

**Extraordinary Council Meeting**  
**Wednesday 6 November 2019 at 9.30am**

# **AGENDA**

## Northland Regional Extraordinary Council Meeting Agenda

Meeting to be held in the Council Chamber  
36 Water Street, Whangārei  
on Wednesday 6 November 2019, commencing at 9.30am

**Recommendations contained in the council agenda are NOT council decisions. Please refer to council minutes for resolutions.**

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<b>Housekeeping</b>	
<b>1.0 APOLOGIES (NGĀ WHAKAPAHĀ)</b>	
<b>2.0 DECLARATIONS OF CONFLICTS OF INTEREST (NGA WHAKAPUAKANGA)</b>	
<b>3.0 DECISION MAKING MATTERS</b>	
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<b>4.0 BUSINESS WITH THE PUBLIC EXCLUDED</b>	47
<b>4.1</b> Land at 8 Kensington Avenue Whangarei	

**TITLE:** Declaration by Colin Kitchen  
**ID:** A1253432  
**From:** Malcolm Nicolson, Chief Executive Officer

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### Executive summary/Whakarāpopototanga

Elected candidates took up office on 22 October 2019; the day after the official result was declared by public notice. However, they cannot act in their capacity as a councillor until such time they have sworn the oath of office at the first meeting of council.

All the other elected candidates signed their declarations at the inaugural meeting of council held on 29 October 2019. This report facilitates the formal declaration to be made by elected member Colin Kitchen who was out of the country for the inaugural meeting.

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### Recommendation

That the report 'Declaration by Colin Kitchen' by Malcolm Nicolson, Chief Executive Officer and dated 25 October 2019, be received.

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### Background/Tuhinga

Elected members are invited to make and sign a declaration to enable them to carry out their duties as councillors, as required by law.

Section 14 of Schedule 7 to the Local Government Act 2002 provides as follows:

*"14. Declaration by a member –*

- 1. A person may not act as a member of a local authority until –*
  - (a) That person has, at a meeting of the local authority following the election of that person, made an oral declaration in the form set out in subclause (3); and*
  - (b) A written version of the declaration has been attested as provided under subclause (2).*
- 2. The written declaration must be signed by the member and witnessed by –*
  - (a) The Chairperson; or*
  - (b) The Mayor; or*
  - (c) A member of the local authority; or*
  - (d) The Chief Executive of the local authority; or*
  - (e) In the absence of the Chief Executive, some other officer appointed by the Chief Executive."*

*The form of the declaration must consist of the following elements:*

#### **Declaration by member**

*"I, [state full name], declare that I will faithfully and impartially, and according to the best of my skill and judgement, execute and perform, in the best interests of the Northland region, the powers, authorities, and duties vested in, or imposed upon, me as a member of the Northland Regional Council by virtue of the Local Government Act 2002, the Local Government Official Information and Meetings Act 1987, or any other Act"*

Dated at Whangarei this 6th day of November 2019

[Signature]

Signed in the presence of  
Penny Smart [Chair, Northland Regional Council]

I will ask Colin Kitchen to step forward, read the declaration out loud and sign the declaration document. The Chair will then witness the declaration with her signature.

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**Attachments/Ngā tapirihanga**

Nil

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**Authorised by Group Manager**

**Name:** Malcolm Nicolson  
**Title:** Chief Executive Officer  
**Date:** 31 October 2019



**TITLE:** Northland Inc. Limited Annual Report for the Year Ending 30 June 2019

**ID:** A1251322

**From:** Darryl Jones, Economist and Simon Crabb, Finance Manager

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### Executive summary/Whakarāpopototanga

Northland Inc. Limited's (Northland Inc.) Annual Report 2018/19 conforms to the requirements of the Local Government Act 2002. Northland Inc. reported a surplus after tax of \$11,185 in the 2018/19 financial year compared to a budget surplus of \$289 (2017/18: \$9,493 surplus compared to a budget surplus of \$759), producing a closing equity position at 30 June 2019 of \$133,656 (\$122,471 as at 30 June 2018). In addition, 15 of the 17 performance measures set out in Northland Inc.'s Statement of Intent 2018–2021 have been achieved.

Northland Inc. is required by legislation and their constitution to hold an annual meeting of shareholders no later than six months after the balance date being 30 June. An AGM has been set for 28 November 2019. Northland Inc. have requested that council, as 100% shareholder of Northland Inc., determine that an annual meeting not be held this year so that resources can be diverted to arranging and hosting engagement sessions around the region. Staff recommend accepting this request and that this be provided in writing to Northland Inc.

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### Recommendation(s)

1. That the report 'Northland Inc. Limited Annual Report for the Year Ending 30 June 2019' by Darryl Jones, Economist and Simon Crabb, Finance Manager and dated 21 October 2019, be received.
2. That council authorise Malcolm Nicolson, Chief Executive Officer, send a letter to Northland Inc. Limited informing them that council, as the 100% shareholder of Northland Inc., does not require them to hold an annual meeting of shareholders in 2019.

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### Background/Tuhinga

As required under section 67 of the Local Government Act 2002 (LGA), Northland Inc. has provided council with a copy of their Annual Report for the year ended June 2019 (**Attachment 1**).

Staff have reviewed the Annual Report and confirm that the requirements of the LGA in relation to the content (i.e. sections 68 and 69) have been met, e.g. reporting against the Statement of Intent (SOI), audited consolidated financial statements, and an independent auditor's report.

Northland Inc. reported a surplus after tax of \$11,185 in the 2018/19 financial year compared to a budget surplus of \$289 (2017/18: \$9,493 surplus compared to a budget surplus of \$759), producing a closing equity position at 30 June 2019 of \$133,656 (\$122,471 as at 30 June 2018).

In terms of reporting against the key performance indicators (KPI) set out in the SOI 2018–2021, the results are set out on pp. 16–17 of the Annual Report. Northland Inc. achieved 15 of the 17 targets. The two KPIs not met were: Value of NZTE and Callaghan Innovation grant funding facilitated; and Client Satisfaction for Māori Businesses. The key reason for the former not being achieved was the confusion caused among business clients by changes to R&D tax credits and its impact on the availability of grants. The latter was not achieved as the sample size of those who responded was considered too small to provide a meaningful result.

The audit report prepared by Deloitte gave an unqualified opinion that the financial statements and KPI reporting presents fairly the performance of the company and complies with legislative and standard accounting practices.

A representative from Northland Inc. Limited will attend the council meeting to answer any questions.

Northland Inc. has set a date for its Annual General Meeting on Thursday 28 November. However, they have requested that council agree to cancel this year's meeting in order to devote resources to arranging and hosting engagement sessions around the region. The intention is to hold at least three of these, one in each district, in the new year. The purpose of these sessions is to inform a much wider community of people on the work done by Northland Inc.

Under section 120 of the Companies Act 1993 and clause 13 of the Northland Inc. constitution, which each say the same thing, Northland Inc. is required to hold an annual meeting of shareholders. However, clause 13 also states that 'no annual meeting need be called and held if everything required to be done at the meeting is done by written resolution in lieu of the annual meeting passed in accordance with this constitution'.

As there is nothing required to be done at this year's annual meeting there is no need to provide a written resolution on any matter. Further, there are no issues highlighted within the Auditor's report that council would need to raise with the directors at an annual meeting. Council have had, and will continue to have, the opportunity through quarterly workshops with Northland Inc. directors to discuss progress towards the various KPIs. Council is therefore in a position to decide that an annual meeting of shareholders is not required for 2019.

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## Considerations

### 1. Options

No.	Option	Advantages	Disadvantages
1	Agree to cancel the annual general meeting for 2019	Frees up administration and budget resources of Northland Inc. to reallocate to hosting engagement sessions throughout the region.	Does not provide a forum for council to question the directors of Northland Inc. on matters relating to the performance of the company.
2	Require Northland Inc. to hold an annual meeting of shareholders	Council has the opportunity to raise issues around the performance of the company.	Reduces resources available to host engagement sessions.

The staff's recommended option is Option 1.

### 2. Significance and engagement

In relation to section 79 of the Local Government Act 2002, this decision is considered to be of low significance when assessed against council's significant and engagement policy because it is part of council's day to day activities. This does not mean that this matter is not of significance to tangata whenua and/or individual communities, but that council is able to make decisions relating to this matter without undertaking further consultation or engagement.

### 3. Policy, risk management and legislative compliance

The decision is inconsistent with the requirements of the Companies Act 2002 and Northland Inc.'s Constitution. There are no identified risks with this decision. Northland Inc.'s Annual Report is already publicly available on their website as required under the Local Government Act 2002 (available at <https://www.northlandnz.com/northland-inc/resource-hub-documents/northland-inc-annual-report-2018-19/>).

Being a purely administrative matter, Community Views, Māori Impact Statement, Financial Implications and Implementation Issues are not applicable.

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#### Attachments/Ngā tapirihanga

Attachment 1: Northland Inc. Limited Annual Report 2018/19 [↓](#)

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#### Authorised by Group Manager

**Name:** Jonathan Gibbard  
**Title:** Group Manager - Strategy, Governance and Engagement  
**Date:** 31 October 2019



# Annual Report 2018/19





## OUR VISION:

Northland is one of the most prosperous regions in New Zealand, delivering employment and business opportunities for locals in a fair and equitable society and a healthy and productive environment.



## OUR MISSION:

To strengthen, diversify and grow the Northland Economy.

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# Chair's Overview

**'Mā te whiritahi, ka whakatūtuki  
ai i ō tātou nei pūmanawa'**

**Through collaboration, we will  
realise our potential.**

What an exciting time to be living and working in Northland.

Over the past year we've seen momentum build in the Northland economy, and central government's Provincial Growth Fund (PGF) has made investments into the region that will significantly improve our future. This has highlighted what we already know: Northland possesses world-class natural resources, opportunities for business growth, and passionate people committed to making things happen.

At Northland Inc, we are fortunate to meet on a regular basis with business owners, employees and investors who inspire us with their vision and enthusiasm to achieve business success and contribute to our economy. Our communities, and all of us within them, make Northland a special place.

This sense of our shared place – and the desire to showcase what Northlanders can achieve – helps to motivate us at Northland

Inc, to support better economic opportunities, sustainable tourism and employment, ultimately creating pride and positive outcomes across the region.

These opportunities can only be achieved with teamwork and partnerships – economic development is truly a team sport. Our role is to facilitate, enable and empower others to achieve business success and to promote Northland. Over the year, we've seen improved collaboration across central government agencies, local government, iwi, and businesses. Of course, we still have challenges to work on, but we are on the path to making positive change – and collaboration, communication and authentic partnerships are the only ways to get there faster.

In light of this, I'd like to take the opportunity to thank those board members and staff who have moved on this year for their hard work and dedication, and to acknowledge Vaughan Cooper for stepping in to provide guidance and execution as our acting CEO. The whole team brings a commitment to improve economic and social outcomes across Northland and, above all, we love living and working here.

Looking forward, we want Northland to maximise the benefit of the PGF by prioritising and collaborating, and by delivering key projects that are funded and under way. We want to continue improving our engagement, collaboration and visibility across the whole region, and make sure that businesses know how we can help them.

We also want to support the development of Māori potential within the Northland economy, so our communities thrive with new opportunities and we foster an inclusive approach to economic development. Lastly, we want to positively promote Northland to tourists and businesses to inspire others to visit us, and experience the myriad treasures that we have to offer.

We look forward to building on our current momentum and opportunities, and thank our shareholder Northland Regional Council for its continued support. Exciting times indeed.

Ngā Manaakitanga

**Sarah Petersen**  
Chair



# CEO's overview

**I have had the privilege and good fortune to work  
with many excellent people during my career.**

One of those was Professor Greg Clark, an international expert on economic development, who said something that deeply resonated with me; it still does. The three golden rules of economic development, are: implementation, implementation, implementation. Of course, there are many other considerations in this game – political, social and environmental to name just a few. There is also the not inconsiderable task of bringing groups together to make sure good things happen for your community, sometimes leading, sometimes facilitating, sometimes partnering.

I feel the Northland Inc team has been living and breathing that ethos over the past year (and, in fact, the past five years) and, aided by the Provincial Growth Fund and a number of agencies and partners, we are seeing the emergence of a host of exciting projects. Some are completed, some are under way, and some are on the way; all will leave their mark.

I'm proud to have been a part of some of these developments during five and a half years at Northland Inc and grateful to the wonderful board and team for their assistance. Thank you all for your friendship, and for the opportunity.

**Dr David Wilson**

Chief Executive Officer (August 2014 – March 2019)

**There are really only two certainties in life: the first  
is that change is inevitable, the second is that change  
affects everyone differently.**

The departure of a CEO of such calibre as Dr David Wilson represented a significant change for our organisation and our region, and the Northland Inc team has done exceptionally well to maintain its constant focus on the delivery of outstanding service, and implementation, implementation, implementation.

I am humbled by the way our team has managed itself through this period of change. In this regard, I have focused on ensuring we have a fantastic team and that it is strongly supported to continue to deliver for the region. In addition, we have welcomed a number of new staff and I look forward to their contributions.

These are exciting times for Northland, and reading this annual report you cannot help but conclude it has been a huge year of delivery for us. It is heartening indeed to reflect that we have the opportunity to significantly change our region for future generations.

**Vaughan Cooper**

Acting Chief Executive Officer

# 'It's sad to say goodbye but always exciting to welcome new faces'

Economic Development is always best achieved through teamwork and partnerships. So, it is with this in mind that we'd like to take a moment to acknowledge and thank those board members and staff who have moved on this year.

Firstly, Dr David Wilson, who provided leadership as our CEO for more than five years, Paul Davis (General Manager Regional Promotions and Tourism), who worked tirelessly to promote Northland domestically and internationally, and George Riley (General Manager Māori Economic Development), who improved our

understanding of Māori businesses and how we can support growth in this sector.

We also said farewell to several long-standing board members, Karleen Everitt (Chair), Warren Moyes, Jeroen Jongejans and Irene Durham. Thank you all for your hard work, dedication and passion for creating better opportunities in Northland.

While it is sad to say goodbye, it's always exciting to welcome new members to the team who bring their own special mix of expertise, skills and experience. We welcomed new board members in July:

David Crewe, Denis Callesen, Geoff Copstick, Jim Makeweo, Kris MacDonald and Nicole Anderson. Welcome also to Tania Burt and her new tourism team, and to the others who have joined us during the year.

It bears repeating: economic development really is a team sport.

**Sarah Petersen**  
Chair

**Vaughan Cooper**  
Acting CEO

## Key Statistics



GDP is at **\$6.479B**  
growing at 1.8% per annum



Youth (15-24) not in employment  
education or training **13.1%**  
over the last year



**20,844 business units**  
in Northland



Employment is **72,541 filled jobs**  
**3.6% growth** (2018 year)



Population of Northland is  
**179,100** growing at **2.1%**  
per annum



Over **\$40M** received from the  
Provincial Growth Fund for  
Action Plan projects



283 of 350 farmers currently  
engaged in Extension 350  
projects



Over **\$130M** received from  
the Provincial Growth Fund  
for all Northland projects



191 events held in The Orchard's  
event space, Mahi Tahi, with a  
combined 3,406 attendees



3136 room bookings at The  
Orchard Business & Event Hub



**\$203,286** from NZTE to build  
capability within Northland  
businesses



Tourism spend in Northland  
grew to **\$1,115M** and annual  
commercial guest nights  
totalled **1.961M**



Agriculture accounts for  
**39.9%** of Northland exports  
and contributes **\$607.3M**  
to Northland's GDP



## Economic Action Plan

# Tai Tokerau Northland Economic Action Plan



"This year, by prioritising infrastructure improvements relating to integrated transport, digital, skills and capability, and water, along with our primary sector, visitor industry and high value manufacturing, we have had focused investment and collectively, are making the most of our regional strengths and opportunities. Add more than \$40m of Provincial Growth Fund (PGF) into that picture and we are on the path to creating an environment where our communities can thrive."

Jude Thompson, Portfolio Manager - Tai Tokerau Northland Economic Action Plan

**The year has been focused on implementation of numerous game-changing projects, propelled by central government investment through the Provincial Growth Fund (PGF). The velocity and scale of progress has been momentous, underpinned by strong region-wide collaboration. Alongside this, a refresh of the Action Plan has been finalised and approved by the Advisory Group at their meeting in May.**

## Completed Projects

These projects were fully completed this year:

- Matakohē Bridges
- Bay of Islands (Kerikeri) Airport, Stage 1
- Kaikohe to Kaitiāia fibre
- Hihiaua Cultural Centre, Stage 1
- Hawaikī Cable

## Funding announcements

Central Government made the following PGF announcements to boost Action Plan projects:

- Mid-north and Kaipara and water storage – **\$18.5m**
- Te Waiāriki Ngāwhā Springs **\$2.05m**
- Oceania Marine – **\$4.8m** (loan)
- Te Hiku Water Solutions – **\$99.5k**
- Kaipara Kai – **\$980k**
- KDC Programme Support – **\$1.3m**
- Kaipara wharves and water transport – **\$4.95m**
- Te Pū o Te Wheke – **\$178k**
- Te Aurere Kupe Waka Centre – **\$4.6 m**
- Riverside hotel and entertainment precinct – **\$1.3m**
- Ngāwhā Innovation and Enterprise Park – **\$897k**
- Also funded were numerous Skills and Employment initiatives.

## 18 new projects added to the Action Plan:

- Rail upgrade options
- Kaipara Kai
- Kaipara Harbour wharves and water transport
- Te Hiku – small water solutions
- Te Hiku horticulture roadmap
- Te Hiku Tourism – future pathways
- Te Ara Whānui
- Ngāwhā Innovation and Enterprise Park
- Riverside hotel and entertainment precinct
- Te Aurere Kupe Waka Centre
- Te Pū o Te Wheke
- Ruapekapeka Pā
- Camp Kiwi ecotourism experience
- Coordinated investment and services in tertiary education
- Whēnua Māori Programme
- Berry production
- Expansion of avocados
- Commercial viability of seaweed

Many other Action Plan projects achieved significant milestones.

Projects spearheaded by Northland Inc are also mentioned throughout this annual report, and identified with the following symbol:



**For more information and to download a copy of the 2019 Action Plan, go to <https://www.northlandnz.com/northland-inc/regional-initiatives/economic-action-plan/>**

Economic Action Plan



## Enhancing Northland's growing reputation

Onyx Capital Limited, an innovative high-tech hydroponic grower that produces berries under the Maungatapere Berries brand name, received a loan of \$2.37 million in a Provincial Growth Fund (PGF) partnership.

The investment will enable the Whangārei business, owned by the Malley family, to complete the first phase of its expansion, which will see an extra four hectares of hydroponic berries planted while creating 45 full-time local jobs.

"We aim to use it as a template designed to create better-paying jobs and lifelong careers for young Northlanders as well as improving the social and economic benefits for local communities," said director Patrick Malley (pictured left, with berryfruit manager Aroha Heta).

The hydroponic orchard will focus on berryfruit and other fruit varieties that flourish when grown hydroponically in Northland's warm semi-tropical climate. The family first started developing part of their 37ha kiwifruit orchard into a hydroponic berry operation four years ago, concentrating on growing high-quality, good-tasting fruit to supply the New Zealand domestic market all-year round.

The investment was identified as a key project in the Tai Tokerau Northland Economic Action Plan, which among its many roles, supports the research, development and expansion of berry production in Northland.



*The new airport terminal in the Bay of Islands will prove a boon for Northlanders*



*Investigating whether rail is a viable option for transporting freight and services in and out of Northland is a key project in the Action Plan*



*The construction of two new bridges, and a 2.5km alignment of State Highway 12 through Matakōhe, will add to the safety and accessibility of the region*



*Associate Transport Minister Shane Jones plants a kauri tree at the site overlooking Matakōhe*

## Regional Promotions & Tourism

# Regional Promotions & Tourism

"Tourism remains steadfast as New Zealand's largest export industry and one of the best performing sectors in Northland, bringing \$1,115 million into the local economy through annual visitor spend. The 2018/19 year signalled changing times for tourism as the 'boom cycle' came to a natural end and ushered in a nationwide softening of growth. However, with Provincial Growth Fund investment in Northland tourism projects of a further \$24 million and Northland continuing to gain global exposure – it was named among the top three of Lonely Planet's 10 best destinations in Asia Pacific – the region is well positioned for future growth as a visitor destination."

Tania Burt, General Manager Destination

**This year we continued work with iwi, government, industry and other key partners with targeted interventions in product development. We have continued to focus our international marketing programme on three key areas: growing trade and media partnerships to increase visitor expenditure, increasing brand and place-based awareness, and increasing website visits and social media engagement.**

## Funding reality

Northland Inc was presented with a new challenge in light of the completion of the extended budget for regional promotion. In response to this, the annual marketing activity calendar was adapted and refocused to ensure best return on investment, maximum engagement and priority market focus. While the current level of available budget supports a maintenance level of exposure for the region only, Northland Inc will actively seek opportunities to address this resourcing gap. Stakeholders, local operators, travel trade and media, along with national industry bodies, continue to be supportive of the Regional Tourism Organisation (RTO) and Northland's compelling proposition as a destination.

## A new Regional Tourism Organisation team

It has been a changing of the guard with the RTO at Northland Inc. This year saw the exit of Paul Davis (GM Regional Promotions and Tourism) and Karly Bent (Trade Marketing Manager), who worked tirelessly to improve the connection between RTO, media, and local, national and global tourism industry for a number of years. Their contribution to the results achieved this year, therefore, must be acknowledged. The new team took their seats in the last quarter, with Tania Burt (GM Destination), Sarah Archer (Trade Marketing Manager) and Lisa Cunningham (Destination Marketing Assistant) joining Northland Inc.

**Northland Inc's new tourism team (from left):** Tania Burt (General Manager Destination), Sarah Archer (Trade Marketing Manager), Lisa Cunningham (Destination Marketing Assistant).





## Regional Promotions & Tourism



### Northland Journeys Digital Campaign

Last year's Twin Coast Revitalisation Project, funded through Northland Regional Council's Investment and Growth Reserve, saw a series of seven Northland Journeys developed. Since their creation in 2018, these Journeys have continued to form the basis of Northland's core visitor proposition for domestic and international marketing, encouraging visitors to travel deeper into the region, stay longer and spend more. The Journeys' concept is unique to Northland and well-received by trade for inclusion in self-drive and fly-drive visitor itineraries.

In partnership with Whangārei District Council and NZ Holiday Parks Association, Northland Inc ran a two-part digital campaign in the last quarter targeting the domestic market and encouraging off-season travel to Northland. The campaign used paid activity through social media to direct traffic to the digital assets on NorthlandNZ.com; namely the Northland Journeys and the Visitor Guide. Engagement was stimulated through a competition to win a Northland Journey Getaway.

This activity yielded impressive results, with over 57,000 additional page views on NorthlandNZ.com, a 13 per cent increase in Facebook followers and a whopping 1000 per cent increase in requests for the Visitor Guide during the 20-day campaign. The digital campaign also provided opportunity for future re-engagement with a 44 per cent increase in the domestic email database.

### International Trade Marketing

The International Marketing Group (IMG), funded by Industry and Northland Inc, saw Northland continue to increase presence and profile in developing traditional offshore visitor source markets over the year. The IMG included 12 senior tourism operators in the region investing a total \$27,500. This year Northland Inc visited a range of international destinations under Tourism New Zealand's trade marketing umbrella: India, Singapore, Argentina, Brazil, Australia, Europe, including the UK and Germany, and North America. During those visits Northland trained and interacted with more than 2,000 travel agents across key markets with the objective to increase Northland's inclusion in visitor itineraries.

Northland Inc invested in a Tourism New Zealand North Island Road Trips campaign targeting the Australian Eastern Seaboard (ESB) and enticing travel between September and November. A range of Northland iconic imagery featured Tane Mahuta, Cape Reinga and Bay of Islands. The integrated campaign of trade, public relations, and marketing activity, partnering with Air NZ and Flight Centre, was run through the first quarter and returned impressive results – including a 2.3 per cent increase in travel originating from the ESB to the Upper North Island. Northland invested \$10,000 and received a media value of \$3.80 for every dollar.

### Partnership success with Air NZ and Bay of Islands Marketing Group

Northland Inc continues to partner with the Bay of Islands Marketing Group, an industry-led collective that markets the Bay of Islands to the domestic Auckland-based market. This partnership achieves extensive media familiarisations, social media, and an integrated digital, radio, and print campaign.

A highlight of local and national collaboration came with the Northland and Air New Zealand partnership in the third and fourth quarters. Northland Inc and the Bay of Islands Marketing Group co-invested in an Air NZ marketing campaign promoting travel to Northland during the shoulder season and included a *Kia Ora* magazine cover, social and online activity, billboards, and 'shrunk fares' to Bay of Islands and Whangārei.

A special feature of the campaign was the reintroduction of the popular Northland Air NZ safety video on all global and national flights along with the production of an additional 'Northland Where To Next?' video, featuring the All About Islands Northland Journey. The TVC alone reached more than 2.5 million views. During the campaign period this successful partnership also resulted in an 11 per cent year-on-year increase of passenger numbers on domestic flights into Northland.

### Media and communications

The website and social media channels have improved engagement, and print advertising is still as popular as ever. The *Northland Visitor Guide* underwent a content review and 90,000 copies were printed and distributed through information centres nationwide. The *Trade Manual* and the *Chinese Product Directory* were refreshed and distributed, both online and around the world at trade shows.

Northland Inc has supported international and domestic media opportunities to the region, including the *Kia Ora* inflight magazine, *National Geographic*, *Time Magazine*, and a four-part television series by the British writer and comedian Griff Rhys Jones – 'Griff's Great Kiwi Adventure'. As a result, Tourism New Zealand recorded 293 stories on the region over the year. Through this media hosting and content development activity, Northland amassed a massive Equivalent Advertising Value of \$28.22 million – an increase of 11 per cent on the previous year.

Investment & Infrastructure

# Investment & Infrastructure

"Make hay while the sun shines. Sometimes it's important to remember the basics. The sun is shining on Northland at the moment and we have worked hard this year to ensure we are making the most of the opportunities in front of us. There has been an intentional focus on prioritising our efforts into supporting the projects that will really make a difference, and then driving those forward as quickly as possible."

Vaughan Cooper, General Manager Investment & Infrastructure

**This year has provided a strong reminder of the incredible potential Northland has in terms of economic development opportunities. The Provincial Growth Fund (PGF) has invested heavily in projects within the region and there has been abundant interest from investors placed across a range of sectors.**

For the Investment and Infrastructure team at Northland Inc this year, there was a deliberate effort centred on ensuring that projects were well supported in getting themselves to the point of being investment-ready, primarily to apply for investment from the PGF. This has meant a combination of in-kind support and allocation of external funding through the Project Development Fund. As a result, 10 projects received funding. One of our key principles with this fund is to leverage as much as possible, and this year the funding contributed 13 per cent of the total product cost. The projects funded sat within the sectors below:

Northland Inc also hosts, and continues to work with, investors from outside the region in an effort to attract investment into Northland.

## Case study: Riverside Hotel and Entertainment Precinct

The development of additional high-quality accommodation in Whangārei is not a new concept but, historically, investment in it has been limited by a lack of demand. In the previous financial year, Northland Inc provided funding for a market demand and feasibility study to explore the opportunity, given the increase in tourism numbers in the region.

Prompted by the study, a group of investors decided to further explore the opportunity and have succeeded in securing funding from the PGF to complete a full business case. Should the concept be developed, it is likely to be one of the city's biggest construction projects and will act as a catalyst for the development of further tourism projects in the region.



## Honours Board

Northland Inc won a top honour at the 2018 Economic Development NZ Awards for their part in bringing a \$445 million super fibre-optic submarine cable to Mangawhai. The award recognised Northland Inc's work on the Hawaiki Project as "an outstanding example of best practice in inward investment".

Sectors	Project Development Funding	Total Project Value
Horticulture	\$29,200	\$54,200
Energy	\$25,000	\$25,000
Marine Manufacturing	\$25,000	\$500,000
Tourism	\$90,000	\$207,000
Forestry	\$50,000 <sup>1</sup>	\$1,100,000
Regional Footprint	\$30,000	\$30,000
<b>Total</b>	<b>\$249,200</b>	<b>\$1,916,200</b>

<sup>1</sup>Note this is the second of two matching funding contributions to the two-year project. Northland Inc's total contribution is \$100,000.

# AP EXTENSION 350

## FARMERS LEARNING FROM FARMERS

**“Extension 350 is a dynamic learning process – not just for our farmers, but for the project team too. We’re all undergoing a journey of change. When you’re focused on the day-to-day running of your farm, it can be hard to see the bigger picture. We help farmers by providing in-depth business and strategic analysis, supporting them as they work through farm change and enabling them to look at their business with a fresh pair of eyes.”**

*Luke Beehre,  
Extension 350 project lead*

Extension 350 is a farmer-led, farmer-focused Northland project working with 350 farmers to make positive change in their business and home lives. The project is driven by a ‘three-plank’ approach: increasing profitability, improving farmer wellbeing, and improving environmental sustainability.

A key component of Extension 350 (E350) is that farmers develop and articulate their own life and business vision and strategies and turn these into coherent and achievable actions. We intentionally guide and support our target farmers through a structured process that assists with this. It incorporates a series of activities ranging from a whole farm assessment and benchmarking their performance, developing an understanding of their business as it stands, and attending training sessions. The on-farm target team of farmer mentor, consultant and industry extension professionals support and challenge farmers on their journey of change.

The essence of this is perfectly captured in Lewis Carroll’s words, by Alice and the Cheshire Cat:

**Alice: “Would you tell me, please, which way I ought to go from here?”**

**The Cheshire Cat: “That depends a good deal on where you want to get to.”**

This year of the project has been an encouraging period with the formation of the final clusters and ongoing progress across earlier clusters continuing to consolidate farmers’ progress and learning. It is now evident that on-farm changes are having a positive impact, and evaluation of the project is under way. The willingness of the project to reflect, learn and develop future thinking while continuing to deliver against objectives has continued to guide our thinking and approach.

Our stakeholders, farmers, project team, steering group and funding partners continue to remain strongly engaged and committed, as evidenced by pleasing levels of event attendance, limited levels of attrition and consistent positive discussion about the project across the region, country and the wider agricultural industry.

Strong collaboration has continued, ensuring that E350 is able to share its developing story with a diverse group of people, from Northland farmers to central government, regional councils, dairy cooperatives and medical practices looking into the peer-to-peer learning-based extension model.

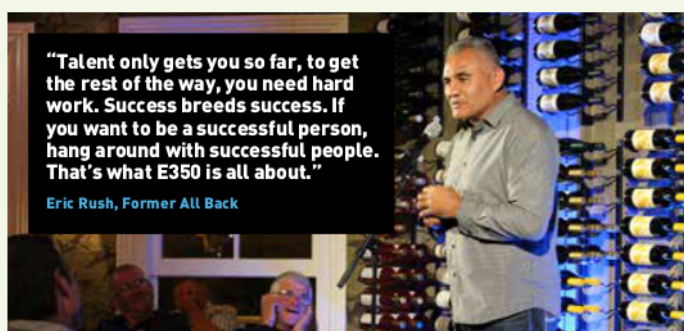
It is important to recognise the contribution of all those involved, our dedicated farm consultants and Steering Group (Beef + Lamb New Zealand, DairyNZ, Ministry for Primary Industries, Northland Inc, Northland Regional

Council), industry bodies and the project management team. A final attribution must also be made to all the farmers.

## 350 events and highlights

Notable highlights for the past year include the following:

- Six public field days throughout the region showcasing the on-farm work of our farmers
- Two recognition dinners with former All Black Eric Rush, celebrating the success to date and supporting the wellbeing of our farmers and their partners
- The strengthening of project documentation
- Three workshops developing the capabilities of our mentor farmers
- Two, three-day business workshops enabling our farmers to identify and plan the achievement of their goals
- Ongoing interest in our learnings from outside the project, and the agriculture industry
- Receiving the 2018 Best Practice in Sustainable Development award from Economic Development New Zealand
- Holding an interactive hui celebrating Māori Farming in Northland
- Strong ongoing stakeholder engagement across the project.





## Māori Economic Development

# Māori Economic Development

**Sadly, at the end of the calendar year our GM Māori Economic Development, George Riley, returned home, securing a great role within Te Rarawa. George contributed immensely to Māori Economic Development and his shoes have yet to be filled.**

Despite this, Northland Inc has continued with its progress on previous years by partnering with the Māori economy to facilitate and deliver business development assistance and investment across a range of sectors. There has also been strong engagement across a range of the business support services that we offer and some businesses are achieving exceptional things. Almost 40 per cent of the businesses that engaged in The Pick, Northland Inc's business accelerator competition, this year self-identified as Māori, including Matakohē Architecture + Urbanism Ltd. Although not included among the five winners, Matakohē Architecture + Urbanism was nominated in a separate category, the Judges' Choice, which was awarded to a business that showed outstanding promise.

This business is a design studio based in Whangārei that focuses on working with Māori organisations on their marae, papakāinga and civic projects, and in working

with mana whenua groups to express their cultural values and narratives through urban design.

Jade Kake, the owner, made the decision to enter The Pick to learn how to effectively manage multiple projects/the project pipeline and accurately project cashflows, in order to grow her business and her team.

"The Pick has helped me to achieve greater clarity on my growth goals and the path to get there, and to identify gaps in my business strategy and systems," Jade said.

The Pick is an annual business accelerator programme that Northland Inc and The Orchard organises and coordinates. The 2019 format was a free business boot-camp, consisting of 12 weekly workshops, run in association with The Orchard Business and Event Hub, Callaghan Innovation, New Zealand Trade & Enterprise, ecentre Business Incubator, and the Regional Business Partner Network.

## Manea - Footprints of Kupe



This project looks to establish an interactive Cultural Heritage Tourism and Education Centre in Opononi to preserve, communicate and celebrate Kupe's voyage to Hokianga, his journeys across Aotearoa, his departure, the stories of repopulation and progression of his descendants, the local culture and the places of historical significance.

Northland Inc supported the project to secure a \$500,000 grant from the Northland Regional Council Investment and Growth Reserve as part of raising a total of \$8.2million to cover the construction and development costs of the proposed tourism experience.

Northland Inc has been a long-time supporter of the development of this tourism product in the Hokianga, providing project management support as well as business cases and feasibility funding. We believe that it has the potential to generate significant economic benefits to an under-performing area within Northland. Its development will also help to attract visitors to the west coast, assisting with visitor dispersal and providing an all-weather experience to overcome seasonality faced by the visitor industry.

## Regional Business Partner Network

Through the Regional Business Partner Network (RBPB), we are working with more than 40 active businesses that self-identify as Māori, including iwi organisations, Ahu Whenua trusts and other small-to-medium-sized enterprises. The RBPB offers businesses the ability to connect with a growth advisor, who takes a bird's-eye look at their business and helps connect it with the right resources and experts so that they can build capability and grow.



## The Hihiaua Cultural Centre

Stage one of the Hihiaua Cultural Centre received a \$1 million injection from the government's PGF fund that allowed the project to go ahead. In doing so, it turned the long-held vision to bring an iconic Māori arts and cultural experience to Whangārei into reality. Construction involved the renovation of the existing workshop and the building of a waka shelter and launching gantry into the Waiarohia River. The development was identified as a key project in the Tai Tokerau Northland Economic Action Plan, which is facilitated and supported by Northland Inc.

*Left: Local kaumatua during a dawn ceremony to mark the opening of the Hihiaua Cultural Centre*

# Business Innovation & Growth

"Northland companies have shown they have the ideas and the persistence to compete globally and enhance the unique reputation of Northland business. Building from solid foundations, the numbers and types of support provided to businesses in the region continue to grow, with the flavour and style of businesses providing inspiration and direction to a wider audience."

Joseph Stuart, General Manager, Business Innovation and Growth (BIG team)

**2018-19 has been a strong year for the BIG team. We maintained the momentum from a record year in 2017-18, strengthened our connections and, in the process, developed new partnerships and collaborations. This strong network of business support has reached a record number of individual businesses, with the locations of these businesses reaching right across the region.**

What is also promising is the increasing number of early-stage Māori businesses gaining support through strong participation in The Pick. A stronger orientation towards supporting equity investment in the region has also seen a number of investments made to accelerate growth of these companies through our early-stage programme. The numbers of Angel Investors looking to invest has also increased, providing heart and strength to the ongoing sustainable growth of businesses.

The Business Innovation and Growth team continue to actively secure investment and technical support for business R&D projects with Callaghan Innovation. The scope of this activity will expand and develop. Highlights include:

- We hosted a workshop in the region about the new R&D tax and incentive changes and what this means for businesses
- We leveraged existing programmes to support greater R&D activity as part of agreed action plans with individual businesses. These programmes include The Pick, TechWeek, and NZ Aerospace Challenge
- We identified and aligned projects to strengthen the offering of Callaghan Innovation in the region, for example NIEP and land and water accelerator.



Joseph Stuart (left), Ana Mules (Far North District Council) and Paul Seaden (New Zealand Ministry of Foreign Affairs and Trade) visit the government chambers in Sacramento, California

## Digital Enablement group: \$108 million into the region to boost digital infrastructure by 2022

Northland's Digital Enablement Group (DEG) made significant steps in 2018-19 to support stronger broadband deployment and uptake. The DEG is a collaboration between Northland Inc and the region's four councils and has been active in building coalitions of support for stronger broadband. The group has supported more funding into the region, with ongoing projects pursuing more support to strengthen digital opportunity.

Joseph Stuart, General Manager, Business Innovation and Growth and DEG chairman, said the key driver was that Northlanders were not happy with their internet speeds. However, with the new initiatives under way, he is confident that the continued rollout of digital infrastructure across Northland will snap internet speeds into shape.

A total of \$72 million was being spent rolling out Ultra-Fast Broadband, while

\$36 million went on upgrading the mobile and rural connectivity. The rollout is supported by Northland's Digital Enablement Plan (DEP), which is the Northland Inc-supported blueprint designed to encourage the delivery of 100 per cent connectivity and the economic benefits of digital capacity by 2022.

The Plan is complemented by the Northland Digital Strategy, which Northland Inc developed and leads, and envisions full digital connectivity for Northland, using globally competitive digital technologies by a digitally literate workforce.

To support a global orientation, two members of the DEG were supported by the US State Department to participate in a professional fellowship, "Getting Connected South Pacific". Collaborating with participants from Samoa, Niue, and Rarotonga, a three-week research trip across the US was completed, with the learnings supporting the ongoing refinement and strengthening of the region's DEP.



## Business Innovation & Growth

### Techweek 2019 and NZ Aerospace Challenge

Northland Inc, in conjunction with Te Tai Tokerau's technology innovators, continues to play a leading role in Techweek, an independent platform designed to amplify unique and inspiring stories from our region to the world. Techweek enables businesses and community leaders to host events and promote their business to investors, partners and talent. Eight events were hosted within the region, with 74 available online.

Northland Inc understands the importance of supporting local kai systems, communities and people, which is why we support the NZ Aerospace Challenge. The Challenge supports the agriculture sector as well as those utilising drone and data technology across the region. Now in its second year, the Challenge also offers support to ideas, projects and businesses across Northland to access national and global support to develop more sustainable outcomes for our food systems.

### Regional Business Partners Network

Business-support services continue to be well received, with more than 200 business owners using the service for the first time. From a diverse range of monthly events and training opportunities, highlights included the first Export Essentials workshop hosted by New Zealand Trade and Enterprise in the Far North, and the biggest attendance of Callaghan Innovation's Lean skills service, which supports innovation for established and growing businesses.

### kiteAO

kiteAO connects business leaders, skills and talent with each other. This unique service is free to join and takes only minutes to sign up at [www.kiteao.nz](http://www.kiteao.nz). Two sectors – Technology, and Food and Beverage – have launched kiteAO services, with industry looking to sponsor further versions of kiteAO for other sectors.

### The Pick

Northland Inc's business accelerator competition to identify and support people in Northland who have a business idea they want to make a reality, wrapped up its third year with a hiss, a roar, and five dynamic winners.

The 2019 format was a free business boot-camp designed to strengthen existing businesses in Northland, and the skills and confidence of those running them. This consisted of 12 weekly workshops and was run in association with The Orchard Business and Event Hub, Callaghan Innovation, New Zealand Trade & Enterprise, ecentre Business Incubator and the Regional Business Partner Network.

Content concentrated on collaboration and was structured around the participants, including practical resources for best-practice in business, mentorship, and all-round support for growth and development. A total of 87 people signed up, reinforcing the calibre of Northland to cater for the region's innovative thinkers. Among the final 74 participants:

- 38 per cent identified as Māori Enterprise
- 44 per cent classified as start-up
- 56 per cent of participants were established businesses
- 190 FTE positions were represented

Northland Inc continues to work with the five winners on their next steps. The five winners were: Absolute Stainless, Australasia Moulding, Grinning Gecko, My Goodness! (Wellkit Foods), Olive & Ash.

### Savour

The BIG team has been dedicated to engaging with all areas of Northland's food and beverage industry over the years, keeping an active database and assisting with individual business growth where possible. The Savour Northland name and brand was created in 2015 to encompass food and beverage in Northland.

This year the first event of its kind was held at The Duke of Marlborough, Russell, where



Northland food and beverage business owners came together with the aim to articulate the region's food story. The Savour Northland event and workshop was galvanised by the involvement of Giulio Sturla (founder, 2018 Cuisine Chef of the Year) and Angela Clifford (CEO of Eat New Zealand).

The event consisted of a gala dinner where Northland ingredients were the heroes; each course was expertly matched with Northland wines. The following full-day programme consisted of speakers from Northland food and beverage businesses, a look at consumer trends, the launch of kiteAO, and a workshop facilitated by Clifford. Two key questions were asked: what is Northland's food story, and what does success look like?

The event stimulated a huge amount of positive feedback. As a result, Northland Inc has secured the services of the event facilitator, Justine Stuart, in a fixed-term role as the Northland Food and Beverage Ambassador.

### International Education Programme Development



In 2017, Northland Inc launched the Tai Tokerau Northland International Education Strategy in partnership with Education New Zealand, through the Regional Partnership Programme. This strategy acknowledges the critical role that international education plays in the wider opportunity to internationalise learning, business, trade and investment.

A project manager for International Education was appointed in May 2019. This role works collaboratively across the sector to lead capability building across the growing number of primary, intermediate, secondary and tertiary organisations that are looking to shape their international education programmes to meet global demand for regional schemes in New Zealand.



### Absolute Stainless: making their mark

Sue and Simon Mehrtens, of Absolute Stainless – manufacturers of a trolley that makes storage of a jet ski on superyachts easy and safe – said that The Pick had helped the company in terms of how to market their product and "develop our focus".

"The story began a couple of years ago when a customer of Simon's visited with a problem with their existing jet-ski trolley," Sue (left) said. "It was unstable, difficult to manoeuvre and the wheels would get damaged when stowed. Simon listened to what they wanted and designed a trolley that sat low on the ground for excellent stability and ease of mobility.

**"The trolley was such a success that we received a further six more orders."**



## The Orchard Business and Event Hub



**Now into its third year supporting entrepreneurship and small businesses in Northland, The Orchard is back in its original location and going better than ever, with more than 130 co-workers (permanent, part-time and casual) active in its newly strengthened environs – a 28 per cent increase since the start of 2018/2019.**

As an events hub it has hosted more than 3,000 meetings and functions during the past year, welcoming more than 3,300 people across the doorsteps of our six purpose-built rooms. Thanks in part to the addition of a second function space, our Puāwai room (Puāwai meaning to blossom, flourish or thrive), a third of these visits have taken place since our re-opening in early May 2019.

*He tangata, he tangata, he tangata*

A recent survey of The Orchard users emphasised our strength is, as ever, in our people. Respondents highlighted the value of being able to work alongside a motivated, supportive mix of people, and the

connections that were made across organisations and sectors. Results also indicated that The Orchard has been a useful tool for increasing knowledge about the support available for businesses, both locally and nationally.

It has also been a platform to solidify central government's links to Northland, with The Orchard enabling the presence of key players such as the Ministry of Business, Education, and Employment's regional economic development unit, and New Zealand Trade and Enterprise.

The focus for the coming year is structured around building and diversifying our support systems for our co-workers and the needs of the Northland business community, as well as strengthening our regional reach.

*Is it a bird? Is it a plane? No, it's our top 10 super heroes – Northland Inc's First Aiders*

*(Back row, left to right): Vaughan Cooper, Andrea Primrose Netzler, Wendy Macilree, Selina Kunac; (front row): Joseph Stuart, Jude Thompson, Codie McIntyre, Jan McPhail, Lisa Cunningham, Jiveen MacGillivray*

### What makes The Orchard such a great place to work?

"We receive all the benefits of a large organisation, even though we are a small business."

*Rachael Dennis, Employment Co.*

"It's the sense of community that makes The Orchard so special."

*Annè Lesnik, Villa Chartered Accountants & Business Advisors.*

"There are great facilities to bring clients to and there are heaps of people who are willing to help."

*Graham Billings, Business Coach, GGB Business Therapy.*



## 2018/19 KPI Results

# Statement of Intent 2018/2019 KPI Results as at 30 June 2019:

### Investment and Infrastructure

Measured by:	2017/18 Result	2018/19 Target	2018/19 Actual 30 June	% of target
Percentage of IGR business case decisions (by the Board) made within 90 days of receiving application - Achieved	New measure	100%	100%	100%
Number of inward delegations hosted - Achieved	New measure	4	4	100%
Investment recommendations are accompanied by a robust business case - Achieved	New measure	100%	100%	100%
Number and value of high impact projects that are implemented - Achieved	New measure	2	3	150%

Northland Inc has developed a tool to rank projects in order to prioritise our resources. The tool assesses both impact and value of the project.

### Business Innovation & Growth

Measured by:	2017/18 Result	2018/19 Target	2018/19 Actual 30 June	% of target
Number of unique businesses assisted (by TA and industry) - Achieved	New Measure	230	263	114%
Value of NZTE and Callaghan Innovation grant funding facilitated - Not Achieved	\$1.8M	\$1.5M	\$842,672	62%
Client satisfaction (as measured by Net Promoter Score) - Achieved	New measure	75% (NPS 50)	91% (NPS 53)	
Orchard occupancy rate - Achieved	66.9%	60%	84.2%	

The total value of NZTE and Callaghan Innovation funding of \$842,672 includes \$56,350 of funding relating to businesses that identify as Māori. All grant funding is inclusive of GST.

Despite a strong start to the year the pipeline for Callaghan Innovation grants has been weak to year end.

The result was mitigated somewhat by a stronger performance of NZTE capability vouchers. The key reason for the downturn has been the confusion of changes to R&D tax credits and the impact on availability of grants. Northland is not the only region experiencing the downturn as the pipeline has been weak nationally. Northland Inc has been actively seeking innovation funding opportunities for Northland businesses as well hosting a workshop in the region on what the R&D changes mean for business.

### Tai Tokerau Northland Economic Action Plan

Percentage of milestones completed - Achieved	168 milestones were successfully completed in the year across the plan
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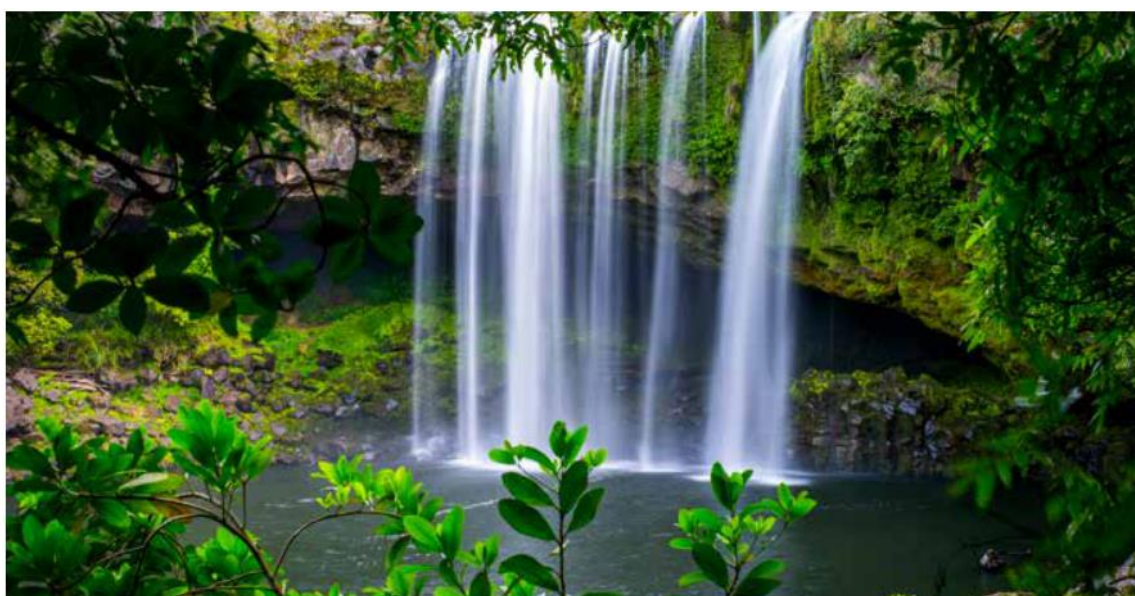


2018/19 KPI Results

Regional Promotions & Tourism				
Measured by:	2017/18 Result	2018/19 Target	2018/19 Actual 30 June	% of target
Visitor spend from target markets - Achieved	New measure	\$1,052M	\$1,115m	107%
Value of industry investment in regional promotion activity - Achieved	\$376,927	\$350,000	\$418,538	119%
Equivalent Advertising Value achieved from destination marketing - Achieved	\$24.85M	\$16.5M	\$28.2M	150%
RTD Net Promoter Score - Achieved	New measure	40	44	110 %

Māori Economic Development				
Measured by:	2017/18 Result	2018/19 Target	2018/19 Actual 30 June	% of target
Number of unique Māori businesses assisted - Achieved	New measure	30	33	110%
Number and value of high impact projects that are implemented - Achieved	New measure	1	1	100%
Value of NZTE and Callaghan Innovation grant funding facilitated for Māori businesses - Achieved	New measure	\$50,000	\$56,350	113%
Client satisfaction (Net Promoter Score for Māori businesses) - Not Achieved	New measure	75% (NPS 50)	-	-

The Net promoter score for Māori business could not be determined due to the small cohort and lack of response to surveys.









The graphic features a large blue triangle on the left side of the page, pointing towards the center. A dark grey diagonal line runs from the top right corner of the blue triangle towards the center, creating a white triangular area. The text 'Financial Statements' is written in a large, bold, blue font within this white area. A small blue triangle points to the left, positioned to the left of the word 'Financial'.

# Financial Statements

For The Year Ended 30 June 2019

## Financial Statements

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## Entity Information

As at 30 June 2019

### LEGAL NAME OF ENTITY

Northland Inc Limited

### TYPE OF ENTITY AND LEGAL BASIS

Northland Inc Limited is a company registered under the Companies Act 1993. The company is controlled by Northland Regional Council and is a council-controlled organisation as defined by Section 6 of the Local Government Act 2002.

### REGISTRATION NUMBER

857377

### COMPANY'S PURPOSE

The Company's principal activity during the year was the development of the economy in Northland and review of funding opportunities for the Investment and Growth Reserve.

### STRUCTURE OF COMPANY'S OPERATIONS

The Company comprises a Board of seven Directors who oversee the governance of the Company, a Chief Executive Officer who is responsible for the day to day operations of the Company and reporting to the Directors. The Directors are appointed by the Northland Regional Council.

### MAIN SOURCES OF THE COMPANY'S CASH AND RESOURCES

Operating grants are received from the Northland Regional Council and this is the primary source of funding to the Company.

### DIRECTORS

Sarah Petersen  
James Makeweo  
Geoff Copstick  
Nicole Anderson  
Denis Callesen  
David Crewe  
Kristan MacDonald

### ACCOUNTANTS

Findex Limited  
Level 1, Findex House,  
57 Willis Street  
Wellington 6011

### SHAREHOLDER

Northland Regional Council - 100  
Total Ordinary Shares - 100

These financial statements should be read in conjunction with the notes to the financial statements.



### Independent auditor's report

#### To the readers of Northland Inc Limited's financial statements and performance information for the year ended 30 June 2019

The Auditor-General is the auditor of Northland Inc Limited (the Company). The Auditor-General has appointed me, Peter Gulliver, using the staff and resources of Deloitte Limited, 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 24 to 35, that comprise the statement of financial position as at 30 June 2019, the statement of comprehensive revenue and expense, statement of changes in net assets 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 17.

In our opinion:

- the financial statements of the Company on pages 24 to 35:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2019; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime (PBE IPSAS RDR).
- the performance information of the Company on pages 16 to 17 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 2019.

Our audit was completed on 24 September 2019. This is the date at which our opinion is expressed.

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

#### Basis for 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.

These financial statements should be read in conjunction with the notes to the financial statements.



## Financial Statements



### **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.

These financial statements should be read in conjunction with the notes to the financial statements.

## Deloitte.

- 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.

### 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(Revised): *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.



Peter Gulliver  
for Deloitte Limited  
On behalf of the Auditor-General  
Auckland, New Zealand

These financial statements should be read in conjunction with the notes to the financial statements.

## Financial Statements

# Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2019

	Notes	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>				
Grants revenue		1,412,120	1,351,000	1,327,176
Grant funded project revenue		2,135,038	1,852,019	1,978,671
<b>Total revenue from non-exchange transactions</b>	6	<b>3,547,158</b>	<b>3,203,019</b>	<b>3,305,847</b>
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>				
Tenant income		154,262	134,420	122,970
Total revenue from exchange transactions		154,262	134,420	122,970
<b>TOTAL REVENUE</b>		<b>3,701,420</b>	<b>3,337,439</b>	<b>3,428,817</b>
<b>EXPENSES</b>				
Wages, salaries and other employee costs		1,720,845	1,628,044	1,497,062
Depreciation		46,155	-	58,103
Other overhead and administrative expenses	7	1,927,127	1,709,106	1,864,853
<b>TOTAL EXPENSES</b>		<b>3,694,127</b>	<b>3,337,150</b>	<b>3,420,018</b>
Interest income		4,475	-	2,881
Finance costs		(583)	-	(1,999)
<b>NET SURPLUS/(DEFICIT) FROM FINANCE ACTIVITIES</b>		<b>3,892</b>	<b>-</b>	<b>882</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>11,185</b>	<b>289</b>	<b>9,681</b>
<b>OTHER GAINS/(LOSSES)</b>				
Gain/(loss) on disposal of assets		-	-	(188)
<b>TOTAL OTHER GAINS/(LOSSES)</b>		<b>-</b>	<b>-</b>	<b>(188)</b>
<b>SURPLUS/ (DEFICIT) BEFORE TAX</b>		<b>11,185</b>	<b>289</b>	<b>9,493</b>
Income tax expense	8	-	-	-
<b>SURPLUS/ (DEFICIT) AFTER TAX</b>		<b>11,185</b>	<b>289</b>	<b>9,493</b>
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR</b>		<b>11,185</b>	<b>289</b>	<b>9,493</b>

These financial statements have been authorised for issue by the Board of Directors

	24 September 2019		24 September 2019
Geoff Copstick Chair of the Audit and Risk Committee	Date	Sarah Petersen Chair of the Board	Date

These financial statements should be read in conjunction with the notes to the financial statements.

## Financial Statements

### Statement of Financial Position

As at 30 June 2019

	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		845,742	767,605
Receivables	9	215,213	496,047
<b>Total current assets</b>		<b>1,060,955</b>	<b>1,263,652</b>
<b>Non-current</b>			
Property, plant and equipment	10	181,356	187,664
<b>Total non-current assets</b>		<b>181,356</b>	<b>187,664</b>
<b>TOTAL ASSETS</b>		<b>1,242,311</b>	<b>1,451,316</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Payables	11	252,019	308,929
Employee entitlements	12	60,592	83,820
Deferred revenue		791,290	922,254
Loans and borrowings	13	4,754	9,088
<b>Total current liabilities</b>		<b>1,108,655</b>	<b>1,324,091</b>
<b>Non-current</b>			
Loans and borrowings	13	-	4,754
<b>Total non-current liabilities</b>		<b>-</b>	<b>4,754</b>
<b>TOTAL LIABILITIES</b>		<b>1,108,655</b>	<b>1,328,845</b>
<b>NET ASSETS</b>		<b>133,656</b>	<b>122,471</b>
<b>EQUITY</b>			
Start-up contributions		100	100
Accumulated funds		133,556	122,371
<b>TOTAL EQUITY</b>		<b>133,656</b>	<b>122,471</b>

These financial statements should be read in conjunction with the notes to the financial statements.

## Financial Statements

### Statement of Changes in Net Assets

For the year ended 30 June 2019

	Start-up contribution reserve	Accumulated Funds	Total equity
Balance 1 July 2018	100	122,371	122,471
Surplus/ (deficit) for the year	-	11,185	11,185
<b>Total comprehensive revenue and expense</b>	<b>-</b>	<b>11,185</b>	<b>11,185</b>
<b>Balance 30 June 2019</b>	<b>100</b>	<b>133,656</b>	<b>133,656</b>
Balance 1 July 2017	100	112,878	112,978
Surplus/ (deficit) for the year	-	9,493	9,493
<b>Total comprehensive revenue and expense</b>	<b>-</b>	<b>9,493</b>	<b>9,493</b>
<b>Balance 30 June 2018</b>	<b>100</b>	<b>122,371</b>	<b>122,471</b>



These financial statements should be read in conjunction with the notes to the financial statements.



## Financial Statements

### Statement of Cash Flows

For the year ended 30 June 2019

	2019	2018
	\$	\$
Cash flow from operating activities		
Cash was provided from/(applied to):		
Northland Regional Council Funding	1,666,593	1,639,347
Whangarei District Council Operating Grants	105,000	105,000
Receipts from services provided	1,925,434	1,960,226
Receipts from exchange transactions	154,262	141,416
Net movement in GST	(6,597)	(128,167)
Payments to suppliers	(1,978,672)	(1,749,025)
Payments to employees	(1,742,837)	(1,497,062)
<b>Net cash from/(used in) operating activities</b>	<b>123,183</b>	<b>471,734</b>
Cash flow from investing activities		
Cash was provided from/(applied to):		
Proceeds from sale of plant and equipment	693	3,487
Purchase of plant and equipment	(40,540)	(41,914)
<b>Net cash from/(used in) investing activities</b>	<b>(39,847)</b>	<b>(38,427)</b>
Cash flow from financing activities		
Cash was provided from/(applied to):		
Net Proceed/(Repayment) of borrowings	(9,091)	(15,867)
Interest received	4,475	2,881
Interest paid on borrowings	(583)	(1,999)
<b>Net cash from/(used in) financing activities</b>	<b>(5,199)</b>	<b>(14,985)</b>
Net (decrease)/increase in cash and cash equivalents	78,137	418,322
Cash and cash equivalents, beginning of the year	767,605	349,283
<b>Cash and cash equivalents at end of the year</b>	<b>845,742</b>	<b>767,605</b>

These financial statements should be read in conjunction with the notes to the financial statements.

## Financial Statements

# Notes to the Financial Statements

For the year ended 30 June 2019

## 1. Reporting entity

These financial statements comprise the financial statements of Northland Inc Limited (the "Company" or "Entity") for the year ended 30 June 2019.

The financial statements were authorised for issue by the Board of Directors on 24th September 2019.

## 2. Basis of preparation

### (a) Statement of compliance

The financial statements have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) Financial Reporting Standards as issued by the New Zealand External Reporting Board (XRB). They comply with New Zealand equivalents to International Public Sector Accounting Standards Reduced Disclosure Regime (NZ IPSAS with RDR) and other applicable Financial Reporting Standards as appropriate to Public Benefit Entities.

The entity is eligible to report in accordance with Tier 2 PBE Accounting Standards on the basis that it does not have public accountability and is not large.

The financial statements have been prepared in accordance with the Local Government Act 2002, which requires compliance with generally accepted accounting practice in New Zealand ("NZ GAAP"). [LGA. 111].

The entity is deemed a public benefit entity for financial reporting purposes, as its primary objective is to provide services to the community for social benefit and has been established with a view to supporting that primary objective rather than a financial return.

### (b) Basis of measurement

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

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

### (c) Presentation currency

The financial statements are presented in New Zealand dollars which is the functional currency of Northland Inc Limited.

All numbers are rounded to the nearest dollar (\$), except when otherwise stated.

### (d) Changes in accounting policies

There have been no changes to the accounting policy during the year. Certain comparatives have been reclassified to align with current year presentation.

### (e) Explanations for major variances from budget

Actual revenue was higher than budgeted due to an increase in grant funded project revenue such as Extension 350, Action Plan & International Studies.

Actual expenses were higher than budgeted expenses due to greater spending for specific projects such as Extension 350, Action Plan & International Studies which is in line with the increase in revenue.

## 3. Summary of significant accounting policies

The accounting policies of the entity have been applied consistently to all years presented in these financial statements.

The significant accounting policies used in the preparation of these financial statements are summarised below:

### (a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less.

### (b) Debtors and other receivables

Trade debtors and other receivables are measured at their cost less any impairment losses.

### (c) Creditors and other payables

Trade creditors and other payables are stated at cost.

### (d) Property, plant and equipment

Items of plant and equipment are initially measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

### Additions and subsequent costs

Subsequent costs and the cost of replacing part of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

In most instances, an item of plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date.

All repairs and maintenance expenditure is charged to surplus or deficit in the year in which the expense is incurred.

### Disposals

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

When an item of plant or equipment is disposed of, the gain or loss recognised in the surplus or deficit is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

### Depreciation

Depreciation is recognised as an expense in the reported surplus or deficit and measured on diminishing value (DV) basis on all plant and equipment over the estimated useful life of the asset. The following depreciation rates have been applied for each class of plant and equipment:

#### Vehicles

26 - 30% DV

#### Office Furniture & Equipment

5 - 67% DV

The residual value, useful life, and depreciation methods of property, plant and equipment is reassessed annually.

These financial statements should be read in conjunction with the notes to the financial statements.

## Financial Statements

### (e) Leased assets

Leases where the Entity assumes substantially all the risks and rewards incidental to ownership of the leased assets, are classified as finance leases. All other leases are classified as operating leases.

Payments made under operating leases are recognised in the surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

### (f) Impairment of non-financial assets

#### *Impairment of non-cash-generating assets*

The entity assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash generating asset's fair value less costs to sell or its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

In determining fair value less costs to sell, the price of the asset in a binding agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset, is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement or active market for an asset, the entity determines fair value less cost to sell based on the best available information.

Impairment losses are recognised immediately in surplus or deficit.

### (g) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments comprise of trade debtors and other receivables, cash and cash equivalents, other financial assets, trade creditors and other payables, borrowings, and other financial liabilities.

### Initial recognition and measurement

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs attributable to the acquisition.

### Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the entity transfers the financial asset to another party without retaining control or substantial all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

All financial assets held by the entity in the years reported have been designated into one classification, "loans and receivables", being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

### Subsequent measurement of financial liabilities

Trade payables and other borrowings are subsequently measured at amortised cost using the effective interest method.

### (h) Employee entitlements

#### Short-term employee benefits

Employee benefits, previously earned from past services, that the entity expect to be settled within 12 months of reporting date are measured based on accrued entitlements at current rate of pays.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date.

### (i) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

The entity assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the entity's own account is recognised as gross revenue in the Statement of Comprehensive Revenue and Expense.

The following specific recognition criteria must be met before revenue is recognised:

#### Revenue from non-exchange transactions

A non-exchange transaction is where the entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

When non-exchange revenue is received with conditions attached, the asset is recognised with a matching liability. As the conditions are satisfied the liability is decreased and revenue recognised.

When non-exchange revenue is received with restrictions attached, but no requirement to return the asset if not deployed as specified, then revenue is recognised on receipt.

Condition stipulation – funds received are required to be used for a specific purpose, with a requirement to return unused funds.

Restriction stipulation – funds received are required to be used for a specific purpose, with no requirement to return unused funds.

#### Revenue from exchange transactions

An exchange transaction is where the entity either receives value from another entity and directly gives approximately equal value in exchange, or gives value to another entity and directly receives approximately equal value in exchange.

#### Interest income

Interest income is recognised as it accrues, using the effective interest method.

### (j) Borrowing costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

These financial statements should be read in conjunction with the notes to the financial statements.



## Financial Statements

### (k) Income tax

As agreed with Inland Revenue from 2014 financial year, operational grants received address only the operating deficit such that deductible expenses equate to taxable income. The result being that taxable income is nil.

### (l) Goods and Services Tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

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

## 4. Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with NZ IPSAS 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. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

The following are significant management judgements in applying the accounting policies of the entity that have a significant effect on the financial statements:

### Deferred Revenue

One area of estimation is the calculation of deferred revenue at each balance date as this involves an assessment of the amount of work completed for each project in relation to the milestones to be achieved to determine the amount of revenue and associated deferred revenue to record.

## 5. Capital Management Policy

The entity's capital is its equity, being the net assets represented by retained earnings and other equity reserves. The primary objectives of the entity's capital management policy is to ensure adequate capital reserves are maintained in order to support its activities. The entity manages its capital structure and makes adjustment to it, in light of changes to funding requirements.



These financial statements should be read in conjunction with the notes to the financial statements.

## Financial Statements

### 6. Revenue from non-exchange transactions

	2019	2018
	\$	\$
Northland Regional Council Operational Grant Funding	1,307,120	1,222,176
Whangarei District Council Operating Grant Funding	105,000	105,000
Grant Funded Project Income	2,135,038	1,978,671
<b>Total non-exchange revenue</b>	<b>3,547,158</b>	<b>3,305,847</b>

### 7. Expenses

The following amounts were expensed in the surplus/(deficit) for the year:

	2019	2018
	\$	\$
Audit fees	32,460	33,841
Directors' Fees	135,000	74,540
Motor vehicle expenses	54,570	49,785
Other project activity costs	113,147	42,511
Operating lease payments	101,598	102,235
Project consultants	45,011	39,929
Regional promotions	-	255,220
Other expenses	1,445,341	1,266,792
<b>Total</b>	<b>1,927,127</b>	<b>1,864,853</b>

### 8. Income Tax

	2019	2018
	\$	\$
Revenue as per financial statements	3,701,420	3,428,817
Loss on sale of assets	-	(189)
<b>Total Revenue</b>	<b>3,701,420</b>	<b>3,428,628</b>
Permanent Differences:		
Less:		
Grants from Local authorities exempt income (sec CX47 of the Income Tax Act)	(1,412,120)	(1,327,176)
Other revenue from grant funded operations	(2,135,038)	(1,978,671)
<b>Total Permanent Differences</b>	<b>(3,547,158)</b>	<b>(3,305,847)</b>
Less:		
Deductible expenses	(154,262)	(122,781)
<b>Total Taxable Profit</b>	<b>-</b>	<b>-</b>

### 9. Receivables

	2019	2018
	\$	\$
Trade debtors	160,243	288,252
Related party receivables	188	149,528
Prepayments	54,782	58,267
<b>Total</b>	<b>215,213</b>	<b>496,047</b>

Receivables are non-interest bearing and receipt is normally on 30 days terms. Therefore the carrying value of trade debtors and other receivables approximates its fair value. As at 30 June 2018 and 2019, all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure.

These financial statements should be read in conjunction with the notes to the financial statements.

## Financial Statements

### 10. Property, plant and equipment

Movements for each class of plant and equipment are as follows:

2019	Vehicles	Office Furniture and Equipment	Total
<b>Gross carrying amount</b>			
Cost	187,967	163,836	351,803
Additions	-	40,542	40,542
Disposals	-	(2,218)	(2,218)
Closing balance	187,967	202,160	390,127
<b>Accumulated depreciation and impairment</b>			
Opening balance	106,926	57,213	164,139
Depreciation for the year	24,042	22,113	46,155
Depreciation written back on disposal	-	(1,523)	(1,523)
Closing balance	130,968	77,803	208,771
<b>Carrying amount 30 June 2019</b>	<b>56,999</b>	<b>124,357</b>	<b>181,356</b>

Movements for each class of plant and equipment are as follows:

2018	Vehicles	Office Furniture and Equipment	Total
<b>Gross carrying amount</b>			
Cost	171,567	154,854	326,421
Additions	32,922	8,982	41,904
Disposals	(16,522)	-	(16,522)
Closing balance	187,967	163,836	351,803
<b>Accumulated depreciation and impairment</b>			
Opening balance	85,572	33,319	118,891
Current year depreciation	34,209	23,894	58,103
Depreciation written back on disposal	(12,855)	-	(12,855)
Closing balance	106,926	57,213	164,139
<b>Carrying amount 30 June 2018</b>	<b>81,041</b>	<b>106,623</b>	<b>187,664</b>

These financial statements should be read in conjunction with the notes to the financial statements.

## Financial Statements

### 11. Payables

	2019	2018
	\$	\$
Current		
Trade creditors	223,243	281,314
Non trade payables and accrued expenses	36,780	29,022
GST payable/receivable	(8,004)	(1,407)
<b>Total payables</b>	<b>252,019</b>	<b>308,929</b>

Trade creditors and other payables are non-interest bearing and normally settled on 30 day terms; therefore their carrying amount approximates their fair value.

### 12. Employee entitlements

	2019	2018
	\$	\$
<b>Current</b>		
Accrued salary and wages	25,198	31,444
Provision for Holiday Pay	35,394	52,376
<b>Total</b>	<b>60,592</b>	<b>83,820</b>

Short-term employee entitlements represent the entity's obligation to its current and former employees that are expected to be settled within 12 months of balance date. These mainly consist of accrued holiday entitlements at the reporting date.

### 13. Loans and borrowings

	2019	2018
	\$	\$
<b>Current</b>		
Northland Regional Council Loan	4,754	9,088
Total current loans and borrowings	4,754	9,088
<b>Non-current</b>		
Northland Regional Council Loan	-	4,754
Total non-current loans and borrowings	-	4,754
<b>Total loans and borrowings</b>	<b>4,754</b>	<b>13,842</b>

### 14. Operating leases

Operating leases are held for premises used for office space and office equipment.

	2019	2018
	\$	\$
<i>Non-cancellable operating leases are payable as follows:</i>		
Less than one year	90,892	80,080
Between one and five years	86,180	125,533
<b>Total</b>	<b>177,072</b>	<b>205,613</b>

These financial statements should be read in conjunction with the notes to the financial statements.

## Financial Statements

### 15. Financial instruments

#### (a) Carrying value of financial instruments

The carrying amount of all material financial assets and liabilities are considered to be equivalent to fair value. Fair value is the amount for which an item could be exchanged, or a liability could be settled, between knowledgeable and willing parties in an arm's length transaction.

#### (b) Classification of financial instruments

All financial assets held by the entity that are classified as "loans and receivables" are carried at cost less accumulated impairment losses.

All financial liabilities held by the Company are carried at amortised cost using the effective interest rate method. The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities.

2019	Loans and receivables	Held-to-maturity investments	Total
Financial assets			
Cash and cash equivalents	845,742	-	845,742
Trade debtors and other receivables	160,431	-	160,431
Other financial assets	54,782	-	54,782
<b>Total</b>	<b>1,060,955</b>	<b>-</b>	<b>1,060,955</b>

#### Financial liabilities

Trade creditors and other payables	-	1,043,309	1,043,309
Loans and borrowings	-	4,754	4,754
Other financial liabilities	-	60,592	60,592
<b>Total</b>	<b>-</b>	<b>1,108,655</b>	<b>1,108,655</b>

2018	Loans and receivables	Held-to-maturity investments	Total
Financial assets			
Cash and cash equivalents	767,606	-	767,606
Trade debtors and other receivables	437,780	-	437,780
Other financial assets	58,267	-	58,267
<b>Total</b>	<b>1,263,652</b>	<b>-</b>	<b>1,263,652</b>

#### Financial liabilities

Trade creditors and other payables	-	1,231,182	1,231,182
Loans and borrowings	-	13,842	13,842
Other financial liabilities	-	83,820	83,820
<b>Total</b>	<b>-</b>	<b>1,328,845</b>	<b>1,328,845</b>

These financial statements should be read in conjunction with the notes to the financial statements.

## Financial Statements

### 16. Contingent assets and contingent liabilities

The entity has no contingent assets or contingent liabilities.

### 17. Commitments

The entity has no capital commitments at the end of the reporting period.

### 18. Events after the reporting period

There were no significant events after the balance date.

### 19. Related party transactions

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the entity.

The entity has a related party relationship with its shareholder Northland Regional Council, its Directors and other key management personnel.

#### Transactions with related parties

The following transactions were carried out with related parties:

#### (a) Key management compensation

Key management personnel include the Board of Directors and Senior Management.

	2019	2018
	\$	\$
Salaries and other short-term employee benefits	629,389	677,028
Directors Fees	135,000	74,540
<b>Total remuneration</b>	<b>764,389</b>	<b>751,568</b>
<b>Number of persons recognised as key management personnel</b>	<b>14</b>	<b>11</b>

#### (b) Northland Regional Council

Northland Regional Council owns all 100 shares in Northland Inc Limited and is the ultimate controlling party. During the year Northland Inc Limited received grants from Northland Regional Council. This is included in revenue and income in advance. Total amount of grant/funding received in the year was \$1,983,768 (2018 \$2,407,756). At balance date, Northland Regional Council owes Northland Inc Ltd \$188 (2018 \$149,528).

Northland Regional Council has advanced loans to Northland Inc Limited. Interest is charged on the loan money at market rate and the loans are repaid in monthly instalments consisting of principal and interest (refer to Note 13).

#### (c) Sale to Employee

During the period ended 30 June 2019, a phone and a laptop was sold to an employee of Northland Inc Limited. The value of the phone sold was \$271 (GST exclusive) and the value of the laptop was \$422 (GST exclusive). The transaction was at arm's length.

These financial statements should be read in conjunction with the notes to the financial statements.

# Northland**Inc**

## Growing Northland's Economy

Kia tupu ai te ōhanga o Te Tai Tokerau

**Phone:** +64 9 438 5110

**Email:** [welcome@northlandnz.com](mailto:welcome@northlandnz.com)

**Address:**

Level One, corner Cameron  
and Walton Streets  
Whangarei 0110

PO Box 1762, Whangarei 0140

[www.northlandnz.com](http://www.northlandnz.com)



**TITLE: Local Government New Zealand National Council Elections: Call for Nominations Regional Sector and Zone One**

**ID:** A1251509

**From:** Chris Taylor, Governance Support Manager

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**Executive summary/Whakarāpopototanga**

The purpose of this report is for council to authorise the Chair (or the Chair's nominee) to exercise council's vote at the:

- Regional Sector Group meeting being held on 8 November 2019 for the appointment of Chair of the Regional Sector, and also two representatives from the Regional Sector to serve on the National Council.
- Zone One meeting being held on 15 November 2019 for the appointment of a Zone One representative for National Council and the appointment of a Chair for Zone One.

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**Recommendation(s)**

1. That the report 'Local Government New Zealand National Council Elections: Call for Nominations Regional Sector and Zone One' by Chris Taylor, Governance Support Manager and dated 21 October 2019, be received.
2. That the Chair (or Chair's nominee) is authorised to exercise council's vote at the Regional Sector Group meeting being held on 8 November 2019 for the election of Chair of the Regional Sector, and also the election of two representatives from the Regional Sector on the National Council.
3. That the Chair (or Chair's nominee) is authorised to exercise council's vote at the Zone One meeting being held on 15 November 2019 for the appointment of a Zone One representative for National Council and appointment of a Chair for Zone One.

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**Background/Tuhinga**

Local Government New Zealand (LGNZ) is calling for nominations for:

- Two representatives from the Regional Sector to be appointed to the National Council of LGNZ, and the Chair of the Regional Sector; and
- A Zone One representative to be appointed to the National Council of LGNZ, and the Chair of Zone One.

Nominations must be in writing and signed by two member authorities of the Regional Sector/Zone One, and by the person accepting the nomination. A separate nomination form for each nomination is required.

Nominations will be accepted only from representatives of councils that are members of the Regional Sector and Zone One.

Nominations must be received by LGNZ no later than 5 pm on Thursday 31 October 2019.

If only two nominations from the Regional Sector Group for National Council representatives are received those persons shall be declared elected, and if only one nomination for a Zone One representative to National Council is received that person shall be declared elected.

If an election to appoint the Regional Sector/Zone One representatives to National Council is required, then the election of that person will be conducted in accordance with relevant Sector/Zone rules and the LGNZ rules. The Returning Officer for any election is Malcolm Alexander, Chief Executive, LGNZ (or nominee).

According to Rule E8 of the LGNZ rules, appointments to National Council by Sectors/Zones must be made and notified to LGNZ within eight weeks after the triennial local government elections. Successful candidates assume office on the day that is eight weeks after the triennial elections (Rule 10).

Voting papers will be prepared (if required) by LGNZ and distributed to members at the Regional Sector meeting on 8 November 2019, and the Zone One meeting on 15 November 2019. For the Regional Sector each member council has one vote, and each member council is entitled to vote for two representatives for National Council. For Zone One each member council has the votes allocated to it as determined under Rule H1, unless this is specifically precluded in the Zone rules. Proxy voting may occur for both Regional Sector and Zone One.

No voting paper shall be valid unless signed by the presiding delegate or a notified alternative.

Should any matters arise in the conduct of the elections which is not expressly provided for in either the Sector/Zone or LGNZ rules, the Returning Officer shall determine the matter.

In the event of an equality of voting, the Chair still have a casting vote.

Under the current LGNZ rules the term of office for the position of:

- Sector Chair is from the time of the appointment until either the person ceases to hold office as an elected member or the successor assumes office (unless the Sector rules state otherwise);
- The term of office for the position of Sector representative on National Council will be from the time of the appointment (eight weeks after the local government triennial elections) until a successor takes office;
- Zone Chair is from the time of the appointment until either that person ceases to hold office as an elected member or the successor assumes office (unless the Zone rules state otherwise); and
- Zone representative on National Council will be from the time of the appointment (eight weeks after the local government triennial elections) until a successor takes office.

Voting papers will be destroyed by the Returning Officer after the results have been declared.

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## Considerations

### 1. Options

No.	Option	Advantages	Disadvantages
1	Allow the Chair or their nominee to have a vote	Allows council to have some input into the makeup of national groups.	None apparent.
2	Don't provide the Chair or their nominee an opportunity to vote	None apparent.	Does not allow council to have a say in the makeup of national groups.

The staff's recommended option is Option 1.

**2. Significance and engagement**

This is of low significance as it is part of the day to day activities of council in an administrative matter.

**3. Policy, risk management and legislative compliance**

This is an administrative matter that has no specific legislative policies or risk management implications.

Being a purely administrative matter, Community Views, Māori Impact Statement, Financial Implications and Implementation Issues are not applicable

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**Attachments/Ngā tapirihanga**

Nil

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**Authorised by Group Manager**

**Name:** Jonathan Gibbard  
**Title:** Group Manager - Strategy, Governance and Engagement  
**Date:** 31 October 2019

## **TITLE: Business with the Public Excluded**

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### **Executive Summary**

The purpose of this report is to recommend that the public be excluded from the proceedings of this meeting to consider the confidential matters detailed below for the reasons given.

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### **Recommendations**

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
2. That the general subject of the matters to be considered whilst the public is excluded, the reasons for passing this resolution in relation to this matter, and the specific grounds under the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

Item No.	Item Issue	Reasons/Grounds
4.1	Land at 8 Kensington Avenue Whangarei	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry out, without prejudice or disadvantage, commercial activities s7(2)(h) and the withholding of which is necessary to enable council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).

3. That the Independent Financial Advisor be permitted to stay during business with the public excluded.
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### **Considerations**

#### **1. Options**

Not applicable. This is an administrative procedure.

#### **2. Significance and Engagement**

This is a procedural matter required by law. Hence when assessed against council policy is deemed to be of low significance.

#### **3. Policy and Legislative Compliance**

The report complies with the provisions to exclude the public from the whole or any part of the proceedings of any meeting as detailed in sections 47 and 48 of the Local Government Official Information Act 1987.

#### **4. Other Considerations**

Being a purely administrative matter; Community Views, Māori Impact Statement, Financial Implications, and Implementation Issues are not applicable.