

NorthlandInc

Growing Northland's Economy
Kia tupu ai te ōhanga o Te Tai Tokerau



Annual Report 2016/17





CONTENTS

Chairman's Overview	3
CEO's Overview	3
Key Statistics	4
Tai Tokerau Northland Economic Action Plan	5
Regional Promotions & Tourism	6
Investment & Infrastructure	8
Business Innovation & Growth	10
Māori Economic Development	13
Statement of Intent 2016/19 KPI Results	14
Financial Statements	15

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.

Chairman's Overview

When I look back at what Northland Inc has achieved this year it's hard to not feel proud of the work this organisation is doing for the region. Much of this would not be possible on our own so I also want to acknowledge central and local government agencies, funders and business partners for their support and collaboration – you are making a difference.

Northland Inc is an influencer and implementer of transformational projects across key areas of economic development; from infrastructure and investment, digital

connectivity, business capability and innovation support, Māori economic development to regional promotion and tourism. Nowhere is this more evident than in the Tai Tokerau Northland Economic Action Plan (Action Plan); a comprehensive document that brings into focus more than 60 projects that are helping to transform Northland's economy through an increase in jobs, income and investment.

I would like to thank our Chief Executive Officer David Wilson and his team for their hard work, passion and commitment – their efforts are helping to make Northland a better place to visit, live, work and invest in.

I would also like to take this opportunity to thank my fellow board members and the Northland Regional Council for their

encouragement and support again this year. There is plenty more to do, but together we are making a difference.


Warren Moyes
Chairman



CEO's overview

Thank you for taking the time to read our 2016/17 Annual Report. This annual report presents merely a snapshot of our activity this year so please also look through our website to get a sense of the breadth of work that Northland Inc undertakes on behalf of the region.

First and foremost I am very proud of our team whose passion, innovation and vision for Northland has us well on track to fulfil our mission to strengthen, diversify and grow the Northland economy. However, we all know that results would not be possible without a strong Board of Directors, the Northland Regional Council, collaborators, partners, funders, and passionate groups seeking the best for their communities. We sincerely thank you all for your support.

Roading has been a big winner this year - NZTA has pledged significant support to the Action Plan; a four-lane upgrade to State Highway One between Whangārei and Point Marsden Highway, Puhoi to Warkworth and Warkworth to Te Hana motorway announcements, improvements to the Brynderwyns, upgrade of State Highway 15 - Mangakahia Road as an inland

freight route, realigning the Akerama curves, bridges at Kaeo and Taipa, and infrastructure support for the Twin Coast Discovery tourist route.

Other milestones in the Action Plan include the Hawaiki submarine cable ground-breaking ceremony, contracts sought for the roll-out of Ultra-Fast Broadband (UFB2), The Orchard Business and Events Hub opening, investors being sought for Kingfish aquaculture, the first farm clusters selected for the Extension 350 programme, the Twin Coast Discovery Byway journeys development and the Twin Coast Cycleway.

Some of the projects you'll read about in this annual report fall under the Action Plan, others sit squarely under one or more of Northland Inc's other four work streams. On a personal level I have many highlights from this year, but one that stands out is getting the midnight phone call from Prosper Northland Trust to say we had raised the final \$6.5 million funding towards the target of \$21.7 million to build the Hundertwasser Art Centre and Wairau Māori Art Gallery (HAC). This was a mountain to climb but thanks to the vision, commitment, drive and determination of a huge team of volunteers at Prosper Northland Trust and the Whangārei Art Museum Trust, it is now a reality.

Overall we can be very pleased with significant progress towards providing the digital, transport and water infrastructure platforms needed for Northland's future economic growth. However, we have a lot more to do, Northland! Plans for 2017/18 include completion of more Action Plan projects, the delivery of incubation services as part of wraparound business support services, investigation into the development of an innovation hub, more byways journeys for visitors, the start of HAC construction, and progress on Extension 350.

We will always face challenges, but we know that by working together strategically we will meet these challenges, and continue to grow Northland's economy.


Dr David Wilson

Chief Executive Officer



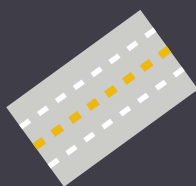
Key Statistics



\$22,327,625 investment from outside Northland



\$33.8M 2nd phase of government's national UFB2 rollout will link **20 locations** across Northland over 6 years



\$400M upgrade of 22km on SH1 (Whangārei to Marsden Point turnoff) to **4 lanes** to begin 2019



Balance raised for Hundertwasser Art Centre with Wairau Māori Art Gallery to reach target of **\$21.7 million**



Ground-breaking ceremony for the **\$450M** Hawaiki NZ Ltd international submarine cable to land at Bream Tail, Mangawhai



Around **3000 visitors** attended **129 events** in The Orchard during its first 9 months of operation.



Mangakahia Rd (Kaikohe to Whangārei) upgrade to **state highway status** (SH15) along with smaller roads connecting to SH1



Northland Journeys Facebook campaign - **18,000 competition entries** and over **3,000 map downloads**



\$709.5M Puhoi to Warkworth motorway project. The PPP will allow quicker road construction as NZTA will not need to fund it all.



Trained and interacted with more than **1,800 travel agents** across key markets in **6 countries**



Multimillion dollar contract (Hawaiki) to McKay Ltd to build landing station for **14,000km** internet cable system



Extension 350 underway, net economic benefit of **\$102.2M expected** over 5-year operational period

Tai Tokerau Northland Economic Action Plan

“Although economic development is a long-term game, we are seeing success stories through the combined efforts of all those involved.”

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

This was the first full year of implementation of the Tai Tokerau Northland Economic Action Plan (the Action Plan). We've done a lot in that 12 month period with many of the projects either completed or key milestones achieved, and we are starting to see the economic and social benefits across the region.

Multiple agencies are working well collaboratively and learning lessons about what works and doesn't work. Innovation and collaboration provide the catalyst for opportunities to develop or progress.

Infrastructure has been one of the big winners of the Action Plan with significant investment being directed into projects across the Action Plan's four broad work streams: Enablers, Specialised Manufacturing & Services, Land and Water, and Visitor Industry. Across a number of Action Plan projects central government provided more than \$20 million, which, when combined with non-government contributions brings the investment from outside the region to \$22,327,625.

Northland is also enjoying spin off benefits from many of the Action Plan projects – the creation of employment for Northlanders and even more money injected into the economy.

We added three new projects to the Action Plan: Tōtara Industry Pilot Project, the Hihiaua Cultural Centre and Whangārei Marina Development projects. The first full year under our collective belt shows a number of completed projects and projects that are building momentum across the four broad work streams. In this annual report you will also read more about some of the projects spearheaded by Northland Inc that fall under the Action Plan, and these have been marked with the following symbol:



Enablers

Enabler projects bring Northland's transport, digital infrastructure, skills and capabilities and water resources to a standard that creates an enabling environment for economic development in Northland.

See Action Plan one year summary (February 2017) for completed and remaining projects building momentum, in addition to:

- Communities of Learning all established.
Completed
- Northport and Northland Inc are exploring improving horticulture logistics and export from the Port, advocating within and outside the region the value of using local port facilities.
Building momentum

Land & water

Land & Water projects identify and develop opportunities for more productive use of land and water resources across a range of primary industry sectors.

See Action Plan one year summary (February 2017) for completed and remaining projects building momentum, in addition to:

- Investment memorandum to explore commercial viability of kingfish production is complete and strong investor interest.
Completed
- Te Hiku Sheep and Beef Farming Collective (Red Meat Strategy) report.
Completed
- Extension 350 project manager hired and farm advisory consultants selected.
Completed
- Te Hiku Beef and Sheep Farming Collective – in the process of recruiting Project Manager.
Building momentum

Specialised manufacturing & services

Specialised manufacturing & services projects support the development of new innovation and specialised manufacturing and service sectors.

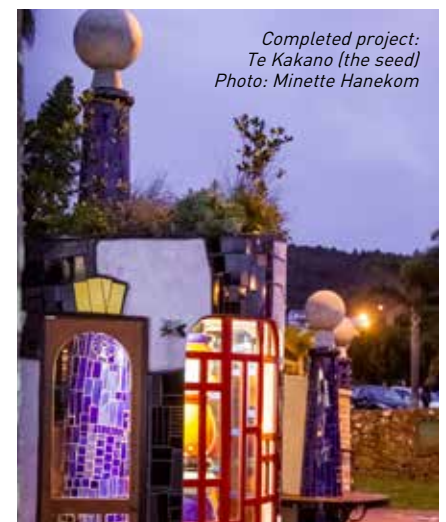
See Action Plan one year summary (February 2017) update for completed and remaining projects building momentum, in addition to:

Resin and Wax Pilot project has received Callaghan Innovation Funding.
Building momentum

Visitor industry

Visitor industry projects reduce the impact of seasonality, improve product dispersal across the region and enhance tourism promotion.

See Action Plan one year summary (February 2017) for completed and remaining projects building momentum.



*Completed project:
Te Kakano (the seed)
Photo: Minette Hanekom*

Regional Promotions & Tourism

“Our economy was the second strongest in the country in Quarter 3 of this year. Northland’s tourism boom - which is worth more than \$1 billion a year - is having a spectacular effect, and is one of the major factors behind the region’s turnaround.”

Paul Davis, GM Regional Promotions & Tourism

The visitor economy is Northland’s largest industry. Northland is a highly seasonal visitor region; we have remained steadfast this year with a focus on interventions and activity to address both seasonality and dispersal by stimulating demand through destination marketing, and addressing supply through targeted interventions.

We have continued to implement our three-pronged international marketing programme: to grow trade and media partnerships to increase visitor expenditures, to increase brand and place-based awareness, and to increase website visits and social media engagement.

Twin Coast – NZTA Programme Business Case



NZTA’s Programme Business Case (PBC) was completed in draft in June and is expected to be presented to the NZTA Board in late 2017. This PBC has been developed in partnership with NZTA and considers the case for investment to address problems on the Twin Coast Discovery Highway (TCDH). A number of Northland Journeys have been developed by Northland Inc to encourage customers to visit new places, try new experiences and stay longer in Northland.

The TCDH and Northland Journeys utilise a number of state highways and local roads in the Auckland and Northland regions, and have been developed to encompass cycle and walking journeys and coastal recreational modes as well as road based routes.

The PBC outlines six future work

programmes for Northland integrating tourism and transport needs; visitor industry, townships, digital, alternative, road network, and safety and resilience. The total programme investment in Northland is estimated at between \$570 million and \$1,080 million, and further work on this project will become a major focus of the refreshed Tai Tokerau Northland Economic Action Plan in the 2017-2018 year.

Twin Coast Discovery – byway journeys



The Twin Coast Revitalisation Project reached a major milestone in the first half of 2017 with the launch of the first tranche of three new byway journeys using authentic local content for three new map designs. The launch in March received positive local and travel media coverage and growing visitor interest in the lead up to our Facebook campaign in June, which resulted in 18,000 competition entries and over 3,000 downloads of the new road-based journeys maps.

The second tranche of four byways is on target for launch in September 2017 and planning is underway for a pre-summer campaign to build even greater awareness and usage of these new Northland journeys.

The first three new byway journeys are:

- ‘Where Giants Gather’ (from Whangārei Town Basin to the Whangārei Heads)
- The ‘Ancient Kauri Trail’ (from Maungaturoto to Omapere); and,
- ‘Into the Wide Blue Yonder’ (from Whangārei Falls to Tutukaka and on to Hikurangi).



International trade marketing

The International Marketing Group (IMG) funded by Northland Inc and industry saw Northland continue to increase presence and profile in developing and traditional offshore visitor source markets over the year. The IMG was created in January 2016 with 15 operators investing \$35,000.

This year Northland Inc visited six countries under Tourism New Zealand's trade marketing umbrella; India, Singapore, South America (Argentina and Brazil), Australia and North America. During those visits Northland trained and interacted with more than 1,800 travel agents across the key markets. The objective of the expanded offshore trade programme is to increase Northland presence and profile in developing offshore markets.



*Trade Marketing Manager
Karly Bent at a trade event.*

Northland was the first region in New Zealand to have a dedicated TNZ regional campaign in Melbourne, Australia, region to region in New Zealand's biggest international market. Northland Inc worked closely with Tourism New Zealand to provide support for the campaign.

Public relations and communications

This year Northland Inc took a more active approach to corporate communications. We reaffirmed our commitment to proactive, consistent, relevant, and timely information. A calendar of planned PR, communications and content activity ensures we are reaching multiple audiences and more effectively promoting Northland.

Media familiarisations

In order to enhance our destination marketing activity we continued to partner with Tourism New Zealand for familiarisation visits for media from overseas markets, and independently managed and hosted visits from New Zealand and Australian media. This public relations activity directly impacts on how our region is promoted here and around the world, with media across a range of consumer markets telling the Northland story. We also provided support for global promotional campaigns including a high impact campaign featuring United States actress Bryce Dallas-Howard.



US actress Bryce Dallas-Howard at Cape Reinga

Investment & Infrastructure

“Northland Inc and Northland Regional Council are working well together on reversing the cycle of under-investment, and are leading by example through investing directly in projects that deliver real benefits to current and future generations of Northlanders.”

Vaughan Cooper, GM Investment & Infrastructure

This year our sights were firmly set on maximising the economic potential of productive industries in the region. Traditionally, the leading economic industries in Northland have been based around agriculture, horticulture, forestry and tourism. There is huge untapped potential to further strengthen these areas, in addition to other industries such as aquaculture, construction, manufacturing and marine industries. Over this 12-month reporting period many of the feasibility and case studies we have commissioned align with these industries.

The Orchard Business and Event Hub



We successfully opened The Orchard Business and Event Hub in November - on time and on budget - funded through the Investment and Growth Reserve (\$70,000), Ministry of Business, Innovation and Employment (\$70,000), and money, blood, sweat and tears from Northland Inc. Feedback from the community has been overwhelmingly positive, with a number of members signing up. The event space is in strong demand.

[Read more on the operations of The Orchard in the Business Innovation & Growth section on page 12]





EXTENSION 350

FARMERS LEARNING FROM FARMERS



“Farm systems are complex and interrelated. Enduring change is most likely to occur when farmers are focused on achieving their own goals and objectives. In this context effective extension is about relationships between supporting professionals, and critically with other farmers who have walked this road.”

Luke Beehre,
Extension 350 Project Manager

Extension 350 is an innovative farmer led and farmer-focused mentoring and extension programme based on farmers learning from farmers. The programme aims to work with 350 Northland farms over five years to improve their on-farm profitability, environmental sustainability and wellbeing.

This year the first group of Northland farmers started working together with the establishment of two dairy clusters and one sheep and beef cluster, with 16 target farms, 17 mentor farmers and the selection of a further 80 associate farmers underway.

Clusters are formed on an industry basis within natural geographic areas. Each cluster runs for three years and involves five target farms. There will be three sheep and beef and seven dairy clusters, totalling 10 clusters over the five year life of the project.

A farm consultant provides facilitation, advice and direction to each target farm and this relationship is supported by a mentor farmer. Target farmers and mentor farmers then interact and influence a surrounding group of associated farmers, further spreading the benefits throughout the farming community.

This project is managed by Northland Inc with a Project Manager working with the steering committee made up of an independent farmer Chair and representatives from the key stakeholder/funding groups: DairyNZ, Beef + Lamb New Zealand, Northland Regional Council and Ministry for Primary Industries.



Ministry for Primary Industries
Manatū Ahu Matua



Northland
REGIONAL COUNCIL

Northland Inc
Growing Northland's Economy
Kia tūpu ai te ōhanga o Te Tai Tokerau

Hundertwasser Art Centre with Wairau Māori Art Gallery



Northland Inc is a strong supporter of the Hundertwasser Art Centre with Wairau Māori Art Gallery (HAC) project in recognition of the benefits for economic development and Northland's increased profile outside the region that this project will bring.

The HAC as one of a series of cultural attractions in Northland offers the opportunity to increase length of stay and spend and address Northland's high seasonality curve. Arts/cultural attractions are less seasonal, less weather-dependent, and more likely to attract higher-value international visitors. We believe that the HAC will transform Whangārei from a pass-through destination to a must-see riverside city with an iconic cultural attraction of international standing. Northland Inc successfully worked with Prosper Northland Trust to raise the required \$7.5m to reach their target.



Other activity

Over this 12 month period, feasibility and business case funding was also approved for a number of other projects and initiatives including:

- Kaurinui Tourism product development
- Northland Small Enterprise Loan Fund (mySELF)
- Whangārei Marina Economic Impact Analysis
- Dargaville Retirement Village feasibility study
- Northland Indigenous Wood Products Industry Pilot
- Otuihau - Whangārei Falls Cultural Experience

Business Innovation & Growth

"We continue to support our region's businesses' growth through a strong and integrated support system. The Northland business community continues to perform strongly with the second highest growth in New Zealand recorded during the last year."

Joseph Stuart, GM Business Innovation & Growth

This year we continued to support people with great ideas into business, and established businesses to become more productive and competitive both at home and at a globally. Northlanders are innovative, creative, entrepreneurial and business savvy and the team is proud to support them in their success.

By connecting business owners to services, funding opportunities and information to help grow their business, we are helping to not just preserve but grow the sizeable contribution of small to medium sized businesses to Northland's economy.

Coalition work

Local Food Conference

Local Food Northland's inaugural conference was held in February as a part of our regional promotion support for the food and beverage sector. The focus was on building food hubs and production systems.

Event outcomes

- Establishment of Tropical Fruit Growers of New Zealand
- Establishment of Northland Food Policy Network | He Kai Ora Tonu

Channel North

This year regional community broadcaster Channel North moved into The Orchard Business and Event Hub and we have been

able to leverage this new relationship for digital and broadcast promotions. Channel North promoted the Local Food Conference findings and supported ongoing dialogue from a number of Orchard business and professional events.

Incubator services

Northland Inc completed negotiations with Massey University's ecentre based in Albany to deliver incubator services for Northland. A Heads of Agreement (HoA) was completed that will result in the delivery of Callaghan Innovation incubation support into the region for the first time.



New partnership with MPI

A contracted position this year of Business Growth Facilitator – Primary came through a partnership between the Ministry for Primary Industries (MPI) and Northland Inc to promote economic development in the region's crucial primary sector. Funded by MPI, this appointment was unique and utilised the contractor's expertise and knowledge to facilitate the region's primary sector business and industry networks to link with local and central government resources. This was an innovative way for one of our traditional sectors to learn more about the resources available to them.

Ultra-Fast Broadband (UFB2)



Northland Inc led the region's response to the Rural Broadband Initiative/Mobile Black Spots Fund (MBSF) request for proposals process to the Ministry of Business, Innovation & Employment / Crown Fibre Holdings on behalf of the region's four councils. The work to complete this highlighted the current state of our rural broadband infrastructure and indicated the required resourcing to ensure coverage across the region is improved to >5Mbps for more than 95% of households.

Northpower has secured contracts to build UFB networks in 12 Kaipara and Whangārei towns – Kaiwaka, Mangawhai Village, Mangawhai Heads, Maungaturoto, Paparoa, Ruawai, Dargaville, Waipu, Ruakaka, One Tree Point, Waikaraka and Hikurangi. The four year project will cost around \$30 million.

The expansion of Northpower's UFB network through the Government's UFB2 initiative is a substantial boost to the region as it will take fibre to a further 9000 premises – adding to the 20,000 UFB premises in Whangārei.



Building momentum: Northland Digital Enablement Plan underway
Photo: Northpower

K4 Kombucha's Freddie and Kaye



CUSTOMER PROFILE:

K4 Kombucha

K4 Kombucha – a small-batch boutique craft brewery in the Bay of Islands – is one of many businesses that Northland Inc has worked with and that launched this year.

Owners Kaye van der Straten and Freddie Loov are the mum and dad entrepreneurs behind the K4 business. Having overcome a number of obstacles to get their business off the ground, Kaye and Freddie are now happily producing beautiful cultured foods and beverages, adding yet another Northland business to the ever-increasing list of top quality food and beverage producers in New Zealand.

Northland Inc is proud to have supported Kaye and Freddie from the start of their business journey, helping to bring the business to life and linking them in with Massey University's School of Food Science to work on a research and development programme on the benefits and application of the K4 Cultured Foods products.



The Orchard Business and Event Hub

"It's rewarding seeing connections being made between residents, casual members and 'hotdeskers', and new social and business relationships forming with more people utilising the space. Entrepreneurs and start-ups are discovering the benefits of being part of a collaborative, co-working environment - the success of The Orchard reaffirms that this space is filling a gap, and meeting the needs of a variety of business people."

Kayla Tattley, Orchard Activator

Doors opened to Whangārei's newest co-working space on 9 November. Northland Regional Council, Northland Inc and the Ministry of Business, Innovation & Employment co-funded this initiative and the project was rolled out and facilitated by Northland Inc.

The Orchard Business and Event Hub (The Orchard) is a collaborative business and event space for the growing community of entrepreneurs, start-ups and already established business professionals in Northland. It offers all the facilities of a premium office fit-out, a creative environment and a thriving community of like minds.

Northland Inc and the NZ Chambers of Commerce Northland are permanent residents in The Orchard, making this the first collaborative working space in New Zealand where local business and business development agencies sit under one roof.

Co-working environments are appearing all over New Zealand and internationally, providing a shared and supportive work space for entrepreneurs, start-ups and business professionals from all backgrounds.



Māori Economic Development

“Kia tipu ake te ohanga o te Tai Tokerau te kaupapa o tatou whare. I te Ao Māori, nga hua o enei mahi hei oranga o matou tamariki, mokopuna hoki. Te tirohanga whanui nei te ahuatanga kahure o matou mahi hapai i nga iwi Māori.”

“Our mission is to strengthen, grow and diversify the Northland economy. From a Māori perspective this is part of the legacy we will hand over to our descendants. This longer term view of economics dominates our work for Māori people.”

George Riley, GM Māori Economic Development

Northland's Māori economy and asset base continue to grow. This year Northland Inc continued to partner with Māori on strategy, delivery and investment across a diverse range of sectors including tourism, honey and agriculture.

Māori and iwi increasingly contribute and play a key role in the economy – no reira, growth for the Māori economy in Northland means growth for the region.

Rawhiti 3B2 Ahu Whenua Trust

Northland Inc and Te Puni Kōkiri provided funding to the Rawhiti 3B2 Ahu Whenua Trust to assess the tourism potential of the walking tracks on the Rawhiti peninsula out to Whangamumu, Deep Water Cove, Rakaumangamanga and the Cape Brett lighthouse. The feasibility study recommended remedial work on the tracks. The Trust is also advancing a business case for the tracks to be become one of New Zealand's Great Walks, with potential for a broader range of tourism activities with a strong cultural focus.

Te Tai Tokerau Miere Coalition

The Regional Growth Study identified a 'land to brand' opportunity for the manuka honey industry in Tai Tokerau. A group of Māori land and business owners have begun that process with funding from Northland Inc. The group comprises the Ngāti Hine Forestry Trust, Te Rarawa Asset Holding Company, Ngātiwai Trust Board, Te Roroa Honey Ltd and some private land owners. Each of the participants had different drivers for this initiative including improved utilisation of existing assets, diversification, risk mitigation and environmental concerns. The process culminated in a strategic business plan for expanding manuka plantations across Tai Tokerau.

Twin Coast Discovery Pou Trail

Northland Inc allocated significant funding to NZTA to support creation of a set of six to eight pou on the crest of Piroa (Brynderwyn Hills) framing the iconic views across Bream Bay to the islands and Mt Manaia. Northland Inc worked alongside NZTA and representatives from the Whangārei iwi and hapu, Patuharakeke, Te Parawhau, Ngāti Kahu ki Torongare, Te Uri O Hau and Ngātiwai iwi. The pou will depict local hapu

and their relationships to all iwi across Tai Tokerau, and will signal the importance of Maori culture in Tai Tokerau to all visitors.



Pou at Rawhiti

Around 200 iwi from the hapu of Ngāti Kuta and Te Patu Keha attended the unveiling of pou situated on Hauai Trust land at Rawhiti. The pou signify the revitalisation of economic activity aimed at providing better housing options in the Rawhiti area.

At a recent hapu hui five areas of industry were identified and plans made to combine efforts across three of the major trusts in the area: Hauai, Motukokako and 3B2 with Te Rawhiti Enterprises Ltd being considered to deliver the economic development outcomes determined by the haukāinga.

Statement of Intent 2016/19 KPI Results

Growth in Northland businesses engaged with Northland Inc measured through an increase in:

Aggregate turnover by 5% per annum. **Achieved**

- RBP active companies had an aggregated total turnover portfolio increase of 8% for 2016/2017*

*Disclosure: This figure is based on RBP active accounts that have provided 2015/2016 financial data.

25% of RBP Active companies are research active. **Achieved**

- 54 RBP Active businesses are undertaking R&D activities which provides an R&D Intensity Value of: 30.2%

Northland Inc Board recommendations made to the NRC Investment and Growth Reserve:

1 project for debt or equity funding per annum: **Achieved**

- Onyx Capital / Maungatapere Berries

1 project for impact investment funding per annum: **Achieved**

- Extension 350
- Hundertwasser Art Centre with Wairau Māori Art Gallery

1 project partnering with Iwi, hapu and/or Māori collective organisations on economic development per annum: **Achieved**

- Otuihau - Whangārei Falls Cultural Tours

Promotion of the region measured by:

10% annual increase in (Google Analytics) sessions on www.northlandnz.com per annum: **Achieved**

See table below.

Industry investment of \$300k per annum in regional promotions activity. **Achieved**

- International Marketing Group - \$37,500
- TRENZ - \$91,000
- China Social Media - \$10,500
- In-kind product contribution Trade only - \$178,427
- In-kind product contribution for media visits - \$22,981
- Total \$340,408

An equivalent advertising value of \$15m per annum achieved from destination media coverage. **Achieved**

- The International Media Programme EAV for the year is \$30,632,529

Implementation of the Action Plan measured by:

Value of confirmed investment from outside the region into Northland projects. **Achieved**

- Northland projects attracted a total value of \$22,327,625 of investment from outside of the region.

Projects / actions successfully completed. **Achieved**

- 14 of 61 projects successfully completed (24%)
- 54 key actions / milestones were successfully completed across the remaining projects.

At least 5 new projects are added to the Action Plan per annum. **Not Achieved**

- 3 projects were added to the Action Plan in 2016/17
- the potential commercialisation of Totara
- Hihiaua Cultural Centre
- Whangārei Marina Development

Visitor Sessions to www.northlandnz.com

	2013-14	2014-15	2015-16	2016-17	% change
Quarter 1	27,646	41,985	43,979	48,316	+9.86%
Quarter 2	42,588	63,375	54,398	62,516	+14.9%
Quarter 3	49,376	67,949	62,733	66,691	+6.31%
Quarter 4	38,990	54,478	46,500	97,014	+108.63%
TOTAL	158,600	227,787	207,600	274,537	



Financial Statements

For The Year Ended 30 June 2017

CONTENTS

Entity Information	16
Independent Auditor's Report	17
Statement of Comprehensive Revenue and Expense	20
Statement of Financial Position	21
Statement of Changes in Net Assets	22
Statement of Cash Flows	23
Notes to the Financial Statements	24

Entity Information

As at 30 June 2017

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 five 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

Irene Durham
Karleen Everitt
Jeroen Jongejans
Warren Moyes
Sarah Petersen

ACCOUNTANTS

Crowe Horwath (NZ) Limited
Level 1, Crowe Horwath House,
57 Willis Street
Wellington 6011

SHAREHOLDER

Northland Regional Council - 100
Total Ordinary Shares - 100



Independent auditor's report

To the readers of Northland Inc Limited's financial statements and performance information for the year ended 30 June 2017

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 20 to 30, that comprise the statement of financial position as at 30 June 2017, 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 page 14.

In our opinion:

- the financial statements of the company on pages 20 to 30:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2017; 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 page 14 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 2017.

Our audit was completed on 21 September 2017. 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.



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

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.

Deloitte.

- 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

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2017

	Notes	2017 Actual \$	2017 Budget \$	2016 Actual \$
REVENUE FROM NON-EXCHANGE TRANSACTIONS				
Grants revenue		1,303,212	1,303,212	1,275,815
Grant funded project revenue		1,408,964	1,444,031	884,624
Total revenue from non-exchange transactions	6	2,712,176	2,747,243	2,160,439
REVENUE FROM EXCHANGE TRANSACTIONS				
Tenant income		45,051	81,784	-
Total revenue from exchange transactions		45,051	81,784	-
TOTAL REVENUE		2,757,227	2,829,027	2,160,439
EXPENSES				
Wages, salaries and other employee costs		1,398,020	1,310,917	932,854
Depreciation		48,125	41,000	34,464
Other overhead and administrative expenses	7	1,306,262	1,467,110	1,172,191
TOTAL EXPENSES		2,752,407	2,819,027	2,139,509
Interest income		2,151	-	6,495
Finance costs		(2,249)	-	(3,357)
NET SURPLUS/(DEFICIT) FROM FINANCE ACTIVITIES		(98)	-	3,138
OPERATING SURPLUS/(DEFICIT)		4,722	10,000	24,068
OTHER GAINS/(LOSSES)				
Prior Period Tax Adjustments		-	-	17,876
Gain/(loss) on disposal of assets		(5,374)	-	(58)
Other gains/(losses)		895	-	-
TOTAL OTHER GAINS/(LOSSES)		(4,479)	-	17,818
SURPLUS/ (DEFICIT) FOR THE YEAR		243	10,000	41,886
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR		243	10,000	41,886

These financial statements have been authorised for issue by the Board



Karleen Everitt - Chairperson

September 25th 2017

Date



Sarah Petersen - Director

September 25th 2017

Date

The attached Accounting Policies and Notes form an integral part of these financial statements

Statement of Financial Position

As at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current			
Cash and cash equivalents		349,283	429,871
Receivables from non-exchange transactions	9	689,443	136,857
Total current assets		1,038,726	566,728
Non-current			
Property, plant and equipment	10	207,530	95,782
Total non-current assets		207,530	95,782
TOTAL ASSETS		1,246,256	662,510
LIABILITIES			
Current			
Payables under exchange transactions	11	335,290	174,641
Employee entitlements	12	69,797	47,839
Deferred revenue	13	698,481	293,855
Loans and borrowings	14	15,867	26,137
Total current liabilities		1,119,434	542,472
Non-current			
Loans and borrowings	14	13,844	7,304
Total non-current liabilities		13,844	7,304
TOTAL LIABILITIES		1,133,278	549,776
NET ASSETS		112,978	112,734
EQUITY			
Start-up contributions		100	100
Accumulated funds		112,878	112,634
TOTAL EQUITY		112,978	112,734

The attached Accounting Policies and Notes form an integral part of these financial statements

Statement of Changes in Net Assets

For the year ended 30 June 2017

	Start-up contribution reserve	Accumulated Funds	Total equity
Balance 1 July 2016	100	112,635	112,735
Surplus/ (deficit) for the year	-	243	243
Total comprehensive revenue and expense	-	243	243
Balance 30 June 2017	100	112,878	112,978
Balance 1 July 2015	100	70,749	70,849
Surplus/ (deficit) for the year	-	41,886	41,886
Total comprehensive revenue and expense	-	41,886	41,886
Balance 30 June 2016	100	112,635	112,735



The attached Accounting Policies and Notes form an integral part of these financial statements

Statement of Cash Flows

For the year ended 30 June 2017

	2017	2016
	\$	\$
Cash flow from operating activities		
Cash was provided from/(applied to):		
Northland Regional Council Funding	2,130,399	1,624,728
Whangarei District Council Operating Grants	105,000	105,000
Receipts from services provided	376,116	719,584
Net movement in GST	99,745	29,041
Payments to suppliers	(1,236,508)	(1,317,673)
Payments to employees	(1,387,159)	(932,854)
Taxation	-	34,599
Net cash from/(used in) operating activities	87,593	262,425
Cash flow from investing activities		
Cash was provided from/(applied to):		
Proceeds from sale of plant and equipment	3,186	-
Proceeds from Investments	-	200,000
Purchase of plant and equipment	(167,538)	(27,407)
Net cash from/(used in) investing activities	(164,352)	172,593
Cash flow from financing activities		
Cash was provided from/(applied to):		
Net Proceed/(Repayment) of borrowings	(3,730)	(28,042)
Interest received	2,151	6,495
Interest paid on borrowings	(2,249)	(3,357)
Net cash from/(used in) financing activities	(3,828)	(24,904)
Net (decrease)/increase in cash and cash equivalents	(80,588)	410,114
Cash and cash equivalents, beginning of the year	429,871	19,757
Cash and cash equivalents at end of the year	349,283	429,871

The attached Accounting Policies and Notes form an integral part of these financial statements

Notes to the Financial Statements

For the year ended 30 June 2017

1. Reporting entity

These financial statements comprise the financial statements of Northland Inc Limited (the Company or Entity) for the year ended 30 June 2017.

The financial statements were authorised for issue by the Board of Directors on 21 September 2017.

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 PBE IPSAS with RDR) and other applicable Public Benefit Entity 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 entity transitioned to PBE Standard Tier 2 from 1st July 2016.

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.

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

(d) Changes in accounting policies

Previously adopted Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit). The impact of new and amended standards and interpretations applied in the year was limited to additional note disclosures.

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 a straight-line value (SL) or 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.

(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 are comprised of receivables, cash and cash equivalents, payables, loans and borrowings.

Initial recognition and measurement

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs attributable to the acquisition, except for those carried at fair value through surplus or deficit, which are measured at fair value.

Derecognition of financial instrument

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.

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

Payables and 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.

(k) Income tax

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

(I) 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 judgements, estimates and assumptions

The preparation of financial statements in conformity with NZ PBE 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.

6. Revenue from Non-Exchange Transactions

	2017	2016
	\$	\$
Northland Regional Council Operational Grant Funding	1,198,212	1,170,815
Whangarei District Council Operating Grant Funding	105,000	105,000
Grant Funded Project Income	1,408,964	884,624
Total Non-Exchange Revenue	2,712,176	2,160,439

7. Expenses

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

	2017	2016
	\$	\$
Audit fees	30,247	26,778
Directors' fees	74,500	74,500
Motor vehicle expenses	35,407	36,186
Other expenses	745,738	601,166
Other project activity costs	83,967	80,198
Operating lease payments	82,605	65,132
Project consultants	21,926	112,166
Regional promotions	231,872	176,065
Total	1,306,262	1,172,191

8. Income Tax

	2017	2016
	\$	\$
Revenue as per financial statements	2,757,227	2,166,934
Depreciation recovered on sale of assets	1,423	120
Sale of sundry assets	895	-
Total Revenue	2,759,545	2,167,054
Permanent Differences:		
Less:		
Grants from Local authorities exempt income (sec CX47 of the Income Tax Act)	(1,303,212)	(1,275,815)
Other revenue from grant funded operations	(1,408,964)	(884,744)
Total Permanent Differences	(2,712,176)	(2,160,559)
Less:		
Deductible expenses	(47,369)	(6,495)
Total finance costs	-	-

9. Receivables

	2017	2016
	\$	\$
Trade debtors	241,706	96,691
Related party receivables - Refer to Note 23	408,566	-
Prepayments	39,171	40,166
Total	689,443	136,857

Non-exchange 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 2016 and 2017, all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure.

10. Property, plant and equipment

2017	Vehicles	Office Furniture and Equipment	Total
Cost 1 July 2016	128,995	68,964	197,959
Additions	49,094	121,442	170,536
Disposals	(6,522)	(35,552)	(42,074)
Closing balance 30 June 2017	171,567	154,854	326,421
Accumulated depreciation and impairment			
Opening balance 1 July 2016	61,519	40,648	102,167
Depreciation for the year	29,378	18,747	48,125
Impairment charge for the year			-
Depreciation written back on disposal	(5,325)	(26,076)	(31,401)
Closing balance 30 June 2017	85,572	33,319	118,891
Carrying amount 30 June 2017	85,995	121,535	207,530
Carrying amount 30 June 2016	67,476	28,306	95,782

11. Payables

	2017	2016
	\$	\$
Current		
Trade creditors	166,275	82,921
Non trade payables and accrued expenses	42,255	64,705
GST payable	126,760	27,015
Total payables under exchange transactions	335,290	174,641

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

	2017	2016
	\$	\$
Current		
Accrued salary and wages	27,362	16,264
Provision for Holiday Pay	42,435	31,575
Total	69,797	47,839

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. Deferred revenue

	2017	2016
	\$	\$
Membership subscriptions		
Deferred revenue	698,481	293,855
Total income in advance	698,481	293,855

14. Loans and borrowings

	2017	2016
	\$	\$
Current		
Northland Regional Council Loan	15,867	26,137
Total current loans and borrowings	15,867	26,137
Non-current		
Northland Regional Council Loan	13,844	7,304
Total non-current loans and borrowings	13,844	7,304
Total loans and borrowings	29,711	33,441

The attached Accounting Policies and Notes form an integral part of these financial statements

15. Operating leases

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

The premises used for office space lease commenced on 1 February 2017.

The term of the lease is four years with one right of renewal of four years.

A market rent review will occur on 1 February 2018.

Non-cancellable operating leases are payable as follows:

	2017	2016
	\$	\$
Less than one year	80,080	38,775
Between one and five years	206,033	-
Total	286,113	38,775

16. Property, plant and equipment

(a) Carrying value of financial instruments

The carrying amount of all material financial position 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 settled, between knowledgeable and willing parties in an arm's length transaction.

(b) Classification of financial instruments

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

All financial liabilities held by the Company are carried at amortised cost using the effective interest rate method.

17. Contingent assets and contingent liabilities

The entity has no contingent assets or contingent liabilities.

18. Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2017	2016
	\$	\$
Property, plant and equipment	-	22,800
Total	-	22,800

19. Events after the reporting period

There were no significant events after the balance date.

20. 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 shareholders 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

The entity have a related party relationship with its key management personnel. Key management personnel include the Board of Directors and Senior Management.

Key management personnel compensation includes the following expenses:

	2017	2016
	\$	\$
Salaries and other short-term employee benefits	576,280	495,846
Directors Fees	74,500	74,500
Total remuneration	650,780	570,346
Number of persons recognised as key management personnel	11	10

(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 revenue recognised in the year was \$2,130,399 (2016 \$1,170,815). At balance date, Northland Regional Council owes Northland Inc Ltd \$408,566 (2016 \$0)

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 14).

(c) Sale to employee

During the year the 2005 Honda Accord was disposed of to an employee's family member. The vehicle was sold for \$2,500 (GST Incl). The transaction was at arm's length as a result of an independent valuation being conducted.

NorthlandInc

Growing Northland's Economy

Kia tupu ai te ōhanga o Te Tai Tokerau

Phone: +64 9 438 5110

Email: welcome@northlandnz.com

Address:

Level One, corner Cameron
and Walton Streets
Whangarei 0110

PO Box 1762, Whangarei 0140

www.northlandnz.com