaraapopototanga matua*

3. Civic Financial Services Limited (Civic) have 72 local authority shareholder members as well as TrustPower (holding 1.22%).
4. Local Government Superannuation Trustee Limited and Local Government Mutual Funds Trustee Limited are wholly owned subsidiaries of the Company.
5. Deloitte carried out an audit on the consolidated financial statements of the Group in accordance with the Auditor-General's Auditing Standards. This was completed on 12 March 2021. An unqualified opinion was expressed.
6. Civic held an Annual General Meeting on 18 June 2021 where the Annual Report and Financial Statements for the year ending 31 December 2020 were approved.
7. In addition to the ordinary business items addressed at the AGM, the appointment of three Directors were approved in accordance with Civic's Constitution.
8. Staff consider the matters in this report to have low significance and the recommendations comply with the Council's legal requirements.

## Discussion - *Matapaki*

9. Civic achieved a before-tax profit of \$480,485 in 2020. This compares favourably to the forecasted before-tax surplus of \$258,772 as set out in the 2020 Statement of Intent.
10. The favourable movement in profit to budget is a result of receiving higher than anticipated administration fees, combined with reduced marketing and operating expenses.
11. There were no material events subsequent to 31 December 2020 that require adjustment to or disclosure in the financial statements.

12. Civic had no capital commitments at balance date.

#### **Legal and Policy Considerations - *Whaiwhakaaro-aa-ture***

13. Staff confirm that the recommendation to receive the 31 December 2020 Annual Report complies with the Council's legal and policy requirements.

#### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

14. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
15. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report. No culture, environmental, social, or economic wellbeing were identified.
16. The recommendations set out in this report are consistent with that purpose.

#### **Risks - *Tuuraru***

17. There are no known risks associated with this matter.

#### **Significance & Engagement Policy - *Kaupapa here whakahira/anganui***

##### **Significance**

18. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have a low level of significance.

##### **Engagement**

19. Given the low level of significance determined, the engagement level is low. No engagement is required.

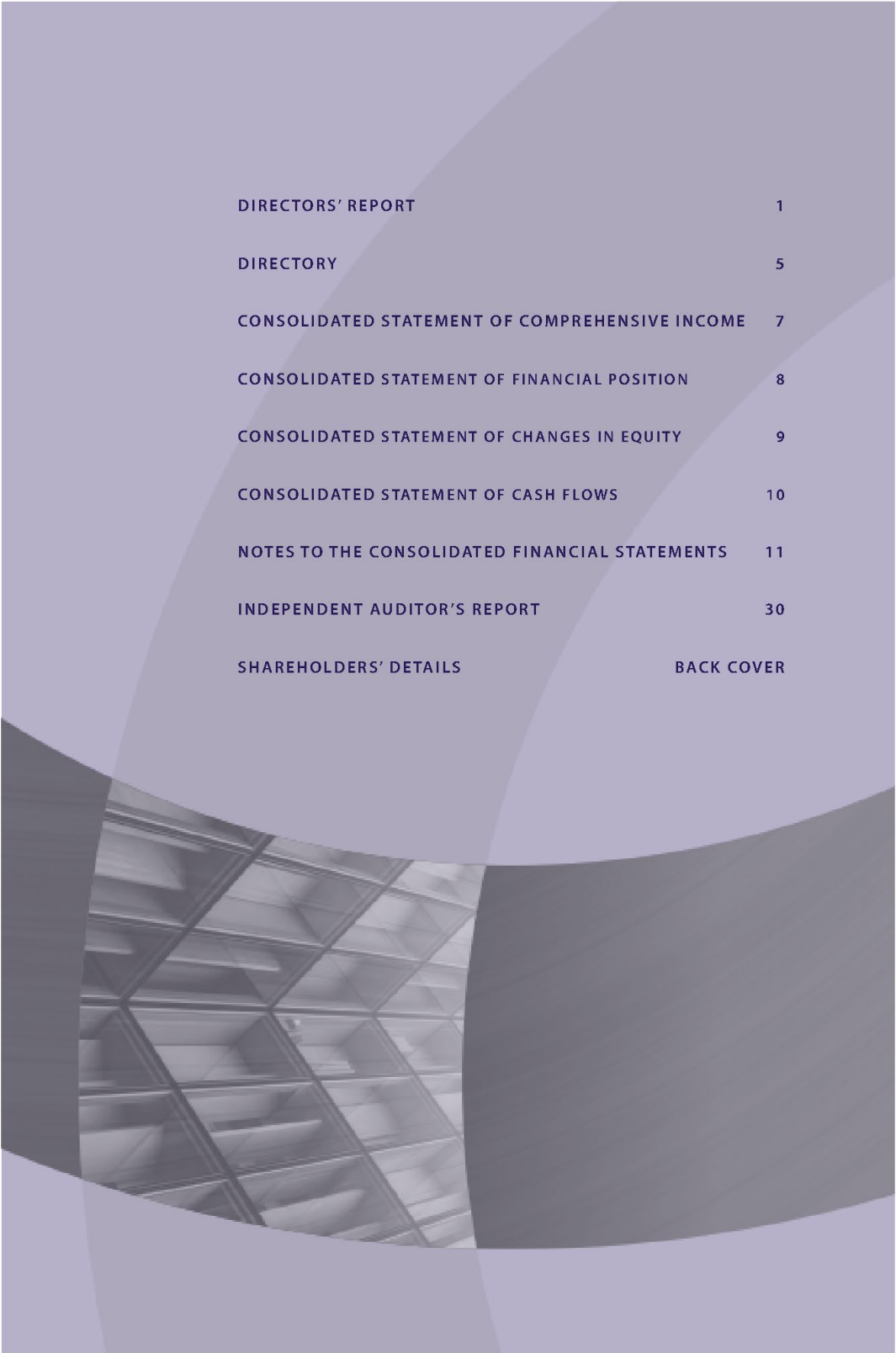
#### **Attachments - *Ngaa taapirihanga***

Attachment 1 - Civic Financial Services Limited - Annual Report 31 December 2020





# ANNUAL REPORT 2020



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**DIRECTORS' REPORT****ANNUAL REPORT AND STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020**

Your Directors have pleasure in submitting the 60th Annual Report of the affairs of the Company (formerly New Zealand Local Government Insurance Corporation Ltd trading as Civic Assurance) for the year ended 31 December 2020, which is to be presented at the Annual General Meeting of Members in June 2021.

**1. PERFORMANCE**

Civic's before-tax profit in 2020 was \$480,458.

This compares favourably to the forecasted before-tax surplus of \$258,772 as set out in the 2020 Statement of Intent.

This increased profit is due to receiving higher than anticipated administration fees combined with reduced marketing and operating expenses.

The SuperEasy schemes feature low member charges and simple administration for councils. Both make use of passive fund managers, which as well as allowing lower member fees removes the possibility of a fund manager making a bad call, which is something that can happen at any time.

The SuperEasy schemes also offer an *'Automatic Fund'*, in which each member's risk exposure is gradually and automatically switched from growth assets to income assets as the member gets older.

**2. OPERATIONS***Administration Services*

Fees in 2020 from providing services to LAPP, Riskpool and the SuperEasy and SuperEasy KiwiSaver Superannuation Schemes were \$2,973,440 (2019: \$2,947,683).

Superannuation funds under management as at December 2020 were \$470 million (December 2019 \$420 Million) and the combined membership of over 11,000. SuperEasy's fund managers are AMP Capital Investors (New Zealand) Ltd and ANZ New Zealand Investments Ltd. Of the councils that have a preferred provider for KiwiSaver, 70 out of 74 (94%) have appointed Civic.

*Investment Revenue*

Income from investments was \$141,233 (2019: \$329,517).

The SuperEasy website is [www.supereasy.co.nz](http://www.supereasy.co.nz).

*Sponsorship and Support for the Sector*

The Company continues as a sponsor of Taituarā – Local Government Professionals Aotearoa (previously known as SOLGM – Society of Local Government Managers) events both at a regional and national level.

*LAPP Disaster Fund*

LAPP is a charitable trust that was set up by LGNZ and Civic in 1993 to assist with the reinstatement of lost or damaged local government underground infrastructure. LAPP's membership is 23. It could be said that LAPP is New Zealand's original LASS (Local Authority Shared Services).

**3. ASSOCIATED ENTITIES***Local Government Superannuation Trustee Limited*

Local Government Superannuation Trustee Limited (LGST) is a 100% subsidiary of Civic and is the trustee to the SuperEasy and SuperEasy KiwiSaver Superannuation Schemes. Both are administered by Civic and from 1 April 2016 both have been registered with the FMA (Financial Markets Authority). Director appointments to LGST are made by LGNZ (two), Civic (one), CTU (one), Taituarā (one) and one, who must be a Licensed Independent Trustee, by the LGST Board.

LAPP extended its cover arrangement from two events to three events from July 2017.

LAPP settled its Kaikoura-Hurunui earthquake claims with the settlement of the Hurunui District Council's claim in April 2019 having previously settled with Kaikoura and Marlborough District Councils in 2018, for a combined settlement of \$4.66 million.

Civic is the administration and fund manager for LAPP. LAPP's website is: [www.lappfund.co.nz](http://www.lappfund.co.nz).



## DIRECTORS' REPORT

### Riskpool/Civic Liability Pool (CLP)

Riskpool provides public liability and professional indemnity cover for councils and has done so since 1997. It is not a company, but a mutual liability fund governed by a trust deed. CLP is similar to Riskpool, but has no facility for calls. For the fund year ending 30 June 2017 Riskpool/CLP had 31 members.

As support had dropped off in recent years to this low level Riskpool could no longer offer the competitively priced cover and risk management services that it had provided over the previous 20 years.

As a result Riskpool/CLP decided to no longer provide cover after 30 June 2017 and is now in run-off mode.

Local Government Mutual Funds Trustee Limited (LGMFT) is the trustee of Riskpool and CLP. Civic is the Fund Manager and Scheme Manager for Riskpool and Administration Manager for CLP.

Civic has entered into two arm's length, secured loan facility agreements on commercial terms with Local Government Mutual Funds Trustee Limited to enable Riskpool to manage its cashflows.

Riskpool members were advised in October 2018 that due to deteriorating claims experience in 2017–18 that Riskpool needed to make one interim call before a final call is made on wind up. The call which has been paid was for an amount of \$6 million payable on 1 July 2019, split \$3 million each to fund years 7 and 10.

A final call from Riskpool is likely in 2025 or 2026. It is expected that the amount of that call will be less than this previous call.

### 4. DIRECTORS

As at 31 December 2020 there were five directors: A.T. Gray, J.E. Miller, A.J. Marryatt, J.B. Melville and B.J. Morrison. M.C. Hannan retired as a director with effect from 4 December 2020.

#### Director attendances at Board meetings held in 2020:

Tony Gray	4 / 5
Mike Hannan	5 / 5
Tony Marryatt	5 / 5
John Melville	5 / 5
Basil Morrison	4 / 5

Jo Miller was appointed a Director on 18 December 2020, as such did not attend any Board meetings held in 2020.

The Chairmen of each of the Board and the Risk and Audit Committee are elected at the first meeting held after each year's AGM.

### Section 139 of the Companies Act 1993

All Civic directors are directors of LGMFT except Basil Morrison who resigned from LGMFT in March 2019 to ensure that one Civic director was independent of LGMFT. Subsequently there are two secured loan facility agreements that have been entered into between the Company and LGMFT whereby Civic loans LGMFT up to \$2,250,000 under each of two separate loans.

There are no other notices required under section 139 of the Companies Act 1993 except for Directors' remuneration. Changes to the Directors' fee pool are approved by shareholders at an AGM. The Board determines the allocation per Director based on the duties of the individual Director. The Director fees for subsidiary companies are set by the Parent Company Board.

For the year ended 31 December 2020, Directors' remuneration was:

Tony Gray	\$15,569
Mike Hannan	\$14,418
Tony Marryatt	\$31,139
John Melville	\$23,354
Jo Miller	\$597
Basil Morrison	\$15,569
	<b>\$100,646</b>

In addition, the following Directors received director fees in relation to their directorships of Riskpool or LGST:

Tony Gray	(Riskpool)	\$8,310
Mike Hannan	(Riskpool)	\$7,700
Tony Marryatt	(Riskpool)	\$16,620
John Melville	(Riskpool)	\$8,310
Jo Miller	(Riskpool)	\$316
Basil Morrison	(LGST)	\$12,571
		<b>\$53,827</b>

**DIRECTORS' REPORT***Interests Register*

Directors' interests are tabled at the beginning of each Board meeting. Directorship and other disclosures as at 31 December 2020 were:

A.T. Gray	Chair of Ngati Pukenga Investments Ltd; Chair of Tatau Tatau o Te Wairoa Commercial Limited; Artemis Nominees Ltd; Quality Roading and Services (Wairoa) Limited; Local Government Mutual Funds Trustee Ltd; Chair of Establishment Board, Hawke's Bay Food Innovation Hub; Nga Hua o Ngati Pukenga Limited; Chair of Te Turapa Wai Ariki Limited; Centralines Limited; EA Networks Limited; Executive Project Advisor to Hastings District Council; Trustee of Civic Property Pool; a party to an agreement for finance with the LGMFT.
A.J. Marryatt	Chair of Local Government Mutual Funds Trustee Ltd; AJM Holdings Ltd; Trustee of Civic Property Pool; Member of SuperEasy KiwiSaver Superannuation Scheme; a party to an agreement for finance with the LGMFT.
J.B. Melville	Trustee of Civic Property Pool; Director of Local Government Mutual Funds Trustee Ltd; a party to an agreement for finance with the LGMFT.
J. E. Miller	Trustee of Civic Property Pool; Member of SuperEasy KiwiSaver Superannuation Scheme; Chief Executive of Hutt City Council; Taituarā (previously known as SOLGM) Executive Council Member; Board Member Hutt Valley Chamber of Commerce; Director of Local Government Mutual Funds Trustee Ltd; a party to an agreement for finance the LGMFT.
B.J. Morrison	Chairman of Local Government Superannuation Trustee Ltd; Basil J Morrison & Associates Ltd; Member of SuperEasy KiwiSaver Superannuation Scheme; Trustee of Civic Property Pool; Trustee of the Martha Trust; Trustee of Hauraki Railtrail Charitable Trust; Waitangi Tribunal Member; Independent Hearings Commissioner for Auckland Council; Thames-Coromandel District Council Hearings Panel, Waikato Regional Council Hearings Commissioner; NZ Freshwater Commissioner; Accredited Commissioner – RMA.

The Company provides Directors and officers with, and pays the premiums for, Directors' and Officers' liability insurance to the full extent allowed for, and in accordance with the requirements of the Companies Act 1993. The renewal of the Company's Directors' and Officers' liability insurance was entered in the Interests Register pursuant to sections 162 and 163 of the Companies Act 1993. This insurance does not cover liabilities arising from criminal actions or deliberate and reckless acts or omissions by the Directors. The cover includes indemnity of costs and expenses incurred in defending an action that falls within the scope of the indemnity.

*Conduct of the Board and Board Committee*

The Board has put in place and regularly reviews a number of good governance policies including Charters for the Board and the Risk and Audit Committee, Fit and Proper Policy, Code of Conduct, and a Risk Management Plan.

*Use of Information*

Directors, individually or collectively, may obtain independent professional advice relating to any matters concerning the Company's business or in relation to the discharge of the Director's responsibilities. Subject to approval of the Chairman the Company will reimburse the Director(s) some or all of the reasonable costs of the advice. During the reporting period, no Director has sought leave to obtain such advice.

*Loans to Directors*

No loans or advances have been made to Directors, their spouses or dependants, or to related parties during the year.

**5. EMPLOYEE REMUNERATION**

Detailed below is the number of employees who received remuneration in their capacity as employees of \$100,000 or more during the year ended 31 December 2020.

Remuneration	Number of Employees
\$150,000 – \$160,000	1
\$190,000 – \$200,000	1

The above remunerations include Company contributions to employees' superannuation (KiwiSaver and other), medical insurances and discretionary bonus payments.

## DIRECTORS' REPORT

### 6. AUDIT AND RISK MANAGEMENT

Pursuant to Section 15 of the Public Audit Act 2001 the Company's auditor is the Auditor General who has appointed Silvio Bruinsma using the staff and resources of Deloitte Limited to carry out the audit on his behalf.

The Risk and Audit Committee (RAC) comprises the full Board. John Melville is the Chairman of this committee. RAC met five times in 2020: the Auditor attended two of those meetings and a part of one of those meetings was held without management present.

### 7. DONATIONS

No donations have been made during the year by any Company in the Group (2019: \$0).

### 8. STAFF

We sincerely thank the staff for their work during the year. They are: Ian Brown, Sylvia Jackson, Chathuri Mendis, Lisa Norris, Tim Sole, Sue Tong and Glenn Watkin.



Tony Marryatt **Chairman**  
March 2021

**DIRECTORY*****DIRECTORS***

Anthony (Tony) J. Marryatt (Chairman)

Anthony (Tony) T. Gray

John B. Melville

Johanna (Jo) E. Miller

Basil J. Morrison CNZM JP

***EXECUTIVE OFFICERS***

**Chief Executive :** Ian Brown

**Chief Financial Officer :** Glenn Watkin

COMPANY REGISTRATION NO: 13271

***AUDITORS***

The Auditor General, who has appointed Silvio Bruinsma, Deloitte Limited to carry out the audit on his behalf

***BANKERS***

ANZ Banking Group (New Zealand) Limited

Bank of New Zealand

***LEGAL ADVISERS***

Dentons Kensington Swan

***REGISTERED OFFICE***

Level 7, Civic Assurance House, 116 Lambton Quay, Wellington 6011

***POSTAL ADDRESS***

Civic Financial Services Ltd, PO Box 5521, Wellington 6140

***OTHER CONTACT DETAILS***

Telephone (04) 978 1250

Facsimile (04) 978 1260

Email [admin@civicfs.co.nz](mailto:admin@civicfs.co.nz)

Website [www.civicfs.co.nz](http://www.civicfs.co.nz)

The Company is a participant in the Insurance & Financial Services Ombudsman Scheme (Inc)  
Participant Number 2000427



# Statement of Accounts

**Item 11**

**Attachment 1**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 \$	2019 \$
<b>REVENUE</b>			
Administration Fees		2,973,440	2,947,683
Interest Income	4	141,233	329,517
Property Income		-	571,970
Gain on sale of Building	7	-	1,209,909
Other Income		608	129
<b>Total Revenue</b>		<b>3,115,281</b>	<b>5,059,208</b>
<b>EXPENDITURE</b>			
Audit Fee	14		
Statutory Audit of the Financial Statements		127,639	116,462
Other Fees Paid to Auditors Re Assurance Services		26,784	30,500
Other Fees Paid to Auditors Re Tax Compliance		37,388	19,077
Compliance Costs		140,179	103,122
Consultants		82,075	44,852
Depreciation	6	16,107	35,053
Amortisation	6	65	-
Directors' Remuneration	3	100,646	103,511
Interest Expense		-	130,249
Legal Fees		180,747	38,273
Property Operating Expenses		119	396,332
Other Expenses		1,176,616	1,039,624
Employee Remuneration	3	725,518	729,533
Superannuation Subsidies		20,940	21,261
<b>Total Expenditure</b>		<b>2,634,823</b>	<b>2,807,849</b>
<b>Surplus Before Taxation</b>		<b>480,458</b>	<b>2,251,359</b>
Taxation Expense	10	135,635	300,881
<b>TOTAL COMPREHENSIVE SURPLUS AFTER TAX ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	15	<b>344,823</b>	<b>1,950,478</b>

This statement is to be read in conjunction with the notes on pages 11 to 29.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2020

	NOTE	2020 \$	2019 \$
<b>SHAREHOLDERS' EQUITY</b>			
<b>Issued and Paid-Up Ordinary Shares</b>			
Ordinary Shares fully paid up	15	10,763,506	10,763,506
Retained Earnings	15	58,366	(286,457)
<b>TOTAL EQUITY</b>		<b>10,821,872</b>	<b>10,477,049</b>
Represented By:			
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents		897,157	274,428
Term Deposits		4,735,000	5,290,045
Sundry Debtors and Prepayments	12	526,169	554,609
Loan Receivable	13	2,588,354	1,996,527
<b>Total Current Assets</b>		<b>8,746,680</b>	<b>8,115,609</b>
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	6	28,728	34,447
Intangible Assets (Software)	6	170,885	89,000
Deferred Tax Asset	10	2,350,445	2,486,080
<b>Total Non Current Assets</b>		<b>2,550,058</b>	<b>2,609,527</b>
<b>TOTAL ASSETS</b>		<b>11,296,738</b>	<b>10,725,136</b>
<b>CURRENT LIABILITIES</b>			
Sundry Creditors and Accrued Charges	12	328,375	112,990
Accrued Holiday Pay		68,312	37,662
CLP/ Riskpool Admin Fee Reserve		52,530	52,530
<b>Total Current Liabilities</b>		<b>449,217</b>	<b>203,182</b>
<b>NON-CURRENT LIABILITIES</b>			
CLP/ Riskpool Admin Fee Reserve		25,649	44,905
<b>Total Non Current Liabilities</b>		<b>25,649</b>	<b>44,905</b>
<b>TOTAL LIABILITIES</b>		<b>474,866</b>	<b>248,087</b>
<b>EXCESS OF ASSETS OVER LIABILITIES</b>		<b>10,821,872</b>	<b>10,477,049</b>

For and on behalf of the Directors:


  
 TONY MARRYATT Chairman 12 March 2021


  
 JOHN MELVILLE Director 12 March 2021

This statement is to be read in conjunction with the notes on pages 11 to 29.

Civic Financial Services Limited

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 \$	2019 \$
OPENING EQUITY		10,477,049	17,945,051
Total Comprehensive Surplus Net of Tax		344,823	1,950,478
Dividend Payment		-	(9,418,480)
Ordinary Shares issued during the year	15	-	-
<b>CLOSING EQUITY</b>		<b>10,821,872</b>	<b>10,477,049</b>

This statement is to be read in conjunction with the notes on pages 11 to 29.



# **CONSOLIDATED STATEMENT OF CASH FLOWS** FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Rent Received		-	561,561
Administration Fees Received		2,970,690	2,849,062
Other Income		608	129
Taxation (Paid)/Refunded		-	(5,133)
		2,971,298	3,405,619
<b>Cash was applied to:</b>			
Payments to Suppliers and Employees		2,360,681	2,605,883
		2,360,681	2,605,883
<b>Net Cash Flow from Operating Activities</b>	11	610,617	799,736
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Investment Income		90,268	115,061
Term Deposits		555,045	-
Investment Property		-	9,116,888
Loans Repaid from Related Parties		3,422,432	5,300,000
		4,067,745	14,531,949
<b>Cash was applied to:</b>			
Term Deposits		-	4,090,045
Purchase of Property, Plant and Equipment		92,338	30,721
Loans Issued to Related Parties		3,963,376	985,550
		4,055,714	5,106,316
<b>Net Cash Flow from Investing Activities</b>		12,031	9,425,633
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
Loan Interest Received		81	183,763
Borrowings		-	(4,000,000)
		81	(3,816,237)
<b>Cash was applied to:</b>			
Interest Paid		-	130,249
Dividend Paid		-	9,418,480
		-	9,548,729
<b>Net Cash Flow from Financing Activities</b>		81	(13,364,966)
Net (Decrease)/Increase in Cash Held		622,729	(3,139,597)
Opening Cash Balance as at 1 January		274,428	3,414,025
<b>Closing Cash Balance as at 31 December</b>		897,157	274,428
<b>Being:</b>			
<b>Cash &amp; Cash Equivalents</b>		897,157	274,428

This statement is to be read in conjunction with the notes on pages 11 to 29.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

**NOTE 1 REPORTING ENTITY**

The reporting entity is Civic Financial Services Ltd (the "Company"). The Group comprises the Company and its subsidiaries listed in Note 2 (b). The Group provides financial services principally for New Zealand local government.

**Statement of Compliance**

The Group is a Tier 2 Public Sector Public Benefit Entity and the financial statements have been prepared in accordance with and comply with Tier 2 Public Sector Public Benefit Entity (PBE) Standards.

**NOTE 2 STATEMENT OF ACCOUNTING POLICIES****General Accounting Policies**

The measurement and reporting of profits on a historical cost basis have been followed by the Group, except for specific policies as described below. The reporting currency is New Zealand dollars.

**Critical Judgements and Estimates in Applying the Accounting Policies**

In the application of the PBE Standards the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. These are based on historical experience and other various factors and are reviewed on an ongoing basis.

The Directors believe that, as at the date of these financial statements, there are no significant sources of estimation uncertainty that have not been disclosed in these notes. The most significant judgements, estimates and assumptions made in the preparation of these financial statements are in respect of the recognition of the deferred tax asset (Note 10).

**Particular Accounting Policies**

The following particular accounting policies which materially affect the measurement of surplus and financial position have been applied. Further particular accounting policies are contained in the relevant notes to the financial statements.

**(a) Consolidation of Subsidiaries**

The Group financial statements incorporate the financial statements of the Company and its subsidiaries. All inter-company transactions, balances and unrealised profits are eliminated on consolidation.

**(b) Investment in Subsidiaries**

At 31 December 2020 the Company had three wholly owned subsidiaries which are all incorporated in New Zealand. Two of these, Local Government Superannuation Trustee Limited and SuperEasy Limited with balance dates of 31 December and Local Government Mutual Funds Trustee Limited (LGMFTL) with its balance date of 30 June did not have any significant assets, liabilities, revenue or expenses during the years ended 31 December 2019 and 31 December 2020.

LGMFTL is the trustee of New Zealand Mutual Liability Riskpool ("Riskpool") and Civic Liability Pool ("CLP"). The Company provides administrative services to Riskpool and CLP.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

**NOTE 2 STATEMENT OF ACCOUNTING POLICIES** CONTINUED**(c) Administration Fees**

Administration fees are recognised at the agreed amounts based on time and expenses incurred. Administration fees collected during the year that will be utilised in future periods are held within the administration fee reserve on the Statement of Financial Position, until the point in time where administration services have been provided.

**(d) Employee Benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

**(e) Basis of Measuring Other Income and Expenses**

Income and expenses are accounted for on an accruals basis. All revenue is exchange revenue.

**(f) Changes in Accounting Policies**

There have been no material changes in the accounting policies during the year. All policies have been applied on bases consistent with those used in the prior year.

**NOTE 3 KEY MANAGEMENT PERSONNEL AND RELATED PARTIES**

The compensation of the Directors and executives, being the key management personnel of the Group, is set out below.

	2020	2019	2020	2019
	Number		\$	\$
<b>Short term employee benefits</b>				
Executive Management Personnel	3	3	427,434	409,204
Directors	5	6	100,646	103,511
			<b>528,080</b>	<b>512,715</b>

As at 31 December 2020 the Company had a loan receivable from New Zealand Mutual Liability Riskpool ("Riskpool") of \$2,074,371 (2019: \$973,927) and from Civic Liability Pool ("CLP") of \$513,983 (2019: \$1,022,600). Refer to Note 13 for the terms and information relating to loans with subsidiaries.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## NOTE 4 FINANCIAL INSTRUMENTS

## Accounting Policies:

i) *Classification and Measurement*

Financial instruments are transacted on a commercial basis to derive an interest yield / cost with the terms and conditions having due regard to the nature of the transaction and the risks involved. Financial instruments are recognised and accounted for on a settlement date basis.

**Loans and Receivables**

Other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate.

**Bank and Cash Equivalents**

Bank and cash equivalents are measured at amortised cost using the effective interest rate.

**Financial Liabilities**

Financial liabilities include Sundry Creditors, Accrued Charges and Subordinated Debt. Financial liabilities are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, liabilities are measured at amortised cost.

ii) *Offsetting Financial Instruments*

Financial assets and liabilities are not offset as there is no legally enforceable right to set-off.

iii) *Asset Quality***Impairment of Financial Assets**

Financial assets measured at amortised cost are reviewed at each balance date to determine whether there is any objective evidence of impairment. If any such condition exists, the asset's recoverable amount is estimated and provision is made for the difference between the carrying amount and the recoverable amount.

As at the date of these Financial Statements, no such evidence of impairment exists.

iv) *Fair Value of Financial Instruments*

Fair value measurements recognised in the Statement of Financial Position

Financial instruments are categorised into 3 levels:

- **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).

v) *Derivatives*

The Group do not use any derivative financial instruments.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

**NOTE 4 FINANCIAL INSTRUMENTS** CONTINUED*Accounting Policies: continued***(1) Income Relating to Financial Assets**

	2020 \$	2019 \$
<b>Loans</b>		
Interest Received – Loans	50,965	214,456
<b>Cash &amp; Cash Equivalents</b>		
Interest Received – Short Term Deposits	90,268	115,061
<b>Total Interest Income</b>	<b>141,233</b>	<b>329,517</b>

**(2) Financial Assets and Liabilities**

The carrying amounts of all financial assets and liabilities are considered to be equivalent to their market value, which for these assets and liabilities is also considered to be fair value.

The Subordinated Debt is measured at amortised cost which is considered to be fair value.

All fixed interest investments were managed around a 90 day duration and carry a minimum Standard and Poors credit rating of "A" or equivalent.

Loans are secured against Riskpool's future contributions and repayable with six months notice (refer to Note 13).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## NOTE 4 FINANCIAL INSTRUMENTS CONTINUED

## (2) Financial Assets and Liabilities continued

*Carrying value of Financial Assets and Financial Liabilities*

	2020 \$	2019 \$
<b>Financial Asset: Loans and Receivables</b>		
Sundry Debtors	484,840	501,440
Loans	2,588,354	1,996,527
<b>Total Loans and Receivables</b>	<b>3,073,194</b>	<b>2,497,967</b>
<b>Financial Asset: Amortised Cost</b>		
Cash & Cash Equivalents	897,157	274,428
<b>Financial Liability: Amortised Cost</b>		
Sundry Creditors & Accrued Charges	328,375	112,990
<b>Total Amortised Cost</b>	<b>328,375</b>	<b>112,990</b>

## (3) Financial Risk – Structure and Management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern. The Group's overall strategy is reviewed annually and remains unchanged.

Financial instruments which potentially subject the Group to a concentration of credit risk consist principally of cash and interest bearing deposits. The Group has no debt liability instruments.

The Group does not require collateral or other security to support financial instruments with credit risk and as such, no collateral exists for any of the investments held by the Group. The maximum credit risk exposure is the carrying amount of the individual debtor and investment balances.

The Group has placed interest bearing deposits and funds to be managed with financial institutions and limits its amount of credit exposure to any one such institution.

*(a) Market Risk*

All financial assets and liabilities are New Zealand Dollar based and are recorded at amortised cost, therefore changes in interest rates and foreign currency values do not impact on their carrying value.

*(b) Carrying Amount and Fair Value*

The carrying amounts of all financial assets and liabilities are considered to be equivalent to their fair value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

**NOTE 4 FINANCIAL INSTRUMENTS** CONTINUED**(3) Financial Risk – Structure and Management** continued**(c) Liquidity Risk**

Liquidity Risk is the risk that the Group will encounter difficulties in raising funds at short notice to meet commitments associated with financial instruments. Management of liquidity risk is designed to ensure that the Group has the ability to meet financial obligations as they fall due.

The following tables include an analysis of the contractual undiscounted cash flows relating to the Group's financial assets and liabilities categorised by the maturity dates.

Maturity Analysis as at 31 December 2020						
	Interest Rate Spread %	Within 6 months \$	6 to 12 months \$	1 to 2 years \$	2 to 5 years \$	Total \$
<b>Assets</b>						
Cash & Cash Equivalents	0 to 0.48%	897,157	-	-	-	897,157
Term Deposits	0.7% to 1.78%	2,735,000	2,000,000	-	-	4,735,000
Other Receivables	n/a	484,840	-	-	-	484,840
Loans	2.96% to 3.96%	2,588,354	-	-	-	2,588,354
<b>Total Financial Assets</b>		<b>6,705,351</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>8,705,351</b>
<b>Liabilities</b>						
Sundry Creditors & Accrued Expenses	n/a	328,375	-	-	-	328,375
<b>Total Financial Liabilities</b>		<b>328,375</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>328,375</b>
Maturity Analysis as at 31 December 2019						
	Interest Rate Spread %	Within 6 months \$	6 to 12 months \$	1 to 2 years \$	2 to 5 years \$	Total \$
<b>Assets</b>						
Cash & Cash Equivalents	0 to 0.35%	274,428	-	-	-	274,428
Term Deposits	1.75% to 2.75%	5,290,045	-	-	-	5,290,045
Other Receivables	n/a	501,440	-	-	-	501,440
Loans	3.79% to 4.52%	1,996,527	-	-	-	1,996,527
<b>Total Financial Assets</b>		<b>8,062,440</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,062,440</b>
<b>Liabilities</b>						
Sundry Creditors & Accrued Expenses	n/a	112,990	-	-	-	112,990
<b>Total Financial Liabilities</b>		<b>112,990</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112,990</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## NOTE 4 FINANCIAL INSTRUMENTS CONTINUED

## (3) Financial Risk – Structure and Management continued

## (d) Credit Risk

All investments are in the form of cash held at registered banks and loans. The registered banks have a credit rating of "A" or better. Loans are with Riskpool (refer to Note 13).

## (i) Exposure to Credit Risk

	2020 \$	2019 \$
Cash & Cash Equivalents	897,157	274,428
Term Deposits	4,735,000	5,290,045
Other Receivables	484,840	501,440
Loans	2,588,354	1,996,527
<b>Total</b>	<b>8,705,351</b>	<b>8,062,440</b>

## (ii) Concentration of Credit Exposure

94% of the Company's credit exposure is in the form of cash and term deposits held with registered banks and loans to Riskpool.

## NOTE 5 OPERATING LEASE COMMITMENTS

	2020 \$	2019 \$
<b>Operating Lease Expense Commitments:</b>		
not later than one year	69,807	74,208
later than one year but not later than five years	251,888	256,832
later than five years	-	37,400
<b>Total</b>	<b>321,695</b>	<b>368,440</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

**NOTE 6 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS****Accounting Policy:**

Assets are depreciated on a straight line basis at rates calculated to allocate the assets' cost, in equal instalments over their estimated useful lives which are assessed and regularly reviewed.

Depreciation Rates	
Office Furniture and Equipment	up to 17 years
Intangibles – Software	5 years

	2020 \$	2019 \$
<b>(a) Property, Plant and Equipment</b>		
Office Furniture and Equipment – cost	129,384	690,697
Plus Additions	10,388	33,776
Less Disposals	-	(595,089)
Closing Value – cost	139,772	129,384
Office Furniture and Equipment – Accumulated Depreciation	(94,937)	(525,577)
Less Depreciation Charge	(16,107)	(35,053)
Less Disposals	-	465,693
Closing Accumulated Depreciation	(111,044)	(94,937)
<b>Net Book Value</b>	<b>28,728</b>	<b>34,447</b>

The Total Comprehensive Surplus After Tax in the Statement of Comprehensive Income includes no gains or losses on disposal of fixed assets (2019: \$3,055 loss).

	2020 \$	2019 \$
<b>(b) Intangible Assets</b>		
Software – cost	519,453	519,453
Plus Additions	81,950	-
Less Disposals	-	-
Closing Value – cost	601,403	519,453
Software – Accumulated Amortisation	(430,453)	(430,453)
Less Amortisation Charge	(65)	-
Less Disposals	-	-
Closing Accumulated Amortisation	(430,518)	(430,453)
<b>Net Book Value</b>	<b>170,885</b>	<b>89,000</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

**NOTE 7 INVESTMENT PROPERTY****Accounting Policy:**

*Investment property is measured at fair value, by reference to an external market valuation (performed annually), with any resulting unrealised gain or loss recognised in the Statement of Comprehensive Income.*

The investment property was sold during in 2019 for \$10,115,000 following the completion of earthquake strengthening and asbestos works. Settlement for the sale of Civic Assurance House was 15 August 2019. Following settlement, on 19 August 2019 the Company paid a special dividend to shareholders of \$9,418,480 plus accompanying imputation credits to offset any tax liability for shareholders.

**NOTE 8 ANALYSIS OF FINANCIAL ASSETS NOT IMPAIRED**

There are no financial assets that are impaired or past due at balance date (2019: \$nil).

**NOTE 9 CONTINGENT LIABILITIES**

There are no contingent liabilities (2019: \$nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

**NOTE 10 TAXATION****Accounting Policies:****i) Current Tax**

The current income tax expense charged against the profit for the year is the estimated liability in respect of the taxable profit. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for the current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets are offset only when there is a legally enforceable right to set off the recognised amounts, and an intention to settle on a net basis.

**ii) Deferred Tax**

The liability method of accounting for deferred taxation is applied on a comprehensive balance sheet basis in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income.

Significant judgements, estimates and assumptions are made in respect of the recognition of the deferred tax asset. It is recognised that the deferred tax asset will be utilised over a relatively long time period. The Entity expects to remain profitable and have a steady income stream over the medium to long term, matching its low margin long dated products.

**iii) Goods and Services Tax (GST)**

Revenue, expenses, assets and liabilities are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority the GST is recognised as part of the cost of the acquisition of the assets or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## NOTE 10 TAXATION CONTINUED

## (a) Income tax recognised in the Statement of Comprehensive Income

	2020 \$	2019 \$
<b>Tax expense comprises:</b>		
Current tax expense	-	-
Adjustments recognised in the current year in relation to the current tax of prior years	-	-
Deferred tax relating to temporary differences	135,635	300,881
<b>Total tax expense</b>	<b>135,635</b>	<b>300,881</b>
<b>Attributable to:</b>		
Continuing operations	135,635	300,881
	<b>135,635</b>	<b>300,881</b>

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	2020 \$	2019 \$
Surplus before tax	480,458	2,251,359
Income tax calculated at 28%	134,528	630,382
Tax effect of permanent differences	830	(337,412)
Prior Period Adjustment	277	7,912
<b>Income Tax Expense</b>	<b>135,635</b>	<b>300,881</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

**NOTE 10 TAXATION** CONTINUED**(b) Current tax assets and liabilities**

	2020 \$	2019 \$
Tax refund receivable	-	-
	-	-

**(c) Deferred tax balances**

	2020 \$	2019 \$
<b>Deferred tax assets comprise:</b>		
Temporary differences	2,349,610	2,484,665
	2,349,610	2,484,665
<b>Deferred tax liabilities comprise:</b>		
Temporary differences	835	1,416
	835	1,416
<b>Net Deferred Tax balance</b>	<b>2,350,445</b>	<b>2,486,080</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

## NOTE 10 TAXATION CONTINUED

## (c) Deferred tax balances continued

Gross taxable and deductible temporary differences for the Group arise from the following:

		Opening Balance \$	Charged to Income \$	Charged to Equity \$	Prior Period Adjustment \$	Closing Balance \$
2020	Investment gains	-	-	-	-	-
	Building, property and equipment	5,057	(1,081)	-	(989)	2,987
		5,057	(1,081)	-	(989)	2,987
	Employee entitlements	26,540	35,496	-	-	62,036
	Losses carried forward	8,847,264	(517,836)	-	-	8,329,428
		8,873,804	(482,340)	-	-	8,391,464
	Attributable to:					
	Continuing operations	8,878,861	(483,421)	-	(989)	8,394,451
	Total	8,878,861	(483,421)	-	(989)	8,394,451
	Tax effect at 28%	2,486,080	(135,358)	-	(277)	2,350,445
2019	Investment gains	-	-	-	-	-
	Building, property and equipment	(1,872,109)	1,905,422	-	(28,256)	5,057
		(1,872,109)	1,905,422	-	(28,256)	5,057
	Employee entitlements	41,132	11,033	-	(25,625)	26,540
	Losses carried forward	11,784,413	(2,962,774)	-	25,625	8,847,264
		11,825,545	(2,951,741)	-	-	8,873,804
	Attributable to:					
	Continuing operations	9,953,436	(1,046,319)	-	(28,256)	8,878,861
	Total	9,953,436	(1,046,319)	-	(28,256)	8,878,861
	Tax effect at 28%	2,786,963	(292,970)	-	(7,913)	2,486,080

No liability has been recognised in respect of the undistributed earnings of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The deferred tax asset relating to tax losses carried forward has been recognised as the financial forecasts anticipate the Group maintaining sufficient profitability in future financial years (refer Note 20).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

**NOTE 10 TAXATION** CONTINUED**(d) Imputation Credit Account**

	2020 \$	2019 \$
Closing Balance	1,593,490	1,593,490

**NOTE 11 RECONCILIATION OF COMPREHENSIVE INCOME AFTER TAX WITH CASH FLOW FROM OPERATING ACTIVITIES****Accounting Policy:**

The Statement of Cash Flows is prepared exclusive of GST, which is consistent with the method used in the Statement of Comprehensive Income. The GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to, the taxation authority is classified as operating cash flow.

**The following are definitions of the terms used in the Statement of Cash Flows:**

- Bank comprises cash on hand and demand deposits.
- Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of Cash and which are subject to insignificant risk of changes in value.
- Cash flows are inflows and outflows of cash and cash equivalents.
- Operating activities are the principal revenue producing activities of the entity and other activities that are not investing or financing activities.
- Investing activities are the acquisition and disposal of long-term assets.
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTE 11 RECONCILIATION OF COMPREHENSIVE INCOME AFTER TAX WITH CASH FLOW  
FROM OPERATING ACTIVITIES CONTINUED

	2020 \$	2019 \$
<b>Total Comprehensive Surplus</b>	344,823	1,950,478
<b>Add/(less) non cash items</b>		
Loan Interest	(50,883)	(30,693)
Depreciation	16,107	35,053
Amortisation	65	-
Movement in CLP/ Riskpool Admin Fee Reserve	(19,256)	(19,256)
Movement in Deferred Tax Asset	135,635	300,881
Net change in fair value of investment property	-	-
	81,668	285,985
<b>Add/(less) movements in other working capital items</b>		
Sundry Debtors and Prepayments and Reinsurance Recoveries	28,440	39,835
Sundry Creditors and Accrued Charges	246,035	(98,603)
Tax Refund Due	-	3,580
	274,475	(55,188)
Add/(Less) Items Classified as Investing Activity	(90,349)	(1,511,787)
Add/(Less) Items Classified as Financing Activity	-	130,249
<b>Net Cash Flow from Operating Activities</b>	<b>610,617</b>	<b>799,736</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

**NOTE 12 SUNDRY DEBTORS AND CREDITORS****(a) Sundry Debtors and Prepayments**

	2020 \$	2019 \$
Sundry Debtors	484,840	501,440
Prepayments	41,329	43,296
GST Receivable	-	9,873
<b>Sundry Debtors and Prepayments</b>	<b>526,169</b>	<b>554,609</b>

**(b) Sundry Creditors and Accrued Charges**

	2020 \$	2019 \$
Sundry Creditors and Accrued Charges	165,435	112,990
GST Payable	162,940	-
<b>Sundry Creditors and Accrued Charges</b>	<b>328,375</b>	<b>112,990</b>

**NOTE 13 LOANS*****Loan Receivable***

Local Government Mutual Funds Trustee Limited is the trustee of Riskpool and CLP. The Company provides administrative services to Riskpool and CLP.

Secured loan agreements between the Company and Local Government Mutual Funds Trustee Limited on behalf of Riskpool were entered into in February 2017, August 2017 and again in November 2018 to assist with Riskpool's cashflow. The amounts made available under the 2017 agreements were reduced in 2018 to provide facilities of \$2,250,000 each (2017: \$3,000,000) and under the terms of the loans the interest rate is set as BKBM plus a margin. The November 2018 agreement provides a loan facility of \$4,000,000. Under the terms of the loan agreement the interest rate is set at the ANZ Bank lending rate plus a margin. Riskpool may repay the loans and any interest at any time without penalty. The Company may at any time withdraw the facilities by notice in writing to Riskpool to that effect, from which time no further funds will be provided but without giving rise to a requirement for Riskpool to repay the outstanding balance of the loan. The Company may require repayment of the loans (including all interest) in full or in part at any time with six months' notice. Either party may terminate the agreements on six months' notice or any other such period that both parties agree to. On termination, the loan outstanding and any interest due to the date of repayment must be paid within the period of notice. The loan outstanding at 31 December 2020 is \$2,074,371 (2019: \$973,927).

The Company and Local Government Mutual Funds Trustee Limited on behalf of CLP have an agreement whereby the Company funds any claims payable for CLP under the Trust Deed, without charge to the Trust, which will be reimbursed by CLP in respect of any such claim payments when CLP receives the applicable reinsurance payments on the claims. The loan outstanding at 31 December 2020 is \$513,983 (2019: \$1,022,600).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

**NOTE 14 AUDIT FEES**

A breakdown of the fees paid to the auditors is below:

	2020 \$	2019 \$
<b>Statutory Audit of the Financial Statements</b>		
Civic Financial Services	49,566	57,975
Civic Liability Pool	17,640	15,000
Local Government Superannuation Trustee	60,433	43,487
<b>Total Statutory Audit of the Financial Statements</b>	<b>127,639</b>	<b>116,462</b>
<b>Other Fees Paid to Auditors for Assurance Services</b>	<b>26,784</b>	<b>30,500</b>
<b>Other Fees Paid to Auditors for Tax Compliance</b>	<b>37,388</b>	<b>19,077</b>
<b>Total Fees Paid to the Auditors</b>	<b>191,811</b>	<b>166,039</b>

**NOTE 15 SHAREHOLDERS' EQUITY**

The Share Capital of the Group comprises solely authorised and issued ordinary shares with each share ranking equally in votes, dividends and surpluses. In 2019 there were no shares issued. There were no shares issued during 2020.

	2020 \$	2019 \$
<b>Retained Earnings</b>		
Opening Balance	(286,457)	7,181,545
Net Surplus After Taxation	344,823	1,950,478
Dividend Payment	-	(9,418,480)
<b>Closing balance</b>	<b>58,366</b>	<b>(286,457)</b>
<b>Shareholders Capital</b>		
Opening Balance	10,763,506	10,763,506
Ordinary Shares issued during the year	-	-
<b>Closing balance</b>	<b>10,763,506</b>	<b>10,763,506</b>
<b>Number of Ordinary Shares Fully Paid</b>	<b>11,249,364</b>	<b>11,249,364</b>
<b>Par Value per Share</b>	<b>\$0.96</b>	<b>\$0.93</b>
<b>Dividend Payment per Share</b>	<b>\$0.00</b>	<b>\$0.84</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

**NOTE 16 EQUITY RETAINED FOR FINANCIAL SOUNDNESS**

All shareholder equity is retained to ensure the financial soundness of the Group with cash being retained for cash flow purposes. A special dividend of \$9,418,480 was paid to shareholders on 19 August 2019 following the sale of Civic Assurance House.

**NOTE 17 STANDARDS APPROVED BUT NOT YET EFFECTIVE****Standards and Interpretations in issue not yet adopted**

At the date of authorisation of the financial report, one Standard and Interpretation was in issue that was relevant to the Group, but not yet effective.

Initial application of the following Standard is not expected to affect any of the amounts recognised in the financial report or change the presentation and disclosures presently made in or relation to the Group's financial report:

	<i>Effective for annual reporting periods beginning on or after</i>	<i>Expected to be initially applied in the financial year ending</i>
Revised NZ IFRS 9 'Financial Instruments'	1 January 2021	31 December 2021

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020

**NOTE 18 SUBSEQUENT EVENTS**

There have been no material events subsequent to 31 December 2020 that require adjustment to or disclosure in the financial statements.

**NOTE 19 CAPITAL COMMITMENTS**

The Company has no capital commitments at balance date (2019: \$nil).

**NOTE 20 GOING CONCERN**

The financial statements have been prepared on a going concern basis.

The profitability of financial services supports the going concern assumption for Civic Financial Services Ltd as a whole. The deferred tax asset is reviewed regularly and at balance date against forecast profits and future business opportunities. The Directors believe that it is probable that sufficient taxable profits will be available in the future against which the unused tax losses can be utilised.

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF CIVIC FINANCIAL SERVICES LIMITED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Auditor-General is the auditor of Civic Financial Services Limited and its subsidiaries (the 'Group'). The Auditor-General has appointed me, Silvio Bruinsma, using the staff and resources of Deloitte Limited, to carry out the audit of the consolidated financial statements of the Group on his behalf.

#### OPINION

We have audited the consolidated financial statements of the Group on pages 7 to 29, that comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information.

In our opinion, the consolidated financial statements of the Group:

- present fairly, in all material respects:
  - its financial position as at 31 December 2020; 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 Sector Public Benefit Entity Standards.

Our audit was completed on 12 March 2021. 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 consolidated financial statements, 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 CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible on behalf of the Group for preparing consolidated financial statements 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 that are free from material misstatement, whether due to fraud or error.



## INDEPENDENT AUDITOR'S REPORT *CONTINUED*

In preparing the consolidated financial statements, 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 the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Companies Act 1993.

### RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, 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 consolidated financial statements.

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

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 risk of material misstatement of the consolidated financial statements, 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 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 consolidated financial statements, 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

**INDEPENDENT AUDITOR'S REPORT** *CONTINUED*

**OTHER INFORMATION**

The Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements, and our auditor's report thereon.

Our opinion on the consolidated financial statements 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 consolidated financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the consolidated financial statements 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* issued by the New Zealand Auditing and Assurance Standards Board.

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



Silvio Bruinsma  
Deloitte Limited  
On behalf of the Auditor-General  
Wellington, New Zealand

## CIVIC FINANCIAL SERVICES SHAREHOLDERS AS AT 31 DECEMBER 2020

SHAREHOLDER MEMBER			NO. OF SHARES			SHAREHOLDER MEMBER			NO. OF SHARES		
CITY COUNCILS						DISTRICT COUNCILS (Cont'd)					
Auckland	2,195,042	19.51%				Rangitikei		35,338		0.31%	
Christchurch	1,417,704	12.60%				Rotorua		175,906		1.56%	
Dunedin	470,966	4.19%				Ruapehu		56,666		0.50%	
Hamilton	202,729	1.80%				South Taranaki		135,496		1.20%	
Hutt	479,822	4.27%				South Waikato		42,374		0.38%	
Invercargill	407,927	3.63%				South Wairarapa		53,930		0.48%	
Napier	283,842	2.52%				Southland		13,715		0.12%	
Nelson	95,543	0.85%				Stratford		65,608		0.58%	
Palmerston North	411,737	3.66%				Taranua		99,972		0.89%	
Porirua	140,146	1.25%				Tasman		65,584		0.58%	
Tauranga	124,242	1.10%				Taupo		83,971		0.75%	
Upper Hutt	51,209	0.46%				Thames-Coromandel		27,120		0.24%	
Wellington	526,821	4.68%				Timaru		230,118		2.05%	
						Waikato		41,070		0.37%	
DISTRICT COUNCILS						Waimakariri		88,172		0.78%	
Ashburton	56,016	0.50%				Waimate		30,458		0.27%	
Buller	27,698	0.25%				Waipa		149,082		1.33%	
Carterton	23,642	0.21%				Wairoa		22,992		0.20%	
Central Hawke’s Bay	28,580	0.25%				Waitaki		120,000		1.07%	
Central Otago	91,238	0.81%				Waitomo		16,940		0.15%	
Clutha	33,711	0.30%				Wanganui		289,660		2.57%	
Far North	85,440	0.76%				Western Bay of Plenty		28,142		0.25%	
Gisborne	99,404	0.88%				Westland		28,356		0.25%	
Gore	54,589	0.49%				Whakatane		38,788		0.34%	
Grey	33,742	0.30%				Whangarei		63,524		0.56%	
Hastings	129,170	1.15%				REGIONAL COUNCILS					
Hauraki	63,434	0.56%				Bay of Plenty		55,000		0.49%	
Horowhenua	110,689	0.98%				Canterbury		152,696		1.36%	
Hurunui	14,000	0.12%				Hawke’s Bay		20,000		0.18%	
Kaikoura	10,000	0.09%				Horizons		2,000		0.02%	
Kaipara	13,629	0.12%				Southland		10,000		0.09%	
Kapiti Coast	15,060	0.13%				Taranaki		1,000		0.01%	
Kawerau	31,161	0.28%				Waikato		22,000		0.20%	
Manawatu	203,964	1.81%				Wellington		80,127		0.71%	
Marlborough	86,022	0.76%									
Masterton	127,230	1.13%				OTHER					
Matamata-Piako	122,554	1.09%				TrustPower		137,251		1.22%	
New Plymouth	441,456	3.92%									
Opotiki	20,000	0.18%									
Otorohanga	5,000	0.04%									
Queenstown-Lakes	31,149	0.28%									
						Total Shares		11,249,364			



# Council Report

Item 12

**Committee:** Economic Development Committee

**Date:** 11 August 2021

**Author:** Candice Swanepoel

**Authoriser:** Tracey Musty

**Position:** Business Performance Accountant

**Position:** Financial Controller

**Report Name:** Waikato Innovation Growth Ltd, New Zealand Food Innovation Waikato Ltd - Annual Report 30 June 2019

**Report Status**

*Open*

## **Purpose - *Take***

1. To inform the Economic Development Committee on the Annual Report of Waikato Innovation Growth Ltd (WIGL) and its subsidiary, New Zealand Food Innovation Waikato Ltd (NZFIWL) to 30 June 2019.
2. The Annual Report and Audit Opinion are attached to this report.

## **Staff Recommendation - *Tuutohu-aa-kaimahi***

3. That the Economic Development Committee receives the report.

## **Executive Summary - *Whakaraapopototanga matua***

4. The unaudited Financial Statements of WIGL and NZFIWL at 30 June 2019 were received by the Finance Committee on 10 September 2019.
5. It was resolved that the Finance Committee receives the report, however it was requested the audited and signed Financial Statements be presented to the appropriate Committee once these were available.
6. Audit NZ completed their audit of WIGL and NZFIW on 28 August 2019 and expressed their unmodified opinion.
7. The transition of WIGL and NZFIWL reporting to the Economic Development Committee resulted in an oversight in reporting the statements to the Committee.
8. Staff consider the matters in this report have a low significance and that the recommendations comply with the Council's legal requirements.

## **Background - *Koorero whaimaarama***

9. WIGL has a 70% shareholding in New Zealand Food Innovation Waikato Ltd (NZFIWL), the remaining 30% is held by Callaghan Innovation.
10. NZFIW D2, which is 100% owned by NZFIWL, has an 11% shareholding in Melody Dairies Limited Partnership.

11. The unaudited Financial Statements of WIGL and NZFIWL at 30 June 2019 were received by the Finance Committee on 10 September 2019.
12. It was resolved that the Finance Committee receives the report, however it was requested the audited and signed Financial Statements be presented to the appropriate Committee once these were available.
13. During this time, the Economic Development Committee was established and responsibility for monitoring the performance of WIGL and NZFIWL transferred to this Committee.
14. The transition of WIGL and NZFIWL reporting to the Economic Development Committee resulted in an oversight and, while the Annual Report at 30 June 2019 was received by the Finance Committee, the Audit Opinion and signed Financial Statements were not received by the Economic Development Committee.
15. Audit NZ completed their audit of WIGL and NZFIW on 28 August 2019 and expressed their unmodified opinion. **Attachments 2 and 4** to this report.

#### **Financial Considerations - *Whaiwhakaaro Puutea***

16. The year ending June 2019 produced positive overall financial performance for the WIGL Group.
17. Revenue increased by 27% to \$9.6M and profit after tax was \$1.3M.
18. Net cashflow from operating activities was a surplus of \$1.7M.
19. Total equity improved by \$2.9M to \$14M and was 55% of total assets.

#### **Legal and Policy Considerations - *Whaiwhakaaro-aa-ture***

20. Staff confirm that the matters in this report complies with the Council's legal and policy requirements.

#### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

21. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
22. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
23. The recommendations set out in this report are consistent with that purpose.
24. There were no Environment, Economic, Environmental, or Cultural wellbeing's identified in the development of this report.

#### **Risks - *Tuuraru***

25. There are no known risks associated with the decisions required for this matter.

#### **Significance & Engagement Policy - *Kaupapa here whakahira/anganui*** **Significance**

Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have a low level of significance.

27. Given the low level of significance determined, the engagement level is low. No engagement is required.

**Attachments - *Ngaa taapirihanga***

Attachment 1 - Waikato Innovation Growth Ltd - Annual Report 30 June 2019

Attachment 2 - Waikato Innovation Growth Ltd - Audit Opinion 30 June 2019

Attachment 3 - New Zealand Food Innovation Waikato Ltd - Annual Report 30 June 2019

Attachment 4 - New Zealand Food Innovation Waikato Ltd - Audit Opinion 30 June 2019



# WAIKATO INNOVATION GROWTH LIMITED

Annual Report 2019





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**DIRECTORY***As at 30 June 2019*

<b>Nature of Business</b>	Service provider
<b>Address</b>	Waikato Innovation Park Ruakura Lane Hamilton 3216
<b>Registered Office</b>	Tompkins Wake 430 Victoria Street Hamilton 3204
<b>Authorised Capital</b>	4,000,100 Ordinary Shares
<b>Directors</b>	Barry Harris Earl Rattray David Stanley Peter Hobman
<b>Shareholders</b>	Hamilton City Council      4,000,100 Ordinary Shares
<b>Auditors</b>	Audit New Zealand on behalf of the Auditor-General PO Box 256 Hamilton 3240
<b>Bankers</b>	BNZ 354 Victoria Street Hamilton
<b>Solicitors</b>	Tompkins Wake 430 Victoria Street Hamilton
<b>IRD Number</b>	124-736-676



## CHAIRMAN'S AND CHIEF EXECUTIVE'S ANNUAL REPORT

### Major Milestones for the year include:

- Revenue for Food Waikato at \$9,589,000 exceeded last year of \$7,143,000 by \$2,446,000.
- NZFIW obtain the Resource Consent to build a new spray dryer in December 2018 and sold that consent on to Melody Dairies Limited Partnership for profit on sale of \$1,215,000. NZFIW received 5 % of the shares in Melody Dairies as compensation.
- Achievement of Group Profit after tax of \$1,294,000 compared with last year of \$368,000.
- Food Waikato undertook 13 days of manufacture of its own base infant formula compared to 9 days last year.
- Extra management were hired in the Quality area due to the complexity of Infant formula production.
- Food Waikato undertook 230 dryer days of manufacturing against a plan of 257.
- Food Waikato undertook 260 days of combined Wetside mixing thermalisation against a budget of 316.
- 277 tonnes of sheep milk manufactured at Food Waikato
- Manufacture of encapsulated Omega 3 and 6 powders under contract to Nu Mega of Australia.
- On the 1<sup>st</sup> July 2018 the contract for Regional Business Partnership was transferred to Waikato Regional Economic Development Limited. This company subsequently has been branded as Te Waka. This independent company was set up by regional local authorities and Waikato businesses to promote economic development across the whole of the Waikato.



**Barry Harris**  
Chairman



**Stuart Gordon**  
Chief Executive



#### **Melody Dairies Limited Partnership - Created December 2018**

The Melody Dairies Partnership Agreement along with the Construction contract, for a new spray dryer, with Tetra Pak were signed in December 2018. The four partners in Melody Dairies are:

1. Nu-Mega Ingredients (NZ) Limited, a company owned by Australian Listed Clover Corporation Ltd, with a 35 per cent stake in Melody Dairies;
2. Landcorp Farming Limited (Pāmu), with a 35 per cent in the partnership;
3. Dairy Nutraceuticals Limited, with a 20 per cent share; and
4. Food Waikato, with a 10 per cent share.

Food Waikato has been appointed manager of the complex. The plant forecasted commissioning date is April 2019. Burgeoning global demand for sheep milk products is the impetus behind the new project

#### **Food Waikato contribution to the regional economy:**

Food Waikato produced 1387 tonnes of product in the 2018-2019 year at an export value of \$33m. This means that an estimated \$258 million of export sales have been manufactured in the seven years of its life. A survey of customers indicates they have invested \$218 million in farms, genetics, and or production facilities over the last seven years.

#### **Financial Performance:**

The year ending June 2019 produced a better overall financial performance for Waikato Innovation Growth Limited group. Group Revenue increased by 27% to \$9,590,000 this year. Group Total Comprehensive Income for the year just ended was \$2,850,000 compared to a \$368,000 profit last year. The important Net Cash Flow from operating activities was a surplus of \$1,682,000 this year. Food Waikato carried a closing balance of \$1,483,000 in inventory as at 30 June 2019.

Total Equity improved by \$2,850,000 to \$13,975,000. It now is standing at a healthy 55% of Total Assets.

#### **Board of Directors:**

Given the unique role Food Waikato is performing as part of the New Zealand Food Innovation Network a Board with specialised skills governs Food Waikato. Barry Harris (chairman), Matt Kenny (Callaghan Innovation), Peter Hobman, Earl Rattray and Dave Stanley comprise the Food Waikato board. The Board of Directors met formally six times through the year.

The Board also met key Stakeholders, the auditors (Audit New Zealand) and its bankers (the Bank of New Zealand). The Board has set up a series of best practice policies and monitors those policies and the company risk register to ensure compliance.





The Board takes seriously its ongoing obligation to ensure public safety and a safe working environment. A strategic review of workplace safety policies and hazards has been undertaken and health and safety leadership is a priority for the board.

**Strategic Direction:**

The Board of New Zealand Food Innovation Waikato through its Statement of Intent for the 2020 year has set out clear aspirations to grow the sheep milk industry. The next year will be a difficult year as we transition some clients over to Melody Dairies and develop new clients in the space vacated. This is a difficult business model with the strategic aim to graduate our successful clients onto new plant while building relationships with new businesses.

**Management:**

The Food Waikato team had an excellent year and the Board thanks them for their dedication and achievements. Lead by our Chief Executive, Stuart Gordon, the team can be proud of the 2019-year achievements, which mean we are now well placed for growth in the future. In particular Food Waikato's opportunity to expand its capacity with a second dryer under its management. Food Waikato now has critical mass and financial stability and is looking forward to its next growth stage.



**ANNUAL REPORT**

*For the year ended 30 June 2019*


**Approval and issue of financial statements**

On this date the Directors approve and issue the annual report including the attached financial statements for Waikato Innovation Growth Limited for the year ended 30 June 2019.

**Auditor**

An auditor has been appointed.

For and on behalf of the Board

  
\_\_\_\_\_  
Director

28 August 2019

  
\_\_\_\_\_  
Director

28 August 2019



**STATEMENT OF COMPREHENSIVE INCOME***For the year ended 30 June 2019*

		Group \$000		Company \$000	
	NOTE	2019	2018	2019	2018
<b>Revenue</b>					
Revenue	4	9,590	7,567	-	424
Cost of sales		(2,957)	(358)	-	-
<b>Gross profit</b>		<b>6,633</b>	<b>7,209</b>	<b>-</b>	<b>424</b>
Share of profit/(loss) from associate	16	(7)	(20)	-	-
Sale of consent	5	1,610	-	-	-
Cost of consents	5	(395)	-	-	-
<b>Expenses</b>					
Operating expenses		(2,763)	(2,941)	(16)	(227)
Lease payments	25	(23)	(23)	-	-
Personnel costs	6	(2,017)	(2,017)	6	(248)
Depreciation	18	(1,187)	(1,182)	-	(5)
Audit fees	7	(55)	(26)	(15)	(7)
Directors fees		(161)	(139)	-	-
Other gains and losses	9	(47)	(20)	-	(1,200)
Write down of inventories		(30)	-	-	-
<b>Total expenses</b>		<b>(6,283)</b>	<b>(6,348)</b>	<b>(25)</b>	<b>(1,687)</b>
Finance income		1	-	-	-
Finance costs		(227)	(322)	(4)	(3)
<b>Net finance costs</b>	<b>8</b>	<b>(226)</b>	<b>(322)</b>	<b>(4)</b>	<b>(3)</b>
<b>Profit/(loss) before tax</b>		<b>1,332</b>	<b>519</b>	<b>(29)</b>	<b>(1,266)</b>
Subvention payment received/(paid)		-	-	65	-
Income tax	10	(37)	(151)	(10)	18
<b>Profit/(loss) for the year, net of tax</b>		<b>1,295</b>	<b>368</b>	<b>26</b>	<b>(1,248)</b>
<b>Other comprehensive income</b>					
Gain/(loss) on property revaluation	18	2,160	-	-	-
Income tax on other comprehensive income	10	(605)	-	-	-
<b>Total other comprehensive income, net of tax</b>		<b>1,555</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>2,850</b>	<b>368</b>	<b>26</b>	<b>(1,248)</b>
<b>Total profit/(loss) attributable to:</b>					
Waikato Innovation Growth Limited		914	243	26	(1,248)
Non-controlling interest		381	125	-	-
<b>Total comprehensive income attributable to:</b>					
Waikato Innovation Growth Limited		2,003	243	26	(1,248)
Non-controlling interest		847	125	-	-

*The accompanying notes form part of these financial statements.*

# STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

Group	NOTE	\$000 Share capital	\$000 Revaluation reserve	\$000 Retained earnings	\$000 Non- controlling interest	\$000 Total equity
<b>Balance as at 1 July 2017</b>		-	3,402	1,327	2,028	6,758
<i>Total comprehensive income</i>						
Profit for the year		-	-	243	125	368
Other comprehensive income for the year		-	-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	243	125	368
<i>Transaction with owners of the company</i>						
Share transactions with non-controlling interest		-	-	(1,200)	1,200	-
Proceeds from shares issued		4,000	-	-	-	4,000
<b>Balance as at 30 June 2018</b>		4,000	3,402	371	3,353	11,125
<b>Balance as at 1 July 2018</b>		4,000	3,402	371	3,353	11,125
<i>Total comprehensive income</i>						
Profit for the year		-	-	914	381	1,295
Other comprehensive income for the year		-	1,089	-	466	1,555
<b>Total comprehensive income for the year</b>		-	1,089	914	847	2,850
<b>Balance as at 30 June 2019</b>		4,000	4,491	1,286	4,199	13,975

Company	NOTE	\$000 Share Capital	\$000 Revaluation reserve	\$000 Retained earnings	\$000 Non- controlling interest	\$000 Total equity
<b>Balance as at 1 July 2017</b>		-	-	-	-	-
<i>Total comprehensive income</i>						
Profit for the year		-	-	(1,248)	-	(1,248)
Other comprehensive income for the year		-	-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	(1,248)	-	(1,248)
<i>Transaction with owners of the company</i>						
Proceeds from shares issued		4,000	-	-	-	4,000
<b>Balance as at 30 June 2018</b>		4,000	-	(1,248)	-	2,752
<b>Balance as at 1 July 2018</b>		4,000	-	(1,248)	-	2,752
<i>Total comprehensive income</i>						
Profit for the year		-	-	26	-	26
Other comprehensive income for the year		-	-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	26	-	26
<b>Balance as at 30 June 2019</b>		4,000	-	(1,222)	-	2,778

The accompanying notes form part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

		Group \$000		Company \$000	
	NOTE	2019	2018	2019	2018
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment in subsidiaries	17	-	-	2,800	2,800
Investment in associates	16	2,619	-	-	-
Property, plant and equipment	18	20,016	18,926	-	27
Assets under construction		40	15	-	-
Deferred tax assets	10	-	-	8	18
Intangible asset	19	1	1	-	-
<b>Total non-current assets</b>		<b>22,676</b>	<b>18,942</b>	<b>2,808</b>	<b>2,845</b>
<b>Current assets</b>					
Cash and cash equivalents	12	82	351	-	85
Inventories	13	1,483	2,329	-	-
Trade and other receivables	14	916	926	-	68
Prepayments		102	315	-	2
<b>Total current assets</b>		<b>2,583</b>	<b>3,921</b>	<b>-</b>	<b>155</b>
<b>Total assets</b>		<b>25,259</b>	<b>22,863</b>	<b>2,808</b>	<b>3,000</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	11	4,000	4,000	4,000	4,000
Revaluation reserve	11	4,491	3,402	-	-
Retained earnings		1,286	371	(1,222)	(1,248)
<b>Equity attributable to owners of the Company</b>		<b>9,776</b>	<b>7,773</b>	<b>2,778</b>	<b>2,752</b>
<i>Non-controlling interest</i>		<i>4,199</i>	<i>3,353</i>	<i>-</i>	<i>-</i>
<b>Total equity</b>		<b>13,975</b>	<b>11,125</b>	<b>-</b>	<b>-</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	10	2,230	1,565	-	-
Deferred income	20	2,487	2,617	-	-
Term loans	23	4,274	4,574	-	-
Other loans	24	350	450	-	-
Provisions	22	168	356	-	-
<b>Total non-current liabilities</b>		<b>9,509</b>	<b>9,562</b>	<b>-</b>	<b>-</b>

The accompanying notes form part of these financial statements.



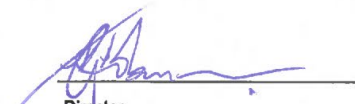


# STATEMENT OF FINANCIAL POSITION

As at 30 June 2019 (Continued)

		Group \$000		Company \$000	
	NOTE	2019	2018	2019	2018
<b>Current liabilities</b>					
Payables and accruals	15	721	742	4	42
Short term employee entitlements		268	282	-	6
Deferred income	20	296	302	-	-
Other loans	24	490	650	-	-
Related parties loans	21	-	200	26	200
<b>Total current liabilities</b>		<b>1,775</b>	<b>2,176</b>	<b>30</b>	<b>248</b>
<b>Total liabilities</b>		<b>11,284</b>	<b>11,738</b>	<b>30</b>	<b>248</b>
<b>Total equity and liabilities</b>		<b>25,259</b>	<b>22,863</b>	<b>2,808</b>	<b>3,000</b>

The accompanying notes form part of these financial statements.

  
 Director  
 28 August 2019

  
 Director  
 28 August 2019

# STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	NOTE	Group \$000		Company \$000	
		2019	2018	2019	2018
<b>Cash flow from operating activities</b>					
Receipts from customers		9,509	7,628	59	366
Payments to suppliers and employees		(7,400)	(7,552)	(42)	(444)
Interest received		1	-	-	-
Interest paid		(249)	(319)	(6)	-
Tax payments		(16)	(242)	-	-
GST (net)*		(163)	(105)	5	(5)
<b>Net cash from operating activities</b>	28	<b>1,682</b>	<b>(590)</b>	<b>16</b>	<b>(83)</b>
<b>Cash flow from investing activities</b>					
Purchase of property, plant and equipment		(177)	(553)	-	(32)
Proceeds from sale of property, plant and equipment		27	-	27	-
Purchase of assets under construction		(25)	326	-	-
Investment in associate		(1,016)	-	-	-
Purchase of shares in subsidiary		-	-	-	(4,000)
<b>Net cash from/(used in) investing activities</b>		<b>(1,191)</b>	<b>(227)</b>	<b>27</b>	<b>(4,032)</b>
<b>Cash flow from financing activities</b>					
Proceeds from borrowing		2,040	2,360	-	200
Proceeds from issues of shares		-	4,000	-	4,000
Repayment of borrowings		(2,800)	(5,400)	(128)	-
<b>Net cash from/(used in) financing activities</b>	26	<b>(760)</b>	<b>960</b>	<b>(128)</b>	<b>4,200</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(269)</b>	<b>143</b>	<b>(85)</b>	<b>85</b>
Cash and cash equivalents at 1 July		351	208	85	-
<b>Cash and cash equivalents at 30 June</b>	12	<b>82</b>	<b>351</b>	<b>-</b>	<b>85</b>

\*The GST (net) component of operating activities reflects the net GST transactions with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

### 1. REPORTING ENTITY

Waikato Innovation Growth Limited (the "Company") is a company domiciled and incorporated in New Zealand under the Companies Act 1993, and a Council-Controlled Organisation under the Local Government Act 2002 with effect from the 1st December 2017. The Company's parent and ultimate parent entity is Hamilton City Council.

The financial statements of Waikato Innovation Growth Limited and Group are for the year ended 30 June 2019. The financial statements were authorised for issue by the Board of Directors on the 28 August 2019. The owners or others do not have the power to amend the financial statements after issue.

The group consists of Waikato Innovation Growth Limited, its subsidiary New Zealand Food Innovation (Waikato) Limited (70% owned) and New Zealand Food Innovation (Waikato) Limited subsidiary's NZFIW D2 LP Limited (100% owned).

### 2. BASIS OF PREPARATION

#### a. Statement of Compliance

The financial statements for the Company and Group have been prepared in accordance with the requirements of the Companies Act 1993 and the Local Government Act 2002. Waikato Innovation Growth Limited is a for-profit entity.

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ("NZ IFRS RDR"), and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. The Company qualifies for NZ IFRS (RDR) as it does not have public accountability and it is not a large for-profit public sector entity. The Company has elected to apply NZ IFRS (RDR) and has applied disclosure concessions.

#### *New and amended standards adopted this year*

- NZ IFRS 15 - Revenue from Contracts with Customers

In the current year, the Group has applied NZ IFRS 15 Revenue from Contracts with Customers (as amended in 2016). NZ IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the Entity's financial statements are described below.

The Group has applied NZ IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in NZ IFRS 15.C5(a), and (b), or for modified contracts in NZ IFRS 15.C5(c) but using the expedient in NZ IFRS 15.C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2017.

NZ IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in NZ IFRS 15 to describe such balances, as applicable.

The Group's accounting policies for its revenue streams are disclosed in detail in Revenue recognition. Apart from providing more extensive disclosures on the Group's revenue transactions, the application of NZ IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group. There has been no amount of adjustment required as determined in Management's assessment of the impact of the Standard.

#### *- NZ IFRS 9 Financial Instruments*

In the current year, the Group has applied NZ IFRS 9 Financial Instruments that are effective for an annual period that begins on or after 1 July 2018. Under NZ IFRS 9, financial assets are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

The Group has applied the classification and measurement requirements of NZ IFRS 9 to its financial instruments which are previously in accordance with NZ IAS 39. The transition to the new standard has not resulted in a change to the classification or measurement of financial assets held by the Group as at 1 July 2018.

NZ IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under NZ IAS 39. The Group applies the simplified approach permitted by NZ IFRS 9, which requires the Group to measure the loss allowance at an amount equal to lifetime expected credit losses from initial recognition of the trade and other receivables. The Group write off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospects of recovery. These amount are recognised in the profit and loss statements.

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred.

### b. Discontinued Operations

From the 1st of July 2018 the business growth operations have been transferred to Waikato Regional Economic Development Limited. Waikato Innovation Growth Limited will continue to exist and hold the shares of New Zealand Food Innovation (Waikato) Limited. The presentation requirements relating to discontinued operations have not been applied in the preparation of the financial statements on the basis that it is not material.

### c. Basis of Measurement

The financial statements have been prepared on an historical basis except for property, plant and equipment which is measured to fair value.

### d. Functional and Presentational currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

### e. Use of Estimates and Judgements

The preparation of the financial statements in conformity with NZ IFRS RDR requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 18: Property, plant and equipment

Note 20: Deferred income

Note 22: Provisions

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all periods presented in these financial statements.

#### a. Basis of Consolidation

The consolidated financial statements are prepared adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

##### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

##### *Subsidiaries*

Subsidiaries are those entities that are controlled by the Company. Subsidiaries are consolidated from the date control is transferred to the Group. They are de-consolidated from the date that control ceases. All significant intercompany accounts and transactions are eliminated on consolidation. Control exists when the Company has power over the entity, exposure or rights to variable returns from its involvement with the entity, and the ability to use its power over the entity to offset the amount of the entity's returns.

Investments in subsidiaries are recorded at cost less the amount of estimated value of impairment in the parent company's financial statements.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the identifiable assets and liabilities recognised on acquisition together with the minority interest's share of post acquisition surpluses.

The Company holds 70% shares in its subsidiary New Zealand Food Innovation (Waikato) Limited and there is no significant restriction on its ability to access or use assets or settle liabilities of the group.

The New Zealand Food Innovation (Waikato) Limited holds 100% shares in its subsidiary NZFIW D2 LP Limited and there is no significant restriction on its ability to access or use assets or settle liabilities, of the group. The reporting period for NZFIW D2 LP Limited is for the 10 months ending 30 June 2019.

##### *Associates*

An associate is an investee, not being a subsidiary or joint venture arrangement, over which the group has the capacity to exercise significant influence through participation in the financial and operating policy decisions of the investee.

Associates are recognised using the equity method which recognises the Group's share of the associate's net surplus or deficit in the profit or loss and its share of other comprehensive income. The Group's associate is:

- Melody Dairies Limited Partnership. Melody Dairies Limited Partnership (MDLP) is 10% owned by NZFIW D2 LP Limited. Significant judgement and assumptions have been used to determine that New Zealand Food Innovation (Waikato) Limited Group (NZFIW Group) has significant influence over MDLP. NZFIW Group has a representation on the board of directors of MDLP. Due to the existing Management Agreement between NZFIW Group and MDLP, NZFIW Group is considered providing essential technical information to MDLP. As a result, it has been determined that NZFIW Group has significant influence over MDLP and therefore should account for it as an associate under NZ IAS 28 Investments in Associates and Joint Ventures. Melody Dairies Limited Partnership's principle place of business is 12 Melody Lane, Hamilton.

- Melody Dairies GP Limited. Melody Dairies GP Limited (MDGPL) is 10% owned by New Zealand Food Innovation (Waikato) Limited (NZFIW). Significant judgement and assumptions have been used to determine that NZFIW has significant influence over MDGPL. NZFIW has a representation on the board of directors of MDGPL. As a result, it has been determined that NZFIW has significant influence over MDGPL and therefore should account for it as an associate under NZ IAS 28 Investments in Associates and Joint Ventures. MDGPL is dormant.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

### *Non-controlling interest (NCI)*

The interests of the parent and the NCI in the subsidiaries are adjusted to reflect the relative change in their interests in the subsidiaries equity. Any difference between the amount by which the NCI is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owner of the parent.

### **b. Revenue**

The Group recognises revenue from the rendering of spray dryer services and from rendering of sales of goods. Spray drying is a method of producing a dry powder from a liquid provided by customers by quickly drying this with a hot gas. The Group enters into a contract with the customer for usage of the spray dryer for a fixed period of time and the consideration includes the daily charge rates and utility costs oncharged. The Group enters into a contract with the customer to produce product per minimum quantity specified.

The Group satisfies its performance obligations as services are rendered. Payment terms are the customer must pay the amount due or before the 20th day of the month of invoice. No obligations for returns, refunds and other similar obligation or types and warranties and related obligations are attached to the contracts.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognises revenue when it transfers control of the service to a customer.

Judgements around the timing of satisfaction of performance obligations, the transaction price and amounts allocated to performance obligations are determined per the contracts.

The directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate as the performance obligations are satisfied at a point in time, and there is no contractual liability for unsatisfied performance obligations at year end.

The Group recognises sale of consents revenue when it transfers the control of the consents to the customer.

Interest income is accounted for on an accrual basis.

Grants received are recognised in the Statement of Comprehensive Income when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the Statement of Financial Position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

### **c. Foreign Currency Translation**

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the date of the transactions.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

### d. Finance Costs

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other finance costs are recognised in profit or loss in the period in which they are incurred.

### e. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### f. Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### g. Trade and Other Receivables

Trade and other receivables are stated initially at fair value then at estimated realisable value after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified. Trade and Other Receivables are classed as 'Trade and other receivables' financial instruments (Note 27).

### h. Work in progress

Work in progress is valued at cost.

### i. Intangible Assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Trademarks	10 years
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### j. Property, Plant & Equipment

Property, plant & equipment is measured at fair value less subsequent depreciation. Computer and office equipment is recognised at cost price less depreciation and impairment losses.

Depreciation is calculated on a straight line basis and diminishing value basis to allocate the cost or revalued amounts over the estimated useful lives, as follows:

Buildings	25 years
Plant & Equipment	20 years
Computer hardware	3-5 years
Office Equipment	20 years

The assets' residual values, depreciation method and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

### Revaluation

Property, plant & equipment is revalued with sufficient regularity and at least every three years to ensure that its carrying amount does not differ materially from fair value.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from fair value. If there is evidence supporting a material difference, then the off-cycle asset classes are revalued.

Property, plant and equipment revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the profit or loss. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the profit or loss will be recognised first in the profit or loss up to the amount previously expensed, and then recognised in other comprehensive income.

### k. Trade and Other Payables

Payables and accruals are recognised when the Group becomes obligated to make future payments resulting from the purchase of goods or services. They are recognised initially at fair value and subsequently at amortised cost.

### l. Goods and Services Tax (GST)

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

The net amount of GST receivable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the balance sheet.

### m. Income Tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

### n. Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave and bonuses. Short-term employee entitlement obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### o. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

### p. Impairment

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Group \$000		Company \$000	
4. REVENUE	2019	2018	2019	2018
Revenue from contracts for the sale of goods	3,543	417	-	-
Revenue from contracts for the rendering of services	5,853	6,971	-	424
Revenue from the rendering of services	15	-	-	-
Deferred Grant income	179	179	-	-
<b>Total operating revenue</b>	<b>9,590</b>	<b>7,567</b>	<b>-</b>	<b>424</b>

Timing of revenue recognition - At point in time

	Group \$000		Company \$000	
5. OTHER INCOME	2019	2018	2019	2018
Sale of consent	1,610	-	-	-
less cost of consent	(395)	-	-	-
<b>Total other income</b>	<b>1,215</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Group \$000		Company \$000	
6. PERSONNEL COSTS	2019	2018	2019	2018
Salaries and wages	1,981	1,983	(6)	246
Defined contribution plan	36	34	-	2
<b>Total personnel costs</b>	<b>2,017</b>	<b>2,017</b>	<b>(6)</b>	<b>248</b>

Annual remuneration by band for employees

	2019 Number	2018 Number
< \$100,000	21	23
\$100,000 - \$109,999	-	-
\$110,000 - \$119,999	3	1
\$120,000 - \$129,999	1	1
\$130,000 - \$139,999	1	-
\$140,000 - \$149,999	-	-
\$150,000 - \$159,999	1	1
<b>Total Employees</b>	<b>27</b>	<b>26</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>7. AUDIT FEES</b>				
Audit fee for 2018/19 year	41	-	8	-
Audit fee for 2017/18 year	14	26	7	7
<b>Total audit fees</b>	<b>55</b>	<b>26</b>	<b>15</b>	<b>7</b>

	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>8. FINANCE COSTS</b>				
<i>Finance income</i>				
Interest income	1	-	-	-
<b>Total finance income</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Finance costs</i>				
Bank fees	(5)	(5)	-	-
Interest on bank overdraft	-	(1)	-	-
Interest on Hamilton City Council loan	(4)	(3)	(4)	(3)
Interest on bank borrowings	(218)	(313)	-	-
<b>Total finance costs</b>	<b>(227)</b>	<b>(322)</b>	<b>(4)</b>	<b>(3)</b>
<b>Net finance costs</b>	<b>(226)</b>	<b>(322)</b>	<b>(4)</b>	<b>(3)</b>

	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>9. OTHER GAINS AND LOSSES</b>				
<i>Losses</i>				
Net foreign exchange loss	(31)	(20)	-	-
Loss on disposal of fixed assets	(16)	-	-	-
Loss on disposal of shares	-	-	-	(1,200)
<b>Total other gains and losses</b>	<b>(47)</b>	<b>(20)</b>	<b>-</b>	<b>(1,200)</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Group \$000		Company \$000	
10. INCOME TAX	2019	2018	2019	2018
<i>Current tax</i>				
Current year	(2)	(126)	-	-
Adjustment for prior years	25	-	-	-
	23	(126)	-	-
<i>Deferred tax</i>				
Current year	(36)	(25)	8	18
Adjustment for prior year	(24)	-	(18)	-
<b>Total income tax expense recognised</b>	<b>(37)</b>	<b>(151)</b>	<b>(10)</b>	<b>18</b>
<i>The income tax expense for the year can be reconciled to the accounting profit as follows:</i>				
Profit before tax	1,332	519	(29)	(1,266)
Income tax expense at 28%	(373)	(145)	8	354
Effect of income that is exempt from tax	451	(6)	-	-
Effect of expenses that are not deductible	(115)	-	-	(336)
Adjustment for prior year - subvention payment	-	-	(18)	-
<b>Income tax expense recognised in profit or loss</b>	<b>(37)</b>	<b>(151)</b>	<b>(10)</b>	<b>18</b>

### Deferred tax balances

#### Group (\$000)

*Deferred tax assets/(liabilities) in relation to:*

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Property, plant and equipment	(2,340)	15	(605)	(2,930)
Provisions	(3)	(19)	-	(22)
Deferred income	762	(50)	-	712
Tax losses	16	(6)	-	10
<b>Balance as at 30 June 2019</b>	<b>(1,565)</b>	<b>(60)</b>	<b>(605)</b>	<b>(2,230)</b>

#### (\$000)

*Deferred tax assets/(liabilities) in relation to:*

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Property, plant and equipment	(2,356)	16	-	(2,340)
Provisions	4	(7)	-	(3)
Deferred income	812	(50)	-	762
Tax losses	-	16	-	16
<b>Balance as at 30 June 2018</b>	<b>(1,540)</b>	<b>(25)</b>	<b>-</b>	<b>(1,565)</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

### Deferred tax balances

#### Company (\$000)

Deferred tax assets/(liabilities) in relation to:

Provisions

Tax losses

Balance as at 30 June 2019

Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
2	(2)	-	-
16	(8)	-	8
18	(10)	-	8

#### (\$000)

Deferred tax assets/(liabilities) in relation to:

Provisions

Tax losses

Balance as at 30 June 2018

Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
-	2	-	2
-	16	-	16
-	18	-	18

### 11. EQUITY

#### Share capital

Ordinary shares (4,000,100 shares)

Balance 1 July

Shares issued (4,000,100 shares)

Total Ordinary shares

Total issued and called shares 30 June

#### Ordinary Shares

All ordinary shares carry equal voting rights and entitle the holder to participate in dividends and the right to share in any surplus on winding up. The shares have no par value.

4,000,100 shares have been issued and fully paid.

Group \$000		Company \$000	
2019	2018	2019	2018
4,000	-	4,000	-
-	4,000	-	4,000
4,000	4,000	4,000	4,000
4,000	4,000	4,000	4,000

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

Revaluation Reserve	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>Property</b>				
Opening balance	(168)	(168)	-	-
Revaluation	198	-	-	-
Income tax on revaluation surplus	(55)	-	-	-
<b>Closing balance</b>	<b>(25)</b>	<b>(168)</b>	<b>-</b>	<b>-</b>
<b>Plant and equipment</b>				
Opening balance	3,956	3,956	-	-
Revaluation	1,962	-	-	-
Income tax on revaluation surplus	(549)	-	-	-
<b>Closing balance</b>	<b>5,369</b>	<b>3,956</b>	<b>-</b>	<b>-</b>
<b>Total revaluation reserve</b>	<b>5,343</b>	<b>3,788</b>	<b>-</b>	<b>-</b>

12. CASH AND CASH EQUIVALENTS	Group \$000		Company \$000	
	2019	2018	2019	2018
BNZ Bank account	82	351	-	85
<b>Total cash and cash equivalents</b>	<b>82</b>	<b>351</b>	<b>-</b>	<b>85</b>

New Zealand Food Innovation (Waikato) Limited has an overdraft facility with BNZ with a limit of \$250,000.

13. INVENTORIES	Group \$000		Company \$000	
	2019	2018	2019	2018
Goods in transit	395	247	-	-
Raw materials	1,086	911	-	-
Finished goods	2	1,171	-	-
<b>Total inventories</b>	<b>1,483</b>	<b>2,329</b>	<b>-</b>	<b>-</b>

The cost of inventories recognised as an expense during the year was \$2,956,168 (2018: \$357,868).

The amount of inventories write down recognised as an expense during the year was \$30,286 (2018: Nil).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>14. TRADE AND OTHER RECEIVABLES</b>				
Contract assets	763	705	-	-
Trade receivables	2	68	-	68
Related parties receivable	24	100	-	-
Income tax receivable	91	53	-	-
Other receivables	36	-	-	-
<b>Total trade and other receivables</b>	<b>916</b>	<b>926</b>	<b>-</b>	<b>68</b>
	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>15. PAYABLES AND ACCRUALS</b>				
Trade payables	633	626	-	29
Accruals	84	112	4	12
Other payables	4	3	-	1
<b>Total payables and accruals</b>	<b>721</b>	<b>741</b>	<b>4</b>	<b>42</b>
	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>16. INVESTMENT IN ASSOCIATES</b>				
<i>New Zealand Food Innovation Network Ltd</i>				
Interest held by the group	-	25%	-	-
Opening balance	-	19	-	-
Share of revenue and expenses	-	(19)	-	-
<b>Balance at 30 June</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Melody Dairies Limited Partnership</i>				
Interest held by the group	10%	-	-	-
Opening balance	-	-	-	-
Additions during the year	2,626	-	-	-
Share of revenue and expenses	(7)	-	-	-
<b>Balance at 30 June</b>	<b>2,619</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Melody Dairies GP Limited</i>				
Interest held by the group	10%	-	-	-
<b>Balance at 30 June</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total investment in associates</b>	<b>2,619</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

17. INVESTMENT IN SUBSIDIARIES	Group \$000		Company \$000	
	2019	2018	2019	2018
<i>New Zealand Food Innovation (Waikato) Limited</i>				
Shares at cost	-	-	4,000	4,000
Transfer of shares	-	-	(1,200)	(1,200)
<b>Total investment in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>2,800</b>	<b>2,800</b>

## 18. PROPERTY, PLANT AND EQUIPMENT

### Group (\$000)

#### For the year ended 30 June 2018

	Property	Plant & Equipment	Computer & Office	Total
Opening net book amount	3,619	15,909	14	19,542
Additions	6	539	21	566
Depreciation charge	(175)	(1,005)	(2)	(1,182)
<b>Closing net book amount</b>	<b>3,450</b>	<b>15,443</b>	<b>33</b>	<b>18,926</b>

#### As at 30 June 2018

Cost or valuation	4,396	20,102	36	24,534
Accumulated depreciation	(946)	(4,659)	(3)	(5,608)
<b>Net book amount</b>	<b>3,450</b>	<b>15,443</b>	<b>33</b>	<b>18,926</b>

#### For the year ended 30 June 2019

Opening net book amount	3,450	15,443	33	18,926
Additions	12	144	8	164
Disposals	-	(41)	(6)	(47)
Revaluation	198	1,962	-	2,160
Depreciation charge	(177)	(1,004)	(6)	(1,187)
<b>Closing net book amount</b>	<b>3,483</b>	<b>16,504</b>	<b>29</b>	<b>20,016</b>

#### As at 30 June 2019

Cost or valuation	3,483	16,504	38	20,025
Accumulated depreciation	-	-	(9)	(9)
<b>Net book amount</b>	<b>3,483</b>	<b>16,504</b>	<b>29</b>	<b>20,016</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

Company (\$000)	Property	Plant & Equipment	Computer & Office	Total
<b>For the year ended 30 June 2018</b>				
Opening net book amount	-	-	-	-
Additions	-	25	7	32
Depreciation charge	-	(4)	(1)	(5)
<b>Closing net book amount</b>	-	<b>21</b>	<b>6</b>	<b>27</b>
<b>As at 30 June 2018</b>				
Cost or valuation	-	25	7	32
Accumulated depreciation	-	(4)	(1)	-
<b>Net book amount</b>	-	<b>21</b>	<b>6</b>	<b>27</b>
<b>For the year ended 30 June 2019</b>				
Opening net book amount	-	21	6	27
Disposals	-	(21)	(6)	(27)
<b>Closing net book amount</b>	-	-	-	-
<b>As at 30 June 2019</b>				
Cost or valuation	-	-	-	-
Accumulated depreciation	-	-	-	-
<b>Net book amount</b>	-	-	-	-

Property, plant & equipment was valued by North Langley & Associates Ltd, an independent registered valuer on 26 February 2019. The valuation technique used was the Optimised Depreciated Replacement Cost as the spray dryer has specialised equipment and comparable sale information is limited. North Langley & Associates Ltd are a reputable valuation company specialising in the valuation of plant, machinery and equipment

There was no impairment in 2019 (2018: NIL). No borrowing costs were capitalised during the year (2018: NIL).

The spray dryer plant is noted as security against the Bank loans to Waikato Innovation Park Ltd.

	Group \$000		Company \$000	
19. INTANGIBLE ASSETS	2019	2018	2019	2018
<i>Cost - Trademark</i>				
Balance 1 July 2018	1	1	-	-
Amortisation	-	-	-	-
<b>Balance 30 June 2019</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>20. DEFERRED INCOME</b>				
Original Grant	3,794	3,794	-	-
less Deferred Grant recognised prior years	(1,074)	(895)	-	-
	<b>2,720</b>	<b>2,899</b>	-	-
Opening balance	2,720	2,899	-	-
less Deferred Grant recognised	(179)	(179)	-	-
<b>Total deferred grant</b>	<b>2,541</b>	<b>2,720</b>	-	-
Revenue received in advance	242	199	-	-
<b>Total deferred income</b>	<b>2,783</b>	<b>2,919</b>	-	-
Current portion	296	302	-	-
Non current portion	2,487	2,617	-	-
<b>Total deferred income</b>	<b>2,783</b>	<b>2,919</b>	-	-

Deferred Grant relates to Government Grants provided to develop the Spray Dryer Facility (part of property, plant and equipment). The Deferred Grant is written off over 20 and 25 years respectively for the Spray Dryer Facility being the estimated useful life of the assets.

	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>21. RELATED PARTIES LOANS</b>				
Hamilton City Council	-	200	-	200
New Zealand Food Innovation (Waikato) Limited	-	-	26	-
<b>Total related parties loans</b>	-	<b>200</b>	<b>26</b>	-

Parent Entity: Waikato Innovation Growth Limited is owned 100% by Hamilton City Council. Hamilton City Council provided a loan for working capital to Waikato Innovation Growth Limited.

New Zealand Food Innovation (Waikato) Limited is owned by Waikato Innovation Growth (70%) and Callaghan (30%). New Zealand Food Innovation (Waikato) Limited has paid operating costs on behalf of Waikato Innovation Growth Limited.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>22. PROVISIONS</b>				
<i>Nu-Mega Ingredients (NZ) Limited contract</i>				
Opening balance	196	191	-	-
Charged to profit or loss	-	5	-	-
Unused amounts reversed	(196)	-	-	-
<b>Balance 30 June</b>	<b>-</b>	<b>196</b>	<b>-</b>	<b>-</b>
<i>Silo contracts</i>				
Opening balance	160	-	-	-
On acquisition	-	160	-	-
Charge to profit or loss	8	-	-	-
<b>Balance 30 June</b>	<b>168</b>	<b>160</b>	<b>-</b>	<b>-</b>
<b>Total provisions</b>	<b>168</b>	<b>356</b>	<b>-</b>	<b>-</b>

NZFIW entered into a contract with the following customers, Central Dairy Goat, Spring Sheep Dairy, NZ Nutritional Goat and Maui Milk for use of Silo 4 for five years and to each loan NZFIW \$65,000 for the building of Silo 4 at the factory. NZFIW will reimburse the customers \$43,333 on the 30th June 2022. Should the Customer still be manufacturing at the FoodWaikato site beyond May 2022 the repayment will be made at the end of the year, that the Customer stops manufacture at Food Waikato. NZFIW has created a provision (discounted to present value) for \$43,333 of the loan.

	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>23. TERM LOANS</b>				
BNZ 92346126-03 loan	4,274	4,574	-	-
	<b>4,274</b>	<b>4,574</b>	<b>-</b>	<b>-</b>
Current portion	-	-	-	-
Non current portion	4,274	4,574	-	-
<b>Total term loan</b>	<b>4,274</b>	<b>4,574</b>	<b>-</b>	<b>-</b>

Term loans are secured by a mortgage over the property at Ruakura Road, Hamilton certificate of title No. 135745.

	2019		2018	
	Interest rate	Maturity Date	Interest rate	Maturity Date
BNZ 92346126-03 loan	5.07%	August 2021	5.14%	August 2021



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Group \$000		Company \$000	
24. OTHER LOANS	2019	2018	2019	2018
Bonds	840	1,100	-	-
<b>Total other loans</b>	<b>840</b>	<b>1,100</b>	<b>-</b>	<b>-</b>
Total current portion	490	650	-	-
Total non current portion	350	450	-	-
<b>Total other loans</b>	<b>840</b>	<b>1,100</b>	<b>-</b>	<b>-</b>

## 25. CAPITAL COMMITMENTS AND OPERATING LEASES

The following amounts have been committed to by the group but are not recorded in either the Statement of Comprehensive Income or the Statement of Financial Position.

	Group \$000		Company \$000	
Operating leases	2019	2018	2019	2018
<b>Non-cancellable operating lease commitments</b>				
No later than one year	23	23	-	-
Later than one year and no later than five years	93	93	-	-
Later than five years	301	301	-	-
	<b>417</b>	<b>417</b>	<b>-</b>	<b>-</b>

Operating lease amounts relates to the lease of land at Ruakura Road. The lease represents the first 20 years of a 1 x 20 and 1 x 30 year lease entered into in July 2018. Total lease expense for 2019 was \$23,162 (2018: \$23,162).

### Capital commitments

As at 30 June 2019 New Zealand Food Innovation (Waikato) Limited has capital commitments of \$9,848 to Combined Technologies Limited for the completion of a Store Management System (2018: \$34,593).

NZFIW D2 LP Limited has capital commitments of \$656,698 to Melody Dairies Limited Partnership for capital drawdown (2018: NIL).

## 26. RECONCILIATION OF FINANCING ACTIVITIES

Group \$000	2018	Cash flows	Non-cash changes	2019
<b>Financing activities</b>			Fair value changes	
Term loans	4,574	(300)	-	4,274
Other loans	1,100	(260)	-	840
Provisions	356	-	(188)	168
Related parties	200	(200)	-	-
<b>Total liabilities from financing activities</b>	<b>6,230</b>	<b>(760)</b>	<b>(188)</b>	<b>5,282</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	2017	Cash flows	Non-cash changes	2018
<b>Financing activities</b>			Fair value changes	
Term loans	8,174	(3,600)	-	4,574
Other loans	900	200	-	1,100
Provisions	191	160	5	356
Related parties	-	200	-	200
Share capital	-	4,000	-	4,000
<b>Total liabilities from financing activities</b>	<b>9,265</b>	<b>960</b>	<b>5</b>	<b>10,230</b>

	2018	Cash flows	Non-cash changes	2019
<b>Company \$000</b>				
<b>Financing activities</b>				
Related parties	200	(128)	(72)	-
<b>Total liabilities from financing activities</b>	<b>200</b>	<b>(128)</b>	<b>(72)</b>	<b>-</b>

	2017	Cash flows	Non-cash changes	2018
<b>Financing activities</b>			Fair value changes	
Related parties	-	200	-	200
Share capital	-	4,000	-	4,000
<b>Total liabilities from financing activities</b>	<b>-</b>	<b>4,200</b>	<b>-</b>	<b>4,200</b>

	Group \$000		Company \$000	
27. FINANCIAL INSTRUMENTS	2019	2018	2019	2018
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents	82	351	-	85
Trade and other receivables	789	693	-	68
<b>Total loans and receivables</b>	<b>871</b>	<b>1,044</b>	<b>-</b>	<b>153</b>
<b>Financial liabilities at amortised cost</b>				
Payables and accruals	721	742	4	624
Short term employee entitlements	268	282	-	6
Term loans	4,274	4,574	-	-
Other loans	840	1,100	-	-
Provisions	168	356	-	-
Related parties	-	-	26	200
<b>Total financial liabilities at amortised costs</b>	<b>6,271</b>	<b>7,054</b>	<b>30</b>	<b>830</b>

The Group has no financial liabilities classified at fair value through profit or loss, financial assets classified at fair value through profit or loss; or fair value through other comprehensive income.

Net gains or net losses on financial assets measured at amortised costs are recognised through the profit or loss and includes interest or dividend income. Net gains or net losses on financial liabilities at amortised cost are recognised in the profit or loss and includes interest expense.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

Per NZ IFRS 7, the entity should disclose the following information for each class of financial assets and financial liabilities as at the date of initial application:

- The original measure category and carrying amount determined in accordance with NZ IAS 39.

	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Available-for- sale	Total
<b>Company \$000</b>					
<b>Assets per balance sheet</b>					
Cash and cash equivalents	85	-	-	-	85
Trade and other receivables	68	-	-	-	68
<b>Balance as at 30 June 2018</b>	<b>153</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153</b>

	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
<b>Company \$000</b>				
<b>Liabilities as per balance sheet</b>				
Payables and accruals	-	-	624	624
Short term employee entitlements	-	-	6	6
Related parties	-	-	200	200
<b>Balance as at 30 June 2018</b>	<b>-</b>	<b>-</b>	<b>830</b>	<b>830</b>

	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Available-for- sale	Total
<b>Group \$000</b>					
<b>Assets per balance sheet</b>					
Cash and cash equivalents	351	-	-	-	351
Trade and other receivables	693	-	-	-	693
<b>Balance as at 30 June 2018</b>	<b>1,044</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,044</b>

	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
<b>Group \$000</b>				
<b>Liabilities as per balance sheet</b>				
Payables and accruals	-	-	742	742
Short term employee entitlements	-	-	282	282
Term loans	-	-	4,574	4,574
Other loans	-	-	1,100	1,100
Provisions	-	-	356	356
<b>Balance as at 30 June 2018</b>	<b>-</b>	<b>-</b>	<b>7,054</b>	<b>7,054</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Group \$'000		Company \$'000	
28. RECONCILIATION OF PROFIT/(LOSS) FOR THE YEAR TO NET CASH	2019	2018	2019	2018
<b>Profit/(loss) for the year</b>	<b>1,295</b>	<b>368</b>	<b>26</b>	<b>(1,248)</b>
<b>Add/(less) non-cash items</b>				
Other income	(1,610)	-	-	-
Cost of consent	395	-	-	-
Interest - Provisions	(23)	-	-	-
Depreciation and amortisation	1,187	1,182	-	5
Subvention payment	-	-	(65)	-
Loss on disposal of fixed assets	16	-	-	-
Loss on disposal of shares	-	-	-	1,200
Share of associates (surplus)/deficit	7	20	-	-
Deferred income	(287)	(179)	-	-
<b>Total non-cash items</b>	<b>(315)</b>	<b>1,023</b>	<b>(65)</b>	<b>1,205</b>
<b>Add/(less) movements in working capital</b>				
Revenue received in advance	(15)	(44)	-	-
Trade debtors and other receivables	49	170	68	(68)
Prepayments	(182)	(234)	2	(2)
Income tax expense & subvention payment in profit/loss	37	89	10	(18)
Payables and accruals	(19)	268	(38)	48
Short term employee entitlements	(14)	-	(6)	-
Related parties loans	-	-	19	-
Inventories	846	(2,230)	-	-
<b>Total movement in working capital</b>	<b>702</b>	<b>(1,981)</b>	<b>55</b>	<b>(40)</b>
<b>Net cash flow from operating activities</b>	<b>1,682</b>	<b>(590)</b>	<b>16</b>	<b>(83)</b>

## 29. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties on normal commercial terms during the year:

### Shareholder

Waikato Innovation Growth Limited has paid no venue hire to Hamilton City Council (2018: \$6,141). No amount is outstanding at balance date (2018: NIL).

Waikato Innovation Growth Limited has received no sponsorship income from Hamilton City Council (2018: \$1,000). No amount is outstanding at balance date (2018: NIL).

New Zealand Food Innovation (Waikato) Limited paid \$131,720 (2018: \$189,059) to Hamilton City Council for trade waste and application fees. No amount is outstanding at balance date (2018: NIL).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

### Subsidiaries and associates

#### *New Zealand Food Innovation (Waikato) Limited*

New Zealand Food Innovation (Waikato) Limited has paid operating costs of \$86,759.11 (2018: \$76,083) on behalf of Waikato Innovation Growth Limited. No amount is outstanding at balance date (2018: \$230).

New Zealand Food Innovation (Waikato) Limited has paid expenses of \$68,597.50 (2018: NIL) to Waikato Innovation Growth Limited for insurances.

New Zealand Food Innovation Limited (Waikato) paid a subvention payment of \$64,773 (2018: NIL) to Waikato Innovation Growth Limited for the 2018 tax year.

#### *NZFIW D2 LP Ltd*

New Zealand Food Innovation (Waikato) Limited made sales of \$1,609,820 to NZFIW D2 LP Limited for consent costs in accordance with an agreement with NZFIW D2 LP Limited.

New Zealand Food Innovation (Waikato) Limited has paid operating costs of \$1,786 on behalf of NZFIW D2 LP Limited. No amount is outstanding at balance date.

New Zealand Food Innovation (Waikato) Limited has paid \$1,016,361 to NZFIW D2 LP Limited for capital amounts for Melody Dairies Limited Partnership.

#### *Melody Dairies Limited Partnership*

Melody Dairies Limited Partnership has paid \$190,959 to New Zealand Food Innovation (Waikato) Limited for project management and have reimbursed \$302,460 for project costs paid by the Company previously. A balance of \$23,940 inclusive is outstanding at 30 June 2019.

#### *New Zealand Food Innovation Network Ltd*

New Zealand Food Innovation (Waikato) Limited made no sales in 2019 (2018: \$15,000) to New Zealand Food Innovation Network Ltd for Business Development Manager services. No amount is outstanding at balance date (2018: NIL).

#### *Callaghan Innovation*

New Zealand Food Innovation (Waikato) Limited made sales of \$80,004 (2018: \$80,000) to New Zealand Food Innovation Network Ltd for Business Development Manager services. No amount is outstanding at balance date (2018: NIL).

### Key Management Personnel Disclosure

Key management personnel compensation	2019: \$560,227	2018: \$533,122
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### Other

Stuart Gordon the CE of NZFIW and the Interim CE of WIGL (ceased 1 July 2018), is the CE of Waikato Innovation Park Limited which provides management services and lease to NZFIW & WIGL (ceased 1 July 2018). During the year Waikato Innovation Park Limited charged the Group \$160,758 GST exclusive for these services (2018: \$239,545). A balance of \$8,068 inclusive is owing at 30 June 2019 (2018: \$27,660).

Peter Hobman is a Director and Shareholder of Working Foods International (NZ) Limited which provides consultancy work. The Company was not charged for any consultancy work in 2019 (2018: \$25,941) and no balance was outstanding at 30 June 2019 (2018: NIL).

Shane Kells an employee of NZFIW (resigned 31 August 2018) is a Director and Shareholder of Commercial Compliance Limited which provides consultancy work. During the year Commercial Compliance Limited charged NZFIW \$19,460 GST exclusive (2018: \$8,760) for consultancy work; A balance of \$1,150 inclusive is owing at 30 June 2019 (2018: NIL).

## 30. CONTINGENCIES

No contingencies have been identified at balance date (2018: NIL).





## PERFORMANCE TARGETS AND RESULTS

For the year ended 30 June 2019

The Group prepares an annual Statement of Corporate Intent, which is approved by the Shareholders and incorporates financial and performance measure for the ensuing year. This is in accordance with section 64(5) of the Local Government Act 2002. The 2018/19 Statement of Corporate Intent was approved by Hamilton City Council.

Performance information relevant to the Company is disclosed below:

### Waikato Innovation Growth Limited (Group)

	2019 Actual \$000	2019 Statement of Corporate Intent \$000	2018 Actual \$000	2018 Statement of Corporate Intent \$000
<b>Budget and actual results</b>				
Group EBITDA	2,745	1,979	2,023	1,921
Group cash from operating activities	1,682	1,505	(590)	1,036
Net Profit after tax	1,295	385	368	170
Shareholder's funds/Tangible assets	55%	53%	38%	64%

### Waikato Innovation Growth Limited

Waikato Innovation Growth Limited operations were transferred on the 1st of July 2018 to Waikato Regional Economic Development Limited. There was no operational activities taking place during the year, therefore the reporting of actual performance against the target is not applicable.

### New Zealand Food Innovation (Waikato) Limited

	2019 Actual \$000	2019 Statement of Corporate Intent \$000	2018 Actual \$000	2018 Statement of Corporate Intent \$000
<b>Budget and actual results</b>				
Revenue NZFIW	11,200	7,461	7,143	6,104
EBITDA NZFIW	2,776	1,963	2,081	-

### Key objectives and actual results to 30 June 2019

Key objectives	Actual results
1. 267 days of product development production via the spray dryer contributing \$55 million to the regional economy.	242.5 days of production days 24.5 under budget while contributing \$33.3m to the regional economy through exports.
2. Commitment by private capital to establish increased spray drying capacity alongside the existing dryer in 2018/2019.	New Spray dryer partnership and construction Agreement for \$53.9m signed in December 2018. To date June 2019 \$20.0 m capital contributed with a further \$12.9 m to be contributed in the next financial
3. A 10% minority interest in new spray dryer is planned to increase open access space for the sheep industry customers. \$1.4 million will be available within the company's own cash flow.	NZFIW has contributed to date June 2019 \$1.0 m and will contribute a further \$0.6 m in the next financial year for its 10% share of Melody Dairies Limited Partnership.



4. Assist with the development of new valued added sheep milk industry products and the international launch of one substantial new product.	While trials and product development has been undertaken by various companies, the launch with a strategic partner of added value sheep milk product has been delayed to September 2019.
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### Independent Auditor's Report

#### To the readers of Waikato Innovation Growth Limited's group financial statements and performance information for the year ended 30 June 2019

The Auditor-General is the auditor of Waikato Innovation Growth Limited Group (the Group). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Group, on his behalf.

#### Opinion

We have audited:

- the financial statements of the Group on pages 8 to 34, that comprise the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 35 to 36.

In our opinion:

- the financial statements of the Group on pages 8 to 34:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2019; 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 New Zealand equivalents to International Financial Reporting Standards with reduced disclosure requirements; and
- the performance information of the Group on pages 35 to 36 presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2019.

Our audit was completed on 28 August 2019. 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, 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 that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Group.

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 the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

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

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Group's statement of intent.

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 reported performance information within the Group's framework for reporting its performance.
- 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 solely 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 in 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 2 to 7, 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 the 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 (Revised): Code of Ethics for Assurance Practitioners, issued by New Zealand Auditing and Assurance Standards Board.

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



Clarence Susan  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand



NEW ZEALAND  
FOOD INNOVATION (WAIKATO)  
LIMITED

Annual Report 2019



FOODWAIKATO





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**DIRECTORY***As at 30 June 2019*

<b>Nature of Business</b>	Development and operating of a pilot spray dryer in the Waikato Region						
<b>Address</b>	Waikato Innovation Park Ruakura Lane Hamilton 3216						
<b>Registered Office</b>	Waikato Innovation Park Ruakura Lane Hamilton 3216						
<b>Authorised Capital</b>	210 Ordinary Shares						
<b>Directors</b>	Barry Harris Earl Rattray David Stanley Erica Lloyd (Ceased 4 October 2018) Peter Hobman Matthew Kenny (Appointed 4 October 2018)						
<b>Shareholders</b>	<table> <tr> <td>Waikato Innovation Growth Limited</td><td>147 Ordinary Shares</td></tr> <tr> <td>Callaghan Innovation</td><td>63 Ordinary Shares</td></tr> <tr> <td></td><td><u>210</u></td></tr> </table>	Waikato Innovation Growth Limited	147 Ordinary Shares	Callaghan Innovation	63 Ordinary Shares		<u>210</u>
Waikato Innovation Growth Limited	147 Ordinary Shares						
Callaghan Innovation	63 Ordinary Shares						
	<u>210</u>						
<b>Auditors</b>	Audit New Zealand on behalf of the Auditor-General PO Box 256 Hamilton 3240						
<b>Bankers</b>	BNZ 354 Victoria Street Hamilton						
<b>Solicitors</b>	Tompkins Wake 430 Victoria Street Hamilton						
<b>IRD Number</b>	105-220-731						

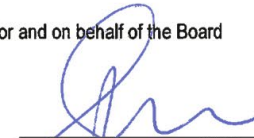
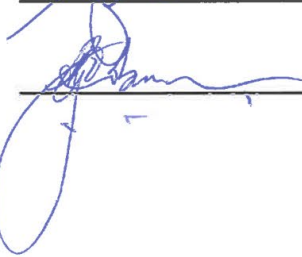


**ANNUAL REPORT**  
*For the Year Ended 30 June 2019*

**Approval and issue of financial statements**  
On this date the Directors approve and issue the annual report including the attached financial statements for New Zealand Food Innovation (Waikato) Limited for the year ended 30 June 2019.

**Auditor**  
An auditor has been appointed.

For and on behalf of the Board

	Director	28 August 2019
	Director	28 August 2019

## STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2019

		Group \$000		Company \$000	
	NOTE	2019	2018	2019	2018
<b>Income</b>					
Revenue	4	9,589	7,143	9,589	7,143
Cost of sales		(2,957)	(358)	(2,957)	(358)
<b>Gross profit</b>		<b>6,632</b>	<b>6,785</b>	<b>6,632</b>	<b>6,785</b>
Share of profit/(loss) from associate	16	(7)	(19)	-	(19)
Sale of consents	5	1,610	-	1,610	-
Cost of consents	5	(395)	-	(395)	-
<b>Expenses</b>					
Operating expenses		(2,745)	(2,715)	(2,745)	(2,715)
Lease payments	25	(23)	(23)	(23)	(23)
Personnel costs	6	(2,023)	(1,769)	(2,023)	(1,769)
Depreciation	18	(1,187)	(1,177)	(1,187)	(1,177)
Audit fees	7	(40)	(19)	(35)	(19)
Directors fees		(161)	(139)	(161)	(139)
Other gains and losses	9	(47)	(20)	(47)	(20)
Write-down of inventories		(30)	-	(30)	-
<b>Total expenses</b>		<b>(6,256)</b>	<b>(5,862)</b>	<b>(6,251)</b>	<b>(5,862)</b>
Finance income	8	1	-	1	-
Finance costs	8	(223)	(319)	(223)	(319)
<b>Net finance costs</b>		<b>(222)</b>	<b>(319)</b>	<b>(222)</b>	<b>(319)</b>
<b>Profit/(loss) before tax</b>		<b>1,362</b>	<b>585</b>	<b>1,374</b>	<b>585</b>
Subvention payment received/(paid)		(65)	-	(65)	-
Income tax	10	(28)	(170)	(30)	(170)
<b>Profit/(loss) for the year, net of tax</b>		<b>1,269</b>	<b>415</b>	<b>1,279</b>	<b>415</b>
<b>Other comprehensive income</b>					
Gain/(loss) on property revaluation		2,160	-	2,160	-
Income tax on other comprehensive income		(605)	-	(605)	-
<b>Total other comprehensive income, net of tax</b>		<b>1,555</b>	<b>-</b>	<b>1,555</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>2,824</b>	<b>415</b>	<b>2,834</b>	<b>415</b>

The accompanying notes form part of these financial statements.



**STATEMENT OF CHANGES IN EQUITY**  
For the Year Ended 30 June 2019

Group	NOTE	\$000 Share capital	\$000 Revaluation reserve	\$000 Retained earnings	\$000 Total equity
<b>Balance as at 1 July 2017</b>		3,333	3,788	(363)	6,758
<i>Total comprehensive income</i>					
Profit for the year		-	-	415	415
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	415	415
<i>Transaction with owners of the company</i>					
Proceeds from shares issued	11	4,000	-	-	4,000
<b>Balance as at 30 June 2018</b>		7,333	3,788	52	11,173
<b>Balance as at 1 July 2018</b>		7,333	3,788	52	11,173
<i>Total comprehensive income</i>					
Profit for the year		-	-	1,269	1,269
Other comprehensive income for the year		-	1,555	-	1,555
<b>Total comprehensive income for the year</b>		-	1,555	1,269	2,824
<b>Balance as at 30 June 2019</b>		7,333	5,343	1,321	13,997

Company	NOTE	\$000 Share capital	\$000 Revaluation reserve	\$000 Retained earnings	\$000 Total equity
<b>Balance as at 1 July 2017</b>		3,333	3,788	(363)	6,758
<i>Total comprehensive income</i>					
Profit for the year		-	-	415	415
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	415	415
<i>Transaction with owners of the company</i>					
Proceeds from shares issued	11	4,000	-	-	4,000
<b>Balance as at 30 June 2018</b>		7,333	3,788	52	11,173
<b>Balance as at 1 July 2018</b>		7,333	3,788	52	11,173
<i>Total comprehensive income</i>					
Profit for the year		-	-	1,279	1,279
Other comprehensive income for the year		-	1,555	-	1,555
<b>Total comprehensive income for the year</b>		-	1,555	1,279	2,834
<b>Balance as at 30 June 2019</b>		7,333	5,343	1,331	14,007

The accompanying notes form part of these financial statements.



## STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

		Group \$000		Company \$000	
	NOTE	2019	2018	2019	2018
<b>ASSETS</b>					
<b>Non-current assets</b>					
Related parties loans	20	26	-	28	-
Investment in associates	16	2,619	-	-	-
Investment in subsidiaries	17	-	-	2,626	-
Property, plant and equipment	18	20,016	18,899	20,016	18,899
Assets under construction		40	15	40	15
Intangible asset	19	1	1	1	1
<b>Total non-current assets</b>		<b>22,702</b>	<b>18,915</b>	<b>22,711</b>	<b>18,915</b>
<b>Current assets</b>					
Cash and cash equivalents	12	82	266	82	266
Inventories	13	1,483	2,329	1,483	2,329
Trade and other receivables	14	915	858	915	858
Prepayments		102	313	102	313
<b>Total current assets</b>		<b>2,582</b>	<b>3,766</b>	<b>2,582</b>	<b>3,766</b>
<b>Total assets</b>		<b>25,284</b>	<b>22,681</b>	<b>25,293</b>	<b>22,681</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	11	7,333	7,333	7,333	7,333
Revaluation reserve	11	5,343	3,788	5,343	3,788
Retained earnings		1,321	52	1,331	52
<b>Total equity</b>		<b>13,997</b>	<b>11,173</b>	<b>14,007</b>	<b>11,173</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	10	2,238	1,583	2,240	1,583
Deferred income	21	2,487	2,617	2,487	2,617
Term loans	23	4,274	4,574	4,274	4,574
Other loans	24	350	450	350	450
Provisions	22	168	356	168	356
<b>Total non-current liabilities</b>		<b>9,517</b>	<b>9,580</b>	<b>9,519</b>	<b>9,580</b>
<b>Current liabilities</b>					
Payables and accruals	15	716	700	713	700
Short term employee entitlements		268	276	268	276
Deferred income	21	296	302	296	302
Other loans	24	490	650	490	650
<b>Total current liabilities</b>		<b>1,770</b>	<b>1,928</b>	<b>1,767</b>	<b>1,928</b>

The accompanying notes form part of these financial statements.

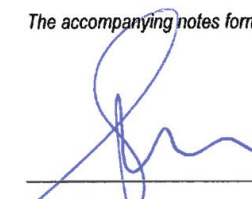


# STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	NOTE	Group \$000		Company \$000	
		2019	2018	2019	2018
Total liabilities		11,287	11,508	11,286	11,508
Total equity and liabilities		25,284	22,681	25,293	22,681

The accompanying notes form part of these financial statements.

  
 Director  
 28 August 2019

  
 Director  
 28 August 2019



**STATEMENT OF CASH FLOWS***For the Year Ended 30 June 2019*

		<b>Group</b>		<b>Company</b>	
		<b>\$000</b>		<b>\$000</b>	
	<b>NOTE</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Cash flow from operating activities</b>					
Receipts from customers		9,440	7,108	9,440	7,108
Payments to suppliers and employees		(7,358)	(7,333)	(7,358)	(7,333)
Interest received		1	-	1	-
Interest paid		(245)	(319)	(245)	(319)
Tax payments		(16)	(242)	(16)	(242)
Subvention payment received/(paid)		(65)	-	(65)	-
GST (net)*		(163)	341	(163)	341
<b>Net cash from operating activities</b>	<b>26</b>	<b>1,594</b>	<b>(445)</b>	<b>1,594</b>	<b>(445)</b>
<b>Cash flow from investing activities</b>					
Purchase of property, plant and equipment		(177)	(529)	(177)	(529)
Purchase of assets under construction		(25)	272	(25)	272
Investment in associate		(1,016)	-	-	-
Investment in subsidiary		-	-	(1,016)	-
<b>Net cash from/(used in) investing activities</b>		<b>(1,218)</b>	<b>(257)</b>	<b>(1,218)</b>	<b>(257)</b>
<b>Cash flow from financing activities</b>					
Proceeds from borrowing		2,040	2,160	2,040	2,160
Repayment of borrowings		(2,600)	(5,400)	(2,600)	(5,400)
Proceeds from issue of shares		-	4,000	-	4,000
<b>Net cash from/(used in) financing activities</b>	<b>27</b>	<b>(560)</b>	<b>760</b>	<b>(560)</b>	<b>760</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(184)</b>	<b>58</b>	<b>(184)</b>	<b>58</b>
Cash and cash equivalents at 1 July		266	208	266	208
<b>Cash and cash equivalents at 30 June</b>	<b>12</b>	<b>82</b>	<b>266</b>	<b>82</b>	<b>266</b>

\*The GST (net) component of operating activities reflects the net GST transactions with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

### 1. REPORTING ENTITY

New Zealand Food Innovation (Waikato) Limited (the "Company") is a company domiciled and incorporated in New Zealand under the Companies Act 1993, and a Council-Controlled Organisation under the Local Government Act 2002 with effect from the 9th October 2013. The Company's parent entity is Waikato Innovation Growth Limited and the ultimate parent entity is Hamilton City Council.

The financial statements of New Zealand Food Innovation (Waikato) Limited are for the year ended 30 June 2019. The financial statements were authorised for issue by the Board of Directors on the 28 August 2019. The owners or others do not have the power to amend the financial statements after issue.

### 2. BASIS OF PREPARATION

#### a. Statement of Compliance

The financial statements for the Company have been prepared in accordance with the requirements of the Companies Act 2013 and the Local Government Act 2002. New Zealand Food Innovation (Waikato) Limited is a for-profit entity.

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ("NZ IFRS RDR"), and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. The Company qualifies for NZ IFRS (RDR) as it does not have public accountability and it is not a large for-profit public sector entity. The Company has elected to apply NZ IFRS (RDR) and has applied disclosure concessions.

#### *New and amended standards adopted this year*

##### *- NZ IFRS 15 - Revenue from Contracts with Customers*

In the current year, the Group has applied NZ IFRS 15 Revenue from Contracts with Customers (as amended in 2016). NZ IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of these new requirements as well as their impact on the Entity's financial statements are described below.

The Group has applied NZ IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in NZ IFRS 15.C5(a), and (b), or for modified contracts in NZ IFRS 15.C5(c) but using the expedient in NZ IFRS 15.C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2017.

NZ IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in NZ IFRS 15 to describe such balances, as applicable.

The Group's accounting policies for its revenue streams are disclosed in detail in Revenue recognition. Apart from providing more extensive disclosures on the Group's revenue transactions, the application of NZ IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group. There has been no amount of adjustment required as determined in Management's assessment of the impact of the Standard.

##### *- NZ IFRS 9 Financial Instruments*

In the current year, the Group has applied NZ IFRS 9 Financial Instruments that are effective for an annual period that begins on or after 1 July 2018. Under NZ IFRS 9, financial assets are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.





## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

The Group has applied the classification and measurement requirements of NZ IFRS 9 to its financial instruments which were previously in accordance with NZ IAS 39. The transition to the new standard has not resulted in a change to the classification or measurement of financial assets held by the Group as at 1 July 2018.

NZ IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under NZ IAS 39. The Group applies the simplified approach permitted by NZ IFRS 9, which requires the Group to measure the loss allowance at an amount equal to lifetime expected credit losses from initial recognition of the trade and other receivables. The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospects of recovery. These amount are recognised in the profit and loss statements.

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred.

### b. Preparation of Group Financial Statements

On the 22nd of December 2017 Waikato Innovation Growth Limited acquired 70% of New Zealand Food Innovation (Waikato) Limited voting equity due to the restructure of Waikato Innovation Park Limited. Waikato Innovation Park Limited transferred their 105 shares in New Zealand Food Innovation (Waikato) Limited to Waikato Innovation Growth Limited for \$1.

The Group financial statements have been prepared as though the merged entities have always been under common control

### c. Basis of Measurement

The financial statements have been prepared on an historical basis except for property, plant and equipment which is measured to fair value.

### d. Functional and Presentational currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

### e. Use of Estimates and Judgements

The preparation of the financial statements in conformity with NZ IFRS RDR requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following:

Note 18: Property, plant and equipment

Note 21: Deferred income

Note 22: Provisions



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all periods presented in these financial statements.

#### a. Basis of Consolidation

The consolidated financial statements are prepared adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

##### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

##### *Subsidiaries*

Subsidiaries are those entities that are controlled by the Company. Subsidiaries are consolidated from the date control is transferred to the Group. They are de-consolidated from the date that control ceases. All significant intercompany accounts and transactions are eliminated on consolidation. Control exists when the Company has power over the entity, exposure or rights to variable returns from its involvement with the entity, and the ability to use its power over the entity to offset the amount of the entity's returns.

Investments in subsidiaries are recorded at cost less the amount of estimated value of impairment in the parent company's financial statements.

The Company holds 100% shares in its subsidiary NZFIW D2 LP Limited and there is no significant restriction on its ability to access or use assets or settle liabilities, of the group. The reporting period for NZFIW D2 LP Limited is for the 10 months ending 30 June 2019.

##### *Associates*

An associate is an investee, not being a subsidiary or joint venture arrangement, over which the group has the capacity to exercise significant influence through participation in the financial and operating policy decisions of the investee.

Associates are recognised using the equity method which recognises the Group's share of the associate's net surplus or deficit in the profit or loss and its share of other comprehensive income. The Group's associate is:

- **Melody Dairies Limited Partnership.** Melody Dairies Limited Partnership (MDLP) is 10% owned by NZFIW D2 LP Limited. Significant judgement and assumptions have been used to determine that New Zealand Food Innovation (Waikato) Limited Group (NZFIW Group) has significant influence over MDLP. NZFIW Group has a representation on the board of directors of MDLP. Due to the existing Management Agreement between NZFIW Group and MDLP, NZFIW Group is considered providing essential technical information to MDLP. As a result, it has been determined that NZFIW Group has significant influence over MDLP and therefore should account for it as an associate under NZ IAS 28 Investments in Associates and Joint Ventures. Melody Dairies Limited Partnership's principle place of business is 12 Melody Lane, Hamilton.

- **Melody Dairies GP Limited.** Melody Dairies GP Limited (MDGPL) is 10% owned by New Zealand Food Innovation (Waikato) Limited (NZFIW). Significant judgement and assumptions have been used to determine that NZFIW has significant influence over MDGPL. NZFIW has a representation on the board of directors of MDGPL. As a result, it has been determined that NZFIW has significant influence over MDGPL and therefore should account for it as an associate under NZ IAS 28 Investments in Associates and Joint Ventures. MDGPL is dormant.



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

### b. Revenue

The Company recognises revenue from the rendering of spray dryer services and from rendering of sales of goods. Spray drying is a method of producing a dry powder from a liquid provided by customers by quickly drying this with a hot gas. The Company enters into a contract with the customer for usage of the spray dryer for a fixed period of time and the consideration includes the daily charge rates and utility costs oncharged. The Company enters into a contract with the customer to produce product per minimum quantity specified.

The Company satisfies its performance obligations as services are rendered. Payment terms are the customer must pay the amount due or before the 20th day of the month of invoice. No obligations for returns, refunds and other similar obligation or types and warranties and related obligations are attached to the contracts.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognises revenue when it transfers control of the service to a customer.

Judgements around the timing of satisfaction of performance obligations, the transaction price and amounts allocated to performance obligations are determined per the contracts.

The directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate as the performance obligations are satisfied at a point in time, and there is no contractual liability for unsatisfied performance obligations at year end.

The Group recognises sale of consents revenue when it transfers the control of the consents to the customer.

Interest income is accounted for on an accrual basis.

Grants received are recognised in the Statement of Comprehensive Income when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the Statement of Financial Position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

### c. Finance Costs

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other finance costs are recognised in profit or loss in the period in which they are incurred.

### d. Foreign Currency Translation

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the date of the transactions.





## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

### e. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### f. Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### g. Trade and Other Receivables

Trade and other receivables are stated initially at fair value and subsequently measured at amortised cost, less expected credit losses. Bad debts are written off during the period in which they are identified. Trade and Other Receivables are classed as 'Trade and other receivables' financial instruments (Note 28).

### h. Intangible Assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Trademarks	10 years
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### i. Property, Plant & Equipment

Property, plant & equipment is measured at fair value less subsequent depreciation. Computer and office equipment is recognised at cost price less depreciation and impairment losses.

Depreciation is calculated on a straight line basis to allocate the cost or revalued amounts over the estimated useful lives, as follows:

Buildings	25 years
Plant & Equipment	20 years
Computer hardware	3-5 years
Office Equipment	20 years

The assets' residual values, depreciation method and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

#### Revaluation

Property, plant & equipment is revalued with sufficient regularity and at least every three years to ensure that its carrying amount does not differ materially from fair value.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from fair value. If there is evidence supporting a material difference, then the off-cycle asset classes are revalued.

Property, plant and equipment revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the profit or loss. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the profit or loss will be recognised first in the profit or loss up to the amount previously expensed, and then recognised in other comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

### j. Work in progress

Work in progress is valued at cost.

### k. Payables and accruals

Payables and accruals are recognised when the Group becomes obligated to make future payments resulting from the purchase of goods or services. They are recognised initially at fair value and subsequently at amortised cost.

### l. Goods and Services Tax (GST)

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

The net amount of GST receivable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the balance sheet.

### m. Income Tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

### n. Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave and bonuses. Short-term employee entitlement obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

### o. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

### p. Impairment

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

	Group \$000		Company \$000	
4. REVENUE	2019	2018	2019	2018
Revenue from contracts for the sale of goods	3,543	415	3,543	415
Revenue from contracts for the rendering of services	5,852	6,549	5,852	6,549
Revenue from the rendering of services	15	-	15	-
Deferred Grant income	179	179	179	179
<b>Total operating revenue</b>	<b>9,589</b>	<b>7,143</b>	<b>9,589</b>	<b>7,143</b>

Timing of revenue recognition - At point in time.

	Group \$000		Company \$000	
5. OTHER INCOME	2019	2018	2019	2018
Sale of consent	1,610	-	1,610	-
less cost of consent	(395)	-	(395)	-
<b>Total other income</b>	<b>1,215</b>	<b>-</b>	<b>1,215</b>	<b>-</b>

	Group \$000		Company \$000	
6. PERSONNEL COSTS	2019	2018	2019	2018
Salaries and wages	1,987	1,737	1,987	1,737
Defined contribution plan	36	32	36	32
<b>Total personnel costs</b>	<b>2,023</b>	<b>1,769</b>	<b>2,023</b>	<b>1,769</b>

Annual remuneration by band for employees	2019 Number	2018 Number
< \$100,000	21	23
\$100,000 - \$109,999	-	-
\$110,000 - \$119,999	3	1
\$120,000 - \$129,999	1	1
\$130,000 - \$139,999	1	-
\$140,000 - \$149,999	-	-
\$150,000 - \$159,999	1	1
<b>Total Employees</b>	<b>27</b>	<b>26</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>7. AUDIT FEES</b>				
Audit fee for 2018/19 year	33	-	28	-
Audit fee for 2017/18 year	7	19	7	19
<b>Total audit fees</b>	<b>40</b>	<b>19</b>	<b>35</b>	<b>19</b>

	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>8. FINANCE COSTS</b>				
<i>Finance income</i>				
Interest income	1	-	1	-
<b>Total finance income</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>
<i>Finance costs</i>				
Bank fees	(5)	(5)	(5)	(5)
Interest on bank overdraft	-	(1)	-	(1)
Interest on bank borrowings	(218)	(313)	(218)	(313)
<b>Total finance costs</b>	<b>(223)</b>	<b>(319)</b>	<b>(223)</b>	<b>(319)</b>
<b>Net finance costs</b>	<b>(222)</b>	<b>(319)</b>	<b>(222)</b>	<b>(319)</b>

	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>9. OTHER GAINS AND LOSSES</b>				
Net foreign exchange gain/(loss)	(31)	(20)	(31)	(20)
Loss on disposal of fixed assets	(16)	-	(16)	-
<b>Total other gains and losses</b>	<b>(47)</b>	<b>(20)</b>	<b>(47)</b>	<b>(20)</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>10. INCOME TAX</b>				
<i>Current tax</i>				
Current year	(2)	(126)	(2)	(126)
Adjustment for prior years	24	-	24	-
	22	(126)	22	(126)
<i>Deferred tax</i>				
Current year	(44)	(44)	(46)	(44)
Adjustment for prior year	(6)	-	(6)	-
<b>Total income tax expense recognised</b>	<b>(28)</b>	<b>(170)</b>	<b>(30)</b>	<b>(170)</b>
<i>The income tax expense for the year can be reconciled to the accounting profit as follows:</i>				
Profit before tax	1,362	585	1,374	585
Income tax expense at 28%	(381)	(164)	(385)	(164)
Effect of income that is exempt from tax	451	(6)	451	(6)
Effect of expenses that are not deductible in determining	(116)	-	(114)	-
Adjustment for prior year - subvention payment	18	-	18	-
<b>Income tax expense recognised in profit or loss</b>	<b>(28)</b>	<b>(170)</b>	<b>(30)</b>	<b>(170)</b>
<b>Deferred tax balances</b>				
<b>Group (\$000)</b>	<b>Opening Balance</b>	<b>Recognised in profit or loss</b>	<b>Recognised in other comprehensive income</b>	<b>Closing balance</b>
<i>Deferred tax assets/(liabilities) in relation to:</i>				
Property, plant and equipment	(2,340)	15	(605)	(2,930)
Provisions	(5)	(17)	-	(22)
Deferred income	762	(50)	-	712
Tax losses	-	2	-	2
<b>Balance as at 30 June 2019</b>	<b>(1,583)</b>	<b>(50)</b>	<b>(605)</b>	<b>(2,238)</b>
<b>Group (\$000)</b>	<b>Opening Balance</b>	<b>Recognised in profit or loss</b>	<b>Recognised in other comprehensive income</b>	<b>Closing balance</b>
<i>Deferred tax assets/(liabilities) in relation to:</i>				
Property, plant and equipment	(2,356)	16	-	(2,340)
Provisions	4	(9)	-	(5)
Deferred income	812	(50)	-	762
<b>Balance as at 30 June 2018</b>	<b>(1,540)</b>	<b>(43)</b>	<b>-</b>	<b>(1,583)</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

### Deferred tax balances

#### Company (\$000)

Deferred tax assets/(liabilities) in relation to:

Property, plant and equipment

Provisions

Deferred income

Balance as at 30 June 2019

Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
(2,340)	15	(605)	(2,930)
(5)	(17)	-	(22)
762	(50)	-	712
(1,583)	(52)	(605)	(2,240)

#### Company (\$000)

Deferred tax assets/(liabilities) in relation to:

Property, plant and equipment

Provisions

Deferred income

Balance as at 30 June 2018

Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
(2,356)	16	-	(2,340)
4	(9)	-	(5)
812	(50)	-	762
(1,540)	(43)	-	(1,583)

### 11. EQUITY

#### Share capital

Ordinary shares (105 shares)

Balance 1 July

Shares issues (60 shares)

Transfer of preference shares

less uncalled shares

Total Ordinary shares

Preference shares (45 shares)

Balance 1 July

Transfer of shares to Ordinary shares

less uncalled shares

Total Preference shares

Total issued and called shares 30 June

Group \$000		Company \$000	
2019	2018	2019	2018
4,334	334	4,334	334
-	4,000	-	4,000
3,000	-	3,000	-
(1)	(1)	(1)	(1)
7,333	4,333	7,333	4,333
3,000	3,000	3,000	3,000
(3,000)	-	(3,000)	-
-	-	-	-
-	3,000	-	3,000
7,333	7,333	7,333	7,333

#### Ordinary Shares

All ordinary shares carry equal voting rights and entitle the holder to participate in dividends, and the right to share in any surplus on winding up. The shares have no par value.

210 shares have been issued, 110 shares have been fully paid and 100 shares are uncalled.

**NOTES TO THE FINANCIAL STATEMENTS***For the Year Ended 30 June 2019***Preference Shares**

On the fourth anniversary of the Completion Date (20 December 2018) the preference shares have converted on a 1:1 basis to Ordinary shares per the Subscription and Shareholders' agreement. Preference shares had no par value.

Revaluation Reserve	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>Property</b>				
Opening balance	(168)	(168)	(168)	(168)
Revaluation	198	-	198	-
Income tax on revaluation surplus	(55)	-	(55)	-
<b>Closing balance</b>	<b>(25)</b>	<b>(168)</b>	<b>(25)</b>	<b>(168)</b>
<b>Plant and equipment</b>				
Opening balance	3,956	3,956	3,956	3,956
Revaluation	1,962	-	1,962	-
Income tax on revaluation surplus	(549)	-	(549)	-
<b>Closing balance</b>	<b>5,369</b>	<b>3,956</b>	<b>5,369</b>	<b>3,956</b>
<b>Total revaluation reserve</b>	<b>5,343</b>	<b>3,788</b>	<b>5,343</b>	<b>3,788</b>

This reserve relates to the revaluation of property, plant and equipment.

12. CASH AND CASH EQUIVALENTS	Group \$000		Company \$000	
	2019	2018	2019	2018
BNZ Bank account	82	266	82	266
<b>Total cash and cash equivalents</b>	<b>82</b>	<b>266</b>	<b>82</b>	<b>266</b>

The Company has an overdraft facility with BNZ with a limit of \$250,000.

13. INVENTORIES	Group \$000		Company \$000	
	2019	2018	2019	2018
Goods in transit	395	247	395	247
Raw materials	1,086	911	1,086	911
Finished goods	2	1,171	2	1,171
<b>Total inventories</b>	<b>1,483</b>	<b>2,329</b>	<b>1,483</b>	<b>2,329</b>

The cost of inventories recognised as an expense during the year was \$2,956,168 (2018: \$357,868).

The amount of inventories write-down recognised as an expense during the year was \$30,286 (2018: Nil).



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>14. TRADE AND OTHER RECEIVABLES</b>				
Contract assets	763	705	763	705
Trade receivables	2	-	2	-
Related parties receivables	24	100	24	100
Income tax receivable	91	53	91	53
Other receivables	35	-	35	-
<b>Total trade and other receivables</b>	<b>915</b>	<b>858</b>	<b>915</b>	<b>858</b>
	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>15. PAYABLES AND ACCRUALS</b>				
Trade payables	633	597	633	597
Accruals	80	100	76	100
Other payables	4	2	4	2
<b>Total payables and accruals</b>	<b>717</b>	<b>699</b>	<b>713</b>	<b>699</b>
	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>16. INVESTMENT IN ASSOCIATES</b>				
New Zealand Food Innovation Network Ltd				
<i>Interest held by the group</i>	-	25%	-	25%
Opening balance	-	19	-	19
Share of revenue and expenses	-	(19)	-	(19)
<b>Balance 30 June</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Melody Dairies Limited Partnership				
<i>Interest held by the group</i>	10%	-	-	-
Opening balance	-	-	-	-
Addition during the year	2,626	-	-	-
Share of revenue and expenses	(7)	-	-	-
<b>Balance 30 June</b>	<b>2,619</b>	<b>-</b>	<b>-</b>	<b>-</b>
Melody Dairies GP Limited				
<i>Interest held by the group</i>	10%	-	10%	-
<b>Balance 30 June</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total investment in associates</b>	<b>2,619</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>17. INVESTMENT IN SUBSIDIARIES</b>				
<i>Shares at cost</i>				
NZFIW D2 LP Limited	-	-	2,626	-
<b>Total investment in subsidiaries</b>	-	-	<b>2,626</b>	-
<b>18. PROPERTY, PLANT AND EQUIPMENT</b>				
<b>Group \$000</b>				
<b>For the year ended 30 June 2018</b>				
Opening net book amount	3,619	15,909	14	19,542
Additions	6	514	14	534
Depreciation charge	(175)	(1,001)	(1)	(1,177)
<b>Closing net book amount</b>	<b>3,450</b>	<b>15,422</b>	<b>27</b>	<b>18,899</b>
<b>As at 30 June 2018</b>				
Cost or valuation	4,396	20,077	29	24,502
Accumulated depreciation	(946)	(4,655)	(2)	(5,603)
<b>Net book amount</b>	<b>3,450</b>	<b>15,422</b>	<b>27</b>	<b>18,899</b>
<b>For the year ended 30 June 2019</b>				
Opening net book amount	3,450	15,422	27	18,899
Additions	12	144	8	164
Disposals	-	(20)	-	(20)
Revaluation	198	1,962	-	2,160
Depreciation charge	(177)	(1,004)	(6)	(1,187)
<b>Closing net book amount</b>	<b>3,483</b>	<b>16,504</b>	<b>29</b>	<b>20,016</b>
<b>As at 30 June 2019</b>				
Cost or valuation	3,483	16,504	37	20,024
Accumulated depreciation	-	-	(8)	(8)
<b>Net book amount</b>	<b>3,483</b>	<b>16,504</b>	<b>29</b>	<b>20,016</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

Company \$000	Property	Plant & Equipment	Computer & Office	Total
<b>For the year ended 30 June 2018</b>				
Opening net book amount	3,619	15,909	14	19,542
Additions	6	514	14	534
Depreciation charge	(175)	(1,001)	(1)	(1,177)
<b>Closing net book amount</b>	<b>3,450</b>	<b>15,422</b>	<b>27</b>	<b>18,899</b>
<b>As at 30 June 2018</b>				
Cost or valuation	4,396	20,077	29	24,502
Accumulated depreciation	(946)	(4,655)	(2)	(5,603)
<b>Net book amount</b>	<b>3,450</b>	<b>15,422</b>	<b>27</b>	<b>18,899</b>
<b>For the year ended 30 June 2019</b>				
Opening net book amount	3,450	15,422	27	18,899
Additions	12	144	8	164
Disposals	-	(20)	-	(20)
Revaluation	198	1,962	-	2,160
Depreciation charge	(177)	(1,004)	(6)	(1,187)
<b>Closing net book amount</b>	<b>3,483</b>	<b>16,504</b>	<b>29</b>	<b>20,016</b>
<b>As at 30 June 2019</b>				
Cost or valuation	3,483	16,504	37	20,024
Accumulated depreciation	-	-	(8)	(8)
<b>Net book amount</b>	<b>3,483</b>	<b>16,504</b>	<b>29</b>	<b>20,016</b>

Property, plant & equipment was valued by North Langley & Associates Ltd, an independent registered valuer on 26 February 2019. The valuation technique used was the Optimised Depreciated Replacement Cost as the spray dryer has specialised equipment and comparable sale information is limited. North Langley & Associates Ltd are a reputable valuation company specialising in the valuation of plant, machinery and equipment

There was no impairment in 2019. (2018: NIL) No borrowing costs were capitalised during the year. (2018: NIL)

	Group \$000		Company \$000	
19. INTANGIBLE ASSETS	2019	2018	2019	2018
<i>Cost - Trademark</i>				
Balance 1 July 2018	1	1	1	1
Additions	-	-	-	-
Amortisation	-	-	-	-
<b>Balance 30 June 2019</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>20. RELATED PARTIES LOANS</b>				
NZFIW D2 LP Limited	-	-	2	-
Waikato Innovation Growth Limited	26	-	26	-
<b>Total related parties loans</b>	<b>26</b>	<b>-</b>	<b>28</b>	<b>-</b>

New Zealand Food Innovation (Waikato) Limited is owned by Waikato Innovation Growth (70%) and Callaghan (30%). New Zealand Food Innovation (Waikato) Limited has paid operating costs on behalf of Waikato Innovation Growth Limited.

NZFIW D2 LP Limited is owned by New Zealand Food Innovation (Waikato) Limited (100%). The related parties amount relates to day-to-day expenses paid by New Zealand Food Innovation (Waikato) Limited on behalf of NZFIW D2 LP Limited.

	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>21. DEFERRED INCOME</b>				
Original Grant	3,794	3,794	3,794	3,794
less Deferred Grant recognised prior years	(1,074)	(895)	(1,074)	(895)
	<b>2,720</b>	<b>2,899</b>	<b>2,720</b>	<b>2,899</b>
Opening balance	2,720	2,899	2,720	2,899
less Deferred Grant recognised	(179)	(179)	(179)	(179)
<b>Total deferred grant</b>	<b>2,541</b>	<b>2,720</b>	<b>2,541</b>	<b>2,720</b>
Revenue received in advance	242	199	242	199
<b>Total deferred income</b>	<b>2,783</b>	<b>2,919</b>	<b>2,783</b>	<b>2,919</b>
Current portion	296	302	296	302
Non current portion	2,487	2,617	2,487	2,617
<b>Total deferred income</b>	<b>2,783</b>	<b>2,919</b>	<b>2,783</b>	<b>2,919</b>

Deferred grant relates to Government Grants provided to develop the Spray Dryer Facility (part of property, plant and equipment). The Deferred grant is written off over 20 and 25 years respectively for the Spray Dryer Facility being the estimated useful life of the assets.

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

	Group \$000		Company \$000	
22. PROVISIONS	2019	2018	2019	2018
<i>Nu-Mega Ingredients (NZ) Limited contract</i>				
Opening balance	196	191	196	191
Charged to profit or loss	-	5	-	5
Unused amounts reversed	(196)	-	(196)	-
<b>Balance 30 June</b>	<b>-</b>	<b>196</b>	<b>-</b>	<b>196</b>
<i>Silo contracts</i>				
Opening balance	160	-	160	-
On acquisition	-	160	-	160
Charge to profit or loss	8	-	8	-
<b>Balance 30 June</b>	<b>168</b>	<b>160</b>	<b>168</b>	<b>160</b>
<b>Total provisions</b>	<b>168</b>	<b>356</b>	<b>168</b>	<b>356</b>

NZFIW entered into a contract with the following customers, Central Dairy Goat, Spring Sheep Dairy, NZ Nutritional Goat and Maui Milk for use of Silo 4 for five years and to each loan NZFIW \$65,000 for the building of Silo 4 at the factory. NZFIW will reimburse the customers \$43,333 on the 30th June 2022. Should the Customer still be manufacturing at the FoodWaikato site beyond May 2022 the repayment will be made at the end of the year, that the Customer stops manufacture at Food Waikato. NZFIW has created a provision (discounted to present value) for \$43,333 of the loan.

	Group \$000		Company \$000	
23. TERM LOANS	2019	2018	2019	2018
BNZ 92346126-03 loan	4,274	4,574	4,274	4,574
	<b>4,274</b>	<b>4,574</b>	<b>4,274</b>	<b>4,574</b>
Current portion	-	-	-	-
Non current portion	4,274	4,574	4,274	4,574
<b>Total term loan</b>	<b>4,274</b>	<b>4,574</b>	<b>4,274</b>	<b>4,574</b>

Term loans have perfected security interest in all present and after acquired property of New Zealand Food Innovation (Waikato) Limited.

	2019		2018	
	<i>Interest rate</i>	<i>Maturity Date</i>	<i>Interest rate</i>	<i>Maturity Date</i>
BNZ 92346126-03 loan	5.07%	August 2021	5.14%	August 2021



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

	Group \$000		Company \$000	
24. OTHER LOANS	2019	2018	2019	2018
Bonds	840	1,100	840	1,100
<b>Total other loans</b>	<b>840</b>	<b>1,100</b>	<b>840</b>	<b>1,100</b>
Total current portion	490	650	490	650
Total non current portion	350	450	350	450
<b>Total other loans</b>	<b>840</b>	<b>1,100</b>	<b>840</b>	<b>1,100</b>

## 25. CAPITAL COMMITMENTS AND OPERATING LEASES

The following amounts have been committed to by the Company but are not recorded in either the Statement of Comprehensive Income or the Statement of Financial Position.

	Group \$000		Company \$000	
Operating leases	2019	2018	2019	2018
<b>Non-cancellable operating lease commitments as lessee</b>				
No later than one year	23	23	23	23
Later than one year and no later than five years	93	93	93	93
Later than five years	301	301	301	301
	<b>417</b>	<b>417</b>	<b>417</b>	<b>417</b>

Operating lease amounts relates to the lease of land at Ruakura Road. The lease represents the first 20 years of a 1 x 20 and 1 x 30 year lease entered into in July 2017.

Total lease expense for 2019 was \$23,162 (2018: \$23,162).

### Capital commitments

As at 30 June 2019 New Zealand Food Innovation (Waikato) Limited has capital commitments of \$9,848 to Combined Technologies Limited for the completion of a Store Management System. (2018: \$34,593)

NZFIW D2 LP Limited has capital commitments of \$656,698 to Melody Dairies Limited Partnership for capital drawdown. (2018: NIL)

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

	Group \$000		Company \$000	
	2019	2018	2019	2018
<b>26. RECONCILIATION OF PROFIT/(LOSS) FOR THE YEAR TO NET CASH</b>				
<b>Profit/(loss) for the year</b>	<b>1,269</b>	<b>415</b>	<b>1,279</b>	<b>415</b>
<b>Add/(less) non-cash items</b>				
Sale of consent	(1,610)	-	(1,610)	-
Cost of consent	395	-	395	-
Interest - Provisions	(23)	-	(23)	-
Losses	16	-	16	-
Depreciation and amortisation	1,187	1,177	1,187	1,177
Share of associates (surplus)/deficit	7	19	-	19
Deferred income	(287)	(179)	(287)	(179)
<b>Total non-cash items</b>	<b>(315)</b>	<b>1,017</b>	<b>(322)</b>	<b>1,017</b>
<b>Add/(less) movements in working capital</b>				
Revenue received in advance	(15)	(43)	(15)	(43)
Trade debtors and other receivables	(17)	238	(17)	238
Prepayments	(184)	(232)	(184)	(232)
Income tax expense & subvention payment in profit/loss	28	170	30	170
Payables and accruals	16	220	13	220
Short term employee entitlements	(8)	-	(8)	-
Inventories	846	(2,230)	846	(2,230)
Related parties	(26)	-	(28)	-
<b>Total movement in working capital</b>	<b>640</b>	<b>(1,877)</b>	<b>637</b>	<b>(1,877)</b>
<b>Net cash flow from operating activities</b>	<b>1,594</b>	<b>(445)</b>	<b>1,594</b>	<b>(445)</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

## 27. RECONCILIATION OF FINANCING ACTIVITIES

## Group \$000

## Financing activities

Term loans	4,574	(300)	-	4,274
Other loans	1,100	(260)	-	840
Provisions	356	-	(188)	168
<b>Total liabilities from financing activities</b>	<b>6,030</b>	<b>(560)</b>	<b>(188)</b>	<b>5,282</b>

2018	Cash flows	Non-cash changes	2019
Fair value changes			
		-	
		-	
		(188)	
		(188)	

## Group \$000

## Financing activities

Term loans	8,174	(3,600)	-	4,574
Other loans	900	200	-	1,100
Provisions	191	160	5	356
Share capital	3,333	4,000	-	7,333
<b>Total liabilities from financing activities</b>	<b>12,598</b>	<b>(3,240)</b>	<b>5</b>	<b>13,363</b>

2017	Cash flows	Non-cash changes	2018
Fair value changes			
		-	
		-	
		5	
		-	

## Company \$000

## Financing activities

Term loans	4,574	(300)	-	4,274
Other loans	1,100	(260)	-	840
Provisions	356	-	(188)	168
<b>Total liabilities from financing activities</b>	<b>6,030</b>	<b>(560)</b>	<b>(188)</b>	<b>5,282</b>

2018	Cash flows	Non-cash changes	2019
Fair value changes			
		-	
		-	
		(188)	
		(188)	

## Company \$000

## Financing activities

Term loans	8,174	(3,600)	-	4,574
Other loans	900	200	-	1,100
Provisions	191	160	5	356
Share capital	3,333	4,000	-	7,333
<b>Total liabilities from financing activities</b>	<b>12,598</b>	<b>(3,240)</b>	<b>5</b>	<b>13,363</b>

2017	Cash flows	Non-cash changes	2018
Fair value changes			
		-	
		-	
		5	
		-	



## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

	Group \$000		Company \$000	
28. FINANCIAL INSTRUMENTS	2019	2018	2019	2018
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents	82	266	82	266
Trade and other receivables	789	625	789	625
Related parties	28	-	28	-
<b>Total financial assets at amortised cost</b>	<b>899</b>	<b>891</b>	<b>899</b>	<b>891</b>
<b>Financial liabilities at amortised cost</b>				
Payables and accruals	713	700	713	700
Other loans	840	1,100	840	1,100
Term loans	4,274	4,574	4,274	4,574
Provisions	168	356	168	356
<b>Total financial liabilities at amortised cost</b>	<b>5,995</b>	<b>6,730</b>	<b>5,995</b>	<b>6,730</b>

The Group has no financial liabilities classified at fair value through profit or loss, financial assets classified at fair value through profit or loss; or fair value through other comprehensive income.

Net gains or net losses on financial assets measured at amortised costs are recognised through the profit or loss and includes interest or dividend income.

Net gains or net losses on financial liabilities at amortised cost are recognised in the profit or loss and includes interest expense.

Per NZ IFRS 7, the entity should disclose the following information for each class of financial assets and financial liabilities as at the date of initial application:

- The original measure category and carrying amount determined in accordance with NZ IAS 39.

Company \$000	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Available-for- sale	Total
<b>Assets per balance sheet</b>					
Cash and cash equivalents	266	-	-	-	266
Trade and other receivables	625	-	-	-	625
<b>Balance as at 30 June 2018</b>	<b>891</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>891</b>

Company \$000	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
<b>Liabilities as per balance sheet</b>				
Payables and accruals	-	-	700	700
Other loans	-	-	1,100	1,100
Term loans	-	-	4,574	4,574
Provisions	-	-	356	356
<b>Balance as at 30 June 2018</b>	<b>-</b>	<b>-</b>	<b>6,730</b>	<b>6,730</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

### 29. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties on normal commercial terms during the year:

#### *Callaghan Innovation*

The Company made sales of \$80,004 (2018: \$80,000) to New Zealand Food Innovation Network Ltd for Business Development Manager services. No amount is outstanding at balance date (2018: NIL).

#### *Hamilton City Council*

The Company's ultimate parent entity is Hamilton City Council. The Company paid \$131,720 (2018: \$189,059) to Hamilton City Council for trade waste and application fees. No amount is outstanding at balance date (2018: NIL).

#### *Waikato Innovation Growth Limited*

The Company has paid operating costs of \$86,759 (2018: \$76,083) on behalf of Waikato Innovation Growth Limited. No amount is outstanding at balance date (2018: \$230).

The Company has paid expenses of \$68,597 (2018: NIL) to Waikato Innovation Growth Limited for insurances.

New Zealand Food Innovation (Waikato) paid a subvention payment of \$64,773 (2018: NIL) to Waikato Innovation Growth Limited for the 2018 tax year.

#### *NZFIW D2 LP Limited*

The Company made sales of \$1,609,820 to NZFIW D2 LP Limited for consent costs in accordance with an agreement with NZFIW D2 LP Limited.

The Company has paid operating costs of \$1,786 on behalf of NZFIW D2 LP Limited. No amount is outstanding at balance date.

The Company has paid \$1,016,361 to NZFIW D2 LP Limited for capital amounts for Melody Dairies Limited Partnership.

#### *Melody Dairies Limited Partnership*

Melody Dairies Limited Partnership has paid \$190,959 to New Zealand Food Innovation (Waikato) Limited for project management and have reimbursed \$302,460 for project costs paid by the Company previously. A balance of \$23,940 inclusive is outstanding at 30 June 2019.

#### *New Zealand Food Innovation Network Ltd*

The Company held 25% in the associate New Zealand Food Innovation Network Ltd in 2017/2018, the associate ceased operations in 2018/2019. The Company made no sales in 2019 (2018: \$15,000) to New Zealand Food Innovation Network Ltd for Business Development Manager services. No amount is outstanding at balance date (2018: NIL).

#### *Key Management Personnel Disclosure*

Key management personnel compensation	2019: \$560,227	2018: \$466,039
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#### *Other*

Stuart Gordon the CE of NZFIW is the CE of Waikato Innovation Park Limited which provides management services and ground lease to NZFIW. During the year Waikato Innovation Park Limited charged NZFIW \$160,758 GST exclusive for these services (2018: \$158,770). A balance of \$8,068 inclusive is owing at 30 June 2019 (2018: \$24,030)

Peter Hobman is a Director and Shareholder of Working Foods International (NZ) Limited which provides consultancy work. Peter Hobman completed no consultancy work in 2019 (2018: \$25,941) and no balance was outstanding at 30 June 2019 (2018: NIL).

Matt Kenny is a Director of New Zealand Food Innovation Auckland Limited which provides CRM and innovation network support. During the year New Zealand Food Innovation Auckland Limited charged the Company \$3,676 GST exclusive for these services (2018: \$7,109). A balance of \$182 inclusive is owing at 30 June 2019 (2018: \$1,755)

Matt Kenny is a Director of New Zealand Food Innovation (South Island) Limited. During the year New Zealand Food Innovation (South Island) Limited charged the Company \$408 GST exclusive for exhibitors stand fees (2018: NIL). No amount is outstanding at balance date. (2018: NIL)

**NOTES TO THE FINANCIAL STATEMENTS**

*For the Year Ended 30 June 2019*

Shane Kells an employee of NZFIW (resigned 31 August 2018) is a Director and Shareholder of Commercial Compliance Limited which provides consultancy work. During the year Commercial Compliance Limited charged NZFIW \$19,460 GST exclusive (2018: \$8,760) for consultancy work; A balance of \$1,150 inclusive is owing at 30 June 2019 (2018: NIL).

**30. CONTINGENCIES**

No contingencies have been identified at balance date (2018: NIL).





## PERFORMANCE TARGETS AND RESULTS

For the Year Ended 30 June 2019

The Company's prepares an annual Statement of Corporate Intent, which is approved by the Shareholders and incorporates financial and performance measure for the ensuing year. This is in accordance with section 64(5) of the Local Government Act 2002. The 2018/19 Statement of Corporate Intent was approved by Hamilton City Council.

Budget and actual results	2019	2019	2018	2018
	Actual	Statement of Corporate Intent \$000	Actual \$000	Statement of Corporate Intent \$000
Revenue NZFIW	11,200	7,461	7,143	6,104
EBITDA NZFIW	2,783	1,963	2,081	-

### Key objectives and actual results to 30 June 2019

Key objectives	Actual results
1. 267 days of product development production via the spray dryer contributing \$55 million to the regional economy.	242.5 days of production days 24.5 under budget while contributing \$33.3m to the regional economy through exports
2. Commitment by private capital to establish increased spray drying capacity alongside the existing dryer in 2018/2019.	New Spray dryer partnership and construction Agreement for \$53.9m signed in December 2018. To date June 2019 \$20.0m capital contributed with a further \$12.9m to be contributed in the next financial year.
3. A 10% minority interest in new spray dryer is planned to increase open access space for the sheep industry customers. \$1.4 million will available within the company's own cash flow	NZFIW has contributed to date June 2019 \$1.0m and will contribute a further \$0.6m in the next financial year for its 10% share of Melody Dairies LP
4. Assist with the development of new valued added sheep milk industry products and the international launch of one substantial new product.	While trials and product development has been undertaken by various companies, the launch with a strategic partner of added value sheep milk product has been delayed to September 2019.

## Independent Auditor's Report

### To the readers of New Zealand Food Innovation (Waikato) Limited's group financial statements and performance information for the year ended 30 June 2019

The Auditor-General is the auditor of New Zealand Food Innovation (Waikato) Limited Group (the Group). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Group, on his behalf.

#### Opinion

We have audited:

- the financial statements of the Group on pages 5 to 32, that comprise the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on page 33.

In our opinion:

- the financial statements of the Group on pages 5 to 32:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2019; 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 New Zealand equivalents to International Financial Reporting Standards with reduced disclosure requirements; and
- the performance information of the Group on page 33 presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2019.

Our audit was completed on 28 August 2019. 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, 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 that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Group.

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 the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

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

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Group's statement of intent.

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 reported performance information within the Group's framework for reporting its performance.
- 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 solely 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 in 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 2 to 4, 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 the 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 (Revised): Code of Ethics for Assurance Practitioners, issued by New Zealand Auditing and Assurance Standards Board.

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



Clarence Susan  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand



# Council Report

Item 13

**Committee:** Economic Development Committee

**Date:** 11 August 2021

**Author:** Amy Trigg

**Authoriser:** Blair Bowcott

**Position:** Senior Policy Analyst

**Position:** General Manager Growth

**Report Name:** International Relations Update

<b>Report Status</b>	Open
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## Purpose - *Take*

1. To inform the Economic Development Committee on the work underway on the Council's international relations and sister city relationships.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee receives the report.

## Executive Summary - *Whakaraapopototanga matua*

3. Hamilton Kirikiriroa has four sister cities – two in China, one in Japan and one in the United States – as well as a friendship city in Belgium.
4. Following our full update at the [March 2021 Economic Development Committee](#) (see Item 7), this first quarterly report provides an update on key actions to reinvigorate these relationships, and proposed actions for the next quarter.
5. The general purpose of our current engagement is to lay groundwork and build relationships ahead of the return of international travel. We have done this via online means including email and video conferencing as well as sharing video imagery of Hamilton with our counterparts.
6. Staff consider the matters in this report have low significance and that the recommendation comply with the Council's legal requirements.

## Background - *Koorero whaimaarama*

7. The Council has four existing sister city relationships:
  - i. Saitama, Japan – formalised 14 May 1984
  - ii. Wuxi, People's Republic of China – formalised 15 July 1986
  - iii. City of Sacramento, United States of America – formalised 25 May 1989
  - iv. Chengdu, People's Republic of China – formalised 6 May 2015.
8. The Council also has a friendship city relationship with Ieper (Ypres), Belgium that was formalised on 5 February 2015.

9. The sister city relationships have each generated various interactions and exchanges since their formation, including school exchanges, civic delegations and sports exchanges. In some instances, there have also been business-to-business relationships.
10. The type of engagement with each sister city has been influenced by each city's culture and their approach to sister city relationships. The involvement of Hamilton community groups, education providers and businesses has also shaped each relationship. Some have traditionally focused on cultural and educational exchange while others have resulted in more commercial relationships.
11. In mid-2020 Cr Hamilton, as Chair of the Economic Development Committee, began work with staff to examine our sister city relationships with the aim of better understanding the strategic opportunities these relationships may bring for Hamilton, following a period where the Council had not proactively engaged with our sister cities for several years.
12. This report provides an update on our work to examine and reinvigorate these relationships and establish a framework to manage and expand them, following our initial report to Economic Development Committee in March 2021.
13. The work has focused on the four formal sister city relationships, as these have a broad potential scope for engagement. In contrast, our friendship city relationship with Ieper is more tightly defined around ANZAC Day and remembrance.

## **Discussion – *Matapaki***

### **General update on activities and next steps**

14. Work between March and July 2021 has continued to focus on re-establishing our relationships with each sister city. More detail of key initiatives or actions that have occurred since March 2021 or proposed in the next few months are included below.
15. In April 2021, Cr Hamilton and Amy Trigg, Senior Policy Analyst, attended the 2021 Sister Cities New Zealand conference in Wellington. It focused on celebrating the history of the organisation and then examined the future of global city partnerships in a post-Covid environment.
16. The key learnings from this event for Hamilton's sister city relationships include:
  - i. Our efforts to re-establish our sister city relationships were consistent with the experiences of other councils that have experienced a period of a lack of engagement.
  - ii. Close relationships between economic development and international relations are critical for productive economic relationships between cities. Identifying areas of alignment, or complementary sectors is important.
  - iii. Sister city relationships are typically a small part of a wider international relations programme for other larger councils, linked with economic development, diplomatic and ambassadorial visits and other global partnerships and engagement. Some councils manage this with an internal International Relations team (Christchurch, Auckland, Wellington and Palmerston North) while others are managed by economic development agencies (Tauranga and Dunedin).

### **Saitama**

17. Staff have maintained email communications with Saitama since the previous update in March 2021 and have discussed a range of initiatives that will occur over the next three to four months.
18. These include an online exchange between Melville Intermediate and Saitama school students in August 2021 and a Saitama and Hamilton citizens' online exchange in September 2021 .

These exchanges will be facilitated by Vicky Young, a Hamilton resident with close ties to Saitama who has managed the relationship for many years and will be supported by staff.

19. In addition, a renewal of the signing of the Saitama and Hamilton sister city agreement has been proposed to mark the 35<sup>th</sup> anniversary, which took place in 2020. This will likely take place in October 2021 via an online ceremony.
20. We have also discussed with Saitama the potential for establishing sports exchanges. Staff are working with Sport Waikato and others on this.

#### **Wuxi**

21. Hamilton and Wuxi celebrated the 35<sup>th</sup> anniversary of our sister city relationship on 15 July 2021. Mayor Southgate wrote to the Mayor of Wuxi on the day. We intend to mark the occasion later this year and are working with Wuxi to determine an appropriate commemoration, which may include a renewal of the signing of the sister city agreement.
22. Wuxi is hosting a virtual sister city conference in the second half of 2021 to enable discussion on a range of key topics such as trade, commerce, and agriculture. Hamilton is intending to attend the virtual conference, which will also provide opportunities to meet with Wuxi's other sister cities.
23. Another key interest area identified by Wuxi is online school exchanges. Establishing these relationships between schools is ongoing and staff have engaged with local principals and will be engaging with Education NZ.
24. These matters will be discussed with another video call between the respective staff in August 2021.

#### **Chengdu**

25. Engagement with Chengdu has been a little slower over recent months, but staff are due to meet with Chengdu officials shortly to discuss next steps for joint working.
26. The creative sector represents a key connection between Hamilton and Chengdu. We worked with Creative Waikato to enable two Hamiltonian musicians to submit videos to the Chengdu International Sister City Music Festival – and Council submitted a video of its own, singing our waiata. We are currently discussing with Creative Waikato Chengdu's invitation for Hamilton artists to engage in the Chengdu International Sister Cities Sculpture Exhibition.
27. We have also recently begun discussions with the Gold Coast which, aside from being a very interesting relationship that we can explore in its own right, is also a sister city of Chengdu, which could create opportunities for us to work together and learn from each other.

#### **Sacramento**

28. Engagement with Sacramento to date has indicated the relationship is likely to focus on economic interests, including business-to-business relationships as well as connections between our tertiary education providers.
29. The proximity of Sacramento to San Francisco provides a clear opportunity to engage with the tech sector, including agri-tech. There is therefore an opportunity to link this relationship with our wider economic development work for this sector.
30. Other key areas of shared interest include electric vehicle implementation and CBD revitalisation.
31. At the time of writing, Cr Hamilton and staff were shortly due to meet with the Sacramento economic development agency to discuss knowledge sharing regarding electric vehicle implementation, as well as Hamilton's overall value proposition for the tech sector.

32. Staff anticipate that building these connections will help to facilitate business-to-business relationships between the two cities when international travel resumes. Work is underway to identify local businesses with an interest in entering the Sacramento, or wider California or USA markets.

#### **Financial Considerations - *Whaiwhakaaro Puutea***

33. There are no costs associated with this decision or the matters discussed in this report.

#### **Legal and Policy Considerations - *Whaiwhakaaro-aa-ture***

34. There are no legal or policy considerations in relation to this report.

#### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

35. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
36. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
37. The recommendations set out in this report are consistent with that purpose.

#### **Social**

38. Social interactions between the communities of each sister city build on the civic relationship between the local governments, leading to wider trust and understanding in the community. They often provide unique opportunities, such as the annual school visit of students from Saitama to Melville Intermediate.

#### **Economic**

39. Sister city relationships can generate economic benefits. The potential for these relationships to develop is typically built on a foundation of mutual trust developed at the civic level and strengthened by community interaction and exchange.
40. Some examples of the types of benefits that can arise from these relationships are:
- i. establishing business contacts
  - ii. providing a gateway into new markets and product lines
  - iii. enhancing the overseas reputation of both individual firms, and New Zealand as a whole – giving businesses a competitive edge
  - iv. reducing transactions and search costs in business negotiations
  - v. attracting foreign-fee-paying students
  - vi. facilitating knowledge and technology sharing and joint research
  - vii. increasing tourism.

## Environmental

41. Our current sister city relationships do not specifically focus on shared environmental outcomes, but this is an emerging area we are exploring. Knowledge sharing regarding electric vehicles is one topic we are exploring with Sacramento, to look at ways we might adopt, incentivise or leverage other municipal mechanisms to support transition.
42. Other potential topics include primary sector knowledge sharing and the increase in farm-to-table food sourcing.

## Cultural

43. Cultural relations underpin all sister city relationships. They build trust between the cities and show the genuine commitment to an enduring relationship.
44. The relationships provide opportunities for Hamiltonians to understand, appreciate and celebrate other cultures as well as to share New Zealand culture with our sister cities.

## Risks - *Tuuraru*

45. There are no known risks associated with this matter.

## Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

46. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have low significance and no engagement is required.

## Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

# Council Report

**Committee:** Economic Development Committee

**Date:** 11 August 2021

**Author:** Blair Bowcott

**Authoriser:** Blair Bowcott

**Position:** General Manager Growth

**Position:** General Manager Growth

**Report Name:** General Managers Report

<b>Report Status</b>	<i>Open</i>
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## Purpose - *Take*

1. To inform the Economic Development Committee of topical issues, areas of concern and items that need to be brought to the Committee members' attention, but do not necessitate a separate report.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee receives the report.

## Executive Summary - *Whakaraapopototanga matua*

3. This report provides updates on activities, actions or projects for which this Committee and the relevant General Managers have responsibility, and for which significant progress has been made.
4. This report covers:
  - i. Economic Development Agenda update
  - ii. Tech Sector Working Group update
  - iii. Strategic review of New Zealand Food Innovation Waikato Limited
  - iv. 2 Brooklyn Road and 778 Heaphy Terrace – Property Disposal.
5. Staff consider the decisions in this report have low significance and that the recommendations comply with Council's legal requirements.

## Discussion

### Economic Development Agenda Update

6. Staff continue to deliver on the Economic Development Agenda that was approved by the Economic Development Committee in late 2020.
7. In partnership with the Ministry of Education, tertiary institutions, and leaders from Hamilton's technology sector, staff have developed a high-level scope for a pilot programme designed to advance equitable opportunities for tech employment in the Waikato. The scope was submitted to Te Pūkenga – New Zealand Institute of Skills and Technology and is intended to continue conversations about how tertiary institutions and tech sector employers can work together.

8. The primary target for the programme is learners across an inclusive spectrum that embraces Māori, Pacific, women, immigrants, refugees, and those with disabilities or learning challenges. The response from Te Pūkenga was not known at the time of writing this report.
9. As Tainui Group Holdings engage with prospective businesses for their Ruakura development, economic development staff have provided insights and support for a specific opportunity and communicated the wider value proposition that logistics operations can achieve by locating in Hamilton. The outcome of this opportunity should be known in the coming months.
10. Te Waka and Waikato Regional Council have begun to coordinate efforts alongside economic development staff from across the Waikato to identify potential projects and jointly pursue the new Regional Strategic Partnership Fund. Currently funded at \$200M, it is being administered by Kānoa, also known as the Regional Economic Development & Investment Unit (REDIU). The goals of the fund are to enable regional economic and business development, accelerate Māori economic aspirations, and support transformation of individual sectors.
11. With Fieldays returning to a more familiar format this year, staff began proactive and purposeful investment attraction work within the agri-tech sector. Working with Committee Chair Ryan Hamilton, an overview of the city, Waikato Innovation Park, and our advantages for businesses was placed in the 2021 AgriTech Insights Report (see **Attachment 1**). Technology Investment Network (TIN) produces the annual report, which serves as a comprehensive summary of the sector across New Zealand.
12. The report was released at a Fieldays event featuring the Hon. Stuart Nash, Minister of Economic and Regional Development. The online report is approaching 500 downloads, and the first in a series of webinars discussing its findings recently drew 115 attendees. In terms of direct engagement, staff are supporting the efforts of Waikato Innovation Park to pursue innovative companies interested in establishing operations there.
13. A key goal of the Economic Development Agenda is to share Hamilton's competitive advantages using authentic stories told in a simple and clear way. The primary piece of that work will be reimagining the Hamilton Invest website. Staff have developed user personas that will aide in the design and structure of the site, covering economic development content as well as real-time data and insights that support the needs of a wide range of stakeholders. Those personas include internal Council staff, wider government partners, the general public, developers, consultants, community groups, existing industry, growing businesses and employees interested in relocating to Hamilton.
14. Next steps include mapping the user experience of key personas and field-testing them before beginning the website design process. This work is also aligned with a larger Council website project and will complement those efforts.

### **Tech sector working group update**

15. The tech sector working group, consisting of leaders from across the diverse businesses and organisations that make up Hamilton's tech sector, met again in early July 2021.
16. Work has concentrated on advancing the creation of an entity that will support wider efforts to advance the sector and grow opportunities in the Hamilton metro area. Initial goals of the group include promoting tech as a field of study, coordinating government and education actions, supporting new investment, and promoting technology in Hamilton.
17. The working group has backed the concept and scope of the pilot programme presented to Te Pūkenga and will be integral to any future work in this space.
18. Staff have played a key role in initiating and advancing the working group and will continue to be at the table playing a part in the work done by this entity as it evolves and establishes its own structure.

### Strategic review of New Zealand Food Innovation Waikato Limited

19. The Council sold Waikato Innovation Park (WIPL) in December 2017. In accordance with historical legal and trust obligations, a portion of the proceeds from this sale was applied to Council's shareholding in New Zealand Food Innovation (Waikato) Limited (NZFIWL). Council's ownership of NZFIWL is separate from WIPL.
20. Waikato Innovation Growth Ltd (WIGL) is a holding company, 100% owned by the Council, and has a 70% shareholding in NZFIWL; the remaining 30% is held by Callaghan Innovation.
21. NZFIW D2, which is 100% owned by NZFIWL, has an 11% shareholding in Melody Dairies Limited Partnership. The Melody Plant (Dryer 2) was completed, within budget, in July 2020.
22. As noted in previous reports to this Committee, Council and Callaghan have planned to commence a strategic review of NZFIWL in keeping within good business practices. This review is designed to assess Council's options regarding their shareholdings, acknowledging that the role of NZFIWL is critical and its continuation is important to help in commercialisation of new businesses within the agri-tech industry.
23. Staff have begun preliminary conversations regarding the purpose, scope, alignment, opportunities and timing of this strategic review with Barry Harris, Chair of WIGL and NZFIWL, and Stefan Korn, GM of Markets, Engagement, Experience & Sectors for Callaghan Innovation.

### 2 Brooklyn Road and 778 Heaphy Terrace – Property Disposal

24. On 10 June 2021, the Council resolved to tender the sites at 2 Brooklyn Road and 778 Heaphy Terrace to obtain a suitable party to buy and redevelop the land. Staff are working through the due diligence necessary before advertising the property on the open market, specifically:
  - i. developing an initial design brief
  - ii. commentary from the Urban Design Panel on the design brief
  - iii. preparing indicative bulk and location diagrams
  - iv. completing geotechnical investigation and testing
  - v. completing site contamination reports and testing
  - vi. completing asbestos reports and demolition estimates
  - vii. notifying and meetings with tenants
  - viii. cleansing of Records of Titles to remove redundant memorials
  - ix. investigating and discharging any obligations to previous owners
  - x. notifying, briefing and evaluating proposals from commercial real estate agents.
25. The properties will be brought to market as soon as the due diligence work is completed. It is anticipated that the properties will be marketed for six weeks. Evaluating development proposals and a recommendation to Council will then be completed.

### Financial Considerations - *Whaiwhakaaro Puutea*

26. The work to upgrade the Hamilton Invest website is covered by existing Growth Funding & Analytics budgets.

### Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

27. Staff confirm that the matters in this report comply with the Council's legal and policy requirements.



### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

28. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
29. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
30. The recommendations set out in this report are consistent with that purpose.
31. There were no social, economic, environmental or cultural wellbeings identified in the development of this report.

### **Risks - *Tuuraru***

32. There are no known risks associated with the decisions required for this matter.

### **Significance & Engagement Policy - *Kaupapa here whakahira/anganui*** **Significance**

33. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matter(s) in this report has/have a low level of significance.

### **Engagement**

34. Given the low level of significance determined, the engagement level is low. No engagement is required.

### **Attachments - *Ngaa taapirihanga***

Attachment 1 - Agritech Insights Report 2021



## THANK YOU TO OUR SPONSORS



Te Taurapa Tūhono | New Zealand Trade and Enterprise (NZTE) is the New Zealand government's international business development agency, supporting exporters in order to grow a productive, sustainable and inclusive economy.

NZTE works with all kinds of innovative businesses, including food producers, Māori land trusts and iwi, tech startups, service providers, manufacturers and more. NZTE has around 600 employees and 180 private sector advisors around the world who use their knowledge and connections to add value to ambitious New Zealand businesses who want to go global, for the good of New Zealand. NZTE operates under the Crown Entities Act 2004, the Public Finance Act 1989, and the NZTE Act 2003, governed by a board of seven directors and four crown ministers, and is fully committed to the Treaty of Waitangi.

### CallaghanInnovation

Callaghan Innovation exists to activate innovation and help businesses grow faster for a better New Zealand by partnering with ambitious businesses of all sizes, and providing a range of innovation and research and development (R&D) services to suit each stage of growth.

With a team including more than 200 of New Zealand's leading scientists and engineers, Callaghan Innovation empowers innovators by connecting people, opportunities and networks, and providing tailored technical solutions, skills and capability development programmes, and grants co-funding. Callaghan Innovation also enhances the operation of New Zealand's innovation ecosystem, working closely with government partners, Crown Research Institutes, and other organisations that help increase business investment in R&D and innovation.



Hamilton and the Waikato reflect New Zealand – we are young, diverse, entrepreneurial, and community-minded. What sets us apart is our collective strength to challenge what's possible and connect to global opportunities while remaining grounded in our Kiwi values.

Our city is at the centre of a collection of regions where more than half of New Zealanders live and two-thirds of recent population growth has occurred. Thirteen of 19 high-growth local authority areas are located less than 300 kilometres from us. We are a magnet for people and businesses who thrive in a culture that embraces the game-changing power of true collaboration.



The Ministry of Business, Innovation and Employment (MBIE) is the Government's lead business-facing agency. Its contribution to improving the well-being of New Zealanders is summarised in its stated purpose: to grow New Zealand for all.

'For all' means all people have an opportunity to participate in and benefit from the economy. For MBIE, a successful New Zealand looks like:

- Prosperous and adaptable people, sectors and regions
- People are skilled and engaged in safe and fulfilling work
- Informed consumers and businesses interacting with confidence
- Value is sustainably derived from the natural environment
- A dynamic business environment fostering innovation and international connections.



As the economic development agency for Palmerston North city and Manawātū, CEDA's vision is that Manawātū will be Aotearoa's most progressive region by 2025. One of the three big goals that will show this has been achieved is for the region to be recognised as one of the world's top three agrihubs. CEDA works across the three strategic pillars of economic development – People, Place and Business, with their partnerships and programmes all designed to create outcomes and impact that will power economic prosperity and achieve this vision for Palmerston North city and Manawātū.



James & Wells is one of Australasia's largest, privately owned, patent and trade mark attorney firms. Its award-winning team assists businesses to own, control and leverage their innovations and brands locally and globally.

The James & Wells team of intellectual property experts include scientists, engineers, accountants, business strategists, lawyers, and commercialisation specialists dedicated to championing innovation, not just locally, but on a global scale.

With multiple offices in Australia and New Zealand, James & Wells provides the full range of intellectual property services in both countries and the Pacific Islands. The firm is also an approved provider of IP services funded by Callaghan Innovation and has close working relationships with many investment providers.

## WELCOME TO THE SECOND EDITION OF THE TIN AGRITECH INSIGHTS REPORT

The Agritech Insights Report was first commissioned in 2020 to provide a baseline of data on New Zealand's growing Agritech export sector as the NZ government launched its Agritech Industry Transformation Plan.

Historically, Agritech has been one of the largest and most successful market sectors for the TIN200, New Zealand's 200 largest technology 'exporters'. Today, as COVID-19 continues to impact the world's food production supply chains and labour markets, there has never been a greater opportunity for NZ's Agritech sector companies to prove their potential as both problem solvers and profitable investments – and, collectively, be a positive influence on the world.

The Industry Transformation Plan is providing focus for what's required for the Agritech sector to continue to succeed and grow, both in creating efficiencies for our own primary industries, and opportunity for further innovation and growth in the wider tech sector that supports it.

In the following pages, you will see evidence of a sector that is strengthening its foundations, scaling up its ambitions, pushing forward on innovation, and inspiring fresh entrepreneurship across the nation. Increasingly, investors are placing bets on the NZ Agritech sector for these reasons and more.

The dramatic changes in the global economy are creating exciting new opportunities for Agritech. Through the data, stories and commentary contained within, we trust you will find much to get excited about in this 2021 edition of the TIN Agritech Insights Report.



**GREG SHANAHAN**  
– MANAGING DIRECTOR  
TIN

# TIN

New Zealand has a long, proud history of innovation. From our humble No. 8 wire origins, we've emerged as experts in agritech.

This report highlights the contribution of agritech to our food and fibres sector, and the exciting progress being made across the country, guided and driven by the Government's Agritech Industry Transformation Plan (ITP).

Agritech can provide solutions for our food and fibre sector's critical challenges, like labour shortages, and reducing the environmental impacts of production. Building and demonstrating agritech capability in our own back yard will also position New Zealand well to take our expertise to the world, and successfully expand into different markets.

Funds like the Ministry for Primary Industries' Sustainable Food and Fibre Futures (SFF Futures) fund will also help to boost New Zealand's agritech and innovation efforts.

The Agritech ITP has natural synergies with the Fit for a Better World – Accelerating our Economic Potential roadmap that the Government launched last year to drive New Zealand's recovery from COVID-19 by boosting productivity, value, sustainability, and jobs.

We have a real opportunity to be a world leader in agritech and to drive significant economic and environmental benefits for New Zealand – and internationally.



**HON DAMIEN O'CONNOR**  
– MINISTER OF AGRICULTURE  
Ministry for Primary Industries



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## DATA SOURCE & KEY TERMS

The data under analysis in this second Agritech Insights Report focuses on the 17 companies in the TIN200 that were categorised under the Agritech secondary sector in the 2020 TIN Report, plus five companies that were categorised under Agritech as their tertiary sector.

Published annually, the purpose of the TIN Report is to quantify the economic significance of New Zealand’s globally focused technology industry by capturing key data on the country’s top 200 high-tech exporting companies, known as the TIN200.

### INCLUSION CRITERIA

To qualify for inclusion in the TIN200, companies must:

- 1. Originate in New Zealand\*
- 2. Retain a meaningful presence in New Zealand
- 3. Operate in the ‘High-tech Manufacturing’, ‘ICT’, or ‘Biotech’ primary sectors
- 4. Have developed their own technology-based intellectual property
- 5. Generate at least 10% of their revenues offshore.

\*Foreign acquired companies are included in the report only where they meet the above criteria, are not subsumed within the parent company, and still provide their own financial data.

## DATA SOURCE

**The Survey Tool:** In 2020, TIN directly requested data from approximately 1,200 companies. Data captured includes revenue and EBITDA<sup>1</sup>, expenditure details, best business decisions, employee numbers, sales and company ownership. Data is aggregated and trended to create an in-depth profile of the high-tech sector and its performance. Certain information is published in the TIN Report for each company<sup>1a</sup>, while the rest<sup>1b</sup> is reported in aggregate to protect commercial sensitivities.

**Data Collection:** TIN maintains a database of technology companies in New Zealand, which is added to and updated on an ongoing basis. Annually, companies on this database are asked to submit key information in an online survey. In addition, TIN collects data from primary and secondary sources including business media, our sponsors and industry groups. Where surveys are not returned or are incomplete, publicly available figures are used. If none are available, revenue is estimated<sup>1c</sup> based on staff numbers, revenue per employee ratios from comparable companies, and data supplied in previous years. Once the data gathering phase is complete, all companies are electronically sent a pre-publication check to ensure data accuracy. All companies are asked to confirm the information that is recorded, or to supply adjusted data. In the analysis of company data, a number of aggregations are carried

out. Primary and secondary sector analysis for relative performance of industries, high growth companies, region and ownership structure, helps facilitate commentary around particular areas of growth.

### KEY TERMS

- TIN100** - The top 100 companies (1-100) ranked by revenue.
- Next100** - The next 100 companies (101-200) ranked by revenue.
- TIN200** - The combined TIN100 and Next100 (1-200) companies ranked by revenue.

### RESEARCH LIMITATIONS

Not all companies included in this report chose to participate. Companies may choose to keep their revenue confidential during a commercially sensitive phase. TIN’s reports provide an industry overview of New Zealand’s top 200 export-focused high-tech companies, and do not exclude non-participants. Instead, an estimated revenue figure is published and overall analysis is carried out using that estimate. TIN considers all information to be correct at the time of printing and accepts no liability for factual errors. All companies mentioned in the TIN publications may contact TIN to amend any incorrect information.

**Limitation of continuity:** As the companies in the TIN200 rankings vary each year, the historical data in this report only pertains to the 2020 companies, unless otherwise stated.

<sup>1</sup> Financial year ends for the current report are almost exclusively: December 2019; March 2020; and June 2020. <sup>1a</sup> Contact details, ownership structure, key products, highlights, and total revenue. Ownership is current to 31 August 2020. <sup>1b</sup> Expenses, research and development activities, company issues, sales and employee numbers by region. <sup>1c</sup> As indicated by an \* in the company rankings and profile lists.

# AGRITECH SECTOR OVERVIEW

## AGRITECH DEFINITION

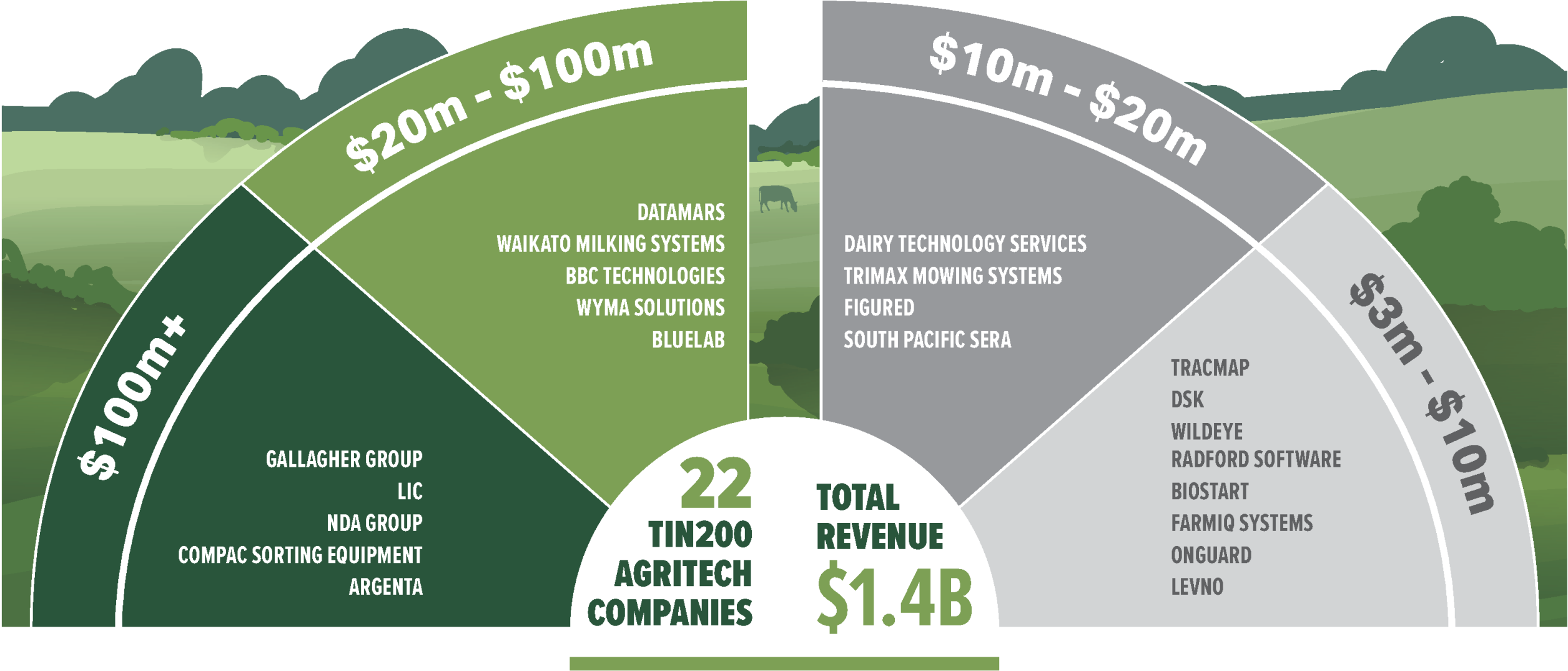
Manufacturing, biotech and digital based technology companies that are creating product, service and value chain solutions for the primary sector (agriculture, horticulture, apiculture and aquaculture), with the aim of improving yield, efficiency, profitability, sustainability and quality.

### INCLUDING:

- Agriculture
- Horticulture
- Internet of Things
- Sensors
- Advanced Machinery & Equipment
- Resource Management / Environmental Protection
- Processing for High Value Products
- Aquaculture
- Drones
- Robotics / Automation
- Earth Observation Data
- Precision Irrigation
- Vertical Farming
- Genetics Breeding

03

TIN200 AGRITECH COMPANIES – ‘THE BIG PICTURE’



TIN200 AGRITECH COMPANIES – 2020 vs 2021 COMPARISON\*

TIN AGRITECH REPORT YEARS	NO. OF COMPANIES	AVG AGE OF COMPANIES	REVENUE GROWTH	5-YEAR CAGR	\$ INVESTED IN R&D	AVG SECTOR WAGE	AVG REV P/ EMPLOYEE
2020	20	31 years old	\$37.3m	6.2%	\$97.3m	\$91,020	\$282,690
2021	22	25 years old	\$69.4m	8.0%	\$104.1m	\$93,910	\$285,089

\*Comparison of companies in the 2020 TIN Agritech Insights Report to the 2021 TIN Agritech Insights Report

A SAMPLE OF THE 111 EARLY STAGE AGRITECH COMPANIES (PRE-REVENUE – \$3M)

Acuris Systsems | BioLumic | Certus Bio | Cropsy Technologies | Ecogas | Farmote  
Ftek | Halter | Hayload | Hectre | Hivemind | HortWorx | Hot Lime Labs | Invert Robotics  
Lanaco | Mastaplex | Onside | OXIN (Smart Machine) | RiverWatch | Synthase Biotech  
UBCO | WayBeyond

## SUMMARY OF TIN200 AGRITECH COMPANIES

OF THE 200 COMPANIES ON THE 2020 TIN RANKINGS, 22 (OR 11%) ARE AGRITECH FIRMS.

NUMBER OF TIN200 AGRITECH COMPANIES

22

11.0% of TIN200 Companies

TOTAL AGRITECH REVENUE

\$1.4B

10.8% of TIN200 Revenue

GROWTH

\$69.4m

7.1% of TIN200 Growth

AVERAGE COMPANY AGE

25 years old

(TIN200 average company age is 28 years)

5-YEAR CAGR

8.0%

(TIN200 5 year CAGR 9.3%)

06 NEW ZEALAND AGRITECH INSIGHTS REPORT

Generating a combined \$1.4B in revenue, New Zealand's Agritech firms contribute 10.8% of the total TIN200 revenue, with a modest share of overall growth and increasing revenue by almost \$70m in the past year.

Two of the sector's largest companies, Gallagher and Livestock Improvement Corporation (LIC) – both based in the Waikato – contributed 40% of the total revenue for the TIN200 Agritech companies. Both companies, with revenues over \$300m and \$250m respectively, have maintained strong growth this year. Notably, Gallagher exceeded its long term growth rate with an increase of 11.1% in 2020.

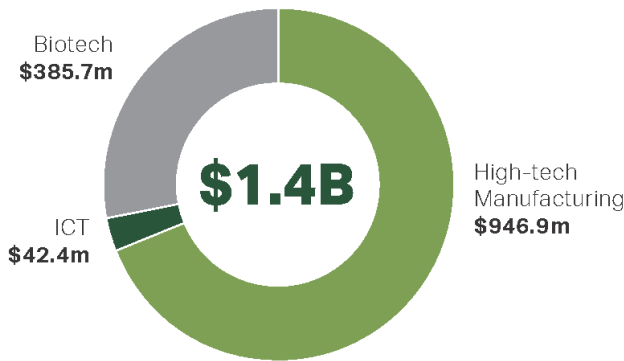
The 12 High-tech Manufacturing Agritech companies on the TIN200, led by Gallagher, are the largest category in the Agritech sector, and make more than two-thirds of the revenue (68.9%).

Another two High-tech Manufacturing Agritech companies have revenues over \$150m – NDA Group and Compac Sorting Equipment – while five companies have annual revenues above \$50m.

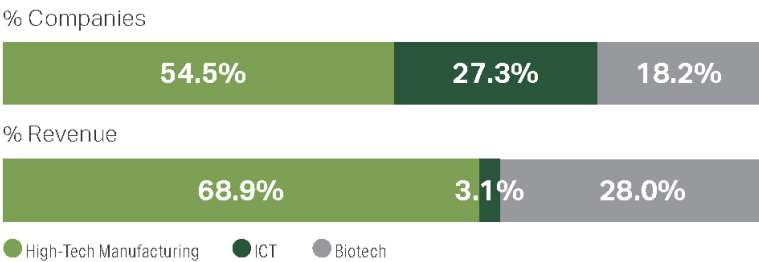
There are only a small number of Biotech firms (4), but thanks to LIC, they make up a higher proportion of the sector's revenue (28.0%) than their share of number of companies (18.2%). The potential of one of these, Argenta, was realised in 2020 with its acquisition by KKR.

Another feature of the TIN200 Agritech companies in 2020 was the growing number of newer ICT companies all with revenues between \$3m and \$20m, which graduated to the TIN200 for the first time. They may contribute only 3.1% of revenue, but the solutions they create are increasing in demand.

REVENUE OF TIN200 AGRITECH FIRMS BY CATEGORY



REVENUE SHARE AND NUMBER OF TIN200 AGRITECH COMPANIES BY CATEGORY



## TIN200 AGRITECH COMPANIES COST METRICS OVERVIEW

THE NZ AGRITECH SECTOR EMPLOYS NEARLY 5,000 PEOPLE GLOBALLY WITH 73.3% OF THOSE IN NEW ZEALAND (3,502). 2020 SAW EMPLOYMENT IN THE SECTOR ONLY RISE BY 1.2% (55) SIGNIFICANTLY LOWER THAN REVENUE GROWTH (5.3%) FOR THE SAME PERIOD.

EMPLOYS

4,823 +1.2%

people globally

The TIN200 Agritech firms' investment in Sales & Marketing and R&D is relatively low in comparison to the TIN200, and has stayed at similar levels to last year – with impacts from COVID-19 in the final quarter of the 2020 financial year contributing to the slowdown.

Both R&D and Sales & Marketing have grown in value over the same period, with R&D expenditure increasing by 7.0% compared to a drop of 3.0% the year before. Notably, Agritech companies have increased their profitability and EBITDA remains higher than that of the TIN200, at 15.1%.

AVERAGE SECTOR WAGE

\$93,910 +5.0%

(higher than the TIN200 average annual wage of \$82,540)

AVERAGE REVENUE PER EMPLOYEE

\$285,089 +4.0%

(higher than the \$230,410 average for TIN200 companies)

\$ INVESTED IN WAGES & SALARY

\$452.9m +6.3%

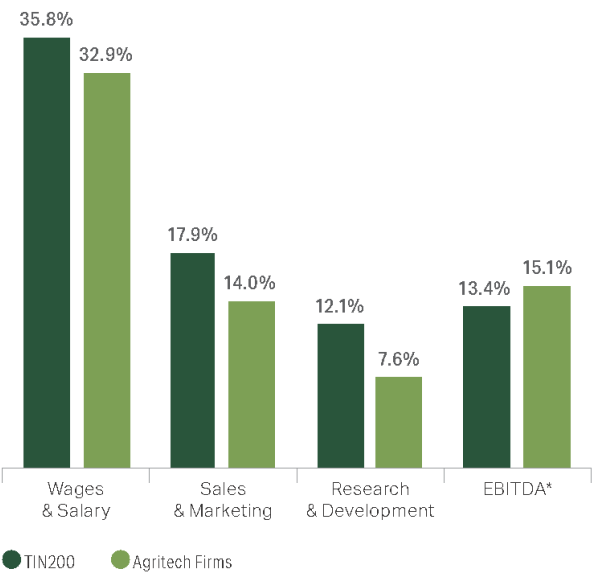
\$ INVESTED IN SALES & MARKETING

\$192.1m +2.2%

\$ INVESTED IN RESEARCH & DEVELOPMENT

\$104.1m +7.0%

COST METRICS AS A % OF REVENUE



\*Profitability is measured by EBITDA.

AGRITECH SECTOR OVERVIEW 07

2020 INTERNATIONAL MARKETS  
FOR TIN200 AGRITECH COMPANIES

	AGRITECH FIRMS	TIN200
Total Exports	\$790.4m / 57.5%	\$9.357B / 73.6%
Export Growth	\$54.9m / 7.5%	\$898.6m / 10.6%

NEW ZEALAND REMAINS THE PRIMARY MARKET FOR AGRITECH COMPANIES,  
WITH 42.5% OF THEIR REVENUE COMING FROM THE LOCAL MARKET.

Many of these Agritech companies are using technology to solve global problems for the agriculture sector but begin by applying their technologies in New Zealand first.

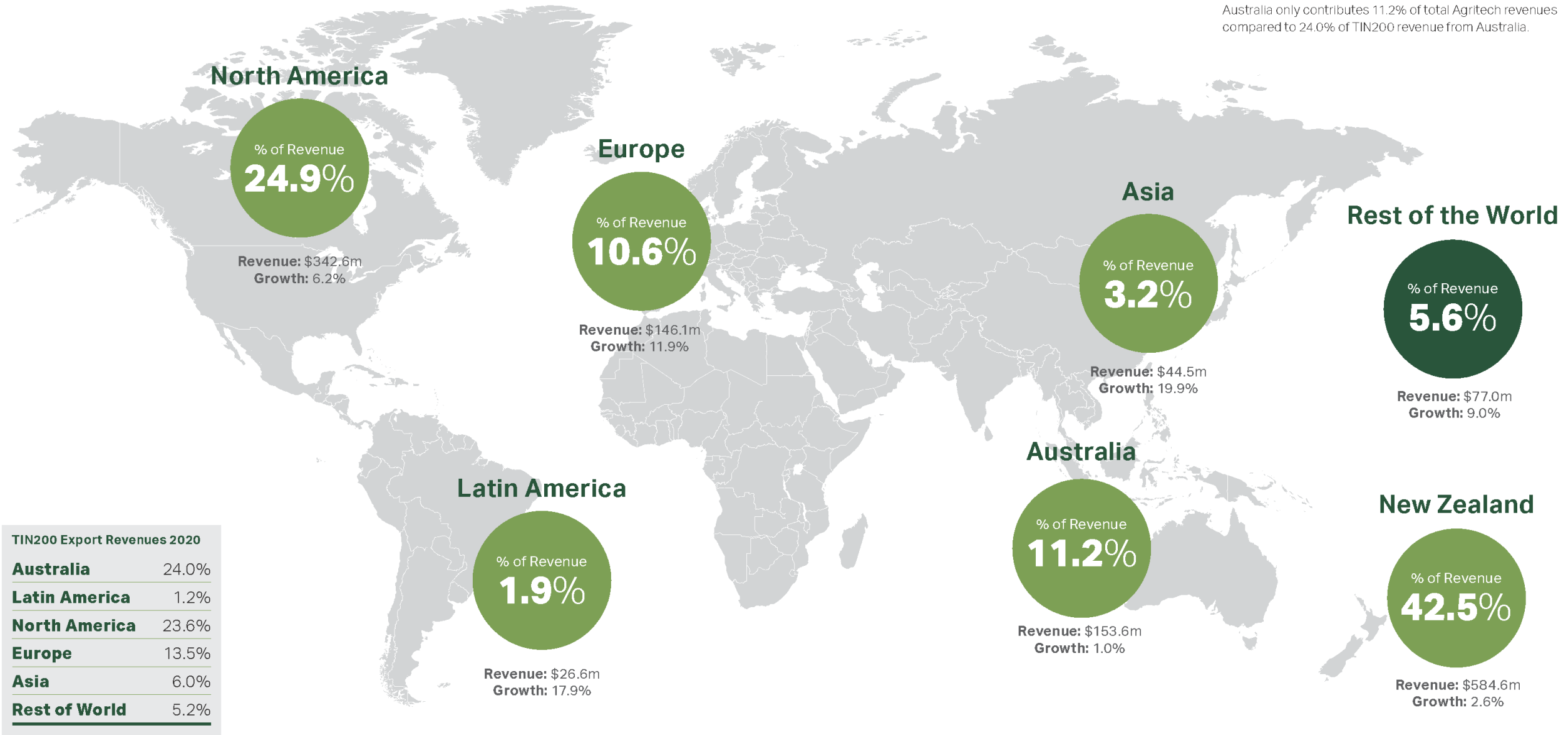
It is not surprising that New Zealand Agritech companies develop, test and commercialise their technologies in their domestic market as New Zealand has a strong agricultural economy and producers who are keen to adopt new innovations.

The overall growth in exports for the TIN200 Agritech companies at 7.5% is an improvement on recent years but lower than the TIN200, at 10.6%.

The rapid growth in exports to developing new markets such as Asia and Latin America, with growth rates of 19.9% and 17.9% respectively, is evidence that efforts to expand into new markets are working and offer expansion opportunities beyond New Zealand's more traditional trade partners.

Alongside this, the key markets of Australia, North America and Europe, which together contribute 46.7% of Agritech company revenue, are growing at a slower rate, and Europe is the only one with an annual growth rate of over 10.0%.

In contrast to the TIN200, North America is the second largest market (24.9%) for Agritech companies and Australia only contributes 11.2% of total Agritech revenues compared to 24.0% of TIN200 revenue from Australia.





# KEY INSIGHTS INTO THE TIN200 AGRITECH COMPANIES

THE DATA IN THIS REPORT IS BASED ON RESPONSES COLLECTED BY TIN IN ITS 2020 SURVEY OF NEW ZEALAND TECHNOLOGY COMPANIES, PUBLISHED IN NOVEMBER OF THAT YEAR.

Although the COVID-19 pandemic arrived in New Zealand at the very end of the 2020 financial year, the waves it ultimately caused in the global economy were starting to ripple as early as January 2020.

As a result, the most recent TIN Report data only provides a partial view of the impact the pandemic has had on the Agritech sector's performance over the past year. However, even with this caveat, one thing is eminently clear; in spite of the challenges that have been thrown up by the COVID-19 pandemic, the NZ Agritech sector is weathering the storm and demonstrating growth.

## THE NZ AGRITECH SECTOR IS GROWING SLOWLY BUT STEADILY

In 2020, the number of Agritech companies on the TIN200 increased from 20 to 22, while the number of Early Stage companies that fit TIN's criteria grew from 109 to 111 – indicators of growth in the NZ Agritech sector. Even with Datamars acquiring and consolidating three of the leading NZ Agritech companies in 2019 – Tru-Test Group, Simcro and Zee Tags – the overall sector is maintaining its critical mass of companies, showing that the sector's supportive eco-system is providing rich soil for nurturing growth in established companies as well as sprouting new shoots of innovation.

## THE AVERAGE AGE OF THE TIN200 AGRITECH COMPANIES IS FALLING

Last year, the average age of Agritech companies on the TIN200 was 31 years old. This year, the average age has fallen to 25. This is due to the increasing numbers of younger

Agritech companies coming through the growth pipeline and scaling up sufficiently to join the TIN200 group of leading technology exporters. Now, with major investments made in several key Early Stage companies in 2021, it's likely the TIN200 will see even greater representation from Agritech companies in TIN's ranks next year.

## HIGH-TECH MANUFACTURING CONTINUES TO DOMINATE THE SECTOR, AS ICT INNOVATION SURGES

Eight of the top ten Agritech companies on the TIN200 are High-tech Manufacturers, with Gallagher remaining on top with a record revenue for 2020 above \$300m. However, companies that sell ICT solutions, while still the smallest earner for NZ Agritech in terms of revenue, are beginning to scale, with three companies from the ICT sector – Levno, FarmIQ Systems and Radford Software – graduating to the TIN200 for the first time.

## IN SPITE OF COVID-19, NEW ZEALAND'S AGRITECH COMPANIES ARE SHOWING RESILIENCE

There was a notable drop in dollars spent on Sales & Marketing by TIN200 Agritech companies in 2020, likely affected by the impact of lockdowns in New Zealand towards the end of the 2020 financial year. As international flights ground to a halt as COVID-19 spread, Agritech companies – along with many other industries – were forced to seek out virtual ways of engaging potential customers, with some finding this approach to their benefit. Bluelab, for

example, reported a huge increase in demand for its products over 2020, which now sees the company poised to break into the TIN100 for the first time in the coming year.

## NZ AGRITECH COMPANIES ARE FOCUSING ON THE FUTURE

Investment in R&D by the TIN200 Agritech companies increased from \$97.3m in 2019 to \$104.1m in 2020, demonstrating a clear focus on innovation that will enable them to scale and build for the future. This aligns with a growing trend of larger Agritech companies and primary industry companies increasingly working with start-ups to collaborate and solve problems together, which is in turn producing a growing number of spin-outs and substantial new commercial entities.

## OPPORTUNITIES FOR INVESTMENT ARE INCREASING

Venture capital investment in New Zealand companies across all sectors increased to \$127m in 2020 from \$112m in 2019, while Angel investment increased to \$160m from \$108m over the same time. Investor interest in locally developed Agritech companies has also increased as part of that. This is a healthy sign for the New Zealand investment landscape in general, given the uncertainty of 2020, and with the vision of the Industry Transformation Plan continuing to roll-out over the coming year, there is a strong sense of purpose in the Agritech sector that is translating into additional opportunities for investment.

At time of writing, the 2021 TIN survey has just been released inviting participation from technology export-focused companies across the industry. Results from this survey, including a topline overview of the Agritech sector's performance over a full financial year of companies operating under COVID-19 impacts, will be published in the 2021 TIN Report, set for publication in late October 2021. For more information on how your company can participate in this survey, visit [www.tin100.com/faq/](http://www.tin100.com/faq/) and request a survey.

# IN-DEPTH – THE TIN200 AGRITECH COMPANIES



"The NZ Agritech sector will be successful when individual companies are successful – manufacturing innovative products and selling them, both in New Zealand and internationally. The Industry Transformation Plan launched a year ago is focused on creating an eco-system that supports companies to be successful. There is still a way to go, but we're on a journey to ensure that New Zealand companies succeed, and that Aotearoa is seen as a global leader in Agritech. We want to create a globally competitive Agritech eco-system, producing ingenious, value-adding companies that provide meaningful jobs, solving New Zealand's – and the world's – sustainability problems."

DAVID DOWNS – AGRITECH ITP TASKFORCE LEAD





TIN200 AGRITECH COMPANY PROFILES

GALLAGHER GROUP

**DESCRIPTION:** Animal management, security, and fuel systems.  
**2020 TIN200 RANK:** 5  
**PRIMARY SECTOR:** High-tech Manufacturing  
**FORMATION:** 1938  
**OWNERSHIP:** Private

**2019 REVENUE (\$000):** \$271,000  
**GROWTH (%):** 11.1%  
**GROWTH (\$000):** \$30,000  
**2020 STAFF EMPLOYED:** 1087  
**REGION:** Waikato  
**www.gallagher.com**

2020 REV (\$000): \$301,000

AGRITECH RANK: 1



LIVESTOCK IMPROVEMENT CORPORATION

**DESCRIPTION:** Agricultural and software solutions.  
**2020 TIN200 RANK:** 6  
**PRIMARY SECTOR:** Biotech  
**FORMATION:** 1988  
**OWNERSHIP:** Public

**2019 REVENUE (\$000):** \$246,561  
**GROWTH (%):** 3.0%  
**GROWTH (\$000):** \$7,425  
**2020 STAFF EMPLOYED:** 785  
**REGION:** Waikato  
**www.lic.co.nz**

2020 REV (\$000): \$253,986

AGRITECH RANK: 2



NDA GROUP

**DESCRIPTION:** Specialty manufacturing and servicing of industrial storage and process vessels.  
**2020 TIN200 RANK:** 13  
**PRIMARY SECTOR:** High-tech Manufacturing  
**FORMATION:** 1997  
**OWNERSHIP:** Private/VC

**2019 REVENUE (\$000):** \$174,000  
**GROWTH (%):** 2.3%  
**GROWTH (\$000):** \$4,000  
**2020 STAFF EMPLOYED:** 525  
**REGION:** Waikato  
**www.nda.co.nz**

2020 REV (\$000): \$178,000

AGRITECH RANK: 3



COMPAC SORTING EQUIPMENT

**DESCRIPTION:** Sorting and automation solutions for the produce industry.  
**2020 TIN200 RANK:** 15  
**PRIMARY SECTOR:** High-tech Manufacturing  
**FORMATION:** 1984  
**OWNERSHIP:** Foreign Owned

**2019 REVENUE (\$000):** \$151,900  
**GROWTH (%):** 10.0%  
**GROWTH (\$000):** \$15,190  
**2020 STAFF EMPLOYED:** 460  
**REGION:** Auckland  
**www.compacsort.com**

2020 REV (\$000): \$167,090\*

AGRITECH RANK: 4



ARGENTA

**DESCRIPTION:** Animal health products.  
**2020 TIN200 RANK:** 21  
**PRIMARY SECTOR:** Biotech  
**FORMATION:** 2006  
**OWNERSHIP:** Private

**2019 REVENUE (\$000):** \$114,226\*  
**GROWTH (%):** 1.3%  
**GROWTH (\$000):** \$1,453  
**2020 STAFF EMPLOYED:** 462  
**REGION:** Auckland  
**www.argentaglobal.com**

2020 REV (\$000): \$115,679\*

AGRITECH RANK: 5



DATAMARS

**DESCRIPTION:** Provider of Agritech products and services.  
**2020 TIN200 RANK:** 37  
**PRIMARY SECTOR:** High-tech Manufacturing  
**FORMATION:** 2018  
**OWNERSHIP:** Foreign Owned

**2019 REVENUE (\$000):** \$76,738  
**GROWTH (%):** -3.1%  
**GROWTH (\$000):** -\$2,413  
**2020 STAFF EMPLOYED:** 440  
**REGION:** Auckland  
**www.datamars.com**

2020 REV (\$000): \$74,325

AGRITECH RANK: 6



WAIKATO MILKING SYSTEMS

**DESCRIPTION:** Milking equipment manufacturer.  
**2020 TIN200 RANK:** 42  
**PRIMARY SECTOR:** High-tech Manufacturing  
**FORMATION:** 1992  
**OWNERSHIP:** Private/VC

**2019 REVENUE (\$000):** \$67,640\*  
**GROWTH (%):** 3.5%  
**GROWTH (\$000):** \$2,360  
**2020 STAFF EMPLOYED:** 155  
**REGION:** Waikato  
**www.waikatomilking.com**

2020 REV (\$000): \$70,000\*

AGRITECH RANK: 7



BBC TECHNOLOGIES

**DESCRIPTION:** Advanced vision sorting and packing equipment.  
**2020 TIN200 RANK:** 60  
**PRIMARY SECTOR:** High-tech Manufacturing  
**FORMATION:** 2000  
**OWNERSHIP:** Foreign Owned

**2019 REVENUE (\$000):** \$48,883  
**GROWTH (%):** -3.6%  
**GROWTH (\$000):** -\$1,776  
**2020 STAFF EMPLOYED:** 170  
**REGION:** Waikato  
**www.bbctechnologies.com**

2020 REV (\$000): \$47,107

AGRITECH RANK: 8



WYMA SOLUTIONS

**DESCRIPTION:** Post-harvest vegetable handling equipment and solutions.  
**2020 TIN200 RANK:** 63  
**PRIMARY SECTOR:** High-tech Manufacturing  
**FORMATION:** 1991  
**OWNERSHIP:** Private

**2019 REVENUE (\$000):** \$31,000  
**GROWTH (%):** 38.7%  
**GROWTH (\$000):** \$12,000  
**2020 STAFF EMPLOYED:** 145  
**REGION:** Canterbury/West Coast  
**www.wymasolutions.com**

2020 REV (\$000): \$43,000

AGRITECH RANK: 9



BLUELAB

**DESCRIPTION:** Monitoring and control systems for domestic and commercial plant growers.  
**2020 TIN200 RANK:** 104  
**PRIMARY SECTOR:** High-tech Manufacturing  
**FORMATION:** 2004  
**OWNERSHIP:** Private/VC

**2019 REVENUE (\$000):** \$19,400  
**GROWTH (%):** 5.7%  
**GROWTH (\$000):** \$1,100  
**2020 STAFF EMPLOYED:** 63  
**REGION:** Bay of Plenty  
**www.bluelab.com**

2020 REV (\$000): \$20,500

AGRITECH RANK: 10



## TIN200 AGRITECH COMPANY PROFILES

### DAIRY TECHNOLOGY SERVICES

2020 REV (\$000): \$19,000\*

AGRITECH RANK: 11

**DESCRIPTION:** Dairy technology services.  
**2020 TIN200 RANK:** 108  
**PRIMARY SECTOR:** High-tech Manufacturing  
**FORMATION:** 1964  
**OWNERSHIP:** Private/VC

**2019 REVENUE (\$000):** \$25,000\*  
**GROWTH (%):** -24.0%  
**GROWTH (\$000):** -\$6,000  
**2020 STAFF EMPLOYED:** 70  
**REGION:** Waikato  
[www.dts.co.nz](http://www.dts.co.nz)



### TRIMAX MOWING SYSTEMS

2020 REV (\$000): \$14,353\*

AGRITECH RANK: 12

**DESCRIPTION:** Manufacturer and marketer of agricultural mowing equipment.  
**2020 TIN200 RANK:** 123  
**PRIMARY SECTOR:** High-tech Manufacturing  
**FORMATION:** 1983  
**OWNERSHIP:** Private

**2019 REVENUE (\$000):** \$14,365\*  
**GROWTH (%):** -0.1%  
**GROWTH (\$000):** -\$11  
**2020 STAFF EMPLOYED:** 60  
**REGION:** Bay of Plenty  
[www.trimaxmowers.com](http://www.trimaxmowers.com)



### FIGURED

2020 REV (\$000): \$13,906\*

AGRITECH RANK: 13

**DESCRIPTION:** Online financial management software for farmers.  
**2020 TIN200 RANK:** 125  
**PRIMARY SECTOR:** ICT  
**FORMATION:** 2014  
**OWNERSHIP:** Private/VC

**2019 REVENUE (\$000):** \$12,554\*  
**GROWTH (%):** 10.8%  
**GROWTH (\$000):** \$1,351  
**2020 STAFF EMPLOYED:** 64  
**REGION:** Auckland  
[www.figured.com](http://www.figured.com)



### SOUTH PACIFIC SERA

2020 REV (\$000): \$11,416\*

AGRITECH RANK: 14

**DESCRIPTION:** Animal-derived biologicals and pharmaceutical contract manufacturer.  
**2020 TIN200 RANK:** 143  
**PRIMARY SECTOR:** Biotech  
**FORMATION:** 1988  
**OWNERSHIP:** Private

**2019 REVENUE (\$000):** \$10,463\*  
**GROWTH (%):** 9.1%  
**GROWTH (\$000):** \$953  
**2020 STAFF EMPLOYED:** 57  
**REGION:** Canterbury/West Coast  
[www.southpacificsera.co.nz](http://www.southpacificsera.co.nz)



### TRACMAP

2020 REV (\$000): \$8,792\*

AGRITECH RANK: 15

**DESCRIPTION:** GPS guidance and mapping system.  
**2020 TIN200 RANK:** 161  
**PRIMARY SECTOR:** ICT  
**FORMATION:** 2005  
**OWNERSHIP:** Private

**2019 REVENUE (\$000):** \$6,800  
**GROWTH (%):** 29.3%  
**GROWTH (\$000):** \$1,992  
**2020 STAFF EMPLOYED:** 38  
**REGION:** Otago/Southland  
[www.tracmap.com](http://www.tracmap.com)



\*Estimated revenue.

### DSK

2020 REV (\$000): \$8,500

AGRITECH RANK: 16

**DESCRIPTION:** Engineering company designing and developing solutions for food and wine manufacturing and processing.  
**2020 TIN200 RANK:** 163  
**PRIMARY SECTOR:** High-tech Manufacturing  
**FORMATION:** 1995  
**OWNERSHIP:** Private

**2019 REVENUE (\$000):** \$11,000  
**GROWTH (%):** -22.7%  
**GROWTH (\$000):** -\$2,500  
**2020 STAFF EMPLOYED:** 55  
**REGION:** Hawke's Bay  
[www.dsk.co.nz](http://www.dsk.co.nz)



### WILDEYE

2020 REV (\$000): \$7,186\*

AGRITECH RANK: 17

**DESCRIPTION:** Internet of Things based technology for agriculture, environmental and water monitoring.  
**2020 TIN200 RANK:** 171  
**PRIMARY SECTOR:** ICT  
**FORMATION:** 2002  
**OWNERSHIP:** Private

**2019 REVENUE (\$000):** \$6,533  
**GROWTH (%):** 10.0%  
**GROWTH (\$000):** \$653  
**2020 STAFF EMPLOYED:** 39  
**REGION:** Auckland  
[www.mywildeye.com](http://www.mywildeye.com)



### RADFORD SOFTWARE

2020 REV (\$000): \$5,390

AGRITECH RANK: 18

**DESCRIPTION:** Various horticultural/Kiwifruit growth, packing, and management software.  
**2020 TIN200 RANK:** 186  
**PRIMARY SECTOR:** ICT  
**FORMATION:** 1998  
**OWNERSHIP:** Private

**2019 REVENUE (\$000):** \$5,070  
**GROWTH (%):** 6.3%  
**GROWTH (\$000):** \$319  
**2020 STAFF EMPLOYED:** 42  
**REGION:** Bay of Plenty  
[www.radfords.co.nz](http://www.radfords.co.nz)



### BIOSTART

2020 REV (\$000): \$4,600

AGRITECH RANK: 19

**DESCRIPTION:** Biological fermentation products for use in agriculture and horticulture.  
**2020 TIN200 RANK:** 193  
**PRIMARY SECTOR:** Biotech  
**FORMATION:** 1994  
**OWNERSHIP:** Private

**2019 REVENUE (\$000):** \$4,400  
**GROWTH (%):** 4.5%  
**GROWTH (\$000):** \$200  
**2020 STAFF EMPLOYED:** 14  
**REGION:** Auckland  
[www.biostart.co.nz](http://www.biostart.co.nz)



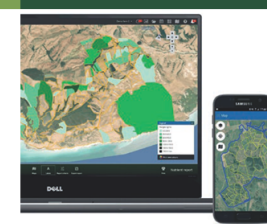
### FARM IQ SYSTEMS

2020 REV (\$000): \$4,160

AGRITECH RANK: 20

**DESCRIPTION:** Farm Management Software.  
**2020 TIN200 RANK:** 196  
**PRIMARY SECTOR:** ICT  
**FORMATION:** 2010  
**OWNERSHIP:** Private

**2019 REVENUE (\$000):** \$3,027  
**GROWTH (%):** 37.4%  
**GROWTH (\$000):** \$1,133  
**2020 STAFF EMPLOYED:** 50  
**REGION:** Wellington/Manawatu  
[www.farmiq.co.nz](http://www.farmiq.co.nz)



\*Estimated revenue.



TIN200 AGRITECH COMPANY PROFILES

ONGUARD

**DESCRIPTION:** Seismic tank system specifically designed to protect liquid storage tanks and their contents from earthquake damage and loss.  
**2020 TIN200 RANK:** 197  
**PRIMARY SECTOR:** High-tech Manufacturing  
**FORMATION:** 2014  
**OWNERSHIP:** Private

**2019 REVENUE (\$000):** \$3,000  
**GROWTH (%):** 33.3%  
**GROWTH (\$000):** \$1,000  
**2020 STAFF EMPLOYED:** 7  
**REGION:** Canterbury/West Coast  
**www.onguardgroup.com**

2020 REV (\$000): \$4,000\*

AGRITECH RANK: 21



LEVNO

**DESCRIPTION:** Milk, fuel, and water monitoring solutions that work through dashboards and alert systems.  
**2020 TIN200 RANK:** 200  
**PRIMARY SECTOR:** ICT  
**FORMATION:** 2012  
**OWNERSHIP:** Private

**2019 REVENUE (\$000):** \$1,983  
**GROWTH (%):** 51.0%  
**GROWTH (\$000):** \$1,012  
**2020 STAFF EMPLOYED:** 35  
**REGION:** Wellington/Manawatu  
**www.levno.com**

2020 REV (\$000): \$2,995

AGRITECH RANK: 22



\*Estimated revenue.

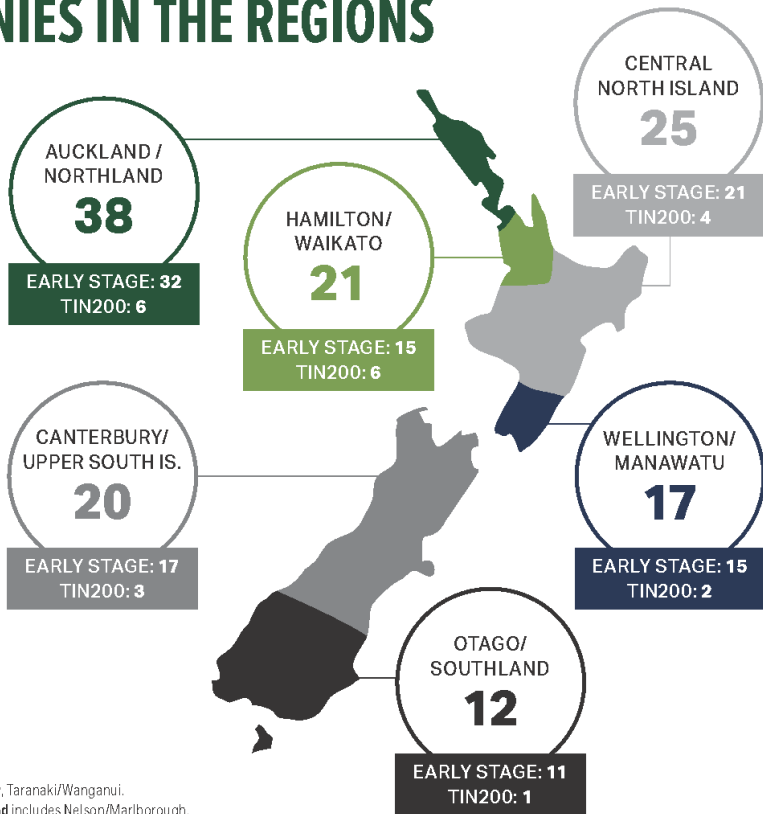
AGRITECH COMPANIES IN THE REGIONS

133 Companies  
(22 x TIN200 and 111 x Early Stage companies)

TIN200 COMPANIES BY LOCATION

**AUCKLAND:** Argenta, BioStart, Compac Sorting Equipment, Datamars, Figured, Wildeye. **HAMILTON/ WAIKATO:** BBC Technologies, Dairy Technology Services, Gallagher Group Livestock Improvement Corporation, NDA Group, Waikato Milking Systems. **CENTRAL NORTH ISLAND:** BlueLab, DSK, Radford Software, Trimax Mowing Systems. **WELLINGTON/ MANAWATU:** FarmIQ, Levno. **CANTERBURY/UPPER SOUTH ISLAND:** Onguard, South Pacific Sera, Wyra Solutions. **OTAGO/ SOUTHLAND:** TracMap.

Central North Island includes Bay of Plenty, Gisborne, Hawke's Bay, Taranaki/Wanganui. Auckland (includes one company in Northland). Upper South Island includes Nelson/Marlborough.



REGIONAL SPOTLIGHT:



INNOVATION AND INVESTMENT IN MANAWATŪ'S AGRITECH INDUSTRY IS BOLSTERING THE REGION'S POSITION AS A MAJOR GLOBAL FOOD AND FIBRE PLAYER.

Aotearoa has a proud and extensive background of growing and producing food, with New Zealand food brands globally recognised and sought after.

Manawātū has played a crucial role in building and maintaining this position with its naturally fertile land, favourable geographic placement, and powerful cluster of agritech and agrifood entrepreneurs, researchers, and companies.

The region is also the first in New Zealand to develop and implement an Agritech Strategy, which outlines its ambition to be one of the top three agrifood hubs in the world by 2025. Anecdotally, Manawātū is already identified as being within the top ten globally.

What sets the region apart both nationally and internationally is that every necessary component of the industry is contained within its small geographic boundary – from food research and production, through to packaging and distribution.

Manawātū also has a cluster of some of the brightest minds in agrifood and agritech in the world.

Adding to that, Palmerston North is home to the country's only agrifood-focused accelerator and investment company, Sprout, and the New Zealand office of Finistere Ventures, a niche agritech and agrifood venture capital firm. The strategic location of these two companies reinforces the region's position as the national hub for agritech and food innovation.

With these assets, Manawātū has all the right ingredients to take the agrifood industry to new heights, nourishing, enhancing, and delivering innovative, value-added products, technology and IP to Aotearoa and the world.

"Global counterparts at leading universities and companies in the agrifood, agribusiness, and agritech industries don't hesitate to acknowledge Manawātū as hosting one of the world's top ten

MANAWATŪ HIGHLIGHTS

- Home to more than 1,600 experts collegially clustered as FoodHQ.
- More than 3,900 people employed in science and research.
- The home grounds of renowned companies such as Levno and BioLumic, which have attracted a significant amount of capital.
- Home to a long history of agritech innovation, with Allflex founded back in 1955, makers of the most efficient means of identifying livestock with their flexible ear tags.
- The nation's leading region for agrifood education and research, through Massey University – a world leading agricultural university – three Crown Research Institutes, the Riddet Institute and Food Pilot Plant, and Te Ohu Rangahau Kai.
- Geographically ideal, being in the centre of New Zealand with terrain that allows diverse agricultural and horticultural activity, as well as the experimentation and trials needed for technological advances.
- Home to FoodHQ, partner to Foodvalley Netherlands.

Photo Credit: ManawatuNZ.co.nz



MALCOLM BAILEY  
– BOARD CHAIR

Central Economic Development Agency (CEDA)



agri clusters," Central Economic Development Agency's board chairman Malcolm Bailey says.

So how will the region achieve its ambition? The answer lies in Manawātū's people working in a collaborative, joined-up way. The region has an unmatched set of people, places, and businesses that are joining up to create the most nourishing kind of food magic and putting the region – and Aotearoa – on the map globally.



Sprout, an Accelerator and Investment company, has in its five-year history accelerated many now-well established and recognised products and companies including the Ārepa drink, Cropsy for wine growers, and Hectre's unique orchard management tool. Sprout has also:

- Accelerated more than 50 companies, raising \$15 million.
- Launched the \$40m Finistere Aotearoa Investment Fund.
- Engaged with more than 750 companies.
- Backed Scintian Bio from its first \$1m seed investment fund.

# REGIONAL SPOTLIGHT: HAMILTON / WAIKATO

**HAMILTON. WAIKATO. NEW ZEALAND. THE WORLD.**  
Hamilton City Council and Te Waka are partners in facilitating meaningful engagement across our economic development ecosystem while promoting a culture of shared success. We work to ensure our value proposition is considered for local, regional, national and international investment opportunities.

**WHERE TRADITIONS AND TECHNOLOGY MEET**  
Not only have Gallagher, Livestock Improvement Corporation (LIC), and NDA Group called Hamilton home for decades, they are also ranked as the top three companies in this year's TIN Agritech Insights Report based on revenue.

Across the Waikato, established agritech icons and emerging enterprises share a passion for

innovation and are embracing new technologies such as artificial intelligence, machine learning, and robotics in order to create added value and achieve sustainability goals.

**WAIKATO INNOVATION PARK**  
Home to over 60 businesses and 800 employees, Waikato Innovation Park continues to be an ideal place for research, collaboration, and commercialisation in the heart of the Waikato and New Zealand. The recent completion of a \$14m building has added 2,900 sqm of collaborative space for technology, food and agricultural companies, with growth plans across 15 hectares of master-planned land located minutes from Hamilton's city centre.

**A MIGHTY FUTURE**  
The people and organisations that comprise our agriculture and technology sectors have a well-



**RYAN HAMILTON**  
– CHAIR, ECONOMIC DEVELOPMENT COMMITTEE  
*Hamilton City Council*



deserved reputation for authenticity, making a difference, collaboration, and thinking big. These attributes are the Waikato's competitive advantage, particularly as the agritech sector becomes an economic driver and a priority area under the Government's Industry Transformation Plan.

## THE CONTINUING SUCCESS OF THE AGRITECH SECTOR IN NEW ZEALAND COMES AS NO SURPRISE.

The sector has been a cornerstone of commercially successful technology development in New Zealand for some time and it is a pleasure to see that fact laid out in raw numbers in this report.

James & Wells has been closely involved with many agritech companies in New Zealand for many years. In fact, the success and innovativeness of New Zealand's agritech sector was the reason the firm came to be.

Our founders noticed a thriving hub of technology development in the Waikato region and consequently decided to start an intellectual property law firm in Hamilton. Although advising on all aspects of intellectual property across all sectors, filing patent applications for agritech

companies was the firm's bread and butter in the early days.

From these beginnings we have grown along with New Zealand's agritech sector in a symbiotic relationship. The successes of early clients like NuPulse and MilkSmarter (who developed the RotaFlo milking platform) helped the firm to grow. In turn, the valuable intellectual property assets that we helped clients obtain and leverage has supported the commercial growth of the sector.

New Zealand agritech companies remain some of the most innovative and successful in the sector, and the sector's approach to intellectual property is now highly sophisticated, with companies closely integrating IP into their overall business strategies.



**JONATHAN LUCAS**  
– PARTNER  
*James & Wells*



This is testament to the achievements of companies like Gallagher, LIC, and Compac Sorting Equipment who, along with many other agritech companies, we are proud to support in helping to continue the success of this sector.

# INVESTMENT & OWNERSHIP



"There's never been a more exciting time to be in agritech. The world's population is estimated to grow to 10 billion by 2050, with a 70% increase in food demand. The food needed to meet this demand must come from technologies that enhance production efficiencies while still meeting sustainability and emission reduction targets. New Zealand is an ideal testing ground for agritech start-ups to build and scale products before expanding internationally into larger markets. We've got a growing ecosystem of innovators, accelerators, industry bodies, government support and venture funding strongly focussed on agritech. There are many world-first technologies in development and commercialisation that have strong potential to win globally."

**ELESHEA D'SOUZA** – CORPORATE DEVELOPMENT MANAGER LIC

LIC's AgCelerator™ Fund is a corporate venture fund looking for strategic agritech start-up partnerships to fast track with funding, trial, research and distribution synergies.

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# WHO IS INVESTING IN NZ AGRITECH?

INVESTMENT IN EARLY STAGE AGRITECH COMPANIES COMES PRIMARILY FROM SYNDICATES OF ANGEL GROUPS AND LOCAL VENTURE CAPITAL FUNDS.

NAME OF INVESTOR	NUMBER OF INVESTMENTS IN AGRITECH COMPANIES IN THIS REPORT
NZ Growth Capital Partners (Aspire Fund)	17
K1W1	11
Manawatu Investment Group (MIG) Angels	10
Pacific Channel	9
Enterprise Angels	8
Icehouse Ventures	7
Angel HQ	4
Outset Ventures	4
Finistere Ventures	3
Flying Kiwi Angels (FKA)	3
Global From Day One	3
LIC	3
OTHER INVESTORS IN AGRITECH	
ACC Impact Fund   Angel HQ   Angel Investors Marlborough   Blackbird Ventures (Aus/NZ)   Canopy Rivers (Canada)   Canterbury Angels Data Collective (US)   Founders Fund (US)   Hillfarrance Venture Capital   Ice Angels   Launch Taranaki   Merck Animal Health Ventures   Ngai Tahu Oriens Capital   Pioneer Capital   Promus Ventures (US)   Punakaiki Fund   Rabobank Food & Agri Innovation Fund (US)   Snowball Effect Tainui Group Holdings   Tuhua   Ubiquity Ventures(US)   WNT Ventures   Yamaha Motor Co.	

In the last year there has been increasing investor interest in locally developed agritech companies.

**BioLumic**, which had already raised capital of over \$17m, led by Finistere Ventures, received another investment in 2020 from several Angel groups and NZGCP's Aspire Fund, amongst others, to further develop its internationally renowned ultraviolet (UV) treatment technology that increases the yield of agricultural crops.

Icehouse Ventures, K1W1 and NZGCP, together with technology company Compac, invested \$2.5m in **Onside**, a Canterbury-based company, to aid expansion. Its mobile health and safety app provides key farm information, and improves safety by making visitors and contractors aware of any risks via their smartphone.

**Hot Lime Labs** raised a further seed round of funding (\$2m), led by Flying Kiwi Angels with strong backing by Pacific Channel and other Angel groups to continue international trials of technology that creates clean CO<sub>2</sub> from wood waste to increase greenhouse crop yields.

**Figured**, ranked at 125 on the TIN200, is a farm financial management software package that integrates with Xero

(one of New Zealand's technology unicorns) and is being used to improve the profitability of over 12,000 farms across four countries. Figured has had \$2.5m investment from MyFarm and LIC, as well as a wide range of individuals, and in 2020 raised some early expansion capital from Enterprise Angels.

Other Early Stage Agritech companies that raised investment capital in the last year include:

- **Helico Bio** – a Biotech company that is developing bio-engineered plants;
- **HiveMind** – a beehive monitoring system;
- **Mastaplex** – on-farm diagnostic tests for mastitis,
- **TrackBack** – a blockchain platform for tracking produce
- **Winely** – fermentation analysis technology.

Finally, in early 2021, **Halter** raised \$32m (led by Blackbird Ventures) in Series B funds, to add to the \$8m Series A raised in 2018, to accelerate the development of its AI and sound-based cattle-herding technology.

# A DISTINCTIVE INVESTMENT LANDSCAPE

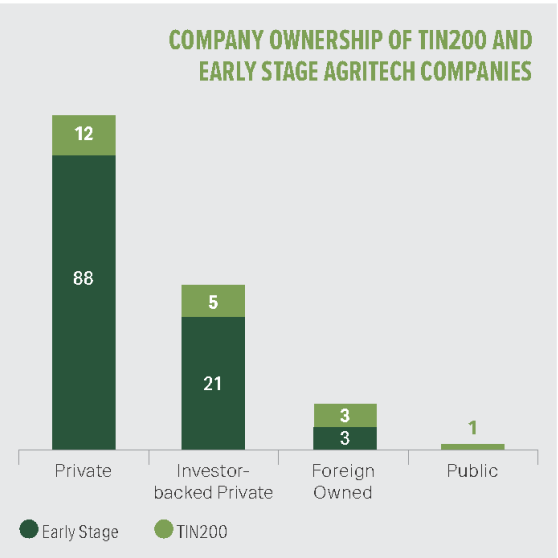
THE AGRITECH SECTOR IN NEW ZEALAND HAS CHARACTERISTICS THAT DISTINGUISH IT FROM OTHER SECTORS IN THE TECH LANDSCAPE.

The first is the high number of privately owned Agritech companies that have been acquired by foreign companies to facilitate their global expansion. A key example is Datamars (TIN200 rank 37), which acquired three TIN200 Agritech companies – Tru-Test Group, Simcro and Zee Tags – with a combined total revenue of \$74m in 2020. An earlier example is Norwegian company TOMRA which acquired both Compac Sorting Equipment and BBC Technologies, two leading NZ produce packhouse technology companies (TIN200), with combined revenues of over \$200m.

The most notable acquisition in the NZ Agritech sector in 2020 was Argenta, a leading specialist contract research organisation (CRO) and manufacturer for the pet and animal care industry, bought by KKR & Co for over \$100m. Founded in 2006 and operating out of South Auckland, Argenta demonstrated NZ Agritech's ability to deliver in-demand solutions to a global market. This was a strategic investment for the NYSE-listed KKR, which is acquiring interests in a portfolio of companies and helping them scale internationally through its Health Care Strategic Fund.

In the start-up space, CropX, an Israeli Agritech company specialising in soil data analytics, acquired NZ-company Regen in 2020. Regen had developed a cloud-based water and effluent irrigation management system, and the combined organisation is now offering more comprehensive solutions for dairy farmers.

Another feature of the NZ Agritech sector is the large number of Early Stage companies that are investor-backed with seed funds raised from local and international VCs, Private Equity and Angel groups. While there has been a gap in funding for larger Series A & B funds required to commercialise these technologies, the \$40m fund



created by Silicon-Valley based Finistere Ventures in partnership with New Zealand Capital Growth Partners (announced April 2021) will go a long way to addressing this. It plans to fund local companies with technologies in animal health and genetics, plant science, and the environment with global markets and the potential to scale.

Another notable aspect of the NZ Agritech landscape is the continuing strategic collaboration and support from international companies that has facilitated the development of recent Agritech robotic automation solutions including:

- Yamaha Motor Co (Invert Robotics, Robotics Plus)
- Merck & Co (FarmIQ)
- Pernod Ricard (Smart Machines)

Other notable collaborations at a local level include:

- Livestock Improvement Corporation (LIC) recently created its own fund and has investments in Figured, Mastaplex and TrackBack.
- AgriGate – a farm-data sharing solution, a LIC joint venture with Fonterra.

It is a promising sign for local Agritech companies that there are ever increasing sources of funds and expertise becoming available for commercialisation and global expansion, both from local and international investors.

## PROFILE: NZ GROWTH CAPITAL PARTNERS

LOCAL VC

**NZ Growth Capital Partners (formerly NZ Venture Investment Fund) was originally established by the New Zealand government in 2002.**

Today it administers two investment vehicles, the Aspire NZ Seed Fund which supports high-growth Kiwi start-ups, and the Elevate NZ Venture Fund, which invests directly into venture capital firms to fill the Series A and B capital gap for high-growth NZ tech companies.

In last year's TIN Agritech Insights Report, NZGCP was the organisation with the most investments into TIN200 and Early Stage NZ agritech companies with 15. In 2021, that number now stands at 17, with investments in companies including BioLumic, CertusBio, Hectre, Hot Lime Labs, Humble Bee, Hydroxys,

Invert Robotics, Lanaco, MastaPlex, Onside, Orbis, Roccos, Synthase Biotech, Techlon, UBCO, Waikato Milking Systems and Winely.

In April 2021, NZGCP announced it is committing \$14m into the Finistere Aotearoa Fund – a subsidiary of Silicon Valley venture capital fund managers Finistere Ventures (see below) – which will match Elevate's commitment at least dollar-to-dollar with private capital. What this means is that at first close at least NZ\$28m will be available to invest into agritech investments in New Zealand connected entities.



*"Investment into new up-and-coming start-ups helps create more opportunity and diversity for New Zealand's tech ecosystem, and our ongoing investment activity plays an important role in embracing, supporting, and driving forward Kiwi innovation, resulting in both job protection and job creation in New Zealand."*

**MARCUS HENDERSON**  
– INVESTMENT DIRECTOR  
NZ Growth Capital Partners (NZGCP)

## PROFILE: FINISTERE VENTURES

INTERNATIONAL VC

**In 2005, Finistere Ventures was founded upon the ethos of helping build the leading Agritech companies powering the next green revolution.**

Today, through its headquarters in San Diego and offices in Palo Alto (California) Dublin (Ireland), and Palmerston North (New Zealand) Arama Kukutai and co-founder Spencer Maughan have since constructed a portfolio of 18 companies operating across the Agritech sector.

Through NZ partner Dean Tilyard, Finistere Ventures also established



Sprout, a Callaghan Innovation-backed tech incubator based in Palmerston North with a strong agri-tech focus, with NZ investments including BioLumic and Invert Robotics, both which have also been supported by NZGCP via their Aspire fund.

Finistere Ventures recently partnered with NZGCP to launch a NZ\$40m fund investing in VC-ready agriculture, food and sustainability opportunities. Finistere is aiming for a final close of NZ\$42m, which if achieved would see Elevate's contribution rise to \$21m.



*"New Zealand is a world leader in agricultural research and innovation focused on curtailing the environmental impacts of agriculture, fuelled in part by the government's continued investment in and commitment to a zero-emissions national agriculture strategy. In the year ahead, our goal is to anchor more investment from our global network of partners like Rabobank, RIV Capital Inc. and Yamaha to support New Zealand's best start-ups."*

**ARAMA KUKUTAI**  
– CO-FOUNDER AND PARTNER  
Finistere Ventures

## THE GLOBAL AGRITECH OPPORTUNITY FOR NEW ZEALAND IN A COVID-19 WORLD

**THE COVID-19 PANDEMIC HAS CATALYSED A COLLECTIVE SENSE OF PURPOSE AND ACCELERATED A GROWING CONSCIOUS CONSUMERISM MOVEMENT, BOTH IN NEW ZEALAND AND AROUND THE WORLD.**



Technology such as:

- **Artificial Intelligence** is building greater insights into plant and livestock systems, enabling producers to experiment and optimise much more rapidly.
- **Digital tools** are facilitating the radical transparency that empowers producers and fosters consumer trust in all that is good about our food.
- **New sensors** are highlighting the variability in our biological systems and empowering new levels of control and insight.
- **Robotic and automation solutions** are augmenting human labour and building resilience into our ability to supply quality food.

In effect, the pandemic amplified what was already a strong movement in the production of food. Consumers are focusing on sustainability in their buying decisions. They want connection with how their food is grown and who grows it. Combined with the need to improve the lives and livelihoods of farmers, this is the context for a growing demand for innovation in agriculture.

Farming is essential to the success of society and yet agriculture increasingly faces complex challenges and opportunities. These dynamics are powered by changing global markets, increasing international competition, food technology disruptions, climate and water-related risk and global economic shocks.

Our agritech businesses are actively responding to these scenarios by protecting and unlocking value across food value chains from New Zealand and around the world. They are the translators that bring technology know how to the biological systems on which our food production is based.



**BRENDAN O'CONNELL**  
– CHIEF EXECUTIVE  
Agritech NZ



Agritech businesses have the potential to inject billions of dollars' worth of productivity gains into New Zealand's primary industry sector. This builds on the natural strengths we have honed for centuries and allows us to continue improving faster than other food nations.

However, it is not the existence of the technologies that does this; it's the combination of agricultural innovations including technology, behaviour change, system adaptation, education, data talents and regulatory settings.

Continuously building on this in Aotearoa will enhance our food production reputation. Bringing this to global markets will create even more value and resilience for a sustainable economy. More importantly, the difference we can make to global food systems through our innovations is a responsibility.

Our agricultural innovations can – and will – be good for the world.





# NEW ZEALAND’S AGRITECH ECO-SYSTEM

A broad sample of the organisations that together form New Zealand’s Agritech eco-system.

<p><b>NEW ZEALAND GOVERNMENT</b></p> <p><b>GOVERNMENT MINISTRIES:</b> Ministry of Business, Innovation &amp; Employment, Ministry of Foreign Affairs and Trade, Ministry for Primary Industries, Ministry for the Environment.</p> <p><b>GOVERNMENT SUPPORT AGENCIES:</b> Callaghan Innovation, New Zealand Trade &amp; Enterprise (NZTE), Biosecurity NZ, Operational Solutions for Primary Industries (OSPRI), Tertiary Education Commission.</p> <p><b>INITIATIVES:</b> Agritech Industry Transformation Plan, The Pre-Seed Accelerator Fund (PSAF), Regional Research Institute Fund, Strategic Science Investment Fund, Provincial Growth Fund (PGF), Sustainable Food and Fibre Futures (SFF Futures), Green Investment Fund.</p>	
<p><b>ACADEMIA &amp; RESEARCH</b></p> <p><b>UNIVERSITIES / EDUCATORS:</b> Massey University, University of Auckland, Auckland University of Technology, Victoria University of Wellington, University of Canterbury, University of Waikato, University of Otago, Lincoln University.</p> <p><b>RESEARCH INSTITUTES:</b> AgResearch NZ Ltd, DairyNZ, Beef+Lamb NZ, New Zealand Pork, Plant &amp; Food Research, Manaaki Whenua (Landcare Research), National Institute of Water and Atmospheric Research (NIWA), Scion Research, NZ Agricultural Greenhouse Gas Research Centre, Pastoral Greenhouse Gas Research Consortium (PGgRC), PlantTech, Bragato Research Institute, Cawthron Institute, Lincoln Agritech, The New Zealand Institute of Agricultural and Horticultural Science (NZIAHS), The Institute of Environmental Science and Research (ESR).</p>	
<p><b>CAPITAL &amp; FUNDING SUPPORT</b></p> <p><b>FUNDERS:</b> Callaghan Innovation, Sprout, WNT Ventures, Ftech, MasterPlan, Finistere Ventures, Agricultural and Marketing Research and Development Trust, Marsden Fund, The Endeavour Fund.</p> <p><b>INITIATIVES:</b> New Zealand Growth Capital Partners (NZGCP)</p>	
<p><b>EXPERTISE &amp; SERVICES</b></p> <p><b>INTELLECTUAL PROPERTY:</b> James &amp; Wells, Baldwins, AJ Park, Potter IP.</p> <p><b>CONSULTANTS:</b> AgFirst.</p>	
<p><b>INTERNATIONAL EXPERTS &amp; COLLABORATORS</b></p> <p>Australia New Zealand Agritech Council, Global Research Alliance on Agricultural Greenhouse Gases, Intergovernmental Panel for Climate Change, Cairns Group, Farm2050, Western Growers, EvokeAG, World Agri Tech Innovation Summit (US), UK Department of International Trade, Enterprise Ireland.</p>	
<p><b>SUPPORT &amp; INDUSTRY NETWORKS</b></p> <p><b>INDUSTRY NETWORKS:</b> Agritech NZ, Apiculture NZ, Aquaculture NZ, Horticulture NZ, Vegetables NZ (Inc (VNZI), Summerfruit NZ, NZTech Alliance, Waikato Farmers Trust, Federated Farmers, Soil &amp; Health Association of New Zealand, NZ Young Farmers, The New Zealand Society for Viticulture and Oenology (NZSVO).</p> <p><b>EVENTS:</b> Fieldays, MobileTech AG.</p> <p><b>INSIGHTS:</b> Technology Investment Network (TIN).</p>	

## EARLY STAGE AGRITECH COMPANIES



“Agritech is not only the key enabler for our Primary Sector to go from volume to value, it adds value for New Zealand on top of that without reliance on limited natural resources. More importantly, the impact of our agricultural innovations can be good for the world.”

**BRENDAN O’CONNELL** – CHIEF EXECUTIVE  
*Agritech NZ*

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# EARLY STAGE AGRITECH COMPANIES IN NZ

## WHAT IS A TIN ‘EARLY STAGE AGRITECH COMPANY’?

While revenues, investment stage, and employment numbers vary significantly between TIN Early Stage Companies, all have the following in common. They:

- 1. Operate in the High-tech Manufacturing, Biotech, or ICT primary sectors.
- 2. Have originated in New Zealand, and still maintain a meaningful presence there.
- 3. Are developing (or have developed) their own intellectual property.
- 4. Are currently at an early stage in their company lifecycle:
  - a. **Development:** Pre-revenue companies predominantly focused on developing their product offering for market.
  - b. **Commercialisation:** Companies with a developed product offering who are in the process of introducing their product to market.
  - c. **In market:** Revenue generating companies with an established market offering.

## THIS YEAR TIN HAS IDENTIFIED 111 EARLY STAGE AGRITECH COMPANIES IN NEW ZEALAND THAT ALIGN WITH OUR SPECIFIC SURVEY CRITERIA, A RISE FROM THE 109 COMPANIES IDENTIFIED IN THE 2020 AGRITECH INSIGHTS REPORT.

The majority of new Early Stage companies in this year’s group are operating in the ICT sector, with an increasing number of Biotech start-ups appearing in recent years and moving quickly through to having products in market.

The following pages showcase a selection of these promising Early Stage Agritech companies that are developing unique IP for potential future export, and already attracting significant investor interest.

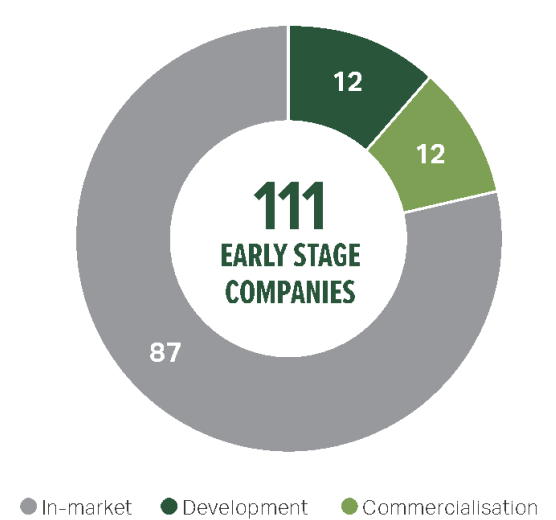
### TIN EARLY STAGE AGRITECH COMPANIES ADDED IN 2021

COMPANY	PRIMARY SECTOR
AgriTrack	ICT
Carbon Harvest	Biotech
Carbon Crop	ICT
Cropsy Technologies	ICT
Ecogas	Biotech
Helico Bio	Biotech
Jobloads	ICT
Koru Diagnostics	Biotech
Next Farm	ICT
Pheromite	Biotech
Scentian Bio	Biotech
Sparrows	ICT
Synthase Biotech	Biotech
Totara BioScience	Biotech
WayBeyond	ICT

### PRIMARY SECTORS

	EARLY STAGE	TIN200
ICT	49	6
High-tech Manufacturing	40	12
Biotech	22	4
Total	111	22

### NUMBER OF COMPANIES BY LIFECYCLE STAGE



# CREATING A TRUE COLLABORATION ECO-SYSTEM FOR AGRITECH

## NEW ZEALAND'S GLOBAL REPUTATION, IN THE WAKE OF COVID-19, CONTINUES TO SOAR.

Our agricultural sector has reasserted its place as our number one export earner, and there are huge opportunities for our agritech sector to have a global impact too. It's time to ask a few hard questions about how we do this.

### DO WE WANT TO BE INNOVATION TAKERS OR MAKERS?

There is nothing wrong with taking international innovation ‘off the shelf’ and applying it to New Zealand. But often, because of our small size and isolation, New Zealand is last on the list to test these innovations. We are in danger of falling behind other markets that can innovate faster and better. We passionately believe New Zealand

needs to develop and support more of its own ‘innovation makers’ - not just for the success of agritech companies but also for the benefit of the wider New Zealand agricultural sector.

### WILL WE GENERATE GLOBAL AGRITECH INNOVATORS?

Yes, New Zealand is an agricultural exporting powerhouse. But we’ve been guilty of wanting to keep our agritech innovations restricted to local growers and farmers.

This will not be sustainable in future, given the need for scale and investment that comes from going global. The good news is we can have our cake and eat it too. The Dutch exemplify this - they are one



## DESPITE PANDEMIC DISRUPTION IN 2020, GLOBAL VENTURE INVESTING IN AGRIFOOD TECH GREW TO US\$22.3BILLION, A GROWTH RATE OF 50% (CAGR) SINCE 2010.\*

With NZ’s agriculture sector navigating our economy through COVID-19, the opportunity to develop NZ’s position as a global Centre of Excellence in developing agrifood tech start-ups continues to grow.

Mega trends of changing consumer preferences, sustainability and supply chain pressures are shaping investor interest and the number of Kiwi start-ups building solutions to these critical challenges is increasing.

New Zealand has superb infrastructure and capability to develop and test agrifood technology and with local start-ups accessing higher levels of domestic and connected international capital, the number of start-ups transitioning into global markets and making local impact will also increase.

\*Finistere Ventures 2020 Agrifood Tech Investment Review (Data provided by Pitchbook)



**SIMON YARROW**  
– GROUP MANAGER AGRIFOOD  
*Callaghan Innovation*

## CallaghanInnovation

of the largest greenhouse produce exporters in the world, and also one of the leading exporters of greenhouse technology.

### HOW DO WE CREATE A TRUE COLLABORATION ECOSYSTEM?

New Zealand agritech companies cannot do this alone. They need investment, government support, research and development expertise, and the right grower/farmer customers willing to share ideas and data, test products, and have a collaborative mindset for solving global problems locally. The Agritech ITP is leading the conversation to build this ecosystem.



**DEAN TILYARD**  
– DIRECTOR, *Sprout Agritech*





EARLY STAGE AGRITECH COMPANIES – CASE STUDIES

HIGH-TECH MANUFACTURING

**FTEK LTD**  
**CEO / DIRECTOR:** Mark Currie / James Currie  
**REGION:** Manukau, Auckland  
**YEAR FORMED:** 2005  
**LIFESTAGE:** In-market  
[www.ftek.co.nz](http://www.ftek.co.nz)



**FTEK** specialises in the design and manufacture of crop maintenance and harvesting equipment for the hi-tech greenhouse vegetable industry. With its flagship products TEKlift and TEKSpray, the company's aim is to improve end user experiences, safety, productivity, reliability and maintenance requirements for the industry. FTEK is also developing an autonomous labour platform for high-value indoor vegetable crops incorporating innovative modular robotic solutions and AI. This new technology builds on their existing vertical lift work platform and robotic spray technology that has been the foundation for the company's growth over the last 10 years. With global labour shortages and growers wanting to maximise productivity while minimising inputs, FTEK are looking to accelerate their commercial success to position the company for further growth and scaling.

"Success for us in the next 12 months will be showcasing our unique robotics capabilities and ultimately securing investment to scale."

– Mark Currie, CEO

Pictured L-R: Mark and James Currie



**OXIN**  
**(THE SMART MACHINE COMPANY)**  
**CEO:** Andrew Kersley  
**REGION:** Blenheim, Marlborough  
**YEAR FORMED:** 2018  
**LIFESTAGE:** In-market (February 2022)  
[www.oxin.nz](http://www.oxin.nz)



**The Smart Machine Company** have partnered to develop OXIN, an autonomous robotic vehicle and platform for use in vineyard or orchard environments. The technology combines engineering, AI, machine learning and robotics, with deep knowledge of horticultural production and processes to carry out tasks including mowing, mulching, leaf removal, trimming and weed spraying, which would currently be performed by a human driving a tractor. Founders Andrew Kersley, Walter Langlois and Nick Gledhill, have assembled a team undertaking the full design, build and service process from their business base and workshop in Blenheim. As global labour shortages persist due to COVID-19, OXIN is designed for growers seeking automation solutions that will maximise productivity with minimal inputs. With this in mind, the Smart Machine Company is now moving from 'stealth' to 'launch' mode to accelerate their ambitions for global commercial success, and have already been featured on national news in New Zealand.

"Success for us this coming year will be fully delivering our current product orders for the 21/22 vineyard growing season, then continued industry uptake of our technology in NZ for 22/23 growing seasons, providing ongoing product validation and a scalable business model to allow us to explore our value proposition to the wider horticultural industry moving forward."

– Andrew Kersley, CEO

ICT

**CROPSY TECHNOLOGIES**  
**CO-FOUNDER & CEO:** Ali Alomari  
**REGION:** Auckland  
**YEAR FORMED:** 2019  
**LIFESTAGE:** Commercialisation  
[www.cropsy.tech](http://www.cropsy.tech)



**Cropsy** is developing a unique and scalable AI-enabled vision system that is designed to unlock the full potential of vineyards and orchards. It aims to enable growers to understand the needs and performance of millions of plants at all times, delivering insight-driven crop management to global enterprise companies. Each of Cropsy's hardware units attaches to an existing tractor. The system sees and understands every single plant while a grower runs their daily crop operations, and profiles every leaf, fruit, shoot, cane, and trunk in real-time as the tractor passes by. Eliminating sun, shadows, and reflections preserves accurate colours and textures regardless of the time or weather. The result is a 'digital twin' of the vineyard or orchard; a map clearly showing areas of concern and patterns across the entire crop, so growers know precisely how their crop is performing and changing over time.

"Success for Cropsy will be providing a disruptive and scalable solution to our global customers. Our goal is to look after 10 million plants by 2023."

– Ali Alomari, CEO

Pictured L-R: Co-founders – Ali Alomari and Leila Deljkovic.



**WAYBEYOND**  
**FOUNDER & CEO:** Darryn Keiller  
**REGION:** Auckland  
**YEAR FORMED:** 2021  
**LIFESTAGE:** In-market  
[www.waybeyond.io](http://www.waybeyond.io)



**WayBeyond**, a spinout of agritech company Autogrow, launched in January 2021 following five years of R&D and a seed capital raise in 2016. The company is innovating digital solutions for large scale, multi-site farms to optimise farming productivity. Described by CEO & Founder, Darryn Keiller, as Controlled Environment Agriculture (CEA), the company's technologies combine advanced plant science and the latest ICT with an open eco-system to provide high yielding and sustainably produced crops. Following input and insights drawn from hundreds of discussions with growers and industry providers, and leveraging Autogrow's expertise and data, WayBeyond is focused on a new generation of solutions for enterprise level growers, including Foliu, a next-generation climate smart sensor solution, and FarmRoad, a farm management platform hosting tools such as Yield Prediction, Crop Registration, Data Studio and Activity Feed. The company is already gaining recognition, earning a finalist nomination in the recent 2021 NZ Hi-Tech Awards.

"Today WayBeyond sits inside horticulture, but I've got no doubt that we can be applying what we do to agriculture as a whole. And there's the potential for our applications and the intelligence of our systems to extend into other industries."

– Darryn Keiller, Founder & CEO





# EARLY STAGE AGRITECH COMPANIES – CASE STUDIES

## BIOTECH



### ECOGAS LTD

**MANAGING DIRECTOR:** Fraser Jonker  
**BUSINESS DEVELOPMENT MANAGER:** Andrew Fisher  
**REGION:** Rotorua  
**YEAR FORMED:** 2018  
**LIFESTAGE:** Commercialisation  
**INVESTORS:** Pioneer Energy  
[www.ecogas.co.nz](http://www.ecogas.co.nz)



A joint-venture of Pioneer Energy Ltd and EcoStock Supplies Ltd, **Ecogas** is a new company that is currently developing New Zealand's first commercial scale 'anaerobic digestive' system, based in Reporoa, to capture the biogas from organic waste to create an energy and nutrient rich bio-fertiliser. Anaerobic Digestion (AD) is a natural process where micro-organisms break down organic waste – such as food scraps, animal manure, and even discarded fats, oils and greases – to produce two valuable resources: 1) Digestate (biofertiliser), a nutrient rich substance which can be used as fertiliser, and 2) Biogas which can be used for heating and electricity generation. With more than 320,000 tonnes of food waste going to landfills in New Zealand every year, the opportunity to turn that into energy is confirmation of sustainable technologies at scale, and Auckland City Council is now preparing to launch a kerbside food waste collection programme with Ecogas in 2022.

*"In the next year, we look forward to having an operational plant, supplying both biogas and biofertiliser to our existing contracted clients, and being able to continue to scale to support additional clients."*

– Fraser Jonker, Managing Director





### HOT LIME LABS

**CEO:** Vlatko Materic  
**REGION:** Lower Hutt / Wellington  
**YEAR FORMED:** 2017  
**LIFESTAGE:** In-Market  
**INVESTORS:** Flying Kiwi Angels, MIG, AngelHQ, NZGCP, Pacific Channel, K1W1, Icehouse Ventures. Enterprise Angels, Exponential Founders Fund + numerous high-net-worth individuals  
[www.hotlimelabs.com](http://www.hotlimelabs.com)



**Hot Lime Labs** has developed a carbon dioxide (CO<sub>2</sub>) capture system that converts wood waste biomass into heat and clean CO<sub>2</sub> usable in commercial greenhouses to increase crop productivity and growth. The technology – originally developed through Callaghan Innovation – uses patented limestone pellets (otherwise known as Hot Lime), engineered to separate the CO<sub>2</sub>, a key plant nutrient used in high-tech hydroponic installations. The solution helps growers reduce their carbon footprint in a cost-effective way, providing a sustainable alternative to traditional fossil-based sources of CO<sub>2</sub>, such as natural gas. Under the guidance of CEO, Vlatko Materic, the company has scaled up 20,000 times, from a simple idea to successful first pilot trials with a leading New Zealand commercial grower. Hot Lime Labs now has a growing team of developers working on the product and development of the first commercial-scale system is well underway.

*"The year ahead will see us transition from pilot to commercial systems delivery. It is the most exciting time for a start-up and we are laying all the groundwork for exponential growth next year"*

– Vlatko Materic, CEO



## MĀORI OWNED



### ROBOTICS PLUS

**CO-FOUNDER & CEO:** Steve Saunders  
**REGION:** Tauranga  
**YEAR FORMED:** 2013  
**LIFESTAGE:** In-Market  
**INVESTORS:** Yamaha Motor Co., ACC  
[www.roboticsplus.co.nz](http://www.roboticsplus.co.nz)




Founded in Tauranga in 2008 by the Plus Group, owned by Māori entrepreneur Steve Saunders (Ngāti Ranginui descent), **Robotics Plus**'s mission is to empower people, land and trade to fulfil their potential through the practical use of advanced technologies. The company designs and builds automation platform technologies that improve quality, productivity and sustainability across food and fibre supply chains. With a growing range of innovative robotic products – including apple and stone fruit packers, unmanned ground vehicles, and their Robotic Scaling Machine (RSM) that quickly, safely, and accurately measures the volume of timber on logging trucks – the company is increasingly drawing international attention. Recently, New Zealand's state-owned insurer ACC made a multi-million dollar investment in Robotics Plus through its newly-launched 'Impact Fund', backing projects that improve health and wellbeing while also generating commercial ROI.

*"We measure our success through our impact – which aligns with our values and our vision. We're scaling up rapidly to enter new markets with technologies that help solve complex global problems."*


– Steve Saunders, CEO





### UBCO

**CEO:** Timothy Allan  
**REGION:** Tauranga, Bay of Plenty  
**YEAR FORMED:** 2015  
**LIFESTAGE:** In-Market  
**INVESTORS:** Enterprise Angels, NZVIF, Snowball Effect, Spring Capital (US), Nuance Capital, Seven Peak Ventures, TPK Holdings.  
[www.ubcobikes.com](http://www.ubcobikes.com)



**UBCO** is a technology company that develops, manufactures, distributes and markets Utility Electric Vehicles, and Portable Power globally. The company has been producing the UBCO 2X2 since 2016, which combines a lightweight frame, powerful and near silent motors, and a Lithium-Ion battery that not only fuels the bike but charges tools on the go. Powered by a digitally-connected cloud-based software, UBCO offer a complete sticky ecosystem across agriculture and farming, and has further tapped recreation and adventure, and urban and metropolitan markets in recent years. UBCO previously received direct assistance through being a part of Te Tira Toi Whakangao (T3W), the Māori Technology and Investment group coordinated by NZTE. UBCO has completed a \$10m US investment round in early 2021 linked to a Series B, bringing on a strategic partner and two venture capital investors globally.

*"UBCO is in a transformative growth phase. In the next 12 months we will be building our software development and enterprise sales capacity and bringing several new products to market."*

– Timothy Allan, Co-founder and CEO



EARLY STAGE AGRITECH COMPANIES DIRECTORY

COMPANY	CEO	FORMATION	LIFE STAGE	DESCRIPTION	PRIMARY SECTOR	PHONE	ADDRESS	WEBSITE
AbacusBio	Sharl Liebergreen	2006	In-Market	Scalable online breeding databases.	ICT	+64 (3) 477 6375	442 Moray Place, Dunedin, 9016	www.abacusbio.com
ABC Software	Sharon Chapman	2001	In-Market	Orchard and packhouse software specialists.	ICT	+64 (6) 845 0068	6-8 Devonshire Place, Taradale, Napier, 4141	www.abcsoftware.co.nz
Acuris Systems	Matthew Warner	2016	In-Market	Self driving vehicles for automated capturing of data and crop analysis in the agriculture and horticulture industries.	High-tech Manufacturing		8 Telford Avenue, Mount Eden, Auckland, 1041	www.acurissystems.com
Aeronavics	Linda Bulk	2010	In-Market	Developer and manufacturer of industrial aerial robotics/drone solutions.	High-tech Manufacturing	+64 (7) 825 5058	226 Okete Road, Te Uku, Raglan, 3295	www.aeronavics.com
Agrecord	Leyton King	2013	In-Market	Cloud platform that works like a farm notebook.	ICT	+64 (6) 261 3185	647 Wilder Road, Porangahau	www.agrecord.co.nz
AgriGanics	Fenton Hore	2008	In-Market	Precision soil mapping using state-of-the-art GPS location services to identify variable fertiliser applications.	Biotech	+64 (27) 576 0303	PO Box 79, Hororata 7544, Canterbury	www.agriganics.com
AgriGate	Blair Smith	2016	In-Market	Software tool for farmers that makes it easy to connect and share farm data with those that need to know.	ICT	+64 (2) 474 4283	109 Fanshawe St, Central Auckland, 1010	www.agrigate.co.nz
AgriSea	Jill Bradley	1996	In-Market	Manufacturer of macro-algae concentrates and bioactive extractions.	High-tech Manufacturing	+64 (7) 862 8424	7446 State Highway 2, RD 4, Paeroa, 3674	www.agrisea.co.nz
Agrismart	Imran Raza	2015	In-Market	Software platform designed for farmers to manage daily operations and track animals' health.	ICT	+64 (7) 902 2899	29/1 Liverpool Street, Hamilton	www.agrismart.co.nz
AgriTrack	Andrew Humphries	2013	In-Market	Real-time farm logistics management tool	ICT	+64 (22) 055 0880	8 Stafford Street, Dunedin Central, Dunedin, 9016	www.agritrack.com.au
Alleva Animal Health	Robert Holmes	2011	In-Market	Animal health company specialising in the development and marketing of novel animal health products.	Biotech	+64 (9) 418 1405	15 Calman Place, Chatswood, North Shore City, Auckland, 0626	www.alleva.co.nz
Autogrow	Rod Britton	1994	In-Market	Automation for indoor agriculture including hardware, software and data solutions.	High-tech Manufacturing	+64 (9) 415 2380	Building 3, Level 1, 61 Constellation Drive, Auckland, 0632	www.autogrow.com
Avian Solutions	Gavin Mulvay	2013	In-Market	Bird control machine.	High-tech Manufacturing	+64 (21) 173 4672	105 Alford Forest Road, Ashburton, 7700	www.aviansolutions.co.nz
Bee Intelligence	Erik Bast	2017	In-Market	Suite of technology to empower apiculturists.	ICT	+64 21 2269145	41 Tio Tio Road, Miramar, Wellington, 6022	www.bee-intelligence.com
BioLumic	Steve Sibulkin	2012	In-Market	UV treatment for crops.	Biotech	+64 (21) 799 257	21 Dairy Farm Road, Palmerston North, Palmerston North, 4440	www.biolumic.com
Biotelliga	Damien Fleetwood	2009	Development	Biological solutions for protection of crops from pests and insects.	Biotech	+64 (9) 367 9364	299 Parnell Road, Parnell, Auckland, 1052	www.biotelliga.com
BioWorks	Clive Breeds	2002	In-Market	Soil stimulant which conditions soil, creating an environment for the soil microbiology to thrive.	Biotech	+64 (9) 424 4476	P.O. Box 281, Silverdale, 0944	www.biomagic.co.nz
BossaAqua	Andrew Fairhall	2013	In-Market	Compact, self - contained aquaculture net cleaning machine.	High-tech Manufacturing	+64 (29) 280 6690	364 State Highway 1, Rd 3, Blenheim, 7273	www.bossaqua.com
Bumpercrop	Adam Forbes	2019	In-Market	Rootzone monitoring system using automated rootzone Water Content & EC Sensors.	ICT	+64 (27) 351 2512	143 Jervois Road, Herne Bay, Auckland, 1011	www.mybumpercrop.com
BuzzTech	Julian McCurdy	2016	In-Market	Hive level data collection through an app or sensor that's the fastest and friendliest for commercial bee keepers.	ICT	+64 (27) 861 5084	49 James Paige Lane, Riverhead, Auckland 0793	www.buzztech.nz
Carbon Harvest	Aaron Lucas	2016	Development	Flue emissions captured to produce valuable algal biomass.	Biotech	+64 21 743 929	30 Kimbolton Road, Feilding, 4702.	www.carbonharvest.co.nz
CarbonCrop	Nick Butcher	2020	Commercialisation	Carbon credit land assessments.	ICT		72 Trafalgar Street, Nelson, 7010	www.carboncrop.nz
Ceratech	Shandy Gibbs	2016	In-Market	Honey production and processing equipment for the next leap in environmental and sustainable food production.	High-tech Manufacturing		169 Clifton Road, Rd 48, Urenui, 4378	www.ceratech.co.nz
CertusBio	Matthew Jones	2016	Commercialisation	Wastewater monitoring devices that detect, quantify and prevent losses during processing and minimise the cost of treating wastewater.	High-tech Manufacturing	+64 (2) 196 3161	Engineering Drive, Lincoln University, Lincoln, 7674	www.certusbio.com
CR Automation	Peter Richards	2002	In-Market	Packhouse and Food Automation Systems - Electrical Engineering, Control Systems, Automation, and Industrial IT.	High-tech Manufacturing	+64 (6) 873 4238	500 Coventry Road, Mahora, Hastings, 4155	www.crautomation.nz
Cropsy Technologies	Ali Alomari	2019	Commercialisation	Combination of hardware and AI to manage pests and diseases in vineyards.	ICT		1790 Great North Road, Avondale, Auckland, 1026	www.cropsy.tech
Dataphyll	Christoph Kistler	2015	In-Market	Harvest management platform for horticulture.	ICT	+64 (27) 445 8095	Unit 1b, 12 Kawakawa Place, Whenuapai, Auckland, 0814	www.dataphyll.com
Drone Mate	Geoffery Sherlock	2016	In-Market	Sensors and data management software for observing, measuring and responding to small changes in crops.	ICT	+64 (50) 837 6637	25 Moshane Road, Richmond, Nelson, 7081	www.dronemate.co.nz
Dronescape	Charles Teear	2017	In-Market	Camera that captures all multi-spectral data for aerial mapping.	ICT	+ 64 27 3058549	14 Richardson Terrace, Woolston, Christchurch, 8023	www.dronescape.co.nz
Ecogas	Andrew Fisher	2019	Development	Recovering valuable resources to create sustainable biogas and biofertiliser.		+64 272 2006	11 Ellis Street, Alexandra, 9320	www.ecogas.co.nz
Ecolibrium Biologicals	Ragu Wallabh	2017	In-Market	Biological and biochemical solutions to ensure food safety and protect ecosystems.	Biotech	+64 (09) 963 1834	Unit 3,4 and 5, 4 Austen Place, Pukekohe, 2120	www.ecolibriumbiologicals.com

# EARLY STAGE AGRITECH COMPANIES DIRECTORY

COMPANY	CEO	FORMATION	LIFE STAGE	DESCRIPTION	PRIMARY SECTOR	PHONE	ADDRESS	WEBSITE
Envisi	Brett Oliver	2016	In-Market	Machine that scares birds away from crops.	High-tech Manufacturing	+64 (2) 150 3084	Level 1, 57 Symonds Street, Grafton, Auckland, 1010	www.envisi.co.nz
Farm Medix	Leon Spurrell	2010	In-Market	Diagnostic kit for on-farm mastitis testing, enabling rapid prevention of disease spreading.	Biotech	+64 (2) 144 0444	Waikato Innovation Park, 1 Melody Lane, Hamilton East, Hamilton, 3216	www.farmmedix.com
Farmax	Matthew Lambert	1993	In-Market	Decision making support tool for farmers.	ICT	+64 (80) 032 7629	9 Melody Lane, Ruakura, Hamilton, 3240	www.farmax.co.nz
Farmote	Jeremy Barton	2016	In-Market	Web platform providing precise daily pasture measurements and invaluable insights by using satellites in space and motes on the ground.	ICT	+64 (21) 032 0364	B8/L1 Boxed Quarter, 270 St Asaph Street, Christchurch, 8011	www.farmote.com
Farmshed Labs	Fraser Smith	2013	Commercialisation	Cow heat detection device.	High-tech Manufacturing	+64 21 476 864	57 Spring Street, Tauranga, 3110	www.farmshedlabs.com
Field-Tek	Sean Lange	2010	In-Market	Tablet-based data collection system for electronically capturing data in field trials.	ICT	+64 (27) 546 5796	PO Box 20078, Bishopdale 8543, Christchurch	www.field-tek.co.nz
Focus Genetics	Anthony Creswell	2011	In-Market	Genetic solutions for sheep, cattle, and deer farming.	Biotech	+64 (50) 815 9159	17C Mahia Street, Ahuriri, Napier, 4140	www.focusgenetics.com
Ftek	Mark Currie	2005	In-Market	Design and manufacturing of crop maintenance and harvesting equipment.	High-tech Manufacturing	+64 (9) 239 2607	Unit 2, 197C Manukau Road, Pukekohe, Auckland, 2102	www.ftek.co.nz
GPS-IT	Matt Flowerday	2001	In-Market	Provides customised land mapping solutions specialising in the horticultural and agricultural industries.	ICT	+64 (7) 573 6077	275 Cameron Road, Tauranga, Tauranga, 3110	www.gpsit.co.nz
Greentech Robotics	Don Sandbrooke	2017	In-Market	Robotics and Automation solutions that save time and increase yield.	High-tech Manufacturing	+64 (6) 280 2489	36 Victoria Avenue, Palmerston North, 4410	www.greentechrobotics.com
Halter	Craig Piggott	2016	Commercialisation	Cow monitoring and movement tool powered by artificial intelligence.	High-tech Manufacturing	027 201 4661	Level 2, 18 Stanley Street, Parnell, Auckland, 1010	www.halter.co.nz
Harvest Electronics	Janet Munn	1995	In-Market	Automated weather detection devices.	High-tech Manufacturing	+64 (6) 370 1991	10 Pragnell Street, Solway, Masterton, 5810	www.harvest.com
Hayload	Christopher West	2014	In-Market	Mobile app for agricultural contractors to automate business management tasks.	ICT		5 Acacia Street, Kelvin Grove, Palmerston North, 4414	www.hayload.co
Hectre	Matty Blomfield	2017	In-Market	Orchard management platform.	ICT	+64 (21) 075 5018	4 Williamson Ave, Grey Lynn, Auckland	www.hectre.com
Helico Bio	Ilya Vensky	2017	In-Market	Using AI/Machine learning to manipulate plant genetics for drug delivery.	Biotech		Level 22, Vero Centre, 48 Shortland Street, Auckland, 1010	www.helico.bio
Hivemind	Berwyn Hoyt	2012	In-Market	Central communications unit that allows sensors to report data about bee hives.	ICT	+64 (3) 595 5224	106 Manchester Street, Christchurch Central, Christchurch, 8011	www.hivemind.nz
Hivetech	Brett Mascull	2017	In-Market	Platform for data tracking for beekeepers.	ICT	+64 F486 752 0418	369 Devon Street East, New Plymouth, 4310	www.hivetech.nz
Holsim	Pamela Holmes	2015	In-Market	Augmented reality software for advanced animal husbandry and veterinary training of animal health professionals.	High-tech Manufacturing	+64 (7) 839 5018	110 Dixon Street, Masterton, 5810	www.holsim.co.nz
Hortplus	Lesley Kersey	1998	In-Market	Analysis systems and MicroLoggers for monitoring temperature and humidity for crops.	ICT	+64 (6) 876 4922	117 Brookvale Road, Havelock North, Havelock North, 4130	www.hortplus.com
HortWorx	Rob Elstone	2019	In-Market	Packhouse automation.	High-tech Manufacturing	+64 (21) 544 082	6 Stafford Street, Clive, 4102	www.hortworx.com
Hot Lime Labs	Vlatko Materic	2014	In-Market	Sustainable CO2 solution for greenhouse growers.	Biotech	+64 4 211 658 758	68 Gracefield Road, Gracefield, Lower Hutt, 5010	www.hotlimelabs.com
Hustler Equipment	Brent Currie	1961	In-Market	Innovative farm equipment.	High-tech Manufacturing	+64 (06) 879 7926	1417 Omaha Road, Frimley, Hastings, 4120	www.hustlerequipment.com
Hydralada	Andy Smith	1975	In-Market	Specialist farm harvesting equipment	High-tech Manufacturing	+64 (6) 873 0000	702 Omaha Rd, Frimley, Hastings, 4120	www.hydralada.com
Hydroxsys	Mak Hartstone	2012	Development	Commercialising proprietary membrane filtration for water extraction and industrial waste remediation.	Biotech	+64 (2) 157 5519	24 Balfour Rd, Parnell, Auckland, 1052	www.hydroxsys.com
Invert Robotics	Neil Fletcher	2010	In-Market	Inspection robots for dairy, aviation and chemicals industries.	High-tech Manufacturing	+64 (3) 325 7134	235 Annex Road, Christchurch, 8024	www.invertrobotics.com
Iris Data Science	Greg Peyroux	2013	In-Market	Big data, insights and predictive analytics, embracing deep learning and computer vision.	ICT	+64 (21) 262 9769	2nd floor, 7 Bond St, Dunedin, 9016	www.irisdata.co.nz
Isaacs Electrical	Shane Heaton	2012	In-Market	Agricultural, horticultural and industrial plumbing, pumping and electrical solutions.	High-tech Manufacturing	+64 (6) 857 8807	55 Ruataniwha Street, Waipawa, 4210	isaacshb.co.nz
Jobloads	Candice Pardy	2019	In-Market	App for seasonal workers to find jobs in the horticulture sector.	ICT	06 391 7605	21 Derby St, Gisborne, 4010	jobloads.co.nz
Kiwi Hort Solutions	Gagandeep Gill	2016	In-Market	Web-based orchard management system, designed to help strengthen the link between orchard owners, contractors, managers, and workers.	ICT	+64 (7) 262 2727	73 Jellicoe Street, Te Puke, 3119	www.kiwhihort.com
Knode	Richard Wildman	2016	Commercialisation	Automated farm monitoring platform.	ICT	+64 (21) 657585	21 River Road, Ngatea, Ngatea, 3503	www.knode.co.nz
Koru Diagnostics	Rhys McKinlay	2016	Development	Novel dairy pathogen identification tests.	Biotech	+64 (21) 973 266	c/- Estendart Research Centre Aviation Way, Massey University, Palmerston North, 4472	www.korudiagnostics.com



EARLY STAGE AGRITECH COMPANIES DIRECTORY

COMPANY	CEO	FORMATION	LIFE STAGE	DESCRIPTION	PRIMARY SECTOR	PHONE	ADDRESS	WEBSITE
Lanaco	Nick Davenport	2010	In-Market	Multi-functional filters using natural wool for air filtration.	Biotech	+64 (21) 980119	2-4 Sultan Street, Ellerslie, Auckland, 1051	www.lanaco.co.nz
Mastaplex	Olaf Bork	2015	Commercialisation	On farm mastitis diagnostic tool.	Biotech	+64 21 479 902	Centre for Innovation, 87 St David St, Dunedin, 9106	www.mastaplex.com
Metris	Mark Bart	2017	In-Market	Frost and weather forecasting and software support tools	ICT	+64 (80) 037 2433	76 Methuen Road, New Windsor, Auckland, 0600	www.metris.nz
ModuSense	Bruce Trevarthen	2018	In-Market	IoT platform for productivity solutions.	High-tech Manufacturing	+64 (7) 974 9150	Waikato Innovation Park, 2 Melody Lane, Ruakura, Hamilton, 3216	www.modusense.com
MyApiary	Carl Vink	2012	In-Market	Productivity software for commercial beekeepers.	ICT	+64 (7) 391 0039	19 Knox Street, Hamilton, 3204	www.myapiary.com
MyEnviro	Brent Paterson	2019	In-Market	Measures changes in farm environments by providing real-time data and analytics on soil health, water quality, emissions, and pasture growth.	ICT	+64 (27) 486 4276	3 The Courtyard, Village Exchange, 4 Te Aute Rd, Havelock North, 4130	myenviro.co.nz
Next Farm	Aaron Furrer	2016	Development	Platforms for farm monitoring and control starting with water and effluent management.	ICT	+64 (800) 639 8555	104 Bond St, Dunedin, 9016	www.next-farm.co.nz
NuPoint	Paul Steine	2015	In-Market	Cloud-based system that tracks crop metrics through smart GPS integrated solutions.	High-tech Manufacturing	+64 (80) 098 6527	2 Alfred Street, Mayfield, Blenheim, 7201	www.nupoint.com
Onside	Michael Falconer	2015	In-Market	On farm mobile risk management software for farmers to capture and protect what they love about their farm.	ICT	+64 (80) 688 7433	100 Manchester Street, Christchurch, 8011	www.onside.co.nz
Pastoral Robotics	Geoff Bates	2013	Development	Focused on keeping nutrients on the farm where they increase pasture growth and profitability and keeping them out of the environment.	High-tech Manufacturing	+64 (20) 476 2687	24 Balfour Road, Parnell, Auckland, 1052	www.pastoralrobotics.co.nz
Pheromite	Dr Pablo German	2016	Development	Solutions combating Varroa.	Biotech	+64 21 045 9406	Level 1, 57 Symond Street, Grafton, Auckland, 1010	
PICMI	Genevieve Griffin-George	2018	In-Market	Seasonal staffing solution.	ICT	+64 (27) 221 3310	PICMI, Brooklyn, Tasman, 7198	www.picmi.io
PlusGroup Horticulture	Steven Saunders	2010	Commercialisation	Specialised horticultural solutions provider.	Biotech	+64 (7) 552 5985	Newnham Park, 37a Newnham Road, Te Puna, Bay of Plenty, 3174	www.plusgroup.co.nz
Precision Farming	Kenneth Irons	2010	In-Market	Generates farm data in real time from sensors, GPS devices, flow meters etc, and automatically uploads to digital farm management platform.	ICT	+64 (80) 047 7001	151 Waterloo Road, Hornby, Christchurch, 8042	www.precisionfarming.co.nz
Quant Artificial Intelligence	Genevieve Beech	2019	Development	Land and environment data insight analysis platform.	ICT	+64 21 2802779	9 Lindsay Street, Havelock North, Havelock North, 4130	www.quantai.co.nz
Regen (CropX)	Bridget Hawkins	2010	In-Market	Using farm data to generate recommendations for management needs.	ICT	+64 (80) 037 3436	Level 2, 90 Dixon Street, Wellington, 6011	www.nzregen.co.nz
Rezare Systems	Andrew Cooke	2004	Commercialisation	Digital solutions for agribusiness.	ICT	+64 (7) 857 0820	2 Melody Lane, Hamilton, 3240	www.rezare.co.nz
Ricardo	Daryl Anderson	2016	In-Market	Industrial monitoring and control platform.	High-tech Manufacturing	+64 (7) 575 4601	2 Dunlop Rd, Te Puke, 3119	www.ricardo.co.nz
Riverwatch	James Muir	2017	Commercialisation	Observe and monitor changes in water quality.	High-tech Manufacturing	+64 (21) 053 4188	172 Moeraki Road, Rd 4, Martinborough, 5784	www.riverwatch.nz
Robotics Plus	Dr Matt Glenn	2008	In-Market	Automated robotics systems for the horticulture industry.	High-tech Manufacturing	+64 (7) 552 6827	Newnham Innovation Park, 37a Newnham Rd, RD4, Tauranga, 3174	www.roboticsplus.co.nz
Rocos	David Inggs	2017	Commercialisation	A cloud platform to build and manage robot operations.	ICT	+64 (21) 72 3030	Level 3, 10 Customs Street East, Auckland, 1010	www.rocos.io
Scentian Bio	Andrew Kralicek	2020	Development	Combining insect biology with nanotechnology to create new sensors.	High-tech Manufacturing		1c Goring Road, Sandringham, Auckland, 1025	www.scentian.bio
Smart Farm Data	Leslie Hayman	2015	In-Market	Animal care system provides real data via activity level monitoring, temperature & remote pH recording.	ICT	+64 (7) 843 7577	105 Bellevue Road, Pukemoremore, Hamilton, 3284	www.smartfarmdata.com
Smart Machine (OXIN)	Andrew Kersley	2017	Commercialisation	Autonomous vehicle for viticulture operations.	High-tech Manufacturing	+64 (2) 184 4295	59 Parker Street, Mayfield, Blenheim, 7201	www.oxin.nz
Sparrows	Andrea Watson	2018	Development	Provider of technology to bring full supply chain visibility. Enabling tracking and monitor of the location, storage and movement of high value and perishable goods.	ICT	+64 (20) 415 47229	Unit 8, 26 Wright Street, Mount Cook, Wellington, 6021	www.sparrows.io
Synthase BioTech	Dr. Andrew West	2015	In-Market	Bio preservation and life extension technologies.	Biotech	+64 27 295 0042	Rukaka Research Centre, 10 Bisley Road, Enderly, Hamilton, 3214	www.synthasebiotech.com
TagIt	Josh White	2002	In-Market	Farm automation solutions.	ICT	+64 (80) 047 6380	42B Tawn Place, Pukete, Hamilton, 3200	www.tagittechnologies.co.nz
Te Pari Products	Douglas Blampied	1980	In-Market	Designers and manufacturers of quality cattle and sheep handling hardware and solutions.	High-tech Manufacturing	+64 (3) 433 0077	9 Endeavour Crescent, North Oamaru Business Park, Oamaru 9494	www.tepari.com
Techion Group	Greg Mirams	2010	In-Market	Intelligent digital microscope providing point of care in real time for animals and the environment.	ICT	+64 (3) 477 7555	11 Hillside Rd, Caversham, Dunedin, 9012	www.techion.com
Teck Labs	Johnathan Wong	2015	Development	Developers of sensing technologies in the areas of AI, drones and imaging.	ICT	+64 (3) 669 3833	22 Marsden Avenue, Mount Eden, Auckland, 1024	www.tecklabs.co.nz

# EARLY STAGE AGRITECH COMPANIES DIRECTORY

COMPANY	CEO	FORMATION	LIFE STAGE	DESCRIPTION	PRIMARY SECTOR	PHONE	ADDRESS	WEBSITE
The Paddock Groomer	Fraser Drummond	2012	In-Market	Horse manure collection machines.	High-tech Manufacturing	+64 (2) 144 7725	275 Peak Road, Rd 2, Helensville, 0875	www.paddockgroomer.co.nz
Thermo Regulatory Genetics	Derek Fairweather	2018	In-Market	Genetic breeding for dairy industry.	High-tech Manufacturing	+64 (7) 8436618	3680 Ohaupo Road, Hamilton, 3282	www.trgenetics.co.nz
Totara BioScience	Rebecca Mende	2017	In-Market	Developers of fully finished products for the animal health market based on the natural antimicrobial Totarol.	Biotech	+64 (27) 532 5119	9 Belvedere Road, Carterton, Carterton, 5713	www.totaro.lnz
Tow & Blow	Kim McAulay	2017	In-Market	Creators of the first truly portable wind machine for frost protection.	High-tech Manufacturing	+64 (6) 879 6194	702 Omaha Rd, Hastings, 4120, New Zealand	www.towandblow.co.nz
TrackBack	David McDonald	2018	In-Market	Blockchain tracability platform for agriculture supply chains.	ICT		Level 1, 26 Crummer Road, Grey Lynn, Auckland, 1021	www.track-back.co
Transpread International	David Hoyle	1992	In-Market	Designers and manufacturers of fertiliser spreaders and handling equipment.	High-tech Manufacturing	+64 (9) 431 1020	169 Hurndall Street, Maungaturoto, 0520	www.transpread.com
Trev	Scott Townshend	2019	In-Market	Farm reporting software capturing information on the user's farm operational data to gauge on-farm performance.	ICT	+64 21 0566770	21 River Road, Ngatea, 3503	www.mytrev.com
UBCO	Timothy Allan	2015	In-Market	Utility electric vehicles and portable power.	High-tech Manufacturing	+64 (7) 543 1640	25b Nature Place, Greerton, Tauranga, 3110	www.ubcobikes.com
Veritaxa	Bob Hodgeson	2013	In-Market	Technology platform consisting of robotic and optical technologies to locate microscopic particles of interest in natural samples and to classify those particles.	Biotech	+64 (6) 880 0530	Glenndinning Chartered Accountants, Level 6 Tsb Bank Tower, 1 - 19 Fitzherbert Avenue, Palmerston North, 4440	www.veritaxa.com
Veritide	Craig Tuffnell	2006	In-Market	Develops biological identification and detection technology.	Biotech	+64 (3) 372 3506	17b Marylands Place, Middleton, Christchurch, 8024	www.veritide.com
Waterwatch	Mark Butler	2013	In-Market	Remote monitoring water solutions.	High-tech Manufacturing	+64 (3) 477 2779	94 Crawford Street, Dunedin, 9016	www.waterwatch.io
Watson Multi Shears	Richard Watson	1999	In-Market	Design and manufacturer sheep shearing clippers.	High-tech Manufacturing	+64 (2) 191 1002	30 Buschs Road, Medbury, North Canterbury	www.watsonmultishears.co.nz
WayBeyond	Darryn Keiller	2021	In-Market	Digital farm solutions for large scale, multi-site farms to optimise farming productivity.	ICT	+64 (9) 415 2380	Level 1, Building 3, Candida Office Park, 61 Constellation Drive, Rosedale, 0632	www.waybeyond.io
Wine Grenade	Jonathan Boswell	2014	In-Market	Wine maturation technology utilising micro-oxygenation.	High-tech Manufacturing	+64 (21) 638 600	30 Copsey Place, Avondale, Auckland, 1026	www.winegrenade.com
Winely	Jacob Manning	2017	In-Market	Automation of testing and wine analysis.	ICT	+64 (22) 531 5528	22 Leith Bank Street, North Dunedin, Dunedin, 9016	www.winely.co.nz
Woolchemy	Angela Portroz	2008	In-Market	Intelligent, eco-logical textiles for healthcare and agritech industries.	High-tech Manufacturing	+64 (2) 141 2257	5 Twin Lakes Road, Te Marua, Upper Hutt, 5018	www.woolchemy.com
Zebra Tech	John Radford	2002	In-Market	Design and manufacture of highly specialised instruments and equipment for the marine environment.	High-tech Manufacturing	+64 (3) 548 0468	6 Cross Quay, Port Nelson, Nelson, 7010	www.zebra-tech.co.nz
Zeddy	Kate Gwilliam	2014	In-Market	Managing and monitoring of farm herd feed consumption.	ICT	+64 0800 444 001	946 Tremaine Avenue, Roslyn, Palmerston North, 4414	www.zeddy.com
Zero Harm Farm	Mark Orr	2016	In-Market	A modern, cloud based application to make health and safety in spatially challenged farm environments easier.	ICT	+64 (8) 000 5345	411 Tucker Beach Road, Rd 1, Queenstown, 9371	www.zeroharm.app

*"Unquestionably, our R&D and the agritech developed in New Zealand is globally competitive. The challenge is to scale and export it. More and more companies are having this success, plus the talent we are seeing coming through in multiple agritech start-ups is world class. With the world continuing to shrink via the internet and New Zealand being on the world map due to its COVID response, I believe there are some golden years ahead for New Zealand's agritech exports."*

**PETER BARROWCLOUGH**  
– CEO, Lincoln Agritech



*"Although we've always been a nation of farmers, it's agritech that will give NZ an additional export stream as there's a limit to the amount of milk and beef we can export. I believe agritech has got a massive future because, ultimately, we're developing products that allow people to eat. We can use our farms as a testing ground here to help feed people around the world."*

**GREG JARVIS**  
– CEO, BlueLab



ABOUT TIN

TECHNOLOGY INVESTMENT NETWORK (TIN) IS A PRIVATE COMPANY WITH A SIMPLE MISSION: TO HELP FACILITATE THE GROWTH OF THE TECHNOLOGY SECTOR IN NEW ZEALAND. THE TIN TEAM DELIVERS ON THIS OBJECTIVE IN THE FOLLOWING WAYS:

RESEARCH AND ANALYSIS

TIN is the leading independent source of information on New Zealand's technology exporting sector, and has been collecting and analysing data on Kiwi tech companies for over 17 years.

The annual TIN Report includes detailed analysis of sector performance for the year, ranking the top 200 technology companies by revenue and publicly recognising high growth achievers with a series of annual awards. Since 2016, the TIN Report has also included an annual listing of 100 promising Early Stage Companies.

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TIN AGRITECH INSIGHTS REPORT PROJECT TEAM



**GREG SHANAHAN** – *Managing Director*  
Greg established the Technology Investment Network in 1999. Under his direction, the TIN Report has enjoyed growing recognition and influence since its inception in 2005. A well-known figure in the New Zealand high-tech sector, Greg's in-depth industry knowledge is underpinned by his role as co-founder and MD of medical device company Veriphi.



**BRENDAN BOUGHEN** – *Operations Manager*  
Brendan is responsible for the overall content development and delivery of all TIN research publications from concept to launch, including writing, editing and wrangling the TIN research team.



**JANE EVANS** – *Senior Research Analyst*  
Jane leads TIN's Research Team, backed by her many years of experience working as a senior consultant with research groups and deep tech start-ups in Australia and New Zealand.



**BETTINA SINCLAIR** – *Sales & Relationship Manager*  
Bettina works closely with TIN's Research Team, developing opportunities, engaging with report sponsors and promoting TIN's membership community.



**KATE DOBBIN** – *Public Relations Manager*  
Kate manages media, PR and publicity for TIN's reports, virtual and in-person events, as well as content for TIN's online communications.

This report was produced with valuable assistance from:

- Shyam Prasad-Jones (Research Analyst)
- Daniel Vaz (Research Analyst)
- Eungi Lee (Data Analyst)
- Marinka Teague (Research Analyst)
- Ashley Hibbard (Digital & Brand Manager)
- Sarah Gardyne (Digital Design Coordinator)
- Sebastien Michel (Events Coordinator)



**MOSHA**  
Kylie Ormsby and Steven McCleery from MoshA have expertly managed the entire design process for TIN publications since 2007, directing the creative style, design layout, and production scheduling.

Warm thanks also to Brendan O'Connell from Agritech NZ, Simon Yarrow and Nicky Molloy from Callaghan Innovation, and Sarah Hindle and David Downs from NZTE for their support and advice throughout the development of this report.

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# Council Report

**Committee:** Economic Development Committee  
**Date:** 11 August 2021  
**Author:** Nicolas Wells  
**Authoriser:** Blair Bowcott  
**Position:** Strategic Property Manager  
**Position:** General Manager Growth  
**Report Name:** Policy Review - Freeholding of Council Endowment Land Policy

<b>Report Status</b>	<i>Open</i>
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## Purpose - *Take*

1. To seek a recommendation from the Economic Development Committee's to the Council approves the amended Freeholding of Council Endowment Land Policy.

## Staff Recommendation - *Tuutohu-aa-kaimahi* (Recommendation to the Council)

2. That the Economic Development Committee recommends that the Council approves amendments to the Freeholding of Council Endowment Land Policy as detailed in **Attachment 1** of this staff report.

## Executive Summary - *Whakaraapopototanga matua*

3. On 25 March 2021, the Council declined an application to freehold the Domain Endowment land at 5 Cotter Place, Hamilton, and instructed staff 'to review the process of Council sale of Domain Endowment land.'
4. The review has been conducted by Tompkins Wake, whose advice is included as **Attachment 3**.
5. Staff are seeking a recommendation from the Economic Development Committee that the Council approves the amended Policy (**Option 2**, paragraphs 15-16) as shown in **Attachment 1**.
6. The amended Policy would continue to encourage exit of Council's interest in low-yielding non-strategic assets but strengthen the Council's ability to decline applications when those are inconsistent with Council's financial interests.
7. Staff consider the matters in this report have a low significance and that the recommendations comply with the Council's legal requirements.

## Background - *Koorero whaimaarama*

8. Hamilton City Council owns land endowed by the Crown to be held by the Council for Municipal and Domain purposes. The land is listed in Schedules to **Attachments 1 and 2**.
9. The land is encumbered by perpetual 21-year leases. The lessee owns both the improvements to the land, and the leasehold interest in the land – both of which depress the value of the Council's freehold interest in the land.

10. The Council's Freeholding of Council Endowment Land Policy (the Policy) encourages lessees to buy the Council's freehold interest (known as "freeholding" the land) – effectively purchasing the land from the Council and merging all interests in single ownership.
11. This policy position recognises that the Council does not own the controlling interest in the land, and further that the Council's interest is low-yielding and non-strategic. Essentially the Policy assumes that the Council's capital would be better deployed elsewhere.
12. The Policy worked well when interest rates were higher than the yield generated by the rental income derived from the Council's interest in the land; however, that is no longer the case.

### Discussion – *Matapaki*

13. Tompkins Wake has conducted a review of the Policy, following the Council's decision to decline the application to freehold the Domain Endowment land at 5 Cotter Place, Hamilton.
14. Their advice is included as **Attachment 3**. The recommended changes to the Policy will:
  - i. continue to support exiting the Council's ownership of low-yielding non-strategic assets;
  - ii. strengthen the Council's ability to decline applications at its discretion;
  - iii. protect and enhance the Council's financial interests; and
  - iv. impose a two-year moratorium on freeholding before each rent review.

### Options

15. Staff have assessed that there are two reasonable and viable options for the Committee to consider. This assessment reflects the level of significance (described below). The options are:
 

**Option 1:** Retain the existing Policy unaltered.

**Option 2:** Amend the Policy as detailed on **Attachment 1**.
16. Staff recommend Option 2 for the reasons described in paragraph 14 above.

### Financial Considerations - *Whaiwhakaaro Puutea*

17. The Policy will continue to encourage exit of Council's interest in low-yielding non-strategic assets but strengthens the Council's ability to decline applications when those are inconsistent with Council's financial interests.

### Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

18. Staff confirm that **Option 2** complies with the Council's legal and policy requirements. The legal implications of the recommended changes to the Policy have been addressed by Tompkins Wake in their advice included as **Attachment 3**.

### Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

19. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
20. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
21. There are no social, environmental, economic or cultural wellbeings to this matter to be considered.
22. The recommendations set out in this report are consistent with that purpose.

### **Risks - *Tuuraru***

23. The Policy is no longer fit for purpose, as shown by the recent example of the application to freehold the Domain Endowment land at 5 Cotter Place being declined and the findings of the subsequent review of the Policy. If the Policy is not changed, the Council risks selling endowment land at a disadvantageous price. The current Policy does not emphasise the Council's ability to decline freeholding applications, nor does it provide clarity to lessees.

### **Significance & Engagement Policy - *Kaupapa here whakahira/anganui***

#### **Significance**

24. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.

#### **Engagement**

25. Given the low level of significance determined, the engagement level is low. No engagement is required.

### **Attachments - *Ngaa taapirihanga***

Attachment 1 - Freeholding of Council Endowment Land Policy - Tracked Changes

Attachment 2 - Freeholding of Council Endowment Land Policy - Final

Attachment 3 - Tompkins Wake Legal Review - Letter 30 June 2021

First adopted:	24 May 2012
Revision dates/version:	<del>August 2021</del> February 2019
Next review date:	<del>August 2024</del> February 2022
Engagement required:	No
Document number:	D-3802925D-2154462
Associated documents:	None
Sponsor/Group:	General Manager <del>City</del> Growth Group

## Freeholding of Council Endowment Land Policy

### Purpose and Scope

1. To describe the process to freehold (sell) Council-owned land which is subject to Domain or Municipal Endowment ground leases.
2. The Council owns land originally acquired by endowment from the Crown. Council owns the freehold interest in the land. The lessee (tenant) owns the leasehold interest in the same land.
3. This policy applies to land subject to Domain or Municipal Endowment ground leases (listed in Schedule 1 and 2 below).
4. This policy does not apply to any other Council-owned land or buildings.

### Principles

5. Freeholding of leasehold properties owned by Council is entirely at the discretion of Council. Council has no legal obligation to permit freeholding of leasehold land.
- 5.6. The Council uses the income from the Domain Endowment (listed in Schedule 1) to maintain or improve reserves, purchase land in the name of the Crown as Recreation Reserve, or purchase land in the name of the Council for the purposes of the Hamilton Domain Endowment Act 1979.
7. The Council uses the income from the Municipal Endowment (listed in Schedule 2) for municipal purposes.
- 6.8. The Council will consider the freeholding of the land by a lessee on a case-by-case basis, so long as any such freeholding provides Council with a financial outcome that is satisfactory to Council.
7. ~~The Council encourages lessees to freehold the land. Ground leases typically yield low returns. The Council can benefit ratepayers by obtaining a greater return by placing the proceeds of sale in higher-yielding investments.~~

### Policy

- 8.9. ~~The Council will freehold receive for consideration applications to freehold Endowment Land on application from the lessee. However, given the return on rental is typically lower towards the end of the rental cycle that at the beginning, Council is unlikely to approve any application for the freeholding of Endowment Land in the period of two years before each rent review.~~
- 9.10. Freeholding of Domain Endowment land shall proceed at 100% of the Current Market Value of Council's interest in the land based on an independent registered valuation obtained by Council. If the valuation so obtained is not acceptable to the lessee, ~~and the lessee obtains another independent registered valuation which indicates that the value is less than the value fixed by Council's valuer, the value~~ may be contestable by arbitration in accordance with the Arbitration Act 1996.
10. Freeholding of Municipal Endowment land shall proceed at 100% of Council's interest in the

Page 1 of 23  
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21/07/2021



Current Market Value of the land based on an independent registered valuation obtained by Council. If the valuation so obtained is not acceptable to the lessee, and the lessee obtains another independent registered valuation which indicates that the value is less than the value fixed by Council's valuer, the value may be contestable by arbitration in accordance with the Arbitration Act 1996, based on independent valuation OR the Lessors Interest Value based on independent valuation, whichever is the greater. The value may be contestable by arbitration.

11. The applicant lessee will pay all the Council's reasonable costs and disbursements in the matter respect of any application for freeholding, including all of the costs of valuation and, if necessary arbitration.

~~12.~~ The sale proceeds shall be immediately credited to the relevant Endowment Fund.

Monitoring and Implementation

- 13.12. The Chief Executive will monitor the implementation of this policy.
- 14.13. The policy will be reviewed every three years, or at the request of the Council, or in response to changed statutory requirements, or in response to any issues that may arise (whatever comes first).

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**Schedule 1: Domain Endowment Leasehold Land**

Property Reference	Property Address	Legal Description	Land Area
10002	297 Ulster Street	Lot 1 DPS 12212	2157.5m <sup>2</sup>
<del>10017</del>	<del>189 Fox Street</del>	<del>Lot 7 DPS 1200</del>	<del>675m<sup>2</sup></del>
10020	5 Henry Street	Lot 8 DPS 2099	759m <sup>2</sup>
10026	5 Cotter Place	Lot 8 DPS 4051	679m <sup>2</sup>
10027	126 Fox Street	Lot 4 DPS 5647	718m <sup>2</sup>
10029	103 Dey Street	merged Lots 7 & 8 DP 34426 and Lot 1 DPS 82950	1457m <sup>2</sup>
10030	101 Naylor & Dey Streets		

**Schedule 2: Municipal Endowment Leasehold Land**

Property Reference	Property Address	Legal Description	Land Area
<del>20017.001</del>	<del>145-149 Ward Street</del>	<del>Lots 14 &amp; 15 DP 17135</del>	<del>791m<sup>2</sup></del>
<del>20017.002</del>	<del>145-149 Ward Street</del>		
20017	151-155 Ward Street	Lots 16 & 17 DP 17135	971m <sup>2</sup>
20019	179 Ward Street	Lots 23 & 24 DP 17135	592m <sup>2</sup>
20015	258 Fox Street	Lot 13 DP 35611	558m <sup>2</sup>
20016	12 Wiremu Street	Lot 9 DPS 5418	830m <sup>2</sup>
20023.001	77 Norton Road	Lots 3, 4 & 6 DPS 8955	1668m <sup>2</sup>
20023.002	79 Norton Road	Lot 5 DPS 8955	614m <sup>2</sup>

First adopted:	24 May 2012
Revision dates/version:	August 2021
Next review date:	August 2024
Engagement required:	No
Document number:	D-3802028
Associated documents:	None
Sponsor/Group:	General Manager Growth Group

## Freeholding of Council Endowment Land Policy

### Purpose and Scope

1. To describe the process to freehold (sell) Council-owned land which is subject to Domain or Municipal Endowment ground leases.
2. The Council owns land originally acquired by endowment from the Crown. Council owns the freehold interest in the land. The lessee (tenant) owns the leasehold interest in the same land.
3. This policy applies to land subject to Domain or Municipal Endowment ground leases (listed in Schedule 1 and 2 below).
4. This policy does not apply to any other Council-owned land or buildings.

### Principles

5. Freeholding of leasehold properties owned by Council is entirely at the discretion of Council. Council has no legal obligation to permit freeholding of leasehold land.
6. The Council uses the income from the Domain Endowment (listed in Schedule 1) to maintain or improve reserves, purchase land in the name of the Crown as Recreation Reserve, or purchase land in the name of the Council for the purposes of the Hamilton Domain Endowment Act 1979.
7. The Council uses the income from the Municipal Endowment (listed in Schedule 2) for municipal purposes.
8. The Council will consider the freeholding of the land by a lessee on a case-by-case basis, so long as any such freeholding provides Council with a financial outcome that is satisfactory to Council.

### Policy

9. The Council receive for consideration applications to freehold Endowment Land on application from the lessee. However, given the return on rental is typically lower towards the end of the rental cycle that at the beginning, Council is unlikely to approve any application for the freeholding of Endowment Land in the period of two years before each rent review.
10. Freeholding of **Domain Endowment** land shall proceed at 100% of the Current Market Value of Council's interest in the land based on an independent registered valuation obtained by Council. If the valuation so obtained is not acceptable to the lessee, and the lessee obtains another independent registered valuation which indicates that the value is less than the value fixed by Council's valuer, the value may be contestable by arbitration in accordance with the Arbitration Act 1996.
11. Freeholding of **Municipal Endowment** land shall proceed at 100% of Council's interest in the Current Market Value of the land based on an independent registered valuation obtained by Council. If the valuation so obtained is not acceptable to the lessee, and the lessee obtains another



independent registered valuation which indicates that the value is less than the value fixed by Council's valuer, the value may be contestable by arbitration in accordance with the Arbitration Act 1996. The applicant lessee will pay all the Council's reasonable costs and disbursements in respect of any application for freeholding, including all of the costs of valuation and, if necessary arbitration.

12. The sale proceeds shall be immediately credited to the relevant Endowment Fund.

### Monitoring and Implementation

13. The Chief Executive will monitor the implementation of this policy.
14. The policy will be reviewed every three years, or at the request of the Council, or in response to changed statutory requirements, or in response to any issues that may arise (whatever comes first).

### Schedule 1: Domain Endowment Leasehold Land

Property Reference	Property Address	Legal Description	Land Area
10002	297 Ulster Street	Lot 1 DPS 12212	2157.5m <sup>2</sup>
10020	5 Henry Street	Lot 8 DPS 2099	759m <sup>2</sup>
10026	5 Cotter Place	Lot 8 DPS 4051	679m <sup>2</sup>
10027	126 Fox Street	Lot 4 DPS 5647	718m <sup>2</sup>
10029	103 Dey Street	Lots 7 & 8 DP 34426 and Lot 1 DPS 82950	1457m <sup>2</sup>
10030	101 Naylor & Dey Streets		

### Schedule 2: Municipal Endowment Leasehold Land

Property Reference	Property Address	Legal Description	Land Area
20016	12 Wiremu Street	Lot 9 DPS 5418	830m <sup>2</sup>
20023.001	77 Norton Road	Lots 3, 4 & 6 DPS 8955	1668m <sup>2</sup>
20023.002	79 Norton Road	Lot 5 DPS 8955	614m <sup>2</sup>

## TOMPKINS | WAKE

30 June 2021

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Partner: A P Duncan

File Ref: 348176-3237

**For: Nicolas Wells****Review Of Freeholding Policy For Leasehold Properties**

I have provided to you, as requested, some suggested changes to Council's policy in respect of freeholding. This has arisen in the context of the discussions by elected members of the proposal for the freeholding of the property at 5 Cotter Place, which was eventually declined by Council.

Under the existing policy, leasehold owners are encouraged to freehold, and are presented with a process which enables them to do so. It is clear from the decision of elected members in the Cotter Place discussions that this may no longer be appropriate.

The suggested changes to the policy make it abundantly clear that Council has total discretion on a case-by-case basis as to whether a property may be freehold or not.

As previously advised, the valuation process for determining the value of Council's interest in leasehold properties is complex. There is a relationship to the capital value of the property; but that relationship is given effect to only once each 21 years, when the rental is reviewed.

For the balance of the term, a valuation is effectively based on the present value of Council's financial return from the property as fixed by the most recent rent review, balanced with the potential uplift in value that might arise at the next rent review. The valuation processes are, by their nature, mathematically complex, and require the skills of an experienced valuer to determine them.

Rentals are typically based on a percentage return of the land value as at the date of renewal. The longer the term of the lease, the higher the percentage return – and my understanding is that current rentals are fixed at approximately 5% per annum of the valuation of the land as at the date of renewal.

One of the reasons freeholding has been encouraged is that the return on these properties has historically been considerably less than the benefit Council could otherwise receive from the judicious investment of the proceeds of sale. In the current depressed interest rate environment, this may not be the case of this fact alone is more than sufficient for Council to revisit its existing policy.

I have suggested that Council should, as a matter of policy, be very cautious if asked to accept the freeholding where a lease is only two years or less away from rent review, as only when the rent review is undertaken or Council have the opportunity to definitively assess the financial return will receive from the property.

**TOMPKINS WAKE**



**A P Duncan**  
Partner

DOCUMENT2:apd

# Council Report

**Committee:** Economic Development Committee  
**Date:** 11 August 2021  
**Author:** Nicolas Wells  
**Authoriser:** Blair Bowcott  
**Position:** Strategic Property Manager  
**Position:** General Manager Growth  
**Report Name:** Municipal Endowment Fund - Quarterly Report - Q4 2020/21 FY

<b>Report Status</b>	<i>Open</i>
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## Purpose - *Take*

1. To inform the Economic Development Committee on the financial performance and position of the Municipal Endowment Fund at 30 June 2021 (Q4 2020/21 FY).

## Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee receives the report.

## Executive Summary - *Whakaraapopototanga matua*

3. This is a quarterly report to inform the Economic Development Committee on the financial performance and position of the assets of the Municipal Endowment Fund (MEF).
4. This report covers the period from 30 April 2021 to the end of the 2020/21 Financial Year on 30 June 2021.
5. A profit and loss statement has been completed and is included as **Attachment 1**.
6. An analysis of the performance of the assets is included in the Public Excluded section.
7. The MEF has a current value of \$56.3 million comprised of property assets totalling \$24.73M and reserves of \$31.5M.
8. The overall value of the MEF has increased by \$9.9M from \$46.4M to \$56.3M (20.71% increase) over the past financial year.
9. Staff consider the matters in this report have a low significance and that the recommendations comply with the Council's legal requirements.

## Background - *Koorero whaimaarama*

10. Council Municipal Endowment Fund is divided into 3 parts:
  - i. The Municipal Endowment properties consist of ground leases where Council owns the land only but the improvements and leasehold interest in the land are owned by the lessee. Typically, this asset class returns a low yield. Council has previously encouraged lessees to freehold these properties to free up Council's capital for investment in higher yielding property assets.

- ii. The Municipal Investment properties consist of property assets purchased to generate the maximum possible yield. They include two industrial properties, and a small group of three suburban shops.
- iii. The Municipal Endowment Reserve is held as a debt offset returning a nominal interest rate. Staff are currently investigating higher yielding investment vehicles for the MEF Reserve. Principal considerations are risk and security, liquidity and return on investment.

### **Discussion – *Matapaki***

- 11. Since the last quarterly update, the assets have significantly increased in value because of the annual revaluation of investment assets. However, yields have decreased correspondingly.
- 12. A separate report to this Committee recommends changes to the Freeholding of Council Endowment Land Policy. The amended Policy continues to encourage exit of Council's interest in low-yielding, non-strategic assets but strengthens the Council's ability to decline applications when those are inconsistent with Council's financial interests.

### **Financial Considerations - *Whaiwhakaaro Puutea***

- 13. This is a regular operating activity funded through the Long-Term Plan.
- 14. Further financial information is provided in **Attachments 1**.

### **Legal and Policy Considerations - *Whaiwhakaaro-aa-ture***

- 15. Staff confirm that recommendation complies with the Council's legal and policy requirements.

### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

- 16. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
- 17. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
- 18. The recommendations set out in this report are consistent with that purpose.

### **Social**

- 19. The MEF allows the Council to promote better outcomes for the community at large, helping to create a more vibrant Hamilton with greater social interaction.

### **Economic**

- 20. The MEF will fund key development opportunities to help attract business growth, grow the city's economy, aid potential public and private investment and help with prioritising future funding decisions and business cases.

### **Environmental**

- 21. MEF developments align with the Council's Central City Transformation Plan Refresh, taking into account connections between the central city and the river to restore and protect the balance of the environment.

### **Cultural**

- 22. The MEF endorses and embraces the cultural identity of the city.

**Risks - *Tuuraru***

23. There are no known risks associated with this matter.

**Significance & Engagement Policy - *Kaupapa here whakahira/anganui***

**Significance**

24. Having considered the Significance and Engagement Policy, staff have assessed that the recommendation of this report has a low level of significance.

**Engagement**

25. Given the low level of significance no engagement is required.

**Attachments - *Ngaa taapirihanga***

Attachment 1 - MEF Profit and Loss Statement - 30 June 2021





# STRATEGIC PROPERTIES

Select Financial Year:

FY19 FY20 FY21 **FY22**

Select Month:

Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun

## ENDOWMENT FUND: PROFIT AND LOSS STATEMENT

	Resource	YTD Actuals	YTD Budgets	YTD Variance	Annual Bud...
INCOME	Rates Expense - Internal Charges	\$118,596	\$113,188	(\$5,408)	\$113,188
	Water Charges - Internal Charges	\$2,502	\$11,800	\$9,298	\$11,800
	Operating Contributions	(\$106,650)	(\$128,400)	(\$21,750)	(\$128,400)
	Rental Income	(\$1,123,609)	(\$1,106,512)	\$17,097	(\$1,106,512)
	<b>Total</b>	<b>(\$1,109,161)</b>	<b>(\$1,109,924)</b>	<b>(\$763)</b>	<b>(\$1,109,924)</b>
EXPENSES	Contractors	\$9,344	\$1,600	(\$7,744)	\$1,600
	Service Providers	\$15,082	\$32,800	\$17,718	\$32,800
	Consultants	\$201,018	\$29,800	(\$171,218)	\$29,800
	Legal Services	\$27,179	\$11,000	(\$16,179)	\$11,000
	Facilities - Internal Charges	\$186	\$5,533	\$5,347	\$5,533
	Insurance	\$19,906	\$17,600	(\$2,306)	\$17,600
	Electricity	\$598	\$1,600	\$1,002	\$1,600
	External Rates	\$25,405	\$10,400	(\$15,005)	\$10,400
	<b>Total</b>	<b>\$298,718</b>	<b>\$110,333</b>	<b>(\$188,385)</b>	<b>\$110,333</b>
GAIN/LOSS	Gain on Fair Value of Investmnt Property	(\$7,110,000)		\$7,110,000	
	Loss on Fair Value of Investmnt Prop		(\$593,000)	(\$593,000)	(\$593,000)
	Impairment (Non CVR)	\$2,698		(\$2,698)	
	<b>Total</b>	<b>(\$7,107,302)</b>	<b>(\$593,000)</b>	<b>\$6,514,302</b>	<b>(\$593,000)</b>
<b>Total (Surplus)/Deficit</b>		<b>(\$7,917,745)</b>	<b>(\$1,592,591)</b>	<b>\$6,325,154</b>	<b>(\$1,592,591)</b>

How much money is in the Endowment fund today?  
**\$31,569,619**

How much interest have we earned this year on the MEF fund?  
**\$156,565**

Return on MEF Fund this year  
**0.50%**

What is the value of our MEF Properties?  
**\$24,735,000**

Total value of MEF assets:  
**\$56,304,619**

What is the value of our SIP Properties?  
**\$22,545,000**

Total Strategic Property asset value:  
**\$78,849,619**

## STRATEGIC INVESTMENT PROPERTIES: PROFIT AND LOSS STATEMENT

	Resource	YTD Actuals	YTD Budgets	YTD Variance	Annual Bud...
INCOME	Rates Expense - Internal Charges	\$81,141	\$61,945	(\$19,196)	\$61,945
	Water Charges - Internal Charges	\$7,860		(\$7,860)	
	Fees & User Charges	(\$360,216)	(\$248,881)	\$111,335	(\$248,881)
	Operating Contributions	(\$34,347)		\$34,347	
	Rental Income	(\$457,048)		\$457,048	
	<b>Total</b>	<b>(\$762,611)</b>	<b>(\$186,936)</b>	<b>\$575,675</b>	<b>(\$186,936)</b>
EXPENSES	Contractors	\$100,079		(\$100,079)	
	Service Providers		\$5,400	\$5,400	\$5,400
	Management Fee	\$18,645		(\$18,645)	
	Materials	\$17		(\$17)	
	Consultants	\$43,930		(\$43,930)	
	Legal Services	\$11,260		(\$11,260)	
	Books, Periodicals & Publications	(\$1,283)		\$1,283	
	Printing	\$73		(\$73)	
	Vehicle Lease and GPS	\$460		(\$460)	
	Facilities - Internal Charges	\$460		(\$460)	
	Insurance	\$9,218	\$8,300	(\$918)	\$8,300
	Electricity	\$16,255	\$2,000	(\$14,255)	\$2,000
	External Rates	\$2,040	\$1,100	(\$940)	\$1,100
	<b>Total</b>	<b>\$201,153</b>	<b>\$16,800</b>	<b>(\$184,353)</b>	<b>\$16,800</b>
GAIN/LOSS	Gain on Fair Value of Investmnt Property	(\$1,910,000)		\$1,910,000	
	<b>Total</b>	<b>(\$1,910,000)</b>		<b>\$1,910,000</b>	
<b>Total (Surplus)/Deficit</b>		<b>(\$2,471,458)</b>	<b>(\$170,136)</b>	<b>\$2,301,322</b>	<b>(\$170,136)</b>

To be read in conjunction with public excluded schedule.

## Resolution to Exclude the Public

### Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Economic Development Committee Public Excluded Minutes of 3 June 2021	) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. 242 to 266 Victoria Street Redevelopment	)	
C3. Municipal Endowment Fund - Quarterly Report - Q4 2020/21 FY		

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h) Section 7 (2) (i)
Item C3.	to enable Council to carry out commercial activities without disadvantage to enable Council to carry out negotiations	Section 7 (2) (h) Section 7 (2) (i)