NORTHLAND INC LIMITED

Financial Statements For the Year Ended 30 June 2015

<u>Index</u>	Page
Directory	1
Annual Report	2
Auditors Report	3
Statement of Financial Performance	6
Statement of Changes in Equity	7
Statement of Financial Position	8
Statement of Cash Flows	9
Notes to the Financial Statements	10





NORTHLAND INC LIMITED Directory For the Year Ended 30 June 2015

Directors

S Petersen Appointed 1 June 2013
K Everitt Appointed 1 June 2013
W Moyes Appointed 16 April 2014
J Jongejans Appointed 16 April 2014
I Durham Appointed 16 April 2014

Shareholders

%

Northland Regional Council

100

Registered Office

93 Cameron Street Whangarei Northland

Auditors

Audit New Zealand On behalf of the Auditor-General

Bankers

ASB Bank

Solicitor

Law North Partners

Registered Company Number

857377

NORTHLAND INC LIMITED Annual Report

For the Year Ended 30 June 2015

The Directors have the pleasure in submitting their 2015 Annual Report

Principal Activities

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 Fund.

Remuneration of Employees

There was one employee who received remuneration totalling between \$160,000 - \$169,999 during the year (2014: one \$120,000 - \$129,999).

Interest Register

There were the following new interests in the register:

S Petersen

Soda Group

Director/Shareholder

K Everitt

Manaaki Solutions Limited

CEO & Director

NorthTec Council

Council Member

Te Putea Whakatupu Trust

Chief Operating Officer

Use of Company Information

During the year the Board received no notices from directors of the Company requesting to use Company information received in their capacity as directors, which would not otherwise have been available to them.

Donations

No donations were paid throughout the year (2014:\$0)

Audit Fees

Director

Audit fees paid for the year were \$26,362 (2014:\$45,218)

For and on behalf of the Board

Director

- 2 -

Independent Auditor's Report

To the readers of Northland Inc Limited's financial statements and performance information for the year ended 30 June 2015

The Auditor-General is the auditor of Northland Inc Limited (the company). The Auditor-General has appointed me, Karen MacKenzie, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the company on pages 6 to 20, that comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 21 to 31.

In our opinion:

- the financial statements of the company:
 - o present fairly, in all material respects:
 - its financial position as at 30 June 2015; and
 - its financial performance and cash flows for the year then ended; and
 - o comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity Simple Format Reporting Standard Accrual (Public Sector).
- the performance information of the company presents fairly, in all material respects, the company's achievements measured against the performance targets adopted for the year ended 30 June 2015.

Our audit was completed on 17 September 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and performance information 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security of controls over the electronic publication of the financial statements and the performance information.

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the company that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparation of the performance information for the company.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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

Kracken

Karen MacKenzie Audit New Zealand On behalf of the Auditor-General Auckland, New Zealand

NORTHLAND INC LIMITED Statement of Financial Performance For the Year Ended 30 June 2015

	Notes	<u>2015</u>	<u>2015</u> <u>Budget</u>	<u>2014</u>
Revenue				
Northland Regional Council Funding	3	1,370,559	1,350,000	1,333,652
District Council Operating Grants		105,000	160,000	191,818
Revenue from Providing Services	4	472,432	310,000	369,056
Interest Revenue	_	2,514		443
Total revenue		1,950,505	1,820,000	1,894,969
Evmonaca				
Expenses Employee Poloted Costs	5	200 207	927.077	(01.72(
Employee Related Costs	5	800,397	827,067	691,736
Operating Lease Expense		73,589	96,700	81,359
Depreciation	12	30,244	20,000	17,375
Other Expenses	6	1,023,614	866,233	846,768
Finance Costs	7 _	5,509		1,037
Total expenses	_	1,933,353	1,810,000	1,638,275
Surplus / (deficit) before tax		17,152	10,000	256,694
Income tax expense	8	(2,416)	:	18,456
Surplus / (deficit) after tax	-	19,568	10,000	238,238



NORTHLAND INC LIMITED Statement of Changes in Equity For the Year Ended 30 June 2015

	No	te	
		<u>2015</u>	<u>2014</u>
Opening Equity - Balance at 1 July		51,281	(186,957)
Surplus / (deficit) for the year Other comprehensive income		19,568	238,238
Total comprehensive income		19,568	238,238
Closing Equity - Balance at 30 June	17	70,849	51,281

NORTHLAND INC LIMITED Statement of Financial Position As At 30 June 2015

	Notes	2015	2014
Assets		2013	2014
Current Assets			
Bank Accounts and Cash	9	19,757	175,398
Taxation	8	3,332	
Debtors and Prepayments	10	220,758	59,239
Goods & Services Tax		2,026	-
Investment	11	200,000	
Total Current Assets		445,873	234,637
Non-Current Assets			
Property, Plant & Equipment	12	103,398	60,601
Deferred Tax Asset	8	16,723	14,307
Total Non-Current Assets		120,121	74,908
Total Assets		565,994	309,545
Liabilities			
Current Liabilities			
Creditors and Accrued Expenses	13	318,166	137,518
Employee costs payable	14	29,571	19,058
Income in advance		85,925	43,000
Loans	16	28,042	8,663
Goods & Services Tax		-	3,510
Taxation	8		32,763
Total Current Liabilities		461,704	244,512
Non-Current Liabilities			
Loans	16	33,441	13,752
Total Non-Current Liabilities		33,441	13,752
Total Liabilities		495,145	258,264
T-4-14-14-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-		70.040	51.001
Total Assets Less Total Liabilities	1	70,849	51,281
Total Equity attributable to the Company	17	70,849	51,281

The Board of Directors of Northland Inc Limited authorised these financial statements for issue on 17 September 2015

Director

Director

This statement is to be read in conjunction with the notes to the financial statements.

NORTHLAND INC LIMITED

Statement of Cash Flows For the Year Ended 30 June 2015

	Notes		
Cook flows from anausting activities		<u>2015</u>	<u>2014</u>
Cash flows from operating activities Northland Regional Council Funding		1,370,559	1,333,652
District Council Operating Grants		105,000	191,818
Interest Revenue		2,514	443
Receipts from other revenue		449,573	418,658
Payments to suppliers and employees		(1,806,254)	(1,829,183)
Interest paid		(5,509)	(1,037)
Goods and services tax (net)		(658)	36,728
Taxes Paid		(36,095)	-
Net cash flow from operating activities		79,130	151,079
Cook flows from investing activities			
Cash flows from investing activities Receipts from sale of property, plant &			3,807
equipment		=	3,607
Payments to acquire property plant & equipment		(73,839)	(25,000)
Payments to acquire investments		(200,000)	-
		(2-2-020)	(21.100)
Net cash flow from investing activities		(273,839)	(21,193)
Cash flows from financing activities			
Repayment of loans		(20,932)	(8,050)
Proceeds from loans		60,000	25,000
N		20.060	16050
Net cash flow from financing activities		39,068	16,950
Net (decrease) / increase in cash for the year		(155,641)	146,836
Add opening bank accounts and cash, including bank overdraft	9	175,398	28,562
ouin o voididit			
Closing bank accounts and cash, including bank	9	19,757	175,398
overdraft			



1. ACCOUNTING POLICIES APPLIED

BASIS OF PREPARATION

The Directors have elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector) on the basis that the Company does not have public accountability (as defined) and has total annual expenses of less than \$2 million. All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Company will continue to operate in the foreseeable future.

GOODS AND SERVICES TAX

The Company is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

Agency revenue

Revenue includes only amounts received and receivable by the entity on its own account. Amounts collected on behalf of others (that is, as agent of another entity) are not revenue of the entity. However, if there is a commission involved in this collection arrangement the commission received would be recorded as revenue.

Grants

Council, government, and non-government grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Sale of services

Revenue from the sale of services is recognised by reference to the stage of completion of the services delivered at balance date as a percentage of the total services to be provided.

Interest and dividend revenue

Interest revenue is recorded as it is earned during the year. Dividend revenue is recognised when the dividend is declared.

Employee related costs

Wages, salaries, and annual leave are recorded as an expense as staff provide services and become entitled to wages, salaries, and leave entitlements.

Superannuation contributions are recorded as an expense as staff provide services.

KM

Advertising, marketing, administration, overhead, and fundraising costs

These are expensed when the related service has been received.

Lease expense

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

Bank accounts and cash

Bank accounts and cash comprise cash on hand, cheque or savings accounts, and deposits held at call with banks.

Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

Investments

Investments comprise investments in terms deposits with banks, listed bonds, and listed shares.

Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

Property, plant and equipment

Property, plant, and equipment is recorded at cost, less accumulated depreciation and impairment losses.

For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount.

For an asset to be used by the Company, the asset is impaired if the value to the Company in using the asset falls below the carrying amount of the asset.

Depreciation is provided on a straight-line or diminishing value basis at rates that will write off the cost of the assets over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

 Motor vehicles
 26.0% - 36.0%

 Office equipment
 5.0% - 67.0%

 Leased equipment
 25.0% - 60.0%

Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

Employee costs payable

A liability for employee costs payable is recognised when an employee has earned the entitlement.

These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date. A liability and expense for long service leave and retirement gratuities is recognised when the entitlement becomes available to the employee.

Kr

Loans

Loans are recognised at the amount borrowed from the lender. Loan balances include any interest accrued at year-end that has not yet been paid.

Provisions

The Company recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Budget figures

The budget figures are derived from the statement of intent as approved by the Directors at the beginning of the financial year. The budget figures have been prepared in accordance with Tier 3 standards, using accounting policies that are consistent with those adopted by the Directors in preparing these financial statements.

Tier 2 PBE Accounting Standards applied

The Company has not applied any Tier 2 Accounting Standards in preparing its financial statements.

Income Tax

Income tax expense in relation to the profit or loss for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.



Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantially enacted by balance date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the company expects to recover or settle the carrying amount of its assets and liabilities.

Current tax and deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

2. CHANGES IN ACCOUNTING POLICIES

This is the first set of financial statements prepared using the new PBE SFR-A (PS) standard, and comparative information for the year ended 30 June 2014 has been restated to comply with the new standard. The significant adjustments arising on transition to the new standard are provided in note 23.

3. Northland Regional Council Funding

		<u>2015</u>	<u>2014</u>
	Grants Revenue from providing services	1,150,000 220,559	1,264,652 69,000
	Total Northland Regional Council funding	1,370,559	1,333,652
4.	Revenue from providing services		
		<u>2015</u>	<u>2014</u>
	Oyster Shell Project Revenue from providing services	472,432	31,613 337,443
	Total revenue from providing services	472,432	369,056
5.	Employee related costs		
		<u>2015</u>	<u>2014</u>
	Salaries and wages Employer superannuation contributions Increase / (decrease) in annual leave entitlement	773,763 21,229 5,405	698,766 17,596 (24,626)
	Total employee related costs	800,397	691,736



6. Other expenses

	<u>2015</u>	<u>2014</u>
Fees to auditor:		
- Current	26,362	28,221
- Prior Year Audit Fee		16,997
Loss on Disposal of Property, Plant and Equipment	797	4,125
Legal Fees	869	57,858
Motor Vehicle Expenses	34,101	34,453
Other Expenses	688,305	284,124
Fringe Benefit Tax	(23,000)	9,000
Project Consultants	154,189	71,106
Other Project Activity Costs	141,991	309,271
Oyster Shell Project Costs	-	31,613
Total other expenses	1,023,614	846,768
7. Finance Costs		
	2015	2014
Interest - Bank	22	9
Interest - IRD	1,838	=
Interest - NRC loan	3,640	593
Interest - Finance leases	9	435
Total finance costs	5,509	1,037



8. Income Tax

9.

	<u>2015</u>	2014
Components of income tax expense Current tax Deferred tax	(2,416)	32,763
Income tax expense	(2,416) $(2,416)$	(14,307) ————————————————————————————————————
Relationship between income tax expense &		
accounting surplus Net Surplus/(Deficit) before tax	17,152	256,694
Tax at 28%	4,803	71,874
Plus/(less) tax effects of: Recognition of temporary differences Tax losses utilised Loss Offset	379 - (7,598)	(21,068) (32,350)
Income tax expense	(2,416)	18,456
Deferred tax assets / (liabilities)		
Opening balance	2015 14,307	<u>2014</u>
Charged to surplus or deficit: - Employee entitlements - Provisions	3,339 (923)	2,384 11,923
Closing balance	16,723	14,307
Northland Inc Limited has \$36,096.08 imputation cred periods.	its available for u	se in subsequent
Bank accounts and cash		
	<u>2015</u>	<u>2014</u>
Bank Accounts and Cash	19,757	175,398
Total bank accounts and cash	19,757	175,398
Net bank accounts and cash for the purposes of the statement of cash flows	19,757	175,398



BA

10. Debtors and prepayments

	<u>2015</u>	<u>2014</u>
Debtors	133,436	54,001
Accrued Income	44,198	1,840
Prepayments	43,124	3,398
Total debtors and prepayments	220,758	59,239

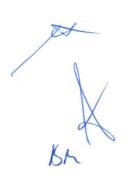
Trade and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of the trade and other receivables approximates their fair value. Trade and other receivables have been reviewed for impairment on a line by line basis and no provision for impairment is required.

11. Investments

	<u>2015</u>	<u>2014</u>
Current portion		
Term deposits	200,000	
Total investments	200,000	

12. Property, plant and equipment

	Vehicles	Office Furniture and Equipment	Leased Equipment	Total
Carrying amount at 1 July 2014	34,533	24,507	1,561	60,601
Additions	61,821	12,781	Η.	74,602
Disposals (net of accumulated depreciation)	-	-	(763)	(763)
Depreciation expense	(21,634)	(8,610)	_	(30,244)
Loss on disposal	-	-	(798)	(798)
Carrying amount at 30 June 2015	74,720	28,678		103,398
Carrying amount at 1 July 2013	20,491	35,767	4,650	60,908
Additions	25,000	-	-	25,000
Disposals (net of accumulated depreciation)	(3,700)	(3,639)	(593)	(7,932)
Depreciation expense	(7,258)	(7,621)	(2,496)	(17,375)
Carrying amount at 30 June 2014	34,533	24,507	1,561	60,601



13. Creditors and accrued expenses

		<u>2015</u>	<u>2014</u>
	Creditors Accrued Expenses	176,657 141,509	91,091 46,427
	Total creditors and accrued expenses	318,166	137,518
14.	Employee costs payable		
		<u>2015</u>	<u>2014</u>
	Accrued salaries and wages Annual leave	9,132 20,439	4,024 15,034
	Total employee costs payable	29,571	19,058

15. Grants and funding subject to conditions

There were no grants and funding subject to use or return conditions.

16. Loans

Current portion

Current Portion		
Finance Leases	-	625
Loans from Northland Regional Council	28,042	8,038
Total current portion	28,042	8,663
Non-current portion		
Loan from Northland Regional Council	33,441	13,752
Total non-current portion	33,441	13,752
Total loans	61,483	22,415

Description of material arrangements

The loans from Northland Regional Council are unsecured with interest rates payable on the outstanding balance as below:

- Loan one 36 month term with interest at 6% per annum
- Loan two 36 month term with interest at 7% per annum



17. Equity

	<u>2015</u>	<u>2014</u>
Contributed capital		
Balance at 1 July	100	100
Capital contribution		
Balance at 30 June	100	100
Accumulated surpluses		
Balance at 1 July	51,181	(187,057)
Surplus/(deficit) for the year	19,568	238,238
Balance at 30 June	70,749	51,181
Total Equity attributable to the Company	70,849	51,281

All authorised shares have been issued and are paid up. All ordinary shares have equal voting rights and share equally in dividends and surpluses on winding up. The shares have a par value of \$1.00.

18. Commitments

Commitments to purchase property, plant,	<u>2015</u>	<u>2014</u>
and equipment	-	-
Commitments to lease or rent assets Premises Leases - Lease one expires 31 March 2017 with a right of renewal for one term of 5 years, 3 months and 5 days	95,534	137,111
 Lease two expires on the 19 December 2014 with one right of renewal for one further term of 1 year 		
Equipment Lease is for a term of 5 years expiring 16 November 2019	29,640	6,072
Commitments to provide loans or grants	-	-
Total commitments	125,174	143,183

19. Contingent assets and liabilities

The Company has no contingent assets or liabilities (2014:\$0).

Bh

20. Related party transactions

Related-party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Company would have adopted in dealing with the party at arm's length in the same circumstances.

The Northland Regional Council own all of the 100 shares in Northland Inc Limited. Northland Inc Limited is a council controlled organisation of the Northland Regional Council.

Northland Regional Council

During the year Northland Inc Limited received grants of \$1,150,000 (2014:\$1,100,000) from the Northland Regional Council. Operating grants of \$1,150,000 and total funding from Northland Regional Council is disclosed in the Statement of Financial Performance.

During the year Northland Inc Limited received payment of \$220,559 (2014: \$271,384) from the Northland Regional Council for services provided in the normal course of business.

Northland Inc Limited paid \$0, excluding GST (2014:\$31,612) to Northland Regional Council for services provided in the normal course of business.

Northland Inc Limited was loaned \$60,000 from Northland Regional Council (2014: \$25,000) and has repaid \$20,307 (2014: \$3,803) to Northland Regional Council for repayment of loan against two existing loans.

The balance owed to Northland Regional Council at reporting date for services provided in the normal course of business is \$0 (2014:\$0)

21. Directors fees

Directors Fees for the Year:

	<u>2015</u>	<u>2014</u>
C Mitten	_	21,998
I Durham	13,125	2,734
S Petersen	13,125	13,125
K Everitt	13,125	12,031
J Jongejans	13,125	2,734
W Moyes	22,000	2,734

Three Directors are paid their director's fees through their own companies. These are listed as follows:

K Everitt - Manaaki Solutions Limited I Durham - Durham Strategies Limited J Jongejans - Knight Line Limited



22. Events after balance date

There were no significant events after the balance date this year.

23. Explanations of major variances against budget

Explanations for major variances from the Company's budgeted figures in the 30 June 2015 statement of intent are as follows:

Statement of financial performance

Revenue from providing services - Partners contribution to feasibility and project funding. Other expenses - Increased costs related to provision of services.

24. Significant adjustments arising on transition to the new PBE SFR-A standard

The main adjustments to the 30 June 2015 comparative statement of financial performance and statement of financial position arising on the transition to the new PBE SFR-A standard are explained below:

Statement of financial position

- Debtors and prepayments - Prepayments of \$43,124 have been reclassified and aggregated with debtors.



Report against Statement of Intent

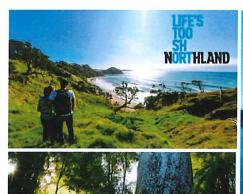
Twelve month period to 30 June, 2015

Provide vision,
aspiration, leadership
and unity-of-purpose in
sustainable economic
development.













KPI ✓ Comply with annual budget

The 2015 Annual Budget has been complied with.



KPI X Northland 2025 Regional Action Plan developed

The Action Plan was not finalised by 30th June, however good progress was made towards its completion.

Completion of the Northland 2025 Economic Action Plan was delayed. In the first case this was due to a more extensive interview and information gathering process undertaken during the project and in the second, following release of the RGS a by-election was conducted in the Northland seat with vigorous campaigning conducted by all participants on regional development culminating in the election of the Rt. Hon Winston Peters.

Northland Inc has been working with staff from each of the four Local Councils, project managers from IQANZ and senior staff from the Ministries of Business, Innovation and Employment and Primary Industries, to develop the Action Plan; a portfolio management framework; a Steering Committee; and an Advisory Group. Terms of Reference have been agreed and signed off regarding the Steering Committee and at the time of writing a set of documents was in final draft for the inaugural meeting of the Advisory Group.

The agreed Action Plan will now be subject to the approval of the Advisory Group

The steps towards developing the Northland 2025 Regional Action Plan were:

The Northland Regional Growth Study (RGS)

Northland was included in the RGS programme along with the Bay of Plenty and Manawatu-Whanganui because the potential of each region was not fully realised. The challenges for the RGS were primarily due to two factors; i) a review of over 200 pieces of literature and ii) the requirement for a greater and more in-depth series of interviews became apparent. A total of 80 interviews were conducted by the Martin Jenkins research team against an initial plan for 48.

The RGS report contained recommendations for three groupings of projects ranked by criteria



for identifying and assessing opportunities. The groups of projects are i) commercial - involving one or a small number of businesses, ii) industrial - involving several firms in an industry and focused on developing capacity or capability within the industry and iii) cross cutting enablers - involving several industries and relating to a Business Growth Agenda theme. Northland Inc has projects in flight in all three categories including the recently completed Registration of Interest for Ultra-Fast Broad Band, Rural Broadband Initiative and Mobile Blackspots on behalf of the Regional Council, three District Councils and the Te Tai Tokerau Iwi Chief Executive Consortium.

Following the RGS in partnership with MPI and MBIE, work was undertaken to develop the Northland 2025 Economic Action Plan (NEAP). This entailed a stocktake of economic development projects across the region by all stakeholders and prioritisation of key projects. A Steering Committee was set up to drive the process Chaired by David Wilson, CEO Northland Inc. Subsequently a high level regional Advisory Group with central government representation has been set up to oversee and support the implementation of the plan.

The Regional Forum

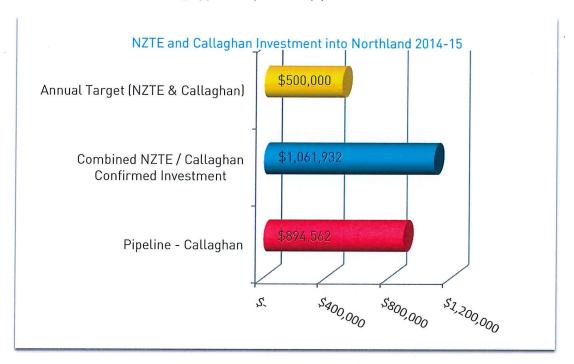
The RGS document was released by Mr. Steven Joyce, Minister for Business Innovation and Employment, Mr. Nathan Guy, Minister for Primary Industries, and Mr. Te Ururoa Flavell, Minister for Maori Development at a regional forum on February 4, 2015 at the Turner Centre in Kerikeri. The event was preceded by the breakfast release of the Te Tai Tokerau Maori Growth Strategy 'He Tangata, He Whenua, He Oranga'.



7

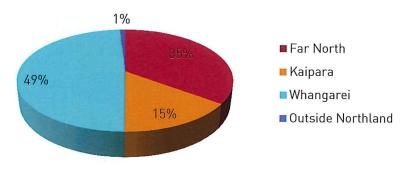
KPI ✓ Minimum of 150 unique business engagements and \$500,000 invested in building capacity in Northland firms (Regional Business Partnership Funding: NZTE \$150,000 & Callaghan Innovations \$350,000)

The Business Growth Team engaged with 199 businesses over the 12 month reporting period. Through these 199, there was a total sum of \$1,061,932.43 of investment completed via a combination of NZTE and Callaghan funding. This far surpassed the \$500,000.00 target. A further \$894,562.00 of funding opportunity is in the pipeline.



Throughout the reporting period the team focused on taking a long term view around their various engagements in the region. This ensured that the team was adding value to the businesses plans, and gave the businesses access to a wide network of resources and services. By being involved with businesses from early on in the piece we are able to assist with a very proactive and strategic approach to the growth of each business.

Spread of Regional Business Partnership Businesses by
District





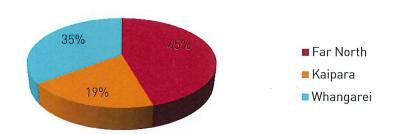


The funding made available by New Zealand Trade and Enterprise (NZTE) meant that we invested heavily in building capability throughout numerous Northland firms. The investment enabled many businesses, across multiple sectors (including but not limited to; Agriculture and Fisheries, Electricity and Gas, Wholesalers, Marketing, Business Sustainability and Finance). The training that the funding provided was focused predominantly on business planning, systems and managing resources — this is particularly pleasing as these skills will have a flow on effect within the companies themselves and their business contacts.

Through the Callaghan Innovations funding there was \$856,634.00 injected into 10 projects working in the various land based and light manufacturing sectors across the region.

Figures are GST inclusive

Spread of Callaghan Innovation Investment by value into Districts







KPI ✓ Investments made in strengthening and diversifying the Northland economy facilitated by Northland Inc – board recommendation made on a minimum of 4 projects

The Board made recommendations on six projects to Council.

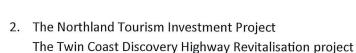
Three were approved by Council, one was recommended to decline.

One project is to be presented to Council in August 2015, and one awaiting third party funding confirmation.

1. Resource Enterprise Limited (REL)

The REL sawmill based at Marsden Point produces flitch (the less dense centre section sawn from a log) for export. The flitch is purchased by the Saudi petrochemical industry to produce packing pellets. A total project cost of \$4,000,000.00 will initially create 10 additional jobs with a likely move to 20 when full production comes online. Economic impact has not been calculated however there were local economic benefits throughout construction and on-going maintenance, there is added value processing of industrial grade logs in Northland, with outputs capable of containerisation for export. This has supported Northport's decision to increase their container handling capacity with the recent purchase of a mobile harbour crane. The project subsequently approved by Northland Regional Council received \$750,000.00 in debt funding. The REL facility was commissioned earlier than scheduled in July, 2015 with

Ministers Joyce and Flavell, NRC Chairman Bill Shepherd and David Wilson of Northland Inc attending. (See image on right).



aims to increase the economic contribution of tourism to Northland by extending length of stay and increasing visitor spend. It has been estimated that the project has the potential to leverage \$20,000,000.00 of additional visitor expenditure and 200 full time positions over the next five to seven years through revitalising visitor experiences and attractions, and providing a refreshed marketing platform. The project is expected to leverage a total investment amount of \$1,463,000.00 with \$493,000.00 approved by Northland Regional Council at their February meeting. Phase One was completed on time and under budget which sought to build strong



sub-regional positioning statements to underpin marketing and product development. The Tourism Team at Northland Inc have begun Phase Two and held a series of follow-up workshops throughout the region to communicate to stakeholders the results of Phase One which received positive response.

3. The Twin Coast Cycleway

This has a distance of 83 kilometres spanning from Opua to Horeke and was identified by the Prime Minister as one of the seven initial National Cycleway 'quick start' projects from the Employment Summit held in 2009, There has been 56 kilometres of trail

completed and an additional \$3,000,000.00 was pledged by the government to complete the remaining 26 kilometres. Northland Inc provided due diligence and the Northland Regional Council approved \$900,000.00 worth of funding towards the project at their June 2015 meeting. The Far North District Council will also contribute \$900,000.00 in order to complete and maintain the trail.

4. Waikare Inlet Oyster Farming Reclamation Project; declined

This project was presented to the Board in early 2014 and declined. It was decided that the economic return for the region directly from the project fell short of meeting the criteria for funding from the Investment and Growth Reserve. Northland Regional Council subsequently requested that the project be reconsidered based on the opportunity to use the in-kind contribution to the reclamation as part of the overall oyster farm project and therefore leverage further funding from central government Ministry for Environement, for the clean-up of oyster farms within the Waikare Inlet. The assumption being that returning oyster farms to productive use would provide an economic return for the region.

The reclamation project is designed to support existing industry to operate more efficiently; the reclamation does not directly provide jobs, or an increase in household income. Indirectly, it does have the potential to increase GDP over time. The clean-up of oyster farms is designed to return the farms to productive use and may result in economic benefits over time.

In conjunction with the NRC's economist, an analysis of the value of a hectare of productive oyster farm has been completed and this has been analysed alongside the area of clean-up of oyster farm and an indication of potential clean-up costs per hectare to give an indication of the possible return on investment when looking at the overall oyster farming industry in the area rather than just the reclamation in isolation.

The project was then reconsidered and declined. It was considered that the benefits of the project are first and foremost; environmental restoration, which in itself does not directly provide an economic impact, and thus does not meet the IG&R criteria. It was recommended that more appropriate funding be sought.

5. Resin and Wax

This is a \$15,000,000.00 project to extract and refine resins and waxes from Kauri peat at Kaimaumau as a natural raw material. This will contribute to the local economy by employing 40 staff within five years, 80% of which will be local with the company aiming to work closely with Kaitaia High School. Following the extraction of resins and waxes there is the opportunity for the land to be improved for alternative use; for example farming, horticulture or Manuka honey production, or returned to its natural state. The proposal to Council to be considered is for a convertible loan with the possibility of converting to equity after two years. Negotiations have been undertaken and a letter of support has been received by Ngai Takoto who have mana whenua and ownership of the land for the proposed site. Consideration is given to Ngai Takoto taking up the investment once the project has progressed to attracting investors.

6. Manea; Footprints of Kupe



The Manea project has been developed by the Te Hua o te Kawariki Trust to establish a Heritage Centre as a Tourism attraction in Opononi that would celebrate: the journeys of Kupe; his departure; the stories of repopulation; and progression of his descendants, the local culture and places of historical significance. The attraction will be the Footprints of Kupe, as Manea is the first footprint of Kupe, based on 1000 years of Maori history pertaining to, Te Hokianga-a-Kupe, the returning place of Kupe. The proposal to the Investment & Growth Reserve for a long term loan will be conditional on matched funding from Ngapuhi and the Tourism Growth Partnership.

7

KPI ✓ Minimum of two partner projects with Iwi, hapu and/or Maori collective organisations

1. Manea

Detail above.

2. Waipoua Forest tourism opportunity

The initial application from Te Roroa Whatu Ora Trust was for a partnership approach to conduct a feasibility study for a suspended monorail, the 'Schweeb', in the Waipoua Forest for tourism purposes.

Rather than predetermine the tourism experience it was thought that work should be undertaken to look at the feasibility of a tourism experience in the Waipoua Forest. Council agreed to feasibility funding of \$40,000.00 Te Roroa Whatu Ora Trust has since undergone a change in management which wishes to consider all activity in the Waipoua Forest including PTA Kauri Die Back disease and the Kauri National Park initiative in relation to this proposal.

There is a desire within Te Roroa for further development of an overarching Tourism strategy centred on the Waipoua Forest as part of a wider strategy for forest management and Te Roroa Whatu Ora Trust activities.

Agreement with the Operations Manager is to (re-)submit an application for funding to progress the Strategy for Te Roroa Whatu Ora Trust in the latter part of 2015.

3. Honey Coalition

A national initiative with a decidedly local focus; Northland Inc staff have continued to support the formation of the Miere (Honey) Coalition comprising Maori producers in the Te Tai Tokerau. An opportunity analysis has been presented to the principals from Te Rarawa, Ngāti Hine and Ngāti Wai, with an emphasis on the financial risks and competition from international efforts to produce Manuka (Leptospermum scoparium) plantations. The RGS noted that there exists within Northland a significant opportunity to develop a 'land to brand' market intervention in the Manuka Honey industry. Northland Inc will continue to facilitate the development of the coalition with a view to increasing the business and employment opportunities for Northland.





KPI ✓ Minimum of 5% increase in website traffic on Northlandnz.com

We have seen a 39% increase in visitors to our website. The revamped website for Northland has been completed to a high standard, as is now required by customers. www.northlandnz.com has combined the two previous sites (www.northlandnz.com and www.northlandinc.co.nz). The site provides a large amount of information, from where to eat, to how to gain assistance to opening a new business.

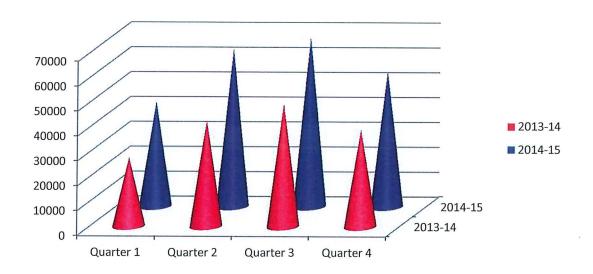


The new site incorporates Google Analytics which provides a comprehensive analysis of the site's users over the last year. The new site is expected to further increase usage and visitation for a wider audience. Following is visits per quarter for last two reporting periods, and examples of Google Analytics data.





Visits per quarter during reporting periods 2013-14 vs 2014-15



Organic searches

Organic (non-paid) searches for www.northlandnz.com via various search engines have increased 57% this year on last year. The top 5 keywords for organic searches from search engines are:

- 1. Northland
- 2. Bay of Islands
- 3. Romantic getaways Northland
- 4. Kauri tree
- 5. Things to do Northland



Page Views

Page views* have increased by 19.51% this year on last year, totalling 728,485 vs 609,554. 'Walks and Kauri Trees' landing page views have increased considerably by 197% in the last year

The top 10 viewed pages are:	Views	Annual increase
Home page:	50,212	1.76%
Must Do's	24,642	25.68%
Top 10 Must Do's	21,453	27.82%
Walks & Kauri Trees	12,268	197.84%
Bay of Islands	12,256	42.28%
Camping in Northland	12,209	44.83%
Holiday Parks	10,644	12.61%
Boutique Accommodation	10,448	39.53%
Attractions in Northland	9,434	19.28%
Twin Coast Discovery	8,296	18.36%

^{*}Page views is the total number of pages viewed. Repeated views of a single page are counted.

Demographics:

Gender:

Other

35.2% of visitors to our site are male, 64.8% are female

Location:	
New Zealand	72.37%
Australia	7.80%
United States	4.98%
United Kingdom	3.43%
Germany	1.17%
Canada	1.06%
Other	less than 1%

Website Referrals:	
newzealand.com	14.76%
doc.govt.nz	5.6%
wilderness.co.nz	4.51%
muestragratis.es	4.50%
semalt.semalt.com	3.03%
history-nz.org	2.98%
event-tracking.com	2.58%
search.tb.ask.com	2.54%
whangareinz.com	2.48%
rtonz.org.nz	2.15%
nrc.govt.nz	2.08%



less than 2%