

Notice of Meeting:

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

Date: Thursday 11 August 2022
Time: 9.30am
Meeting Room: Council Chamber and Audio Visual Link
Venue: Municipal Building, Garden Place, Hamilton

Lance Vervoort
Chief Executive

Economic Development Committee

Komiti OOhanga Whakatupu

OPEN AGENDA

Membership

Chairperson Cr R Hamilton
Heamana

Deputy Chairperson Cr E Wilson
Heamana Tuarua

Members	Deputy Mayor Taylor	Mayor P Southgate (Ex Officio)
	Cr M Gallagher	Cr M Donovan
	Cr R Pascoe	Maangai O Te Ua
	Cr M van Oosten	Maangai T P Thompson-Evans

Quorum: A majority of members (including vacancies)

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

Amy Viggers
Mana Whakahaere
Governance

3 August 2022

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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 Council's 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*
- *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 2022

Author: Tyler Gaukrodger

Authoriser: Michelle Hawthorne

Position: Governance Advisor

Position: Governance and Assurance Manager

Report Name: Confirmation of the Economic Development Committee Open Minutes of 24 May 2022

Report Status	<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 24 May 2022 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Economic Development Committee Unconfirmed Open Minutes - 24 May 2022

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 and via Audio Visual link on Tuesday 24 May 2022 at 9.31am.

PRESENT

Chairperson	Cr R Hamilton
<i>Heamana</i>	
Deputy Chairperson	Cr E Wilson
<i>Heamana Tuarua</i>	
Members	Deputy Mayor G Taylor
	Cr M Gallagher
	Cr R Pascoe
	Cr M van Oosten
	Mayor P Southgate
	Cr M Donovan
	Maangai O Te Ua
	Maangai T P Thompson-Evans

In Attendance:	Blair Bowcott – General Manager Growth
	Sean Murray – General Manager Venues, Tourism and Major Events
	Tracey Musty - Finance Director
	Nicolas Wells – Strategic Property Manager
	Greg Carstens - Growth, Funding and Analytics Unit Manager
	James Clarke - Director Mayor's Office
	Amy Trigg - Senior Analyst
	Mike Bennett - Key Account Manager
	Tracey Wood - Event Manager
	Tiki Mossop - Programme Manager, Economics & Policy

Governance Team:	Amy Viggers – Governance Lead
	Tyler Gaukrodger – Governance Advisor

Cr Hamilton opened the meeting with a Karakia.

1. Apologies – Tono aroha

Resolved: (Cr Hamilton/Cr Wilson)

That the apologies for absence from Cr O'Leary and Cr Bunting, and for partial attendance from Mayor Southgate, Deputy Mayor Taylor, Cr Macpherson and Maangai Te Ua are accepted.

2. **Confirmation of Agenda – *Whakatau raarangi take***
Resolved: (Cr Wilson/Maanagi Te Ua)
 That the agenda is confirmed noting that the late item C5 (Waikato Regional Airport Limited - Shareholder Approval of Fog Control Innovation) is accepted. The report was circulated under separate cover to enable the most up to date information to be included.
3. **Declarations of Interest – *Tauaakii whaipanga***
 No members of the Committee declared a Conflict of Interest.
4. **Public Forum – *Aatea koorero***
 No members of the public wished to speak.
5. **Confirmation of the Economic Development Committee Open Minutes of 1 March 2022**
Resolved: (Cr Donovan/Ca van Oosten)
 That the Economic Development Committee confirm the Open Minutes of the Economic Development Committee Meeting held on 1 March 2022 as a true and correct record.
6. **Chair's Report**

 The report was taken as read.

Resolved: (Cr Hamilton/Cr Wilson)
 That the Economic Development Committee receives the report.

Mayor Southgate joined the meeting (9.40am) during the discussion of the above item. She was present when the matter was voted on.

7. **Civic Financial Services Limited - Annual Report 31 December 2021**

 The Finance Director introduced the report noting that there had been two directors appointed after the Annual report had been finalised. Staff responded to questions from Members concerning the administration fees and the benefits of positive sister city relationships to Hamilton.

Resolved: (Cr van Oosten/Cr Pascoe)
 That the Economic Development Committee receives the report.
8. **International Relations Update**

 The Senior Analyst introduced the report and Simon Appleton, CEO of Eastern Bridge. Mr Appleton then provided Members a presentation regarding the strategic work undertaken on behalf of Council to strengthen Hamilton's relationships with its sister cities. They responded to questions from Members concerning the current sister city relationships, details of the works undertaken by Mr Appleton, the opportunities to further strength Hamilton's economic relationships and the economic benefits to Hamilton.

Resolved: (Cr Wilson/Mayor Southgate)
 That the Economic Development Committee receives the report.
9. **Hamilton Central Business Association - Activation Fund Plan and Budget 2022-2023**

 Vanessa Williams, Hamilton Central Business Association General Manager, provided Members with an update on the recent Central City Come Back Campaign Programme. She responded to questions from Members concerning the anecdotal feedback on Campaign Programme and the student discount for buses. Members congratulated and thanked Ms Williams for the success of

the programme.

Resolved: (Deputy Mayor Taylor/Mayor Southgate)

That the Economic Development Committee:

- a) receives the report and
- b) approves the HCBA Annual Central City Activation Plan and Annual Budget for 2022-2023 (**Attachment 2** to the staff report), as required under the Central City Activation Fund Service Level Agreement.

The meeting was adjourned 10.58am to 11.22am.

Maangai Te Ua retired from the meeting during the above adjournment.

10. Major Event Sponsorship Fund - recommendations for approval 2022/23

The General Manager Venues, Tourism and Major Events introduced the report and noted the following changes since the report was written; the 2022-23 budget for the fund was \$419,746.00, the Achilles Hope and Possibility Marathon had been cancelled which meant that the remaining balance was \$33,000.00. He responded to questions from Members concerning the purpose of Matariki, central government funding, Boon Street festival, economic benefit of the one off events, potential financial review/audit following events, and past surpluses in the fund.

Staff Action: *Staff undertook to organise strategic discussions concerning Hamilton Arts Trust's Boon Events Suite offering and Council's partnership/community funds.*

Resolved: (Cr Wilson/Cr Pascoe)

That the Economic Development Committee:

- a) receives the report;
- b) approves the following **single year event sponsorship applications** for financial sponsorship in 2022-23 (one year):
 - i. **Atalanta Jamboree 2022** by Waikato Badminton Association for \$3,000;
 - ii. **Wheels Along the Waikato 2023** by Rotary Club of Rototuna Incorporated for \$7,500;
 - iii. **Waikato River Festival He Piko He Taniwha 2023** by Tainui Waka Tourism Incorporated for \$20,000.
- c) approves the following **two-year event sponsorship applications** for financial sponsorship in 2022-23 and 2023-24 (two years):
 - i. **Cheer and Dance Factor 2022 and 2023** by Cheersports Limited for \$10,000 per year;
- d) approves the following **three-year event sponsorship applications** for financial sponsorship in 2022-23, 2023-24 and 2024-25 (three years):
 - i. **The Cambridge to Hamilton Paddle Race 2022, 2023 and 2024** by Boatshed Kayaks Limited for \$5,000 per year;
 - ii. **Porritt Classic 2023, 2024 and 2025** by Athletics Bay of Plenty Waikato for \$6,000 per year;
 - iii. **Matariki ki Waikato 2023, 2024 and 2025** by Te Ohu Whakaita Charitable Trust for \$50,000 per year; and
- e) declines the following application for financial sponsorship in 2022-23, 2023-24 and 2024-25:
 - i. **Boon Events Suite 2022-2025** by Hamilton Arts Trust for \$100,000 per year.

11. Municipal Endowment Fund - Quarterly Report - Q3 2021/22 FY

The Strategic Property Manager and Financial Director spoke to the report noting the decision not to invest with Simplicity Balanced Funds. They responded to questions from Members concerning the administration process which resulted in Council not investing funds with Simplicity Balanced Funds.

Resolved: (Cr Pascoe/Cr Wilson)
That the Economic Development Committee receives the report.

Mayor Southgate retired from the meeting (12.05pm) during the discussion of the above item. She was not present when the matter was voted on.

12. H3 Group - Quarter 3 Activity Report 1 Jan - 31 March 2022

The General Manager Venues, Tourism and Major Events outlined the report noting the difficulties the events space faced over the last quarter, the successful events and the small surplus. He responded to question from Members concerning upcoming events, the capital programme, security operators, and recruitment.

Resolved: (Cr Donovan/Cr Gallagher)
That the Economic Development Committee receives the report.

13. General Manager's Report

The Key Account Manager spoke to the report, noting the strategic review of New Zealand Food Innovation Waikato Limited, the Cultivate Trust update and the Ministry of Foreign Affairs and Trade Study tour. Staff responded to questions from Members concerning the potential attendees and programme for the study tour, the purpose and cost of the strategic review of New Zealand Food Innovation Waikato Limited, the Kudos Science Awards, engagement and funding requests from the New Zealand Commission, and how to further discussions with Tainui Group Holding regarding the Ruakura development.

The Strategic Property Manager then provided an update on Council's rent relief package, and the Celebrating Age Centre. He responded to questions from Members concerning a potential future rent relief package.

The Programme Manager - Economics & Policy then provided Members with a presentation concerning key economic indicators. Staff responded to questions from Members concerning inflation, building consent numbers, effect of wage increases and resources demand.

Resolved: (Cr Wilson/Maangai Thompson-Evans)
That the Economic Development Committee receives the report.

Prior to the following item, Deputy Mayor Taylor declared an interest in item C2 (New Lease - Ministry of Style Limited - Hamilton Gardens). He would not take part in the discussion or vote on the matter

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 1 March 2022) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. New Lease - Ministry of Style Limited - Hamilton Gardens		
C3. Approval of Co-Lab Chair Remuneration		
C4. General Manager's Report		

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)
Item C3.	to protect the privacy of natural persons to maintain the effective conduct of public affairs through protecting persons from improper pressure or harassment	Section 7 (2) (a) Section 7 (2) (f) (ii)
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)

The meeting moved into a Public Excluded session at 1.25pm.

The meeting was declared Closed at 4.11pm.

Council Report

Committee: Economic Development Committee

Date: 11 August 2022

Author: Amy Viggers

Authoriser: David Bryant

Position: Governance

Position: General Manager People and Organisational Performance

Report Name: Chair's Report

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

1. That the Economic Development Committee receives the report.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Chair's Report (*Under Separate Cover*) .

Council Report

Item 7

Committee: Economic Development Committee

Date: 11 August 2022

Author: Tilly Murcott

Authoriser: Blair Bowcott

Position: Programme Manager

Position: General Manager Growth

Report Name: Hamilton Central Business Association - Six-monthly update

Report Status	Open
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Purpose - *Take*

1. To inform the Economic Development Committee on the Hamilton Central Business Association (HCBA) six-monthly update (January to end of June 2022).

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee receives the HCBA six-monthly report to 30 June 2022.

Executive Summary - *Whakaraapopototanga matua*

3. This report is required under the Business Improvement District (BID) Policy.
4. Vanessa Williams (HCBA General Manager) will attend the meeting and present the regular six-monthly report covering January to end of June 2022 (**Attachment 1**).
5. The impact of Covid-19 in the first quarter of 2022 was significantly felt by business sectors, in particular retail, hospitality, events, and tourism.
6. The number of businesses operating in the central city remains high, with very few Covid-19 related closures, 31 new businesses opening between January-June 2022 and ongoing high commercial demand for business premises.
7. The move to 'orange setting' in mid-April 2022 marked a significant comeback for central city vibrancy, with pedestrian counts rising to 90% of 2021 figures, night life opening back up and major events returning.
8. HCBA was able to recommence activation of the central city with an Easter celebration and the launch of the 'Love the Centre' campaign to promote the central city as a bustling, active, innovative and vibrant place to be.
9. HCBA partnered with Matariki ki Waikato on a programme of activity in the central city which included the creation of a Star Walk in collaboration with Hamilton Library, SkyCity, Centre Place, Mr Pickles, The Meteor and the Waikato Museum, and a hangi in Garden Place with SkyCity.
10. HCBA put together a media campaign to recognise, honour and celebrate the CBD Award winners for 2021.

11. HCBA has continued to raise the profile of the central city through positive publicity on The Breeze, NZ Herald, Stuff, and general media over the last six months.
12. 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*

13. 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 HCBA has been established as the BID for Hamilton's Central City, in accordance with the BID Policy.
14. The HCBA represents the Central City business voice on issues of strategic importance to the Central City, 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. The HCBA is a key partner to enable the Central City to become 'a place where people love to be'.
15. A Service Level Agreement (SLA) between Hamilton City Council and HCBA to deliver the CBD Activation Plan and associated funding is in place for the period 2021-2024. The Central City Activation Plan and Annual Budget for 2022-2023 was approved by the Economic Development Committee on [24 May 2022](#).
16. The BID Policy and associated HCBA rules require the HCBA Executive Committee to regularly report to Council. This includes six-monthly updates to Hamilton City Council as a requirement under the BID Policy and was last presented to the Economic Development Committee on 1 March 2022.

Discussion – *Matapaki*

Central City 'Love the Centre' Campaign

17. In response to the impact of COVID-19 alert settings and the COVID-19 Protection Framework on activation in the central city, HCBA's \$55,000 underspend was combined with a \$85,000 underspend from the Events Sponsorship Fund to create a 'Central City Come Back Campaign' to encourage locals, students, and workers back into the Central City. It was endorsed by Council on [14 April 2022](#).
18. The campaign commenced mid-April 2022 (school holidays), running until the end of July 2022 and has gained significant traction around Hamilton on Glo Box billboards, the back of buses and throughout the media.
19. The activity plan has attracted hundreds of people into the central city with outdoor movie nights, Stories in the Garden, Boon After Dark, Downtown Sounds to Garden Place and a Matariki programme.
20. Matariki activity included the creation of a Star Walk in collaboration with Hamilton Library, SkyCity, Centre Place, Mr Pickles, The Meteor and the Waikato Museum, a hangi in Garden Place with SkyCity and promotion of Matariki events.

[21.](#) Refer to Attachment 1 for further examples of central city events activations.

HCBA Six-Monthly Report

22. As required under the BID Policy, HCBA has provided a regular six-monthly update for the period January to June 2022 (**Attachment 1**).
23. The previous six-monthly update for June-December 2021 was reported to the Economic Development Committee on [1 March 2022](#).

24. HCBA continues to recognise, celebrate, support, and promote the businesses based in Hamilton's central city.
25. There is strong development underway in the central city and commercial enquiry has continued to be encouraging with 31 new business opening between January-June 2022. There is increasing demand for smaller spaces to accommodate single person office space, which is particularly encouraging for shared spaces and buildings with multiple tenancies.
26. Social media engagement has gone from strength to strength over the past year, with numerous promotions of new businesses and central activity being profiled. The HCBA Facebook and Instagram audiences continue to grow, reaching nearly 50,000 people with more businesses utilising HCBA to promote their activities.
27. HCBA, with Hamilton Waikato Tourism and Neat Places, implemented a Hamilton-specific campaign in early February 2022 on their social media channels, highlighting things to do and places to see in the central city. This had positive nationwide traction and HCBA re-ran the campaign during February and March 2022 ensuring local coverage.
28. HCBA has been attending ongoing zoom meetings with the Auckland BIDs to support one another during the changing alert levels, lockdowns and traffic light framework. This has provided a beneficial forum for generating and sharing ideas throughout the challenge of conducting business at this time. In addition, HCBA attends ongoing zoom meetings with wider North Island town centres and business associations.
29. HCBA will be hosting a BID Conference North Island Mainstreets, Business Associations and Town Centres in August 2022.

Financial Considerations - *Whaiwhakaaro Puutea*

30. The budget for HCBA BID Funding 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.
31. As per the BID Policy, payment is made in quarterly instalments. The payment for Q4 of the 2021-22 financial year has been paid.
32. The Central City 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*

33. Staff confirm that the recommendation to approve funding complies with the Council's legal and policy requirements.
34. Staff have considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Wellbeing Considerations- *Whaiwhakaaro-aa-oranga tonutanga*

35. 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').
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. 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.
39. 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 Central City 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 Central City;
 - v. initiating monthly drop-in sessions with the Police to support businesses.
40. 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.
41. HCBA continues to hold monthly meetings with the Police and report feedback from the business community.

Economic

42. Hamilton has a strong and diverse business sector, and the city is built on true partnerships, helped in part by HCBA hosting an elected member tour of Central City commercial activity.
43. 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.
44. HCBA supports technology initiatives and helping Hamilton become a hub for innovation via their Cultivate IT partnership.
45. Enabling individuals and businesses to prosper is achieved by HCBA's promotion and support of commercial activity in the Central City.

Environmental

46. 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.
47. 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

48. 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 Central City including the Te Ahurei Maaori Tourism CBD heritage walk.
49. Vibrant and attractive public spaces are part of the CBD Activation Priorities, which is supported by HCBA.
50. HCBA supports and promotes the central city through promotion, media, and initiatives.
51. Hamilton's 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 Central City businesses supports local communities.

52. Efforts to have a thriving arts and events scene are supported by HCBA's collaboration with organisations to support the implementation of arts and events in the Central City, most notably, actively lobbying in support of the Waikato Regional Theatre and for the establishment of the Waikato Film Hub.
53. To ensure Hamilton continues to be a place to be proud of, HCBA collaborated to create the Hamilton Ambassador Programme, implemented visual branding on empty shop sites in the Central City and wrote articles and gave interviews to support Shopping, Dining, Eating, Experiencing local businesses.

Risks - *Tuuraru*

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

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

55. 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 January-June 2022

Hamilton Central Business Association (HCBA) SIX MONTHLY UPDATE JANUARY – JUNE 2022



Hamilton Central
Business Association

1.0 INTRODUCTION

We saw an unfortunate start to the new year when New Zealand went into the red traffic light system at 11.59pm Sunday 23rd January 2022. This had an enormous impact across all business sectors, in particular, hospitality, retail, events and tourism sectors operating with a number of restrictions and enforced spacing requirements around office workplaces.

The knock-on effect saw vibrancy in the central city significantly reduced with an immediate downturn in pedestrian counts. Businesses were quick to react, organising staff into bubbles allowing some footfall to come into the city and supporting sectors that were reliant on pedestrian traffic.

Some excellent initiatives implemented to support local business included:

- In-house business meetings being catered by local hospitality venues
- Staff vouchers being provided to spend at local businesses
- Business people coming into town to host meetings at hospitality venues
- Hospitality treats being delivered to staff at home
- Sharing and shout outs, business on Instagram and Facebook
- Outdoor CBD walking meetings by utilising the 2km and 5km CBD walking maps created by HCBA.

Although the first quarter of the year was blighted by the 'red light' setting, it was heartening to see overall CBD spend in the first quarter remained on par with the first quarter of 2021. The ongoing restrictions of the traffic light framework, Covid-19, staffing shortages and disrupted supply chain have continued to impact business in the first six months of 2022, which looks set to continue for some time. The move to orange setting in mid-April marked a significant come back for the central city, with pedestrian counts rising to 90% of 2021 figures, night life opening back up and major events returning.

2.0 ADVOCACY

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

2.1 General

HCBA have provided ongoing updates to the business community, ensuring regular communications during lockdown periods, communicating alert level changes, framework requirements and availability of Government support. HCBA has continued to be available to businesses to assist with information, promotion and advocacy opportunities.

HCBA sent 11 newsletter updates to 1154 subscribers between January and June 2022.

2.2 Submissions

- HCBA have continued to work with the Restaurant Association, Hospitality Association of NZ, Heart of City and Council supporting the extended dining proposal submitted to the Ministry of Justice. HCBA has also worked with the local media to provide commentary on how this would benefit the hospitality sector. In addition, HCBA has worked alongside hospitality providers looking to increase their outdoor dining space under the current process to better understand the necessary steps, timeframes and costs associated with an application.
- HCBA advocated for a 50% reduction in Verification Fees for the hospitality sector for April, May & June that was successfully implemented by Council.
- HCBA has resubmitted a proposal to the Transportation Team for consideration

around the creation of a public 'end of destination' bike facility to be located within the central city.

- HCBA provided a submission to Council on the Parks & Gardens survey.
- HCBA submitted to Council on the proposed GFA modification for developers. HCBA was not in support of including awnings as part of the GFA for DC's to be charged.
- HCBA attended an Our Hamilton virtual event showcasing the ongoing development of the city.
- HCBA provided a submission on the useability of Councils website.
- HCBA attended a presentation on public space furniture.
- HCBA lobbied for the removal of the palms at the Victoria Street end of Garden Place, which were removed during May. HCBA has proposed some further seating options to be explored for the area.

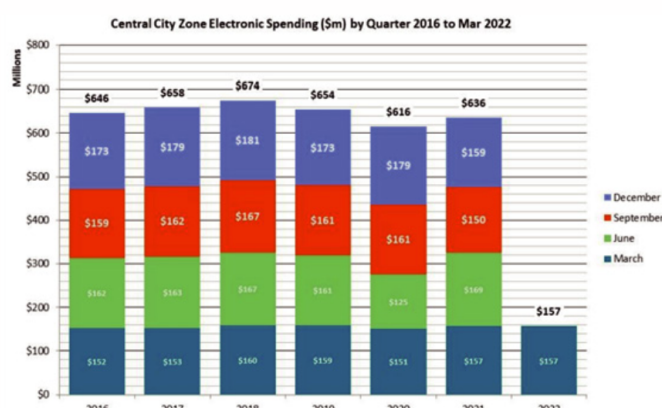
2.3 CBD trends

The first quarter of 2022 showed CBD spend on par with the first quarter of 2021, however the full impact of reduced spending during the red light setting in quarter one is expected to be realised in quarter two's CBD spend results.

Although CBD electronic transactions in the first quarter of 2022 are less than 2021, the overall spending per transaction has increased.

Pedestrian counts have been slowly increasing since the beginning of the year, peaking in May during school holidays where numbers reached, were to within 95% of the 2021 comparative period. Pedestrian numbers are sitting around 85-90% of 2021 numbers and expected to remain at this level as flexible working arrangements continue.

Chart 3 – Value of Hamilton CBD Electronic Spending by Quarter 2016 to Mar 2022



2.4 Commercial and Residential Development

Retail vacancy rates remain low at 5.6% which is positive for the central city. However, there is an increasing trend toward some retail and hospitality venues seeking month by month and shorter term leases, which will likely see the vacancy rates rise in the mid-year survey.

The number of businesses operating in the central city remains high, with very few COVID-19 related closures at this stage and ongoing high commercial demand for business premises. There is strong development underway in the CBD and commercial enquiry has continued to be encouraging, particularly with professional services. There

is increasing demand for smaller spaces to accommodate single person office space, which is particularly encouraging for shared spaces and buildings with multiple tenancies. 31 new businesses have opened in the central city from January to June 2022 (appendix 1).

There continues to be a significant amount of development and redevelopment underway in the central city and while construction projects have been able to continue in the CBD throughout the red light restrictions, there has been an increasing issue with limitations on building supplies and rising material costs. HCBA continues to work with the development sector to showcase and support new builds and renovations in the CBD.

The significant construction projects occurring continue to take shape and will add positively to the ongoing vibrancy and quality of the CBD. These include the Waikato Regional Theatre, Tainui's ACC Build, Union Square, NZ Blood Centre, the redevelopment of 820 Victoria Street, earthquake strengthening and redevelopment of 341 Victoria Street and the internal refurbishment of the ANZ building on the corner of Victoria and Bryce Streets.

3.0 COLLABORATION

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

3.1 Economic development initiatives

HCBA has assisted new businesses coming into the central city through networking and promotional opportunities. This has included strong support from local media, highlighting business entry in different sectors, including hospitality, retail and professional services.

3.2 Central City Safety and Wellbeing

HCBA continues to hold monthly meetings with the Police and report feedback from the business community. There have been ongoing incidences of 'smash & grab' activity and the ongoing issue of ram raids. HCBA have worked alongside the Police to provide audits of business premises and recommendations for methods to secure business premises.

HCBA attended the first Safety Working Group meeting with the Mayor, Police and local organisation representatives to create and action a safety vision for Hamilton.

3.3 Buying Local

HCBA with Hamilton Waikato Tourism and Neat Places, implemented a Hamilton specific campaign in early February on their social media channels, highlighting things to do and places to see in the central city. This had positive nationwide traction and HCBA re-ran the campaign during February and March ensuring local coverage. In addition, HCBA partnered with Hamilton Waikato Tourism on a 'buy local' billboard campaign, which ran during February and March based on the 'buy local' 2020 campaign.

3.4 BIDs

HCBA has been attending ongoing zoom meetings with the Auckland BIDs to support one another during the changing alert levels, lockdowns and traffic light framework. This has provided a beneficial forum for the generation and sharing of ideas throughout the challenge of conducting business at this time. In addition, HCBA attends ongoing zoom meetings with wider North Island town centres and business associations. HCBA will be hosting a BID Conference in August 2022 for North Island Mainstreets, Business Associations and Town Centres.



4.0 PROMOTION

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

4.1 Social Media Engagement

Social media engagement has gone from strength to strength over the past year, with numerous promotions of new businesses and CBD activity being profiled. The HCBA Facebook & Instagram audiences continue to grow, reaching nearly 50,000, with more and more businesses utilising HCBA to promote their activities.

4.2 Marketing & Promotion

HCBA launched a 6 weeks of Specials in the CBD campaign, with a number of businesses running new specials and promotions specifically for this campaign. This has had fantastic engagement from the public and included meal & drink deals, hair & dental offers, health programs, escape room discounts, electric bikes, eyewear, photography, art and more! It was gratifying to see a number of organisations getting behind supporting CBD activity with the sharing of these promotions via the Waikato Chamber of Commerce, Waikato Property Council, Soda Inc, Panama and Hamilton City Council.

HCBA in collaboration with HCC launched the Love the Centre, a joint campaign between Hamilton City Council and HCBA. The campaign commenced mid-April (school holidays), running until the end of July and is focused on encouraging audiences to reconnect with the city centre and showing it some love. Key audiences targeted include businesses, workers, students and locals. It has been wonderful to see the brand gaining traction around the town on Glo Box billboards, the back of buses and throughout the media. The Love the Centre campaign included branding, advertising, promotions and incentives to remind people of what there is to love about our central city!

4.3 Advantage Club

The CBD advantage club newsletter is a fortnightly update that includes events, CBD news, special deals and the latest business openings. We also have a monthly draw where two lucky subscribers each win a \$50 voucher from central city businesses.

- February 2022 winners received \$50 vouchers for Kushi Japanese Restaurant on Alma Street and Bull & Bear Restaurant on Victoria Street.
- March 2022 winners received \$50 vouchers for Mediterranean Kitchen and Daikoku Japanese Restaurant on the Bryce Street Dining Lane.
- April 2022 winners received \$50 vouchers for the Mercury Room and Craft on Hood Street.
- May 2022 winners received \$50 vouchers Journey + Co and Pro Style Hair on Princes Street.
- June 2022 winners received \$50 vouchers Confinement and Game Centre in Garden Place.

4.4 CBD Celebration awards

The CBD Celebration Awards, like so many other events in 2021, were unable to proceed due to COVID-19 restrictions, however after postponing the event three times, HCBA decided to proceed with a modified event, with the maximum 100 person gathering limit as per the restriction of the red traffic light framework. In addition, HCBA put together a media campaign to recognise the CBD Award winners for 2021. It is always inspiring to see the high calibre of businesses who enter the awards and an honour to be able to recognise and celebrate them. It was disappointing not to be able to hold our CBD Awards night as in previous years, however we were grateful to be able to raise a glass in acknowledgement of our place getters at Ernest Lounge Bar and to have the support of our major sponsors, Spark Business and Mediaworks.

The evening was a significant departure from previous award evenings, however HCBA

received numerous emails of appreciation from businesses after the event and award winners were well profiled by local media. The CBD awards received the highest amount of pre and post publicity from the media, providing significant value to sponsors Spark and Mediaworks.

4.5 CBD Profile Raising Activities

HCBA has continued to be well supported by the media with the central city attracting a significant amount of publicity over the past six months. This has included:

- HCBA interviewed by Free FM for monthly CBD catch-up.
- HCBA interviewed on 'outdoor dining' for Stuff.
- HCBA interviewed by NZ Herald on businesses coping with Omicron
- HCBA interviewed by Stuff on businesses coping with Omicron
- HCBA interviewed by Free FM for monthly CBD catch-up.
- HCBA profiled in attending the Unveiling of Riff Raff at the Waikato Museum
- HCBA interview by Stuff on 'the plight of hospitality' and attended a photoshoot
- HCBA interviewed by the Waikato Herald on 'Ongoing Red Restrictions'
- HCBA completed article on CBD Awards for NZ Management & Business
- HCBA interview with Waikato Business News on CBD Awards
- HCBA interviewed by Stuff on CBD Awards
- HCBA interviewed by Waikato Herald on CBD Awards
- HCBA interviewed by The Breeze on CBD Awards
- HCBA interviewed by Stuff on the Te Awa River-ride being branded a "Great Ride"
- HCBA interviewed by Stuff on 'Return of Rugby Crowds to Waikato Stadium'
- HCBA interviewed by Stuff on 'Relaxing of red Restrictions'
- HCBA has continued to enjoy support from Stuff through the Love the Centre campaign, with further articles throughout April, May and June.
- HCBA has enjoyed support from the Waikato Herald with articles supporting the Love the Centre campaign.
- HCBA is working with Stuff to profile businesses that have recently moved into the CBD. This has become an ongoing series.

4.6 Public space activation

Activations and events continued to operate in a highly restrictive environment for the first four months of the year. This has resulted in event cancellations, postponements and modifications to the original event calendar. Event activity has included:

- After the change to orange setting in April, HCBA was able to recommence activation of the city centre with an Easter celebration. This included an children's Easter hunt walk in collaboration with Hamilton Library and Centre Place, story telling and free movie's in Garden Place with Disney characters.
- HCBA worked with the hospitality sector to provide discounted menu options for cricket teams visiting Hamilton during the 2022 Cricket World Cup and collaborated with H3 to promote these venues in the team packs.
- HCBA was a distribution centre for cricket branded bunting to businesses around the CBD to promote the World Cup.
- HCBA agreed a collaboration with Waikato Food Inc (now with Nourish Magazine) to partner on hospitality promotions, including food trails, the CBD progressive dinner and city centre promotional articles.
- HCBA finished the summer series of Music in Garden Place and Stories in the Garden, with fabulous audience attendances.
- HCBA partnered with Atticus Treats in Garden Place to put on movies in Garden Place, including Enchanted Disney characters and local food vendors. It was fantastic to see over 300 people each time, sitting on the grass in the evening with their families enjoying a free movie and entertainment.

- HCBA collaborated with Hamilton Live Music Trust to support a Super Saturday of events in May in Garden Place and Victoria on the River. Three of the Super Saturday events including music, markets and murals in the Mesoverse space and Victoria on the River. This was successfully attended throughout the Saturday by the public.
- In celebration of Music Month, the Hamilton Live Music trust organised Downtown Sounds to Garden Place with Looking for Alaska, Amber Hayward, Smoked Paprika & Surf Rosa.
- HCBA met with a representative looking to hold a Dance Battle in Garden Place. HCBA has agreed to support the activity for Summer 2022/23.
- The Waikato Food Inc HCBA Progressive Dinner was held at the beginning of May for a sell out crowd of 60, who were able to enjoy some amazing central city hospitality and entertainment. Hospitality businesses involved included Keystone, Diesel, Ernest, Shallow Bakery, Mr Pickles, The River Kitchen and The Last Place.
- HCBA is attending ongoing FIFA meetings focused on two areas of activation support: one focused on FIFA stadium activity and one focused on FIFA Fan Festival activity. Both FIFA Groups will continue to meet monthly until the start of the tournament in July 2023.
- HCBA partnered with Matariki ki Waikato on a programme of activity in the central city and the production of the Matariki programme for the public. HCBA have spent a considerable amount of time working on Matariki activity including the creation of a Star Walk in collaboration with Hamilton Library, SkyCity, Centre Place, Mr Pickles, The Meteor and the Waikato Museum, a hāngi in Garden Place with SkyCity and promotion of Matariki events.
- HCBA supported the Boon After Dark team with two lighting installations going into Garden Place and Victoria on the River for June and July, and attended the launch event with the official lighting up of the artworks in Garden Place.

5.0 GOING FORWARD

HCBA continues to recognise, celebrate, support and promote the businesses based in Hamilton's central city. HCBA is excited to see the ongoing commercial interest from businesses to set-up in the CBD, strong development underway and a cautiously optimistic view on the future from the business community.

Dwight Egelhof – Craigs Investment Partners
Chair HCBA
30 June 2022

Appendix 1 – New Businesses January – June 2022

1. 106 London Street has been leased by a national Health provider
2. Level 4, 586 Victoria Street – a building which has undergone a complete redevelopment – has been leased by an engineering and planning consultancy firm
3. Creative Waikato have leased the ground floor at 24 Garden Place
4. Earth Diverse Trust has leased level 1, 401 Anglesea Street
5. A community organisation has leased the ground floor of 150 Grantham Street
6. Robotics and machine design business has leased a tenancy in the Federated Farmers building at 169 London Street
7. A professional consultancy firm has leased office space in 341 Victoria Street – this prominent building on the corner of Garden Place and Victoria Street has recently undergone an extensive redevelopment and refurbishment program, including earthquake strengthening
8. Hanrad Bespoke Rugs
9. Legacy Barbershop – Ward Street
10. Mument baby shop has opened at 441 Victoria Street
11. Oral Hygiene Health – Alexandra Street
12. Speed Shoppe Media Agency – Victoria Street
13. Magic Tea – Alexandra Street
14. The Mercury Room – Hood Street
15. New business at Hazel Hayes
16. Plus More Krystal – Riverbank Lane
17. Magic Tea – Alexandra Street
18. Speede Shoppe – Victoria Street
19. Again + Again – Alexandra Street
20. Smart Fire – Alexandra Street
21. Enriched Media – Victoria Street
22. Shake Shack – Barton Street
23. La Brioche French Bakery – Ward Street
24. Nua Thai Restaurant
25. Studio Launch NZ – Collingwood Street
26. 17 Liverpool Street has been leased by a national support organisation
27. 109a Ward Street has been leased by a Gallery & Gift shop
28. A Church entity has leased 610 Victoria Street
29. Pizza bar & restaurant has leased 27 Collingwood Street
30. Vegan Buffett have opened at 645 Victoria Street

Council Report

Committee: Economic Development Committee

Date: 11 August 2022

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 to 30 June 2022

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

1. To inform the Economic Development Committee of the Hamilton and Waikato Tourism Limited (HWT) year end report for the period 1 July 2021 to 30 June 2022.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. HWT is a subsidiary company under the Council Controlled Organisation (CCO) of Waikato Regional Airport Limited.
4. The 2021/22 financial year presented a difficult market environment given the impact of Covid-19 and ongoing restrictions. The return of lockdowns and alert level changes throughout the year saw the reactivation of the successful 'Mighty Local' campaign - promoting essential services, hospitality providers and contactless/home delivery channels.
5. Outside of lockdowns and alert levels, HWT delivered a number of key marketing activities including event support and promotion around Matariki and major events such as Women's Cricket World Cup and the upcoming FIFA Women's World Cup as well as key regional events.
6. HWT executed winter, summer and school holiday campaigns in key domestic markets and ran a 'Welcome Back Auckland' campaign once the borders were re-opened between the two regions.
7. HWT also announced three key personnel changes announced during the period – including the appointment of Richard Leggat as HWT's new Chair and the resignation of Chief Executive, Jason Dawson and the resultant appointment of Nicola Greenwell.
8. HWT representatives (Nicola Greenwell and Richard Leggat) will present their year-end activity report to 30 June 2022, the year ahead and be available to answer any questions.
9. Under the Committee's terms of reference, the Economic Development Committee monitors the performance and provides guidance on Council's relationship with HWT.
10. 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.

Discussion - *Matapaki*

11. HWT was established from 1 July 2011 as the region's Regional Tourism Organisation (RTO). The role of HWT is to generate competitive economic benefit through regional tourism marketing, visitor sector strategies and development activities focused on increasing visitor length of stay and spend for the Hamilton & Waikato region.
12. HWT is a 100% owned subsidiary company of Waikato Regional Airport Limited (WRAL).
13. HWT has a three-year service level agreement with Council for 2021-2024.
14. HWT is supported by five other councils with a total funding pool across all partner Councils of \$1,217,000 + 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 (pre-covid levels).
15. **Table 1: Council funding of Hamilton and Waikato Tourism 2021-2024**

Council	Annual Funding
Hamilton City Council	\$618,356 + CPI
Waikato District Council	\$150,000 + CPI
Waipa District Council	\$158,396 + CPI
Matamata-Piako District Council	\$150,000 + CPI
Otorohanga District Council	\$ 63,420 + CPI
Waitomo District Council	\$ 63,420 + CPI

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

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

Financial Considerations - *Whaiwhakaaro Puutea*

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

18. 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').
19. 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.
20. The recommendations set out in this report are consistent with that purpose.
21. 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

22. 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

23. 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

24. 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

25. 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*

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

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

Significance

27. 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

28. 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 2022

Year End Report to Hamilton City Council 1 July 2021 – 30 June 2022

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.

Hamilton & Waikato Tourism is a subsidiary company under the Council Controlled Organisation (CCO) of Waikato Regional Airport Limited. It has a commercial board with Richard Leggat appointed as the Chair in December 2021. Chief executive Jason Dawson finished with Hamilton & Waikato Tourism in January 2022 and Nicola Greenwell has been officially appointed to the position from 1 July 2022.

HWT is funded through a public/private partnership with the region's tourism industry and six local authorities including Hamilton City, Matamata-Piako, Ōtorohanga, Waikato, Waipā and Waitomo. This is the annual report covering the financial year from 1 July 2021 to 30 June 2022.

Key highlights (July 2021 to June 2022)

NB: Due to timing of data, the below is for the 12 months to May 2022





Executive summary

The financial year presented numerous trading challenges and a difficult market environment given the arrival of both Delta and Omicron variants of COVID-19 in New Zealand. We have seen a multitude of national and regional lockdowns along with the challenges of operating within the Covid Protection Framework and “red” and “orange” restrictions.

With the return of lockdowns and alert level challenges, we reactivated the successful ‘Mighty Local’ campaign to promote essential services, hospitality providers and contactless/home delivery channels. The core purpose of ‘Mighty Local’ is to raise awareness, promote and drive residents to ‘buy and shop local’ within their local communities.

Outside of lockdowns and alert levels, we delivered a number of key marketing activities including event support and promotion around Matariki and major events such as Women’s Cricket World Cup and the upcoming FIFA Women’s World Cup as well as key regional events. We executed winter, summer and school holiday campaigns in our key domestic markets and we ran a ‘Welcome Back Auckland’ campaign once the borders were reopened between the two regions.

Media activity has accelerated during second half of the year as we came out of lockdown and travel writers were hungry for content. This has allowed us to leverage the opportunity to really push the Waikato region, plus the more undiscovered areas, experiences and communities. We partnered with Stuff in December to produce a 48-page ‘Waikato Escapes’ print supplement into the Waikato Times locally and the Sunday Star Times nationally and gained the region national exposure though broadcast media such as Breakfast TV. New Zealanders are self-explorers who are inspired by other people’s travel experiences, including travel writers.

Our digital marketing platforms continue to grow from strength to strength, especially visitation to our main regional website www.waikatonz.com and our Facebook page. We launched social media ‘stickers’ to promote the region on Instagram and Facebook. User have been quick to engage and use these ‘Mighty Waikato’ stickers on their digital stories and the stickers have received over 2.4 million views to date.

Print marketing is still a strong medium for our organisation and for the domestic traveller. We produced 50,000 copies of our Regional Visitor Guide, which are distributed nationally through i-SITEs and airports, displayed at visitor attractions, used at trade shows, and conference delegate packs. This guide remained a cost-neutral project.

The COVID-19 recovery funded received from central Government has enabled a number of projects to be activated: our Destination Management Plan is ready for implementation; we developed the Food & Beverage Tourism Strategy and subsequent activations; we have accelerated capability building opportunities for our operators; the Ambassador Programme has been developed for all parts of our region; we have activated a Regenerative Tourism approach; and we have benefited from the Regional Events Fund.

With the borders now reopening and pre-departure tests no longer required, we are gaining a sense of “return”. However, there is no doubt that the tourism, events, and hospitality sector will continue to have challenges for some time: air connectivity to NZ remains a challenge; labour and workforce shortages are impacting across the country in our sector. While we are buoyed by the return of international visitors, we do not expect similar level of visitation as prior to COVID for a few years.

Performance targets

Hamilton & Waikato Tourism (HWT) have seven performance targets which are set in the 'Schedule of Services for Local Government 2021-2022'. The results are provided below.

NB: Due to timing of data, some of the 12month results are to May 2022

Measure	Result
Visitor nights Hold total visitor nights compared to previous year	824,294 visitor nights (June 2021 to May 2022) 46% occupancy (NZ: 37.6%) SOURCE: MBIE, Accommodation Data Programme Note: Excludes MIQ hotels and MSD motels
Visitor spend 5% increase in total visitor spend across region compared to previous year	7% decrease on 2021 (2% increase on 2020) \$670million annual electronic card transactions (year ending May 2022) SOURCE: MBIE, Tourism <u>Electronic Card Transactions</u> TECT does not capture ALL spend, ie: pre-paid accommodation/experiences or cash purchases, are not included
Conventions & business events Rebuild and restore market share of total business events to 5%	11% market share of business events 11% of delegates (Q1 2022) SOURCE: Business Events Data Programme
Industry investment \$100,000 of industry contributions towards marketing activities	\$129,000 (As at 30 May 2022)
Media & travel trade 10 media outlets hosted + 150 travel trade trained or hosted	44 media outlets hosted 1 agents hosted 441 agents trained (As at 30 June 2022)



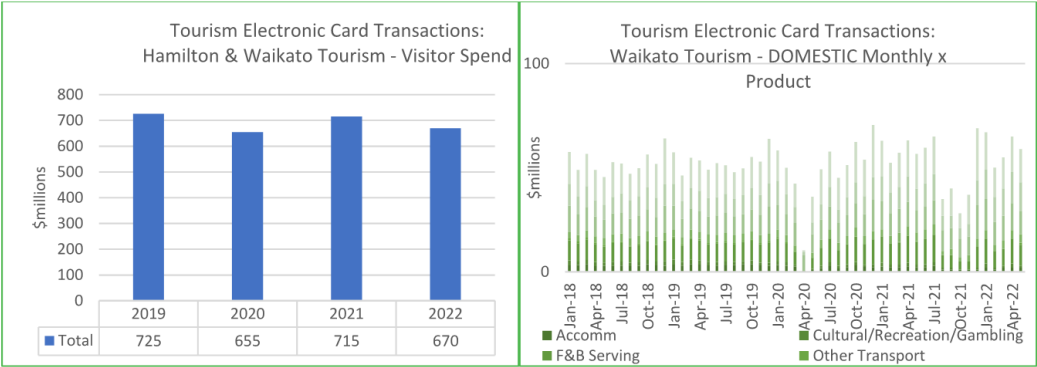
Visitor statistics

As mentioned prior, the financial year presented a difficult market environment given the arrival of the Delta and Omicron variants of COVID-19 in New Zealand. For the year ended June 2022, NZ and our region were affected by many Covid lockdowns and “red” and “orange” settings of the Covid Protection Framework. This resulted in just one and half months of “freedom” for visitation. Therefore, many of our visitor statistics have been impacted.

Visitor expenditure in Waikato Region

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.

For the year ended May 2022, compared to 2021, tourism spending decreased 7% for Waikato; and increased 2% against 2020.

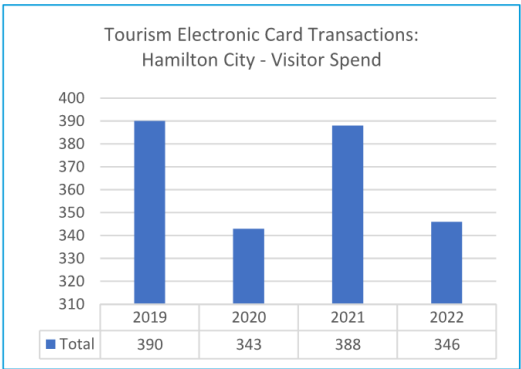


Source: Tourism Electronic Card Transactions, MBIE (May 2022)

Visitor expenditure in Hamilton

Annual visitor electronic expenditure for Hamilton decreased 12% from May 2021 to year end May 2022; injecting \$346million into Hamilton’s economy; this is 1% more than 2020.

Source: Tourism Electronic Card Transactions, MBIE (May 2022)

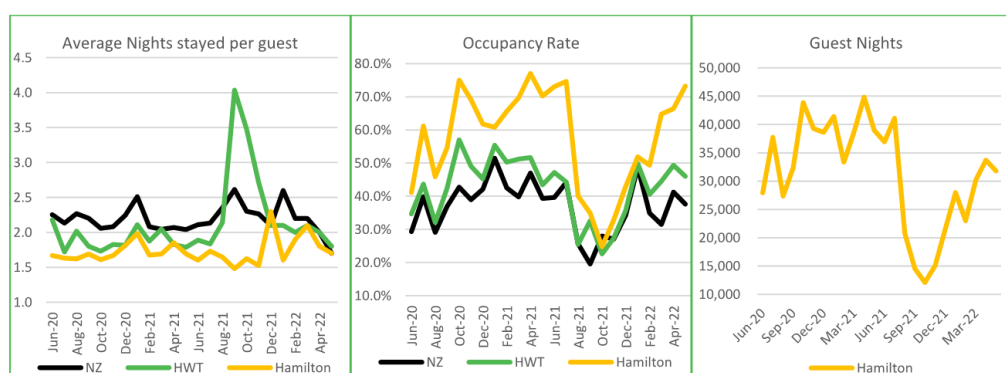




Commercial accommodation in Hamilton

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

Hamilton has 51 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 May 2022 was 73.2% (nationally the occupancy rate was 37.6%). This was the highest occupancy rate achieved across all territorial authority areas. People stayed an average of 1.7 nights per visit/stay. This resulted in 31,800 guest nights in May 2022; and 327,024 for the 12 months to May 2022.

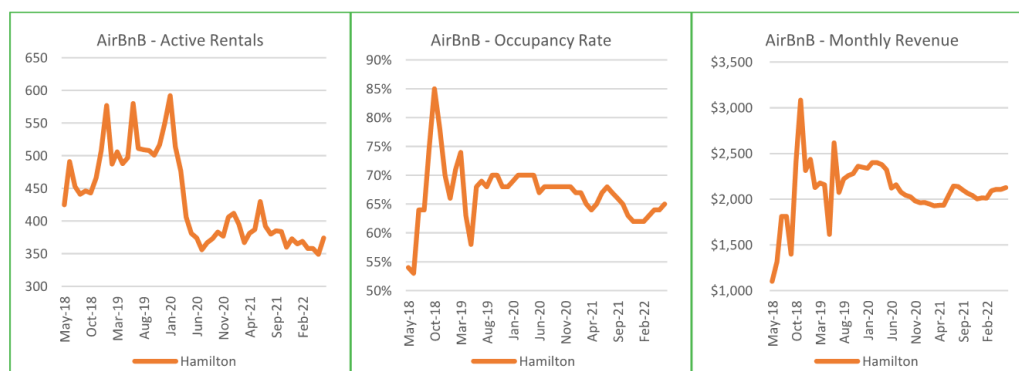


Source: Accommodation Data Plan, MBIE (May 2022)

Non-commercial accommodation in Hamilton

Hamilton also had 374 properties listed on AirBnB during June 2022 as alternative accommodation to the traditional commercial offerings. This has decreased by 56 listings from May 2021 and is the same as May 2020.

These properties experienced 65% occupancy during June 2022, which is just 2% less than June 2021. For the 12 months May 2022, the average occupancy rate for AirBnB properties in Hamilton was 70%.



Source: AirDNA (May 2022)



Leisure & Trade Marketing

Domestic marketing

External + Internal domestic markets: Matariki Events Campaign 2021

A specific 'Waikato Matariki Events' campaign launched in early June and concluded at the end of July 2021 to coincide with Matariki 2021 from 11 June – 31 July. Working in partnership with and supporting the Matariki ki Waikato festival, this campaign targeted Waikato residents encouraging them to participate in events happening across the region to celebrate the Māori New Year. Digital ads ran on Facebook, Google Display and Search and 82,000 printed Matariki events guides were also distributed through the Waikato Times, Hamilton Press and Cambridge Edition.

External domestic markets: Winter Campaign 2021

HWT developed a campaign for winter to encourage travel to the Waikato over the months of July-September 2021. Targeting key drive and fly markets - Auckland, Bay of Plenty, Central North Island, Wellington and Christchurch, the aim of this campaign being a non-ski destination dispelling the myth there is 'nothing to do in the Waikato' over winter by showcasing the wide variety of experiences on offer. The campaign went live on 13 July and was due to run until the end of August on Facebook and Google Display. Unfortunately, this campaign had to end early due to the Waikato lockdown periods.

Internal domestic markets: Winter School Holidays

Launched on 13 July 2021 and concluded on 24 July through Facebook and Instagram, our small digital Winter School Holidays campaign was focused on promoting family-friendly activities and attractions in the region to Waikato residents.

Internal domestic markets: Mighty Local Campaign

When all of NZ moved to Alert Level 4 on 18 August, HWT worked to quickly stand up our Mighty Local campaign again. The Mighty Local messaging was designed to promote and profile everything local across the Mighty Waikato region during the COVID-19 Alert Levels periods.

The campaign aimed to encourage Waikato residents to support local businesses through the various alert levels and adapted to the market depending on what level we were at – from online retail, virtual experiences and takeaways at Level 4 and 3 to visiting our Waikato attractions, dining and accommodation at Level 2.

We know the move to the Red Traffic Light in late January presented issues for the wider tourism industry including hospitality, so we once again boosted our Mighty Local campaign to support. This campaign was set live on the 25 February 2022 and ran through until mid-April. With ads across Facebook and Google, iHeart radio, The Breeze radio station and some billboards in Hamilton, the aim was to encourage locals to continue to explore their backyard, dine out or enjoy takeaways from local eateries while reminding them that it is safe to do so.

Born out of our Mighty Local campaign, we secured a regular editorial spot in the Waikato Herald to showcase our local tourism and hospitality operators, as at 1 July we have published 14 stories as part of this partnership.

External domestic markets: Welcome Back Auckland

We ran a small, dedicated awareness campaign to welcome back Auckland once they could travel from 15 December. This campaign focused on our close relationship as neighbours as our key point of difference to other places in NZ and welcomed Aucklanders back with open arms. The neighbourly messaging in this campaign was very well received.

Neat Places

In December, HWT partnered with Hamilton Central Business Association on activity with Neat Places to help promote Hamilton over the summer period and develop additional content to align with the latest edition of the pocket guide. As part of this partnership, Neat Places worked with HWT and Hamilton Central on a competition to win a weekend in Hamilton. Content produced from this partnership highlighted 10 of the best things to do in Hamilton this summer, and Hamilton's best creative boutiques and galleries. Content was shared on Neat Places social media throughout December and continued into January and February after the traditional holiday period.

External domestic markets: Summer Campaign

During Level 3, HWT worked through options for an upcoming summer campaign and had planned to launch this in November to inspire summer travel before publications filled up with Christmas content. Unfortunately, lockdown continued for longer than expected, so campaign activity had to be delayed and therefore occurred in early 22 targeting key drive and fly markets.

Our summer campaign 'Summer Season' launched on 13 January and was in market until 13 March through multiple channels including Facebook, Google, Snapchat, Spotify, Stuff, Neighbourly and TVNZ OnDemand. This campaign targeted key drive and fly markets for the Waikato encouraging short breaks using themes such as cycling, food, regional icons and family. There was an event theme included in the campaign, however just after it launched that component had to be pulled from market due to the Omicron situation and the cessation of large-scale events for several months.

As an alternate to a major campaign pre-Christmas due to the lockdown timing, we published a 48-page 'Waikato Escapes' print supplement with Stuff which was distributed via the Sunday Star Times and Waikato Times in early December. The aim of this publication was to encourage people to travel to the Waikato over summer, and for local residents to stay and explore their own backyard this summer while showcasing the vast range of activities and attractions in the Waikato. This had a print distribution of over 257,000.

External + Internal domestic markets: 'Summer in the City'

We worked alongside Hamilton City Council over January – March 2022 to support their 'Summer in the City' campaign alongside our own summer activity. While HCC targeted Hamilton residents, we took the lead for external markets encouraging visitors in the wider Waikato region and beyond to consider Hamilton as a summer destination and promote the range of activities and attractions on offer in the city. Together we developed a video to showcase summer activities in the city, this video had a total of 33,250 plays recorded through HWT channels. Ads ran across Facebook and campaign messaging was also included organically on social media channels and in relevant consumer eDMs. All HWT activity was directed to a dedicated landing page on waikatonz.com.

Regional Events

We have supported regional events throughout the year (noting the Omicron exclusion period) by profiling them in campaign activity, on social media and coverage on waikatonz.com. Events are an important driver for domestic visitation as well as local expenditure, and post-COVID provide great reasons for repeat visitation to a region.

Summer Events

A specific 'Summer of Events' campaign was scheduled to take place in early 2022 with a printed events guide distributed as an insert (108,000 copies) in the Bay of Plenty Times, Cambridge Edition, Hamilton Press, Manawatu Standard, Taranaki Daily News, Piako Post and Waikato Times. Due to the change to the Red COVID-19 setting in late January, many events were postponed or cancelled, and all events advertising was put on hold.



Matariki 2022

We were in market from 10 June – 17 July to promote visiting the Waikato during our newest public holiday and long weekend and throughout the period of Matariki 2022.

Working in partnership with Matariki ki Waikato we profiled experiences, accommodation, and activities as well as all the fantastic events taking place across the region through Matariki ki Waikato festival. Our activity targeted Waikato residents and key drive markets encouraging them to participate in events happening across the region to celebrate the Māori New Year via digital channels and printed newspaper ads.

Always On Facebook

Alongside hero marketing campaigns, HWT have developed a series of ads that will run across Facebook and GDN on an ongoing basis to assist with the demand layer of the marketing funnel. The aim of this is to keep Waikato at the front of minds and to highlight passion points for locals and visitors. This ongoing activity has ads designed for a local Waikato audience as well as visitors from key drive and fly markets.

Chinese New Zealanders

Similar to our 'always-on' Facebook approach HWT undertakes year-round activity through Weibo to promote visiting the Waikato to the Chinese New Zealanders community, predominantly in Auckland. We also undertook specific campaigns for the April school holidays and for winter short breaks from June 2021-July 2022 through Weibo and Little Red Book messaging, Facebook boosted posts and Skykiwi's WeChat. The campaigns aimed to encourage Chinese New Zealanders to explore the Waikato around the themes of family, nature, events and food.

Social Media Stickers

In June 2022 HWT added seven new options our range of Waikato-related animated 'stickers' for use on social media. Stickers offer an interactive way to mix official branding with the more casual, personal nature of social media posts in turn helping to increase brand awareness and engagement. Seventeen stickers are now available on Instagram, Facebook, TikTok and Twitter for anyone to use in their posts – from promoting 'mighty local' and 'meet in the Waikato' to cycling, Waikato waterfalls, glowworms and the mighty Waikato River. We are using these in our social channels and have encouraged our operators and wider tourism community to utilise the stickers where relevant. To date our stickers have received over 2.4 million views.

Annual Visitor Guide

50,000 copies of the 2022 Official Regional Visitor Guide were distributed in late December 2021. They have been distributed nationally through i-SITEs and airports, displayed at visitor attractions, used at trade shows, and conference delegate packs. This guide remained a cost-neutral project with advertising sales funding production and distribution.

Media

While international borders have remained relatively closed for the majority of the year, we have had another successful year for domestic travel media coverage with a number of media pitches, famils and hosting. Domestic media platforms and publications are hungry for content and we have been quick to take up this opportunity. Coverage so far includes extensive content in NZ Herald Travel Supplements, Cuisine Magazine, Our New Zealand, NZ Geographic, three separate articles in Kia Ora Magazine, Avenues Magazine, UNO Magazine, Motorhomes, Caravans & Destinations Magazines and numerous stories across the Stuff network in print and online.

HWT worked with Tourism New Zealand on a New Zealand specific edition of International Traveller, a popular travel magazine and online outlet in Australia. We secured a number of pieces of content for the Waikato including features in the 'must-dos', nature/wildlife and food articles as well as a specific Waikato article.

Estimated readership of all media activity: 6,728,000.

Communications Specialist

HWT employed a 12month Communications Specialist in November. This role has been funded from RESET with some baseline funding inclusion as well. This role sits within the marketing team and creates content for all departments across the organisation including media releases and pitches, case studies/testimonials, articles, e-newsletters, web copy and promotional collateral. This is a very welcome addition to the team, allowing HWT to capitalise on further content and media opportunities.

INTERNATIONAL MARKETING: TRAVEL TRADE

FY22 saw a hybrid model of trade training and sales activity, with in-person events taking place here in New Zealand and in Australia as well as multiple virtual events also occurring including:

- Attending the annual conference TECNZ Conference and meeting inbound tour operators to update them on trade-ready operators in the Waikato
- Undertaking regional webinars with Tourism New Zealand offices in China, UK, India and Australia
- Participating in the TRENZ Connect virtual events and connecting with trade from the UK, US, Australia and South East Asia
- Attending the first TNZ/RTO in-person Sydney trade event in two years to reconnect with trade and educate them on trade-ready products in the Waikato
- Attending the first RTO/ITO in-person event in two years to reconnect with trade and update them on trade-ready products in the Waikato

HWT hosted the GM from General Trade in August to refresh his product knowledge of some key experiences and accommodation as well introduce some new ones. HWT produced collateral and e-DMs throughout the year to keep global trade up to date with the latest developments and undertook some capability building with operators ahead of borders reopening regarding working with travel trade as it involves a specific distribution and commission model. This involved a dedicated webinar in April as well as trade development support for a number of individual regional tourism operators, particularly accommodation properties.

The Explore Central North Island (ECNI) collective continued to promote the central North Island to international travel trade on behalf of, and in conjunction with the eight participating RTOs (Waikato, Coromandel, Bay of Plenty, Rotorua, Taupō, Ruapehu, Tairāwhiti, Hawke's Bay.) Activities have included several virtual eExplore events with AU and NZ travel trade for the RTOs themselves as well as for operators. ECNI RTOs also conducted joint sales calls and training with wholesalers post the TNZ/RTO Australian event in May.

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
Media – domestic & international famils	Media hosting and famils profiling Hamilton: <ul style="list-style-type: none"> • Cuisine Magazine famils • Big Bus Travel • UNO Magazine • Brook Sabin – Stuff.co.nz • Let's Show Them – ICC Cricket World Cup show • NZ Herald 	Hamilton Gardens, Sisterfields, Wonder Horse, Mr Pickles, Novotel Tainui Hamilton, The Chilli House, Waikato Museum, Hamilton City Street Art, River Kitchen, Victoria on the River, Ventura Inn & Suites, Matariki Star Walk, Boon After Dark, Matariki at The Base

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Media - domestic	<p>Hamilton was profiled as part of regional promotions in the following publications:</p> <ul style="list-style-type: none"> NZ Herald Travel Supplements Kia Ora Magazine Cuisine Magazine Stuff.co.nz Neat Places NZ Today RV Lifestyle TVNZ Breakfast Avenues Magazine UNO Magazine Motorhome, Caravans and Destinations Magazine Our New Zealand Magazine International Traveller, AU 	<p>Hayes Common, The Chilli House, Palate, Mr Pickles, The River Kitchen, Bootleg Brewery, Hamilton Farmers' Market, Waikato River, Te Awa River Ride, Victoria on the River, Waikato Museum, Browsers Bookstore, Duck Island, Gothenburg, Hamilton Zoo, Hamilton Gardens, Classics Museum, Boon Street Art Festival, Lovegrove Lane, Grey Street Kitchen, Winner Winner, Good George Brewery, Brewaucracy, Riverbank Lane, Casabella Lane, Madam Woo, Banh Mi Caphe, Novotel Tainui Hamilton, Waikato Museum, Hamilton City Street Art, River Kitchen, Ventura Inn & Suites, Matariki Star Walk, Boon After Dark, Matariki at The Base, Hamilton East Food Precinct, Te Awa River Ride, Kiwi Balloon Company, Ernest, Last Place, Volare, Scotts Epicurean, Good George, Cilantro Cheese</p>
Travel Trade – webinars & training	<p>International trade events and webinars profiling/attended by Waikato:</p> <ul style="list-style-type: none"> TNZ webinar – China travel sellers TNZ webinar – India travel sellers TNZ webinar – UK/Europe travel sellers TNZ - Hui Kaihāpa virtual event - AU travel sellers eXplore virtual event –AU & NZ wholesalers TNZ – Waikato & Rotorua webinar – AU travel sellers TRENZ virtual events – UK/US/AU/SEA travel sellers <p>In-person events:</p> <ul style="list-style-type: none"> TECNZ conference – NZ wholesalers TNZ /RTO – AU wholesalers ECNI AU sales calls/training RTO/ITO – NZ wholesalers <p>Hosted in region:</p> <ul style="list-style-type: none"> General Travel, NZ 	<p>Trade ready products: Hamilton Gardens, Waikato Museum, Brew Bus – Waikato Tour, Leisure Time Tours, Novotel Tainui Hamilton, Ibis Tainui Hamilton, Ramada Hamilton, Distinction Hamilton, Ventura Hamilton, Ambassador Hamilton</p>
Domestic consumer -Local, Hamilton & Waikato	<ul style="list-style-type: none"> Matariki Events June – July 2021 Winter School Holidays Spring School Holidays Mighty Local - Aug–Sep 2021 Always On Facebook 48-pg Waikato Summer Stuff Supplement Summer in the City – Jan-Mar 2022 Mighty Local – Feb-Apr 2022 Matariki – June-July 2022 	<p>Hamilton Gardens, Victoria on the River, Taitua Arboretum, Waikato Museum, Hamilton Zoo, The River Kitchen, Te Awa River Ride, City River Walks, Hamilton Lake, Gothenburg, Banh Mi Caphe, Matariki ki Waikato events, Bowl and Social, Hamilton East eateries, Volare, Rocket Coffee, Duck Island Ice cream, Novotel Tainui Hamilton, The Base, Hamilton Farmers Market, Good George, Hamilton Gardens Arts Festival, ICC Women's Cricket World Cup, Balloons over Waikato, Hamilton Mountain Bike Track, Brewacuracy, Manuka Brothers, Casabella Lane.</p> <p>Mighty Local - Hamilton cafes and restaurants offering takeaways during Alert Level 3 and Red settings, online retail, online fitness classes during Alert Level 3 & 4.</p>

Domestic consumer - External Drive & Fly Markets	<ul style="list-style-type: none"> • Matariki Events June – July 2021 • Winter Campaign – July – August 2021 • Always On Facebook • Welcome back Auckland • 48-pg Waikato Summer Stuff Supplement • Summer Season – Jan-Mar 2022 • Summer in the City – Jan-Mar 2022 • Matariki – June-July 2022 	Hamilton Gardens, Victoria on the River, Taitua Arboretum, Waikato Museum, Hamilton Zoo, The River Kitchen, Te Awa River Ride, City River Walks, Hamilton Lake, Gothenburg, Banh Mi Caphe, Hamilton East eateries, Volare, Rocket Coffee, Duck Island Ice cream, Novotel Tainui Hamilton, The Base, ICC Women's Cricket World Cup, Balloons over Waikato, Hamilton Mountain Bike Track, Brewacuracy, Manuka Brothers, Casabella Lane, Hamilton Farmers Market, Good George, Hamilton Gardens Arts Festival, Kiwi Balloon Company, Matariki ki Waikato events.
Domestic consumer – Chinese New Zealanders	Ongoing campaign activity has continued through our Weibo social media channel, blogs, community forums etc	Hamilton Lake Domain Walkway, Hamilton Gardens, Boon After Dark 2021, Hamilton Lake / Lake Rotorua, Balloons over Waikato, Hamilton Christmas Tree, Surrealist Garden, Hamilton Zoo, Duck Island Ice Cream, Hamilton city, Our Moon: Then, Now & Beyond, Waikato Museum, The Kirk Café, Egyptian Garden, EAT Burger, Taitua Arboretum, Te Awa – the Great NZ River Ride, SkyCity Hamilton.
Domestic & International consumer and trade	2022 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.
Domestic & international consumer, travel trade and media	Quarterly e-newsletters distributed to our consumer, trade and media databases featuring: Hamilton Gardens, Women's Cricket World Cup 2022, FIFA Women's World Cup 2023, Palate restaurant, Mr Pickles bar & eatery, Hamilton Gardens Arts Festival 2022, Hamilton Zoo's new Tuatara house, Ernest bar, Last Place bar, Weave eatery, Hamilton's Christmas tree, Bowl & Social, Farmers' Market at Claudelands, Mamasdonuts, Gothenburg, Eat Burger Duck Island Ice Cream, SkyCity Hamilton, Camarosa, Our Moon: Then, Now and Beyond Maanawatia A Matariki at Hamilton Lake Domain, Follow The Stars - Hamilton Zoo Scavenger Hunt, Matariki At The Museum, Matariki Virtual Reality And Gaming Experience at The Base, Manu Tukutuku Kite Day At Hamilton Gardens, Boon After Dark 2022, Leap Indoor Trampoline Park, Ancient Egyptian Garden, Te Awa Great New Zealand River Ride, Shrek The Musical at Clarence St Theatre, Māori All Blacks V Ireland at FMG Stadium Waikato, The Great NZ Food Show at Globox Arena, L.A.B Live in Hamilton, NZ Darts Masters, The Wiggles Big Show Tour, Matariki Ahunga Nui Matariki Kanohi Iti at The Meteor, Ibis Hamilton Tainui, Distinction Hotel Hamilton.	
Domestic & International consumer	Hamilton profiled through HWT's website and various social profiles including Facebook, Instagram, Twitter & YouTube, including: Hamilton City Walk, Boon Hamilton Street Art Festival 201, Hamilton Lake, Hamilton Zoo, Waikato Museum, Boon After Dark 2021, Hayes Common, Banh Mi Caphe, The River Kitchen, Hamilton Gardens, Hamilton Zoo's new entrance building, Hamilton Lake Domain walk, FMG Stadium Waikato, Matariki Events in Hamilton, Matariki Dish Challenge, Toi Maaori Waikato Museum, Let It Go - The Songs of Frozen 1&2 - Live In Concert, Clarence St Theatre, All Blacks vs Fiji, Michael Houstoun - Rodger Fox Big Band Gallagher Academy of Performing Arts, Drax Project & Mitch James, Claudelands Arena, Musical Feast, Isaac Butterfield Outlaw, Hamilton Farmers' Market, Hamilton Brick Show 2021, Bunnings NPC - Waikato Rugby home games, NZ String Quartet National Tour 2021, Storytelling in the Gallery, Women's Lifestyle Expo, Bence - Aotearoa Tour, Bunnings NPC - Waikato v Auckland, "Santa Claus is Coming to Town, Garden Place, Waikato Christmas Market, Hamilton Christmas tree, Turtle Lake, Duck Island ice cream, Pukete, Hamilton City, Gothenburg, University of Waikato, Jansen Park, The Keg Room, Te Waka, Creative Waikato, Waikato Chamber of Commerce, Waikato Food Inc, HLive,	

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	Hamilton City Council, Hamilton Central Business Association, Tongue of the Dog, Browsers bookshop, Weave Eatery, Boots N All over Gumboot Friday, Balloons over Waikato, Star Gossage: He Tangata The People, Goldner String Quartet - Mendelssohn & Dvorak at Gallagher Academy of Performing Arts, An Oak Tree at The Meteor, 7 Days Live show, Māori All Blacks v Ireland at FMG Stadium, L.A.B Live in Hamilton, Globox Arena, Hamilton's Waiwhakareke Natural Heritage Park, Pukemokemoke Bush Loop Track, Egyptian Garden Wonder Horse, Mr Pickles bar & eatery, Te Awa Great New Zealand River Ride, Our Moon: Then, Now & Beyond, Gallagher Chiefs Home Games at FMG Stadium Waikato, Good For Laughs Comedy Series at Good Neighbour, Free Outdoor Movie in Garden Place, Magic vs Stars game, New Found Sound Hamilton Regional 2022 at The Meteor, Taitua Arboretum, Waikato Museum Easter Trail, The Great Hamilton Garden's AR Egg Hunt, SkyCity Hamilton, Camarosa, The Kirk Café, Jubilee Park, Bootleg Brewery, Hamilton Summer in the City, Grey Street Kitchen, Podium Café, Jukebox Diner, Waffle'n, Burger Bro, Winner Winner Hamilton East, Chinese Scholars' Garden, Victoria Bridge, Surrealist Garden, Hamilton Lake Domain Playground, Victoria on the River, Legacy Park, Temple View, Bird On A Wire, Scotts Epicurean, Good George, Chiefs vs Brumbies.
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Events and Incentives

Overview

The lockdown during the majority of August through to December 2021 has been a major challenge for the events sector, with a trend of clients holding multiple possible dates when rebooking as a result, this created challenges for venues and suppliers. Most of the events affected were initially moved to November 2021, with the majority of those then postponed to February 2022. Those February dates then also got pushed out again or cancelled completely due to the Omicron outbreak.

In addition to this, three of our largest commercial accommodation providers were Managed Isolation Facilities which has also impacted on the conference market, significantly reducing our regional offer. Hosting some larger conferences has been very challenging due to limited accommodation availability which includes most of our motels continuing to be used for emergency housing. Mid 2022, our three accommodation providers that were Managed Isolation Facilities started phasing to come back online to public which is having a positive impact as is planners desire for their people to meet in person.

The Covid Protection Framework ("traffic light system") moving to red late January 2022 through to mid-April 2022 again created a major challenge for the events sector. Our venues are still seeing event organisers having short lead-in times in hope to lessen risk of further postponement. This is putting pressure on our operators along with staffing shortages due to covid, winter illness and the current difficulty recruiting in the events sector. Many are looking at our industry as less stable in current environment and this is causing concern.

Australia was beginning to show promise mid-2021, however that came to a standstill due to the closing of the quarantine-free Trans-Tasman travel bubble. Australian Associations are now not looking to start exploring travel and hosting conferences in New Zealand until 2023 at the earliest. International event planners are also looking for a stress-free entry process in and out of New Zealand for their delegates. Aotearoa is still very much a desirable destination internationally and we are confident over time we will see this return.

During these level changes we made a conscious effort to keep connected with our partners and initiated purposeful phone call check ins and where we could, visits over the last six months of 2021.

Events Venues and Open Spaces meetings

Throughout the traffic light level changes and lockdowns over the past year we have facilitated an online meeting for the major events sector. Depending on the level and speed of government changes to settings these were held weekly through to monthly throughout. This was a chance for industry to connect, talk through issues and concerns as well as share successes and practices they were trialling with each level change.

AuSAE

We continue to partner with AuSAE, the New Zealand Association for Associations. We have an exclusive regional partnership with this organisation, and this enables us to connect with the domestic association market through networking events, lunches and tradeshow attendance throughout the year. Building on existing relationships and creating new connections.

Business Events online

We made the decision to produce our regional business events directory online only this year and updated our regional events video with updated team members. We have also refreshed our online toolkit and have created a local gift guide which includes giveback ideas for speaker and delegate gifts. We have also worked with partners to create e-maps of Hamilton City and the wider Waikato region identifying locals 'top pics' as well as updating our online image library. We are currently working on new incentive itineraries and a local speakers guide.

Waikato Business Events Strategy

DUCO events were contracted to undertake a five-year Business Events Strategy for the Waikato. This started with DUCO individually interviewing reference group members and some industry stakeholders to provide a basis for our first Reference Group Meeting in August 2021. Our second strategy workshop was postponed to March 2022 due to changing traffic light levels. This strategy is in final draft and once industry case study has been added this project will be finalized and completed.

Meet North South

"Meet North South" was launched three years ago between Waikato and Dunedin as a two-year North Island/South Island rotational conference solution for the national conferences of associations, industry and membership organisations. Some planned activity for first half of 2022 has been either postponed or cancelled however joint hosted activity is planned for this current financial year

New Incentive Video

Working with the HWT marketing team, we have completed filming for our new "Mighty Waikato Incentives" video aimed at the lucrative incentive market. The Waikato region offers corporates unique incentive travel and rewards to inspire high performing employees in our corporate market. The Waikato has something to offer groups of all sizes and tastes. From exhilarating jet boat safaris, breath-taking glowworm caves and magical movie sets through to a number of new awe-inspiring experiences like Tieke Golf Estate and New Zealand's only tea plantation.



Events team activity

Summary of specific conference marketing activity (1 July 2022 to 30 June 2022)

Activity	Detail
Enquiries	40 enquiries and 10 bid proposals managed
Business Activity	<p>July 2021: CAP funding lunch event at University of Waikato hosted with Tourism NZ Waikato AAPNZ BA4 presentation Dairy NZ morning tea presentation to Event & EA team Sales calls: Harcourts NZ – Auckland, BOINZ - Wellington, Fonterra and Waikato Chamber of Commerce – Hamilton AuSAE networking lunch x 2, Wellington & Auckland</p> <p>Feb 2022: Event, venue & open spaces online meetings ThermEx REF EOI Webinar</p> <p>March 2022: Thermex REF Event Legacy Webinar BE Partner breakfast BE strategy reference group Joint sales calls - Wellington Events, venues & Open spaces online meetings</p> <p>April 2022: Events, venues & open spaces online meetings</p> <p>June 2022: ThermEx REF Capability Building Workshop, Taupo</p>
Trade Show and business events	<p>Aug 2021: TNZ AU Roadshow postponed to May 2022, Melbourne, Brisbane & Sydney</p> <p>Sept 2021: AuSAE LINC Conference Rotorua, postponed to Feb 2022 then to Aug 2022 Corporate PA Summit Auckland, postponed to Mar 2022 then Nov 2022 Waikato BE Showcase, Hamilton, postponed to Nov 2021, then Sept 2022 Association Forum National Conference postponed to April 2022, Melbourne</p> <p>Oct 2021: BEIA Conference, postponed to Sept 2022</p> <p>Feb 2022: AuSAE Linc Conference, Rotorua Events, venues & open spaces online meetings</p> <p>March 2022: AIME Tradeshow, Melbourne, 27 prescheduled appointments with AU & SEA buyers (attended online) Events, venues & open spaces online meetings</p> <p>April 2022: AuSAE Networking events held in Wellington and Auckland Events, venues & open spaces online meetings</p> <p>May 2022: Meet North/South famil, Dunedin TNZ AU Roadshow, Brisbane, Sydney, Melbourne</p> <p>June 2022: MEETINGS tradeshow, Christchurch</p>
Hosted Events	<p>July 2021: Kim Preston, MTA – hosted site visits</p> <p>Sept 2021: International Hobbit Day PCO hosting postponed to Nov 2021 Post LINC Conference Associations hosting, postponed to Feb 2022 BE Partner Workshop, postponed to Oct 2021</p> <p>Oct 2021: Wellington joint partner sales calls, cancelled Wellington Soiree, cancelled</p> <p>Nov 2021: International Hobbit Day PCO hosting, cancelled Waikato Mega Famil, cancelled Joint Claudelands Wellington Sales calls, cancelled</p>

	<p>Dec 2021: Jess Ogg, LJ Hooker – site visits</p> <p>Feb 2022: Local PCO famil – postponed to Summer 23 Meet North/South famil, Waikato – postponed Post AuSAE Linc buyer hosting, Hobbiton Movie Set</p> <p>March 2022: PCO dinner, Wellington – joint buyer hosting ICC Womens Cricket World Cup – joint buyer hosting, Waikato Local buyer event – postponed to Spring 22 Waikato mega famil – postponed to December 22</p> <p>April 2022: Harcourts bespoke famil</p> <p>June 2022: Pre-MEETINGS buyer dinner – joint buyer hosting</p>
Partner Communication & Development	<p>July 2021: Waikato Business Events Strategy reference group meeting</p> <p>Oct 2021: BEW partner zoom meeting, Tourism NZ update</p> <p>Nov 2021: Waikato Business News Feature for Novotel Tainui Hamilton and Hobbiton Movie Set</p> <p>Feb 2022: Meeting Newz Waikato feature Linked in paid advertising</p> <p>Feb, Apr, Jun: HWT BE gold partner meetings</p> <p>Quarterly: Waikato Business News: Waikato event advertorial</p> <p>Hamilton Business Events partners: FMG Stadium Waikato, Good George Group, Gothenburg, Hamilton Golf Club, Heartland Ambassador Hotel, Ibis Tainui Hamilton Hotel, Kerr & Ladbrook, Montana Food & Events, Park View Motor Lodge, The Lawrenson Group, Waikato Museum & ArtsPost, Hamilton Gardens, Claudelands Conference & Exhibition Centre, Novotel Tainui Hamilton, Ramada Hamilton, SkyCity Hamilton, Escape HQ, Distinction Hamilton Hotel, University of Waikato, Classics Museum, Helicorp, Lime & Soda, Leisure Time Tours, Wintec Venues, Forum Point 2, Hertz, ACLX, Vidcom</p>

Responding to Covid

Hamilton & Waikato Tourism has been instrumental in continuing to respond, restart and rebuild the regional tourism and events sector with the ongoing impacts of COVID-19.

There are several key initiatives underway to support the Waikato's tourism and events sector which includes tourism businesses, activities and attractions, accommodation providers, retail and hospitality, transport operators, conferences and business events, major events and venues, educational institutions, plus the many suppliers who partner and provide services to the sector.

Thermal Explorer Regional Events Fund

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), alongside their council partners, developed a collaborative regional events investment plan 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. The collaboration between Waikato, Rotorua, Taupō and Ruapehu has led to a strong and compelling event proposition for our four regions.



The bulk of the \$3.75 million fund has been allocated through a contestable funding process with successful events being supported over a three-year period. Two rounds of contestable funding have now been allocated. These two rounds have resulted in 34 events being allocated \$2.9million. This sees the contestable fund aspect fully utilised and allocated.

ThermEx capability workshops have been held online throughout the year and more recently in person. Capability will continue for this sector over the next two years including a Thermal Explorer roadshow being planned centred around capability building, event development and feasibility initiatives.

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 2021 for RTOs to manage, plan, promote, and market tourism activities in their regions. This funding is through to December 2022.

As a medium-large RTO, HWT received \$1 million to undertake activities within the three areas of work:

1. Destination Management & Planning
2. Industry Capacity Building and Product Development
3. Domestic and International Marketing

The below are key projects that have been enabled with the central Government investment:

Capability Building for the Industry

We have provided an accelerated capability building programme with the utilisation of STAPP and RESET funding. Symposiums, workshops, webinars and one-on-one support has been provided to a range of operators throughout the region.

This work will continue while the RESET funding is available until the end of 2022.

Regenerative Tourism

Regenerative tourism is focused on the prosperity of people and place and aims to enrich a community by actively contributing value across the four well-beings (social, cultural, economic, and environmental).

It takes the concept of sustainability and builds on it – elevating it from aiming to sustain the environment and mitigate any negative impacts, to positively contributing to a destination.

Regenerative tourism is a key foundation of Waikato's Destination Management Plan. Our approach to regenerative tourism is two-fold – the first being to enable our visitor economy businesses to understand and embrace regenerative tourism and the second being to educate our manuhiri (visitors) about how to care for our region and positively contribute to our communities during their time with us.

While we are at the beginning of our regenerative journey as a destination, we have been undertaking some activities in this space including:

- Operator benchmark survey to gauge how regenerative our industry currently is and how we can support those businesses who need assistance and showcase those doing fantastic work already. Key findings:
 - 85% said they were taking some measures for reducing energy consumption
 - 80% said they are working to reduce, reuse and recycle

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- 68% say they are doing some form of pest control
- 47% are actively minimizing their carbon footprint
- 45% are supporting the community with grants and funding
- 53% are rethinking their operations to reduce waste
- Media coverage of those businesses who are focussed on regenerative practises
- Operator capability – included in HWT Symposium programme and plans for a specific Regenerative workshop
- Tiaki pilot project underway
- Regenerative tourism sections of waikatoz.com for operators and visitors underway

Food & Beverage Tourism Strategy

We utilised STAPP funding to produce a Food & Beverage Tourism Market Development Strategy for the region. The strategy was developed with consultation from producers, hospitality sector, event managers and caterers. We are now implementing the strategy's action plan including:

- Development of an Advisory Group to share in the ownership of the strategy, to help guide direction for the action plan and collaborate on specific projects
- Content creation – new content created and existing refreshed for waikatoz.com, social media content created including Reels, specific media pitching and coverage (see above marketing media section)
- Image library asset creation – photo and video shoot in May in Hamilton, Raglan and Cambridge areas
- Development of a Waikato Provenance Mark – research project currently underway to explore if and what a provenance mark for the Waikato could look like.
- Conducting feasibility work towards developing a new event for the region.

Accelerated Marketing Activity

HWT's marketing activity has benefited from STAPP and RESET investment while our industry partners have been unable to partner with us to the same degree as prior to Covid. This central government investment has enabled us to enhance our domestic marketing activities and continue to have a share of voice in what has been and will continue to be a very cluttered and competitive marketplace. The investment has allowed us to support our industry during some of their darkest times through our 'mighty local' activation to encourage Waikato residents to support their local hospitality, events and tourism businesses. We have been able to invest in more campaigns and media opportunities through the year than we would normally be able to as well as introduce new marketing initiatives around concepts such as regenerative tourism. Internationally we have been able to take up some opportunities in Australia through Tourism New Zealand and in collaboration with neighbouring RTOs.

Visitor Perceptions and Positioning

We engaged Angus & Associates to conduct research to ascertain what potential visitors think that Waikato has to offer. Key findings:

- 21% of NZers who travelled around NZ last year, visited Waikato
- 45% of NZ travellers associate Waikato with "Gardens, Parks and Reserves"
- 54% of NZ travellers agree that Waikato is a great place to visit for a short-term break
- 72% agree that Waikato is either "highly appealing" or "somewhat appealing" as a destination to visit.
- However, 82% of those who have recently visited, said that the region is either "highly or somewhat" appealing.

This research will now inform the work we are conducting with Miles Partnership to confirm what our Positioning Pillars are and how we then include these in our activity moving forward.



Residents Sentiment towards Tourism

Another substantive research project carried out by Angus & Associates – this time ascertaining what our residents consider to be the benefits of tourism, and what are the challenges that tourism brings to their community. The below findings are for the Waikato region as a whole:

Key findings:

- Waikato residents have a “Tourism Approval Rating” of “Acceptance” towards international and domestic visitation. Whereas New Zealanders in total have “Limited Acceptance” towards international visitors and “Acceptance” towards domestic visitation.
- 82% of our residents say they experienced benefits of tourism, with the top 5 benefits being seen as:
 - o More local businesses opening or being able to stay open
 - o Opportunities for employment and income
 - o Inspired them to travel domestically
 - o Enhanced the profile or identity of their area
 - o Greater appreciation of the natural environment
- At the same time, 73% of residents indicated that they have experienced adverse impacts from tourism. The top 5 impacts noted:
 - o More litter and waste generation
 - o Greater difficulty finding a car park
 - o Takes longer to get to places due to traffic and congestion
 - o Higher day to day living costs
 - o Damage to the natural environment

Where the data sample size has allowed, we have also received reports for individual Districts. Therefore, the below results are for Hamilton City residents:

- “Acceptance” tourism approval rating towards International and Domestic visitation
- The benefits of tourism as identified by Hamilton residents
 - o Opportunities for employment
 - o Has inspired me/us to travel domestically
 - o More local businesses opening or being able to stay open
 - o Improved services for my/our community
- The challenges identified:
 - o More litter and waste generation
 - o Takes longer to get to places due to traffic/congestion
 - o Greater difficulty finding a car park

Insights tool

HWT partnered with Bay of Plenty, Ruapehu, Taupō and Tairāwhiti to develop a data/insights dashboard. This is simple to use, provides interactive filters to produce data for each district/TLA (where its available). This will help our reporting in the future.



Destination management

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 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.

Waikato's Destination Management Plan

We have developed and adopted a Destination Management Plan for Waikato. This plan builds on, and replaces, the Tourism Opportunities Plan adopted in 2016. While the Plan has been adopted, this will be an ever-evolving Plan, being assessed and updated regularly to ensure we capture new opportunities and address any newly identified challenges.

While the Plan is yet to be summarised and designed, an overview is provided below:

Executive Summary – *Plan on a Page*

VISION: The Mighty Waikato is celebrated for providing real New Zealand experiences—where kaitiaki runs deep, mana inspires and unforgettable discoveries are just around the bend.

GOAL: The visitor economy positively contributes to thriving Waikato communities – people, culture and the environment.

POSITIONING: The Mighty Waikato – Where magic runs deep.

Come with us, share our waka and feel the strength and passion. For this is a place beyond the expected, which constantly surprises with natural beauty, powerful history and out-of-this-world experiences. Always far from the ordinary, this is a magical region of villages to play, relax, connect and explore in. Here, our Kaitiaki runs deep, our mana inspires and unforgettable discoveries are just around the bend. A welcoming place where our people keep it real – and experience become unreal. This is the Might Waikato. It's all yours to discover.

Taiao Ora Tangata Ora If the natural world is healthy, so too are the people					
Guiding Principles					
Instilling pride through celebrating and sharing local culture	Providing connections between visitors, local residents and industry sectors	Living our brand values – surprising, magical and authentic Waikato experiences	Embracing guests – Manaakitanga	Regenerative tourism that actively contributes to the communities and the environment – Kaitiakitanga	Fostering innovation – always looking at ways to improve and adapt



The six Strategic Priorities that will inform our focus areas:

Priority Areas	Programme of Actions
Collaboration, Partnerships & Leadership	1. Effective leadership and management of the destination
	2. Focus on the environmental wellbeing of natural assets
	3. Develop strong and mutually beneficial relationships to ensure positive impacts for the community and growth of the visitor economy for Waikato
	4. Iwi engagement
	5. Measuring progress
Product and Experience: protection, enhancement and development	6. Protection and enhancement of current experiences and investment
	7. Develop product/experiences for the journeys that enhance the positioning of the region
	8. Identify placemaking opportunities for communities
	9. Develop opportunities for communities to come together in their unique spaces
	10. Invest in an events programme that builds on the positioning of the region
	11. Develop food tourism product, journeys and events
Visitor Infrastructure and Investment	12. Develop infrastructure and services to support experiences and product being developed
	13. Identify accommodation needs throughout the region
	14. Invest in data insights to help inform all activity across the region
	15. Identify areas of constraint for the visitor economy within the region
Capability Building	16. Improve connectivity within the region
	17. Ensure connectivity between destination marketing and individual operators
	18. Tourism and event businesses are encouraged/supported to develop capability
Targeted Marketing	19. Education providers within the region providing career pathways into tourism
	20. Develop the journey and travel routes positioning outlined within this plan
	21. Develop campaigns specific to the positioning pillars
Sustainable Tourism	22. Develop higher profiles for hero/iconic experiences within the positioning pillars
	23. Attracting/curating value-add business events aligned to our positioning pillars
	24. Create movement of regenerative tourism pioneers within Waikato sector
	25. Develop products and experiences aligned to regenerative tourism principles
	26. Tackle climate change head-on for Waikato's visitor

Conclusion

As we continue to lead the sector in managing the ongoing impacts of COVID-19, our key focus areas for the coming year include:

- embed the Destination Management Plan into our activities
- continue to assist and encourage operators to embed Regenerative Tourism and sustainability measures into their activity
- deliver new Ambassador programmes for Waipā, Ōtorohanga /Waitomo, Waikato and Matamata-Piako districts
- support event organisers, venues and suppliers with the ongoing challenges with hosting events
- continuing to work with our industry to develop capability and prepare for the ongoing recovery of the tourism sector
- deliver enhanced capability building opportunities with the Regional Events Fund for Waikato, Rotorua, Ruapehu and Taupō
- deliver the remaining programmes of work funded under STAPP/Reset to boost our economic and social recovery
- continue to lobby and advocate for the tourism sector with Government

On behalf of the board and management of Hamilton & Waikato Tourism, we 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 support is greatly appreciated by the tourism sector and our community.

Nicola Greenwell
Chief Executive
Hamilton & Waikato Tourism
July 2022

Council Report

Committee: Economic Development Committee

Date: 11 August 2022

Author: Tracey Musty

Authoriser: David Bryant

Position: Finance Director

Position: General Manager People and Organisational Performance

Report Name: Co-Lab Annual Report 30 June 2021

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

1. To inform the Economic Development Committee on the Co-Lab Annual Report to 30 June 2021.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. The Annual Report for Co-Lab to 30 June 2021 was received by Council on 16 June 2022. The unusual delay was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.
4. Audit New Zealand carried out their audit in accordance with the Auditor-General's Auditing Standards. The audit was completed on 10 June 2022 where an unqualified opinion was expressed.
5. The annual report, which also contains the audit report, is attached to this report (**Attachment 1**).
6. Kelvin French, Chief Executive of Co-Lab, will present a verbal report.
7. Staff consider the matters in this report have a low significance and that the recommendations comply with the Council's legal requirements.

Discussion – *Matapaki*

8. Co-Lab was established to provide local authorities in the Waikato Region with a vehicle to procure shared services. Co-Lab now drives collaboration between councils and aims to improve customer service and performance, and to reduce costs.
9. Co-Lab is owned, in equal portion, by the 12 Waikato local authorities.
10. Co-Lab net surplus before tax of \$0.5M is higher in comparison to the deficit projected in the budget. This reflects the introduction of Water Services as a service line along with lower than anticipated costs on other workstreams.

11. Cash reserves closed on \$1.8M, which is a 60% increase on \$1.1M from 2020.
12. Co-Lab was able to continue with little direct impact from Covid-19 and remains in a strong position.

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

13. Staff confirm that the matters in this report comply with the Council's legal and policy requirements.
14. Staff have considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

15. 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').
16. 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.
17. The recommendations set out in this report are consistent with that purpose.
18. There are no social, environmental or cultural wellbeing considerations specific to this report.
19. Economic wellbeing is defined as the capacity of the economy to generate employment and wealth necessary for present and future financial security. The vision of Co-Lab is: "*Our Councils are maximising the value they provide to their communities*".

Risks - *Tuuraru*

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

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

Significance

21. 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

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - WLASS TA Co-Lab Annual Report 2021



Annual report 2021

Waikato councils working together to
shape happier communities and staff, and forge
effective councils.

Co-Lab is the trading name of Waikato Local Authority Shared Services Ltd

A handwritten signature in blue ink, located in the bottom right corner of the page.

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30 June 2021

Chair & CEO report

At the outset we want to acknowledge that it has been another incredibly challenging year for our shareholding councils. While the first half of 2020 was dominated by Covid-19, and this remains prominent, for the local government sector the last 12 months has been largely about central government reform. The company is sensitive to the pressures that the changes associated with these reforms place on councils and their staff.

The change in the company's strategic direction that the board, at the direction of our shareholders, embarked on three years ago was about the company transforming into a true service delivery agent and transformational partner to those shareholders. Central government's agenda – water reform, RMA reform and the review of the sector generally – has provided us with challenges when seeking to layer additional transformation onto an incredibly uncertain environment. We have, and will continue to, flex our priorities to help support councils in facing these challenges. The **Shifting Landscapes** project has been established to do just that. And the company does not wish to add to council staff pressure and uncertainty. The Board have therefore decided that projects the company progresses will not, for the foreseeable future, involve *structural* transformation.

Communication is paramount. Following release of the 2021 Statement of Intent, we provided each of our shareholders with details of how they are engaging with us (which is extensive), and the value we believe we are providing through those engagements. And we undertook an extensive survey of council staff in May to get feedback on what we are doing well, and where we could improve. We want to be completely transparent and work alongside the councils to ensure we are focused on the right things to add the greatest value to them and through them, their communities. Our newly established communications plan will see new and improved channels of communication.

Notwithstanding the complex macro environment, we have achieved a significant amount. Our priority projects LiDAR, Building Consent Shared Services, Waikato Regional Infrastructure Procurement, Shifting Landscapes, Customer Digital Enablement and Waikato OneView have all advanced throughout the year. You can read more about them later in this report.

We have also successfully stood up what has become our single largest service offering – Co-Lab Water Services. This offering, borne out of one of last year's priority projects, has seen the previous, successful partnership between Hamilton City and Waikato and Waipa District Councils integrated into Co-Lab and extended to other councils across the region. Nine councils are now receiving one or more of the Water Sampling & Analysis, Trade Waste Management or Smart Waters services on offer.

Our role as an 'ideas laboratory', that challenges traditional service delivery, by its very nature means that we do face some challenges ourselves. The response from some council staff to the potentially transformational Building Consent Shared Services project is a case in point. We will continue to communicate **why** these initiatives are being undertaken to allay concerns council staff may have. We remain reliant on senior leaders within the councils to reinforce that messaging. The company is owned by the councils: it is for the councils. We will always advance what we believe is an outcome that provides the greatest value to councils, acknowledging that councils have little appetite for structural change given the reforms mentioned earlier. However, we clearly cannot

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require councils to execute that recommendation. As we have said previously, we will think regionally, and act locally.

As we are reliant on council senior leaders for communications and supporting change within their councils, we also remain reliant on council staff to help drive initiatives. Our sincere thanks to the many council staff who have been involved in helping us on the development of opportunities or in otherwise supporting the outcomes we are all looking for (for example via the various working parties). We know your time is precious and capacity is increasingly challenged.

Performance measures

For the first time we can provide a full year report against measures included in our new performance framework. It is pleasing that we have been able to achieve all but one of our baseline targets. We did not meet our target (80%) of developing opportunities within timelines initially agreed by the board: we made a conscious decision to take further time on a couple of projects to consult more thoroughly with councils.

As mentioned earlier, in May we undertook a survey of council staff who were involved with the company in some way. Their engagement could have been as a recipient of services, part of a team on the development of opportunities, as a member of a working party or otherwise.

The results from the survey are encouraging. We achieved what we had targeted at the start of the year with 81% of respondents feeling that the services we offered either met or exceeded their expectations. That said, there is certainly room for improvement. We need to ensure we are better at communicating why we are considering opportunities. We also need to get better at communicating the value we provide.

We have also been busy behind the scenes. The team have been working on developing a robust communications plan, as noted earlier, and on developing a set of company values.

We want to ensure that Waikato councils are working together the best way possible, for the collective benefit of them and their communities. We want to do this because we believe it is the right thing to do for Waikato. If we achieve this, it will mean a relatively lesser burden on ratepayers, happier communities and council staff and more impactful councils.

We know the team are in a great place from the inaugural staff survey. The Board and management are focussed on the health, safety and wellbeing of our staff and it is clear from the survey that this is felt by them. We are developing a great culture within the organisation.

Finally, you may have noticed a new name on the cover. As we have become more established, we wanted a name that better reflected the role we are playing for our shareholders. **Co-Lab** does this and is our new trading name. You can read more about it later in this report.

Financials

Financially we remain in a sustainable position. The \$500k surplus for the year was significantly ahead of budget. That favourable variance flows from a combination of expenditure on projects being less than anticipated (although in many cases that expenditure will arise in the following year), less than anticipated expenditure on some services and the introduction of Co-Lab Water Services,



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which wasn't budgeted for. We will be reviewing cash reserves and, as we did last year, looking at areas where we can reduce the level of funding we ask for from councils in the coming year.

Our thanks to all council staff who have provided such strong support to the company throughout the year. We remain strongly of the view we are **Better Together**.

Peter Stubbs
WLASS Chair

Kelvin French
Chief Executive

Co-Lab – Re-branding

The Board have approved the name of Co-Lab as the new trading name for Waikato Local Authority Shared Services.

The new name was developed by staff through a series of workshops where the team talked about what they believe the company's purpose is and what it stands for. Co-Lab was chosen as it reflects:

- Collaboration – Councils working together, and with the company, to achieve a better outcome; and
- The company's role as a 'laboratory' for coming up with new ideas.

The company's colours have been developed by a similar process of engaging with staff on how we want the company to be seen:

ORANGE	DARK BLUE	GRAY
Energy, enthusiasm, warmth, vibrant, flamboyant	Integrity, knowledge, stability, trust, unity	Intelligence, security, reliability, practical, maturity

Core values & value statements

As part of the inaugural staff survey undertaken in early June, staff were asked:

"What are the five values that resonate most strongly with you and that you believe should form the foundation for the culture we are establishing at Co-Lab?"

From the more than 30 options available to staff, three clearly stood out:

- Collaboration & Partnership
- Integrity
- Innovation

A small team then developed some value statements that they felt resonated best with Co-Lab.





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Priority projects

This time last year the board agreed a suite of priority projects, in addition to the continuation of existing projects. These were set out in a letter of intent to shareholders. An update on the progress of these follows.

Shifting landscapes

Holding a majority in parliament, central government are in a strong position to mandate change and “Shifting Landscapes” responds to the suite of reforms proposed impacting the local government sector.

The project initially sought to help councils by designing criteria to define what services councils believe they themselves should deliver to their communities, and what services they believe should be delivered by other means (e.g. central government, Co-Lab).

The project has evolved into two workstreams:

- Community needs analysis (CNA)
- Stranded overheads assessment (SOA)

The CNA project will bring data together on what Waikato communities need and how the public sector as a whole is, and has historically been, meeting those needs. We will then present that data back to participating councils in a coherent way to equip them with the facts they need to effectively engage with central government and advocate for what they consider to be the right ‘future for local government’.

There is a risk that central government make decisions regarding the future for local government without a clear understanding of the facts pertaining to individual communities. Doing so could result in sub-optimal decisions being made. It is therefore important that councils can articulate their communities’ needs and do so using fact-based evidence.

The CNA project provides an efficient means of bringing that evidence together and presenting it at a district and regional level.

With the SOA project Co-Lab is positioning itself to be ready to mobilise when government mandate the water reforms. The intention is to be prepared to establish a project to assist councils, but not actually do this until there is clear direction from government (following introduced legislation).

The project, at the appropriate time, **will assist councils to gain a strong understanding of their stranded overheads** so then councils can:

- Make properly informed decisions about how to deal with them; and
- Have a good basis for discussions with central government regarding the ‘no worse off’ funding (and other matters) through the transition to the new water entities and the years immediately following.

This problem presents the opportunity to apply a consistent approach to the identification and quantification of stranded overheads, and by collaborating, doing so in the most efficient way. It will also allow us to work with the Department of Internal Affairs to ensure that the work we are doing



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does not duplicate effort (we want to ensure that the work undertaken is fit for purpose from DIA's perspective).

It also presents an opportunity to consider how to deal with those stranded overheads in the most effective way at a regional or multi-regional level, rather than by each district, to achieve a better collective outcome.

Both workstreams were in the early stages of planning during the year with the bulk of the work to be undertaken in the year to 30 June 2022.

Customer digital enablement

The customer digital enablement project has been established to allow councils to work together and collaborate on customer strategies, and leverage investment into digital channels to support this. There are rising community expectations of:

- Self-service;
- Digital engagement;
- Instant service;
- Personalised service; and
- Falling costs.

With this, there is a risk of a growing gap between community expectations and council service delivery because each council, acting individually, has limited ability (both expertise and available capital) to:

- 'Go digital' and provide 21st century, customer-focused, digitally-enabled services; or
 - Use technology to transform the way they work, manage assets and deliver services.
- [sourced (paraphrased) from McGredy Winder & Co Sept. 2017 report to WLASS]

Early this year Datacom was engaged to host 2 "lightning" sessions. These sessions:

- Defined a collective vision to develop and understand how Co-Lab councils can meet the rising expectations of their customers, community and central government who operate in an increasingly digital world; and
- Provided an understanding of how the councils can work together and create a better and more connected digital citizen experience through a joint service delivery.

Further workshops are planned for the coming year with a view to establishing a pipeline of opportunities where councils can work together to share and leverage capabilities, knowledge and budgets, for the benefit of communities and customers.

Asset management centre of expertise

The objective of the Asset Management Centre of Expertise (AMCE) project is to *identify opportunities for expansion of RATA's existing service capability in asset management operations.*

The investigation is considering the opportunities to expand:

- Into other asset types (the focus to date being roading and waters infrastructure);
- The existing RATA service(s) into councils outside of the Waikato;
- Into other stages of the asset management lifecycle; and



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- Into an advisory role to assist councils with their interactions with the (potential) new water authority.

While most of our priority projects have little foundation to work from, that is not the case with AMCE. RATA already provides a substantial service to most councils in the Waikato region. The opportunity is to leverage that position and do more with the already established business unit to provide greater value to those (and potentially other), councils.

Building consent shared services – the customer building journey project

Another opportunity under development during the period was the Building Consent Shared Services project. The issue and monitoring of building consents is a critical function of councils. It is important that this function is delivered with the customer in mind and in the most efficient way. Councils are also facing a shortage in capacity in this area and this challenge is expected to increase with an aging workforce (not unique to building consent functions), and continuing demands on high-growth sub-regions.

"Partnering to build confidence, making Kiwi's construction dreams easy"

"Hanga tahi te moemoea"
"Together we build the dream"

Development of the opportunity culminated in the delivery of an indicative business case to the Board in December 2020. We engaged further with senior council staff in the first half of 2021, and **we are progressing this initiative via a staged approach** that incorporates off-ramps should there be little value in progressing to the next stage. Stage one started October 2021.

Learning and Development Shared Service

"Growing great people to do great things for great communities"

The Board, with the support of the People & Capability Managers working party, has established a project team to investigate a regional approach to learning and development.

The initial phase of the investigation has been completed with strong council support for a regional service that offers:

- Virtually facilitated courses;
- E-learning (online) training;
- A collaborative approach to the development of learning content; and
- Access to a Learning Management System.

The board have approved **taking the project to a detailed analysis and design** phase that will result in final proposals to councils and ultimately, the establishment of the service early in 2022.

GIS centre of excellence / Policy and by-law development

In addition to the projects above which are already underway, two other identified priority projects remain in the pipeline.

Handwritten signature/initials



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The **Policy and By-Law Development** project is an opportunity to consider the value of having a standard suite of policies across local authorities. It would include benchmarking the existing policies and by-laws and establishing a timetable for review to avoid duplication of effort wherever possible.

For most councils, there is limited ability/need for a full-time resource that has expertise in GIS. However, having access to that resource, as and when required, would be useful to meet internal needs and community enquiries in a timelier manner. The **GIS Centre of Excellence** project will consider if there is value in the creation of such a centre, that provides core data and GIS system management, as well as analytical work, to support the operation of councils. As noted earlier, because this project *may* involve structural change, we will defer starting the project until there is greater certainty for councils on the implications of central government's current suite of reforms.

WLASS achievements

Beyond progressing the priority projects, a lot has been achieved over the past 12 months: something we are proud of and grateful to all the council staff who have made it possible. The following pages highlight the achievements of significant milestones during the year for three of our past priority projects.

Co-Lab Water Services



In September 2020, the Board approved the establishment of Co-Lab Water Services. The formal transition of the previous partnership between Hamilton City, Waikato District and Waipa District Councils into **the Co-Lab Water Services offering has been completed**. Co-Lab is now providing at least one of the water sampling and analysis, trade waste management and "Smart Water" education services to nine councils across the region. This is a fantastic outcome for the region and a testament to Fiona Sutton and her team's drive and passion for wanting to ensure a great service is provided to councils.

This new service offering is a significant addition to the company, increasing revenue by ~40%.

Waikato OneView

Phase 1 of the Waikato OneView project implementation was completed in December 2020. Phase 2 was completed shortly after the financial year end and **Waikato OneView is now live**. Like Co-Lab Water Services, this was a significant initiative involving a great will and commitment from a special team of council staff, led by Steve Zhu at Hamilton City Council.

The project sees the alignment of key data from seven different councils through a common data schema and presentation of that data via a Web Map Viewer. It includes water utilities and infrastructure, property boundaries and zones, community and recreation maps such as bike and walking tracks, and other community-related data.

It will improve the customer experience by reducing the time required to gather data and increasing the data's accessibility because it covers a greater part of the region and is always available.

For the councils, a key outcome is to increase the visibility and accessibility of data (in line with central Government's open data initiative), as well as reducing council staff workloads because users can self-serve and saving councils (and the ratepayer) money through collective buying power.

LiDAR

In February 2019, the Board approved the procurement of a Regional Light Detection and Ranging (LiDAR) data set as part of a Land Information NZ nation-wide initiative. That initiative is supported by funding from the Provincial Growth Fund and other commercial partners, which has significantly reduced the investment required from councils.

The aerial and ground survey operations were completed in May 2021. Some key statistics:

- **26,483km:** Aerial survey line km achieved (that's four return trips to the Cook Islands)
- **185 hours:** Total survey flying time
- **310:** Number of ground survey sites completed
- **22 Terabytes:** Amount of survey data collected (about twice as much data as the Hubble Space Telescope generates in a year)

LiDAR provides precise laser measurements of the earth's surface with the data used to create highly accurate 3D maps of the land.

The data enables better management of natural hazards, such as flooding, erosion and sea level rise. It provides farm-scale land information to benefit the agriculture and forestry sectors as well as being used for many other planning purposes.



Flight lines over the Coromandel

It is also widely used for development, engineering, architecture and design applications by the private sector.

Waikato Regional Council are providing significant technical support to the project and will lead the extensive data quality control workstream.

Processing the 22 Terabytes of survey data has now commenced. This is a large and complicated process, with the contract milestone to deliver the final datasets being October 2022.

A snapshot of other activity

RATA

RATA was initially established in 2014 as a centre of excellence aiming to achieve best practice in road asset management, by improving capability, capacity and outcomes through effective collaboration with councils. Since then, RATA has expanded to meet the demand for asset management services, including in relation to waters infrastructure. The RATA programme consists of the following main elements:

- Data management and asset standards – approximately 60% of RATA's work incorporates RAMM and AssetFinda support work;
- Knowledge and skills – Facilitating council waters and roading forums throughout the year;
- Water collaboration projects;
- Transport projects; and
- The Waikato Regional Transport Model.

RATA provides two levels of RAMM support to the ten road controlling authorities (RCAs) in the Waikato region. RAMM is an asset management database used by all RCAs in the country. The councils supported by RATA all did very well, relative to other RCAs, in the REG¹ data quality scores released earlier this year, and the highest score in the country was a RATA council.

While the team have had to deal with the impacts of Covid-19 on the delivery of some services, in the main there has been uninterrupted support services to our partner councils. A particular focus has been supporting councils in the preparation of their Long-Term Plans. Highlights for the year include:

- Completion of a Strategic Review from which came a recommendation to extend the support provided to councils;
- Hosting the inaugural GM Forum where General and Group infrastructure managers from the councils met to discuss improvement ideas for the region. In addition to the GM Forum, the quarterly roading and quarterly water asset manager forums have been very successful during the year;
- Ongoing delivery and development of the water asset data dashboard - a first for NZ - and providing an evidence-based assessment of the quality of water asset data within partner councils. This is the RATA water collaboration flagship project delivering ongoing quality outputs and achieving national recognition such that councils out of the RATA region are also engaging with the project; and
- Implementation of the RATA restructure with the appointment of the Roading Collaboration Team Leader and Water Asset Information Engineer. In particular, the appointment of the Water Asset Information Engineer has firmly established the small water team and provided

¹ REG is the acronym for the Road Efficiency Group, established by Waka Kotahi. The REG data quality project was undertaken to:

- establish a framework to measure, monitor and report data quality across RCAs
- establish a data quality baseline for each RCA, establishing a national perspective of data quality across RCAs
- gain an evidence-based understanding of the root causes of data quality issues
- develop work programmes to address the issues and help RCAs improve data quality over time.



30 June 2021

the foundation to gain momentum on water projects as well as supporting councils on water asset management activities.

Waikato Regional Transport Model (WRTM)

The WRTM became fully operational in February 2010. It provides transport modelling information to councils and to external users (for a charge). The WRTM is the only recognised strategic transport modelling resource in the Waikato region and is jointly funded by Waka Kotahi.

WRTM activities have picked up following councils' agreement to a forward works programme. The long-overdue 2018 Census information has been incorporated into the WRTM to create a new base-year scenario, and Waikato land-use planning for the future has been completed by the Waikato University and Waikato Regional Council which will be used to develop the future year scenarios. The procurement process for a Single Stage Business Case commenced during the year. This business case will secure the pathway for the redevelopment of the WRTM suite of models for the foreseeable future and has recommended a programme of activities and upgrades through to 2030. The programme will culminate in a suite of complimentary models, including the establishment of a new and more detailed model for the Hamilton area. The recommendations are subject to approval by the shareholders.

Regional Infrastructure Technical Specifications (RITS)

The RITS document sets out how to design and construct transportation, water supply, wastewater, stormwater and landscaping infrastructure. Prior to developing RITS, each Council had its own technical specifications for infrastructure resulting in different standards having to be met across the Waikato region. RITS provides a single regional guide, making business easier.

The RITS is published on the WLASS website (<http://www.waikatolass.co.nz/>), and ongoing maintenance of the document is the responsibility of a Project Co-ordinator, managed by WLASS.

During the year we welcomed Rotorua Lakes Council to the RITS 'family' of councils.

Waikato Regional Aerial Photography Service (WRAPS)

WRAPS was set up in the 1990s for the supply of colour, digital, ortho-rectified, aerial photography for the Waikato Region. Photographs are captured periodically (~every 5 years). The latest programme commenced in early 2021 with delivery of urban imagery scheduled for October 2021.

Waikato Building Consent Group (WBCG)

The vision of the WBCG is to foster increased collaboration and consistency between the member councils and their Building Control Authorities (BCAs), for the benefit of building consenting customers and their communities' economic growth.

July 2020 saw the introduction of the Building Consent Shared Services (BCSS) opportunity (referred to above). As part of that opportunity, detailed analysis of the expected costs, benefits, risks and constraints of the (revised) WBCG's strategic initiatives was undertaken. While these initiatives had been conceptually agreed previously, the further work undertaken shed light on the investment required to effectively deliver them. The WBCG Advisory Group agreed to progress with appointing a Quality and Compliance Manager, Customer Engagement Coordinator and Technical Competency Assessor, and to establishing a Preferred Supplier Panel for contractors.



30 June 2021

Whilst the benefits and services provided through WBCG membership will increase throughout 2021 with the expected delivery of these initiatives, it has also been recognised that the group's purpose has shifted since the initial focus on establishing and managing a cluster-wide Quality System Manual for accreditation purposes. A strategic planning session is scheduled for the WBCG Advisory Group in November, to re-set the direction of the group.

Health & Safety pre-qualification

Co-Lab contracts RJ Safety Consulting (previously SHE Software), to manage the Local Government Health & Safety Contractor Pre-qualification Scheme on behalf of councils. Twenty councils and one CCO are now using the scheme, with approximately 1,730 contractors registered, which enables them to be pre-qualified to work for any of the participating entities.

Further detail on these activities and the councils involved in each can be found on the WLASS website at <http://www.waikatolass.co.nz/>.

Joint procurement initiatives

The company is a party to numerous joint procurement contracts with shareholding councils and suppliers. Councils choose whether to be a party to a particular contract. Wherever possible we negotiate a syndicated contract with the supplier to allow additional councils to join later.

The most significant suite of contracts comprises the Professional Services Panel, involving eight councils and upwards of 150 suppliers. The current panel arrangement was established in August 2019. Toward the end of this financial year a significant review of the panel's effectiveness was undertaken. While evidence suggests it has led to significant time and cost savings, a project to implement improvements to the way it operates is being undertaken in the year ended 30 June 2022.

During the year the tender for print and mailhouse services on behalf of six councils was largely completed (the contract was awarded in October 2021).

Shared Valuation Data System (SVDS)

This service provides timely and accurate valuation data to the participating councils. The SVDS has become the accepted valuation database for the region. Data sales now cover the cost of delivering the service following the transition to a software-as-a-service arrangement with a new provider.

Energy management

The second year of a three-year programme to support councils on energy and carbon management initiatives has been completed. There is increasing engagement from councils with the programme. In the first half of 2021, councils agreed that the scope of the programme be modified to include a focus on climate change action.

Shareholder survey

In May 2021, staff at shareholding councils were asked to provide feedback on various elements of working with WLASS. The questions asked in the survey covered opportunity development, the working parties, and the services we provide.

The survey was sent to all council Chief Executives and any council staff member who was



30 June 2021

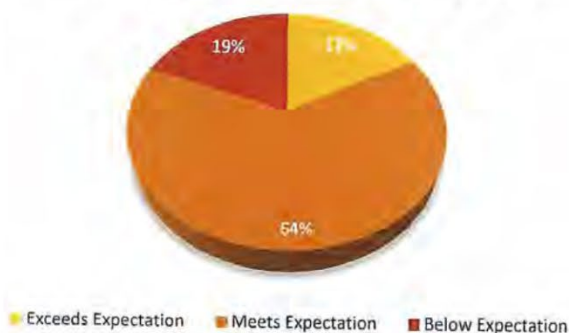
considered either:

- A key point of contact for a service;
- Had been involved in an opportunity development; or
- Had been involved in a working party.

The survey was sent to ~220 people. We received 68 responses (~31%).

Across the six services against which we were measuring ourselves, we had 47 responses. Respondents were asked to assess, in an overall sense, whether the services “exceeds”, “meets” or are “below” expectation.

Overall satisfaction of services



Overall, our target of 80% has been met (80.9%). However, the Waikato building consent group falls significantly short of this target and where we would like to be. This is not unexpected given the Building Consent Shared Services project that has been undertaken at the same time –

respondents make it clear that the project has detracted from the level of service the WBCG has received. There is some truth to this observation although councils were made aware of this risk and steps were taken to mitigate the impact.

The survey validates the work Co-Lab is undertaking and shows we are heading in the right direction. Undoubtedly, there are areas where we can improve and we are taking steps to do so. The responses serve as a baseline from which we can track progress.

Staff survey

The inaugural Co-Lab staff survey was undertaken in early June.

As with the stakeholder survey there are areas we need to work on. However, the responses to the survey reflect the great team culture within the company and is a strong base to develop from. Particularly pleasing was that people feel empowered and safe to tell the truth, two aspects of the work environment that have been a focus in the team. It was also pleasing that staff could recognise that Board and management placed importance on staff health, safety, and wellbeing.

30 June 2021

By the numbers

Summary financial results for the year:

	2021 (000s)	2020 (000s)	Change
Total income	6,930	5,328	30%
Net surplus before tax	514	(341)	
Cash on hand	1,802	1,127	60%

The net surplus before tax is high in comparison with the deficit projected in the budget. This principally reflects the introduction of Water Services as a service line along with lower than anticipated costs on other workstreams (albeit these costs will mostly be incurred in the following financial year).

Performance measures

Co-Lab's Performance Framework

Our vision	Waikato councils working together to shape happier communities and staff, and forge effective councils.					
Outcomes we are seeking	Council costs are reduced / performance is improved, without increased cost		The experiences of councils' communities are improved		Central government investment into and engagement with Waikato councils is increased	
Our specific objectives	<ul style="list-style-type: none"> ➤ Achieve effectiveness and efficiency gains ➤ Reduce duplication of effort and eliminate waste through repetition ➤ Helping the councils achieve an appropriate balance in risk and return 		<ul style="list-style-type: none"> ➤ Promote and contribute to the development of best practice ➤ Make it easier for communities to engage with councils in the Waikato region on a consistent basis ➤ Promote business transformation to improve communities' experiences 		<ul style="list-style-type: none"> ➤ Enable the Waikato councils to collectively be more effective as a region on the national stage ➤ Contribute to building central government's confidence in the Waikato region, and to encourage central government investment 	
Priorities: How we will achieve our outcomes	Investigate the right opportunities	Develop opportunities on time and within budget	Ensure opportunity benefits are realised	Provide services that meet the needs of councils	Foster cross-council collaboration	
What we must manage well	Our relationships	Our services	Our projects	Our people	Our resources	Our reputation





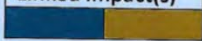


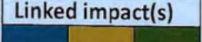

30 June 2021

The following performance measures noted in the table below were included in the 2020 Statement of Intent covering the financial years ended 30 June 2021-2023. The company has assessed whether each target has, or has not, been achieved.

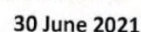
Key:

- Achieved
- Unable to currently measure
- Partially achieved: Activity remains in progress
- Not achieved

Priority	Performance measure	Target	Outcome (progress toward target)	
Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives <div style="border: 1px solid black; padding: 2px;">Linked impact(s)</div>	➤ Business cases will include measurable benefits linked to one or more of the outcomes sought	Projected savings to councils of \$300k+	The WCLASS Water Services Business Case was delivered in September 2020. The benefits are linked to all three of the outcomes sought. In particular, KPI's will measure improvements in trade waste management, water usage and regulatory compliance. Although these will provide a measure of the realized benefits, it is difficult to readily quantify this in dollar terms. The business case for WCLASS Learning & Development Shared Services (LDSS) was approved by the Board in June 2021. Collectively, the projected savings (including monetised time savings), to Waikato councils from the opportunity are ~\$2.4m over the first three years. Other projects are at various stages of development. While indicatively, on some, the quantifiable benefits to councils are potentially significant, further work is required before the company can confidently state a projected saving.	●
	➤ Opportunity assessments are supported by councils	75% of councils	Following consultation with council CEs and GMs in April, the BCSS project has progressed under an increased scope and changed focus.	●

Priority	Performance measure	Target	Outcome (progress toward target)	
	(evidenced by Board minutes)		9 of 10 councils have engaged WLASS to undertake one or more of the service offerings contained in the WLASS Water Services business case. The opportunity assessment for LDSS was presented to the Board in June 2021. The project was approved to progress to the next stage on the back of 9 councils indicating they wish to participate.	
Develop opportunities and deliver projects within agreed budgets and timelines	<p>➤ Opportunities / projects are developed / delivered within agreed timelines</p> <p>Linked impact(s)</p> 	80%	63%: Three of the eight projects under development that had a milestone during the year, had some delays in their progress. The most significant delay was a three-month lag in relation to the Building Consent Shared Services project, for which the Board agreed to extend beyond the original timeframe to allow greater time to engage with councils. The transition of all councils across to the new waters services has taken three months longer than anticipated. While most councils had transitioned, some had to be deferred as HCC recruited the required resources to meet expected service delivery levels. 100%: The five completed projects all came within budget.	 
Ensure projects realise their expected benefits	<p>➤ Measurable benefits are actively monitored and reported against</p> <p>Linked impact(s)</p> 	Six-monthly	Project benefit assessments are now being presented to the Audit & Risk Committee. These assessments report on whether the benefits noted in project business cases have been realised. They also contain 'lessons learnt' to take forward to future projects.	

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Priority	Performance measure	Target	Outcome (progress toward target)
	<p>➤ Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised)</p>	<p>For \$200k+ Projects (based on cost of opportunity development and ongoing investment) Within 15 months</p> <p>90% of projected quantifiable benefits are realised</p>	<p>The first such assessment related to the Waikato Data Portal (WDP) and was considered by the Committee in June 2021.</p> <p>As these assessments are completed the measurable benefits will then be monitored ongoing.</p> <p>Project benefit assessments are now being undertaken at each Audit & Risk Committee meeting. The first of these, which considered the WDP, took place in June 2021.</p> <p>10 of the 15 stated benefits of the WDP are assessed as having been realised. A further 4 are considered difficult to measure, and 1 has not been achieved.</p> <p>The original business case did not include projected quantifiable benefits, or at least baselines for these to measure against. For that reason, we are unable to attribute a percentage to the extent to which the benefits have been achieved, although evidence shows that there have been time and cost savings for councils because of the WDP.</p>
<p>Ensure existing services are meeting the needs of councils</p> <p>Linked impact(s)</p>	<p>➤ The services we provide (below) are considered by councils who use that service to meet or exceed their expectations</p>	<p>80% of councils</p>	<p>A stakeholder survey was undertaken in May 2021. The survey was sent to 220 council staff with 68 responses (~31%).</p>

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Priority	Performance measure	Target	Outcome (progress toward target)	
	(evidenced by an annual survey): <ul style="list-style-type: none"> o RATA – roading & waters o Waikato Building Cluster o Regional Infrastructure Technical Specifications o Energy & Carbon Management o Professional Services Panel o Health & Safety pre-qualification 		81% of respondents said that the services they received either met or exceeded their expectations. The 80% target was also met for each of the services individually, other than the Waikato Building Consent Group. While the result for that service offering was disappointing, it was not unexpected. The prospect of change from the Building Consent Shared Services project has been unsettling for some council staff and this is reflected in the feedback on Waikato Building Consent Group.	
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice <div>Linked impact(s)</div>	➤ Across these groups, ideas for future consideration and/or initiatives are identified each year	Six per annum	Initiatives have arisen during the year from the Shared Services Working Party (SSWP), Waikato IT Managers, Procurement Managers and Legal Services groups. Discussion at the SSWP led to the priority project "Customer Digital Enablement". The Procurement Managers group have commenced a review of the Professional Services Panel, and the tender for the data, print and mailhouse contract (awarded in August 2021). The performance measure was established to ensure that the working groups: <ol style="list-style-type: none"> 1) were action-orientated; and 2) acted as a feeder for WLASS priority projects. Various other smaller initiatives have also come from the working parties (e.g. critical roles stocktake, development of a psychological wellbeing best practice document).	●



30 June 2021

Priority	Performance measure	Target	Outcome (progress toward target)	
			<p>The working groups fill an important role of helping WLASS develop opportunities, through providing resource, acting as a sounding board for ideas and helping manage the potential for change within their councils.</p> <p>Meetings of the groups also play an important role in fostering relationships and learning from the experience of their colleagues at other councils. They are therefore fulfilling the priority area of 'fostering and promoting cross-council collaboration and networking'</p>	

Independent Auditor's Report

To the readers of Waikato Local Authority Shared Services Limited's financial statements and performance information for the year ended 30 June 2021

The Auditor-General is the auditor of Waikato Local Authority Shared Services Limited (trading as Co-Lab) (the company). The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 26 to 47, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive revenue and expenditure, 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 company on pages 16 to 21.

In our opinion:

- the financial statements of the company on pages 26 to 47:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the performance information of the company on pages 16 to 21 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2021.

Our audit was completed late

Our audit was completed on 10 June 2022. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

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

Basis for our opinion

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

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

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

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company 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 company.

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 company for assessing the company'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 company 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 company'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 company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company'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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 16 and page 48, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.



David Walker
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Financial statements



Financial Statements
For the year ended 30 June 2021

A handwritten signature in blue ink, consisting of a stylized 'P' followed by a flourish.

Co-Lab*
Statement of comprehensive revenue and expenditure
For the year ended 30 June 2021

Statement of comprehensive revenue and expenditure

For the year ended 30 June 2021

	Note	Actual 2021 \$	Budget 2021 \$	Actual 2020 \$
Revenue				
Data sales		368,862	379,761	456,975
Interest		14	2,000	2,369
Other revenue	4	<u>6,561,526</u>	<u>5,312,247</u>	<u>4,868,551</u>
Total revenue		<u>6,930,402</u>	<u>5,694,008</u>	<u>5,327,895</u>
Expenditure				
Personnel costs	6	852,651	721,741	467,588
Depreciation and amortisation expense	10,11	22,822	16,447	56,258
Other expenses	5	<u>5,541,265</u>	<u>5,138,507</u>	<u>5,144,584</u>
Total expenditure		<u>6,416,738</u>	<u>5,876,695</u>	<u>5,668,430</u>
Surplus/(deficit) before tax		513,664	(182,687)	(340,535)
Income tax expense	9	<u>(3,091)</u>	-	-
Surplus from continuing operations		<u>516,755</u>	<u>(182,687)</u>	<u>(340,535)</u>
Surplus/(deficit) after tax		<u>516,755</u>	<u>(182,687)</u>	<u>(340,535)</u>
Total comprehensive income		<u>516,755</u>	<u>(182,687)</u>	<u>(340,535)</u>

*Co-Lab is the trading name of Waikato Local Authority Shared Services Limited
The accompanying notes form part of these financial statements
Explanations of major variances against budget, not stated elsewhere, are provided in note 20

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Co-Lab*
Statement of changes in equity
For the year ended 30 June 2021

Statement of changes in equity

For the year ended 30 June 2021

	Note	Actual 2021 \$	Budget 2021 \$	Actual 2020 \$
Balance at 1 July		941,656	935,003	1,282,191
Total comprehensive revenue and expense		<u>516,755</u>	<u>(182,687)</u>	<u>(340,535)</u>
Balance at 30 June	14	<u>1,448,570</u>	<u>752,316</u>	<u>941,656</u>
Adjustment to Reained Earnings		<u>(9,843)</u>	-	-
Retained earnings at end of the year		<u>(9,843)</u>	-	-
Total equity attributable to:				
Equity holders of Waikato Local Authority Shared Services Limited		<u>1,448,570</u>	<u>752,316</u>	<u>941,656</u>
Balance at 30 June		<u>1,448,570</u>	<u>752,316</u>	<u>941,656</u>

**Co-Lab is the trading name of Waikato Local Authority Shared Services Limited
The accompanying notes form part of these financial statements
Explanations of major variances against budget are provided in note 20*


SA

Co-Lab*
Statement of Financial Position
As at 30 June 2021

Statement of financial position

As at 30 June 2021

	Note	Actual 2021 \$	Budget 2021 \$	Actual 2020 \$
ASSETS				
Current assets				
Cash and cash equivalents	8	1,802,263	647,330	1,127,986
Exchange trade and other receivables	7	711,606	277,844	1,343,605
Non-exchange trade and other receivables	7	988,548	-	147,394
Prepayments		-	253,342	-
Total current assets		3,502,417	1,178,516	2,618,985
Non-current assets				
Property, plant and equipment	10	25,248	5,592	14,965
Intangible assets	11	29,167	24,645	43,751
Deferred tax assets		3,091	-	-
Total non-current assets		57,506	30,237	58,716
Total assets		3,559,923	1,208,753	2,677,701
LIABILITIES				
Current liabilities				
Payables and deferred revenue	12	2,056,552	402,565	1,683,693
Employee benefits	13	54,801	53,872	52,352
Total current liabilities		2,111,353	456,437	1,736,045
Non-current liabilities				
Total non-current liabilities		-	-	-
Total liabilities		2,111,353	456,437	1,736,045
Net assets		1,448,570	752,316	941,656
EQUITY				
Contributed capital	14	2,957,001	2,957,001	2,957,001
Retained earnings	14	(1,508,431)	(2,204,685)	(2,015,345)
Total equity		1,448,570	752,316	941,656

These financial statements have been authorised for issue by the Board of Directors on 10 June 2022.


Director
10 June 2022


Director
10 June 2022

*Co-Lab is the trading name of Waikato Local Authority Shared Services Limited
The accompanying notes form part of these financial statements
Explanations of major variances against budget are provided in note 20

Co-Lab*
Cash flow statement
For the year ended 30 June 2021

Statement of cashflows

For the year ended 30 June 2021

	Note	Actual 2021 \$	Budget 2021 \$	Actual 2020 \$
Cash flows from operating activities				
Interest Received	14	2,000	2,369	
Receipts from other revenue		6,136,807	6,503,169	5,289,918
Payments to suppliers and employees		(5,503,159)	(6,484,401)	(5,725,847)
Taxes received / (paid)		-	-	998
Goods and services tax received / (paid)		59,134	36,794	113,849
Net cash flow from operating activities		692,796	57,562	(318,713)
 Purchase of property, plant and equipment		 (18,522)	 -	 (13,103)
Net cash flow from investing activities		(18,522)	-	(13,103)
 Net (decrease)/increase in cash and cash equivalents		 674,274	 57,562	 (331,816)
Cash and cash equivalents at the beginning of the year		1,127,986	589,770	1,459,802
Cash, cash equivalents, and bank overdrafts at the end of the year	8	1,802,260	647,332	1,127,986

**Co-Lab is the trading name of Waikato Local Authority Shared Services Limited
The accompanying notes form part of these financial statements
Explanations of major variances against budget are provided in note 20*

P

1 Statement of accounting policies

1.1 Reporting entity

Waikato Local Authority Shared Services Limited ("the Company") is a Company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The Company trades under the name Co-Lab. It is controlled by the councils listed on the directory page of these accounts. The company is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002 (LGA), by virtue of each of the shareholding Council's right to appoint the Board of Directors.

The company seeks the following outcomes for its shareholding councils:

- i) Council costs are reduced / performance is improved, without increased cost;
- ii) The experience of councils' communities is improved; and
- iii) Central Government investment into, and engagement with, Waikato is increased.

It has the roles of developing opportunities which achieve one or more of these outcomes, and of providing any resulting services to councils, or organising someone else to do so.

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

The financial statements of the Company are for the year ended 30 June 2021. The financial statements were authorised for issue by the Board of Directors on the ## ####### 2021.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of the Company have been prepared in accordance with the requirements of the LGA, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance and comply with Tier 2 PBE Standards reduced disclosure regime (RDR).

C-Lab is eligible to report in accordance with the Tier 2 PBE accounting standards RDR as it:

- is not publicly accountable;
- has expenses more than \$2 million, but less than \$30 million.

The accounting policies set out below are consistent with the prior year.

Measurement base

The financial statements have been prepared on a historical cost basis.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar unless otherwise stated. The functional currency of the Company is New Zealand dollars.

Budget figures

The budget figures are those approved by the Board of Directors in the 2020/21 Statement of Intent. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Company in preparing the financial statements.

2 Summary of significant accounting policies (continued)

2.2 Goods and services tax

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

The net amount of GST recoverable from, or payable to, the Inland Revenue is included as part of receivables or payables in the statement of financial position.

The net GST paid, or received, including the GST relating to investing and financing activities, is classified as an operating cash flow in the cash flow statement.

Commitments and contingencies are disclosed exclusive of GST.

3 Critical accounting estimates and assumptions

In preparing the financial statements the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year have been included below.

3.1 Intangible assets

Useful lives and residual values

At each balance date the Company reviews the useful lives and residual values of its intangible assets. Assessing the appropriateness of useful life and residual value estimates of intangible assets requires the Company to consider a number of factors such as the expected period of use of the asset by the Company, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the amortisation expense recognised in the income statement, and carrying amount of the asset in the balance sheet. The Company minimises the risk of this estimation uncertainty by reviewing that the asset technology is still relevant and there is no alternative options to recreate the asset at a lower price.

Impairment of intangible assets

Intangible assets measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell, and value in use.

If an assets carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Co-Lab*
Notes to the financial statements
30 June 2021
(continued)

4 Revenue

Accounting policy

(i) Revenue

Revenue comprises the fair value of the considerations received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts and after eliminating sales within the Company. No provisions have been recorded as all revenue and trade receivables are expected to be received.

(ii) Other Revenue

Member charges for all activities are recognised when invoiced to the user, i.e. Councils. The recorded revenue is the net amounts of the member charges payable for the transaction. Contributions received for projects that were not completed in a financial year are recognised when the Company provides, or is able to provide, the service for which the contribution was charged. To the extent the service has not been delivered, contributions for that service are recorded as revenue in advance.

	Actual 2021 \$	Actual 2020 \$
Non-exchange revenue		
Member Charges	2,662,360	2,753,760
Cost Recovery	49,689	-
Total non-exchange revenue	<u>2,712,049</u>	<u>2,753,760</u>
Exchange revenue		
Working Parties	668,348	520,253
Information Technology *	1,957,063	133,869
Energy Management	92,184	126,155
Regional Asset Technical Accord **	396,697	921,369
Waikato Regional Transport Model	2,005	9,270
Waikato Building Consent Group ***	117,533	28,000
Future Proof ****	-	302,219
Waikato Mayoral Forum	5,000	12,406
Water Services *****	560,172	-
RITS	50,475	61,250
Total exchange revenue	<u>3,849,477</u>	<u>2,114,791</u>
Total other revenue	<u>6,561,526</u>	<u>4,868,551</u>

Explanation of variance to last year:

*During the year flying in relation to the capture of LiDAR data as part of a project co-funded by LINZ was completed. This triggered several milestone payments with amounts received from funding partners.

** The data collection contracts are based on a data collection strategy based on a three year programme. Year 1 (last year) was the largest collection year.

*** Responsibility for IQP and Producer Statement registers were transitioned from HCC to Co-Lab during the year. The additional revenue reflects fees from the activity derived from 3rd party applicants.

**** In prior years the Company has been responsible for the administration of Future Proof. This included payment of suppliers and collection of funding from participants. This function was transferred to Waikato Regional Council at the start of the year.

***** In September 2020 the Board approved the establishment of Co-Lab Water Services. Following that, revenue has started to be derived from councils who have taken up the Co-Lab service.

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Co-Lab*
Notes to the financial statements
30 June 2021
(continued)

5 Other expenses

	Actual 2021 \$	Actual 2020 \$
Audit fees	28,540	24,857
Company Management & Support	186,927	183,934
Working Parties	505,954	537,420
Information Technology *	1,875,648	154,613
Energy Management	135,338	124,952
Shared Valuation Data Services**	256,787	1,044,487
RATA ***	1,484,576	1,641,953
Waikato Regional Transport Model ****	452,558	153,286
Waikato Building Consent Group	105,708	110,551
Future Proof *****	-	931,156
Waikato Mayoral Forum	3,037	37,159
Waikato Plan *****	-	129,433
Rental expense relating to operating leases	34,224	32,287
RITS	13,360	38,496
Water Services *****	458,608	-
Total Other Expenses	5,541,265	5,144,584

Explanation of variance to last year:

* The increased expenditure reflects the survey operations related to the LiDAR project completed during the year.

** The decrease in expenditure reflects last year's costs associated with the transition to the new 'software-as-a-service' arrangement which were not incurred during this year.

*** The data collection contracts are based on a data collection strategy based on a three year programme. Year 1 (last year) was the largest collection year.

**** The increased expenditure reflects the need for a multi-year WRTM upgrade programme to be developed which resulted in an increase in costs over 4 years.

***** In prior years the Company has been responsible for the administration of Future Proof and Waikato Plan. This included payment of suppliers and collection of funding from participants. This function was transferred to Waikato Regional Council at the start of the year.

***** In September 2020 the Board approved the establishment of Co-Lab Water Services. Following that, costs have started to be incurred in delivering to councils who have taken up the Co-Lab service.

6 Personnel costs

Accounting policy

Defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit when incurred.

	Actual 2021 \$	Actual 2020 \$
Salaries and wages*	782,385	454,487
Defined contribution plan employer contributions	18,523	13,101
Recruitment Costs	51,743	-
Total personnel costs	852,651	467,588

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$220,846.

* The increase in salary and wages reflects additional resourcing to support councils and to deliver services established as a recommendation from the investigation of opportunities.

Co-Lab*
Notes to the financial statements
30 June 2021
(continued)

7 Receivables

Accounting policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

Receivables are initially measured at nominal or face value. Receivables are subsequently adjusted for penalties and interest as they are charged and impairment losses. Non-current receivables are measured at the present value of the expected future cash inflows.

Debtors are amounts due from customers. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

	Actual 2021 \$	Actual 2020 \$
Gross trade and other receivables	238,783	253,147
Related Party Receivables (note 17)	<u>1,461,371</u>	<u>1,237,852</u>
Total debtors and other receivables	<u>1,700,154</u>	<u>1,490,999</u>
Exchange		
Receivables from exchange transactions	<u>711,606</u>	<u>1,343,605</u>
Net exchange transactions	<u>711,606</u>	<u>1,343,605</u>
Non-exchange		
Receivables from non-exchange transactions	<u>988,548</u>	<u>147,394</u>
Total debtors and other receivables	<u>1,700,154</u>	<u>1,490,999</u>

8 Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, with original maturities of three months or less, and bank overdrafts.

	Actual 2021 \$	Actual 2020 \$
Cash at bank	<u>1,802,263</u>	<u>1,127,986</u>

The carrying value of cash and cash equivalents approximates their fair value.

9 Income tax

Accounting policy

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 surplus for the current year, plus 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 statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) 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 surpluses 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 surplus or deficit 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.

	Actual 2021 \$	Actual 2020 \$
Components of income tax expense:		
Current tax expense	-	-
Adjustments to current tax in prior years	-	-
Deferred tax expense	(3,091)	-
Tax expense	(3,091)	-
Relationship between tax expense and accounting profit:		
Net surplus (deficit) before tax	513,664	(340,535)
Tax at 28%	143,826	(95,350)
Non-taxable in calculating taxable income	-	-
Non-deductible expenditure	7,622	-
Other timing adjustments	-	5,860
Non-taxable income	-	-
Prior year adjustment	(6,520)	-
Deferred tax adjustment	371	(766)
Tax losses not recognised	(148,390)	90,256
Tax expense	(3,091)	-
Balance at 1 July 2019	(27,255)	27,255
Charged to surplus or deficit	21,445	(21,445)
Balance at 30 June 2020	(5,810)	5,810
Charged to surplus or deficit	(2,113)	11,014
Balance at 30 June 2021	(7,923)	11,014

A deferred tax asset of \$450,694 (2020: \$601,911) has not been recognised in relation to tax losses carried forward of \$1,609,623 (2020: \$2,139,587).

10 Property, plant and equipment

Accounting policy

Property, plant, and equipment consist of operational assets, including land, buildings, plant and equipment, motor vehicles, computer equipment and furniture.

Additions

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

Depreciation

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

Class of PP&E	Estimated useful life	Depreciation rates
IT equipment	3 years	33%
Office Furniture	8 1/2 years	12%

The residual value and useful life of an asset is reviewed and adjusted, if applicable, at each financial year end.

	Carrying amount 1 Jul 2020 \$	Current year additions \$	Current year depreciation \$	Accumulated depreciation and impairment charges 30 Jun 2021 \$	Carrying amount 30 Jun 2021 \$
2021					
Operating assets					
IT equipment	11,855	13,739	(7,491)	(11,158)	18,103
Office furniture and fittings	3,110	4,783	(748)	(811)	7,145
Total	14,965	18,522	(8,239)	(11,969)	25,248
	Carrying amount 1 Jul 2019 \$	Current year additions \$	Current year depreciation \$	Accumulated depreciation and impairment charges 30 Jun 2020 \$	Carrying amount 30 Jun 2020 \$
2020					
Operating assets					
IT equipment	4,799	9,930	(2,874)	(3,667)	11,855
Office furniture and fittings	-	3,173	(63)	(63)	3,110
Total	4,799	13,103	(2,937)	(3,730)	14,965

11 Intangible assets

Accounting policy

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software are recognised as an intangible asset.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Class of intangible asset	Estimated useful life	Amortisation rates	
Computer software	5 to 7 years	14 to 25%	
		Actual 2021 \$	Actual 2020 \$
Computer Software			
Balance at 1 July		2,298,050	5,363,366
Disposals/ asset write-offs		-	(3,065,316)
Balance at 30 June		<u>2,298,050</u>	<u>2,298,050</u>
Accumulated amortisation and impairment losses			
Balance at 1 July		2,254,299	5,266,295
Amortisation as per Income statement		14,583	53,321
Asset write-offs		-	(3,065,316)
Balance at 30 June		<u>2,268,883</u>	<u>2,254,299</u>
Carrying Amounts			
Balance at 1 July		43,751	97,071
Balance at 30 June		<u>29,167</u>	<u>43,750</u>

Intangible assets include the Waikato Regional Transport Model (WRTM).

The carrying amount of the WRTM asset as at 30 June 2021 is \$29,168 (2020: \$43,751).

Co-Lab*
Notes to the financial statements
30 June 2021
(continued)

12 Payables and deferred revenue

Accounting policy

Short-term creditors and other payables are recorded at their face value.

	Actual 2021 \$	Actual 2020 \$
Current		
Trade payables	416,818	159,333
Related party payables (note 17)	348,897	202,603
Accrued expenses	56,247	31,481
Accrued expenses - related party payables (note 17)	458,320	-
Deferred revenue	671,579	1,232,662
Credit Card Balance	176	-
RWT on Payments	1,513	246
GST payable	103,002	57,368
Total creditors and other payables	2,056,552	1,683,693
Exchange		
Trade payables	765,715	361,936
Accrued expenses	514,567	31,481
Deferred revenue*	671,579	1,232,662
Other payables	176	-
RWT on payments	1,513	246
GST payable	103,002	57,368
Total creditors and other payables from exchange transactions	2,056,552	1,683,693
Non-exchange		
Total creditors and other payables from non-exchange transactions	-	-

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

Contributions received for projects that were not completed in a financial year are recognised as deferred revenue until the Company provides, or is able to provide, the service for which the contribution was charged.

* The decrease in deferred revenue reflects funds transferred to Waikato Regional Council in relation to Future Proof and Waikato Plan that remained unspent at 2020 balance date. This transfer followed a decision of the board and support of councils, to transfer the Company's administrative and lead contractor functions to the regional council.

13 Current liabilities - Employee Entitlements

Accounting policy

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period 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 earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

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

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Defined contribution schemes

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

	Actual 2021 \$	Actual 2020 \$
Current portion		
Annual leave	40,490	24,004
Salaries	<u>14,311</u>	<u>28,348</u>
Total current portion	<u>54,801</u>	<u>52,352</u>

Co-Lab*
Notes to the financial statements
30 June 2021
(continued)

14 Reconciliation of equity

Accounting policy

Equity is the shareholders' interest in Co-Lab and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

Contributed equity

Contributed equity is the net asset and liability position at the time the company was formed. The allocation of capital amongst shareholders is explained in this note.

Retained earnings

Retained earnings is the company's accumulated surplus or deficit since formation.

	Actual 2021 \$	Actual 2020 \$
Total equity		
Contributed equity	2,957,001	2,957,001
Retained earnings	(1,508,431)	(2,015,345)
Balance at 30 June	1,448,570	941,656
(a) Contributed equity		
Shares on Issue	3,413,569	3,413,569
Uncalled capital	(456,568)	(456,568)
Balance 30 June	2,957,001	2,957,001
(b) Retained earnings		
Balance at 1 July 2020 *	(2,025,186)	(1,674,810)
Surplus/(deficit) for the year	516,755	(340,535)
Balance 30 June	(1,508,431)	(2,015,345)

* \$9,843 was transferred from retained earnings as part of the transfer of the Company's functions related to Waikato Plan and Future Proof to the regional council.

The Company has issued 2,186,581 (2020 - 2,186,581) shares.

Shares are called when notice is given to shareholders by the Board of Directors.

Income	Ordinary Shares	SVDS Shares	WRAPS Shares	WRTM Shares
Hamilton City Council	1	220,514	79,152	50,625
Hauraki District Council	1	40,215	2,864	-
Matamata Piako District Council	1	56,380	4,708	4,500
Otorohanga District Council	1	-	5,716	-
Rotorua Lakes Council	1	126,703	7,516	-
South Waikato District Council	1	42,571	4,916	-
Taupo District Council	1	-	21,652	4,500
Thames Coromandel District Council	1	108,015	6,476	2,250
Waikato District Council	1	106,674	6,376	11,260
Waikato Regional Council	1	803,500	287,872	50,625
Waipa District Council	1	78,748	3,780	11,250
Waitomo District Council	1	23,681	10,540	-
Total issued shares	12	1,607,001	444,568	135,000
Value per share	1,000	1	1	10
Authorised share capital	12,000	1,607,001	444,568	1,350,000
Uncalled share capital	(12,000)	-	(444,568)	-
Capital called on shares	-	1,607,001	-	1,350,000

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14 Reconciliation of equity (continued)

SVDS, and WRAPS Shares (Service Shares)

In relation to the service shares:

- (a) the holders are entitled to participate in certain services to be provided by the Company, on terms that reflect their investment.
- (b) the holders do not have any right to share in the distribution of the surplus assets of the Company except to the extent provided for in Schedule 1 of the Company's constitution or in accordance with the terms of issue of those shares pursuant to Clause 6 of the Company's constitution.
- (c) Except as provided in section 177 of the Act and Clause 6.1 of the Company's constitution, the holders do not have any voting rights.

WRTM shares

Holders of WRTM shares have:

- (a) A right to one vote prior to further WRTM shares being issued;
- (b) A right to one vote on the application of any surpluses arising from the WRTM service;
- (c) The right to any surplus from the sale of outputs of the WRTM service;
- (d) No right to share in the distribution of the surplus assets of the Company except to the extent provided for in (c) above;
- (e) No right to share in dividends authorised by the Company except to the extent provided for in (c) above.

15 Commitments

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Non-cancellable operating expenses

	Actual 2021 \$	Actual 2020 \$
Not later than one year	43,563	37,356
Later than one year and not later than five years	306,024	5,500
Total non-cancellable operating leases	349,587	42,856

The Company will be entering into an operating lease for new premises 1 October 2021. The initial term of the lease is six years, however, it is able to be cancelled after four years. The lease is fixed with two-yearly rental increases of 5% with market rent reviews upon renewal.

16 Contingencies

As at 30 June 2021 the Company had no contingent liabilities or assets (2020 - \$0)

Co-Lab*
Notes to the financial statements
30 June 2021
 (continued)

17 Related party transactions

The Company is controlled by the councils listed on the directory page.

Transactions with key management personnel

Key management personnel include the Chief Executive and directors. Co-Lab has one independent director who receives remuneration.

	Actual 2021	Actual 2020
	\$	\$
Chief Executive Remuneration	220,846	221,692
Independent Director	55,000	45,833
Total key management personnel compensation	275,846	267,525

Related party disclosures have been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances.

Related parties have been limited to the directors, shareholders and company related roles. The following transactions were carried out with related parties:

	Actual 2021	Actual 2020
	\$	\$
Income		
Hamilton City Council	1,120,027	1,009,597
Hauraki District Council	362,805	291,040
Matamata Piako District Council	451,395	430,604
Otorohanga District Council	241,391	258,905
Rotorua Lakes Council	88,107	84,821
South Waikato District Council	324,312	241,961
Taupo District Council	360,061	236,550
Thames Coromandel District Council	425,814	301,831
Waikato District Council	565,503	615,259
Waikato Regional Council	1,111,140	496,091
Waipa District Council	693,240	840,840
Waitomo District Council	296,048	264,232
	6,039,843	5,071,731

The income disclosed above includes revenue received relating to the 2020/21 financial year and revenue received which has been transferred to deferred revenue for 2021/22. The table above also includes the amount invoiced but not yet received and meets the criteria of revenue recognition as of 30 June 2021.

	Actual 2021	Actual 2020
	\$	\$
Expenses		
Hamilton City Council	446,920	154,951
Hauraki District Council	322	821
Otorohanga District Council	11,400	-
South Waikato District Council	16,000	-
Waikato District Council	20,000	114,241
Waikato Regional Council	88,857	178,676
Waipa District Council	761,368	591,206
	1,344,867	1,039,895

Expenses are related to services provided by the related parties.

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17 Related party transactions (continued)

	Note	Actual 2021 \$	Actual 2020 \$
Advances			
<i>Trade & Other Receivables</i>			
Hamilton City Council	7	329,864	384,343
Hauraki District Council		118,734	67,449
Matamata Piako District Council		247,278	193,421
Otorohanga District Council		3,839	40,120
Rotorua Lakes Council		3,831	27,879
South Waikato District Council		128,600	69,839
Taupo District Council		121,633	113,066
Thames Coromandel District Council		97,902	81,826
Waikato District Council		182,067	135,138
Waikato Regional Council		35,520	19,545
Waipa District Council		16,858	65,926
Waitomo District Council		176,257	45,590
		<u>1,462,383</u>	<u>1,244,142</u>
<i>Payables outstanding at year end:</i>			
Hamilton City Council	12	446,920	-
Hauraki District Council		-	441
Otorohanga District Council		11,400	-
Waikato Regional Council		55,200	17,970
Waipa District Council		293,697	184,192
		<u>807,217</u>	<u>202,603</u>

18 Events occurring after the balance date

In July 2021 the Company entered into an agreement to lease in relation to new office space. That agreement imposes certain lease commitments on the company, the details of which are set out in note 15

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19 Financial instruments

The Company has policies to manage the risks associated with financial instruments. The Company is risk averse and seeks to minimise exposure from its treasury activities.

(a) Market risk

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to fair value interest rate risk is limited to short-term bank deposits.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Company to cashflow interest rate risk.

The Company currently has no variable interest rate debt or investments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to currency risk, as it does not enter into foreign currency transactions.

(b) Credit risk

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

Due to the timing of its cash inflows and outflows, the Company invests surplus cash with registered banks.

The Company has processes in place to review the credit quality of customers prior to the granting of credit.

The Company's maximum credit exposure for each class of financial instruments is represented by the total carrying amount of cash equivalents (note 7), investments (note 10), and trade receivables (note 8). There is no collateral held as security against these financial instruments, including these instruments that are overdue or impaired.

The Company has no significant concentrations of credit risk, as it has a large number of credit customers and only invests funds with registered banks with specified credit ratings.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty raising funds to meet commitments as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and liquid assets, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Company maintains a target level of investments that must mature within specified timeframes.

The maturity profiles of the Company's interest bearing investments and borrowings would be disclosed in the notes, if the Company had any.

(d) Financial instrument categories

	Note	2021 \$	2020 \$
FINANCIAL ASSETS			
Loans and receivables			
Cash and cash equivalents	8	1,802,263	1,127,987
Receivables	7	1,700,154	1,490,999
Other financial assets		-	-
Total loans and receivables		3,502,417	2,618,986

19 Financial instruments (continued)

(d) Financial instrument categories(continued)

FINANCIAL LIABILITIES

Financial liabilities at amortised cost

Payables and deferred revenue

Total financial liabilities at amortised cost

12	<u>2,056,552</u>	<u>1,683,693</u>
	<u>2,056,552</u>	<u>1,683,693</u>

20 Explanation of major variances against budget

An explanation of year-on-year variances in line items is set out within the preceding relevant notes. The following explains the major variations to the budget.

Statement of comprehensive revenue and expenditure

Revenue

Member charges were higher principally due to the revision of WRTM member charges in February 2021. In October 2020 the WRTM budget was reworked with shareholding representatives to take into account the impact of COVID on revenue streams plus the need for a multi-year WRTM upgrade programme to be developed. The result was an increase in forecast spending over 4 years, with member charges increased to reflect this.

Working Parties revenue was lower than budgeted due to revenue deferred to 2022 being accounted for in the 2021 budget (-\$407k) and anticipated invoicing on projects not yet required (-\$67k).

IT revenue was higher due to the budget's exclusion of LiDAR third party funding (\$1,026k).

In September 2020 the Board approved the establishment of Co-Lab Water Services. As such, Co-Lab Water Services, which commenced during the year, was not included in the budget (\$560k).

Expenses

Personnel Costs were higher due to employing additional staff that were not anticipated at the time of completing the budget as they were established following the development of opportunities.

Working Parties expenditure was lower due to anticipated project expenses not yet being incurred (-\$524k).

IT expenditure was higher due to the exclusion of the third party funding portion of the costs from the budget (-\$803k).

SVDS expenditure was lower due to the budgeted TA Valuation services not being required and the SAAS budgeted contingency not being utilised (\$118k).

RATA expenditure was lower due to lower than anticipated data collections occurring within the year.

WRTM expenditure was higher due to a revision of costs as detailed above.

WBCG expenditure was higher due to BCA auditing being unable to be done inhouse and, therefore, unanticipated contracted services were employed (-\$56k).

As above, in September 2020 the Board approved the establishment of Co-Lab Water Services. As such, Co-Lab Water Services expenditure was not included in the budget (-\$459k).

Statement of Financial Position

Cash and cash equivalents is higher than budget with higher than anticipated revenue across various workstreams.

Receivables budget is based on a percentage of total budgeted revenue, however \$1.45m of the receivables balance was invoiced in June 2021.

Current liabilities are higher than budgeted due to deferred revenue not included in budget and significant invoices received in June.

A portion of the budgeted prepayment was received after June 2021 and therefore no prepayment was required (-\$63k).

Property, Plant and Equipment is higher than budget reflecting the new staff's equipment required not included in budget.

Employee benefits are not budgeted for.

20 Explanation of major variances against budget (continued)

Statement of Cash Flows

Receipts from other revenue was higher than budgeted due to the reasons noted in this and earlier notes to these accounts.

Payment to suppliers and employees were less than budgeted due to the reasons noted in this and earlier notes to these accounts.





30 June 2021

Item 9

Directory

Company number (for the legal entity, Waikato Local Authority Shared Services Ltd)	1730380
Registered office	15 Wilson Street Cambridge 3434 Waikato
Directors	ION, Gavin BRYANT, David GREEN, Gareth MCLAY, Christopher (appointed 25 September 2020) STUBBS, Peter WILLIAMS, Rob
Bankers	Bank of New Zealand Hamilton Banking Centre Victoria Street Hamilton
Auditors	Audit New Zealand (on behalf of the Auditor General)

Attachment 1

Council Report

Committee: Economic Development Committee

Date: 11 August 2022

Author: Tracey Musty

Authoriser: David Bryant

Position: Finance Director

Position: General Manager People and Organisational Performance

Report Name: Waikato Innovation Growth Ltd, New Zealand Food Innovation (Waikato) Ltd Annual Reports 30 June 2021

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

1. To inform the Economic Development Committee on the Annual Reports of Waikato Innovation Growth Ltd (WIGL) and its subsidiary, New Zealand Food Innovation (Waikato) Ltd (NZFIW) to 30 June 2021.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. The Annual Reports for Waikato Innovation Growth Ltd (WIGL) and its subsidiary, New Zealand Food Innovation (Waikato) Ltd (NZFIW) to 30 June 2021 were received by Council on 16 June 2022. The unusual delay was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.
4. Audit New Zealand carried out their audit in accordance with the Auditor-General's Auditing Standards. The audit was completed on 10 June 2022.
5. The Annual Reports and Audit Opinions are attached to this report (**Attachments 1-4**).
6. Tony Giles, Chief Executive of WIGL, will present a verbal report at the meeting.
7. Staff consider the matters in this report have a low significance and that the recommendations comply with the Council's legal requirements.

Discussion – *Matapaki*

8. WIGL has a 70% shareholding in New Zealand Food Innovation (Waikato) Limited (NZFIWL); the remaining 30% is held by Callaghan Innovation.
9. NZFIW has a 11% shareholding in both Melody Dairies Limited Partnership and Melody Dairies GP Limited.
10. Audit NZ has completed their audits of WIGL and NZFIW. They expressed their qualified opinion on 10 June 2021.

11. NZFIW's Gross profit increased by \$1.3M to \$8.2M in 2021, driven by a reduction in cost of sales of \$1M.
12. While NPAT is unfavourable at \$0.1M, NZFIW still reflects a cash surplus for the financial year and is well situated for sustainable growth.
13. NZFIW's non-current assets decreased by \$0.6M to \$23M at 30 June 2021, as a result of accumulated depreciation charges. Long term debt also decreased, by \$0.7M to close on \$9.2M at 30 June 2021.
14. NZFIW undertook 252 dryer days of manufacturing compared to last year's 276 days. This reflects the transfer of the sheep milk clients to Melody Dairies LP. This was the first year managing the second spray drier on site owned by Melody Dairies LP.
15. Audit NZ qualified their audit opinion on the basis that their work was limited over the carrying value of the Group's plant and equipment assets. This was because the group had not carried out a revaluation on its plant and equipment as at 30 June 2021. During 2022 NZFIW completed its plant & equipment valuation, in line with its policy of performing a valuation every 3 years. The NZFIW Board is currently reviewing the valuation and seeking independent advice from Deloitte on how it should be treated on the balance sheet.

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

16. Staff confirm that the recommendation to receive the 30 June 2021 Annual Report complies with the Council's legal and policy requirements.
17. Staff have considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Risks - *Tuuraru*

18. There are no known risks associated with the topics of this report.

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.
21. There were no specific environment, social, economic or cultural wellbeing considerations identified in the development of this report.

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

Significance

22. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have a low significance.

Engagement

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

Item 10

Attachments - *Ngaa taapirihanga*

Attachment 1 - WIGL Annual Report 2021

Attachment 2 - WIGL Audit opinion 2021

Attachment 3 - NZFIW Annual Report 2021

Attachment 4 - NZFIW Audit opinion 2021



WAIKATO INNOVATION GROWTH LIMITED

Annual Report 2021



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DIRECTORY

As at 30 June 2021

Nature of Business	Holding company
Address	Waikato Innovation Park Ruakura Lane Hamilton 3216
Registered Office	Tompkins Wake 430 Victoria Street Hamilton 3204
Authorised Capital	4,000,100 Ordinary Shares
Directors	Barry Harris Earl Rattray David Stanley Peter Hobman
Shareholders	Hamilton City Council 4,000,100 Ordinary Shares
Auditors	Audit New Zealand on behalf of the Auditor-General PO Box 256 Hamilton 3240
Bankers	BNZ 354 Victoria Street Hamilton
Solicitors	Tompkins Wake 430 Victoria Street Hamilton
IRD Number	124-736-676

**ANNUAL REPORT**

For the year ended 30 June 2021

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 2021.

Auditor

An auditor has been appointed.

For and on behalf of the Board

A black ink signature, appearing to be 'J. Smith', written over a horizontal line.

Director

10 June 2022

A blue ink signature, appearing to be 'M. Jones', written over a horizontal line.

Director

10 June 2022

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

		Group \$000		Company \$000	
	NOTE	2021	2020	2021	2020
Revenue					
Revenue	4	8,464	8,195	-	-
Cost of sales		(303)	(1,298)	-	-
Gross profit		8,161	6,897	-	-
Share of profit/(loss) from associates	17	(220)	(12)	-	-
Covid-19 government wage subsidy	5	-	77	-	-
Expenses					
Operating expenses		(3,579)	(3,009)	(2)	(2)
Personnel costs	6	(3,152)	(2,518)	-	-
Depreciation	8	(1,035)	(992)	-	-
Audit fees	7	(51)	(63)	(9)	(13)
Directors fees		(173)	(173)	-	-
Bad and doubtful debts		50	(50)	-	-
Other gains and losses	10	-	(10)	-	-
Write down of inventories		(39)	-	-	-
Total expenses		(7,979)	(6,815)	(11)	(15)
Finance income		-	-	-	-
Finance costs		(262)	(297)	-	-
Net finance costs	9	(262)	(297)	-	-
Profit/(loss) before tax		(300)	(150)	(11)	(15)
Subvention payment received/(paid)		-	-	-	28
Income tax	11	172	39	(4)	(4)
Profit/(loss) for the year, net of tax		(128)	(111)	(15)	9
Other comprehensive income					
Gain/(loss) on property revaluation	19	-	-	-	-
Income tax on other comprehensive income	11	-	-	-	-
Total other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the year		(128)	(111)	(15)	9
Total profit/(loss) attributable to:					
Waikato Innovation Growth Limited		(94)	(75)	(15)	9
Non-controlling interest		(34)	(36)	-	-
Total comprehensive income attributable to:					
Waikato Innovation Growth Limited		(94)	(75)	(15)	9
Non-controlling interest		(34)	(36)	-	-

The accompanying notes form part of these financial statements.



STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

Group	NOTE	\$000 Share capital	\$000 Revaluation reserve	\$000 Retained earnings	\$000 Non- controlling interest	\$000 Total equity
Balance as at 1 July 2019		4,000	4,491	1,286	4,199	13,975
Total comprehensive income						
Profit for the year		-	-	(75)	(36)	(111)
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	(75)	(36)	(111)
Balance as at 30 June 2020		4,000	4,491	1,211	4,163	13,865
Balance as at 1 July 2020		4,000	4,491	1,211	4,163	13,865
Total comprehensive income						
Profit for the year		-	-	(94)	(34)	(128)
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	(94)	(34)	(128)
Balance as at 30 June 2021		4,000	4,491	1,117	4,129	13,737

Company	NOTE	\$000 Share Capital	\$000 Revaluation reserve	\$000 Retained earnings	\$000 Non- controlling interest	\$000 Total equity
Balance as at 1 July 2019		4,000	-	(1,222)	-	2,778
Total comprehensive income						
Profit for the year		-	-	9	-	9
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	9	-	9
Balance as at 30 June 2020		4,000	-	(1,213)	-	2,787
Balance as at 1 July 2020		4,000	-	(1,213)	-	2,787
Total comprehensive income						
Profit for the year		-	-	(15)	-	(15)
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	(15)	-	(15)
Balance as at 30 June 2021		4,000	-	(1,228)	-	2,772

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		Group \$000		Company \$000	
	NOTE	2021	2020	2021	2020
ASSETS					
Non-current assets					
Investment in subsidiaries	18	-	-	2,800	2,800
Investment in associates	17	3,384	3,604	-	-
Property, plant and equipment	19	18,763	19,554	-	-
Right of use assets	21	860	377	-	-
Assets under construction		8	10	-	-
Deferred tax assets	11	-	-	-	4
Intangible asset	20	1	1	-	-
Total non-current assets		23,016	23,546	2,800	2,804
Current assets					
Cash and cash equivalents	13	226	175	-	-
Inventories	14	29	350	-	-
Trade and other receivables	15	897	810	-	-
Accrued income		14	7	-	-
Prepayments		100	106	-	-
Total current assets		1,266	1,448	-	-
Total assets		24,282	24,994	2,800	2,804
EQUITY AND LIABILITIES					
Equity					
Share capital	12	4,000	4,000	4,000	4,000
Revaluation reserve	12	4,491	4,491	-	-
Retained earnings		1,117	1,211	(1,228)	(1,213)
Equity attributable to owners of the Company		9,608	9,702	2,772	2,787
<i>Non-controlling interest</i>		4,129	4,163	-	-
Total equity		13,737	13,865	-	-
Non-current liabilities					
Deferred tax liabilities	11	2,008	2,180	-	-
Deferred income	22	2,007	2,204	-	-
Term loans	24	3,925	4,675	-	-
Other loans	25	390	310	-	-
Lease liabilities	26	881	384	-	-
Provisions	23	-	172	-	-
Total non-current liabilities		9,211	9,925	-	-

The accompanying notes form part of these financial statements.

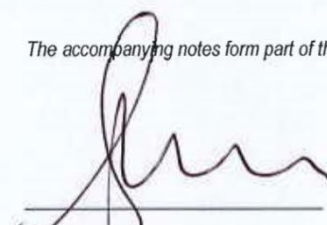


STATEMENT OF FINANCIAL POSITION

As at 30 June 2021 (Continued)

		Group \$000		Company \$000	
	NOTE	2021	2020	2021	2020
Current liabilities					
Payables and accruals	16	520	442	8	5
Short term employee entitlements		243	233	-	-
Deferred income	22	199	289	-	-
Provisions	23	172	-	-	-
Other loans	25	200	240	-	-
Related parties loans	27	-	-	20	12
Total current liabilities		1,334	1,204	28	17
Total liabilities		10,545	11,129	28	17
Total equity and liabilities		24,282	24,994	2,800	2,804

The accompanying notes form part of these financial statements.


Director
10 June 2022


Director
10 June 2022

STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

		Group \$000		Company \$000	
	NOTE	2021	2020	2021	2020
Cash flow from operating activities					
Receipts from customers		8,101	7,908	-	-
Payments to suppliers and employees		(6,917)	(6,208)	-	-
Interest paid		(222)	(275)	-	-
Tax payments		11	41	-	-
GST (net)*		62	16	-	-
Net cash from operating activities	28	1,035	1,482	-	-
Cash flow from investing activities					
Purchase of property, plant and equipment		(182)	(476)	-	-
Purchase of assets under construction		(37)	(4)	-	-
Investment in associate		-	(997)	-	-
Net cash from/(used in) investing activities		(219)	(1,477)	-	-
Cash flow from financing activities					
Proceeds from borrowings		3,315	12,820	-	-
Repayment of borrowings		(4,025)	(12,709)	-	-
Repayment of lease liabilities		(55)	(23)	-	-
Net cash from/(used in) financing activities	29	(765)	88	-	-
Net increase/(decrease) in cash and cash equivalents		51	93	-	-
Cash and cash equivalents at 1 July		175	82	-	-
Cash and cash equivalents at 30 June	13	226	175	-	-

*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 2021

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 2021. The financial statements were authorised for issue by the Board of Directors on the 10th June 2022. 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.

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.

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 19: Property, plant and equipment
- Note 22: Deferred income
- Note 23: Provisions

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

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 intra-group 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 inter-company 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.

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 2021

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

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.

e. Leases

Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs incurred. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right of use assets are presented as a separate line in the consolidated statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

f. 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.

g. 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.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

h. 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).

i. Work in progress

Work in progress is valued at cost.

j. 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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k. 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

m. 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.

n. 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.

o. 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.

p. 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.

**NOTES TO THE FINANCIAL STATEMENTS***For the year ended 30 June 2021***q. 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 2021

	Group \$000		Company \$000	
4. REVENUE	2021	2020	2021	2020
Revenue from contracts for the sale of goods	226	1,685	-	-
Revenue from contracts for the rendering of services	8,053	6,317	-	-
Revenue from the rendering of services	6	14	-	-
Deferred grant income	179	179	-	-
Total operating revenue	8,464	8,195	-	-

Timing of revenue recognition - At point in time.

	Group \$000		Company \$000	
5. OTHER INCOME	2021	2020	2021	2020
Covid-19 government wage subsidy	-	77	-	-
Total other income	-	77	-	-

	Group \$000		Company \$000	
6. PERSONNEL COSTS	2021	2020	2021	2020
Salaries and wages	3,091	2,393	-	-
Defined contribution plan	61	48	-	-
Covid-19 government wage subsidy payment	-	77	-	-
Total personnel costs	3,152	2,518	-	-

Annual remuneration by band for employees

	2021 Number	2020 Number
< \$100,000	38	31
\$100,000 - \$109,999	1	2
\$110,000 - \$119,999	4	2
\$120,000 - \$129,999	-	-
\$130,000 - \$139,999	3	2
\$140,000 - \$149,999	1	1
\$150,000 - \$159,999	-	-
\$160,000 - \$169,999	-	-
\$170,000 - \$179,999	1	1
Total Employees	48	39

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Group \$000		Company \$000	
	2021	2020	2021	2020
7. AUDIT FEES				
Audit fee for 2020/21 year	50	-	8	-
Audit fee for 2019/20 year	1	49	1	8
Audit fee for 2018/19 year	-	14	-	5
Total audit fees	51	63	9	13

	Group \$000		Company \$000	
	2021	2020	2021	2020
8. DEPRECIATION				
Property, plant and equipment depreciation	1,007	980	-	-
Right of use asset depreciation	28	12	-	-
Total depreciation	1,035	992	-	-

	Group \$000		Company \$000	
	2021	2020	2021	2020
9. FINANCE COSTS				
<i>Finance income</i>				
Interest income	-	-	-	-
Total finance income	-	-	-	-
<i>Finance costs</i>				
Bank fees	(21)	(14)	-	-
Interest on bank borrowings	(200)	(265)	-	-
Interest on lease liabilities	(41)	(18)	-	-
Total finance costs	(262)	(297)	-	-
Net finance costs	(262)	(297)	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Group \$000		Company \$000	
10. OTHER GAINS AND LOSSES	2021	2020	2021	2020
<i>Losses</i>				
Net foreign exchange loss	-	(9)	-	-
Loss on disposal of fixed assets	-	(1)	-	-
Total other gains and losses	-	(10)	-	-

	Group \$000		Company \$000	
11. INCOME TAX	2021	2020	2021	2020
<i>Current tax</i>				
Current year	-	-	-	-
Adjustment for prior years	-	(11)	-	-
	-	(11)	-	-
<i>Deferred tax</i>				
Current year	146	38	(4)	4
Adjustment for prior years	26	12	-	(8)
Total income tax expense recognised	172	39	(4)	(4)
<i>The income tax expense for the year can be reconciled to the accounting profit as follows:</i>				
Profit before tax	(300)	(150)	(11)	(15)
Income tax expense at 28%	84	42	3	4
Deferred tax not recognised	63	-	(7)	-
Effect of expenses that are not deductible	(1)	(3)	-	-
Adjustment for prior year - other	26	-	-	-
Adjustment for prior year - subvention payment	-	-	-	(8)
Income tax expense recognised in profit or loss	172	39	(4)	(4)

Deferred tax balances		Recognised in other comprehensive income		
Group (\$000)	Opening Balance	Recognised in profit or loss		Closing balance
<i>Deferred tax assets/(liabilities) in relation to:</i>				
Property, plant and equipment	(3,004)	(39)	-	(3,043)
Provisions	(17)	(24)	-	(41)
Deferred income	662	(50)	-	612
Tax losses	179	285	-	464
Balance as at 30 June 2021	(2,180)	172	-	(2,008)



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

(\$000)	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<i>Deferred tax assets/(liabilities) in relation to:</i>				
Property, plant and equipment	(2,930)	(74)	-	(3,004)
Provisions	(22)	5	-	(17)
Deferred income	712	(50)	-	662
Tax losses	10	169	-	179
Balance as at 30 June 2020	(2,230)	50	-	(2,180)

Deferred tax balances

Company (\$000)

Deferred tax assets/(liabilities) in relation to:

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Tax losses	4	(4)	-	-
Balance as at 30 June 2021	4	(4)	-	-

(\$000)	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<i>Deferred tax assets/(liabilities) in relation to:</i>				
Tax losses	8	(4)	-	4
Balance as at 30 June 2020	8	(4)	-	4

The parent has not recognised a deferred tax asset in relation to tax losses of \$26,230. However, the asset has been recognised at a group level.

	Group \$000		Company \$000	
12. EQUITY	2021	2020	2021	2021
Share capital				
<i>Ordinary shares (4,000,100 shares)</i>				
Balance 1 July	4,000	4,000	4,000	4,000
Total Ordinary shares	4,000	4,000	4,000	4,000
Total issued and called shares 30 June	4,000	4,000	4,000	4,000

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

Revaluation Reserve	Group \$000		Company \$000	
	2021	2020	2021	2020
Property				
Opening balance	(25)	(25)	-	-
Revaluation	-	-	-	-
Income tax on revaluation surplus	-	-	-	-
Closing balance	(25)	(25)	-	-
Plant and equipment				
Opening balance	5,369	5,369	-	-
Revaluation	-	-	-	-
Income tax on revaluation surplus	-	-	-	-
Closing balance	5,369	5,369	-	-
Total revaluation reserve	5,344	5,344	-	-

13. CASH AND CASH EQUIVALENTS	Group \$000		Company \$000	
	2021	2020	2021	2020
BNZ Bank account	226	175	-	-
Total cash and cash equivalents	226	175	-	-

New Zealand Food Innovation (Waikato) Limited has an overdraft facility with BNZ with a limit of \$250,000.

14. INVENTORIES	Group \$000		Company \$000	
	2021	2020	2021	2020
Raw materials	29	350	-	-
Total inventories	29	350	-	-

The cost of inventories recognised as an expense during the year was \$303,474 (2020: \$1,296,745).

The amount of inventories write-down recognised as an expense during the year was \$39,155 (2020: NIL).



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

15. TRADE AND OTHER RECEIVABLES	Group \$000		Company \$000	
	2021	2020	2021	2020
Contract assets	548	769	-	-
Trade receivables	5	-	-	-
Provision for doubtful debts	-	(50)	-	-
Related parties receivable	343	80	-	-
Income tax receivable	-	9	-	-
Other receivables	1	2	-	-
Total trade and other receivables	897	810	-	-

16. PAYABLES AND ACCRUALS	Group \$000		Company \$000	
	2021	2020	2021	2020
Trade payables	196	318	-	-
Accruals	119	105	8	5
Other payables	205	19	-	-
Total payables and accruals	520	442	8	5

A letter of credit is held for \$81,600 for the favouree iPayroll.

17. INVESTMENT IN ASSOCIATES	Group \$000		Company \$000	
	2021	2020	2021	2020
<i>Melody Dairies Limited Partnership</i>				
Interest held by the group	10%	10%	-	-
Opening balance	3,604	2,619	-	-
Additions during the year	-	997	-	-
Share of revenue and expenses	(220)	(12)	-	-
Balance at 30 June	3,384	3,604	-	-
<i>Melody Dairies GP Limited</i>				
Interest held by the group	10%	10%	-	-
Balance at 30 June	-	-	-	-
Total investment in associates	3,384	3,604	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Group \$000		Company \$000	
18. INVESTMENT IN SUBSIDIARIES	2021	2020	2021	2020
<i>New Zealand Food Innovation (Waikato) Limited</i>				
Shares at cost	-	-	2,800	2,800
Total investment in subsidiaries	-	-	2,800	2,800

19. PROPERTY, PLANT AND EQUIPMENT

Group (\$000)	Property	Plant & Equipment	Computer & Office	Total
For the year ended 30 June 2020				
Opening net book amount	3,483	16,504	29	20,016
Additions	323	127	69	519
Disposals	-	(1)	-	(1)
Depreciation charge	(144)	(829)	(7)	(980)
Closing net book amount	3,662	15,801	91	19,554
As at 30 June 2020				
Cost or valuation	3,806	16,630	107	20,543
Accumulated depreciation	(144)	(829)	(16)	(989)
Net book amount	3,662	15,801	91	19,554
For the year ended 30 June 2021				
Opening net book amount	3,662	15,801	91	19,554
Additions	48	147	21	216
Depreciation charge	(154)	(836)	(17)	(1,007)
Closing net book amount	3,556	15,112	95	18,763
As at 30 June 2021				
Cost or valuation	3,854	16,777	127	20,758
Accumulated depreciation	(298)	(1,665)	(32)	(1,995)
Net book amount	3,556	15,112	95	18,763

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

Company (\$000)	Property	Plant & Equipment	Computer & Office	Total
For the year ended 30 June 2020				
Opening net book amount	-	-	-	-
Disposals	-	-	-	-
Closing net book amount	-	-	-	-
As at 30 June 2020				
Cost or valuation	-	-	-	-
Accumulated depreciation	-	-	-	-
Net book amount	-	-	-	-
For the year ended 30 June 2021				
Opening net book amount	-	-	-	-
Disposals	-	-	-	-
Closing net book amount	-	-	-	-
As at 30 June 2021				
Cost or valuation	-	-	-	-
Accumulated depreciation	-	-	-	-
Net book amount	-	-	-	-

No valuation was completed in 2021. Property, plant & equipment was valued by North Langley & Associates Ltd, an independent registered valuer on 28 March 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 2021 (2020: NIL). No borrowing costs were capitalised during the year (2020: NIL).

	Group \$000		Company \$000	
20. INTANGIBLE ASSETS	2021	2020	2021	2020
<i>Cost - Trademark</i>				
Balance 1 July	1	1	-	-
Amortisation	-	-	-	-
Balance 30 June	1	1	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Group \$000		Company \$000	
21. RIGHT OF USE ASSETS	2021	2020	2021	2020
Property - Land				
Cost 1 July	389	389	-	-
Adjustment to value	226	-	-	-
Additions	285	-	-	-
Cost 30 June	900	389	-	-
Accumulated depreciation 1 July	12	-	-	-
Charge for the year	28	12	-	-
Accumulated depreciation 30 June	40	12	-	-
Carrying amount 30 June	860	377	-	-

New Zealand Food Innovation (Waikato) Limited leases land from Waikato Innovation Park Limited. The lease term is 33 years. The contract started 1 July 2018 and had renewal term of 20+10+5.

On 1 June 2020 the land lease was revalued by Waikato Innovation Park and an additional 512.4sqm of land was added to the lease. On 1 July 2020 and additional 1,581.4sqm of land was added to the lease.

	Group \$000		Company \$000	
22. DEFERRED INCOME	2021	2020	2021	2020
Original grant	3,794	3,794	-	-
less deferred grant recognised prior years	(1,432)	(1,253)	-	-
	2,362	2,541	-	-
Opening balance	2,362	2,541	-	-
less deferred grant recognised	(179)	(179)	-	-
Total deferred grant	2,186	2,362	-	-
Revenue received in advance	20	131	-	-
Total deferred income	2,206	2,493	-	-
Current portion	199	289	-	-
Non-current portion	2,007	2,204	-	-
Total deferred income	2,206	2,493	-	-

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 2021

	Group \$000		Company \$000	
23. PROVISIONS	2021	2020	2021	2020
<i>Silo contracts</i>				
Opening balance	172	168	-	-
On acquisition	-	-	-	-
Charge to profit or loss	-	4	-	-
Balance 30 June	172	172	-	-
Total provisions	172	172	-	-

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 manufacturing at Food Waikato. NZFIW has created a provision (discounted to present value) for \$43,333 of the loan.

	Group \$000		Company \$000	
24. TERM LOANS	2021	2020	2021	2020
BNZ 92346126-04 loan	3,925	4,675	-	-
	3,925	4,675	-	-
Current portion	-	-	-	-
Non-current portion	3,925	4,675	-	-
Total term loans	3,925	4,675	-	-

Term loans are secured by a mortgage over the property at Ruakura Road, Hamilton certificate of title No. 135745.

	2021		2020	
	<i>Interest rate</i>	<i>Maturity Date</i>	<i>Interest rate</i>	<i>Maturity Date</i>
BNZ 92346126-04 loan	4.34%	November 2022	4.44%	November 2022

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Group \$000		Company \$000	
	2021	2020	2021	2020
25. OTHER LOANS				
Bonds	590	550	-	-
Total other loans	590	550	-	-
Total current portion	200	240	-	-
Total non-current portion	390	310	-	-
Total other loans	590	550	-	-

	Group \$000		Company \$000	
	2021	2020	2021	2020
26. LEASE LIABILITIES				
Opening balance	384	389	-	-
Adjustment to value	226	-	-	-
Additions	285	-	-	-
Cash flows	(55)	(23)	-	-
Non-cash movement	41	18	-	-
Balance 30 June	881	384	-	-
Total lease liabilities	881	384	-	-

	Group \$000		Company \$000	
	2021	2020	2021	2020
Non-cancellable operating lease commitments as lessee are as follows:				
No later than one year	54	23	-	-
Later than one year and no later than five years	216	93	-	-
Later than five years	594	278	-	-
	864	394	-	-

	Group \$000		Company \$000	
	2021	2020	2021	2020
Amounts recognised in Statement of Comprehensive Income				
Expenses relating to short-term leases	50	58	-	-
Expenses relating to leases of low value assets	5	1	-	-
	55	59	-	-



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Group \$000		Company \$000	
	2021	2020	2021	2020
27. RELATED PARTIES LOANS				
New Zealand Food Innovation (Waikato) Limited	-	-	20	12
Total related parties loans	-	-	20	12

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.

	Group \$000		Company \$000	
	2021	2020	2021	2020
28. RECONCILIATION OF PROFIT/(LOSS) FOR THE YEAR TO NET CASH				
Profit/(loss) for the year	(128)	(111)	(15)	9
Add/(less) non-cash items				
Bad and doubtful debts	(50)	50	-	-
Interest - provisions and leases	41	22	-	-
Write down of inventories	39	-	-	-
Depreciation and amortisation	1,035	992	-	-
Loss on disposal of fixed assets	-	1	-	-
Share of associates (surplus)/deficit	220	12	-	-
Deferred income	(287)	(290)	-	-
Total non-cash items	998	787	-	-
Add/(less) movements in working capital				
Accrued income	(7)	(7)	-	-
Trade debtors and other receivables	(46)	(62)	-	-
Prepayments	6	(4)	-	-
Income tax expense & subvention payment in profit/loss	(172)	(38)	4	-
Payables and accruals	92	(186)	4	1
Short term employee entitlements	10	(35)	-	-
Related parties loans	-	-	7	(14)
Inventories	282	1,138	-	-
Total movement in working capital	165	806	15	(13)
Net cash flow from operating activities	1,035	1,482	-	(4)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

29. RECONCILIATION OF FINANCING ACTIVITIES

Group \$000

Financing activities

	2020	Cash flows	Non-cash changes	2021
Term loans	4,675	(750)	-	3,925
Other loans	550	40	-	590
Provisions	172	-	-	172
Lease liabilities	384	(55)	552	881
Total liabilities from financing activities	5,781	(765)	552	5,568

Financing activities

	2019	Cash flows	Non-cash changes	2020
			Fair value changes	
Term loans	4,274	401	-	4,675
Other loans	840	(290)	-	550
Provisions	168	-	4	172
Related parties	389	(23)	18	384
Total liabilities from financing activities	5,671	88	22	5,781

Company \$000

Financing activities

	2020	Cash flows	Non-cash changes	2021
Total liabilities from financing activities	-	-	-	-

	2019	Cash flows	Non-cash changes	2020
			Fair value changes	
Total liabilities from financing activities	-	-	-	-

30. CAPITAL COMMITMENTS

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.

As at 30 June 2020 New Zealand Food Innovation (Waikato) Limited had a capital commitments of \$1,143 to Combined Technologies Limited for the completion of an Attach to Lots software (2021: NIL).

As at 30 June 2020 New Zealand Food Innovation (Waikato) Limited had a capital commitments of \$14,425 to Portacom for the purchase of a multipurpose unit (2021: NIL).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

	Group \$000		Company \$000	
31. FINANCIAL INSTRUMENTS	2021	2020	2021	2020
Financial assets at amortised cost				
Cash and cash equivalents	226	175	-	-
Trade and other receivables	897	849	-	-
Total loans and receivables	1,123	1,024	-	-
Financial liabilities at amortised cost				
Payables and accruals	520	442	8	5
Short term employee entitlements	243	233	-	-
Term loans	3,925	4,675	-	-
Other loans	590	550	-	-
Provisions	172	172	-	-
Related parties	-	-	20	12
Total financial liabilities at amortised costs	5,450	6,072	28	17

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.

32. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties on normal commercial terms during the year:

Shareholder

The Company's ultimate parent entity is Hamilton City Council. The Company paid \$206,434 (2020: \$162,896) to Hamilton City Council for trade waste. No amount is outstanding at balance date (2020: \$45,649).

Subsidiaries and associates

New Zealand Food Innovation (Waikato) Limited

New Zealand Food Innovation (Waikato) Limited has paid operating costs of \$7,757 (2020: \$14,759) on behalf of Waikato Innovation Growth Limited. No amount is outstanding at balance date (2020: NIL).

In 2020 New Zealand Food Innovation Limited (Waikato) paid a subvention payment of \$28,383 (2021: NIL) to Waikato Innovation Growth Limited for the 2019 tax year.

NZFIW D2 LP Ltd

The Company has paid operating costs of \$10,457 (2020: \$11,139) on behalf of NZFIW D2 LP Limited. No amount is outstanding at balance date (2020: NIL).

In 2020 New Zealand Food Innovation (Waikato) Limited has paid \$997,106 (2020: NIL) to NZFIW D2 LP Limited for capital amounts for Melody Dairies Limited Partnership.

New Zealand Food Innovation (Waikato) Limited received on behalf of NZFIW D2 LP Limited GST refund of \$1,686 (2020: NIL)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

Melody Dairies Limited Partnership

Melody Dairies Limited Partnership has paid \$1,125,072 (2020: NIL) to New Zealand Food Innovation (Waikato) Limited for management fees and have reimbursed \$1,065,348 (2020: NIL) for operating costs paid by the Company. A balance of \$343,171 inclusive was outstanding at 30 June 2021 (2020: NIL).

During the year the Limited Partnership has received \$238,557 (2020: NIL) GST exclusive from New Zealand Food Innovation (Waikato) Limited for operating costs paid by the Limited Partnership. A balance of \$630 GST inclusive was owing at 30 June 2021 (2020: NIL).

In 2020 Melody Dairies Limited Partnership has paid \$137,292 (2021: NIL) to New Zealand Food Innovation (Waikato) Limited for project management and have reimbursed \$474,791 (2021: NIL) for project costs paid by the Company previously. A balance of \$79,716 inclusive was outstanding at 30 June 2020 (2021: NIL).

In 2020 New Zealand Food Innovation (Waikato) Limited received on behalf of Melody Dairies Limited Partnership \$77,326 from the Covid-19 government wage subsidy (2021: NIL).

Callaghan Innovation

New Zealand Food Innovation (Waikato) Limited made sales of \$80,000 (2020: \$80,000) to Callaghan Innovation for Business Development Manager services. No amount is outstanding at balance date (2020: NIL).

In 2020 New Zealand Food Innovation (Waikato) Limited paid \$470 (2021: NIL) to Callaghan Innovation for Directors travel expense to board meetings. There was no amount is outstanding at 31 March 2020 (2021: NIL).

Key Management Personnel Disclosure

Key management personnel compensation	2021: \$612,998	2020: \$620,826
---------------------------------------	-----------------	-----------------

Directors' Remuneration Disclosure

	2021	2020
B Harris	45,000	45,000
P Hobman	45,500	45,500
S Korn - Callaghan	27,500	-
M Kenny - Callaghan	-	27,500
D Stanley	27,500	27,500
E Rattray	27,500	27,500

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 \$471,206 GST exclusive for these services (2020: \$307,716). A balance of \$32,169 inclusive is owing at 30 June 2021 (2020: \$27,780).

Matt Kenny (ceased 28-07-2020) is a Director of New Zealand Food Innovation Auckland Limited (ceased 31-07-2020) which provides CRM and innovation network support. During the year New Zealand Food Innovation Auckland Limited charged the Company \$13,126 GST exclusive for these services (2020: \$3,044). A balance of \$2,189 inclusive is owing at 30 June 2021 (2020: \$182).

Matt Kenny (ceased 28-07-2020) is a Director of New Zealand Food Innovation (South Island) Limited (ceased 21-07-2020). During the year New Zealand Food Innovation (South Island) Limited charged NZFIW \$1,324 (2020: \$485). No amount is outstanding at balance date (2020: NIL).

33. CONTINGENCIES

No contingencies have been identified at balance date (2020: NIL).



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

34. BREACH OF STATUTORY DEADLINE

The Company was required under section 67(5) of the Local Government Act 2002 to complete and adopt its audited financial statements and service performance information by 30 November 2021. This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and the consequential effects of Covid-19, including lockdowns.

35. COVID-19 IMPACT DISCLOSURES

On 11 March 2020, the World Health Organisation declared the outbreak of Covid-19 a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. There were various movements between level 2 and level 1 in 2021.

NZFIW was certified by MPI as an essential business during this period and therefore continued to operate albeit under enhanced tracking and social distancing regime.

NZFIW continued as normal. The effect on our operations is reflected in these financial statements, based on the information available to the date these financial statements are signed. There may be secondary implications that affect the NZFIW in the future due to the effect Covid-19 might have on customers in the medium term. However interviews with our key customers have disclosed to date no significant issues.

NZFIW D2 LP Limited did not encounter any impact from the lock down. This is due to the Company having no operations and only holding the investment in Melody Dairies Limited Partnership which fair value was not impacted by Covid-19.

PERFORMANCE TARGETS AND RESULTS

For the year ended 30 June 2021

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 2020/21 Statement of Corporate Intent was approved by Hamilton City Council.

Performance information relevant to the Company is disclosed below:

Waikato Innovation Growth Limited (Group)

	2021 Actual \$000	2021 Statement of Corporate Intent \$000	2020 Actual \$000	2020 Statement of Corporate Intent \$000
Budget and actual results				
Net Profit after tax	(128)	471	(111)	337
Shareholder's funds/Tangible assets	56%	75%	55%	70%

New Zealand Food Innovation (Waikato) Limited

	2021 Actual \$000	2021 Statement of Corporate Intent \$000	2020 Actual \$000	2020 Statement of Corporate Intent \$000
Budget and actual results				
EBITDA NZFIW	1,240	1,932	1,177	1,956
NZFIW Cash from operating activities	1,035	1,442	1,482	856
Capital expenditure	216	560	519	650
Investment in Melody Dairies	-	-	3,604	1,670

Key objectives and actual results to 30 June 2021

Key objectives	Actual results
1. 275 days of product development production via the spray dryer contributing exceeding \$60 million to the regional economy.	Actual dryer days achieved were 252 contributing to \$30.4 M of exports. This shortfall was driven by the downturn in the goat industry. A major sales channel to China was driven by tourists and overseas students visiting Australia and New Zealand which collapsed due to Covid-19. NZ Food source the Market Rate value for Exports from its market-based Customers, the quantity of exports are obtained internally based on dryer production levels, the export value is then derived by multiplying these figures.
2. The Melody Limited Partnership plant will have been completed and in full operation.	Project completed per budget of \$54m. Commercial production commenced July 2020.
3. An 11% minority interest in new spray dryer will increase open access space for the sheep industry customers.	Most of the sheep milk production was transferred to the New Dryer to service the increased volumes. A total of 332 tonnes over 30.5 days were achieved. This is expected to increase by 85% next season.
4. Assist with the development of new valued added sheep milk industry products and the international launch of one substantial new product.	Significant growth in fresh sheep milk production. Spring Sheep Dairy wins Best Infant Nutrition category with it's Gentle Sheep brand at World Dairy Innovation Awards
5. Income receiving from managing Melody Dairies expects to amount to gross of \$1.1m.	\$1.125m GST exclusive received.



Independent Auditor's Report

To the readers of Waikato Innovation Growth Limited and Group's financial statements and performance information for the year ended 30 June 2021

The Auditor-General is the auditor of Waikato Innovation Growth Limited (the Company) and 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 Company and Group, on his behalf.

We have audited:

- the financial statements of the Company and Group on pages 5 to 32, that comprise the statement of financial position as at 30 June 2021, 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 Company and Group on pages 33.

Opinion

Qualified opinion on the financial statements

In our opinion, except for the possible effects of the matter described in the *Basis for our opinion* section of our report, the financial statements of the Company and Group on pages 5 to 32:

- present fairly, in all material respects:
 - their financial position as at 30 June 2021; and
 - their financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime.

Unmodified opinion on the performance information

In our opinion, the performance information of the Company and Group on page 33 presents fairly, in all material respects, the Company and Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company and Group's objectives for the year ended 30 June 2021.

Our audit was completed late

Our audit was completed on 10 June 2022. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by section 67(5) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

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

Basis for our opinion***Financial statements: Our work was limited over the carrying value of the Group's plant and equipment assets***

As stated in the statement of accounting policies in note 3(k), the Group recognises its plant and equipment class of asset at fair value. NZ IAS 16 *Property, Plant and Equipment* requires entities that recognise assets at fair value to carry out revaluations with sufficient regularity to ensure that revalued assets are not included at a value that is materiality different to fair value. Based on an analysis of movements in relevant cost indices since the last revaluation, there is evidence that there could be a material change in the value of plant and equipment. As the Group has not carried out a revaluation as at 30 June 2021, it is impracticable for us to determine the amount of any adjustment required.

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 Company and 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 Company and 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 Company and Group for assessing the Company and 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 Company and 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 performance information, our procedures were limited to checking that the information agreed to the Company and Group's statement of corporate 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 Company and 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 Company and 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 Company and 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 Company and 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 Company and 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 Company and 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 1 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 Company and 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 New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Company and Group.



Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

NEW ZEALAND
FOOD INNOVATION (WAIKATO)
LIMITED

Annual Report 2021



FOODWAIKATO



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**DIRECTORY***As at 30 June 2021*

Nature of Business	Development and operating of a pilot spray dryer in the Waikato Region						
Address	Waikato Innovation Park Ruakura Lane Hamilton 3216						
Registered Office	Waikato Innovation Park Ruakura Lane Hamilton 3216						
Authorised Capital	210 Ordinary Shares						
Directors	Barry Harris Earl Rattray David Stanley Peter Hobman Stefan Korn (Appointed 28 July 2020) Matthew Kenny (Ceased 28 July 2020)						
Shareholders	<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>						
Auditors	Audit New Zealand on behalf of the Auditor-General PO Box 256 Hamilton 3240						
Bankers	BNZ 354 Victoria Street Hamilton						
Solicitors	Tompkins Wake 430 Victoria Street Hamilton						
IRD Number	105-220-731						



ANNUAL REPORT
For the Year Ended 30 June 2021

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 2021.

Auditor
An auditor has been appointed.

For and on behalf of the Board

	Director	10 June 2022
	Director	10 June 2022

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2021

		Group \$000		Company \$000	
	NOTE	2021	2020	2021	2020
Income					
Revenue	4	8,464	8,195	8,464	8,195
Cost of sales		(303)	(1,298)	(303)	(1,298)
Gross profit		8,161	6,897	8,161	6,897
Share of profit/(loss) from associates	17	(220)	(12)	-	-
Covid-19 government wage subsidy	5	-	77	-	77
Expenses					
Operating expenses		(3,578)	(3,007)	(3,574)	(3,003)
Personnel costs	6	(3,152)	(2,518)	(3,152)	(2,518)
Depreciation	8	(1,035)	(992)	(1,035)	(992)
Audit fees	7	(42)	(50)	(34)	(42)
Directors fees		(173)	(173)	(173)	(173)
Bad and doubtful debts		50	(50)	50	(50)
Other gains and losses	10	-	(10)	(71)	(10)
Write down of inventories		(39)	-	(39)	-
Total expenses		(7,969)	(6,800)	(8,028)	(6,788)
Finance income	9	-	-	-	-
Finance costs	9	(262)	(297)	(262)	(297)
Net finance costs		(262)	(297)	(262)	(297)
Profit/(loss) before tax		(290)	(135)	(129)	(111)
Subvention payment received/(paid)		-	(28)	-	(28)
Income tax	11	169	43	15	40
Profit/(loss) for the year, net of tax		(121)	(120)	(114)	(99)
Other comprehensive income					
Gain/(loss) on property revaluation		-	-	-	-
Income tax on other comprehensive income		-	-	-	-
Total other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the year		(121)	(120)	(114)	(99)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2021

Group	NOTE	\$000 Share capital	\$000 Revaluation reserve	\$000 Retained earnings	\$000 Total equity
Balance as at 1 July 2019		7,333	5,343	1,321	13,997
<i>Total comprehensive income</i>					
Profit for the year		-	-	(120)	(120)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(120)	(120)
Balance as at 30 June 2020		7,333	5,343	1,201	13,877
Balance as at 1 July 2020		7,333	5,343	1,201	13,877
<i>Total comprehensive income</i>					
Profit for the year		-	-	(121)	(121)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(121)	(121)
Balance as at 30 June 2021		7,333	5,343	1,078	13,754

Company	NOTE	\$000 Share capital	\$000 Revaluation reserve	\$000 Retained earnings	\$000 Total equity
Balance as at 1 July 2019		7,333	5,343	1,331	14,007
<i>Total comprehensive income</i>					
Profit for the year		-	-	(99)	(99)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(99)	(99)
Balance as at 30 June 2020		7,333	5,343	1,232	13,908
Balance as at 1 July 2020		7,333	5,343	1,232	13,908
<i>Total comprehensive income</i>					
Profit for the year		-	-	(114)	(114)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(114)	(114)
Balance as at 30 June 2021		7,333	5,343	1,118	13,794

The accompanying notes form part of these financial statements.



STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		Group \$000		Company \$000	
	NOTE	2021	2020	2021	2020
ASSETS					
Non-current assets					
Related parties loans	22	20	12	42	25
Investment in associates	17	3,384	3,604	-	-
Investment in subsidiaries	18	-	-	3,552	3,623
Property, plant and equipment	19	18,762	19,554	18,762	19,554
Right of use assets	21	860	377	860	377
Assets under construction		8	10	8	10
Intangible asset	20	1	1	1	1
Total non-current assets		23,035	23,558	23,225	23,590
Current assets					
Cash and cash equivalents	13	226	175	226	175
Inventories	14	29	350	29	350
Trade and other receivables	15	897	810	896	808
Accrued income		14	7	14	7
Prepayments		100	106	100	106
Total current assets		1,266	1,448	1,265	1,446
Total assets		24,301	25,006	24,490	25,036
EQUITY AND LIABILITIES					
Equity					
Share capital	12	7,333	7,333	7,333	7,333
Revaluation reserve	12	5,343	5,343	5,343	5,343
Retained earnings		1,078	1,201	1,118	1,232
Total equity		13,754	13,877	13,794	13,908
Non-current liabilities					
Deferred tax liabilities	11	2,017	2,184	2,174	2,188
Deferred income	23	2,007	2,204	2,007	2,204
Term loans	24	3,925	4,675	3,925	4,675
Other loans	25	390	310	390	310
Lease liabilities	26	881	384	881	384
Provisions	27	-	172	-	172
Total non-current liabilities		9,220	9,929	9,377	9,933

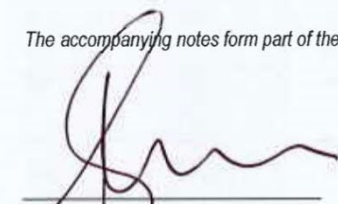
The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021 (Continued)

		Group \$000		Company \$000	
	NOTE	2021	2020	2021	2020
Current liabilities					
Payables and accruals	16	513	438	505	433
Short term employee entitlements		243	233	243	233
Deferred income	23	199	289	199	289
Other loans	25	200	240	200	240
Provisions	27	172	-	172	-
Total current liabilities		1,327	1,200	1,319	1,195
Total liabilities		10,547	11,129	10,696	11,128
Total equity and liabilities		24,301	25,006	24,490	25,036

The accompanying notes form part of these financial statements.


Director
10 June 2022


Director
10 June 2022

STATEMENT OF CASH FLOWS*For the Year Ended 30 June 2021*

	NOTE	Group \$000		Company \$000	
		2021	2020	2021	2020
Cash flow from operating activities					
Receipts from customers		8,107	7,908	8,107	7,908
Payments to suppliers and employees		(6,921)	(6,208)	(6,921)	(6,208)
Interest paid		(222)	(275)	(222)	(275)
Tax payments		11	69	11	69
Subvention payment received/(paid)		-	(28)	-	(28)
GST (net)*		59	16	59	16
Net cash from operating activities	30	1,034	1,482	1,034	1,482
Cash flow from investing activities					
Purchase of property, plant and equipment		(181)	(476)	(181)	(476)
Purchase of assets under construction		(37)	(4)	(37)	(4)
Investment in associate		-	(997)	-	-
Investment in subsidiary		-	-	-	(997)
Net cash from/(used in) investing activities		(218)	(1,477)	(218)	(1,477)
Cash flow from financing activities					
Proceeds from borrowings		3,315	12,820	3,315	12,820
Repayment of borrowings		(4,025)	(12,709)	(4,025)	(12,709)
Repayment of lease liabilities		(55)	(23)	(55)	(23)
Net cash from/(used in) financing activities	31	(765)	88	(765)	88
Net increase/(decrease) in cash and cash equivalents		51	93	51	93
Cash and cash equivalents at 1 July		175	82	175	82
Cash and cash equivalents at 30 June	13	226	175	226	175

*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 2021

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 2021. The financial statements were authorised for issue by the Board of Directors on the 10th June 2022. 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.

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 19: Property, plant and equipment

Note 23: Deferred income

Note 27: Provisions

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

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 intra-group 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 inter-company 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.

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 2021

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 2021

e. Leases

Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right of use assets are presented as a separate line in the consolidated statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

f. 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.

g. 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.

h. 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).

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

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 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.

k. Work in progress

Work in progress is valued at cost.

l. 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.

m. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

n. 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.

o. 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.

p. 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.

q. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

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 2021

	Group \$000		Company \$000	
4. REVENUE	2021	2020	2021	2020
Revenue from contracts for the sale of goods	226	1,685	226	1,685
Revenue from contracts for the rendering of services	8,053	6,317	8,053	6,317
Revenue from the rendering of services	6	14	6	14
Deferred grant income	179	179	179	179
Total operating revenue	8,464	8,195	8,464	8,195

Timing of revenue recognition - At point in time.

	Group \$000		Company \$000	
5. OTHER INCOME	2021	2020	2021	2020
Covid-19 government wage subsidy	-	77	-	77
Total other income	-	77	-	77

	Group \$000		Company \$000	
6. PERSONNEL COSTS	2021	2020	2021	2020
Salaries and wages	3,091	2,393	3,091	2,393
Defined contribution plan	61	48	61	48
Covid-19 government wage subsidy payment	-	77	-	77
Total personnel costs	3,152	2,518	3,152	2,518

Annual remuneration by band for employees

	2021 Number	2020 Number
< \$100,000	38	31
\$100,000 - \$109,999	1	2
\$110,000 - \$119,999	4	2
\$120,000 - \$129,999	-	-
\$130,000 - \$139,999	3	2
\$140,000 - \$149,999	1	1
\$150,000 - \$159,999	-	-
\$160,000 - \$169,999	-	-
\$170,000 - \$179,999	1	1
Total Employees	48	39

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

	Group \$000		Company \$000	
	2021	2020	2021	2020
7. AUDIT FEES				
Audit fee for 2020/21 year	42	-	34	-
Audit fee for 2019/20 year	-	41	-	33
Audit fee for 2018/19 year	-	9	-	9
Total audit fees	42	50	34	42

	Group \$000		Company \$000	
	2021	2020	2021	2020
8. DEPRECIATION				
Property, plant and equipment depreciation	1,007	980	1,007	980
Right of use asset depreciation	28	12	28	12
Total depreciation	1,035	992	1,035	992

	Group \$000		Company \$000	
	2021	2020	2021	2020
9. FINANCE COSTS				
<i>Finance income</i>				
Interest income	-	-	-	-
Total finance income	-	-	-	-
<i>Finance costs</i>				
Bank fees	(21)	(14)	(21)	(14)
Interest on bank borrowings	(200)	(265)	(200)	(265)
Interest on lease liabilities	(41)	(18)	(41)	(18)
Total finance costs	(262)	(297)	(262)	(297)
Net finance costs	(262)	(297)	(262)	(297)

	Group \$000		Company \$000	
	2021	2020	2021	2020
10. OTHER GAINS AND LOSSES				
Net foreign exchange gain/(loss)	-	(9)	-	(9)
Impairment on investment in subsidiaries	-	-	(71)	-
Loss on disposal of fixed assets	-	(1)	-	(1)
Total other gains and losses	-	(10)	(71)	(10)

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

	Group \$000		Company \$000	
	2021	2020	2021	2020
11. INCOME TAX				
<i>Current tax</i>				
Current year	-	-	-	-
Adjustment for prior years	-	(11)	-	(14)
	-	(11)	-	(14)
<i>Deferred tax</i>				
Current year	143	32	15	30
Adjustment for prior year	26	22	-	24
Total income tax expense recognised	169	43	15	40
<i>The income tax expense for the year can be reconciled to the accounting profit as follows:</i>				
Profit before tax	(290)	(135)	(129)	(111)
Income tax expense at 28%	81	38	36	31
Deferred tax not recognised	63	-	-	-
Effect of expenses that are not deductible in determining taxable profit	(1)	(3)	(21)	(1)
Adjustment for prior year - subvention payment	-	8	-	8
Adjustment for prior year - other	26	-	-	2
Income tax expense recognised in profit or loss	169	43	15	40
Deferred tax balances				
Group (\$000)	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<i>Deferred tax assets/(liabilities) in relation to:</i>				
Property, plant and equipment	(3,004)	(39)	-	(3,043)
Provisions	(17)	(24)	-	(41)
Deferred income	662	(50)	-	612
Tax losses	175	280	-	455
Balance as at 30 June 2021	(2,184)	167	-	(2,017)
Group (\$000)	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<i>Deferred tax assets/(liabilities) in relation to:</i>				
Property, plant and equipment	(2,930)	(74)	-	(3,004)
Provisions	(22)	5	-	(17)
Deferred income	712	(50)	-	662
Tax losses	2	173	-	175
Balance as at 30 June 2020	(2,238)	54	-	(2,184)

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

Deferred tax balances

Company (\$'000)

Deferred tax assets/(liabilities) in relation to:

Property, plant and equipment

Provisions

Deferred income

Tax losses

Balance as at 30 June 2021

Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
(2,981)	(62)	-	(3,043)
(17)	(24)	-	(41)
662	(50)	-	612
148	150	-	298
(2,188)	14	-	(2,174)

Company (\$'000)

Deferred tax assets/(liabilities) in relation to:

Property, plant and equipment

Provisions

Deferred income

Tax losses

Balance as at 30 June 2020

Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
(2,932)	(49)	-	(2,981)
(22)	5	-	(17)
712	(50)	-	662
-	148	-	148
(2,242)	54	-	(2,188)

12. EQUITY

Share capital

Ordinary shares (105 shares)

Balance 1 July

Transfer of preference shares

less uncalled 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.

210 shares have been issued, 110 shares have been fully paid and 100 shares are uncalled.

Group \$'000		Company \$'000	
2021	2020	2021	2020
7,334	7,334	7,334	7,334
-	-	-	-
(1)	(1)	(1)	(1)
7,333	7,333	7,333	7,333
7,333	7,333	7,333	7,333

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

Revaluation Reserve	Group \$000		Company \$000	
	2021	2020	2021	2020
Property				
Opening balance	(25)	(25)	(25)	(25)
Revaluation	-	-	-	-
Income tax on revaluation surplus	-	-	-	-
Closing balance	(25)	(25)	(25)	(25)
Plant and equipment				
Opening balance	5,369	5,369	5,369	5,369
Revaluation	-	-	-	-
Income tax on revaluation surplus	-	-	-	-
Closing balance	5,369	5,369	5,369	5,369
Total revaluation reserve	5,343	5,343	5,343	5,343

This reserve relates to the revaluation of property, plant and equipment.

13. CASH AND CASH EQUIVALENTS	Group \$000		Company \$000	
	2021	2020	2021	2020
BNZ Bank account	226	175	226	175
Total cash and cash equivalents	226	175	226	175

The Company has an overdraft facility with BNZ with a limit of \$250,000.

14. INVENTORIES	Group \$000		Company \$000	
	2021	2020	2021	2020
Raw materials	29	350	29	350
Total inventories	29	350	29	350

The cost of inventories recognised as an expense during the year was \$303,474 (2020: \$1,296,745).

The amount of inventories write-down recognised as an expense during the year was \$39,155 (2020: NIL).

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

	Group \$000		Company \$000	
15. TRADE AND OTHER RECEIVABLES	2021	2020	2021	2020
Contract assets	548	769	548	769
Trade receivables	5	-	5	-
Provision for doubtful debt	-	(50)	-	(50)
Related parties receivables	343	80	343	80
Income tax receivable	-	9	-	9
Other receivables	1	2	-	-
Total trade and other receivables	897	810	896	808

	Group \$000		Company \$000	
16. PAYABLES AND ACCRUALS	2021	2020	2021	2020
Trade payables	196	318	196	318
Accruals	112	101	104	96
Income tax payable	-	-	-	-
Other payables	205	19	205	19
Total payables and accruals	513	438	505	433

A letter of credit is held for \$81,600 for the faveuree iPayroll.

	Group \$000		Company \$000	
17. INVESTMENT IN ASSOCIATES	2021	2020	2021	2020
Melody Dairies Limited Partnership				
<i>Interest held by the group</i>	11%	10%	-	-
Opening balance	3,604	2,619	-	-
Additions during the year	-	997	-	-
Share of revenue and expenses	(220)	(12)	-	-
Balance 30 June	3,384	3,604	-	-
Melody Dairies GP Limited				
<i>Interest held by the group</i>	10%	10%	10%	10%
Balance 30 June	-	-	-	-
Total investment in associates	3,384	3,604	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

	Group \$000		Company \$000	
18. INVESTMENT IN SUBSIDIARIES	2021	2020	2021	2020
<i>NZFIW D2 LP Limited</i>				
Opening balance	-	-	3,623	3,623
Impairment	-	-	(71)	-
Balance 30 June	-	-	3,552	3,623
Total investment in subsidiaries	-	-	3,552	3,623

19. PROPERTY, PLANT AND EQUIPMENT	Property	Plant & Equipment	Computer & Office	Total
Group \$000				
For the year ended 30 June 2020				
Opening net book amount	3,483	16,504	29	20,016
Additions	323	127	69	519
Disposals	-	(1)	-	(1)
Depreciation charge	(144)	(829)	(7)	(980)
Closing net book amount	3,662	15,801	91	19,554
As at 30 June 2020				
Cost or valuation	3,806	16,630	107	20,543
Accumulated depreciation	(144)	(829)	(16)	(989)
Net book amount	3,662	15,801	91	19,554
For the year ended 30 June 2021				
Opening net book amount	3,662	15,801	91	19,554
Additions	48	147	20	215
Depreciation charge	(154)	(836)	(17)	(1,007)
Closing net book amount	3,556	15,112	94	18,762
As at 30 June 2021				
Cost or valuation	3,854	16,777	126	20,757
Accumulated depreciation	(298)	(1,665)	(32)	(1,995)
Net book amount	3,556	15,112	94	18,762

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

Company \$000	Property	Plant & Equipment	Computer & Office	Total
For the year ended 30 June 2020				
Opening net book amount	3,483	16,504	29	20,016
Additions	323	127	69	519
Disposals	-	(1)	-	(1)
Depreciation charge	(144)	(829)	(7)	(980)
Closing net book amount	3,662	15,801	91	19,554
As at 30 June 2020				
Cost or valuation	3,806	16,630	107	20,543
Accumulated depreciation	(144)	(829)	(16)	(989)
Net book amount	3,662	15,801	91	19,554
For the year ended 30 June 2021				
Opening net book amount	3,662	15,801	91	19,554
Additions	48	147	20	215
Depreciation charge	(154)	(836)	(17)	(1,007)
Closing net book amount	3,556	15,112	94	18,762
As at 30 June 2021				
Cost or valuation	3,854	16,777	126	20,757
Accumulated depreciation	(298)	(1,665)	(32)	(1,995)
Net book amount	3,556	15,112	94	18,762

No valuation was completed in 2021. Property, plant & equipment was valued by North Langley & Associates Ltd, an independent registered valuer on 28 March 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 2021 (2020: NIL). No borrowing costs were capitalised during the year (2020: NIL).

	Group \$000		Company \$000	
20. INTANGIBLE ASSETS	2021	2020	2021	2020
<i>Cost - Trademark</i>				
Balance 1 July	1	1	1	1
Additions	-	-	-	-
Amortisation	-	-	-	-
Balance 30 June	1	1	1	1

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

	Group \$000		Company \$000	
21. RIGHT OF USE ASSETS	2021	2020	2021	2020
<i>Property - Land</i>				
Cost 1 July	389	389	389	389
Adjustment to value	226	-	226	-
Additions	285	-	285	-
Cost 30 June	900	389	900	389
Accumulated depreciation 1 July	12	-	12	-
Charge for the year	28	12	28	12
Accumulated depreciation 30 June	40	12	40	12
Carrying amount 30 June	860	377	860	377

New Zealand Food Innovation (Waikato) Limited leases land from Waikato Innovation Park Limited. The lease term is 33 years. The contract started 1 July 2018 and had renewal terms of 20+10+5.

On 1 June 2020 the land lease was revalued by Waikato Innovation Park and an additional 512.4sqm of land was added to the lease. On 1 July 2020 and an additional 1,581.4sqm of land was added to the lease.

	Group \$000		Company \$000	
22. RELATED PARTIES LOANS	2021	2020	2021	2020
NZFIW D2 LP Limited	-	-	22	13
Waikato Innovation Growth Limited	20	12	20	12
Total related parties loans	20	12	42	25

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

	Group \$000		Company \$000	
23. DEFERRED INCOME	2021	2020	2021	2020
Original grant	3,794	3,794	3,794	3,794
less deferred grant recognised in prior years	(1,432)	(1,253)	(1,432)	(1,253)
	2,362	2,541	2,362	2,541
Opening balance	2,362	2,541	2,362	2,541
less deferred grant recognised	(179)	(179)	(179)	(179)
Total deferred grant	2,186	2,362	2,186	2,362
Revenue received in advance	20	131	20	131
Total deferred income	2,206	2,493	2,206	2,493
Current portion	199	289	199	289
Non-current portion	2,007	2,204	2,007	2,204
Total deferred income	2,206	2,493	2,206	2,493

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	
24. TERM LOANS	2021	2020	2021	2020
BNZ 92346126-04 loan	3,925	4,675	3,925	4,675
	3,925	4,675	3,925	4,675
Current portion	-	-	-	-
Non-current portion	3,925	4,675	3,925	4,675
Total term loan	3,925	4,675	3,925	4,675

Term loans have perfected security interest in all present and after acquired property of New Zealand Food Innovation (Waikato) Limited.

	2021		2020	
	Interest rate	Maturity Date	Interest rate	Maturity Date
BNZ 92346126-04 loan	4.34%	November 2022	4.44%	November 2022

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

	Group \$000		Company \$000	
	2021	2020	2021	2020
25. OTHER LOANS				
Bonds	590	550	590	550
Total other loans	590	550	590	550
Total current portion	200	240	200	240
Total non-current portion	390	310	390	310
Total other loans	590	550	590	550

	Group \$000		Company \$000	
	2021	2020	2021	2020
26. LEASE LIABILITIES				
Opening balance	384	389	384	389
Adjustment to value	226	-	226	-
Additions	285	-	285	-
Cash flows	(55)	(23)	(55)	(23)
Non-cash movement	41	18	41	18
Balance 30 June	881	384	881	384
Total lease liabilities	881	384	881	384

Amounts recognised in Statement of Comprehensive Income

	Group \$000		Company \$000	
	2021	2020	2021	2020
Expenses relating to short-term leases	50	58	50	58
Expenses relating to leases of low value assets	5	1	5	1
	55	59	55	59

Non-cancellable operating lease commitments as lessee are as follows:

	Group \$000		Company \$000	
	2021	2020	2021	2020
No later than one year	54	23	54	23
Later than one year and no later than five years	216	93	216	93
Later than five years	594	278	594	278
	864	394	864	394

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

	Group \$000		Company \$000	
27. PROVISIONS	2021	2020	2021	2020
<i>Silo contracts</i>				
Opening balance	172	168	172	168
On acquisition	-	-	-	-
Charge to profit or loss	-	4	-	4
Balance 30 June	172	172	172	172
Total provisions	172	172	172	172

NZFIW entered into a contract with the following customers, Central Dairy Goat, Spring Sheep Dairy, NZ Nutritional Goat and Maui Milk for the 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 each customer \$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 manufacturing at Food Waikato. NZFIW has created a provision (discounted to present value) for \$43,333 of the loan.

	Group \$000		Company \$000	
28. FINANCIAL INSTRUMENTS	2021	2020	2021	2020
Financial assets at amortised cost				
Cash and cash equivalents	226	175	226	175
Trade and other receivables	897	789	896	789
Related parties	20	25	42	25
Total financial assets at amortised cost	1,143	989	1,164	989
Financial liabilities at amortised cost				
Payables and accruals	505	433	505	433
Other loans	590	550	590	550
Term loans	3,925	4,675	3,925	4,675
Provisions	172	172	172	172
Total financial liabilities at amortised cost	5,192	5,830	5,192	5,830

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 2021

29. CAPITAL COMMITMENTS

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.

As at 30 June 2020 New Zealand Food Innovation (Waikato) Limited had a capital commitments of \$1,143 to Combined Technologies Limited for the completion of an Attach to Lots software (2021: NIL).

As at 30 June 2020 New Zealand Food Innovation (Waikato) Limited had a capital commitments of \$14,425 to Portacom for the purchase of a multipurpose unit (2021: NIL).

	Group \$000		Company \$000	
	2021	2020	2021	2020
30. RECONCILIATION OF PROFIT/(LOSS) FOR THE YEAR TO NET CASH				
Profit/(loss) for the year	(121)	(120)	(114)	(99)
Add/(less) non-cash items				
Interest - provisions and leases	41	22	41	22
Bad and doubtful debt	(50)	50	(50)	50
Write down of inventories	39	-	39	-
Losses	-	1	71	1
Depreciation and amortisation	1,035	992	1,035	992
Share of associates (surplus)/deficit	220	12	-	-
Deferred income	(287)	(290)	(287)	(290)
Total non-cash items	998	787	849	775
Add/(less) movements in working capital				
Accrued income	(7)	(7)	(7)	(7)
Trade debtors and other receivables	(46)	(61)	(48)	(63)
Prepayments	6	(4)	6	(4)
Income tax expense & subvention payment in profit/loss	(169)	(43)	(15)	(40)
Payables and accruals	87	(188)	88	(186)
Short term employee entitlements	10	(29)	10	(30)
Inventories	282	1,133	282	1,133
Related parties	(6)	14	(17)	3
Total movement in working capital	157	815	299	806
Net cash flow from operating activities	1,034	1,482	1,034	1,482

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

31. RECONCILIATION OF FINANCING ACTIVITIES

Group \$000

Financing activities

	2020	Cash flows	Non-cash changes	2021
Term loans	4,675	(750)	-	3,925
Other loans	550	40	-	590
Provisions	172	-	-	172
Lease liabilities	384	(55)	552	881
Total liabilities from financing activities	5,781	(765)	552	5,568

Group \$000

Financing activities

	2019	Cash flows	Non-cash changes	2020
Term loans	4,274	401	-	4,675
Other loans	840	(290)	-	550
Provisions	168	-	4	172
Lease liabilities	389	(23)	18	384
Total liabilities from financing activities	5,671	88	22	5,781

Company \$000

Financing activities

	2020	Cash flows	Non-cash changes	2021
Term loans	4,675	(750)	-	3,925
Other loans	550	40	-	590
Provisions	172	-	-	172
Lease liabilities	384	(55)	552	881
Total liabilities from financing activities	5,781	(765)	552	5,568

Company \$000

Financing activities

	2019	Cash flows	Non-cash changes	2020
Term loans	4,274	401	-	4,675
Other loans	840	(290)	-	550
Provisions	168	-	4	172
Lease liabilities	389	(23)	18	384
Total liabilities from financing activities	5,671	88	22	5,781

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

32. 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 \$80,000 (2020: \$80,000) to Callaghan Innovation for Business Development Manager services. No amount is outstanding at balance date (2020: NIL).

In 2020 the Company paid \$470 (2021: NIL) to Callaghan Innovation for Directors travel expense to board meetings. There was no amount outstanding at 31 March 2020 (2021: NIL).

Hamilton City Council

The Company's ultimate parent entity is Hamilton City Council. The Company paid \$206,434 (2020: \$162,896) to Hamilton City Council for trade waste. No amount is outstanding at balance date (2020: \$45,649).

Waikato Innovation Growth Limited

The Company has paid operating costs of \$7,757 (2020: \$14,759) on behalf of Waikato Innovation Growth Limited. No amount is outstanding at balance date (2020: NIL).

In 2020 New Zealand Food Innovation (Waikato) paid a subvention payment of \$28,383 (2021: NIL) to Waikato Innovation Growth Limited for the 2020 tax year.

NZFIW D2 LP Limited

The Company has paid operating costs of \$10,457 (2020: \$11,139) on behalf of NZFIW D2 LP Limited. No amount is outstanding at balance date (2020: NIL).

The Company received on behalf of NZFIW D2 LP Limited GST refund of \$1,686 (2020: NIL)

Melody Dairies Limited Partnership

Melody Dairies Limited Partnership has paid \$1,125,072 (2020: NIL) to New Zealand Food Innovation (Waikato) Limited for management fees and have reimbursed \$1,065,348 (2020: NIL) for operating costs paid by the Company. A balance of \$343,171 GST inclusive was outstanding at 30 June 2021 (2020: NIL).

During the year the Melody Dairies Limited Partnership has received \$238,557 (2020: NIL) GST exclusive from New Zealand Food Innovation (Waikato) Limited for operating costs paid by Melody Dairies Limited Partnership. A balance of \$630 GST inclusive was owing at 30 June 2021 (2020: NIL).

In 2020 Melody Dairies Limited Partnership has paid \$137,292 (2021: NIL) to New Zealand Food Innovation (Waikato) Limited for project management and have reimbursed \$474,791 (2021: NIL) for project costs paid by the Company previously. A balance of \$79,716 inclusive was outstanding at 30 June 2020 (2021: NIL).

The Company in 2020 received on behalf of Melody Dairies Limited Partnership \$77,326 from the Covid-19 government wage subsidy (2021: NIL).

Key Management Personnel Disclosure

Key management personnel compensation	2021: \$612,998	2020: \$620,826
---------------------------------------	-----------------	-----------------

Directors' Remuneration Disclosure

	2021	2020
B Harris	45,000	45,000
P Hobman	45,500	45,500
S Korn - Callaghan	27,500	-
M Kenny - Callaghan	-	27,500
D Stanley	27,500	27,500
E Rattray	27,500	27,500

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2021

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 \$471,206 GST exclusive for these services (2020: \$307,716). A balance of \$32,169 inclusive is owing at 30 June 2021 (2020: \$27,780).

Matt Kenny (ceased 28-07-2020) is a Director of New Zealand Food Innovation Auckland Limited (ceased 31-07-2020) which provides CRM and innovation network support. During the year New Zealand Food Innovation Auckland Limited charged the Company \$13,126 GST exclusive for these services (2020: \$3,044). A balance of \$2,189 inclusive is owing at 30 June 2021 (2020: \$182).

Matt Kenny (ceased 28-07-2020) is a Director of New Zealand Food Innovation (South Island) Limited (ceased 21-07-2020). During the year New Zealand Food Innovation (South Island) Limited charged NZFIW \$1,324 (2020: \$485). No amount is outstanding at balance date (2020: NIL).

33. CONTINGENCIES

No contingencies have been identified at balance date (2020: NIL).

34. BREACH OF STATUTORY DEADLINE

The Company was required under section 67(5) of the Local Government Act 2002 to complete and adopt its audited financial statements and service performance information by 30 November 2021. This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and the consequential effects of Covid-19, including lockdowns.

35. COVID-19 IMPACT DISCLOSURES

On 11 March 2020, the World Health Organisation declared the outbreak of Covid-19 a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. There were various movements between level 2 and level 1 in 2021.

NZFIW was certified by MPI as an essential business during this period and therefore continued to operate albeit under enhanced tracking and social distancing regime.

NZFIW continued as normal. The effect on our operations is reflected in these financial statements, based on the information available to the date these financial statements are signed. There may be secondary implications that affect the NZFIW in the future due to the effect Covid-19 might have on customers in the medium term. However interviews with our key customers have disclosed to date no significant issues.

We have also disclosed in the financial statements our significant assumptions and judgements regarding the future potential impacts that may have a material impact on. These uncertainties might have a material impact in future.

PERFORMANCE TARGETS AND RESULTS

For the Year Ended 30 June 2021

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 2020/21 Statement of Corporate Intent was approved by Hamilton City Council.

Budget and actual results	2021 Actual \$000	2021 Statement of Corporate Intent \$000	2020 Actual \$000	2020 Statement of Corporate Intent \$000
NZFIW EBITDA	1,168	1,932	1,177	1,956
NZFIW Cash from operating activities	1,034	1,442	1,482	856
Capital expenditure	215	560	519	650
Investment in Melody Dairies	-	-	3,604	1,670

Key objectives and actual results to 30 June 2021

Key objectives	Actual results
1. 275 days of product development production via the spray dryer contributing exceeding \$60 million to the regional economy.	Actual dryer days achieved were 252 contributing to \$30.4 M of exports. This shortfall was driven by the downturn in the goat industry. A major sales channel to China was driven by tourists and overseas students visiting Australia and New Zealand which collapsed due to Covid-19. NZ Food source the Market Rate value for Exports from its market-based Customers, the quantity of exports are obtained internally based on dryer production levels, the export value is then derived by multiplying these figures.
2. The Melody Limited Partnership plant will have been completed and in full operation.	Project completed per budget of \$54m. Commercial production commenced July 2020.
3. An 11% minority interest in new spray dryer will increase open access space for the sheep industry customers.	Most of the sheep milk production was transferred to the New Dryer to service the increased volumes. A total of 332 tonnes over 30.5 days were achieved. This is expected to increase by 85% next season
4. Assist with the development of new valued added sheep milk industry products and the international launch of one substantial new product.	Significant growth in fresh sheep milk production. Spring Sheep Dairy wins Best Infant Nutrition category with it's Gentle Sheep brand at World Dairy Innovation Awards
5. Income receiving from managing Melody Dairies expects to amount to gross of \$1.1m.	\$1.125m GST exclusive received



Independent Auditor's Report

To the readers of New Zealand Food Innovation (Waikato) Limited and Group's financial statements and performance information for the year ended 30 June 2021

The Auditor-General is the auditor of New Zealand Food Innovation (Waikato) Limited (the Company) and 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 Company and Group, on his behalf.

We have audited:

- the financial statements of the Company and Group on pages 5 to 32, that comprise the statement of financial position as at 30 June 2021, 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 Company and Group on page 33.

Opinion

Qualified opinion on the financial statements

In our opinion, except for the possible effects of the matter described in the *Basis for our opinion* section of our report, the financial statements of the Company and Group on pages 5 to 32:

- present fairly, in all material respects:
 - their financial position as at 30 June 2021; and
 - their financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime.

Unmodified opinion on the performance information

In our opinion, the performance information of the Company and Group on page 33 presents fairly, in all material respects, the Company and Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company and Group's objectives for the year ended 30 June 2021.

Our audit was completed late

Our audit was completed on 10 June 2022. This is the date at which our qualified opinion is expressed. We acknowledge that our audit was completed later than required by section 67(5) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

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

Basis for our opinion

Financial statements: Our work was limited over the carrying value of the Company and Group's plant and equipment assets

As stated in the statement of accounting policies in note 3(j), the Company and Group recognises its plant and equipment class of asset at fair value. NZ IAS 16 *Property, Plant and Equipment* requires entities that recognise assets at fair value to carry out revaluations with sufficient regularity to ensure that revalued assets are not included at a value that is materiality different to fair value. Based on an analysis of movements in relevant cost indices since the last revaluation, there is evidence that there could be a material change in the value of plant and equipment. As the Company and Group has not carried out a revaluation as at 30 June 2021, it is impracticable for us to determine the amount of any adjustment required.

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 Company and 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 Company and 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 Company and Group for assessing the Company and 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 Company and 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 performance information, our procedures were limited to checking that the information agreed to the Company and 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 Company and 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 Company and 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 Company and 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 Company and 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 1 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 Company and 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 New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Company and Group.



Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

Council Report

Item 11

Committee: Economic Development Committee

Date: 11 August 2022

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 to 30 June 2022

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

Purpose - *Take*

1. To inform the Economic Development Committee of the Waikato Regional Airport Limited year end report for the period 1 July 2021 to 30 June 2022.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee receives the draft year end report, noting the final audited version will be circulated to Elected Members when it is available in November 2022.

Executive Summary - *Whakaraapopototanga matua*

3. Waikato Regional Airport Limited (WRAL) and its subsidiaries are a CCO, with Hamilton City Council holding a 50% shareholding.
4. WRAL's achievements over the last 12 months include steady operating revenue despite covid challenges, and a 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 \$147M to \$174M.
6. WRAL representatives (Mark Morgan and Scott Kendall) will present their year-end activity report to 30 June 2022 at the meeting and be available to answer any questions.
7. Under the Committee's terms of reference, the Economic Development Committee is responsible for receiving reports and providing clear direction to Council's CCO's, including feedback on draft statements of intent.
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.

Discussion - *Matapaki*

9. WRAL (and its subsidiaries Hamilton and Waikato Tourism, Titanium Park Limited and Waikato Regional Airport Hotel Limited) 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%

10. Council's main objective in the ownership of WRAL (and its subsidiaries) is to support and provide economic growth to our community which can benefit from the opportunities WRAL provides.
11. A copy of Council's letter of expectation is attached as **attachment 1** for reference. This letter sets out council's expectations of WRAL and its subsidiaries.
12. The company's performance has been strong despite the challenges of covid and the business finds itself in a good position for the climb out of the negative impacts of the pandemic. Passenger services are returning to pre-Covid levels as is both aeronautical and non-aeronautical activity and investment across the airport's precinct.
13. As was the case in 2020/21, WRAL have been advised by Audit NZ that their final audit sign off will be completed in late October or early November 2022. A copy will be circulated when available.
14. The WRAL draft year end report to 30 June 2022 is attached as **attachment 2**.
15. Council is conducting an independent review of it's holding in WRAL which is subject to a later confidential item at this meeting.

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

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

Financial Considerations - *Whaiwhakaaro Puutea*

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

18. 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').
19. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
20. The recommendations set out in this report are consistent with that purpose.

Economic

21. 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

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

Risks - *Tuuraru*

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

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 - Council's Letter of Expectation to WRAL - September 2020

Attachment 2 - WRAL Year End Report to 30 June 2022 (unaudited)



Private Bag 3010
Hamilton 3240
New Zealand

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hamilton.govt.nz

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 SOI and identified as such.

Approval of a SOI 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 SOI must clearly state the definition of a major transaction for the company and whether there are major transactions planned during the SOI 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 SOI 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 set's out its own objectives, in accordance with s59 (1) (a), in the Hamilton Plan and this should be considered when developing the SOI.

- **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-3717018

Item 11

Attachment 1



Waikato Regional Airport Limited

Annual Report & Consolidated Financial Statements

For the year ended 30 June 2022

DRAFT v1.0
25 July 2022

Waikato Regional Airport Limited

Annual Report & Consolidated Financial Statements

For the year ended 30 June 2022

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Item 11

Attachment 2

Waikato Regional Airport Limited

Results at a Glance

For the year ended 30 June 2022

(all amounts in '000)

Five Year Summary	2018	2019	2020	2021	2022
<i>(all amounts in '000)</i>					
Aeronautical income	\$2,595	\$3,350	\$3,379	\$4,015	\$3,200
Operating revenue	\$8,594	\$10,484	\$12,355	\$17,324	\$17,686
EBITDA excluding Land sales	\$2,871	\$3,964	\$2,838	\$6,931	\$6,343
Net profit before tax	\$2,640	\$3,021	\$5,780	\$41,657	\$27,510
Passenger Activity	353	381	304	358	283
Aircraft movements	141	146	116	73	34
Total Assets	\$107,717	\$124,220	\$132,576	\$171,701	\$204,991
Shareholder Funds	\$84,937	\$97,285	\$105,734	\$147,463	\$173,816
Shareholder Funds Ratio	79%	78%	81%	86%	85%
Net Asset Backing per Share	\$17.08	\$19.56	\$21.55	\$29.65	\$34.95

Waikato Regional Airport Limited

Chairman's foreword

For the year ended 30 June 2022

In 2021 the annual report reflected on the Group's financial successes, against a backdrop of the most challenging times of our generation, further reinforcing the strength of its diversification strategy. The 2021 financial year itself was unimpeded by COVID alert level travel restrictions as the country remained free from domestic community transmission of the virus for almost 18 months. This meant the 2022 financial year was initially approached with optimism by the Board and Management, albeit tempered with a degree of caution given the uncertainty and challenges that could impact the NZ market as well as the global implications of COVID19.

This confidence for the 2022 financial year was thwarted though, with the introduction of the Delta variant to New Zealand in August 2021. This resulted in travel restrictions in and out of the region for nine weeks between August and November. The Omicron wave between February and April saw at its peak, a 50% decline in travel. Overall, the Aeronautical business finished the year down 25% on its budgeted passenger number projections, with associated impact on revenue streams.

Losses in the aeronautical business were offset by the unplanned continuation of the Hotel's Managed Isolation Facility contract, which remained in place for the full financial year, and finally concluded on 30 June 2022. Hotel Manager Jet Park Hotels continued to deliver an award-winning level of service. The hotel returns to servicing the Waikato in August 2022 after the completion of refurbishment and deferred renovations due to MIQ operations over the last two years.

At the time of writing, Pacific Aerospace, which was purchased out of liquidation in 2021 and now under new ownership, had been able to re-hire a number of former staff and resume operations, completing production and test flying of its first aircraft. It is pleasing to note, that with the opening of our international borders late in the year, there has been accelerated and credible inquiry for the revival of an international pilot academy. WRAL remains confident of a bright future for the facility noting the global shortages of pilots, and the future growth aspirations of the airlines will aid restoration of the 70% loss of air traffic movements at our airport.

We always envisaged 2022 as a quiet year for Titanium Park land sale activity with existing precincts largely developed. However significant investment was made into the construction of the fifth stage of Titanium Park's Central Precinct to enable settlement of significant conditional land sales in the FY23 financial year. In addition, Titanium Park continued due diligence toward the re-zoning of the proposed 100ha Northern Precinct development. This latter workstream culminated in the submission of a private plan change application to Waipa District Council. The strength of this work in positioning the underlying property for development is the almost sole contributor to the \$24 million revaluation gain in investment properties.

The diversification strategy has served the Group well over the last three years and this is best illustrated by the Group achieving earnings at approximately double their budgeted levels set out in our Statement of Intent. EBITDA before land sales have also more than doubled in the last four years.

Despite the disruption to earnings caused by COVID, the Group has been able to invest \$12 million between capital expenditure in its own long-term assets and in Titanium Park's development property in the past year whilst accumulating only a \$5 million increase in debt.

During the last four years, three of which have been hampered by the pandemic, the Group has been able to increase its balance sheet to over \$200 million of assets and a resultant doubling of shareholder funds. This was achieved by continued profitable trading results during this period and revaluation gains in long term property holdings that ultimately position the group for strengthened future earnings.

The Company remains optimistic for the 2023 financial year. Since June 2022, our passenger numbers, the key driver of aeronautical revenues, had recovered to pre-pandemic levels even though there are many challenges facing our community such as rising costs of living, labour shortages in the tourism and hospitality sectors, illness, and weather. This gives us confidence in a strong pipeline for domestic travel out of Hamilton despite the likelihood these challenges will be ongoing.

Completion of the fifth and final stage of Titanium Park's Central Precinct early in the new financial year will bring about significant land sale settlements secured over the last 18 months at the height of a very buoyant property market. With this precinct development also comes the first significant expansionary investment in our aeronautical business in over a decade which will see the construction of private corporate jet facilities in the next 12 months. The airport is supporting this private

Waikato Regional Airport Limited

Chairman's foreword

For the year ended 30 June 2022

investment by the upgrading of airside infrastructure and the construction of new taxiways to connect this land to the main runway.

The flagship project for the year ahead will be the completion of the terminal resilience project prior to the formal opening in December 2022. Travelling customers will enjoy a modern and vibrant airport with a strong connection to our region's rich and unique cultural heritage as the home of Kiingitanga. The project remains on time and budget, a significant achievement for any construction project in recent times. We look forward to welcoming the first travellers to our refurbished terminal from October.

In closing, there has also been a significant undertaking with the evolution of our organisational values and the subsequent development of new brand identities for Hamilton Airport and Titanium Park, after consultation with a range of stakeholders including staff, shareholders and cultural representatives. These resultant brand identities acknowledge our cultural heritage and have regional significance; they have been woven into the terminal resilience project and will be revealed to the public from October 2022. As part of the new value set, we have introduced a Wellbeing framework to the organisation, building on the strong work that has already been done in this space.

Barry Harris
Chairman

Waikato Regional Airport Limited

Consolidated Statement of Comprehensive Revenue and Expense

Year ended 30 June 2022

		2022 \$ '000	2021 \$ '000
Revenue			
Operating revenue	2A	17,686	17,324
Land sales		2,020	8,617
Other gains	2B	24,762	35,682
		44,468	61,623
Expenses			
Operating expenses		(6,775)	(6,259)
Cost of land sales		(1,633)	(5,586)
Employee benefits expense		(4,568)	(4,134)
Depreciation & amortisation	3A, 3B	(3,420)	(3,426)
Other losses	2B	(143)	-
Finance costs		(419)	(561)
		(16,958)	(19,966)
Net surplus/(deficit) before tax		27,510	41,657
Tax (expense)/credit	4A	(1,157)	(1,906)
Net surplus/(deficit) after tax		26,353	39,751
Other comprehensive revenue & expense			
Revaluation of property, plant & equipment	3A	-	7,263
Impairment of property, plant & equipment	2C	-	(4,516)
Tax (expense)/credit	4A	-	(769)
Total other comprehensive revenue & expense		-	1,978
Total comprehensive revenue & expense		26,353	41,729

The accompanying notes form part of these financial statements

Waikato Regional Airport Limited
Consolidated Statement of Changes in Equity
Year ended 30 June 2022

	Share Capital \$ '000	Retained Earnings \$ '000	Revaluation Reserves \$ '000	Total \$ '000
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	-	-	-	-
Closing Balance - 30 June 2021	14,860	73,523	59,080	147,463
Opening Balance - 1 July 2021	14,860	73,523	59,080	147,463
Net profit/(loss) after tax	-	26,353	-	26,353
Other comprehensive income	-	-	-	-
Total comprehensive income	-	26,353	-	26,353
Dividends paid to shareholder	-	-	-	-
Closing Balance - 30 June 2022	14,860	99,876	59,080	173,816

The accompanying notes form part of these financial statements

Waikato Regional Airport Limited
Consolidated Statement of Financial Position
As at 30 June 2022

		2022 \$ '000	2021 \$ '000
Current Assets			
Cash and cash equivalents	5B	412	975
Trade and other receivables		3,498	1,307
Inventories		99	116
Development property	3C	11,831	7,256
		15,840	9,654
Non Current Assets			
Property, plant and equipment	3A	101,935	97,535
Investment property	3D	86,450	63,580
Intangible & other non-current assets	3B	766	932
		189,151	162,047
Total Assets		204,991	171,701
Current Liabilities			
Trade and other payables	4B	6,695	4,772
Employee entitlements		634	594
Provisions	4C	767	856
		8,096	6,222
Non Current Liabilities			
Provisions	4C	623	626
Borrowings	5B	16,995	11,995
Deferred tax liability	4A	5,461	5,395
		23,079	18,016
Total Liabilities		31,175	24,238
Net Assets		173,816	147,463
Equity			
Share capital		14,860	14,860
Retained earnings		99,876	73,523
Revaluation reserves	5A	59,080	59,080
Total Equity		173,816	147,463

Authorised for issue by the Board of Directors on 30 November 2022

Director

Director

The accompanying notes form part of these financial statements

Item 11

Attachment 2

Waikato Regional Airport Limited
Consolidated Statement of Cash Flows
Year ended 30 June 2022

	2022 \$ '000	2021 \$ '000
Operating activities		
Receipts from operations	17,561	17,098
Receipts from land sales	2,020	8,637
Payments to suppliers and employees	(10,711)	(9,877)
Payments for construction of development property	(4,794)	(3,635)
Payment of interest	(384)	(528)
Payment of income taxes	(1,995)	(1,515)
Net cash from/(used in) operations	1,697	10,180
Investing activities		
Receipts from sale of property, plant and equipment	500	-
Purchases of property, plant & equipment	(6,747)	(1,054)
Purchases of investment properties	(107)	(3,753)
Purchases of intangible assets	(87)	-
Net cash from/(used in) investment activities	(6,441)	(4,807)
Financing activities		
Receipts from/(repayments of) borrowings	5,000	(5,632)
Payments of dividends	-	-
Net cash from/(used in) financing activities	5,000	(5,632)
Net change in cash for the period	256	(259)
Add opening cash and cash equivalents balance	(35)	224
Closing cash and cash equivalents attributable to the Group	221	(35)

5B

The accompanying notes form part of these financial statements

Waikato Regional Airport Limited

Notes to the Consolidated Financial Statements

Year ended 30 June 2022

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) trading 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 ended 30 June 2021, Hamilton & Waikato Tourism was appointed the lead entity for the Thermal Explorer Regional Events Fund, a central government-funded tourism initiative to boost domestic tourism. 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 2022

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. These changes in presentation have not had any material impact on the amounts previously reported in prior periods. 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. During the year ended 30 June 2022, \$73,000 of interest costs were capitalised to property, plant & equipment (2021: none).

(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 2022 this was none. (2021: \$3,000).

(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 2022

Item 11

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 within the revenue in advance liability in Note 4B.

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 periods covering July and August 2020, then August to November 2021. These amounts were initially as liabilities when received, then as income as the underlying payroll costs were incurred.

		2022 \$ '000	2021 \$ '000
Aeronautical, landing and passenger charges		3,200	4,015
Leases, rentals and concessions		3,270	2,912
Carparking & retail		2,108	2,802
Hotel trading		6,558	5,375
Other		330	164
Total exchange revenue		15,466	15,268
Regional Tourism Organisation funding		1,974	1,888
Government grants	2C	246	168
Total non-exchange revenue		2,220	2,056
Total operating revenue		17,686	17,324

2B Other gains and (losses)

		2022 \$ '000	2021 \$ '000
Other gains			
Gain on revaluation of investment property	3D	24,332	34,227
Gain on disposal of property, plant and equipment		430	14
Gain on acquisition of property, plant & equipment	3A	-	220
Reversal of impairment expense from prior periods	2C	-	1,221
		24,762	35,682
Other losses			
Impairment expense	2D	(143)	-
		(143)	-

Attachment 2

Waikato Regional Airport Limited
Notes to the Consolidated Financial Statements
Year ended 30 June 2022

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

	2022			2021		
	Actual	Target	Met	Actual	Target	Met
	\$ '000	\$ '000		\$ '000	\$ '000	
Earnings performance targets						
Net surplus/(deficit) before tax <i>no less than</i>	2,488	1,200	✓	2,944	(3,700)	✓
Earnings before tax, interest, depreciation & amortisation (EBITDA) excl Land Sales <i>of at least</i>	6,327	5,200	✓	6,931	(500)	✓
Earnings before tax, interest, depreciation & amortisation (EBITDA) incl Land Sales <i>of at least</i>	6,714	5,700	✓	9,962	300	✓
Percentage of non-landing charges to total revenue <i>of at least</i>	82%	60%	✓	77%	60%	✓
Land Sales <i>of at least</i>	2,020	2,000	✓	8,617	4,000	✓
Interest coverage ratio <i>of at least</i>	15.1	4.0	✓	12.4	(4.0)	✓
Cash flow and funding performance targets						
Net operating cash flow excl Land sales <i>of at least</i>	4,471	3,600	✓	10,160	(1,500)	✓
Net debt <i>a maximum of</i>	16,774	29,000	✓	11,645	30,000	✓
Shareholder value performance targets						
Shareholder funds to total assets <i>of at least</i>	85%	75%	✓	86%	65%	✓

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.

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

Performance Target	Comment	Met	
		2022	2021
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 2022 or 2021	✓	✓
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 were facilitated every 4 months however have reduced frequent to 6 months due to reduced air movements.	✗	✓

Waikato Regional Airport Limited
Notes to the Consolidated Financial Statements
Year ended 30 June 2022

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

Performance Target	Comment	2022	2021
Titanium Park Limited			
Complete construction of the 5th Stage of Titanium Park's Central Precinct.	Plans were finalised and construction had commenced during the year however it was not completed by year end due to COVID19-related construction delays.	✗	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 in 2021, and the plan change submitted during 2022.	✓	✗
Jet Park Hotel Hamilton Airport (Waikato Regional Airport Hotel Limited)			
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 2021 and 2022 financial years so it did not resume operations as a regular trading hotel in this period.	✗	✗

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
Year ended 30 June 2022

3A Property, Plant and Equipment (continued)

	Land	Buildings	Airport Infrastructure	Other Plant & Equipment	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Cost/Valuation					
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
Cost/Valuation at 1 July 2021	46,323	30,557	24,040	7,240	108,160
Additions	-	6,997	151	414	7,549
Disposals	(14)	(4,739)	-	(1,510)	(6,250)
Revaluation	-	-	-	-	-
Cost/Valuation at 30 June 2022	46,309	32,815	24,191	6,144	109,459
Depreciation					
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)
Accumulated Depreciation 1 July 2021	-	(6,177)	-	(4,448)	(10,625)
Depreciation Expense	-	(830)	(1,745)	(572)	(3,147)
Disposals	-	4,739	-	1,547	6,248
Revaluation	-	-	-	-	-
Impairment 2C	-	(38)	-	-	-
Accumulated Depreciation 30 June 2022	-	(2,306)	(1,745)	(3,473)	(7,524)
Carrying Value					
30 June 2021	46,323	24,380	24,040	2,792	97,535
30 June 2022	46,309	30,509	22,446	2,671	101,935

At 30 June 2022, buildings of \$8,132,000 (2021: \$1,306,000) remained under construction and were not in use or depreciated. There were also \$149,000 of aeronautical infrastructure and \$284,000 of other plant & equipment under construction (2021: none).

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 2022

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 4 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. 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
Cost				
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
Cost at 1 July 2021	1,059	1,118	184	2,361
Additions	107	-	-	107
Disposals	-	-	-	-
Cost at 30 June 2022	1,166	1,118	184	2,468
Amortisation				
Accumulated Amortisation 1 July 2019	(823)	(519)	(137)	(1,479)
Amortisation Expense	(95)	(188)	(10)	(293)
Disposals	335	8	-	343
Accumulated Amortisation 30 June 2020	(583)	(699)	(147)	(1,429)
Accumulated Amortisation 1 July 2020	(583)	(699)	(147)	(1,429)
Amortisation Expense	(95)	(168)	(10)	(273)
Disposals	-	-	-	-
Accumulated Amortisation 30 June 2021	(678)	(867)	(157)	(1,702)
Carrying Value				
30 June 2021	476	419	37	932
30 June 2022	488	251	27	766

Waikato Regional Airport Limited

Notes to the Consolidated Financial Statements

Year ended 30 June 2022

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.

		2022 \$ '000	2021 \$ '000
Opening balance		7,256	9,409
Development costs capitalised		4,452	3,497
Reclassification (to)/from investment property	3D	1,464	(227)
Less cost of development property sold		(1,341)	(5,423)
		11,831	7,256

At 30 June 2022, the Group has 13.8 hectares (2021: 13.9 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.

		2022 \$ '000	2021 \$ '000
Opening balance		63,580	25,376
Acquisitions & additions		107	3,750
Reclassification from/(to) development property		(1,464)	227
Impairment of investment property	2C	(105)	-
Changes in fair value	2B	24,332	34,227
		86,450	63,580

During the year ended 30 June 2022, investment property with a fair value of \$1,464,000 was reclassified as development property as the Group committed it for future development and sale by Titanium Park Limited. (2021: \$227,000 of development property was redesignated as investment property due to it being held for leasing purposes).

Waikato Regional Airport Limited

Notes to the Consolidated Financial Statements

Year ended 30 June 2022

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	2022		2021	
	\$ '000		\$ '000	
Net surplus/(deficit) before tax		27,510		41,657
Income tax at Group's tax rate	28.0%	(7,703)	28.0%	(11,664)
Effect of tax exempt income	(25.5%)	7,020	(23.5%)	9,805
Effect of expenditure non-deductible for tax purposes	1.7%	(476)	0.5%	(190)
Adjustments in respect of prior periods	(0.3%)	95	(0.3%)	122
Current tax expense	3.9%	(1,064)	4.6%	(1,927)
Effect of temporary differences (deferred tax expense)	0.3%	(93)	(0.1%)	21
Total tax expense	4.2%	(1,157)	4.6%	(1,906)

	1 July 2020	Recognised in Surplus	Recognised in OCRE	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)

	1 July 2021	Recognised in Surplus	Recognised in OCRE	30 June 2022
Property, plant and equipment	(5,529)	29	-	(5,500)
Intangible assets	(100)	45	-	(55)
Employee entitlements	82	29	-	111
Other	152	(196)	-	(44)
	(5,395)	(93)	-	(5,488)

Waikato Regional Airport Limited

Notes to the Consolidated Financial Statements

Year ended 30 June 2022

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.

	2022	2021
	\$ '000	\$ '000
Trade payables and accrued expenses	3,233	1,683
Revenue received in advance	2,859	793
Thermal Explorer Regional Events Fund Agency Liability	308	1,082
Income tax payable	295	1,214
	6,695	4,772

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).

	2022	2021
	\$ '000	\$ '000
Opening balance	1,482	1,396
Additional obligations and commitments capitalised	-	181
Provision utilised	(111)	(140)
Other changes recognised in net surplus/(deficit)	19	45
	1,390	1,482

Presentation in Financial Statements

Current Liability	767	856
Non Current Liability	623	626
	1,390	1,482

Waikato Regional Airport Limited

Notes to the Consolidated Financial Statements

Year ended 30 June 2022

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	2022 \$ '000	2021 \$ '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.

During the year ended 30 June 2022, the Group (via subsidiary Titanium Park Limited) has entered into joint development agreements with adjacent properties that may result in additional infrastructure obligations for water and roading totalling between \$6 and \$10 million being incurred in the future. The actual amount of the infrastructure obligations, if any, are dependent on the outcome and conditions of a private plan change application expected to be notified during 2023.

4D Commitments

At 30 June 2022, the Group had contractual commitments for capital expenditure of \$6,099,000 (2020: \$11,221,000).

4E Events subsequent to balance date

(to be updated)

Waikato Regional Airport Limited

Notes to the Consolidated Financial Statements

Year ended 30 June 2022

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 2022 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%
	4,973,504	100.0%

There were no changes in shareholding during the year (2021: 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:

	2022 \$ '000	2021 \$ '000
Land	34,712	34,712
Buildings	4,580	4,580
Airport Infrastructure	19,787	19,787
	59,080	59,080

Waikato Regional Airport Limited

Notes to the Consolidated Financial Statements

Year ended 30 June 2022

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.

Borrowings	2022 \$ '000	2021 \$ '000
Current portion - due within 12 months	-	-
Non-current portion - due between 12 and 24 months	16,995	-
Non-current portion - due between 24 and 36 months	-	11,995
Total drawn borrowing facilities	16,995	11,995
Undrawn bank overdraft facilities	81	400
Undrawn term borrowing facilities	29,000	17,005
Total unutilised borrowing and overdraft facilities	29,081	17,405

The weighted average interest rate on borrowings at year end was 3.73% (2021: 2.74%). 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.

Cash and cash equivalents	2022 \$ '000	2021 \$ '000
Cash and bank/(bank overdraft) balances held by the Group	221	(35)
Cash and bank balances held in capacity as agent	191	1,010
Total cash and cash equivalents	412	975

The Group, via its subsidiary Hamilton & Waikato Tourism, held cash of \$191,000 at 30 June 2022 (2021: \$1,010,000) 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.

Waikato Regional Airport Limited

Notes to the Consolidated Financial Statements

Year ended 30 June 2022

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

	2022	2021
	\$ '000	\$ '000
Remuneration		
Directors	212	199
Number of directors	9	9
Key management personnel	1,193	1,164
Number of personnel (full time equivalent)	6	6
Other		
Transactions in which directors declared an interest	240	249

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 (\$212,000, 2021: \$133,000) and utility infrastructure (2022: \$28,000, 2021: \$116,000) in the normal course of the Group's business.

Waikato Regional Airport Limited

Notes to the Consolidated Financial Statements

Year ended 30 June 2022

6B Directors Holding Office

	Director Fees	
	2022 \$ '000	2021 \$ '000
Waikato Regional Airport Limited		
Barry Harris (Chair)	50	49
Annabel Cotton (retired December 2021)	15	30
Simon Craddock (appointed November 2020)	8	18
Carlos Da Silva (retired November 2020)	-	12
Margaret Devlin	30	30
Gerard Gilmore (appointed December 2021)	18	-
Kate Searancke (appointed November 2020)	30	18
Rena Smart (appointed December 2021)	18	-
Hamilton & Waikato Tourism Limited		
Annabel Cotton - Chair (retired December 2021)	8	18
Richard Leggat (appointed Chair December 2021)	16	12
Margaret Devlin (appointed December 2021)	7	-
Steven Gow	12	12
Mark Morgan	-	-

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, Annabel Cotton received an additional \$3,000 (2021: \$5,000) for Chairing the Group's Audit & Risk Committee until her retirement from the WRAL Board in December 2021. Margaret Devlin was then appointed Chair of the Committee and received \$3,000 additional fees for the remainder of the year.

Waikato Regional Airport Limited
Notes to the Consolidated Financial Statements
Year ended 30 June 2022

6C Employee Remuneration

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

	2022	2021
\$370,000-\$379,999	1	-
\$360,000-\$369,999	-	1
\$240,000-\$249,999	1	-
\$200,000-\$209,999	-	1
\$190,000-\$199,999	1	-
\$180,000-\$189,999	-	1
\$170,000-\$179,999	-	1
\$140,000-\$149,999	1	-
\$130,000-\$139,999	-	1
\$110,000-\$119,999	2	-
\$100,000-\$109,999	3	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 \$178,000 for the audit of the Group and subsidiary financial statements (2020: \$169,000).

Council Report

Item 12

Committee: Economic Development Committee

Date: 11 August 2022

Author: Nicolas Wells

Authoriser: Blair Bowcott

Position: Strategic Property Manager

Position: General Manager Growth

Report Name: Municipal Endowment Fund - Quarterly Report - Q4 2021/22 FY

Report Status	<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 as at 30 June 2022 (Q4 2021/22 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 fourth quarter (Q4) of the 2021/22 financial year from 1 April 2022 to 30 June 2022.
5. A profit and loss statement is included as **Attachment 1**.
6. The MEF has a current value of \$57.6M comprised of property assets totalling \$25.83M and reserves of \$31.8M.
7. The overall value of the MEF has increased by \$1.2M from \$56.450M to \$57.6M over the past quarter. This is largely attributable increases in value following the annual revaluation of the assets.
8. Staff consider the matters in this report have a low significance and that the recommendation complies with the Council's legal requirements.

Discussion – *Matapaki*

9. 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 group of three suburban shops.
- iii. The Municipal Endowment Reserve (\$31M) is invested in term deposits and mixed funds. The reserve is invested in accordance with an independently designed framework that is intended to diversify the investment portfolio, support liquidity, and preserve capital over the long term, as follows:

Term Deposits - \$20M

Provider	Amount	Term	Maturity	Actual return
Westpac	\$10M	3 months	11 August 2022*	1.85%
Kiwibank	\$5M	6 months	10 August 2022*	1.85%
ANZ	\$5M	9 months	10 November 2022	2.3%

* Term deposits will be rolled over for the same period upon maturity. Term deposit rates in general have been improving as interest rates climb, and the Finance Manager recommends continuing with this strategy at this stage.

Mixed Funds - \$11M

Provider	Amount	Return*	Expense ratio
Milford Balanced Fund	\$6m	8.44%	1.05%
Forsyth Barr Fund	\$5m	2.7%	0.69%

* 5-year net average return – noting that this figure is based on past historical return averages and does not indicate or guarantee future returns.

Milford Balanced Fund			
Description	Units	Price	Value
Initial investment	2,131,135.90	\$2.820	\$6,000,000.00
Value at 30 June 2022	2,131,387.22	\$2.730	\$5,826,573.25
Change in fair value movement – gain/(loss) – note: unrealised			(\$173,426.75)

Forsyth Barr Fund			
Description	Units	Price/Unit	Value
Initial investment	2,127,388.00	\$2.350	\$5,000,000.00
Value at 30 June 2022	2,131,387.22	\$2.295	\$4,882,791.91
Change in fair value movement – gain/(loss) – note: unrealised			(\$117,208.09)

10. Since the last quarterly update, the overall value of the MEF has increased (\$1.2M) due to the increase in the fair value of assets (\$1.35M) and interest income (\$158K) generated during the period (2021/22 FY Q4), which is credited to the MEF. These gains have offset the loss in the fair value movement of the mixed funds investment (-\$290K).

Financial Considerations - Whaiwhakaaro Puutea

11. This is a regular operating activity funded through the Long-Term Plan. Further financial information is provided in **Attachment 1**.

12. Investment properties were revalued on 30 June 2022 resulting in an unrealised gain on the fair value of \$1.35M.

Ethical Investment

13. The ethical status of the institutions providing the MEF investment vehicles were summarised in a [report](#) to the 24 May 2022 Economic Development Committee (pp 377 – 381).

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

14. Staff confirm that recommendation complies with the Council's legal and policy requirements.
15. Staff have considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

16. 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').
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 – noting that the estimated yields from mixed fund investments are based on historical return averages, which does not guarantee future performance or yield.

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 - Municipal Endowment Fund 2021/22 FY (Q4) - Profit and Loss Statement

Item 12

Hamilton City Council

STRATEGIC PROPERTIES

Select Financial Year:

FY20

FY21

FY22

FY23

Select Month:

Jul

Aug

Sep

Oct

Nov

Dec

Jan

Feb

Mar

Apr

May

Jun

How much money is in the Endowment fund today?

\$31,766,945

How much interest have we earned this year on the MEF fund?

\$197,326

Return on MEF Fund this year

0.62%

What is the value of our MEF Properties?

\$25,835,000

Total value of MEF assets:

\$57,601,945

What is the value of our SIP Properties?

\$22,000,000

Total Strategic Property asset value:

\$79,601,945

ENDOWMENT FUND: PROFIT AND LOSS STATEMENT

	Resource	YTD Actuals	YTD Budgets	YTD Variance	Annual Bud...
INCOME	Rates Expense - Internal Charges	\$126,950	\$115,320	(\$11,630)	\$115,320
	Water Charges - Internal Charges	\$2,540		(\$2,540)	
	Operating Contributions	(\$144,666)		\$144,666	
	Rental Income	(\$1,121,209)	(\$1,034,740)	\$86,469	(\$1,034,740)
Total		(\$1,136,385)	(\$919,420)	\$216,965	(\$919,420)
EXPENSES	Labour - Internal Charges	\$116,226	\$116,220	(\$6)	\$116,220
	Interest Received Special Funds	(\$197,326)		\$197,326	
	Contractors	\$169		(\$169)	
	Service Providers	\$18,625		(\$18,625)	
	Consultants	\$76,044	\$35,003	(\$41,041)	\$35,003
	Legal Services	\$5,109	\$22,004	\$16,895	\$22,004
	Operating - Internal Charges	\$10		(\$10)	
	Insurance	\$25,448	\$27,256	\$1,808	\$27,256
	Electricity	\$461		(\$461)	
	External Rates	\$8,504	\$10,396	\$1,892	\$10,396
Total		\$53,270	\$210,879	\$157,609	\$210,879
GAIN/LOSS	Gain on Fair Value of Investmnt Property	(\$1,354,026)		\$1,354,026	
	Loss on Fair Value of Investmnt Prop		(\$756,450)	(\$756,450)	(\$756,450)
	Unrealised Loss on Change in FV other	\$290,426		(\$290,426)	

STRATEGIC INVESTMENT PROPERTIES: PROFIT AND LOSS STATEMENT

	Resource	YTD Actuals	YTD Budgets	YTD Variance	Annual Bud...
INCOME	Rates Expense - Internal Charges	\$88,825	\$87,970	(\$855)	\$87,970
	Water Charges - Internal Charges	\$8,600		(\$8,600)	
	Fees & User Charges	(\$249,770)	(\$249,265)	\$505	(\$249,265)
	Operating Contributions	(\$55,645)		\$55,645	
	Rental Income	(\$395,003)	(\$356,428)	\$38,575	(\$356,428)
Total		(\$602,994)	(\$517,723)	\$85,271	(\$517,723)
EXPENSES	Labour - Internal Charges	\$49,811	\$44,288	(\$5,523)	\$44,288
	Contractors	\$935		(\$935)	
	Service Providers	\$750	\$6,000	\$5,250	\$6,000
	Management Fee	\$7,874	\$8,004	\$130	\$8,004
	Consumables	\$5		(\$5)	
	Consultants	\$0	\$35,003	\$35,003	\$35,003
	Legal Services	\$3,598	\$22,004	\$18,406	\$22,004
	Advertising & Marketing	\$0		\$0	
	Vehicle Lease and GPS	\$0		(\$0)	
	Insurance	\$13,652	\$12,856	(\$796)	\$12,856
	Electricity	(\$8,856)	\$5,300	\$14,156	\$5,300
	External Rates	\$4,210	\$1,200	(\$3,010)	\$1,200
Total		\$71,979	\$134,655	\$62,676	\$134,655
Total (Surplus)/Deficit		(\$531,014)	(\$383,068)	\$147,946	(\$383,068)

Council Report

Committee: Economic Development Committee

Date: 11 August 2022

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 - Quarter 4 and Year End Activity Report 2021/22

Report Status	<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 Quarter 4 and year end results to 30 June 2022.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. H3 is a business unit within the Venues, Tourism and Major Events Group at 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 for the 2021/22 financial year for Claudelands, FMG Stadium Waikato and Seddon Park.
4. 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.
5. Staff consider the matters in this report to have low significance and the recommendation comply with the Council's legal requirements.

Discussion – *Matapaki*

6. The 2021/22 activity can best be described as sporadic in nature as the events industry grappled with the ongoing challenges of lockdowns and alert levels, vaccination requirements and capacity limits. By the end of the financial year, the change from red to orange would allow for large business events, sporting and other impact (performance) events to return to H3 venues.
7. H3 financial results remain slightly favourable to operating budget due to cost containment.
8. A full report providing H3's financial and non-financial results for the period 1 July 2021 to 30 June 2022 is attached (**attachment 1**).

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

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

Financial Considerations - *Whaiwhakaaro Puutea*

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

11. 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').
12. 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.
13. The recommendations set out in this report are consistent with that purpose.

Social

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

Economic

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

Environmental

21. 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.
22. H3 venues are healthy environments;
23. H3 cares about reducing, recycling and reusing water, electricity and waste.

Cultural

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

Risks - *Tuuraru*

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

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

Significance

28. 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

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - H3 Q4 and Year End Report 2021/2022

Item 13

ACTIVITY REPORT 2021/22



Item 13

Attachment 1

GENERAL MANAGER COMMENT

H3 is a business 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 for the 2021/22 financial year and was prepared for Council's Economic Development Committee meeting on 11 August 2022.

THE YEAR IN REVIEW

The 2021/22 activity can best be described as sporadic in nature as the events industry grappled with the ongoing challenges of lockdowns and alert levels, vaccination requirements and capacity limits.

Unlike the previous year, the confident 'bounce-back' by promoters and organisers responsible for event content became less evident as the year progressed. In spite of this, the final 10 weeks of the financial year have seen a relaxing of restrictions, and a fuller return to business for H3.

H3 delivered a \$589k favourable variance to its operating budget due to cost containment. Over 224,500 people attended events across our three venues and while the year didn't quite meet expectations, our conservative business view and strong focus on cost containment partially offset this impact. We remained resolute with our ongoing focus of customer care to retain and reschedule events and be 100% ready to welcome their return.

The large business event market (multi-day conferences) was dramatically affected with numerous cancellations earlier in the year. Claudelands has since welcomed back several large conferences in June 2022, showing a healthy return to business from this sector.

In addition to day to day event delivery and client liaison, H3 also delivered its 2021/22 capital works programme across venues. Several venue projects were completed, and proactive asset maintenance remains a key component of H3 activity.

Our external marketing campaigns have focused on the industry's recovery and return to hosting of events

(without restrictions), resulting in good outcomes for ticketed events including international and domestic sports events (cricket, rugby and netball) and in the early and later part of the year, a number of impact events such as live concerts, markets and exhibitions.

This year we partnered with Fresh Info to implement an event economic measurement tool to provide metrics around the benefit flow to the city and wider region.

This year I was also pleased to welcome a new commercial naming rights partnership with local business GLOBOX, introducing GLOBOX Arena as the new name for our arena space at Claudelands. I am excited to see this relationship grow.

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 to do this. H3 employs just over 100 permanent, fixed term and 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. On a personal note I must also directly acknowledge my H3 team for their tireless and dedicated mahi at challenging times during this year.

At the time of preparing this report, one of our spaces (Claudelands Oval) was named as "Best Venue 2021" by the NZ Event Association reflecting the success of the SIX60 concert in February 2021. This was particularly rewarding as we expand our product delivery options in the marketplace.

Sean Murray

GENERAL MANAGER
VENUES, TOURISM AND MAJOR
EVENTS GROUP

H3 THANKS THE FOLLOWING DELIVERY PARTNERS FOR THEIR SUPPORT:

MONTANA
FOOD AND EVENTS

NEW ZEALAND LIMITED
vidcom

SPOTLESS

evolution
ROAD SERVICES

TICKETEK

USI Ungerboeck
Software
INTERNATIONAL

**RED
BADGE**
SECURITY



Globox Arena, Claudelands

H3 GROUP | ACTIVITY REPORT 2021/22

1. VENUE HIGHLIGHTS

1.1 Q4 SUMMARY

- The events landscape remained relatively settled in Q4. Due to this several new and returning events took place, however it was noted that many event and conference organisers had already reset their plans to future years.
- H3 held 320 separate events in Q4, a similar number to the year prior. In total, 85,356 people attended events at H3 Venues. Claudelands saw 33,515 people through its doors and our Stadia welcomed 51,841 patrons. Of note, 42% of H3's annual income was made during Q4, which reflects the majority of the period being in the orange framework level.
- An example of the events held included: three Magic netball games in GLOBOX Arena, two Blackcaps v Netherlands ODIs at Seddon Park, Māori All Blacks v Ireland and five Chiefs rugby matches at FMG Stadium Waikato, plus the long awaited return of large conferences - Water NZ Annual Conference (990 pax) and the NZ Veterinary Conference 2022 (700 pax) at Claudelands Exhibitions and Conference Centre.

1.2 YEAR IN REVIEW

- This was another 'unique' year for H3 being relatively sporadic for the venue management industry due to the number of alert level and lockdown movements. Every quarter experienced a level of restriction on our ability to operate.
- Unlike the previous year (when the comeback from lockdowns was swift) H3 experienced more event cancellations. Despite this, Hamilton was fortunate to host a number of important events in terms of scale and exposure such as seven matches of the ICC Women's Cricket World Cup 2022, international rugby games with Tonga v Samoa, All Blacks v Fiji and Māori All Blacks v Ireland plus the return of large conferencing activity.
- The retention of the majority of H3's 2021 Covid plans to prioritise on-going safety and reassurance for guests at our venues allowed us to continue the safe delivery of events when the restrictions eased and coupled with some assertive marketing campaigns, resulted in a successful year for H3.

224,538

PEOPLE
ATTENDED
EVENTS AT
H3 VENUES
IN 2021/22



H3 GROUP | ACTIVITY REPORT 2021/22

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Item 13

Attachment 1

VENUE HIGHLIGHTS CONTINUED

1.3 CLAUDELANDS

- Across the year, Claudelands showcased its versatility as a multi-zoned event facility. The venue hosted 289 live music, performance, sport, conference, meetings, functions and exhibition events.
- An example of events that took place include L.A.B in concert, Drax Project and Mitch James, Brickman, Magic Netball matches (3), Tainui Schools Secondary Kapa Haka Festival, Hamilton & Waikato Farmers Market, Hamilton Collectables Market, Waikato Design and Lifestyle Market, National Young Leaders Day, Hospice Waikato Bucket List Banquet, 7 Days Live, large multi-day national conferences and numerous other smaller meetings, conferences and functions. The private functions market (weddings and other life celebrations) continues to be a market for the iconic Grandstand venue.
- Claudelands also supported the Waikato DHB by hosting a community based assessment centre (CBAC) in Q1-Q2, before relocating the facility to the Founders Theatre carpark due to the return of events.
- The arena space also formerly changed names to 'GLOBOX Arena', as a result of an exciting new partnership with local media company GLOBOX for arena naming rights for up to 10 years from December 2021.
- The pandemic delayed the installation of signage but in early 2022, the venue proudly showcased new signage (see pictures). The allocation of the partnership contribution to attract new events to our city and enhance the event experience at H3 venues is currently being created.
- In addition to day to day event delivery and client liaison, H3 also delivered its 2021/22 capital works programme at Claudelands including venue security improvements (cardax and lighting), operational staff facility and roof stair access and exhibition hall HVAC and lighting.

289
EVENTS
DELIVERED

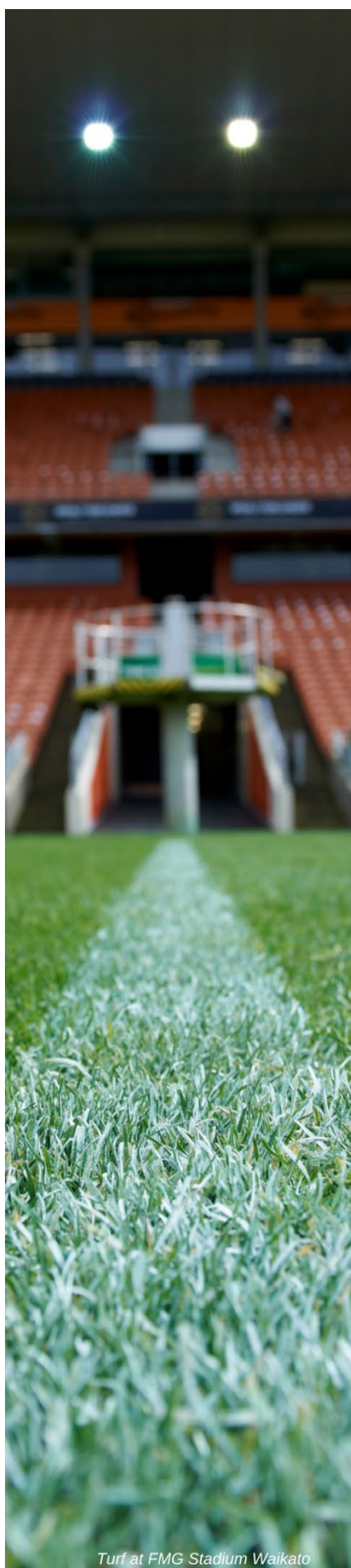
115,877
ATTENDEES
AT EVENTS



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Item 13

Attachment 1



Turf at FMG Stadium Waikato

1.4 FMG STADIUM WAIKATO

- It was another full year at FMG Stadium Waikato, opening with Tonga v Samoa and All Blacks v Fiji, NPC Waikato Rugby Union matches, including a semi-final and final, Māori All Blacks v Ireland plus a double header in the inaugural Super Rugby Aupiki women's professional rugby competition. The venue was also the home ground for a number of Chiefs Rugby matches with over 43,000 people attending their games across the season.
- The venue also assisted with the hosting of the Zuru Nightglow (as part of 2022 Balloons Over Waikato Festival) as an online 'live stream' event, due to capacity limits on outdoor gatherings preventing the usual event format. The venue also hosted numerous private functions and remains a popular and iconic venue for small and medium business events.
- The H3 team hosted a 50-strong international FIFA delegation for further venue and city site visits in May 2022, in preparation for the qualifying tournament (February 2023) and world cup tournament (July-August 2023).
- In addition to day to day event delivery and client liaison, H3 also delivered its 2021/22 capital works programme at FMG Stadium Waikato including seismic strengthening of the East Stand. The major upgrade to the FMG Stadium Light Towers project is ongoing, with the contract to be confirmed in early Q1 2022/23 with an estimated completion in Q2 2022/23.

501
EVENTS
DELIVERED
AT FMG
STADIUM
WAIKATO

96,265
ATTENDEES
AT EVENTS

1.5 SEDDON PARK

- Seddon Park hosted another successful cricket season, with the highlight being the ICC Women's Cricket World Cup in March 2022, following the postponement of the event in 2021. Seddon Park held seven matches but unfortunately due to government guidelines at the time, all public interactions (team welcomes or community events) had to be cancelled due to the omicron outbreak. Six corporate hospitality pods of 100 at each game were allowed to take place.



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Item 13

Attachment 1



Crowd at Seddon Park

1.5 SEDDON PARK CONTINUED

- At the first match, government guidelines allowed an audience of 10% of stadium capacity (approx. 1050). For the second and remaining matches this increased to 20% of stadium capacity (approx. 2100). Overall, there were approximately 4,000 attendees in total across seven matches.
- The venue also hosted the Blackcaps playing two ODIs against the Netherlands plus numerous domestic Super Smash, Plunket Shield, Ford Trophy and Northern Spirit cricket matches in between the international schedule.
- In addition to day to day event delivery and client liaison, H3 also delivered its 2021/22 capital works programme at Seddon Park including scoreboard and site screens replacement, pavilion re-roof, improved cardax security and replacement turf and wicket block.

118
EVENTS
DELIVERED
AT SEDDON
PARK

12,396
ATTENDEES
AT EVENTS



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Item 13

Attachment 1

2. FINANCIAL SUMMARY

2.1 FINANCIAL SUMMARY 2021/22

TABLE 1: RESULT FOR THE PERIOD 1 JULY 2021 TO 30 JUNE 2022

Prior YTD Actual 2020-21		Actual YTD	Budget YTD	Variance favourable/ (unfavourable)	Forecast	Variance to Actuals favourable/ (unfavourable)
\$000		\$000	\$000	\$000	\$000	\$000
-	Revenue	-	-	-	-	-
326	Subsidies and Grants	91	-	91	-	91
6,309	Capital Revenue	5,282	6,064	(782)	4,792	490
6,636	Revenue from Activities	5,373	6,064	(690)	4,792	582
	Total Revenue					
	Direct Operating Costs					
2,259	Cost of Sales	2,298	2,478	180	2,200	(98)
5,022	Personnel Costs	5,218	5,846	629	5,340	122
2,337	Operating and Maintenance costs	2,362	2,620	258	2,620	258
117	Professional Costs	92	164	72	164	72
917	Administrative Costs	731	722	(8)	856	125
1,717	Property Costs	1,724	1,874	149	1,644	(80)
12,368	Total Direct Operating Costs	12,425	13,705	1,280	12,824	399
(5,732)	Direct Operating Surplus/(Deficit)	(7,052)	(7,641)	589	(8,032)	981
82	Indirect Revenue	65	-	65	58	7
	Interest Income					
5,270	Indirect Overhead Costs	6,899	5,799	(1,100)	6,984	85
2,904	Depreciation and Amortisation	4,092	3,500	(592)	3,500	(592)
1,184	HCC Overhead Allocation	876	1,663	787	847	(29)
9,358	Finance Costs	11,867	10,962	(905)	11,331	(535)
(9,277)	Total Indirect Operating Costs	(11,802)	(10,962)	(840)	(11,274)	(528)
(15,009)	Net Indirect Costs	(18,853)	(18,603)	(250)	(19,306)	453
(331)	Net Surplus/(Deficit)	(44)	-	(44)	-	(44)
(331)	Gains and Losses	(44)	-	(44)	-	(44)
(15,339)	Total Gains and (Losses)	(18,897)	(18,603)	(294)	(19,306)	409
	Surplus/(Deficit)					

The financials presented exclude Founders Theatre for reporting purposes. Any prior year comparatives reflect this also

NOTES:

- **REVENUE:** Unfavourable due to the impact of Covid restrictions impacting the ability to host events. In Q4 however, revenue was \$1.1m ahead of the quarters budget, further than was forecasted.
- **COST OF SALES:** Favourability offsetting the revenue variance.
- **PERSONNEL:** Favourable due to close management costs of resources.
- **OPERATING AND MAINTENANCE COSTS:** Favourable due to the ongoing challenges with supplier availability. Painting schedules were significantly impacted, and as a result will not occur until FY22/23
- **PROPERTY COSTS:** Favourable due to lower venue activity linked to Covid levels impacting utility costs. Unfavourable to forecast, due to the increased event activity in Q4.
- **DEPRECIATION:** The imbalance of H3's depreciation budget vs actual costs relates to the assumptions made in the budget preparation. Actuals in line with forecast.



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Item 13

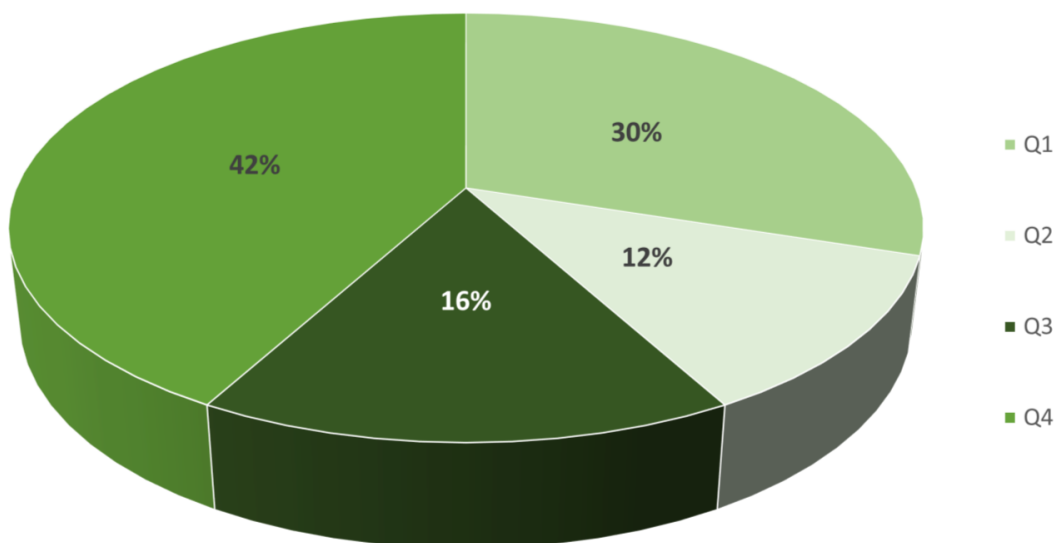
Attachment 1

REVENUE SUMMARY

2.2 REVENUE SUMMARY

- H3 revenue budgets were prepared for the 2021/22 annual plan with the approach that Covid would not continue to have a negative impact as it had done in the previous year. Revenue was budgeted at a 'non-Covid' level. Total revenue for the year was below budget by \$782k (13%).
 - Conference revenue was \$59k below budget. This event type was heavily impacted by Covid restrictions. Conference revenue recovered in Q4 with events occurring that had previously been delayed due to Covid.
 - Functions revenue was \$194k below budget due to budgeted functions being delayed and cancelled due to Covid.
 - Meetings revenue was \$94k above budget driven by a strong recovery in quarter 4 in the business events sector with meetings that were previously delayed or cancelled occurring.
 - Sporting events revenue was \$302k below budget. Covid restrictions has had as negative impact on this event type with the ICC Woman's Cricket World Cup, domestic rugby and international netball all being impacted. Unbudgeted international rugby being held at the start and end of the financial year has helped offset this negative impact.
 - Performance event revenue was \$329k below budget due to the loss of international acts and touring capacity restraints.
 - Exhibition revenue was \$48k below budget, driven by the negative impact Covid restrictions had on this event type. This was partially offset by the facilitation of CBAC testing site at Claudelands

2.2.1 GRAPH 1: 2021/22 H3 REVENUE BY QUARTER



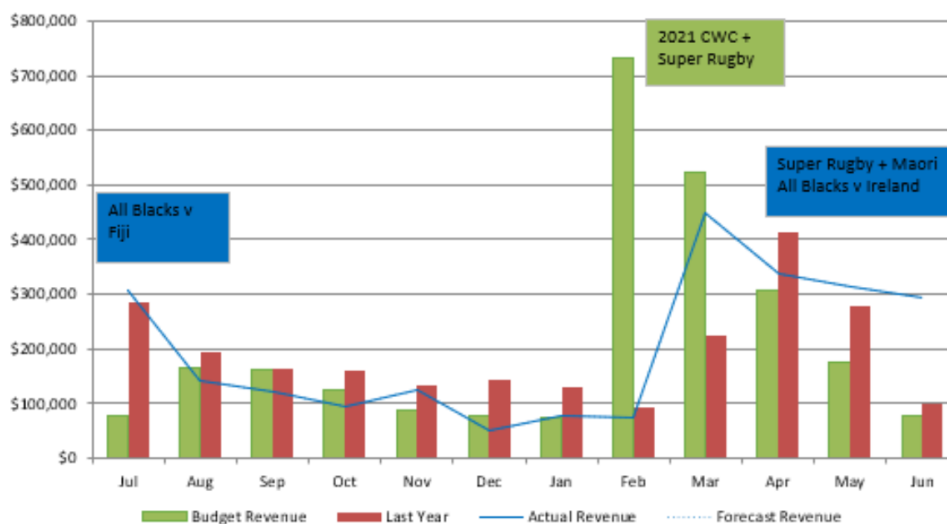
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Attachment 1

STADIA RESULT

2.3 GRAPH 2: 2021/22 STADIA REVENUE FOR THE PERIOD 1 JULY 2021 - 30 JUNE 2022



2.3.1 TABLE 2: STADIA SUMMARY FOR THE PERIOD 1 JULY 2021 - 30 JUNE 2022

	Actual YTD	Budget YTD	Variance Favourable/ (unfavourable)
	\$000	\$000	\$000
Revenue			
Subsidies and Grants	-	-	-
Capital Revenue	91	-	91
Revenue from Activities	2,534	2,849	(316)
Total Revenue	2,625	2,849	(224)
Direct Operating Costs			
Cost of Sales	1,070	1,225	155
Personnel Costs	2,147	2,422	275
Operating and Maintenance Costs	1,445	1,811	366
Professional Costs	50	95	46
Administrative Costs	387	378	(9)
Property Costs	929	984	55
Total Direct Operating Costs	6,028	6,915	887
Direct Operating Surplus/(Deficit)	(3,403)	(4,066)	663

NOTES:

- Total Stadia revenue is 11% below budget driven by the impact of Covid on international cricket (ICC Women's Cricket World Cup 2022). This is partially offset by unbudgeted international rugby being held at the start and end of the financial year, however the overall surplus to budget was driven by reduced costs.
- Personnel costs are favourable due to close management costs of resources during the Covid 19 Pandemic.
- Maintenance overspends relates to identified additional maintenance. As the venue ages, these costs will increase and be reflected in our future budgets accordingly.



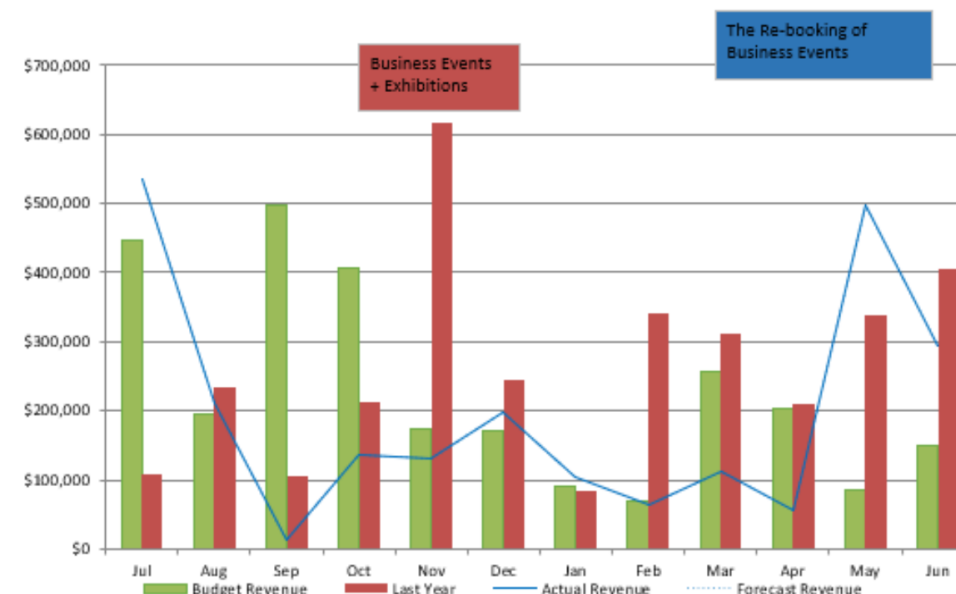
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CLAUDELANDS RESULT

2.4 GRAPH 3: 2021/22 CLAUDELANDS REVENUE FOR THE PERIOD 1 JULY 2021 - 30 JUNE 2022



2.4.1 TABLE 3: CLAUDELANDS SUMMARY PERIOD 1 JULY 2021 - 30 JUNE 2022

	Actual YTD	Budget YTD	Variance Favourable/ (unfavourable)
	\$000	\$000	\$000
Revenue			
Subsidies and Grants	-	-	-
Capital Revenue	-	-	-
Revenue from Activities	2,748	3,214	(466)
Total Revenue	2,748	3,214	(466)
Direct Operating Costs			
Cost of Sales	1,228	1,253	25
Personnel Costs	3,071	3,424	353
Operating and Maintenance Costs	917	809	(108)
Professional Costs	43	69	26
Administrative Costs	344	345	1
Property Costs	795	890	95
Total Direct Operating Costs	6,397	6,790	392
Direct Operating Surplus/(Deficit)	(3,649)	(3,575)	(74)

NOTES:

- Total Claudelands revenue is 14% below budget, due to the impact of restrictions resulting in the postponement and cancellations of booked events.
- This is partially offset by reduced costs related to the revenue decrease (Cost of Sales). Less favourable than expected due to low margin events occurring (CBAC Testing).
- Personnel costs are favourable due to close management costs of resources during the Pandemic.
- 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 are favourable due to reduced event activity during the year due to Covid restrictions.



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3. ACTIVITY SUMMARY

3.1 NUMBER OF EVENTS, HIRE DAYS AND ATTENDANCE 1 JULY 2021 - 30 JUNE 2022



908 Events at
H3 Venues



742.5 Hire Days
across H3 Venues

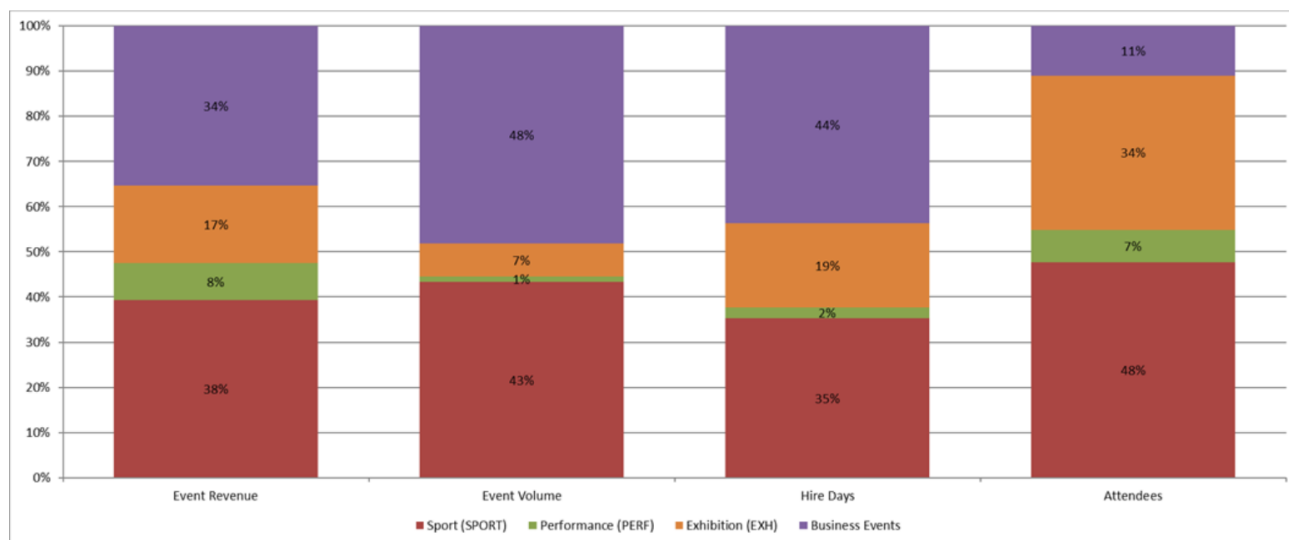


224,538 attendees
at H3 Venues

3.2 TABLE 4: BY EVENT TYPE FOR 1 JULY 2021 - 30 JUNE 2022

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	127	60	96	154	437	88.5	50	74.75	111.75	325	9,077	1,041	2,545	11,904	24,567
Exhibition	14	16	18	18	66	44.25	11.5	52.5	29.75	138	29,629	12,905	15,838	18,313	76,685
Performance	4	1	0	6	11	9	0.5	0	8.5	18	12,728	301	0	3,261	16,290
Sport	68	59	125	142	394	54.75	43.75	130.75	32.25	261.5	27,207	5,552	22,359	51,878	106,996
Total	213	136	239	320	908	196.5	105.75	258	182.25	742.5	78,641	19,799	40,942	85,356	224,538
FY 2020/21 comparison	198	253	260	328	1039	298.5	241.75	190.5	413	1143.75	67,333	152,935	111,860	138,517	470,645

3.3 - GRAPH 4: BUSINESS MIX BY EVENT TYPE FOR 1 JULY 2021 - 30 JUNE 2022



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3.4: 2021-31 10-YEAR PLAN KPIS

TABLE 5: FOR THE PERIOD 1 JULY 2021 - 30 JUNE 2022

- We did not reach our target (375,000) due to lockdowns and restrictions on event activity and a cautious event market spread across the year.

Measure	Annual Target	Q1	Q2	Q3	Q4	Total
The number of people attending events at H3 Venues	375,000	78,641	19,799	40,742	85,356	224,538

3.5: OTHER NON-FINANCIAL KPIS CUSTOMER SATISFACTION

TABLE 6: FOR THE PERIOD 1 JULY 2021 - 30 JUNE 2022

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

Survey Type	Q1	Q2	Q3	Q4	Total
Business Events Hire Survey (1-10)	9.2	9.5	8.6	9.3	9.2
Ticketed Events Attendee Survey (1-10)	8.6	N/A	N/A	9.4	8.9

3.6: KEY SUPPLIERS

Contracts approved or renewed during 2021/22 were:

- Audio Visual Services for H3 Venues
- FMG Stadium Waikato Lights Project
- Seddon Park Turf Replacement

3.7: OUR PEOPLE

- H3's cumulative permanent staff turnover for year was 21.08%. This is in line with the prior year (22%). Recruitment remains underway on key roles to ensure we continue to be a competitive market leader. The labour market remains a challenge across H3, with candidates harder to secure due to a highly competitive market.

	Q1	Q2	Q3	Q4	Total
Number of permanent leavers	3	3	2	7	15

3.8: HEALTH AND SAFETY

TABLE 7: INJURIES, MEDICAL TREATMENT & LOST TIME

INJURIES FOR THE PERIOD 1 JULY 2021 - 31 JUNE 2022

	Q1	Q2	Q3	Q4	Details
Injuries	3	1	1	1	Contractors: burn, fall, cut Staff: sprain, contusion Public: fall
Medical Treatment	1	0	0	0	Contractor
Lost time Injuries	0	0	0	0	

'Kahu Huru' Feather Clock tile wall, Claudelands

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Attachment 1



3.8: HEALTH AND SAFETY CONTINUED

Q4 HIGHLIGHTS

- Review of Hazardous Substances at Claudelands
- Revision of event Security Risk Assessments including appropriate controls
- Established strong working relationship with new NZ Police events team, leveraging their intelligence and sharing information
- Review and improvement of business event emergency evacuation processes. Followed by training that included H3 staff and contractors that work the events.

YEAR END SUMMARY

- The health and safety focus this year has continued to be on process and asset improvements and initiatives to create a safe place for our people to work and for events.
- As events returned, one priority has been the evolution of our Covid Safe Operational Procedures, adapted to the changing guidance and alert levels throughout the year. This included:
 - Introduction of a staff Covid Surveillance Policy using RAT Testing
 - Embedded the Covid Safe protocols with staff and events
 - Creating team work bubbles through critical periods
 - Continued Covid risk assessment process for events and implementing appropriate safety measures
- Through the year there has been an awareness of the impact to staff mental wellbeing. In response there has been a lift in developing awareness about mental health, creating a safe place for staff to have open honest conversations about their wellbeing and an increase in communication about mental health so they have easy access to support and know where to go.
- There's been an increasing trend of significant security incidents occurring at events and crowded places nationally and internationally. In response security improvements and emergency readiness have also been an area of focus.
- Security improvements and initiatives have included ongoing improvements to lighting, installation of additional cardax controlled doors, improvements to site fencing and bollards.
- To ensure staff and venues are ready to respond to various emergency situations Safety and Security Assessments at events by a risk specialist have been completed to identify what's working well and potential gaps for improvement. Staff have also participated in range of safety drills using the 'Chat It or Act It' activity that identifies different emergency scenarios for staff to respond to.
- Other emergency readiness training that H3 staff have also participated in include use of a spill kit, use of a fire extinguisher and Civil Defence training workshops.



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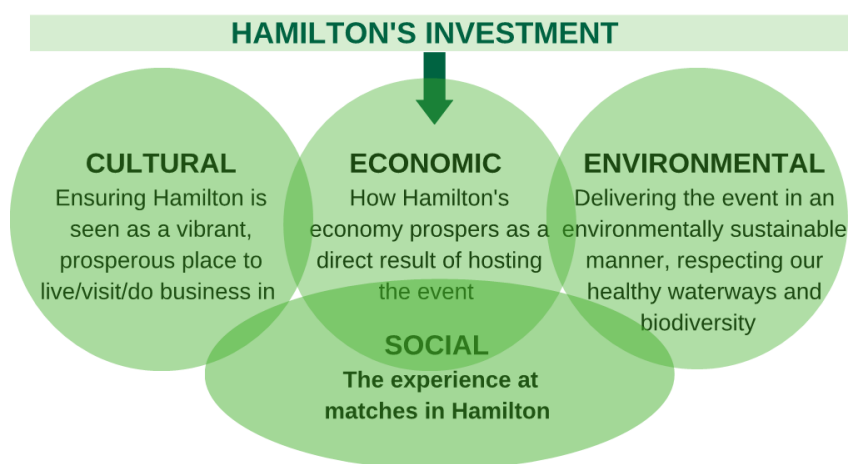
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3.9 EVENT ECONOMICS PROJECT - ECONOMIC IMPACT

- During the year H3 partnered with Fresh Info, an organisation which provides event economic measurement frameworks, which is building as a template for the events industry.
- This has involved setting up robust research processes to identify and measure the range of costs and benefits of sponsoring and hosting benefits, and to understand the value events generate for the host city. This work is also well aligned with the four well-beings framework, introduced as a result of the Local Government (Community Wellbeing) Amendment Bill.

3.9 IMAGE 1: EVALUATION METRICS



CASE STUDY: ICC WOMEN'S CRICKET WORLD CUP 2022 – SEDDON PARK, HAMILTON

- In conjunction with NZ Cricket, we undertook a post event review of the event. Fresh Info were the contracted party to provide post event evaluation of the entire tournament. With Fresh Info being our partner, we were able to leverage efficiencies in the research phase and this provided for us to have results specifically for our component of the tournament. The tournament was significantly impacted by Covid, resulting in crowd restrictions, and the flow on impact to other revenue channels.
- A summary of the results:
 - 2,426 unique attendees.
 - 1,175 visitors were attracted to the host region by the event, being people that do not live in our region
 - Approx. 50% of these were overnight visitations
 - Generated 4,132 visitor nights in the region
 - Average length of stay, for overnight visitors was 7.16 days
 - Generated \$315,958 of tourism expenditure in the region – this includes spend by visiting individuals and organisations (including teams)
 - 60% of respondents either agreed or strongly agreed that their experience at the event has improved their perception of Hamilton as a place to visit
 - Benefit to cost ratio was 1.29 – taking into account all of the measured social and economic costs and benefits of hosting the event

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4. MARKETING UPDATE

4.1 MARKETING SUMMARY 2021/22

- The past 12 months have been fast-changing and challenging due to the impacts of Covid on the events industry. While the initial focus for the H3 Marketing team was on supporting and staying connected with clients as they postponed or adapted their events to suit Covid requirements, the focus then shifted to rebuilding confidence among event organisers and attendees as restrictions lifted and celebrating the return of events.
- Claudlands Conference & Exhibition Centre's national relaunch campaign 'Meet in the Centre' kicked off in May and strongly positioned the venue as a trusted and experienced option for event organisers resuming business events. The campaign has run across digital and print advertising, including TVNZ On Demand and LinkedIn targeted to professional event organisers, and saw a strong push in Christchurch through street posters, footpath decals and airport billboard advertising to coincide with MEETINGS, the country's only annual trade event for the business events industry.
- At the same time H3 also encouraged Waikato-based businesses to hold meetings and functions through its 'Let's Reconnect' local campaign, which has included radio advertising, database promotions and print advertising in business publications.
- In June the local HLive 'Events are back for Reals' campaign also kicked off, celebrating the return of live events and highlighting significant upcoming events including All Blacks v Argentina, L.A.B, The Wiggles and New Zealand Darts Masters. The campaign is running across GLOBOX digital billboards, digital advertising and radio into Q1 2022/23.



152,000
WEBPAGE
VISITS TO
H3 SITES

42,000
SOCIAL
MEDIA
FOLLOWERS



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4. MARKETING UPDATE CONTINUED

4.2 WEBSITE PRESENCE

- Over the past quarter H3's websites had a combined total of 60,577 visitors. The site with the most visits during this time was fmgstadiumwaikato.co.nz with 22,574 – it also was the site with the most views on a single day, with 3,072 visits on 28 June ahead of the Māori All Blacks v Ireland rugby match.
- In total across the past 12 months, over 152,000 web visits were recorded on H3's six websites (h3group.co.nz, hlive.co.nz, Claudelands.co.nz, fmgstadiumwaikato.co.nz, seddonpark.com and spoiltforchoice.co.nz). This was a 20.3% decrease on the previous 12 months, likely attributed to the reduction of events due to Covid.
- The h3group.co.nz website was redeveloped throughout May/June to better suit clients' needs as they look for suitable event venues. A key feature of the new site is a venue search function which highlights spaces across H3's suite of venues based on event types and sizes. Plans are underway for a local advertising campaign centered around this new search function to roll out in the coming months.

4.3 SOCIAL MEDIA ENGAGEMENT

- Facebook is H3's main channel for communicating and engaging with audiences on social media. H3's four Facebook pages (@claudelandsnz, @hlivenz, @fmgstadiumwaikato and @seddonpark) have a combined audience of over 42,000 'likers', which increased by over 3000 over the past 12 months. It also has over 1490 followers across its two Instagram accounts (@hlivenz and @meet_claudelands) – an increase of 176 over the past year – and 1046 followers on its H3 Group NZ LinkedIn page – an annual increase of 180.
- Below are the social media posts that achieved the highest engagement throughout the quarter on each of our Facebook pages:

@claudelandsnz

- The post with the highest engagement and reach during this quarter was an announcement that comedian Jimmy Carr was bringing a show to GLOBOX Arena, Claudelands. The post reached 40,152 people, generating engagement (likes, comments, shares) of 2,160 and 4,653 link clicks.

@fmgstadiumwaikato

- A post on 30 May announcing that the HSBC NZ Sevens would be returning to Hamilton in 2023 generated the highest engagement and reach - reaching 8,761 people and receiving engagement of 336 and clicks of 679.

@seddonparknz

- A 'throwback post' on 12 May to a 2014 Blackcaps v India ODI generated the highest engagement and reach – with a reach of 923, engagement of 114 and 13 clicks.

@hlivenz

- The post with the highest engagement and reach was the announcement on 17 May that the Māori All Blacks would be playing against Ireland in Hamilton during June. The post reached 4991 people and generated engagement of 74 and 100 link clicks.



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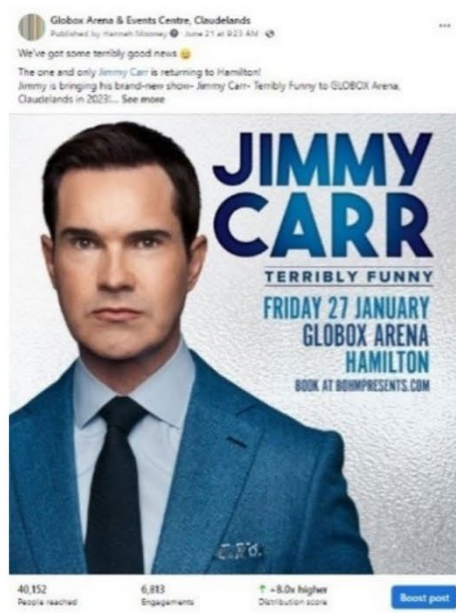
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4. MARKETING UPDATE CONTINUED

4.4 DATABASE COMMUNICATION

- H3 has a HLive database of over 56,000 subscribers who receive regular event announcements and information. The top three locations for HLive subscribers are Hamilton, Auckland and Tauranga.
- Throughout the past quarter, 14 electronic direct mails (eDMs) were sent to the HLive database – achieving an average open rate of 26.1 and click-through rate of 2.4 (industry average for events is 20.5% and 2.36% respectively). During this period the eDM that received the highest open rate was for 7 Days Live with 43.1%, while the eDM that has the highest click-through rate was the Jimmy Carr announcement with 9.6%.
- A key focus for H3 Marketing is to learn more about its database subscribers and understand what types of events they're interested in to enable better segmentation and tailored communications. This will help achieve better engagement and less unsubscribes. Currently one-third of the database has event genre preference information attached, with plans to actively gather this information for the remaining two-thirds in the new financial year.



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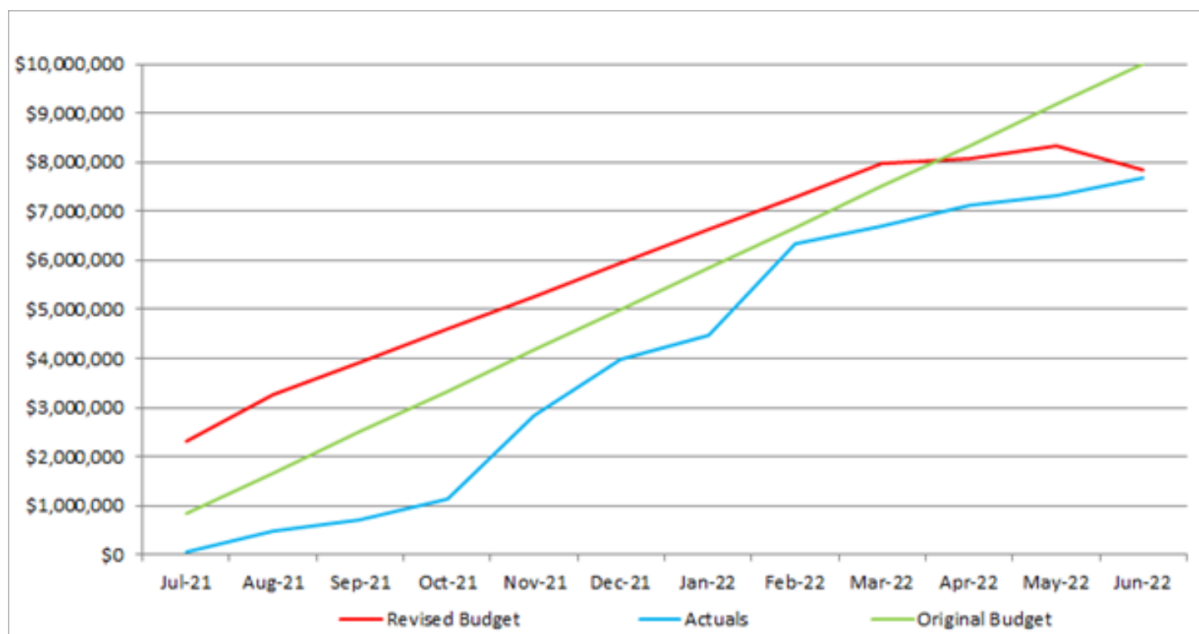
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5. CAPEX & ASSET MANAGEMENT

5.1: 2021/21 CAPEX SPEND

GRAPH 5: FOR THE PERIOD 1 JULY 2021 - 30 JUNE 2022



- H3's capital programme was revised during Q4 to recognised projects that were unable to be executed in the financial year. The execution of the planned projects were primarily impacted by pandemic factors such as supplier availability and delivery of product.
- The unspent budget met the deferral criteria and budget was provided in FY2022/23.

5.2: ASSET MANAGEMENT

FMG STADIUM WAIKATO LIGHT TOWERS

- Tendering for the various components are underway at various stages and ordering of components has occurred. Continuing to work to the project completion in Q2 of 2022/23. Some nervousness over supply for critical steel components out of China prevails.

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6. FORWARD POSITION

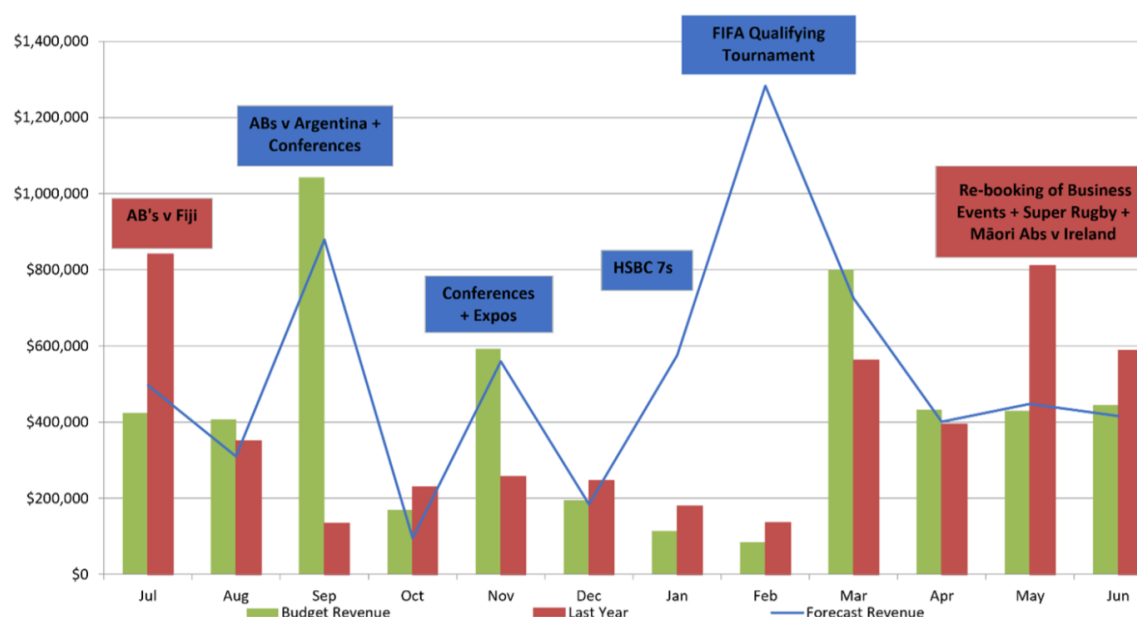
6.1 BUSINESS FOCUS 2022/23

- As reported last quarter, H3's forward booking profile is expected to take us back closer to pre-Covid trading levels. Conversations with impact event clients (performances, concerts and exhibitions) have lifted dramatically. Q3 2022/23 is already heavily confirmed with full utilization over the summer months.
- January - March 2023 will be massive months for our venues followed by the FIFA Women's World Cup in July-August 2023.
- Despite the introduction of new and highly competitive venues in Wellington and Christchurch, we remain confident in the competitiveness of H3's portfolio of venues in the event marketplace.

6.2 CAPITAL PROJECTS FOCUS 2022/23

- FMG Lights replacement completion
- Planned projects deferred due to delays
- Ongoing security and sustainability programme of work
- Other minor renewal projects, within planned activity
- Venue technology and FIFA preparation projects

6.3 REVENUE FORECAST FOR PERIOD 1 JULY 2022 TO 30 JUNE 2023



Council Report

Item 14

Committee: Economic Development Committee

Date: 11 August 2022

Author: Blair Bowcott

Authoriser: Blair Bowcott

Position: General Manager Growth

Position: General Manager Growth

Report Name: General Manager's Report

Report Status	<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. The Cultivate Trust update;
 - iii. Strategic review of New Zealand Food Innovation Waikato Limited;
 - iv. Strategic property update;
 - v. Economic update on the Hamilton economy; and
 - vi. Waikato & Bay of Plenty Freight Action Plan.
5. Staff consider the decisions in this report have low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

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. The second issue of an Economic Development Update document will be released in August 2022.
8. The update will highlight businesses that are leading Hamilton's technology and innovation sector as well as the talent attraction work being done by Council and The Cultivate Trust.

9. Continuing efforts to be proactive and purposeful, economic development staff are building on relationships made during the recent Diplomat Study Tour to plan an event in September 2022 that further showcases Hamilton to a small group of Heads of Mission.

Ministry of Foreign Affairs and Trade Study tour of the region

10. Economic development and city events staff successfully hosted diplomatic Heads of Mission (HOM) from approximately 35 countries and provided a 2-day overview of economic development in our region.
11. Feedback was overwhelmingly positive from both the Ministry of Foreign Affairs and the individual HOM.
12. Nearly 100 business leaders from around the Waikato were able to engage and network with the HOM from key import and export markets. Staff are assembling a review of the event with feedback from all parties.
13. The effort aligned with our economic development agenda initiative of being proactive and purposeful in sharing our competitive advantages for businesses and ensuring Hamilton and the Waikato are considered for international investment projects.

2022 Agritech Insights Report

14. As part of our sector-based approach to economic development, staff worked with the Technology Investment Network (TIN) to sponsor their 2022 Agritech Insights Report. (**Attachment 1**).
15. This marks the second year in a row that Hamilton City Council has been a sponsor and contributed content celebrating our agritech businesses and competitive advantages.
16. This year staff also coordinated with TIN to bring the launch event to Hamilton, selecting Waikato Innovation Park as the host location.
17. The event drew 75 leaders from the agritech sector from the Waikato, Auckland, Tauranga and Wellington for a discussion panel and networking event.

Business Relationship Activities

18. Work led by Kate Harris, Council's Business Relationship Advisor, continues to create and strengthen the ties between our economic development programme and Hamilton's business community.
19. Prior to the work to lead and execute the Diplomatic Study Tour, our business relationship efforts had led to meaningful engagement with over 50 Hamilton businesses spread across key sectors including tech and innovation, logistics, manufacturing and agritech.
20. Additional work on in-person engagement is being scoped for the remaining calendar year; it will target out-of-market businesses with whom the upcoming Tech in the Tron content is designed to resonate.

Partnership with Waikato District Council

21. Working in partnership across our economic development ecosystem, Waikato District Council remains keen to further align with Council's economic development and growth analytics teams.
22. A half-day learning session with Waikato District Council was to be scheduled to identify and develop shared projects or initiatives.
23. Initially targeted for June 2022, the session has been delayed until September 2022 to ensure full participation by key team members.

24. Initial ideas include:
 - i. creating efficiencies for commercial and residential developers seeking council-level data; and
 - ii. developing ways to clearly communicate complex information to the public using data visualisation tools.
25. Staff will update the Economic Development Committee on the progress and outcomes of the partnership and any future initiatives.

The Cultivate Trust update

26. The Cultivate Trust is a collective of businesses, education providers, and public entities with a goal to accelerate the growth, development, and diversity of the Waikato's technology sector while inspiring future generations of innovators.
27. Economic development staff are involved at a leadership level, working with trustees to guide and support the Trust's efforts.
28. Work led by the Trust is grouped into three enabling actions: Showcase, Connect and Grow.
29. The first project under the 'Showcase' action is an awareness and branding effort called "Tech in the Tron". It is designed to grow tech and innovation talent in the Waikato by highlighting unique and authentic success stories from a diverse range of professionals.
30. A customised landing page will provide a central hub for engagement, promoting job opportunities, sector events, and connections for additional information.
31. The 'Connect' action will see a Cultivate Trust launch event planning in the coming months, leveraging off awareness generated by the Tech in the Tron content.
32. The 'Grow' action is segmented into two subcommittees – one focused on talent development and the other tasked with attracting investment from new and existing tech businesses in Hamilton and the Waikato.
33. Council economic development staff are leading the investment attraction efforts and will launch their efforts in October 2022.
34. All three actions and their related projects are powered by a subcommittee structure that reports to the trustees monthly and to a strategic advisory group on a quarterly basis.

Strategic review of New Zealand Food Innovation Waikato Limited

35. Waikato Innovation Growth Ltd (WIGL) is a holding company, 100% owned by the Council, and has a 70% shareholding in New Zealand Food Innovation Waikato (NZFIWL); the remaining 30% is held by Callaghan Innovation.
36. In keeping with best practices, staff and advisors have begun a strategic review designed to examine NZFIWL's performance, assess the value it provides to the Waikato's agritech industry as an enabler of commercialisation and growth, and identify the overall value proposition for Council as a shareholder.
37. Staff will keep the Economic Development Committee informed on the progress of the strategic review as the work proceeds.
38. The strategic review is the topic is a separate report in the public excluded part of this agenda.

Strategic Property update

Rent relief

39. On 5 October 2021, the Council approved \$183K in funding to provide targeted support to Council tenants in the hospitality and retail sectors during the Covid-19 Levels 4, 3 and 2 lockdowns.
40. The Council resolution set out the eligibility criteria for rent relief:
 - i. tenants need to occupy Council-owned premises and operate in the hospitality, retail or community sectors;
 - ii. provide proof of financial hardship and a reduction of more than 50% normal revenue for the period;
 - iii. provide proof of any Government subsidies applied for and received; and
 - iv. provide proof of any relief funding received from other sources.
41. When the funding was approved, the level and duration of the lockdown was uncertain, as was the specific demand; staff advised that further funding might be required in the future.
42. On 2 December 2021, the Council approved an additional \$100K in funding for tenants during the extended Covid-19 Levels 3 and 2 lockdowns from 1 November to 3 December 2021 – at which point the Covid Protection Framework (“traffic light” system) came into force.
43. A total of \$142K in relief was provided to 24 of the Council’s commercial tenants in the retail and hospitality sectors from 18 August to 3 December 2021.
44. Tenants in the hospitality sector continued to struggle under the traffic light settings with significant reductions in revenue and patronage.
45. On 17 March 2022, the Council agreed that rent payments for eligible tenants be reduced by 50% for a six-month period commencing from the introduction of the traffic light regime on 3 December 2021 extending until 3 June 2022. The Council also agreed to modify the eligibility criteria for rent relief to more closely respond to the trading realities observed over the previous six months by reducing the eligibility criteria to Council tenants only in the hospitality sector – all other criteria remaining as approved on 5 October 2021.
46. Five Council tenants in the hospitality sector applied for rent relief and a further \$72K was granted for the six-month period from 3 December 2021 to 3 June 2022.
47. The rent relief period is now closed (future applications for relief from Council tenants will be assessed on their individual merits). Total rent relief provided to Council’s commercial tenants for the period 18 August 2021 to 3 June 2022 was \$214K (against a budget estimate of \$285K) and an additional \$14K was provided to 26 community tenants for the same 10-month period.
48. The relief package was funded from existing budgets and was subject to ongoing staff monitoring and regular reporting to the Economic Development Committee.

Celebrating Age Centre

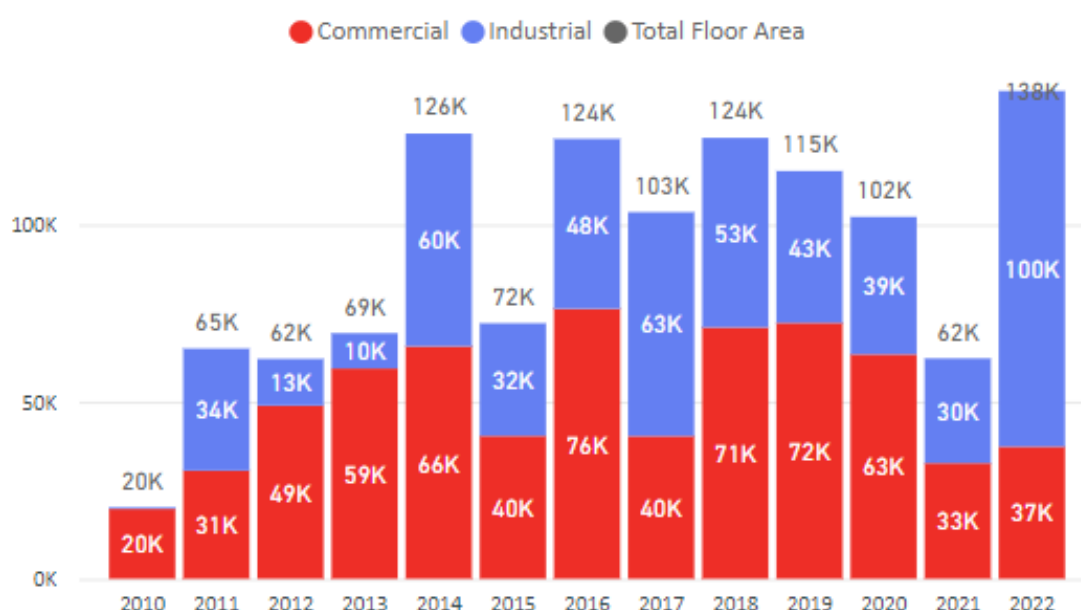
49. The Celebrating Age Centre building is on Municipal Endowment land at 30 Victoria Street. The Economic Development Committee has oversight of the Municipal Endowment Fund.
50. The building requires a significant capital investment. On 12 May 2022, the Council considered a [staff report](#) with high-level options for the building and the activities currently taking place on the site. The existing tenants have been relocated while options for the future of the building are evaluated and considered.
51. Both the existing Celebrating Age Centre site and Norris Ward Park as suitable sites for consideration (“the properties”).

52. A project team has been established and has commissioned independent consultants to:
- “Identity the property solution which best meets the requirements of Hamilton’s Senior Citizens within the parameters of the MEF, financial and community benefits required by Council and in a manner which compliments HCC’s urban redevelopment programme and regeneration vision for the stakeholders of Hamilton City.”*
53. The following outlines how the consultant proposes to deliver this project:
- a. Collate and review information provided by HCC and obtained from other sources, summarise and test understanding of same with HCC’s project team.
 - b. Determine City Planning parameters of the properties to understand the respective influencing factors on scope of redevelopment.
 - c. Complete a land status report for the properties.
 - d. Obtain information held by HCC and connect with other industry contacts (e.g. Hamilton’s Senior Citizens, Citizen Advice Bureau other community groups, real estate agents, developers, etc) to undertake market research to determine;
 - i. Who within the community may want to use the future centre?
 - ii. What is happening in the marketplace with existing or proposed new developments?
 - iii. Proposed or rethinking of existing private and public properties.
 - e. Organise and facilitate a workshop and survey including direct communication with all groups associated with Hamilton’s Senior Citizens and associated user groups (HCC has indicated that there are approximately 60 user groups to be engaged with).
 - f. After the workshop, engage with user groups to refine their functional and aspirational requirements.
 - g. Collate the information gathered from all current and potential users to inform a Functional and Aspirational Brief.
 - h. Translate the Functional and Aspirational Brief into two to three design options for a ‘fit for purpose’ centre. Consideration will be given to utilising the properties (both or just one), building new, and other options identified.
 - i. Obtain rough orders of cost (ROC) for design options.
 - j. Based on functional, aspirational, benefit and cost attributes of each option, develop a Centre Options Report. Submit this Options Report to HCC by 30 November 2022.
 - k. Options to progress. This resolution to be made at a future Council meeting.
54. Ongoing updates will be provided to the relevant Council committees as the investigation progresses.

Economic Update

55. Non-residential consenting saw a record 138,000sqm consented in the 2021/22 financial year. This is a significant uptick on the 2020/21 financial year where just 62,000sqm was consented, and well above pre-Covid levels. The increase was driven by industrial activity, which hit a record high of 100,000sqm, with consenting in Ruakura particularly high.

56. **New commercial and industrial floor area granted (m²) by fiscal year**



57. Residential trends in the 2021/22 financial year continued at high levels despite drops in the number of new dwelling consents granted and the number of new homes completed. The number of homes under construction has continued to increase, as has the length of time taken to complete a home. This, in addition to a dip in building consents granted in late 2021, has meant that there was a 14% drop in the number of new homes completed, although at 1,354 new homes completed, this is still well above pre-Covid levels. We have also seen an uptick in new dwelling consents lodged, so the pipeline of development activity remains strong despite economic uncertainty.

2021/22 Financial Year summary		vs 2020/21 FY
Building consents lodged	1,832	8%
Building consents granted	1,499	-5%
Homes under construction	1,273	16%
Homes completed	1,354	-14%
Non-residential consents granted	138,000	123%

58. However, as we enter the 2022/23 financial year, there are heightened concerns of a recession both here in New Zealand and globally. Eight out of 11 leading economic commentators are predicting that New Zealand will enter a recession, although some believe it will happen in 2023 while others think 2024. Most agree that the depth of the recession (just how much production reduces) will be limited by high demand for labour and extremely low levels of unemployment.
59. Consumer confidence is at its lowest level ever and business confidence has also plummeted with expectations of increased costs and decreased demand resulting in lower levels of profitability. But so far, levels of spending remain high – for example, the number of new cars (non-commercial) registered remains high indicating that people are pessimistic about the future, but they are still purchasing major household items – for now.

60. Our hospitality and retail businesses are the most likely to struggle in the coming year. Spending surveys show that people are planning to cut their spending, particularly in areas like eating out. While many other sectors rebounded from the lockdowns and restrictions of the last two years, overall hospitality and accommodation businesses have not regained that lost revenue. Increased food costs, more expensive debt servicing and reduced custom are likely to challenge many. Not to mention the struggle to find staff and a second wave of Omicron. Businesses across the board will need to be innovative and stand out from the crowd to attract and retain custom.
61. The housing market has slowed substantially in 2022. Median house prices in Hamilton have fallen from their earlier peak but still remain 7.4% up on June 2021. This compares to an annual increase of 17.5% in September 2021. The number of sales has also slumped 43% since last June. Buyers are now taking their time to weigh up different properties before they make an offer.
62. The real estate industry reports that buyers are looking for high quality properties that do not require renovations in the immediate future – a sharp move away from the “doer-upper” phase seen before. Agents also report that well priced, quality houses are holding their value and selling well, while shabbier ones are struggling to sell at all. Buyers have moved from a “fear of missing out” attitude to “fear of overpaying”. There remain challenges gaining finance as increased interest rates mean that banks are assessing affordability at higher repayment rates. Those with existing properties are also struggling to sell, so deals conditional on the sale of another property are sometimes falling over.
63. Partly because of the falls in the housing market, the construction sector is the most pessimistic of all sectors. Despite many businesses having work lined up for the next 6 to 12 months, there is high pessimism about the future pipeline. With increasing interest rates, supply chain issues, labour shortages and rising inflation, the construction sector is under immense pressure and there has been a slow uptick in construction companies going into liquidation hitting the headlines, although the numbers are relatively small.
64. Anecdotally, there are projects around the city that are pressing pause as they watch to see where the market is heading. Capitalised developers that we see in our greenfield areas are probably in a better position than our smaller developers who move project to project. They can slow down the release of land or move forward with earthworks to lay the foundations for growth in future years.
65. Immigration and tourism have been buoyed by the relaxing of border controls over the last few months. New Zealand’s staged reopening of the borders will be complete by 1 August 2022 when all visa holders from anywhere in the world will be able to enter the country.
66. Visitor arrivals in June 2022 were up 47% on June 2021 when the Australian bubble was open. There has been a marked increase in arrivals and departures since MIQ requirements were removed in March 2022. Entry restrictions were relaxed further on 4 July 2022. In the first week of July around 74,000 people arrived in New Zealand. Open borders are, however, a double-edged sword for New Zealand – while our visitor and immigrant arrivals are increasing, so too are our departures. Since April 2022 nearly 40,000 people have left New Zealand for both travel and emigration. If July’s trends continue, we will see 33,000 more departures than arrivals in July.
67. Stats NZ provisional international migration data for April 2022 shows that the largest deficits (more people leaving NZ than moving here) are in the 18 to 32 years age bracket. Hamilton has a youthful population with 18% of people aged between 20 and 29 years compared to 14% for all New Zealanders. We could, therefore, see a greater impact on our workforce and population than other parts of the country. Stats NZ will release population estimates in October 2022, which should give us a better picture of the trends in Hamilton.

68. The million-dollar question right now is of course “Will we go into a recession”? While the odds seem to be increasingly in favour of a recession, this isn’t necessarily all bad news. For most Hamiltonians, inflation is having a negative effect on their budgets. Housing, food and transport are all costing significantly more and there is little reprieve on the horizon. Demand for goods and services has outstripped supply with many businesses struggling to meet customer expectations. The Reserve Bank is prepared to move the country into a recession to cool inflation.
69. Given the extremely low levels of unemployment and the insatiable demand for labour, a recession is unlikely to run too deep and most people will likely keep their jobs. Some businesses will inevitably close or go into liquidation, but these businesses are more likely to be those on the cusp already. Innovation and customer service will be key. As unprofitable and unsustainable businesses end, room will be created for new growth and investment. Ultimately our economy will be stronger for it in the long run.
70. The outlook for Hamilton remains positive despite the high levels of economic uncertainty and the possibility of a recession. Our economy is diverse and underpinned by sectors like health, public administration, professional, scientific and technical services, and education; these sectors have historically fared well when the economy slows.
71. While our residential consenting activity remains high, the construction sector is particularly pessimistic in outlook surveys and anecdotal reports suggest that many building companies are working through their existing pipelines but are being extremely cautious about committing to investment for future development – for example buying sections to sell as a house and land package. It seems inevitable, therefore, that our consenting pipeline will taper off in the coming months.
72. Household budgets will continue to be squeezed by both increased mortgage interest rates and inflation on everyday staples like housing, food and transport. While it is hoped that inflation has peaked, prices are also not expected to drop moving forward. They will simply stop increasing at such a high rate, meaning that households are going to feel the pinch until incomes increase as well.
73. The labour market is expected to continue to be tight with as many if not more people leaving the country as coming in to work. This means that people who lose their jobs are less likely to be unemployed for a long period. Businesses will continue to struggle for labour, so a decrease in demand is likely to help rebalance the supply-demand equilibrium and allow businesses to deliver.
74. New Zealand has little influence on the global economy or the war in Ukraine. We are therefore unable to really influence that side of the inflation equation. The war will continue to have flow-on effects on fuel prices; fertilisers and minerals; cooking oil, wheat and grain products. Supply chains will continue to be disrupted as new variants of Covid sweep the globe and workforces are strained. While we do not expect New Zealand or worldwide lockdowns as seen in 2020 and 2021, new variants and waves will continue to be disruptive as individuals are off work sick or need to care for dependents.

Waikato & Bay of Plenty Freight Action Plan

75. The [Waikato & Bay of Plenty Freight Action Plan](#) was launched at an event on 23 June 2022.
76. The first report of its kind, the action plan shares industry leaders’ views on eight priority issues for the region to act on to support the continued growth of the freight and logistics sector.
77. The sector is already one of the key drivers of economic development in our region and we anticipate strong future growth as freight volumes increase and key industry investments come onstream in the coming months and years.

78. These investments are significant in their own right; they also create a platform for wider investment for other industries to grow. This is why the sector has been identified as a key platform for growth.
79. The table below summarises the actions from the plan:

Challenge/Opportunity	Action Summary
Increase capacity of the network	Advocate for and participate in a study that takes a system-wide view of capacity across the Waikato and Bay of Plenty regions, including key links to Auckland, with bottlenecks / constraints identified and prioritised
Improve supply chain resilience	Advocate for and participate in a study that assesses the resilience of critical network assets, and identifies mitigation plans to limit potential disruption, including the Kaimai Tunnel and SH29 (Kaimai Ranges)
	Encourage the completion of regionally significant road capital projects – including SH2 and SH29
	Support the continuation of expenditure on road maintenance, to maintain the assets we currently have in the Waikato and Bay of Plenty regions
Continue to mitigate current and expected skills shortages	Accelerate the Road to Success Programme for the Waikato and Bay of Plenty regions by socialising the programme and advocating for more funding / support
	Provide support for truck drivers to be on the New Zealand immigration skill shortage list for the Waikato / Bay of Plenty region
Embrace new technologies	Take a leadership position in the roll out of hydrogen infrastructure in New Zealand

80. The launch event also provided an opportunity to bring industry leaders together for a mini summit, which included an interactive panel discussion with key industry leaders/ infrastructure investors in the region.

Financial Considerations - *Whaiwhakaaro Puutea*

81. Total rent relief provided to Council's commercial tenants for the period 18 August 2021 to 3 June 2022 was \$214K (against a budget estimate of \$285K) and an additional \$14K was provided to 26 community tenants for the same 10-month period.
82. The relief package was funded from existing budgets.

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

83. Staff confirm that the matters in this report comply with the Council's legal and policy requirements.
84. Staff have considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

85. 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').

86. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report. The recommendations set out in this report are consistent with that purpose.

Social

87. The rent relief package ensured the continued survival of businesses in the hospitality, retail and community sectors, thereby promoting better outcomes for the community at large, and helping to sustain a more vibrant Hamilton with greater social interaction.

Cultural

88. Businesses in the hospitality, retail and community sectors endorse and enhance the cultural identity of the city.

Economic

89. Promoting Hamilton's value proposition forms the basis of efforts to promote new investment and job creation in the city.

Environmental

90. There are no environmental wellbeings for consideration.

Risks - *Tuuraru*

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

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

Significance

92. 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

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Agritech Insights Report 2022

Attachment 2 - Economic update presentation for ED committee - August 2022



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THANK YOU TO OUR SPONSORS



Everything we do at MBIE is about growing New Zealand for all. We recognise that a strong economy is one in which we use the skills, knowledge and time of our people in conjunction with our natural resources, and financial and physical capital to improve the wellbeing of current and future generations.

'Grow' relates to economic performance. 'For all' means all people have an opportunity to participate in and benefit from the economy, echoed in our Māori identity – Hīkina Whakatutuki – 'lifting to make successful'.



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 is governed by a board of six directors and two crown ministers, and is fully committed to the Treaty of Waitangi.



ASX is a top 10 global securities exchange and home to active agriculture and technology sectors highlighted by the S&P/ASX Agribusiness and S&P/ASX All Technology indices. Providing access to a A\$3 trillion pool of capital, ASX attracts emerging and leading agriculture, technology and agritech company listings from all around the world.



Hamilton City Council is championing an approach to economic development that embraces regional growth and proactively engages with businesses to share our value proposition.

Our competitive advantages have always included a strategic and connected location; lifestyle and cost-of-living benefits; a young, diverse, well-educated workforce; and our innovative spirit. Now, more than ever, these attributes are the critical factors that guide where businesses are choosing to invest and grow. By focusing on high-value sectors such as agritech, we are strengthening our position as the heart of the sector in Aotearoa and enabling employment opportunities that deliver meaningful improvements to the economic wellbeing of our people.



The Ministry for Primary Industries (MPI) is the lead government agency for the food and fibre sector in Aotearoa New Zealand. We work with businesses, farmers, fishers, foresters, growers, manufacturers and processors to ensure prosperity and wellbeing for New Zealanders.

We're responsible for regulatory systems that underpin functions such as food safety, forestry, biosecurity, and fisheries. In 2020, MPI launched the Government and sector roadmap Fit for a Better World to drive New Zealand's economic recovery from COVID-19 by boosting productivity, sustainability and jobs over 10 years.

CallaghanInnovation

Callaghan Innovation activates innovation and helps businesses grow faster for a better New Zealand.

Established in 2013, the government agency partners with ambitious businesses of all sizes, delivering a range of innovation and research and development (R&D) services to suit each stage of their growth. Its people – including more than 200 of New Zealand's leading scientists and engineers – empower innovators by connecting people, opportunities and networks, and providing tailored technical solutions, skills and capability development programmes, and R&D funding.

Callaghan Innovation also enhances the operation of New Zealand's innovation ecosystem, working closely with MBIE, NZTE, Crown Research Institutes and other organisations that help increase business investment in R&D and innovation. The agency operates from three main sites and through a regional partner network across Aotearoa.

NZ GROWTH CAPITAL PARTNERS

NZGCP was established in 2002 by the New Zealand Government to stimulate investment into early-stage Kiwi companies with high-growth potential. We partner with other investors to support companies with aspirations of achieving great things, giving Kiwi innovators the leg up that they need to succeed.

Our Aspire fund invests directly into early-stage NZ tech start-ups at the Seed and Angel investment stage. Our Elevate fund is a \$300m venture capital fund of funds, investing directly into venture capital firms, and is aimed at filling the Series A and B capital gap for high growth NZ tech companies.

AGRITECH: PROVIDING SUSTAINABILITY AND PRODUCTIVITY SOLUTIONS TO NEW ZEALAND AND THE WORLD

Agritech is more important than ever in Aotearoa's pandemic economic recovery efforts as we move towards the Government's goal of a high-wage, low-emissions economy that provides economic security.

This will be achieved by growing innovative, high-value sectors like agritech, which provide sustainable growth.

Agritech is critical in our efforts to produce high-quality, high-value food and fibre products with a lighter touch on the environment. It will enable us to accelerate work across the country to meet freshwater, emissions reductions, and biodiversity targets, and deliver products that consistently meet consumer expectations.

As this report shows, our agritech sector continues to grow, and is a strong industry in its own right. This was highlighted in Expo 2020 Dubai through strong interest in our agritech expertise, capabilities, and innovations during two events hosted by the Ministry for Primary Industries.

Our agritech companies are continuing to build international connections to test, adopt, and export their products. This is being supported by our Agritech Industry Transformation Plan through which we are working to understand and seize international market opportunities.

The Agritech Industry Transformation Plan is one of eight, partnership-based Industry Transformation Plans which seek to grow and transform those industries identified as having significant potential to contribute to a high productivity, high wage, low emissions economy.

In May, we announced a number of new initiatives as part of Budget 2022 to accelerate efforts to

boost productivity and the value of our products, while driving down environmental impacts, as well as unleash business and regional potential across the country. It represents a total food and fibre package of more than \$1 billion, which will also support economic and regional development.

The new initiatives include providing support to producers and whenua Māori entities to transition to a low emissions future, including launching a new Centre for Climate Action on Agricultural Emissions, a public-private joint venture that will develop and commercialise smart new products to reduce agricultural emissions.

We also committed to setting up a new Business Growth Fund to support small and medium enterprises to grow, and fully funding the Regional Strategic Partnership Fund to support our regions.

The Government is also committed to continuing to back good ideas and innovation to boost value, sustainability, and jobs, and propel us along our Government and sector Fit for a Better World roadmap. Included in this is further funding to support the ongoing implementation of the Agritech Industry Transformation Plan.

Agritech companies are not only contributing to our economic growth as a country, but they are also vital to the prosperity and wellbeing of our regions through continued growth in high-value employment, and through the products and services they provide to our primary industries. As our agritech industry continues to grow, we will strengthen New Zealand's position in providing sustainability and productivity solutions to New Zealand and the world.



HON. DAMIEN O'CONNOR
– MINISTER OF AGRICULTURE

Ministry for Primary Industries



HON. STUART NASH
– MINISTER OF ECONOMIC AND REGIONAL DEVELOPMENT

Ministry of Business, Innovation and Employment



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DATA SOURCE AND DEFINITIONS

METHODOLOGY AND KEY TERMS

This document draws largely on public and private company data from the annual TIN Report (www.tin100.com) of New Zealand’s top 200 high-tech exporting companies as determined by revenue, known as the TIN200. This third edition of the Agritech Insights Report focuses on data for the 22 companies in the TIN200 that were categorised under the Agritech secondary sector in the 2021 TIN Report.

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.

Information is gathered annually for the TIN Report by surveying companies from TIN’s database of technology companies. Not all companies included in the 2021 TIN Report chose to participate, and then publicly available data is sourced, otherwise revenue is estimated and companies are asked to confirm it pre-publication. TIN’s reports provide an industry overview of New Zealand’s top 200 export-focused high-tech companies, and do not exclude non-participants.

KEY TERMS AND DEFINITIONS

CAGR stands for Compound Annual Growth Rate. It is the mean annual growth rate over a specified number of growth periods longer than one year.

EBITDA stands for Earnings before Interest, Tax, Depreciation, and Amortisation. It is an approximate measure of a company’s operating cash flow.

Agritech: This TIN secondary market sector is comprised of companies providing innovative technology to enhance the work of New Zealand’s agricultural, horticultural, aquacultural and apiary sectors.

In this report companies are further classified by the following categories: Animal & Crop Health, Data Solutions, Environment Management, Growing & Harvesting and Post-Harvest.

Investment-backed Private companies are firms that have received investment from VC, PE and/ or organised angel investor groups.

Foreign Owned companies are firms that have 100% foreign ownership.

High-tech Manufacturing: High-tech manufacturers are creating tangible products based on smart technology.

Limitation of continuity: As the companies in the TIN200 rankings vary each year, the historical data in this report only pertains to the 2021 companies, unless otherwise stated.

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.

AGRITECH SECTOR OVERVIEW

WELCOME TO THE THIRD EDITION OF THE TIN AGRITECH INSIGHTS REPORT

We are proud to bring you our third TIN Agritech Insights Report, commissioned by the Ministry for Primary Industries and the Ministry of Business, Innovation and Employment.

Again, this year we are celebrating the hard-won success and growth of this dynamic technology sector that plays to all the strengths of New Zealand’s historical reliance on our farmers, horticulturalists, aquaculturalists and apiarists.

Agritech continues to be one of the biggest and most innovative sectors in the TIN200, New Zealand’s 200 largest technology ‘exporters’ – our 2021 TIN report found it was a \$1.6B industry,

dominated by the Animal & Crop Health, Data Solutions and Post-Harvest sub-sectors, and providing 11.4% of the TIN200 total revenue.

The Government’s multi-agency Agritech Industry Transformation Plan is focusing on growing the sector into a stronger economic contributor and increasing exports from the most innovative and forward-thinking agritech companies.

Our report aims to lift the profile of the TIN200 agritech companies and at the same time celebrate the exciting pipeline of agritech businesses that populate this fascinating landscape.

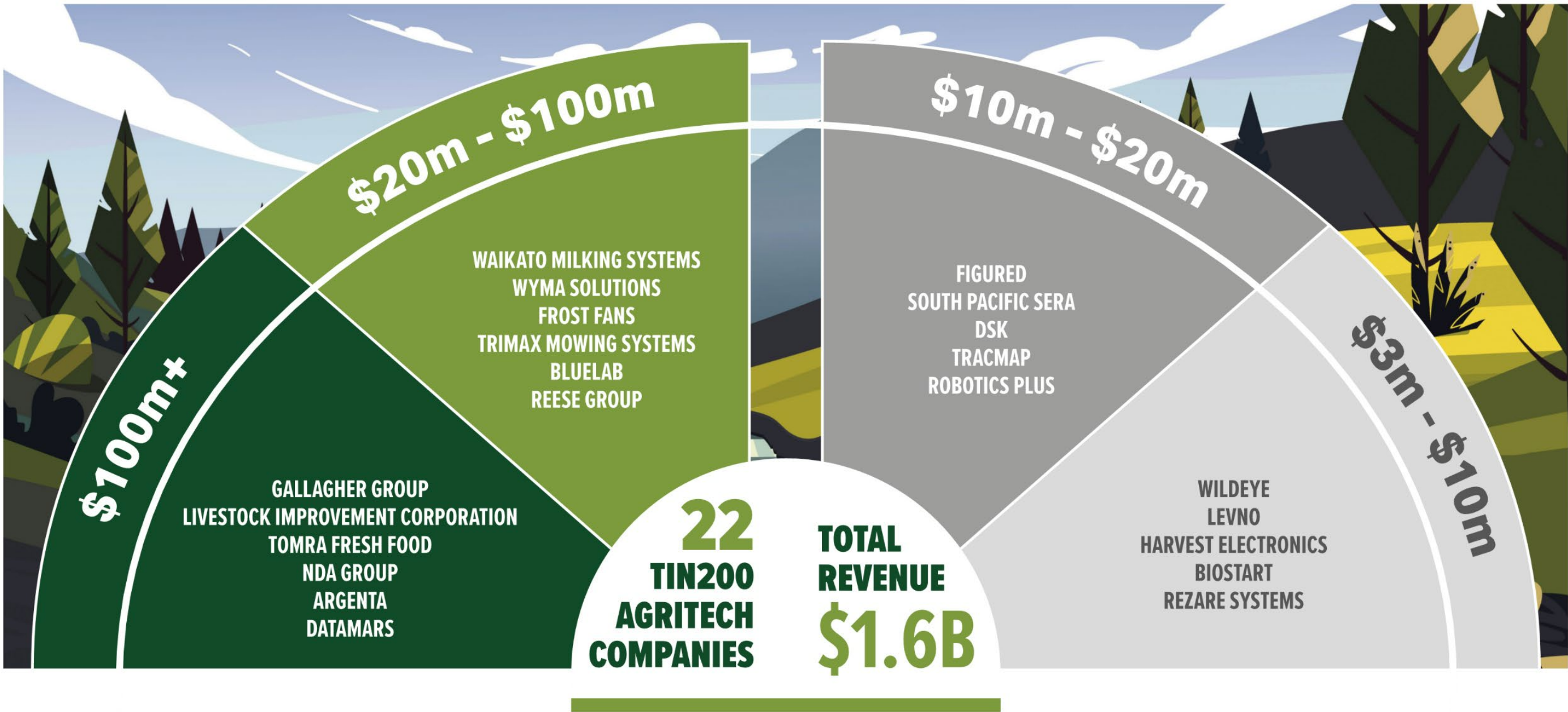


GREG SHANAHAN
– MANAGING DIRECTOR
Technology Investment Network (TIN)

TIN

03

TIN200 AGRITECH SECTOR – THE BIG PICTURE



A PIPELINE OF EXCITING COMPANIES

There is an exceptional pipeline of technology companies that span the breadth of agritech categories including Animal & Crop Health, Growing & Harvesting, Post-Harvest, Environment Management, and Data Solutions, building on the international success of established New Zealand agritech companies like Gallagher Group, Livestock Improvement Corporation, Tomra Fresh Food, Argenta and Datamars.

A SAMPLE OF THE 109 AGRITECH PIPELINE COMPANIES (PRE-REVENUE – \$3.5M)

AgriTrack | Bee Intelligence | CropX | Dronescape | Envisi | Farmote Systems
 Hectre | HortWorx | Hydroxsys | MyEnviro | Ricardo | RiverWatch | Synthase Biotech
 WayBeyond | Zeddy

SUMMARY OF TIN200 AGRITECH COMPANIES

OF THE 200 COMPANIES ON THE 2021 TIN RANKINGS 22 (OR 11%) ARE AGRITECH FIRMS.

NUMBER OF TIN200 AGRITECH COMPANIES

22

11.0% of TIN200 Companies

TOTAL AGRITECH REVENUE

\$1.6B

11.4% of TIN200 Revenue

GROWTH

\$118m

8.2% of TIN200 Growth

AVERAGE COMPANY AGE

25 years

(TIN200 average company age is 28 years)

5-YEAR CAGR

14.6%

(TIN200 5 year CAGR 10.9%)

Generating a combined \$1.6B in revenue, 22 New Zealand agritech firms contribute 11.4% of the total TIN200 revenue, and the sector's growth of \$118m in the 2021 TIN Report accounts for 8.2% of the total TIN200 growth.

Three of the sector's largest companies – Gallagher Group, Livestock Improvement Corporation (LIC), and TOMRA Fresh Foods – are responsible for just over 50% of the TIN200 agritech revenue in 2021.

Of these three companies, TOMRA showed the most significant growth, increasing revenue by 25.4% compared to the previous year. Two TIN200 agritech companies which notably increased their revenues were Levno and Bluelab, which grew by 104.7% and 91.1% respectively.

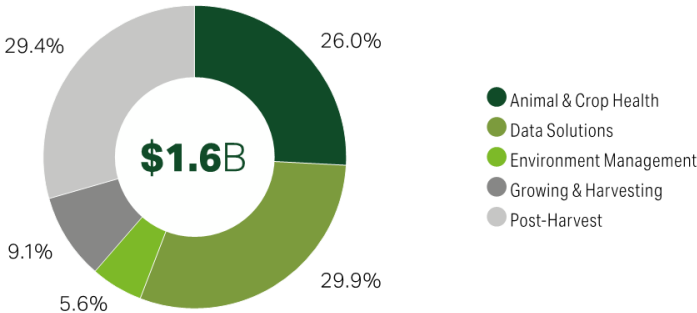
Data Solutions (29.9%), Post-Harvest (29.4%), and Animal & Crop Health (26.0%) are the agritech categories that make up the majority of the TIN200 agritech revenue. This is driven by each of these categories containing

one of the top three agritech companies. Growing & Harvesting and Environment Management make up the remainder of the sector's revenue, led by Waikato Milking Systems and Frost Fans respectively.

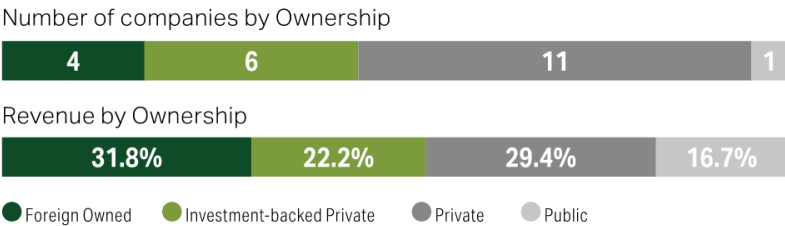
Half of the TIN200 agritech firms are privately owned, and these 11 companies make up 29.4% of the sector's revenue, driven by Gallagher Group. There are four foreign-owned companies and only one public company (LIC), but together these firms account for 48.5% of TIN200 agritech revenue – driven by powerhouses TOMRA and LIC. The remaining revenue comes from investment-backed private agritech companies, led by NDA Group.

Several TIN200 agritech companies have shown strong long-term growth (5-year CAGR). Trimax Mowing Systems (30.7%) and Bluelab (22.9%) lead the way, demonstrating impressive expansion within the sector.

REVENUE OF TIN200 AGRITECH FIRMS BY CATEGORY



REVENUE SHARE & NUMBER OF TIN200 AGRITECH COMPANIES BY OWNERSHIP TYPE



TIN200 AGRITECH COMPANIES COST METRICS OVERVIEW

THE NZ AGRITECH SECTOR EMPLOYS MORE THAN 5,000 PEOPLE GLOBALLY WITH 72.5% IN NEW ZEALAND (3,910). 2021 SAW EMPLOYMENT IN THE SECTOR RISE BY 9.4% (463), SLIGHTLY HIGHER THAN REVENUE GROWTH (8.0%) FOR THE SAME PERIOD.

EMPLOYS

5,389

people globally



AVERAGE SECTOR WAGE

\$94,956

(higher than the TIN200 average annual wage of \$88,005)



AVERAGE REVENUE PER EMPLOYEE

\$296,197

(higher than the \$243,570 average for TIN200 companies)



\$ INVESTED IN SALES & MARKETING

\$261.7m



\$ INVESTED IN WAGES & SALARY

\$511.7m



\$ INVESTED IN RESEARCH & DEVELOPMENT

\$115.6m



Offshore, 11.2% of TIN200 agritech sector employees are located in North America, 6.4% in Australia and 3.3% in Europe, aligning with the revenue shares for those markets.

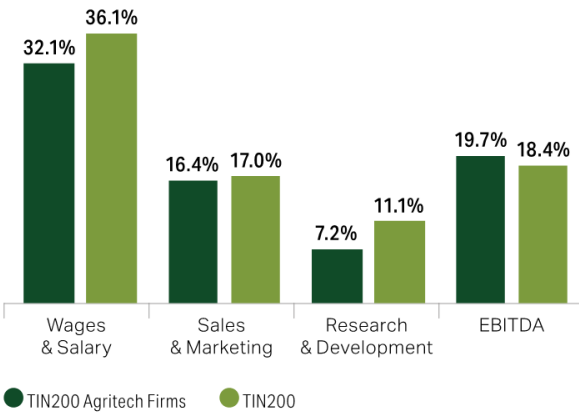
New Zealand had 76% of employee growth, creating 353 new positions (of a total 463 new employees including those in other regions).

The agritech sector has the fifth highest average wage at just under \$95,000 pa, and this is 7.9% higher than the TIN200 average of \$88,005. Total wages and salaries for agritech companies account for 32.1% of revenue, which is slightly lower than the TIN200 average of 36.1%.

The sector has increased its investment in research and development (R&D) by 6.5% to sit at 7.2% of revenue – slightly lower than the TIN200 average of 11.1%. Furthermore, profitability (measured as EBITDA) has significantly increased by 30.5% to 19.7% of revenue, a strong margin that is higher than the TIN200 average of 18.4%. Sales and marketing expenditure has increased by 7.1% to sit at 16.4% of revenue, roughly the same as in 2020 (16.5%). This figure is slightly below the TIN200 average of 17%.

The average revenue per agritech employee had a marginal decrease in 2021, dropping by 1.3% to just over \$296,000. This is the result of employment increasing at a slightly higher rate (9.4%) than revenue (8.0%), possibly due to companies aiming to upsize their workforce following the Covid pandemic. This is the third highest revenue per employee of any TIN sector and is 21.6% greater than the TIN200 average.

COST METRICS AS A % OF REVENUE



2021 INTERNATIONAL MARKETS FOR TIN200 AGRITECH COMPANIES

TOTAL TIN200 EXPORT REVENUES

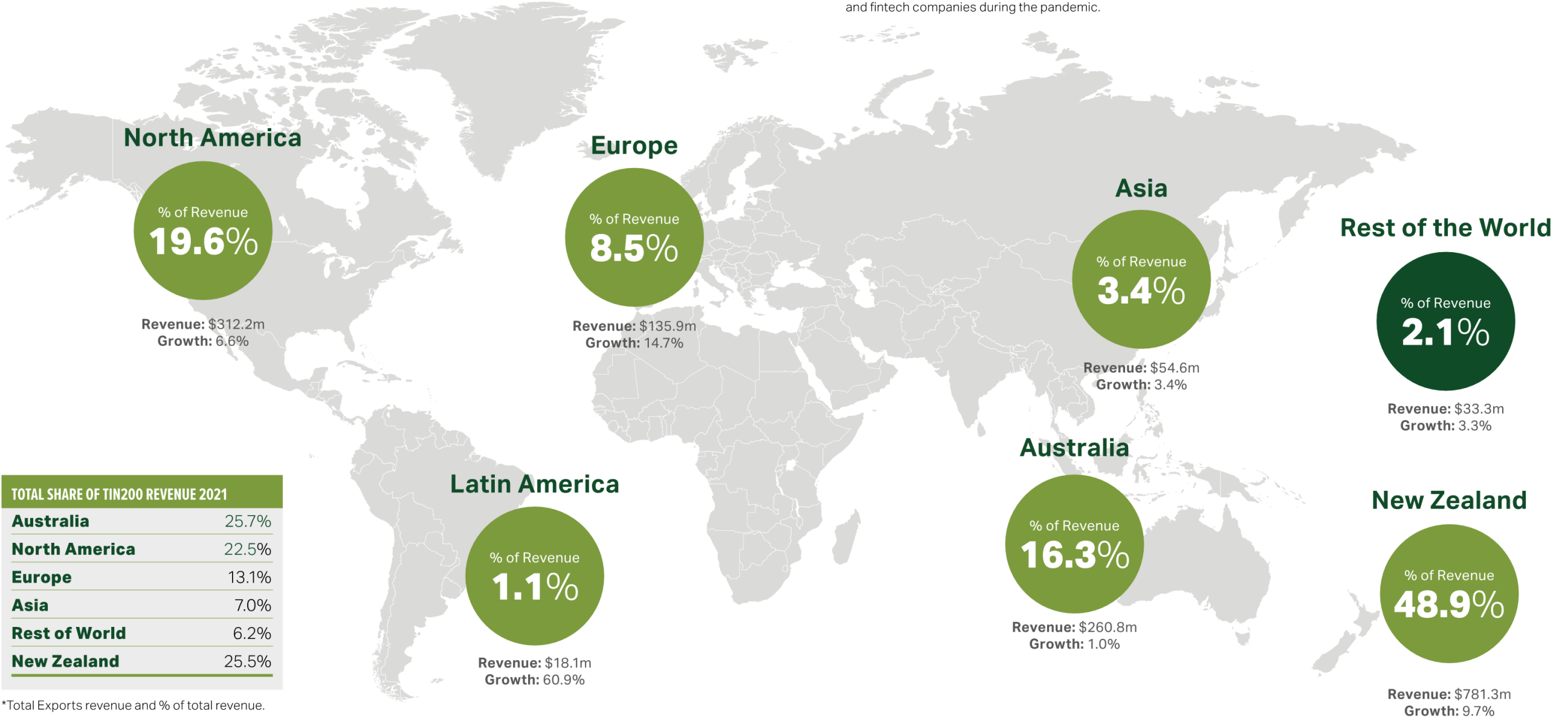
	AGRITECH	TIN200
Total Exports*	\$814.9m / 51.1%	\$10.398B / 74.6%
Export Growth	\$49.0m / 6.4%	\$1.310B / 14.4%

THE DOMESTIC MARKET CONTINUES TO BE THE LARGEST MARKET FOR AGRITECH COMPANIES, WHILE EXPORT GROWTH REMAINS POSITIVE ACROSS ALL MARKETS

Given the strength of the New Zealand agricultural industry, it is no surprise that agritech firms earn 48.9% of their revenue within New Zealand. Exports for TIN200 companies account for 74.6% of total revenue. In contrast, agritech companies only make 51.1% of revenue from exports.

The confidence of agritech firms in the domestic market provides greater certainty around testing, developing and commercialising their technologies before looking to export. The agritech sector increased export revenue by 6.4%, which is less than the 14.4% export growth experienced by the TIN200. Much of the TIN200 export growth can be attributed to the success of the healthcare and fintech companies during the pandemic.

Historically, strong markets like North America and Australia continue to earn the largest share of exports for agritech companies, representing 19.6% and 16.3% of revenue respectively, but experienced slower growth at 6.6% and 1.0% each. Exports to Europe increased by 14.7%, placing the region at 8.5% of total revenue, while exports to emerging markets such as Latin America experienced the most significant increase in exports at 60.9%. The growing success of agritech companies in Europe and Latin America indicates there are markets outside of the traditional trade routes which have yet to be fully penetrated.



KEY INSIGHTS INTO THE TIN200 AGRITECH COMPANIES

THE DATA IN THIS REPORT IS BASED ON RESPONSES COLLECTED BY TIN IN ITS 2021 SURVEY OF NEW ZEALAND TECHNOLOGY COMPANIES, PUBLISHED IN NOVEMBER 2021.

Many agritech founders and CEOs have reported an uptake in digital adoption, data transformation and automation due to the challenges of the Covid pandemic, requiring companies to adapt to the new landscape and take advantage of emerging business opportunities.

PRIMARY SECTORS

New Zealand's agritech sector is primarily dominated by High-tech Manufacturing companies, which make up 13 of the 22 agritech firms in the TIN200. High-tech Manufacturing firms, such as Gallagher Group, TOMRA Fresh Food and NDA Group, account for more than 70% of the sector's revenue. Comparatively, High-tech Manufacturing firms account for 53.1% of TIN200 revenue.

Of the three primary sectors (HTM, ICT and Biotech), HTM agritech companies in the TIN200 also have the highest 5-year CAGR of 18.6%, followed by ICT (14.5%) and Biotech (6.8%). While over the last year, ICT firms recorded the greatest year-on-year percentage increase at 23%, with High-tech Manufacturing and Biotech following at 7.6% and 7.7%, respectively.

REVENUE BANDS

A positive sign for the agritech sector is that all revenue bands experienced positive revenue growth. However, it was highest for those companies with revenues between \$20m and \$49m, which increased by 34.5%, closely followed by companies with revenues between \$10m - \$19m (29.8%) and \$1m - \$9m (22.2%).

Some of the TIN200 agritech companies with the greatest revenue

growth (\$) were TOMRA Fresh Food (+\$49.0m), BlueLab (+\$18.6m), Livestock Improvement Corporation (+\$12.4m), and Wyma Solutions (\$8.0m). Notably, 93.1% of revenue is from the 11 TIN100 agritech companies and only 6.9% from the 11 Next100 companies.

NEW ZEALAND REGIONS

Waikato is home to the most TIN200 companies alongside Auckland, with six each, followed by Central North Island at five (Central North Island includes Bay of Plenty, Gisborne, Hawke's Bay, Taranaki, Whanganui). TIN200 firms in Waikato employ 62.8% of all agritech employees and have the highest average wage of \$105,401. While Waikato reported the lowest revenue growth of the regions at 4.9%, the positive growth is still a positive sign for the well matured and developed region. Notably, Waikato accounts for 41.1% of the sector's growth.

Outside of Waikato, the six Auckland based agritech TIN200 companies employ 22% of the sector's employees. In terms of revenue, Wellington/Manawatu and Central North Island recorded the greatest revenue increases at 45.6% and 28.7%, respectively.

INVESTMENT

Investment in the agritech sector followed the trend of investment levels across all sectors – a sharp spike in investment in 2021 as the global economy started to recover from the impact of Covid in 2020. Agritech companies mentioned in this report (TIN200 and pipeline) received more than \$15m of investment across

11 deals, which includes both seed and follow-on funding. The agritech investment landscape will continue to benefit from the Government's Agritech Industry Transformation Plan which received a further \$5m from the Budget 2022 allocation.

PIPELINE

The pipeline of agritech companies (formerly called "early stage") refers to companies that do not meet the TIN200 revenue threshold but are crucial to ensuring longevity and innovation in New Zealand's agritech economy. The pipeline is comprised of Biotech (45), High-tech Manufacturing (41), and ICT (23) companies. More than 62% of companies in the agritech pipeline are already operating in-market, generating revenue and applying their technologies, while 23.9% of the pipeline are in the commercialisation stage, and 13.8% are in development.

GLOBAL CHALLENGES

A common theme for many agritech companies has been the domestic labour shortage, exacerbated by an international labour shortage and general disruptions to the normal flow of people between countries. As a result, companies are being forced to look at automation and data integration to improve productivity and drive growth. This has created opportunities for a range of technologies such as cow wearables, crop health and harvesting. Also gaining the attention of agritech CEOs was the disruption to regular supply chains, requiring companies to re-evaluate and streamline their approach to search for more efficient and cost-effective alternatives.

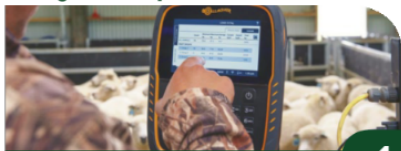
At time of writing, the 2022 TIN survey has just been released inviting participation from technology export-focused companies across the industry. Results from this survey will be published in the 2022 TIN Report set for publication in late November 2022. For more information on how your company can participate in this survey, visit www.tin100.com/faq/ and request a survey.

IN-DEPTH – THE TIN200 AGRITECH COMPANIES



TIN200 AGRITECH COMPANY PROFILES

Gallagher Group



AGRITECH RANK1

CEO: Kahl Betham

REV 2021 (\$000): \$297,265

DESCRIPTION: Animal management, security, and fuel systems.

KEY PRODUCTS: Integrated security and animal management solutions.

MARKET SECTORS: High-tech Manufacturing, Data Solutions

OWNERSHIP: Private

STAFF EMPLOYED: 1,112

FORMATION: 1938

TIN200 RANK 2021: 5


TIN200 RANK 2020: 5

ADDRESS: 181 Kahikatea Drive, Melville, Hamilton, 3206, New Zealand

PHONE: +64 (7) 838 9800

www.gallagher.com

Livestock Improvement Corporation



AGRITECH RANK2

CEO: David Chin

REV 2021 (\$000): \$266,412

DESCRIPTION: Artificial breeding, genetics, farm software, R&D, diagnostics and dairy herd testing services.

KEY PRODUCTS: Artificial breeding, herd testing, diagnostic testing, farm software.

MARKET SECTORS: Biotech, Animal & Crop Health

OWNERSHIP: Public

STAFF EMPLOYED: 848

FORMATION: 1988

TIN200 RANK 2021: 7


TIN200 RANK 2020: 6

ADDRESS: 605 Ruakura Road, Newstead, Hamilton, 3286, New Zealand

PHONE: +64 (7) 856 0700

www.lic.co.nz

TOMRA Fresh Food



AGRITECH RANK3

CEO: Geoff Furniss

REV 2021 (\$000): \$241,927

DESCRIPTION: Advanced vision sorting and packing equipment.

MARKET SECTORS: High-tech Manufacturing, Post-Harvest

OWNERSHIP: Foreign Owned

STAFF EMPLOYED: 700

FORMATION: 2000

TIN200 RANK 2021: 8

TIN200 RANK 2020: N/A

ADDRESS: 34 Ingram Road, Hamilton, 3282, New Zealand

PHONE: +64 (7) 823 6927

www.tomra.com/en/sorting/food

Waikato Milking Systems



AGRITECH RANK7

CEO: Jamie Mikkelsen

REV 2021 (\$000): \$73,000 *

DESCRIPTION: Milking equipment manufacturer.

KEY PRODUCTS: Dairy equipment, milking systems and technology, and rotary platforms.

MARKET SECTORS: High-tech Manufacturing, Growing & Harvesting

OWNERSHIP: Investment-backed Private

STAFF EMPLOYED: 171

FORMATION: 1992

TIN200 RANK 2021: 36

TIN200 RANK 2020: 42

ADDRESS: 29 Innovation Way, Northgate Business Park, Hamilton, 3288, New Zealand

PHONE: +64 (7) 849 8755

www.waikatomilking.co.nz

Wyma Solutions



AGRITECH RANK8

CEO: Andrew Barclay

REV 2021 (\$000): \$51,000

DESCRIPTION: Design and manufacture of post-harvest fruit and vegetable handling equipment.

KEY PRODUCTS: Wyma Vege Polisher and other post-harvest fruit and vegetable washing, sizing and handling solutions.

MARKET SECTORS: High-tech Manufacturing, Post-Harvest

OWNERSHIP: Private

STAFF EMPLOYED: 175

FORMATION: 1991

TIN200 RANK 2021: 49

TIN200 RANK 2020: 63


ADDRESS: 27 Foremans Road, Islington, Christchurch, 8042, New Zealand

PHONE: +64 (3) 344 6403

www.wymasolutions.com



NDA Group



AGRITECH RANK4

CEO: Mark Eglinton

REV 2021 (\$000): \$165,000

DESCRIPTION: Specialty manufacturing and servicing of steel industrial storage and process vessels.

KEY PRODUCTS: Process and storage vessels, heat exchangers, and ancillary equipment.

MARKET SECTORS: High-tech Manufacturing, Post-Harvest

OWNERSHIP: Investment-backed Private

STAFF EMPLOYED: 510

FORMATION: 1997

TIN200 RANK 2021: 15


TIN200 RANK 2020: 13

ADDRESS: 709 Te Rapa Road, Te Rapa, Hamilton, 3240, New Zealand

PHONE: +64 (7) 849 2979

www.nda.co.nz

Argenta



AGRITECH RANK5

CEO: Will Downie

REV 2021 (\$000): \$130,800 *

DESCRIPTION: Animal health products.

KEY PRODUCTS: Eprinex, Cydectin, Avenue, Galliprant, CliK, Kexxtone, Denagard, Flypor and Osurnia.

MARKET SECTORS: Biotech, Animal & Crop Health

OWNERSHIP: Foreign Owned

STAFF EMPLOYED: 508

FORMATION: 2006

TIN200 RANK 2021: 18

TIN200 RANK 2020: 21

ADDRESS: 2 Sterling Avenue, Manurewa, Auckland, 2102, New Zealand

PHONE: +64 (9) 250 3100

www.argentaglobal.com

Datamars



AGRITECH RANK6

CEO: Daniele Della Libera

REV 2021 (\$000): \$130,665

DESCRIPTION: Livestock identification, weighing and software, electric fence and farm resource solutions, milk meters, and animal health delivery products (injectors, topical applicators, oral applicators, intranasal packaging).

KEY PRODUCTS: Tru-Test, Simcro, NJPhillips, Speedrite, Z-Tags, Stafix, Pel, Hayes.

MARKET SECTORS: High-tech Manufacturing, Data Solutions

OWNERSHIP: Foreign Owned

STAFF EMPLOYED: 434

FORMATION: 2018

TIN200 RANK 2021: 19


TIN200 RANK 2020: 37

ADDRESS: 25 Carbine Road, Mt Wellington, Auckland, 1060, New Zealand

PHONE: +64 (9) 574 8888

www.datamars.com

Frost Fans



AGRITECH RANK9

CEO: Andrew Priest

REV 2021 (\$000): \$50,439

DESCRIPTION: Design and manufacture frost protection solutions.

KEY PRODUCTS: FrostBoss Frost Fans and FrostSmart Monitoring for Frost Fans.

MARKET SECTORS: High-tech Manufacturing, Environment Management

OWNERSHIP: Investment-backed Private

STAFF EMPLOYED: 79

FORMATION: 2007

TIN200 RANK 2021: 51

ADDRESS: 1429 Omaha Road, Hastings, 4175, New Zealand

PHONE: +64 (6) 879 8312

www.nzfrostfans.com

Trimax Mowing Systems



AGRITECH RANK10

CEO: Michael Sievwright

REV 2021 (\$000): \$40,000

DESCRIPTION: Designer, manufacturer and distributor of commercial mowing equipment.

KEY PRODUCTS: Trimax Pegasus, Trimax Snake, Trimax ProCut, Trimax Striker, Trimax Vulcan, Trimax X-Wam, Trimax FlailDek, Trimax Ezeemow, Trimax Warlord, Trimax Force, Trimax Lazerblades.

MARKET SECTORS: High-tech Manufacturing, Growing & Harvesting

OWNERSHIP: Private

STAFF EMPLOYED: 130

FORMATION: 1981

TIN200 RANK 2021: 64

TIN200 RANK 2020: 123

ADDRESS: 70 Maleme Street, Greerton, Tauranga, 3112, New Zealand

PHONE: +64 (7) 541 0411

www.trimaxmowers.com

Bluelab



AGRITECH RANK11

CEO: Greg Jarvis

REV 2021 (\$000): \$38,928

DESCRIPTION: Devices that measure, monitor and control key variables in controlled environment growing systems.

KEY PRODUCTS: Hand-held meters, monitors, and control devices for pH, EC, moisture and temperature.

MARKET SECTORS: High-tech Manufacturing, Environment Management

OWNERSHIP: Investment-backed Private

STAFF EMPLOYED: 105

FORMATION: 2004

TIN200 RANK 2021: 67

TIN200 RANK 2020: 104

ADDRESS: 8 Whiore Avenue, Tauriko Industrial Estate, Tauranga, 3110, New Zealand

PHONE: +64 (7) 578 0849

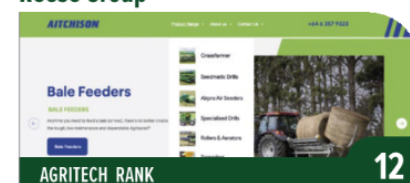
www.bluelab.com

*Estimated revenue.

*Estimated revenue.

TIN200 AGRITECH COMPANY PROFILES

Reese Group



AGRITECH RANK **12**

CEO: Ross Simpson

REV 2021 (\$000): \$22,000 *

DESCRIPTION: Diversified manufacturer of equipment and products for agriculture, pest control and civil engineering.

KEY PRODUCTS: Aitchison and Reese grassland farming equipment, Trapinator invasive species traps, CMI Springs spring and metal components, and pileLogic durable screw piles.

MARKET SECTORS: High-tech Manufacturing, Growing & Harvesting

OWNERSHIP: Private

STAFF EMPLOYED: 115

FORMATION: 2000

TIN200 RANK 2021: 102

ADDRESS: 7A Carmont Place, Mt Wellington, Auckland, 1060, New Zealand

PHONE: +64 (9) 579 4089

www.reeseagri.com

Figured



AGRITECH RANK **13**

CEO: Dave Dodds

REV 2021 (\$000): \$16,300 *

DESCRIPTION: Online financial management software for farmers.

MARKET SECTORS: ICT, Data Solutions

OWNERSHIP: Investment-backed Private

STAFF EMPLOYED: 74

FORMATION: 2014

TIN200 RANK 2021: 118

TIN200 RANK 2020: 125

ADDRESS: Level 5, Clearpoint House, 7-9 Fanshawe Street, Auckland Central, Auckland, 1010, New Zealand

www.figured.com

South Pacific Sera



AGRITECH RANK **14**

CEO: John Rolleston

REV 2021 (\$000): \$13,500 *

DESCRIPTION: Animal-derived biologicals and pharmaceutical contract manufacturer.

MARKET SECTORS: Biotech, Animal & Crop Health

OWNERSHIP: Private

STAFF EMPLOYED: 63

FORMATION: 1988

TIN200 RANK 2021: 130=

TIN200 RANK 2020: 143

ADDRESS: 26 Kennels Road, Washdyke, Timaru, 7910, New Zealand

PHONE: +64 (3) 687 4050

www.southpacificsera.co.nz

Robotics Plus



AGRITECH RANK **17**

CEO: Steven Saunders

REV 2021 (\$000): \$10,000 *

DESCRIPTION: Automated robotics systems for the food and fibre industry.

KEY PRODUCTS: Robotic fruit packers, robotic log scaling technology, UGVs (unmanned ground vehicles).

MARKET SECTORS: High-tech Manufacturing, Growing & Harvesting

OWNERSHIP: Investment-backed Private

STAFF EMPLOYED: 75

FORMATION: 2008

TIN200 RANK 2021: 154=

ADDRESS: 37 Newnham Road, Tauranga, 3174, New Zealand

www.roboticsplus.co.nz

Wildeye



AGRITECH RANK **18**

CEO: James Riddell

REV 2021 (\$000): \$7,900 *

DESCRIPTION: Internet of Things-based technology for agriculture, environmental and water monitoring.

MARKET SECTORS: ICT, Data Solutions

OWNERSHIP: Private

STAFF EMPLOYED: 43

FORMATION: 2002

TIN200 RANK 2021: 168

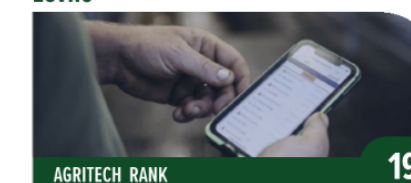
TIN200 RANK 2020: 171

ADDRESS: Level 7, 5 Short Street, Newmarket, Auckland, 1023, New Zealand

PHONE: +64 (9) 579 8404

www.mywildeye.com

Levno



AGRITECH RANK **19**

CEO: Mark Simon

REV 2021 (\$000): \$6,131

DESCRIPTION: Develops monitoring solutions that provide time-critical operational insights to milk processors, fuel suppliers and their end-customers.

KEY PRODUCTS: Milk, fuel, water and effluent monitoring solutions.

MARKET SECTORS: ICT, Data Solutions

OWNERSHIP: Private

STAFF EMPLOYED: 50

FORMATION: 2012

TIN200 RANK 2021: 176

TIN200 RANK 2020: 200

ADDRESS: 171 Railway Road, Milson, Palmerston North, 4414, New Zealand

PHONE: 0800 453 866

www.levno.com

DSK



AGRITECH RANK **15**

CEO: Shane Kerrisk

REV 2021 (\$000): \$10,600 *

DESCRIPTION: Design and develop engineering solutions for food, wine, manufacturing and processing.

MARKET SECTORS: High-tech Manufacturing, Post-Harvest

OWNERSHIP: Private

STAFF EMPLOYED: 61

FORMATION: 1995

TIN200 RANK 2021: 149=

TIN200 RANK 2020: 163

ADDRESS: 510 Coventry Road, Tomoana, Hastings, 4172, New Zealand

PHONE: +64 (6) 872 7033

www.dsk.co.nz

TracMap



AGRITECH RANK **16**

CEO: John Enlow

REV 2021 (\$000): \$10,100 *

DESCRIPTION: GPS guidance and mapping system.

MARKET SECTORS: ICT, Data Solutions

OWNERSHIP: Private

STAFF EMPLOYED: 42

FORMATION: 2005

TIN200 RANK 2021: 153

TIN200 RANK 2020: 161

ADDRESS: 1/180 Dukes Road North, Mosgiel, 9024, New Zealand

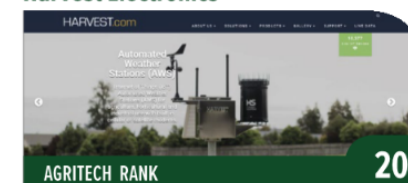
PHONE: +64 (3) 489 2952

www.tracmap.com



*Estimated revenue.

Harvest Electronics



AGRITECH RANK **20**

CEO: Peter Munn

REV 2021 (\$000): \$5,462

DESCRIPTION: Remote (IoT) monitoring and control solutions.

KEY PRODUCTS: Harvest design, manufacture, sell and support a range of IoT solutions - primarily used for weather and environmental monitoring.

MARKET SECTORS: High-tech Manufacturing, Data Solutions

OWNERSHIP: Private

STAFF EMPLOYED: 40

FORMATION: 2000

TIN200 RANK 2021: 186

ADDRESS: 10 Pragnell Street, Solway, Masterton, 5810, New Zealand

PHONE: +64 (6) 370 1991

www.harvest.com

BioStart



AGRITECH RANK **21**

CEO: Dr Jerome Demmer

REV 2021 (\$000): \$4,600

DESCRIPTION: Biological fermentation products for use in agriculture and horticulture.

MARKET SECTORS: Biotech, Animal & Crop Health

OWNERSHIP: Private

STAFF EMPLOYED: 13

FORMATION: 1994

TIN200 RANK 2021: 193

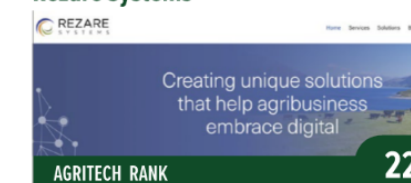
TIN200 RANK 2020: 193

ADDRESS: Suite 4, 33A Anzac Street, Takapuna, Auckland, 0622, New Zealand

PHONE: +64 (9) 488 0180

www.biostart.co.nz

Rezare Systems



AGRITECH RANK **22**

CEO: Andrew Cooke

REV 2021 (\$000): \$4,176

DESCRIPTION: Creates custom software solutions for agritech. Operates an agricultural data permissions and insights platform.

KEY PRODUCTS: Custom software for agritech and agribusinesses

MARKET SECTORS: ICT, Animal & Crop Health

OWNERSHIP: Foreign Owned

STAFF EMPLOYED: 41

FORMATION: 2004

TIN200 RANK 2021: 194

ADDRESS: 2 Melody Lane, Hamilton, 3240, New Zealand

PHONE: +64 (7) 857 0820

www.rezare.com

AGRITECH COMPANIES IN THE REGIONS

TIN200 COMPANIES BY LOCATION

AUCKLAND: Argenta, BioStart, Datamars, Figured, Reese Group, Wildeye.

HAMILTON/WAIKATO: Gallagher Group, Livestock Improvement Corporation, NDA Group, Rezare Systems, TOMRA Fresh Food, Waikato Milking Systems.

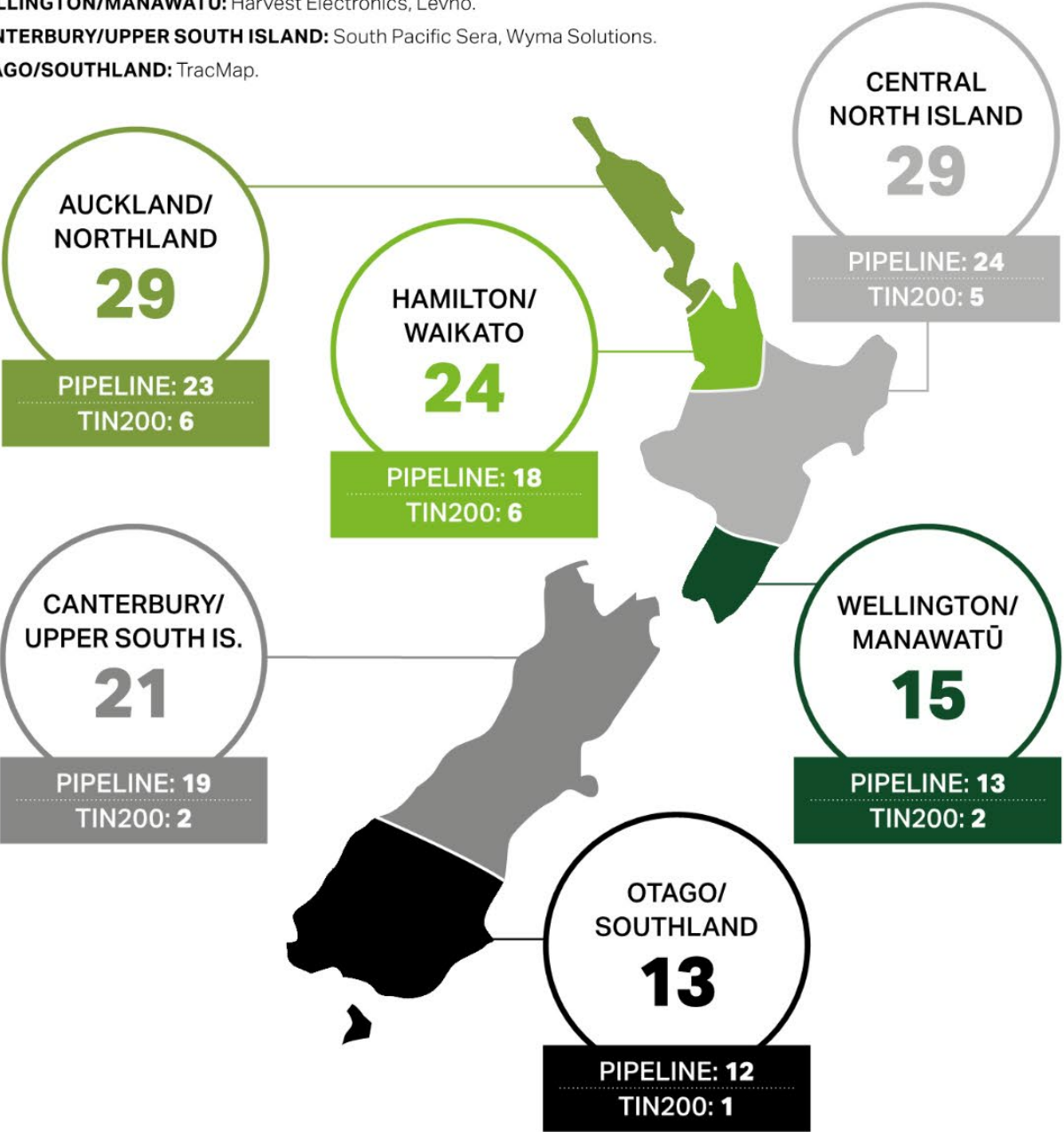
CENTRAL NORTH ISLAND: Bluelab, DSK, Frost Fans, Robotics Plus, Trimax Mowing Systems.

WELLINGTON/MANAWATŪ: Harvest Electronics, Levno.

CANTERBURY/UPPER SOUTH ISLAND: South Pacific Sera, Wyma Solutions.

OTAGO/SOUTHLAND: TracMap.

131 Companies
(22 x TIN200 and 109 x Pipeline companies)



Central North Island includes Bay of Plenty, Gisborne, Hawke's Bay, Taranaki/Whanganui. Upper South Island includes Nelson/Marlborough.



A NATURAL HOME FOR AGRITECH TO FLOURISH

THE FOUNDATIONS ARE SET FOR NEW ZEALAND AGRITECH TO THRIVE.

International trade and geo-political relations, along with food and fibre markets, supply chains and relationships, are becoming more complex as nations compete for dominance and security. Maintaining profitable and competitive food and fibre enterprises requires ongoing innovation and change. Exponential advances in digital technology, automation, genetics, and synthetics will disrupt and change how food and fibre products are made, marketed, and delivered. New Zealand is well placed to meet this challenge.

A global home for technology companies supported by S&P/ASX All-Tech Index: ASX has developed a thriving technology sector. In fact, tech is now the second largest sector by listings on ASX, represented by more than 250 tech companies with a combined market capitalisation of over A\$250 billion including 30 tech “unicorns”. Over 100 of these listings have occurred within the last five years, raising over A\$4 billion in IPO capital, making ASX now the fourth-highest, by number of tech IPOs, of any exchange in the world. ASX’s position as the region’s leading tech exchange was strengthened in February 2020 with the launch of the S&P/ASX All Technology index.



A home for agribusinesses and the launch of the S&P/ASX Agribusiness Index: ASX is a long-time supporter of agriculture and prime industries. There have been more than 35 listings in the sector since 2015 including many from New Zealand. Just as ASX has supported the tech sector through the launch and development of the S&P/ASX All Tech Index, ASX launched the S&P/ASX Agribusiness Index (Ag Biz) on 1 June 2022. The index constituents will be drawn from the top 1,000 ASX listed companies (by market capitalisation), with inclusion criteria being determined by certain liquidity thresholds. This diversified and inclusive index utilises the GICS (Global Industry Classification System) to draw together sectors such as agricultural products, fertilizer and agricultural chemicals, paper products, food distributors, brewers, distillers and vintners, packaged foods and meats, pharmaceuticals (including medicinal cannabis), water utilities and rural land REITs. As with the All Tech Index, companies that are included in the new Ag Biz Index, such as a2 Milk Co, benefit from greater investor awareness and increased investment flow (particularly from passive index tracking funds).

An emerging ASX agritech sector – combining tech and agriculture: Agritech is not new on ASX. Nufarm Limited (ASX:NUF) which develops, manufactures, and sells crop protection solutions and seed technologies across the globe, has been listed since 1988 and is included in the Ag Biz Index. Amongst the agritech community from New Zealand, the a2 Milk Company, dual-listed on ASX and NZX in March 2015, began life in 2000 as a small NZ tech innovation in Dunedin. a2 Milk, now a global dairy-nutrition company, is capitalised at \$3.48 billion. a2 Milk is one of NZ’s most successful companies and an example of applying innovative tech research to one of New Zealand’s traditional primary sector strengths - dairy.

A natural home for agritech to flourish: ASX, with its global and deep investor base, stands ready to welcome and support New Zealand companies that are commercialising exciting innovations in our tech and primary industries. Complemented by the All Tech Index and now Ag Biz Index, ASX is ready to support NZ’s vibrant agritech sector as they compete on the world stage.

BLAIR HARRISON
Senior Manager,
Listings (New Zealand)

REGIONAL SPOTLIGHT: HAMILTON/WAIKATO



HAMILTON AND THE WAIKATO FORM THE HEART OF AGRITECH IN AOTEAROA.

Hamilton is the location of choice for new and innovative businesses in agritech. Our region is home to leaders in animal management, farm IT tools, food processing technology, genetics expertise, herd improvement, systems manufacturing and many other products and services. And of course, Fieldays has been hosting the world in our backyard since 1969.

EYES ON THE PRIZE

Waikato-based TIN200 agritech firms employ 62.8% of the overall agritech workforce and pay an average wage of over \$105,000. By targeting our economic development efforts on high-value sectors such as agritech, Hamilton City Council is enabling new investment and employment to deliver

meaningful improvements to the economic wellbeing of Hamiltonians.

GREEN TEAM

Greengrower recently selected Hamilton for its head office and centre of innovation as it pioneers large-scale controlled environment farming (CEF) in New Zealand. CEF is an advanced technology system which uses vertically stacked layers, LED lighting, and automation to optimise the growth of a variety of produce starting with leafy green vegetables. Its operations at Waikato Innovation Park consist of indoor growing facilities, processing, storage and head office functions. The site and buildings occupy a total of approximately 5,500 square metres but the efficiencies of CEF mean that

it will be able to grow the equivalent of over 50-hectares of production if using traditional farming techniques.

SHARED SUCCESS

Hamilton’s culture of collaboration was evident during the Greengrower project. CEO Tom Schuyt and Waikato Innovation Park owner Neil Foster agreed on the mutual benefits of having the project at the park. Council-funded infrastructure investments in the area total more than \$20M, with improvements to Ruakura Road and the connection to the Waikato Expressway further enabling business investment and growth.

LOCAL VC: AGRITECH INVESTMENT HELPS PROMOTE A POSITIVE FUTURE

Agritech is a key focus for NZGCP; backing start-ups directly via our Aspire fund, or Elevate fund investment into agritech focused venture capital firms such as Finistere Aotearoa.

The growing global population, climate change, and labour shortages, have led to a rapidly rising demand of agriculture output whilst decreasing carbon emissions and other detrimental environmental impacts. These trends have seen investments in agriculture technology solutions growing apace worldwide.

New Zealand remains a prolific exporter of agricultural products and has a significant role to play in solving the future food question. In addition, transformation of the primary sector is needed to ensure comparative decline in labour productivity is stopped. We see an increasing

appetite for investing in technologies that address these challenges and are aimed at increasing overall yield and efficiency, and decreasing input cost and the environmental impact. The onset of this pandemic has catalysed technology adoption in data analytics, artificial intelligence, IoT, machine learning, automation and biotech.

It’s encouraging to see dedicated investors in the local agritech space, such as Sprout Investment (plus Sprout Accelerator), Finistere Ventures and Manawatu Investment Group, with many deep-tech funds also investing in this sector.

Agritech is one of our Aspire fund’s focus areas for investment. Across our portfolio, this sector represents about 9% of total investments, and includes investments in feed and nutrition, breeding and genetics, machinery and hardware, water and irrigation,



JACQUES RICHTER
Associate Investment Director – NZGCP

NZ GROWTH CAPITAL PARTNERS

and cultivar and variety innovation. For example, Engender Technologies developed optically-based cell sorting technology used in selective breeding of livestock to optimise for specific traits. Another example is Cropsy Technologies, which unlocks the full potential of crops with its unique visioning technology.

THE AGRITECH INVESTMENT LANDSCAPE

NZ AGRITECH COMPANIES CONTINUE TO GENERATE INVESTMENT FROM LOCAL AND INTERNATIONAL INVESTORS, WITH RECORD INVESTMENT ACTIVITY IN 2021.

Agritech companies in this report have attracted consistent investment levels from angel investors, VCs and private investors over the last 10 years. However, 2021 was a landmark year for agritech investment, totalling \$15.4m across 11 deals, aligning with the broader trend of heightened investment levels in technology companies in 2021.

CertusBio raised \$4.6m last year, led by Pacific Channel, alongside investment from the Aspire NZ Seed Fund (NZGCP), the Impact Enterprise Fund, Lincoln Agritech and existing investors. The company produces monitoring solutions for food processing and has strong links to the dairy industry, having recently completed a trial with Fonterra. The new capital will support expansion into North America, with the firm embarking on a trial with South Dakota based Valley Queen Cheese Plant and looking to hire a US-domiciled executive to manage its operations in the North American market.

Fruitometry, a provider of scanning and mapping technologies for kiwifruit orchards, received \$2.6m from Seeka, NZ's largest kiwifruit producer. An R&D grant from Callaghan Innovation has supported Fruitometry's operations in the past, with the new investment driving

product development and scale in the firm. The investment deal puts Fruitometry's valuation at \$10m.

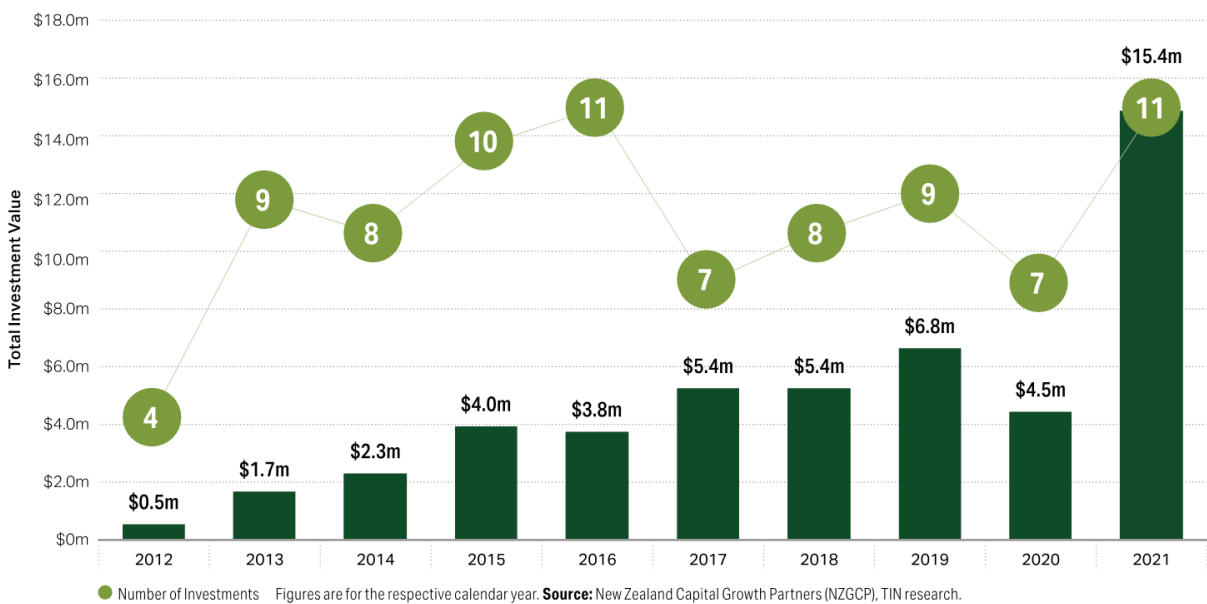
Hectre raised \$3.5m in investment late last year, with funds coming from Borton Fruit, one of the largest producers of apples, cherries and fruits in the US, and other private and existing investors. The investment follows Borton's subscription to Hectre's orchard management software in early 2021 and the new capital will help accelerate talent acquisition and innovation within the firm.

Croptide, an exciting agritech company focusing on maximising water efficiency for growers, raised \$1m in a pre-seed funding round led by Icehouse Ventures and supported by K1W1 and Masfen Group. The funds will advance the trials of its sensors, which several wine companies are already testing, as well as supporting product development.

Finally, a considerable level of investment activity has been recorded in 2022 so far:

- **Protag** raised \$1m from Sprout Agritech with support from its investment partners – Finistere Ventures, Fonterra, OurCrowd (Israel) and Callaghan Innovation.
- **Cropsy** attracted \$1.5m in an over-subscribed raise led by Angel Investors Marlborough.

NUMBER OF DEALS & TOTAL VALUE OF INVESTMENTS IN TIN200 & PIPELINE AGRITECH COMPANIES IN THIS REPORT (2012-2021)



OWNERSHIP AND M&A ACTIVITY IN THE AGRITECH SECTOR

AGRITECH CONTINUES TO BE A HIGH-PERFORMING, INNOVATIVE AND COLLABORATIVE SECTOR, EVIDENCED BY REVENUE GROWTH ACROSS THE OWNERSHIP TYPES AND AN ACTIVE M&A AND PARTNERSHIP LANDSCAPE.

Half of the 22 TIN200 agritech companies are privately owned, mainly comprising mature, well-established firms. These companies contributed 29.4% to total revenue; however, growth at 4.8% trailed the 5-year CAGR of 10.1% and overall agritech revenue growth of 8.0%.

With six companies having investment-backed private ownership, this category is the next largest by number of companies. Companies within this category generated revenue of \$353.7m, representing 22.2% of overall agritech revenue, and experienced modest growth at 5.5%, but less than their 5-year CAGR of 8.9%.

Foreign owned companies recorded the highest revenue and growth among the ownership categories, growing by 14.9% to \$507.6m in 2021, representing 31.8% of overall agritech revenue. This category comprises four firms - TOMRA Fresh Food, Argenta, Rezare Systems and Datamars, and together they employ the second-highest number of employees in the Agritech sector (after private companies).

LIC represents the only publicly listed TIN200 agritech company; its revenue of \$266.4m contributes 16.7% to total revenue.

MERGERS & ACQUISITIONS

The agritech sector continues to have considerable M&A activity, both internationally and locally.

In 2021, **Gallagher Group** added to its animal management portfolio by acquiring Agersens, an Australian firm specialising in virtual fencing. The acquisition enables Gallagher and Agersens to drive the commercialisation of eShepherd, a platform for monitoring livestock using solar-powered neckbands.

Argenta, a leading specialist contract research organisation (CRO), acquired Klifovet in 2021, the leading CRO in Europe. The acquisition follows the financing agreement between Argenta and NovaQuest Capital Management to develop pharmaceuticals for the veterinary industry. Argenta represents one of four foreign owned agritech companies, having been acquired by KKR & Co in 2020 for more than \$100m.

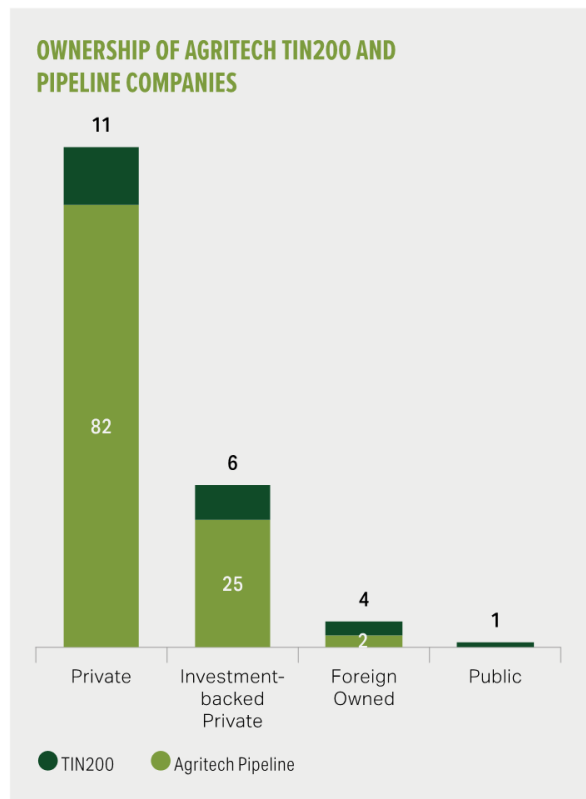
Rocos, a NZ cloud platform provider for robots, was acquired by the Californian-based drone company Drone Deploy for an eight-figure sum in 2021.

Locally, farm management software provider **FarmIQ Systems** acquired **Farmax** in late 2021. Farmax offers

a data-driven decision-making tool for farmers, and the acquisition strengthens an ongoing partnership between FarmIQ and AgResearch – a Crown Research Institute. In another local acquisition, **Bluelab** acquired automated technology company **Autogrow** – an agritech pipeline company, with the deal completed in early April of this year.

Strategic collaboration among companies also remains a lucrative pathway for growth and expansion in the agritech sector.

AbacusBio strengthened its partnership with Bayer AG, one of the largest life science companies in the world, allowing the German multinational to use AbacusBio's leading trait prioritisation technology for its global crop breeding programme. **Smart Machine** and French beverage company Pernod Ricard are on track to reap the benefits of their collaboration, with Oxin, the robotic vehicle developed for orchards and vineyards, nearing the final stages of development.



AGRITECH COMPANIES ENERGISING THE WIDER ECOSYSTEM

THIS YEAR’S TIN AGRITECH INSIGHTS REPORT IS ANOTHER MARKER IN THE GROWTH OF THE SECTOR AND, IMPORTANTLY, THE GROWING LEVELS OF COLLABORATION THAT WILL ENABLE STILL HIGHER GROWTH RATES IN THE COMING YEARS.

Sector transformation requires the development of ideas, relationships, and experiences to flourish. The formation of AgriTechNZ was based on the ‘idea’ that the companies and communities engaged in technology innovations in agriculture have shared purpose and interests. The Agritech ITP further highlighted agritech as a sector in, and of, itself rather than as a service provider to other sectors. Organisations and their people now identify and connect with others in the same domain. Behind these numbers in the TIN Agritech Insights Report is company growth, but also the growing experience of cooperation and smart ecosystem behaviours.

Smart ecosystems enable faster growth by:

- Aligning capabilities and joining forces with other companies.
- Harnessing the ingenuity and focus of start-ups.
- Connecting that start-up energy with the scale and stability of larger businesses.
- Harmonising interests across research, commercialisation and impact.
- Recognising the local ecosystem is part of a global ecosystem.

Ecosystem partners must be aligned culturally on their shared purpose and context to achieve effective collaboration. A “do it ourselves” culture prevailed for many decades, and working with another party, even a competitor or organisation with a different role in the sector, was difficult and rare. It may still be difficult at times, but, like their contemporaries overseas, New Zealand agritech organisations

are breaking free of this mindset and becoming more collaborative and open to partnerships.

In the last few years we’ve seen: Gallagher invest in start-ups like eShepherd (AU) and Farmote, the investors behind Trimax invest in Machines at Work and BlueLab acquiring Autogrow. Robotics Plus has also partnered with both Waikato University and PlantTech Research. These businesses are tapping into an ecosystem of skills, technology and resources. In doing so they not only enable new products, services and value, they energise the wider ecosystem.

We’ve also seen a growing number of international ecosystem connections, despite the constraints in travel over the last two years. AgriTechNZ and the Agritech Industry Transformation taskforce have enabled links with ecosystems in Australia, Ireland, the UK, Brazil and western USA. This work has included online summits, workshops with multi-national corporations and network enablers, and targeted programmes to accelerate business readiness for investment or market entry.

The value of these connections will flourish as we meet these partners ‘in real life’ and build on the relationships. We’ve already seen global ecosystem connections with Israeli owned CropX re-investing in New Zealand and incorporating the local teams with their global operations; and Nelson AI firm SnapIT acquiring Canadian fisheries monitoring business Teem Fish.

Finally, in amongst all the new behaviours we are seeing CRIs like Plant & Food Research and AgResearch engaging in new



BRENDAN O’CONNELL
CEO,
AgriTechNZ



approaches to commercialisation through the Sprout Agritech accelerator programmes ... a true hotbed of activity and capability development.

An ecosystem just exists when there are multiple entities in play. However, we’re now seeing a ‘smart’ ecosystem really develop its strengths through relationships and experiences that are expansive and create new opportunities.

Congratulations to the TIN team on another great report and contribution to the evolution of the agritech sector.

AGRITECH PROFILES

INTERNATIONAL AGRITECH

CROPX



Global agricultural analytics company CropX, which was founded in New Zealand six years ago, seems to have come full circle and is now investing in other successful New Zealand agritech companies.

CropX started in 2015 after the New Zealand Venture Investment Fund (now NZGCP) provided capital for initial work carried out by New Zealand Crown Research Institute, Manaaki Whenua - Landcare Research. The company then moved to Israel, where it is still headquartered, but returned to New Zealand and opened an office here in 2021 after acquiring Regen, which provides cloud-based, precision effluent and irrigation decision support tools.

CropX describes itself as a global leader in agricultural analytics with a vision to revolutionise and automate the farm and the decision-making process by combining above-ground data sets with real-time soil data measured by proprietary in-house-developed soil sensors. The data is transmitted to a cloud-based platform, and analysed by AI-based algorithms, to provide insights and automation via the CropX app. In 2021 the company was selected from among hundreds of candidates as one of the World Economic Forum’s “Technology Pioneers”. It now serves thousands of customers with over 10,000 installations worldwide in over 50 countries since its launch in 2017. The company is backed by a global syndicate of strategic partners and investors and has raised over US\$30M in funding rounds.



“Success for CropX is bringing world-leading precision ag technology to every farmer – the small-scale family farm to the multi-national corporate farm – by making it cost effective, simple to set up and easy to use. In turn, CropX customers lift productivity while conserving precious resources: water, energy, labour, chemicals - and their own time. CropX is at the forefront of the new green revolution, as we harness science and technology to impact every field on every farm for a profitable and sustainable future.”

TOMER TZACH, CEO



EARLY-STAGE INVESTOR

PACIFIC CHANNEL PACIFIC CHANNEL

Pacific Channel invests in groundbreaking science and advanced engineering ‘deep tech’ companies in New Zealand that create meaningful global impact and value. It is New Zealand’s pre-eminent deep-tech focused venture capital manager.

Amongst the agritech companies currently in its portfolio are CropX, Next Farm, Cropsy Technologies, CertusBio, NE Tech, Bovonic, Nanobubble Agritech and Mastaplex.

The Pacific Channel team support its investment companies throughout their growth journey, providing the capital, expertise and networks required to navigate the complex commercialisation pathway to achieve success in global markets. Pacific Channel describes itself as a thematic investor and is particularly focused on technology companies involved in:

- Improving the quality and length of life.
- The future of food.
- Transitioning to a sustainable economy.
- Automation and Industry 4.0.

It says the commercialisation of new breakthrough technologies in these areas will help solve some of the world’s biggest social and environmental challenges. Deep tech companies are focused on developing novel scientific or engineering innovation to solve substantial global challenges. They are often born from academic research and generally require lengthy R&D and large capital investment before successful commercialisation.

In October 2020 New Zealand Growth Capital Partners’ Elevate NZ Venture Fund announced a \$20m investment into a \$55m fund managed by Pacific Channel.

Pacific Channel Fund II will make substantial investments into around 25 Kiwi deep-tech companies.

“It’s a privilege to be investing in groundbreaking technologies and supporting early-stage companies solve some really difficult global challenges. For us, success is more than just supporting a company’s commercialisation journey with capital, it’s working with great people to create impact and value.”

BRENT OGILVIE, MD



NEW ZEALAND’S AGRITECH ECOSYSTEM

A broad sample of the organisations that together form New Zealand’s agritech ecosystem.

<p>NEW ZEALAND GOVERNMENT</p> <p>GOVERNMENT MINISTRIES: Ministry of Business, Innovation and Employment, Ministry of Foreign Affairs and Trade, Ministry for Primary Industries, Ministry for the Environment.</p> <p>GOVERNMENT SUPPORT AGENCIES: Callaghan Innovation, New Zealand Trade & Enterprise (NZTE), Biosecurity NZ, Operational Solutions for Primary Industries (OSPRI), Tertiary Education Commission.</p> <p>INITIATIVES: Agritech Industry Transformation Plan, The Pre-Seed Accelerator Fund (PSAF), Strategic Science Investment Fund, Provincial Growth Fund (PGF), Sustainable Food and Fibre Futures (SFF Futures), New Zealand Green Investment Finance (NZGIF).</p>	
<p>ACADEMIA & RESEARCH</p> <p>UNIVERSITIES / EDUCATORS: 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>RESEARCH INSTITUTES: AgResearch NZ Ltd, DairyNZ, Beef+Lamb NZ, New Zealand Pork, Plant & 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>CAPITAL & FUNDING SUPPORT</p> <p>FUNDERS: Callaghan Innovation, Sprout, WNT Ventures, Ftech, MasterPlan, Finistere Ventures, Agricultural and Marketing Research and Development Trust, Marsden Fund, The Endeavour Fund.</p> <p>INITIATIVES: New Zealand Growth Capital Partners (NZGCP)</p>	
<p>EXPERTISE & SERVICES</p> <p>INTELLECTUAL PROPERTY: James & Wells, AJ Park, Potter IP.</p>	
<p>INTERNATIONAL EXPERTS & COLLABORATORS</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>SUPPORT & INDUSTRY NETWORKS</p> <p>INDUSTRY NETWORKS: AgriTech NZ, Apiculture NZ, Aquaculture NZ, Horticulture NZ, Vegetables NZ Inc (VNZI), Summerfruit NZ, NZTech Alliance, Waikato Farmers Trust, Federated Farmers, Soil & Health Association of New Zealand, NZ Young Farmers, The New Zealand Society for Viticulture and Oenology (NZSVO).</p> <p>EVENTS: Fielddays, MobileTech AG.</p> <p>INSIGHTS: Technology Investment Network (TIN).</p>	



THE PIPELINE OF AGRITECH COMPANIES IN NZ

WHAT IS A TIN ‘PIPELINE AGRITECH COMPANY’?

While revenues, investment stage, and employment numbers vary significantly between TIN Pipeline Companies, all have the following in common. They:

- 1. Operate in the High-tech Manufacturing (HTM), Biotech, or ICT primary sectors.
- 2. Have originated in New Zealand, and still maintain a meaningful presence here.
- 3. Are developing (or have developed) their own intellectual property.
- 4. Are currently at these stages in their company life cycle:
 - 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.

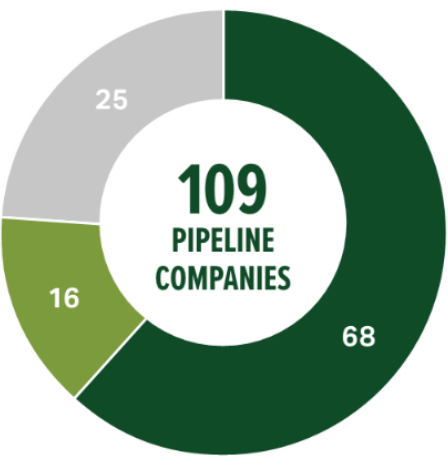
TIN PIPELINE AGRITECH COMPANIES ADDED IN 2021

COMPANY	PRIMARY SECTOR	LIFE STAGE
Arthur D. Riley and Company	HTM	In Market
Axis7	HTM	Commercialisation
Carrfields	HTM	In Market
Connected Farms	ICT	In Market
Cropmark Seeds	Biotech	In Market
Croptide	ICT	Development
Engender Technologies	Biotech	Development
FarmIQ	ICT	In Market
Fibre-Gen	HTM	In Market
Fruitometry	ICT	Commercialisation
Halo Systems	ICT	In Market
Hyprecision	HTM	In Market
Landkind	ICT	Commercialisation
Loncel Technologies	HTM	In Market
Machines at Work	HTM	Development
Micropod	HTM	In Market
MilktechNZ	HTM	In Market
Nanobubble Agritech	HTM	Development
Numedic	HTM	In Market
OmniEye	ICT	Development
Outpost Central	ICT	In Market
Protag	HTM	Commercialisation
Tatou Technologies	ICT	In Market
Trust Codes	ICT	In Market
Winter Gardenz	HTM	In Market

PRIMARY SECTORS

	PIPELINE	TIN200
ICT	23	5
HTM	41	13
Biotech	45	4
Total	109	22

NUMBER OF COMPANIES BY LIFE-CYCLE STAGE



- In Market
- Development
- Commercialisation

NEW ZEALAND CAN BE A WORLD LEADER IN SUSTAINABLE AGRITECH

CALLAGHAN INNOVATION HAS A SERIES OF INITIATIVES DESIGNED TO SUPPORT THE COMMERCIALISATION OF KIWI AGRITECH BUSINESSES, PARTICULARLY WHILE THE IRON IS HOT ON ENVIRONMENTALLY-DRIVEN OPPORTUNITIES.

At Callaghan Innovation, we’re committed to building a globally competitive agritech ecosystem, producing ingenious, value-adding companies, providing meaningful jobs, and solving New Zealand (and the world’s) productivity and sustainability problems.

Sustainable agritech is a natural progression for New Zealand’s agricultural industry. There are huge opportunities for New Zealand to leverage its agricultural roots, and lead the world in modern and sustainable agriculture.

So, how are we supporting innovators to seize these opportunities?

SUPPORTING AGRITECH INNOVATORS THROUGHOUT THE JOURNEY

We’re working on a few key workstreams to support New Zealand’s agritech innovators to successfully commercialise. We launched a new website tool – the Agritech Support Explorer (<https://agritechsupportexplorer.govt.nz/>) – to help New Zealand’s agritech innovators find and understand what government funding and capability support is on offer to support them. It includes information on support for sustainability-focused agritech businesses.

We are also supporting a number of local and global agritech companies to trial their solutions in the Farm2050 project to demonstrate increased productivity and positive environmental impact in NZ farming systems over multiple seasons.



FACILITATING COLLABORATION ACROSS THE AGRITECH ECOSYSTEM

Connections with early adopters, investors, researchers and big businesses across the globe are key for agritech businesses looking to expand. With global demand rising for sustainable agritech, opportunities for Kiwi agritech businesses to collaborate with key players are afoot.

We’ve set up the Early Adopter Network, which facilitates connections between local and international growers, farmers and NZ agritech to build effective solutions to global challenges – including climate change, and other environmental challenges.

SETTING OUR SIGHTS ON GLOBAL HORIZONS

With international borders opening up and trade becoming easier, the opportunity is ripe for Kiwi agritech businesses with their sights set on international markets.

In partnership with NZTE, we’re helping create faster pathways for NZ agritech companies to develop and scale globally with our Scale for Global Growth programme. The programme is designed to help New Zealand agritech businesses pursue commercial success in international markets through a supported, methodical approach to scaling businesses for global growth.

We’re also supporting the agritech sector with future foresighting and the ability to spot potential opportunities through our Global Signals programme. Global Signals provides expert futurist insights into potential future-changing innovations across the globe – helping agritech businesses to prepare for changes to the world around them.

Each of these initiatives is designed to support the commercialisation of Kiwi agritech businesses, particularly while the iron is hot on environmentally-driven opportunities, and as borders open to the rest of the world.

SIMON YARROW
Group Manager Agrifood

CallaghanInnovation



THE PIPELINE OF AGRITECH COMPANIES – CASE STUDIES

ICT

FARMOTE SYSTEMS



CEO: Richard Barton
REGION: Canterbury **YEAR FORMED:** 2016
SECTOR: Data Solutions **LIFE STAGE:** In Market
www.farmote.com

Good pasture management, based on knowing how much grass is growing at any one time, is vital to optimising dairy herd performance, as well as farm productivity and profitability. Farmote Systems has developed an 'intelligent' pasture monitoring system that eliminates the hard work and the guesswork from pasture management. Reports say the Farmote system works by combining the latest advances in satellite-based multi-spectral imagery, remote sensors and micro-electronics technologies to create a comprehensive 'picture' of farm-wide pasture performance. Remote electronic devices, aka 'motes', measure pasture height and soil conditions. Data is then cross-referenced with images taken on cloud-free days by satellites to calculate how much feed is available every day in every paddock.



The measurements can be seen on a cellphone-friendly website, displayed as a feed wedge, table, or graph. The average NZ farm will require five motes but this can increase to 12 motes depending on farm topography and location. Farmers pay a small monthly subscription per hectare for the system, which includes all the devices, setup, installation, and service visits. Relevant information from the Farmote system can also be shared with partner companies so farmers can receive targeted and timely advice about farm inputs such as fertilisers or irrigation. Farmote Systems is backed financially by international grass specialist Barenbrug, based in the Netherlands, as well as local investment company K1W1. More recently there has been additional local investment provided by Gallagher.

"Our goal is to provide timely and accurate data to farmers around the world so they can manage their crops more efficiently and grow more food for less in a sustainable way."

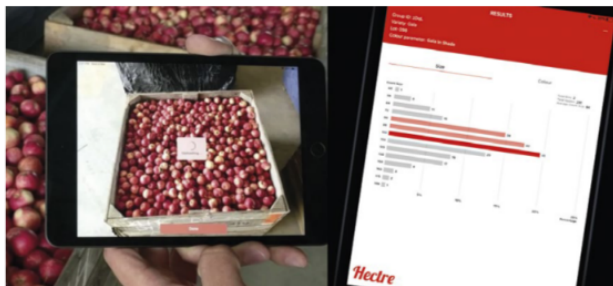
RICHARD BARTON, CEO



HECTRE



CEO: Matty Blomfield
REGION: Auckland **YEAR FORMED:** 2016
SECTOR: Data Solutions **LIFE STAGE:** In Market
www.hectre.com



Hectre is an orchard technology specialist with teams in NZ, the US and Vietnam. Hectre's leading-edge agritech SaaS products assist fruit growers and packers to increase productivity and quality, and reduce costs and environmental impacts, for improved outcomes. Winners in the 2021 global AgTech Breakthrough Awards, Hectre's commitment is to "clever simplicity" (creating meaningful technology with user simplicity at the forefront).

The Hectre app includes a full suite of orchard modules, including labour, QC and harvest management. Spectre is Hectre's computer vision AI solution delivering fast, mobile and accurate early fruit sizing estimations, transforming manual processes. Hectre is now in 11 countries and customers include fruit giants Washington Fruit and Produce and Borton Fruit.

"Hectre empowers fruit growers and packers, with the simplest to use orchard technologies. Success will see us optimise the massive growth opportunities we have in the US and Chilean markets, where we will cement our position as a central cog in the operations of premium fruit growers and packers. We will deliver immense time savings, reduced reliance on hard to source labour, minimising fruit wastage and providing valuable insights to support the long-term sustainability of fruit growers and packers worldwide."

MATTY BLOMFIELD, CEO



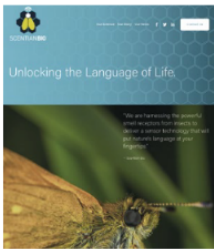
BIOTECH

SCENTIAN BIO



CTO: Andrew Králíček **REGION:** Auckland
YEAR FORMED: 2020 **SECTOR:** Animal & Crop Health
LIFE STAGE: In Development
www.scentianbio.com

A novel biosensor technology is being developed by Auckland-based company Scentian Bio for commercial application in medical, food and industrial settings.



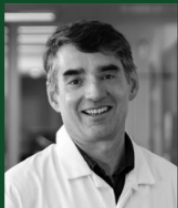
The technology is based on a panel of synthesised insect smell receptors that can be used to create a device to smell and taste chemical compounds. The company is the first in the world to combine insect olfactory receptors with nanotechnology to taste and smell chemical compounds ultra-sensitively.

Founder and CTO Dr Andrew Králíček spent 19 years at Plant & Food Research researching and developing the technology. The company says the technology can be applied to detect variation in the likes of water, wine or food quality, for example. "Or even detect the presence of disease in humans."

Sprout Agritech and Plant & Food Research joined forces to help commercialise the Scentian Bio technology with \$1 million investment from Sprout and its investment partners – Finistere Ventures, Fonterra and OurCrowd – and with funding from Callaghan Innovation's Tech Incubator Programme. Sprout also provided mentoring and start-up expertise to help Scentian Bio approach customers in the flavour and fragrance sectors where the technology can be applied for analysing the composition and quality of food ingredients. The global opportunity for Scentian Bio's technology is reported to be worth more than \$1 billion.

"Our vision is to be recognised as the global leader in the digital capture and analysis of volatile organic chemicals, unlocking a new diagnostic language from the manufacturing line, to the field, to the point-of-care."

ANDREW KRÁLÍČEK, CTO



SYNTHASE BIOTECH



CEO: Dr Andrew West **REGION:** Waikato
YEAR FORMED: 2015 **SECTOR:** Animal & Crop Health
LIFE STAGE: Pre-market
www.synthasebiotech.com

Synthase Biotech is a New Zealand-owned and located biotechnology company commercialising a proprietary plant enzyme discovered in the US. The enzyme, trademarked as Aloxsyn, neutralises toxic lipid peroxides (LPOs) formed by uncontrolled oxidation of lipids in cell membranes. LPOs cause immense damage if not controlled and are typically at the heart of inflammatory responses.

Aloxsyn is extremely potent, highly stable, effective in mammals, and can be applied widely. Commercialisation is already underway in cattle artificial insemination and embryo transfer. Additional applications will include pig artificial insemination, human fertility, cell technologies and shelf extension for foods. Aloxsyn is produced, purified and formulated in Synthase Bio's facilities on the Ruakura research campus in Hamilton. The company employs a skilled research, development and manufacturing team that has access to world-class equipment and research entities, including a binding relationship with the internationally-respected enzyme faculty at the University of Waikato. In addition to the board and private individuals, Synthase Biotech's shareholding base includes three of New Zealand's principal angel investment entities - Enterprise Angels, Ice Angels and Marlborough Angels – as well as NZ Growth Capital Partners. There has also been continued backing from Callaghan Innovation. Dr Andrew West is a former Chief Executive of AgResearch and was founding Executive Chairman of the Tertiary Education Commission.

Success: "Long-term: A paradigm shift in the fertility of livestock and then humans, and a major extension in the shelf-life of some human foods and animal feeds. Medium term: High profit, self-resourced, fully globalised industrial biotech still majority owned by New Zealanders, principally based in Aotearoa. Short-term: Initial sales of Aloxsyn® enzyme in 2022, rising significantly in 2023, secured from improved cattle and then sheep fertility."

DR ANDREW WEST, CEO



THE PIPELINE OF AGRITECH COMPANIES – CASE STUDIES

HIGH-TECH MANUFACTURING

MACHINES AT WORK machines at work

CEO: Dave Walters, Sean Walters

REGION: Auckland

YEAR FORMED: 2017

SECTOR: Growing & Harvesting **LIFE STAGE:** In Development

www.machinesatwork.co.nz

Founded by father and son duo Dave and Sean Walters, Machines at Work is helping address some of the biggest challenges faced by the horticulture sector – productivity, worker wellbeing, and sustainability. Machines at Work is developing technology that automates existing orchard machinery. This technology is installed on tractors or other machinery, enabling them to self-drive so that tasks like spraying and mowing can be performed without an operator. It uses advanced vision sensors, paired with state-of-the-art software which work together to track and avoid potential obstacles in real-time, and will eventually enable analysis of orchard conditions. Growers benefit through the deployment of safe, intelligent, self-driving systems that will cope with the complexity of orchard operations and free up valuable human resource. It will get workers out of the driver's seat, away from chemicals and repetitive tasks, and onto work that directly drives business growth. The technology will also minimise crop damage. When the weather is deteriorating, the technology will allow horticulture businesses to operate 24 hours a day to get the job done, without overtime costs. Machines at Work was selected to join the Sprout Agritech Accelerator which supports the development of scalable growth in start-ups. In November 2021 the company raised its first external investment with the Sievwright Investment Entity (which has Trimax Mowing Systems as its cornerstone business) to accelerate the development of the company's core automation technology.



"Success for us is about making it possible for any grower to transform how they get work done by using automation. It also means doing this at scale, safely, and with exceptional quality and service."

**DAVE WALTERS
AND SEAN WALTERS, CEOs**



OMNIEYE

CEO: Greg Peyroux

REGION: Otago

YEAR FORMED: 2021

SECTOR: Animal & Crop Health

LIFE STAGE: Commercialisation

www.omnieye.co.nz

OmniEye is a Dunedin-based agritech business formed in 2021 as a spin-off from parent company Iris Data Science. Created by Kiwi agritech specialists Greg Peyroux and Benoit Auvray, alongside independent director and TracMap founder Colin Brown, OmniEye sells and installs a future-proof automated on-farm livestock monitoring system for the dairy industry. Its non-intrusive camera-based scoring and monitoring system provides farmers with an 'intelligent eye' over livestock, resulting in better decision-making for the overall welfare of the herd.



OmniEye Locomotion, the company's first product, delivers locomotion scores for each individual cow in a herd, so lameness or any other animal traits and welfare issues can be detected early. The system is easy to operate and collects tens of thousands of data points for each animal and turns it into actionable intelligence for farmers. It also enables automatic or remote diagnostics for individual livestock by a vet. OmniEye is already being used across New Zealand, on more than 25 dairy farms (around 20,000 cows), including 10 Pāmu farms. There are plans to introduce the technology to the US dairy industry in the next year. In March 2022 the company announced a successful seed funding round of \$1.6 million to help commercialise the technology further.

"The system is already as accurate as vets and experts at scoring lameness, at minimal cost to farmers, and is continuously improving itself as more data is collected. We're working towards other products, such as body condition, that we believe will be really useful for farmers."

GREG PEYROUX, CEO



MĀORI OWNED

UBCO – AN UPDATE

CEO: Katherine Sandford

REGION: Tauranga

YEAR FORMED: 2015

SECTOR: High-Tech Manufacturing (Sustainable Transportation)

LIFE STAGE: In Market

www.ubcobikes.com

A lot can happen in just a year. Since UBCO was profiled in the 2021 Agritech Insights Report under the Māori-owned agritech company sector, additional investment and supply chain management services are expected to propel it towards a global leadership position in the electric utility and adventure vehicle category.

In September 2021 UBCO announced the strengthened commitments of prior investors TPK and Jubilee Glory Investments who anchored a bridge round, with the company raising close to US\$20m. As part of this capital injection, UBCO entered a supply chain management agreement with TPK, leaning on the Taiwan-based firm's network to increase production capacity for UBCO's existing 2X2 product line, "provide dedicated capacity for future related-product releases – and bolster and streamline material sourcing". This additional investment followed other key milestones for UBCO, which had raised US\$10m in June 2021 to fund global expansion. The terms of this commitment enabled UBCO to fulfil increasing demand from the US, UK and New Zealand markets, increase its ESG commitments and expand its vehicle platform with future product releases, particularly in the US market. UBCO was formed by Daryl Neal and Anthony Clyde, who teamed up with Timothy Allan and launched at the 2016 Fieldays. The company previously received direct assistance through being part of Te Tira Toi Whakangao (TW3), the Māori technology and investment group coordinated by NZTE.

"The mission for UBCO is simple: To transform and increase access to on-and-off-road motorised riding. That means building on, and expanding, our intuitive range of products. Success is when UBCO becomes a much-loved extension of our customers: being ridden often by millions of people, with diverse needs, for a range of different things."

KATHERINE SANDFORD, CEO



AGRISEA

CEO: Clare Bradley

REGION: Waikato Head Office

YEAR FORMED: 1996

SECTOR: Animal & Crop Health

LIFE STAGE: In Market

www.agrisea.co.nz

AgriSea is a Māori-owned intergenerational company founded by Jill Bradley and Keith Atwood with a long history of innovation and commitment to sustainable practice. Based in Paeroa, and the winner of multiple awards, the family business is a pioneer in the use of seaweed as a bio-stimulant across both agriculture and horticulture. The company's growth in the agri-sector is supported primarily by the NZ domestic market as farmers respond to both environmental and market drivers to reduce environmental impacts. Product innovation pipelines have also enabled expansion into offshore markets such as the USA, Europe and Australia through the company's honey bee nutrition range.

AgriSea has primarily used *ecklonia radiata* seaweed, which has unique marine bioactives and complex carbohydrates that promote animal health and wellbeing. Recent published research to support product claims has driven its current partnership with NZ dairy retail giant Farm Source. AgriSea is vertically integrated across the seaweed chain and funding from MPI's SFFF is enabling AgriSea to pioneer on-land seaweed aquaculture in an attempt to clean up excess nitrogen and phosphorus from our waterways. Today, the company is still a family-run business with 30 staff, son Tane Bradley, Chief Innovation Officer and his wife Clare Bradley CEO are as committed to their whānau values as the generation before them. The company has a long-term R&D strategy in place, which includes the whole supply chain, novel macro algae species, biomaterials, circular waste streams and human nutrition.

"Being an intergenerational whānau-owned company means that our success horizons are far into the future. We continually seek to innovate and add value to our people and the planet by creating meaningful partnerships with research and technology institutes that can help us unlock some of the value that seaweed can have to both our economy and our ecosystems."

CLARE BRADLEY, CEO



PIPELINE OF AGRITECH COMPANIES – DIRECTORY

NAME	CEO	YEAR FORMED	DESCRIPTION	LIFE STAGE	AGRITECH CATEGORY	PHONE	ADDRESS	WEBSITE
AbacusBio	Peter Amer	2006	Provides consulting services for Agribusiness clients.	In Market	Growing & Harvesting	+64 (3) 477 6375	442 Moray Place, Dunedin, 9016	www.abacusbio.com
ABC Software	Sharon Chapman	2001	Orchards and packhouse software specialists.	In Market	Data Solutions	+64 (6) 845 0068	6-8 Devonshire Place, Taradale, Napier, 4112	www.abcsoftware.co.nz
Accuro	Mark Eltom	2014	Smart, internet-connected devices represent a game changer in wine maturation technology. A patented oxygen diffusion process.	In Market	Post-Harvest	+64 (27) 7000 655	24 Cheshire Street, Parnell, Auckland, 1071	www.accuro.tech
AgriGanics	Bruce Hore	2009	Precision soil mapping uses state-of-the-art GPS location services to identify where soils in farm vary and therefore require variable fertiliser applications.	In Market	Animal & Crop Health	+64 (27) 576 0303	PO Box 79, Hororata 7544, Canterbury	www.agriganics.com
Agrigate	Blair Smith	2016	Software tool for farmers that makes it easy to connect and share farm data with those that need to know.	In Market	Data Solutions	+64 (2) 474 4283	109 Fanshawe St, Central Auckland, 1010	www.agrigate.co.nz
AgriSea	Clare Bradley	1996	Manufacturer of macro-algae concentrates and bioactive extractions.	In Market	Animal & Crop Health	+64 (7) 862 8424	7446 State Highway 2, RD 4, Paeroa, 3674	www.agrisea.co.nz
AgriSMART	Imran Raza	2015	Online timesheets, payroll, roster builder, task calendar, online whiteboard and full health and safety platform for NZ dairy farmers.	In Market	Data Solutions	+64 800 110 172	29/1 Liverpool Street, Hamilton	www.agriSMART.co.nz
AgriTrack	Andrew Humphries	2013	Real-time farm logistics management tool.	In Market	Data Solutions	+64 (22) 055 0880	8 Stafford Street, Dunedin Central, Dunedin 9016	www.agritrack.com.au
Alleva Animal Health	Robert Holmes	2011	Animal health company specialising in the development and marketing of novel animal health products.	In Market	Animal & Crop Health	+64 (9) 418 1405	15 Calman Place, Chatswood, North Shore City, Auckland, 0626	www.alleva.co.nz
Arthur D. Riley and Company	Garth Mickell	1976	Work with energy utilities, water authorities, farming and agriculture operations through engineering machines.	In Market	Data Solutions	+64 (4) 916 6200	137 Thorndon Quay, Thorndon, Wellington, 6011	www.adriley.co.nz
Autogrow	Greg Jarvis	1993	Irrigation and climate control systems for small to medium growers operating greenhouses, protected cropping and indoor farms.	In Market	Environment Management	+64 (9) 415 2380	Building 3, Level 1, 61 Constellation Drive, Auckland, 0632	www.autogrow.com
Avian Solutions	Gavin Mulvay	2013	Bird control machine.	In Market	Environment Management	+64 (21) 173 4672	105 Alford Forest Road, Ashburton, 7700	www.aviansolutions.co.nz
Axis7	Josh Barnett	2020	R & D service provider with technical expertise across robotics engineering and machine design.	Commercialisation	Growing & Harvesting	+64 (21) 0288 1274	PO Box 1383, Angelsea Street, Hamilton, 3204	www.axis7.nz
Bee Intelligence	Erik Bast	2017	Suite of technology to empower apiculturists.	In Market	Data Solutions		41 Tio Tio Road, Miramar, Wellington, 6022	www.bee-intelligence.com
BioLumic	Steve Sibulkin	2012	UV treatment for crops.	Development	Animal & Crop Health	+64 (21) 799 257	21 Dairy Farm Road, Palmerston North, 4440	www.biolumic.com
Biotelliga	Damien Fleetwood	2009	Technology to protect crops from pests and insects.	Commercialisation	Animal & Crop Health	+64 (9) 367 9364	40 Kenwyn Street, Parnell, Auckland, 1052	www.biotelliga.com
BioWorks	Clive Breeds	2001	Soil stimulant which conditions soil, creating an environment in which the soil microbiology can thrive.	In Market	Animal & Crop Health	+64 (9) 424 4476	P.O. Box 281, Silverdale, 0944	www.biomagic.co.nz
Bumpercrop	Adam Forbes	2019	Rootzone monitoring system by using automated rootzone water content and EC sensors.	In Market	Data Solutions	+64 (27) 351 2512	143 Jervois Road, Herne Bay, Auckland, 1011	www.mybumpercrop.com
CarbonCrop	Nick Butcher	2020	AI-driven platform for carbon credit land assessments.	In Market	Environment Management		72 Trafalgar Street, Nelson 7010	www.carboncrop.nz
Carrfields	Matthew Keen	2000	Irrigation systems, seed production, and agricultural machinery.	In Market	Growing & Harvesting	0800 141 545	Level 1, 60-62 Cass Street, Ashburton, 7700	www.carrfields.co.nz
CertusBio	Matthew Jones	2015	Wastewater monitoring devices.	Commercialisation	Post-Harvest	+64 (21) 963 161	Engineering Drive, Lincoln University, Lincoln 7674	www.certusbio.com
Connected Farms	Tom Andrews	2019	Farm internet, connectivity, safety and digital agriculture.	In Market	Data Solutions	0800 123 669	Fairlie, South Canterbury	www.connectedfarms.nz
CR Automation	Peter Richards	2002	Packhouse and food automation systems - electrical engineering, control systems, automation, and industrial IT.	In Market	Post-Harvest	+64 (6) 873 4238	500 Coventry Road, Mahora, Hastings, 4155	www.crautomation.nz
Cropmark Seeds	Glen Jarvis	2000	Development of high-performance pasture and forage crop varieties.	In Market	Animal & Crop Health	0800 427 676	49 Manion Road, Rolleston, Canterbury, 7677	www.cropmarkseeds.com
Cropsy Technologies	Ali Alomari	2019	Deliver disruptive, scalable technology to fruit growers to unlock the potential of their land through insights.	Commercialisation	Data Solutions		1790 Great North Road, Avondale, Auckland, 1026	www.cropsy.tech
Croptide	Hamish Penny	2021	Generate plant data using sensors to increase water efficiency.	Development	Data Solutions		21 Ruahapia Road, RD 10, Hastings, 4180	www.croptide.com
Cropx	Tomer Tzach	2015	Data-driven farm management software.	Commercialisation	Data Solutions	0800 37 34 36	Level 31 Plimmer Towers, 4, 2/6 Glimer Terrace, Wellington Central, Wellington, 6011	www.cropx.com
Drone Mate	AJ Thompson	2016	Sensors and data management software for observing, measuring and responding to small changes in crops.	In Market	Data Solutions	0508 376 637	25 McShane Road, Richmond, Nelson, 7081	www.dronemate.co.nz
Dronescape	Kim Teear	2017	Camera that captures all multi-spectral data for aerial mapping.	Commercialisation	Data Solutions	+64 (27) 305 8549	14 Richardson Terrace, Woolston, Christchurch, 8023	www.dronescape.co.nz

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Ecolibrium Biologicals	Ragu Wallabh	2017	Provides biological and biochemical solutions to ensure food safety and protect ecosystem.	Development	Animal & Crop Health	+64 (9) 963 1834	Unit 3,4 and 5, 4 Austen Place, Pukekohe, 2120	www.ecolibriumbiologicals.com
Engender Technologies	Darryn Pegram	2011	Development of technology for separating X- and Y-bearing bull sperm cells.	Development	Animal & Crop Health		2 Melody Lane, Hamilton, Waikato, 3216	www.engendertechnologies.com
Envisi	Brett Oliver	2016	Machine that scares birds away from crops.	Development	Environment Management	+64 (2) 150 3084	Level 1, 57 Symonds Street, Grafton, Auckland, 1010	www.envisi.co.nz
Farm Medix	Natasha Maguire	2010	Mastitis diagnostic tools.	In Market	Animal & Crop Health	+64 (2) 144 0444	Waikato Innovation Park, 1 Melody Lane, Hamilton East, Hamilton, 3216	www.farmmedix.com
Farmax	Gavin McEwen	2003	Provides software decision support tools for pastoral farmers backed by science validated models. Enables farm system optimisation.	In Market	Data Solutions	+64 (21) 428 467	Waikato Innovation Park, 9 Melody Lane, Hamilton East, Hamilton, 3216	www.farmax.co.nz
FarmIQ	Will Noble	2010	Farm management software.	In Market	Data Solutions	+64 800 FARMIQ	Level 12, 109-125 Willis Street, Te Aro, Wellington, 6011	www.farmiq.co.nz
Farmote Systems	Richard Barton	2016	Use a combination of data from satellites and devices on the ground to provide precise daily pasture measurements and insights for farmers.	Commercialisation	Data Solutions	+64 (21) 032 0364	11A Print Place, Middleton, Christchurch, 8024	www.farmote.com
Farmshed Labs	Fraser Smith	2013	Cow heat detection device.	In Market	Animal & Crop Health		57 Spring Street, Tauranga, 3110	www.farmshedlabs.com
Fibre-Gen	Peter Carter	2000	Forest wood segregation technologies to optimise timber returns.	In Market	Growing & Harvesting	+64 (3) 377 7316	Unit 5 Amuri Park, 404 Barbadoes Street, Christchurch, 8013	www.fibre-gen.com
Field-Tek	Sean Lange	2010	Tablet-based data collection system for electronically capturing data in field trials.	Commercialisation	Data Solutions	+64 (27) 546 5796	PO Box 20078, Bishopdale 8543, Christchurch	www.field-tek.co.nz
Focus Genetics	Rick Cranswick	2011	Genetic solutions for sheep, cattle and deer farming.	In Market	Animal & Crop Health	0508 159 159	17C Mahia Street, Ahuriri, Napier, 4140	www.focusgenetics.com
Fruitometry	Mike Ullrich	2019	Orchard scanning and density mapping technology.	Commercialisation	Data Solutions	0800 437 081	5 Henry Road, Katikati, 3129	www.fruitometry.com
Ftek	Mark Currie	2005	Design and manufacturing of crop maintenance and harvesting equipment.	In Market	Growing & Harvesting	+64 (9) 239 2607	Unit 2, 197C Manukau Road, Pukekohe, 2102	www.ftek.co.nz
GPS-IT	Matt Flowerday	2001	Provides customised land mapping solutions specialising in the horticultural and agricultural industries.	In Market	Data Solutions	+64 (7) 573 6077	275 Cameron Road, Tauranga, 3110	www.gpsit.co.nz
Greentech Robotics	Don Sandbrook	2017	Robotics and automation solutions that save time and increase yield.	Commercialisation	Growing & Harvesting	+64 (6) 280 2489	36 Victoria Avenue, Palmerston North, 4410	www.greentechrobotics.com
Halo Systems	Josh White	2002	Farm automation solutions.	In Market	Data Solutions	0800 476 380	42B Tawn Place, Pukete, Hamilton, 3200	www.tagittechnologies.co.nz
Halter	Craig Piggott	2016	Cow monitoring and movement tool powered by artificial intelligence.	Commercialisation	Data Solutions		Level 2, 18 Stanley Street, Parnell, Auckland, 1010	www.halter.co.nz
Hectre	Matty Blomfield	2017	Empowering the fruit industry with orchard technologies. Cloud-based orchard management software. Computer vision AI.	In Market	Data Solutions	+64 (21) 075 5018	Level 2, 46 Brown Street, Ponsonby, Auckland, 1021	www.hectre.com
Hivemind	Berwyn Hoyt	2012	Satellite-connected beehive monitoring.	In Market	Data Solutions	+64 (3) 595 5224	106 Manchester Street, Christchurch Central, Christchurch, 8011	www.hivemind.nz
Hivetech	Brett Mascull	2017	Platform for data tracking for beekeepers.	Commercialisation	Data Solutions		369 Devon Street East, New Plymouth, 4310	www.hivetech.nz
Holsim	Mike Williams	2015	Augmented reality software for advanced animal husbandry and veterinary training models.	In Market	Animal & Crop Health	+64 (7) 839 5018	34D Somerset Street, Frankton, Hamilton, 3204	www.holsim.co.nz
Hortplus	Mike Barley	1998	Analysis systems and MicroLoggers for monitoring temperature and humidity for crops.	In Market	Data Solutions	+64 (6) 876 4922	211 Karamu Road North, Hastings, 4122	www.hortplus.com
Hortworx	Rob Elstone	2019	Packhouse automation.	Commercialisation	Post-Harvest	+64 (21) 544 082	6 Stafford Street, Clive, 4102	www.hortworx.com
Hot Lime Labs	Vlatko Materic	2017	CO ₂ capture system that converts wood waste biomass into clean CO ₂ and heat for commercial greenhouses, increasing crop productivity and growth.	In Market	Animal & Crop Health	+64 (21) 411466	68 Gracefield Road, Gracefield, Lower Hutt, 5010	www.hotlimelabs.com
Hustler Equipment	Brent Currie	2011	Farm machinery and farm equipment.	In Market	Growing & Harvesting	+64 (6) 879 7926	1417 Omaha Road, Frimley, Hastings, 4120	www.hustlerequipment.com
Hydralada	Andrew Smith	2008	PELLENC vineyard equipment including Selectiv Process Optimum multifunctional grape harvesters and others.	In Market	Growing & Harvesting	+64 (800) 888 887	702 Omaha Road, Frimley, Hastings 4120	www.hydralada.com nz
Hydroxsys	Mark Hartstone	2012	Commercialising proprietary membrane filtration for water extraction and industrial waste remediation.	Commercialisation	Environment Management	+64 (9) 379 6015	40 Kenwyn Street, Parnell, Auckland, 1052	www.hydroxsys.com

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NAME	CEO	YEAR FORMED	DESCRIPTION	LIFE STAGE	AGRITECH CATEGORY	PHONE	ADDRESS	WEBSITE
Hyprecision	John Greenberg	2018	Focused on feed quality, feed preservation, and the efficiency of conversion.	In Market	Animal & Crop Health		1320-1322 Omaha Road, Twyford, Hastings, 4175	www.hyprecision.nz
Iris Data Science	Greg Peyroux	2013	Big data insights and predictive analytics, embracing deep learning and computer vision.	Development	Data Solutions	+64 (21) 262 9769	2nd floor, 7 Bond Street, Dunedin 9016	www.irisdata.co.nz
Isaacs Electrical	Shane Heaton	2012	Agricultural, horticultural and industrial plumbing, pumping and electrical solutions.	In Market	Growing & Harvesting	+64 (6) 857 8807	55 Ruataniwha Street, Waipawa, 4210	www.isaacshb.co.nz
Kiwi Hort Solutions	Gagandeep Gill	2016	Web-based orchard management system, designed to help strengthen the link between orchard owners, contractors, managers, and workers.	In Market	Data Solutions	+64 (7) 262 2727	73 Jellicoe Street, Te Puke 3119	www.kiwihort.com
Koru Diagnostics	Rhys McKinlay	2016	Development of pathogen identification tests for the global dairy sector.	Commercialisation	Animal & Crop Health	+64 (21) 973 266	c/- Estendart Research Centre Aviation Way, Poultry Farm Road, Massey University, Palmerston North 4472	www.korudiagnostics.com
Landkind	Matt Flowerday	2018	Mapping and visualisation of land for farm management.	Commercialisation	Data Solutions	+64 (7) 573 6077	275 Cameron Road, Tauranga, 3110	www.landkind.com
Loncel Technologies	Dirk Grobler	2000	IoT solutions: Cellular/radio monitoring for agricultural and industrial applications.	In Market	Data Solutions	+64 (9) 273 6159	Level 2, 81 Carlton Gore Road, Newmarket, Auckland, 1023	www.loncel.com
Machines at Work	Sean Walters	2017	Agricultural autonomous machine technology.	Development	Growing & Harvesting	+64 (9) 889 5994	105 Albert Street, Auckland CBD, Auckland, 1010	www.machinesatwork.co.nz
Mastaplex	Olaf Bork	2015	On-farm mastitis diagnostic tool.	In Market	Animal & Crop Health	+64 (21) 479 902	Centre for Innovation, 87 St David Street, Dunedin, 9106	www.mastaplex.com
Metris	Dr Mark Bart	2017	Weather forecasting system.	In Market	Environment Management	+64 (80) 037 2433	76 Methuen Road, New Windsor, Auckland, 0600	www.metris.nz
Micropod	Jeffrey Xu	2016	Environmentally friendly microgreen growth kits.	In Market	Growing & Harvesting		PO Box 27039, Mt Roskill, Auckland, 1440	www.micropod.nz
MilktechNZ	Gustavo Garza	2018	Electronic cup removers for improving the milking process.	In Market	Growing & Harvesting	0800 645 583	PO Box 10301, Hamilton, 3241	www.milktechnz.com
MyApiary	Darren Bainbridge	2016	Productivity software for commercial beekeepers.	In Market	Data Solutions	+64 (7) 391 0039	19 Knox Street, Hamilton, 3204	www.myapiary.com
MyEnviro	Brent Paterson	2019	Measures changes in farm environment by providing live FEP's linking real-time data and analytics on soil health, water quality and emissions.	In Market	Data Solutions	+64 (6) 871 0450	3 The Courtyard, Village Exchange, 4 Te Aute Road, Havelock North 4130	www.myenviro.co.nz
Nanobubble Agritech	Leon Power	2020	Integrated nanobubble technology solutions for the agricultural sector.	Development	Animal & Crop Health	+64 (27) 201 6623	110 Wairau Road, Oakura, 4314	www.nanobubbleagritech.com
Next Farm	Aaron Furrer	2016	Platforms for farm monitoring and control starting with water and irrigation management.	Commercialisation	Data Solutions	0800 639 8555	104 Bond Street, Central Dunedin, Dunedin, 9016	www.next-farm.co.nz
Numedic	Andrew Millar	2017	High quality pumps and irrigation systems.	In Market	Growing & Harvesting	0800 686 334	70 Riri Street, Rotorua, 3015	www.numedic.co.nz
NuPoint	Lance Nuttall	2015	Providing growers and contractors the ability to plan, track and report essential crop and management metrics through smart GPS integrated solutions.	In Market	Data Solutions		2 Alfred Street, Mayfield, Blenheim, 7201	www.nupoint.com
OmniEye	Greg Peyroux	2021	Automated camera-based monitoring system for detecting early lameness in cows.	Development	Animal & Crop Health	+64 (3) 588 0104	Level 2, 7 Bond Street, Dunedin, 9016	www.omnieye.co.nz
Outpost Central	James Riddell	2002	IoT monitoring solutions for connecting meters and sensors to the cloud.	In Market	Data Solutions	+64 (9) 579 8404	16 York Street, Parnell, Auckland, 1052	www.outpostcentral.com
Pastoral Robotics	Geoffrey Bates	2013	Focused on keeping nutrients on the farm where they increase pasture growth and profitability and keeping them out of the environment.	Commercialisation	Environment Management	+64 (20) 476 2687	40 Kenwyn Street, Parnell, Auckland, 1052	www.pastoralrobotics.co.nz
Pheromite	Pablo German	2016	Solutions combatting Varroa.	Development	Animal & Crop Health	+64 (21) 045 9406	Level 1, 57 Symond Street, Grafton, Auckland, 1010	www.pheromite.com
PICMI	Genevieve Griffin-George	2018	Platform to streamline the hiring of seasonal workers.	Development	Data Solutions	+64 (27) 221 3310	Floor 7 Wakefield House, 90 The Terrace, Wellington Central, Wellington, 6011	www.picmi.io
PlusGroup Horticulture	Steven Saunders	2010	Provides specialised horticultural solutions through its companies PollenPlus, GroPlus, RoboticsPlus, BioSoil and Crop, and Newnham Park.	In Market	Growing & Harvesting	+64 (7) 552 5985	Newnham Park, 37a Newnham Road, Te Puna, Bay of Plenty, 3174	www.plusgroup.co.nz
Precision Farming	Kenneth Irons	2010	Generates farm data in real time from sensors, GPS devices, flow meters etc, and automatically uploads to digital farm management platform.	In Market	Data Solutions	0800 477 001	151 Waterloo Road, Hornby, Christchurch, 8042	www.precisionfarming.co.nz
Protag	Baden Parr	2020	Cow monitoring technology using smart, low-cost ear tags.	Commercialisation	Data Solutions	+64 (21) 162 6654	Stanley Avenue, Te Aroha, 3320	www.protag.co.nz
Quant Artificial Intelligence	Genevieve Beech	2019	Land and environment data insight analysis platform.	Development	Data Solutions		9 Lindsay Street, Havelock North, 4130	www.quantai.co.nz
Ricado	Daryl Anderson	2016	Industrial monitoring and control platform.	In Market	Data Solutions	+64 (7) 575 4601	2 Dunlop Road, Te Puke, 3119	www.ricado.co.nz
RiverWatch	James Muir	2017	Remote sensing for water quality monitoring.	Commercialisation	Environment Management	+64 (21) 053 4188	111 Marram Place, Matarangi, 3592	www.riverwatch.nz

PIPELINE OF AGRITECH COMPANIES – DIRECTORY

NAME	CEO	YEAR FORMED	DESCRIPTION	LIFE STAGE	AGRITECH CATEGORY	PHONE	ADDRESS	WEBSITE
Rocos	David Inggs	2017	Cloud backbone for autonomous robotic fleets.	Development	Data Solutions	+64 (21) 72 3030	Level 3, 10 Customs Street East, Auckland, 1010	www.rocos.io
Scentian Bio	Andrew Králíček	2020	Create biosensor devices based on insect odorant receptors for commercial use in medical, food or industrial settings.	Development	Animal & Crop Health		120 Mt Albert Road, Sandringham, Auckland, 1025	www.scentianbio.com
Smart Machine	Andrew Kersley	2017	Autonomous platforms for horticulture.	Commercialisation	Growing & Harvesting	+64 (2) 184 4295	32 New Renwick Road, Burleigh, Blenheim, 7201	www.oxin.co.nz
Sparrows	Andrea Watson	2018	Provider of technology to bring full supply chain visibility. Enabling tracking and monitoring of the location, storage and movement of high value and perishable goods.	Development	Data Solutions	+64 (20) 415 47229	Unit 8, 26 Wright Street, Mount Cook, Wellington, 6021	www.sparrows.io
Synthase BioTech	Dr Andrew West	2015	Bio preservation and life extension technologies.	Commercialisation	Animal & Crop Health	+64 (27) 295 0042	Rukaka Research Centre, 10 Bisley Road, Enderly, Hamilton, 3214	www.synthasebiotech.com
Tatou Technologies	Skye Kimura	2017	Workforce management software for vineyards, orchards and farms.	In Market	Data Solutions	0800 828 682	62 High Street, Blenheim, 7201	www.tatou.app
Te Pari Products	Douglas Blampied	1980	Designers and manufacturers of quality cattle and sheep handling hardware and solutions.	In Market	Growing & Harvesting	+64 (3) 433 0077	9 Endeavour Crescent, North Oamaru Business Park, Oamaru 9494	www.tepari.com
The Paddock Groomer	Fraser Drummond	2012	Horse manure and alpaca poo collectors.	In Market	Environment Management	+64 (2) 144 7725	275 Peak Road, RD2, Helensville, 0875	www.paddockgroomer.co.nz
Thermo Regulatory Genetics	Derek Fairweather	2018	Genetical breeding for dairy.	Commercialisation	Animal & Crop Health	+64 (7) 8436618	3680 Ohaupo Road, Hamilton, 3282	www.trgenetics.co.nz
Totara BioScience	Rebecca Mende	2017	Developers of fully finished products for the animal health market based on the natural antimicrobial Tatarol.	Development	Animal & Crop Health	+64 (27) 532 5119	9 Belvedere Road, Carterton 5713	www.totarol.com
Tow & Blow	Grant Smith	2017	Creators of a portable wind machine for frost protection.	Commercialisation	Environment Management	+64 (6) 879 6194	702 Omahu Road, Hastings 4120,	www.towandblow.co.nz
Transpread International	David Hoyle	1992	Designers and manufacturers of fertiliser spreaders and handling equipment.	In Market	Growing & Harvesting	+64 (9) 431 1020	169 Hurndall Street, Maungaturoto 0520	www.transpread.com
Trev	Scott Townshend	2019	Farm reporting software. An online tool to simplify the farm reporting process in less than 10 minutes a week.	In Market	Data Solutions		21 River Road, Ngatea, 3503	www.mytrev.com
Trust Codes	Paul Ryan	2013	Cloud-based mass serialisation, anti-counterfeiting and proof of provenance for food and beverage products.	In Market	Data Solutions	+64 (9) 942 4009	11 Dockside Lane, Auckland CBD, Auckland, 1010	www.trust.codes
UBCO	Katherine Sandford	2015	Utility electric vehicles and portable power.	In Market	Environment Management	+64 (800) 822 629	208 Newton Street, Mt Maunganui, 3116	www.ubcobikes.com
Veritaxa	Bob Hodgson	2013	Developers of a technology platform consisting of robotic and optical technologies to locate microscopic particles of interest in natural samples and to classify (identify) those particles.	Commercialisation	Animal & Crop Health	+64 (6) 880 0530	Glenndinning Chartered Accountants, Level 6 TSB Bank Tower, 1 - 19 Fitzherbert Avenue, Palmerston North, 4440	www.veritaxa.com
Veritide	Gerard Kilpatrick	2006	Develops biological identification and detection technology.	In Market	Post-Harvest	+64 (3) 372 3506	17b Marylands Place, Middleton, Christchurch, 8024	www.veritide.com
WaterWatch	Jesse Teat	2013	Water level monitoring in tanks.	In Market	Environment Management	+64 (3) 477 2779	94B Crawford Street, Dunedin Central, Dunedin, 9016	www.waterwatch.io
Watson Multi Shears	Richard Watson	1999	Design and manufacturer of sheep shearing clippers.	In Market	Growing & Harvesting	+64 (2) 191 1002	30 Buschs Road, Medbury, North Canterbury, 7385	www.watsonmultishears.co.nz
WayBeyond	Darryn Keiller	2021	Digital farm solutions for large scale, multi-site farms to optimise farming productivity.	In Market	Data Solutions	+64 (9) 415 2380	Level 1, Building 3, Candida Office Park, 61 Constellation Drive, Rosedale, 0632	www.waybeyond.io
Winter Gardenz	John Herrick	2007	Provide greenhouses and glasshouses for residential and commercial use.	In Market	Environment Management	0800 946 837	29 Grivelle Street, Kumeu, Auckland, 0810	www.wintergardenz.co.nz
Woolchemy	Derelee Potroz-Smith	2008	Intelligent, eco-logical textiles for the healthcare and agritech industries.	Commercialisation	Post-Harvest	+64 (2) 141 2257	5 Twin Lakes Road, Te Marua, Upper Hutt, 5018	www.woolchemy.com
Zeddy	Kate Gwilliam	2014	Managing and monitoring of farm herd feed consumption.	In Market	Growing & Harvesting	0800 444 001	946 Tremaine Avenue, Roslyn, Palmerston North, 4414	www.zeddy.com
Zero Harm Farm	Mark Orr	2015	Health and safety app for farming.	In Market	Data Solutions	0800 005 345	Level 2, 32 Rees Street, Queenstown, 9300	www.zeroharmfarm.com

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 (now referred to as Pipeline Companies).

In addition, TIN undertakes research and analysis, on request, for industry participants, professional services firms, investors and government-related clients.

The 2022 NZ Agritech Insights Report is the third in TIN’s ongoing series of New Zealand sector-specific reports providing insights into the growing technology ecosystem and the investment opportunities that exist in the NZ tech sector.

Other reports in this series, as well as the 2021 Investor’s Guide to the NZ Tech Sector, can be downloaded through TIN’s website: tin100.com/shop/

NETWORKING AND INFORMATION-SHARING

TIN organises a number of industry events throughout New Zealand each year, based around business critical topics that are of high interest to sector participants. Through our events we aim to lead a cultural change and create a common understanding of the power of the New Zealand export tech sector.

TIN also produces TINWire, a free monthly electronic news update on the New Zealand technology sector. To subscribe, visit our website, tin100.com

TIN MEMBERSHIP

For the last three years, TIN has been formalising our network of New Zealand’s most ambitious technology exporters through the establishment of the TIN Membership community. Our aim is to expand the value that we bring to the sector by helping companies to increase their profile, make connections, share ideas and access investor networks. For more information on the benefits of becoming a TIN member, see the page opposite, or visit our website: tin100.com/membership

THE 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.



BETTINA SINCLAIR – *Commercial Manager*
Bettina works closely with TIN’s Research Team, developing opportunities, engaging with report sponsors and promoting TIN’s membership community.



ANNIE GRAY – *Editor and Project Manager*
Annie has recently come on board as the editor and project manager of TIN’s suite of publications.



SHYAM PRASAD-JONES – *Research Analyst*
Shyam joined the TIN Research Team in January 2021, bringing his experience as editor-in-chief of the University of Auckland Investment Club bulletin to TIN.



DANIEL VAZ – *Research Analyst*
Daniel joined the TIN Research Team in 2021 contributing his diverse qualitative and quantitative research experience to all TIN’s 2021 publications.



BENJAMIN BEST – *Research Analyst*
Benjamin joined the TIN Research Team in November 2021, bringing his data analysis skills and research experience to TIN’s 2022 publications.



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.



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.

This report was produced with valuable assistance from **Sarah Gardyne** (Digital Design) and **Meagan Rootman** (Office Manager).

Warm thanks also to **Grant Bryden**, Lead Official, Agritech ITP, Ministry for Primary Industries, **Darius Paschke**, Senior Policy Advisor at MBIE, **Brendan O’Connell** from AgriTech New Zealand and **Simon Yarrow** and **Nicky Molloy** from Callaghan Innovation for their support and advice throughout the development of this report.

TIN MEMBERSHIP

Technology Investment Network has two distinct membership offerings, one for New Zealand technology companies, and for affiliated businesses that support them.

Benefits include access to bespoke reports, exclusive networking opportunities, discounts on TIN events and publications, and introductions to investor networks.

INCREASED PROFILE

Be recognised as part of a highly influential international network of New Zealand technology export leaders, through featuring in TINWire and the online TINTech directory.

MEANINGFUL INSIGHTS

Enhance your company’s performance with insights from New Zealand’s leading source of information on the technology sector.

EXCLUSIVE NETWORKING

Regularly connect with industry and investor experts, and with other technology export executives, to exchange ideas and key learnings.

OUR CURRENT MEMBERS



To join the companies that are already members of New Zealand’s premier technology export network and view the full benefit entitlements, visit:

tin100.com/membership

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11 August 2022

Economic Update



Growth Funding & Analytics Unit



Purpose

To outline key economic indicators, what is happening in our economy and what the outlook is. It covers:

- New Zealand context
- Hamilton specific economic data
- The global context
- The economic outlook



The New Zealand context: **Inflation**

- Annual inflation was up 7.3% in June 2022 compared to June 2021 – the highest in 32 years
 - The cost of buying a home was up 18%
 - Rent was up 4.3%
 - Private transport costs were up 25% > Petrol costs were up 32%
 - Grocery costs were up 7.1%
- These are core costs that people cannot easily avoid, defer or limit
- Discretionary spending will fall as the cost of the basics increases
- Hopefully it has peaked with June 2022 quarterly inflation (1.7%) lower than March 2022 (1.8%) and September 2021 (2.2%)



Housing Market

Housing market is now a buyers market

- Median prices have fallen but in Hamilton they remain 7.4% up on June 2021
 - Compares to an annual increase of 17.5% in September 2021
- The number of sales is down 43% on June 2021
- Buyers taking their time and looking for a “finished” product (no renos needed)
 - but also challenges with finance and conditional sales (e.g. conditional on selling their existing house)
- Good quality houses are holding value and selling, but shabby ones are struggling
- The OCR is now 2.5% - the highest in 6 years

Tourism and migration

- Visitor arrival numbers are up but still well below pre-covid levels
- Departures outweigh arrivals by nearly 40,000 since Jan 2022
 - Departures in the first week of July were nearly 10,000 above arrivals
- Negative net migration predicted for the rest of 2022 and into 2023





Is a recession on the cards?

- Most experts say more likely than not – the main question seems to be when
- Costs of increasing mortgage rates and inflation are outpacing increases in income levels
 - Money for discretionary spending is disappearing
 - Consumer confidence is at record low levels
 - Nearly 2/3 people are looking at reducing their spending
 - Tourism may help boost GDP but will it be enough to avoid a recession?
- Business confidence, outlook and plans to invest are also at record lows
- But actually, a recession will probably have *minimal* impact on *most* people
- Depth of recession will be limited by labour shortages and low unemployment



But it's not necessarily a *bad* thing...

It will hurt the businesses and people who are directly effected, BUT:

- it will clear out unprofitable and unsustainable businesses, making room for new growth and investment
- it will encourage businesses to innovate
- it will help supply and demand return to more of an equilibrium
- it will help businesses meet customer expectations on delivery times
- it will potentially help labour shortages in some areas
- it will help stem inflation which has a much greater impact on people and businesses.

Hamilton Economy

- March 2022 data is likely to be more subdued
- Increased spending is partly being driven by inflation, transaction numbers will tell a different story
- GDP expectations are for little growth in March 2022 after New Zealand's GDP for the quarter was -0.2%

2021 calendar year	Hamilton	Waikato	New Zealand
GDP	4.2% ↑	4.8% ↑	5.2% ↑
Spending	4.5% ↑	6.4% ↑	6.1% ↑
Employment (residents)	3.9% ↑	3.7% ↑	2.7% ↑
Traffic flow	0.9% ↑	-1.8% ↓	1.8% ↑

Source: Infometrics

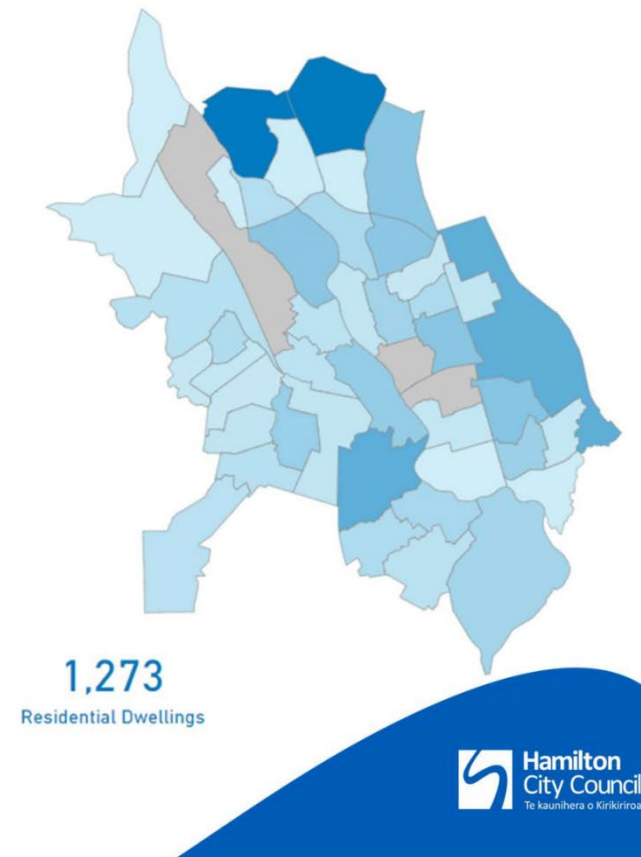
Note: June 2022 data will be released on 17 August 2022

Hamilton consenting trends

- Dwellings are taking longer to complete, pushing down the number of homes completed in the last 12 months.
- Consents granted is down, but lodged is up 8% - there is a strong pipeline
- Record level of industrial consenting pushed non-res consenting up. Too early to know whether this reflects recovery.

12 months to 31 June 2022		Vs 12 months to 31 June 21
Building consents lodged	1,832	8%
Building consents granted	1,499	-5%
Homes under construction	1,273	16%
Homes completed	1,354	-14%
Non-residential consents granted	138,000sqm	123%

Dwellings under construction heat map:





Consenting Context

- The drop in homes completed (CCC issued) is being driven by two main factors:
 1. A lower number of building consents granted in late 2020/early 2021
 2. Time to complete homes is being pushed out by delays in building materials and labour shortages
- The number of homes under construction reflects the delays facing the industry with average time to completion now 10months (up from 8months in 2021) from time of first inspection to CCC.
 - currently investigating whether there are also delays before construction starts
- Non-residential consenting was boosted in FY 2021 by strong industrial activity, particularly in Ruakura. It is too soon to say that non-residential activity has recovered, but there are positive signs.



Global Context

- Russian invasion of Ukraine continues to impact oil production and prices, fertiliser stocks and wheat/grain markets
- China continues to hold to its “zero covid” strategy which includes strict isolation and city-wide lockdowns when cases are discovered.
 - E.g. Beijing residents need to get a PCR test every 3 days to enter a public building including the corner store. Suburbs are cordoned off when a case is found.
- Inflation has increased, particularly bad in developing countries – latest data shows 9.1% in USA, 8.6% in the Eurozone but 45.3% in Sri Lanka, 78.6% Turkey...
- Political unrest and protests because of the increased cost of living
- Central banks are reducing stimulus and aggressively increasing official cash rates - openly prepared to put their countries in recession to regain control of inflation



The outlook for New Zealand

- New wave of a new Omicron variant is effecting businesses and the health system
- Supply chain issues will continue
- Inflation appears to be near its peak but a long way to return to 1-3% target
- Interest rates likely to continue to increase, although at a slower rate as banks have already priced in increases in the official cash rate.
- Record low levels of unemployment
- Negative net migration in 2022 and into 2023



June 2022 Quarterly Economic Update

- A short overview of the past 3 months and the outlook for the next quarter
- First issue expected to be released late August/early September
- Subsequent releases in at the end of November, February, May and August
- Will be available online <https://www.hamilton.govt.nz/our-city/our-economy>
- Elected Members will be notified through the Exec Update



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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 24 May 2022) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. Strategic Review of Investment in New Zealand Food Innovation (Waikato) Ltd)	
C3. Review of Council Investment - Waikato Regional Airport Limited		
C4. Approval of Waikato Regional Airport Limited Director Remuneration and Appointments		
C5. Memorandum of Understanding between Hamilton City Council, Warehouse Storage Ltd and Waikato Innovation Park Ltd		
C6. 242 to 266 Victoria Street - VOTR Southern Edge Activation Project		
C7. Commercial Partnership Agreement - FMG Stadium Waikato		
C8. General Manager's Report		

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 negotiations to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h) Section 7 (2) (i)
Item C4.	to protect the privacy of natural persons to maintain the effective conduct of public affairs through protecting persons from improper pressure or harassment to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (a) Section 7 (2) (f) (ii) Section 7 (2) (h)
Item C5.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)
Item C6.	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 C7.	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 C8.	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)