

ROTORUA

Economic Development
Te Whanaketanga Ōhanga o Rotorua

Annual Report 2020 - 2021



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1. Who we are

Rotorua Economic Development (RED) is committed to developing and promoting Rotorua as a destination of choice to work, study, visit, invest and live in. We connect people, land, capital and ideas.

Our work directly supports the development of the Rotorua economy, unlocking opportunities for commercial investment and providing employment, wealth and wellbeing for all of our people. RED works in partnership with iwi, the private sector, local government, community organisations and central government to support their growth aspirations and enhance the identity and reputation of Rotorua. We operate as a neutral entity and a trusted advisor, balancing the needs of each group of stakeholders for the benefit of the destination.

RED is a Council Controlled Organisation (CCO), 100% owned by Rotorua Lakes Council (RLC). RED is the Economic Development Agency (EDA) and Regional Tourism Organisation (RTO) for the Rotorua district. RED's key trading activities and brands are Destination Rotorua, i-SITE, RotoruaNZ.com. RED also operates as the Convention Bureau for Rotorua.

RED is led by Chief Executive Andrew Wilson and governed by an independent board of directors:

Mr John McRae (Chair) - appointed 14 April 2020

Mr Chris Auld (Director) - appointed 27 July 2016

Mr Tim Cossar (Director) - appointed 9 June 2020

Mr Desterney Mana Newton (Director) - appointed 14 April 2020

Mr Aaron Donnelly (Director) - appointed 01 July 2020

Mr David Tapsell (Director) - appointed 01 May 2021

Mrs Keri-Anne Tane (Director) - appointed 01 May 2021

The following directors ended their tenure during 2020/2021

Dr Ganesh Nana (Director) (28 Jan 2021)



2. Mihi from the board Chair and Chief Executive

We are pleased to present this summary of the 2020 - 21 financial year.

Our purpose at RED is to unlock the potential of Rotorua. We do this by partnering with Te Arawa and in alignment with the Rotorua Lakes Council's key priorities that are underpinned by the Rotorua 2030 Vision.

This past year has been extremely difficult on many fronts given the myriad of challenges exacerbated by the global pandemic.

It has been a tumultuous time that has required our organisation to adapt swiftly, and respond to the constantly evolving challenges and needs of our stakeholders.

However responding to these challenges also provided an opportunity for RED to be innovative in the way we do things to best serve our communities.

We've worked closely with our iwi partners and stakeholder groups to ensure the work that we set out do meets their needs and aspirations at the same time ensuring that we continue to fulfil our purpose of unlocking the potential of Rotorua.

We've extended our role to include Transformational Place-making Projects so that we can put more energy into revitalising our inner-city.

We are agile and act swiftly to meet the changing needs of our local visitor industry to enhance and develop their products and help prepare them for the eventual return of visitors.

In December 2020 we began the journey to develop a Destination Management Plan for Rotorua in partnership with iwi and in collaboration with our community. This piece of work is a significant step forward for our district and has the potential to reinvigorate our people and place at the same time reinforcing our identity which is deeply embedded in historical narrative of resilience.

We would like to acknowledge the significant contribution made by outgoing director Dr Ganesh Nana (Director) (28 Jan 2021). The wealth of knowledge and expertise he brought to the RED board was invaluable.



John McRae
Board Chair



Andrew Wilson
Chief Executive

3. Our focus

As the combined EDA and RTO for the Rotorua district, our work focuses on the economic development of the district, encompassing business and investment attraction, business growth, talent attraction and skills development, as well as the sustainable growth of the visitor economy. The work we do helps to:

- lift economic performance across the Rotorua district, with a particular focus on tourism, forestry and wood processing, natural hot springs and wellness, film/TV/creative technology, alternative land use opportunities, and Te Arawa investments
- support RLC's partnership with Te Arawa to help iwi realise their aspirations.
- attract, retain and grow investment, talent and business across the district
- ensure the impact of change achieves a balance between social, environmental, economic and wellness benefits for the people of Rotorua
- create unforgettable memories for all our visitors, including business event delegates

Our strategic framework aligns with five of the key focus areas of Vision 2030 - The Rotorua Way:

- Business innovation and prosperity - Whakawhānake pākihi
- Employment choices - He huarahi hōu
- Outstanding places to play - Papa whakatipu
- Vibrant city heart - Waahi pūmanawa
- Homes that match needs - Kāinga noho, kāinga haumaruru



Our vision: Rotorua is a place for everyone offering diverse opportunities, a unique natural environment and a vibrant centre of Māori culture and expression

Develop & promote the destination
Connect people with place

Build business capability & capacity
Connect business with resources

ROTORUA

Attract investment
Connect ideas with capital

Attract & develop talent
Connect business with people

Our purpose: To unlock the potential of Rotorua



4. Our successes and achievements

Destination development and tourism transformation:

Making Rotorua a destination of choice

- We produced a Destination Management Plan for Rotorua, a culmination of eight months of research and collaboration involving more than 100 people from diverse communities that sets out to ensure Rotorua is a thriving visitor destination through sustainable growth that benefits the local community.
- We established Tao Kai – a food and beverage steering group that aims to guide the weaving of cultural competency into the food and beverage industry and assist with the development of the Rotorua Food Story.
- We launched a nationwide #RotoruaProud campaign that sought to connect our people to our place, build on our sense of pride, and showcase all of the amazing people who are part of our community.
- We worked closely with our local designers, story tellers, business owners, entrepreneurs, innovators and inventors, performers, scientists and our guides to develop a new place brand that will embody our culture, our natural environment and rich experiences that make this place unique.
- We launched Aotearoa New Zealand's first ever bilingual marketing campaign *Experience Rotorua With Us*.
- We work hard to help our local operators build their capability and explore product development opportunities such as virtual air bnb tours for the overseas market. We've supported the delivery of both digital and PR workshops to businesses within the wider visitor industry and ran a series of workshops with InsideOUT to help tourism, accommodation, retail and hospitality front line staff make their business safe and inclusive for rainbow and takatāpui communities.
- We launched a new RotoruaNZ website on an upgraded Kentico platform. This the first phase of a digital roadmap that will eventually create a joined up digital economy for the benefit of both visitors and local businesses.
- We've continued to keep international travel sellers engaged with Rotorua and maintain their product knowledge by working closely with offshore Tourism New Zealand travel trade teams and attending virtual tradeshows.

Business Growth and Investment Attraction:

Turning opportunities into action

- We're helping to build a world-class lake front by working with architects and developers to create a stunning commercial hub that is rich with culture and makes optimal use of the landscape and its stories. Stage One of the lakefront development was officially opened in July and we are set to see the second stage open before the Christmas holidays.
- We extended our role so that we could deliver Transformational Place-making Projects in our CBD. We're working with local landowners and developers to explore housing opportunities that support the rejuvenation of our inner-city.
- Our district's newest mountain bike hub – Te Pūtake o Tawa opened with a karakia conducted by Tūhourangi in October. We helped to secure funding from the Provincial Growth Fund and worked with landowners to facilitate the concessions for local businesses who have partnered with iwi to provide the food and beverage services on-site.
- Our much-loved forest - Titokorangi (formerly the Redwoods) is a significant part of our identity and a strong drawcard for locals and visitors alike. We have supported landowners CNI Iwi Holdings Limited to seek out and evaluate a suitable hospitality provider who will complement the forest and all it has to offer. We continue to work with landowners to progress the commercial development at Titokorangi.
- We are working alongside landowners to complete feasibility and due diligence aimed at unlocking new industrial and commercial land in the region, to capitalize on growth and investment attraction opportunities.

Photo: Graeme Murray

Visitor Services and Experience:

The home of manaakitanga



- i-SITE Future Network - The Visitor Information Network (owner of the i-SITE Brand) is consulting on changes to the i-SITE network. The proposal is focused on future proofing the network and aligning more closely to New Zealand's destination management approach. The future network will be nationally consistent but locally relevant. As a place local people value as 'their place' too, which they want to take their visitors to, because it provides a window into the local history and heritage, a hub for information about their local tourism offering and advice and booking support for their region and the whole of New Zealand. A new overarching brand will be developed aligned to the philosophies of the Tiaki brand but the internationally recognised 'i' logo would be retained.
- Our Rotorua Education Network (REN) is consistently seeing strong level of school bookings with new enquires being generated from as far afield as the South Island. We're now considering a variety of online modules to explore how we can extend the reach of this programme.

2021 Key Performance Measures

Achieved **5**Not Achieved **0**No data available **6**

Measures		YE Result Jun 2020	YE Target Jun 2021	YE Actual Jun 2021	Action Status	Comments	
1.	Build business capability and capacity	Relevant destination data and insights has been sought in target sectors to support investment and reinvestment decision making by business. Subject matter of insights will be delivered during the year based on relevance and need.	25	>= 6	19	Achieved	Data and insights were provided to existing businesses and prospective new investors engaged in visitor activities, horticultural exports, horticultural infrastructure, Maori agribusiness, electrical vehicles and export coaching programs.
		Level of satisfaction of businesses going through the ACCELERATE programme	(New Measure)	>= 80%	#N/A	#N/A	Council approved the removal of the ACCELERATE programme from the 2020-21 Statement of Intent reporting requirements.
3.	Attract investment	Level of members' satisfaction with the value of the Luminaries Programme	#N/A (New Measure)	>= 80%	#N/A	#N/A	Council approved the removal of the Luminaries programme from the 2020-21 Statement of Intent reporting requirements.
		The number of direct commercial introductions made by RED that contribute to a strong investment ecosystem	#N/A (New Measure)	>= 30	31	Achieved	Commercial introductions connected local business people with local funders, central government export agencies and iwi.
5.	Attract and develop talent	Introduction of a summer intern programme	#N/A (New Measure)	>= 10	#N/A	#N/A	Council approved the removal of the intern programme from the 2020-21 Statement of Intent reporting requirements.

Measures			YE Result Jun 2020	YE Target Jun 2021	YE Actual Jun 2021	Action Status	Comments
6.	Develop and promote the destination	i-SITE to be financially self-sufficient Revenue* at least 30% pre-COVID level (ie. year end December 2019 \$1.67m)	(New Measure)	>= \$500,935	\$627,250	Achieved	The August/September 2020 COVID lockdown in Auckland was a key driver in revenue tracking only marginally above target in the first quarter, however revenue since then has steadily increased and resulted in the target being achieved with \$627,250 revenue for the 12 months to June 2021.
7.	Develop and promote the destination (continued)	Business Events - Value of bids won in financial year based on MBIE data and DR lead sheet confirmed conferences * Events are typically won more than 12 months in advance of the event date. Some events won in the June 2020 year were to be held during 2020-21 and were cancelled due to COVID-19, additionally as business events occur the tentative room nights held are adjusted to reflect actual room nights and therefore the value published herewith and in the Statement of Intent will not reconcile to the latest value in DR business records for the June 2020 year.	\$4.7m*	>= \$3.0m	\$3.2m	Achieved	This value is based on room nights tentatively held as a result of business event bids won by RED and MBIE's Business Events Delegate Survey 2017 calculation of \$385 average delegate spend per night. For the year ending June 2021 RED won 31 events, collectively resulting in 8,352 room nights and \$3.2 million delegate spend.
8.		Total international expenditure data for Rotorua (based on MBIE statistics)	\$273m**	>= \$35m	\$15m*	#N/A	* As at YTD Oct-20: On Track at \$15m MBIE has suspended publishing visitor expenditure until at least the 2022 year and consequently this metric cannot be reported beyond October 2020. The model for estimating visitor expenditure is unfit for purpose following significant changes in spending patterns resulting from COVID19 disruptions to travel behaviour.

Measures		YE Result Jun 2020	YE Target Jun 2021	YE Actual Jun 2021	Action Status	Comments	
9.		Total domestic expenditure data for Rotorua (based on MBIE statistics)	\$443m**	>= \$452m	\$202m*	#N/A	* As at YTD Oct-20: On Track at \$202m As above, MBIE has suspended publishing visitor expenditure and consequently this metric cannot be reported beyond October 2020.
10.	Develop and promote the destination (continued)	Rotorua Tourism Sentiment score (based on Destination Think) is at least approximately the same or better than the December 2017 base year (=54). Tourism Sentiment Score (ranging from -100 to 100) is a measure of the destination's performance in driving online word of mouth and the perception of Rotorua's tourism offering internationally.	(New Measure)	>= 52	#N/A	#N/A	Tourism Sentiment was reported once annually for the year ending December, however during the 2020 year was replaced with a real-time online dashboard. The online dashboard utilises a new sentiment measure which is not comparable to the previously reported measure and consequently cannot be utilised for monitoring performance against the target.
11.	Develop and promote the destination (continued)	Domestic consumer perception - % intend to visit (Delve loyalists + considerers) Rotorua from Auckland AND one target market is at least approximately the same or better than the June 2017/18 year.	3 markets	>= 2 markets (incl AKL)	3 markets (incl AKL)	Achieved	Consumer perceptions are collected once annually in May through August. The values published for the 2021 year are the result of survey responses collected during the month of July 2020. Each target market recorded an increased propensity to visit Rotorua and exceeded their respective targets.
		% Auckland market "intend to visit" Rotorua AND	50%	>= 50%	56%		
		% Wellington market "intend to visit" Rotorua OR	40%	>= 40%	51%		
		% Christchurch market "intend to visit" Rotorua	24%	>= 20%	28%		

** MBIE estimates are subject to revision and therefore the value published herewith and in the Statement of Intent will not reconcile to the latest value published by MBIE for the June 2020 year.



ROTORUA

Economic Development
Te Whanaketanga Ōhanga o Rotorua

Financial Statements
Rotorua Economic Development Limited
2020/21



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ROTORUA ECONOMIC DEVELOPMENT LIMITED

STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 30 JUNE 2021

The Directors of Rotorua Economic Development Limited accept responsibility for:

- the preparation of the Company's financial statements, and statements of expenses and capital expenditure, and statement of service performance, and for the judgements expressed in them;
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and statement of service performance; and
- The accuracy of any end-of-year performance information prepared by the Company, whether or not that information is included in the annual report.

In the Directors' opinion:

- The financial statements fairly reflect the financial position of the Company as at 30 June 2021 and its operations for the year ended on that date.



Chair
29 April 2022



Director
29 April 2022

ROTORUA ECONOMIC DEVELOPMENT LIMITED

ENTITY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2021

Date of Incorporation

11 April 2012

Company Number

3776876

IRD Number

108-936-868

Nature of Business

Rotorua Economic Development Limited (RED) is the Economic Development Agency and Regional Tourism Organisation for the Rotorua district. The organisation works as a key partner in the delivery of the economic development components of Rotorua Lakes Council's Vision 2030. RED's purpose is to improve the Rotorua economy and its ability to create employment, wealth and wellbeing for all Rotorua people.

Business Location

1167 Fenton Street, Rotorua 3010

Registered Office

1061 Haupapa Street, Rotorua, 3010

Directors

John McRae – Chair (Appointed 14th April 2020)

Dr Ganesh Nana (Retired 28th January 2021)

Christopher Auld

Desterney Newton

Tim Cossar

Aaron Donelley (Appointed 1st July 2020)

David Tapsell (Appointed 1st May 2021)

Keri-Anne Tane (Appointed 1st May 2021)

Auditor

Audit New Zealand, on behalf of the Auditor-General

Banker

BNZ Bank, Rotorua

Shareholder

Rotorua District Council	100% shareholder	100 Ordinary Shares
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ROTORUA ECONOMIC
DEVELOPMENT LIMITED

**STATEMENT OF
COMPREHENSIVE REVENUE
AND EXPENSE**

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000
Revenue				
Council funding	2	4,420	4,350	4,320
Government Funding	2	852	-	127
Other income	3	1,055	975	2,322
Interest received	4	1	-	4
Total Revenue		6,328	5,325	6,773
Expenses				
Advertising, marketing and communications	5	1,500	1,918	1,219
Depreciation	12 & 13	76	53	56
Personnel costs	6	2,893	2,517	3,113
Other expenses	7	1,822	837	2,607
Total Expenses		6,291	5,325	6,995
Surplus/deficit before tax		37	-	(223)
Income tax expense	8	-	-	-
Surplus/deficit after tax		37	-	(223)
Other comprehensive revenue and expenses				
Total other comprehensive revenue and expenses		37	-	(223)
Total comprehensive revenue and expense attributable to:				
Rotorua Economic Development Limited		37	-	(223)

NOTE: The accompanying notes form an integral part of these financial statements

ROTORUA ECONOMIC
DEVELOPMENT LIMITED

**STATEMENT OF FINANCIAL
POSITION**

AS AT 30 JUNE 2021

*The Board of Directors of Rotorua Economic
Development Limited authorise these unaudited
financial statements for issue on 29 April 2022*

	Notes	Actual 2021 \$000	Actual 2020 \$000
Assets			
Current Assets			
Cash and cash equivalents	9	1,115	998
Receivables	10	137	107
Other current assets	11	119	143
Total current assets		1,371	1,247
Non-current assets			
Capital work in progress	12	58	-
Fixed Assets	12	55	84
Intangible assets	13	99	144
Total non-current assets		212	228
Total assets		1,583	1,475
Liabilities			
Current liabilities			
Payables and accrued expenses	14	841	826
Employee entitlements	15	311	253
Total current liabilities		1,151	1,079
Total liabilities		1,151	1,079
Net assets		431	396
Equity			
Retained earnings	16	199	164
Share capital	16	232	232
Total equity		431	396

*NOTE: The accompanying notes form an integral
part of these financial statements*

ROTORUA ECONOMIC
DEVELOPMENT LIMITED

**STATEMENT OF CHANGES IN
EQUITY**

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Actual 2021 \$000	Actual 2020 \$000
Balance at 1 July		396	619
Surplus/(deficit)		35	(223)
Balance at 30 June	16	431	396

NOTE: The accompanying notes form an integral part of these financial statements

ROTORUA ECONOMIC
DEVELOPMENT LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Actual 2021 \$000	Actual 2020 \$000
Cash flows from operating activities			
Interest received		1	4
Receipts from grants and sponsorship		6,320	6,989
Realised currency gains		(1)	-
Payments to suppliers and employees		(6,075)	(6,519)
Directors remuneration paid		(98)	(94)
Goods and services tax (net)		15	(20)
Resident withholding tax paid IRD		1	10
Net cashflows from operating activities	22	163	370
Cash flows from investing activities			
Purchase of property, plant and equipment		(69)	(139)
Receipts from sale of property, plant and equipment		23	-
Net cashflows from from investing activities		(46)	(139)
Cash flows from financing activities			
Tax paid		-	-
Proceeds from shareholder		-	-
Net cash flows from financing activities		-	-
Net increase / (decrease) in bank accounts and cash		117	230
Cash and cash equivalents at the beginning of the year		998	767
Cash and cash equivalents at the end of the year		1,115	998

NOTE: The accompanying notes form an integral part of these financial statements

ROTORUA ECONOMIC DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1. STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2021

Reporting Entity

Rotorua Economic Development Limited ('the Company') is a limited liability company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The Company is fully owned by the Rotorua Lakes Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002.

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

The financial statements of the Company are for the year ended 30 June 2021. The unaudited financial statements were authorised for issue by the directors on 29 April 2022.

BASIS OF PREPARATION

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

Statement of compliance

The Company is a reporting entity for the purposes of the Financial Reporting Act 2013.

These financial statements comply with the Financial Reporting Act 2013, the Companies Act 1993, and Section 69 of the Local Government Act 2002, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements have been prepared in accordance with Tier 2 PBE Reduced Disclosure Regime (RDR) accounting standards.

The entity is eligible and has elected to report in accordance with Tier 2 PBE RDR Standards on the basis that the entity has no public accountability and has expenses >\$2m and <\$30m.

These financial statements comply with PBE standards.

Measurement base

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

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Company is New Zealand dollars.

SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies which materially affect the measurement of financial results and financial position have been adopted in the preparation of the financial statements.

Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Council and Government Funding

Council and 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 goods

Revenue from the sale of goods is recognised when the goods are sold to the customer.

Sale of services

Revenue from the sale of services is recognised when the service is provided.

Interest

Interest income is recognised as it is earned during the year.

Income tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted 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 is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

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

Current and deferred tax is recognised against

the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and call deposits.

Trade debtors and other receivables

Trade debtors and other receivables are recognised at their face value less any provision for doubtful debts. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Property, plant & equipment

Property plant and equipment consists of:

Operational assets

These assets include motor vehicles and various plant and equipment.

Additions

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

Disposal

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are recognised in the statement of comprehensive revenue and expense.

When revalued assets are sold, the amount included in revaluation reserve in respect to those assets is transferred to retained earnings.

Depreciation

Depreciation is provided on a diminishing value basis on all property, plant and equipment 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:

Capital work in progress

Work in progress is recognised at cost less impairment and is not depreciated.

Operational assets

Motor vehicles 36%
Plant and equipment 13 - 67%

Intangible assets***Software acquisition and development***

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

Costs that are directly attributable to the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with development and maintenance of the website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

The amortisation charge for each financial year is recognised in the surplus or deficit.

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

Intangible assets

Computer software 33.3%

Trade creditors and other payables

Trade creditors and other payables are stated at their face value. Creditors and accrued expenses are measured at the amount owed.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, the sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at balance date,

taking into account the risks and uncertainties surrounding the obligation.

Employee entitlements

Liabilities for accumulating short-term entitlements are measured at nominal value based on unused entitlement accumulated at current rate of pay at balance date.

Lease

The Company leases buildings in the normal course of its business. The majority of these leases have terms between 12 and 60 months which are cancellable on certain conditions.

Leases can be renewed at the Company's option, with rents set by reference to current market rates for items of equivalent age and conditions. There are no restrictions placed on the company by any of the leasing arrangements.

MSD Wage Subsidy

The MSD wage subsidy is in substance a grant with conditions attached to it, the company has elected to account for the wage subsidy under PBE IPSAS 23 Revenue from Non-Exchange Transactions and have spread the grant evenly over the twelve-week period.

Goods & Services Tax

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

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

paid to, or received from the Inland Revenue Department, including GST relating to the investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Critical accounting estimates and assumptions

Critical accounting estimates and assumptions

In preparing these financial statements the company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Any estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities will be specified in the note disclosures.

Other changes in accounting policies

There have been no changes in accounting policies.

1b. AUDIT DEADLINE

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

2. COUNCIL AND GOVERNMENT FUNDING

	Actual 2021 \$000	Actual 2020 \$000
Rotorua Lakes Council	4,420	4,320
MBIE STAPP Funding	852	-
MSD Wage Subsidy	127	127
Total council funding	5,398	4,447

3. OTHER INCOME

	Actual 2021 \$000	Actual 2020 \$000
Commission received	347	525
Events and roadshows	6	98
Promotion Income	-	147
Rotorua Tourism Investment Program Inc.	-	351
Sundry Income	146	44
Trading Revenue	429	1,157
Total other income	928	2,322

4. INTEREST RECEIVED

	Actual 2021 \$000	Actual 2020 \$000
Interest received	1	4
Total interest received	1	4

5. ADVERTISING, MARKETING AND COMMUNICATIONS

	Actual 2021 \$000	Actual 2020 \$000
Advertising, marketing and communications	1,500	1,219
Total advertising, marketing and communications	1,500	1,219

6. PERSONNEL COSTS

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

Performance payments are recorded when the employee is notified that the payment has been granted.

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

Severance payments

For the year ended 30 June 2021 the Company did not make any severance payments (2020:\$Nil).

	Actual 2021 \$000	Actual 2020 \$000
Salaries and wages	2,800	3,016
Defined contribution plan employer contributions	93	97
Total personnel costs	2,893	3,113
Employees remuneration exceeding \$100,000:		
\$100,000 - \$109,999	2	3
\$110,000 - \$119,999	4	1
\$120,000 - \$129,999	-	-
\$130,000 - \$139,999	1	1
\$140,000 - \$149,999	-	1
\$160,000 - \$169,999	-	1
\$230,000 - \$239,999	-	1
\$240,000 - \$249,999	1	-
Total employees	8	8

7. OTHER EXPENSES

	Actual 2021 \$000	Actual 2020 \$000
Accident Compensation Levy	3	1
Contractors and consultants	632	347
Cost of goods sold	191	566
Directors remuneration	98	94
Fees to Audit NZ for financial statement audit	27	26
Fees to Audit NZ for audit disbursements	1	6
Lease	244	244
Other expenses	547	1,205
Travel and accomodation	16	48
Utilities	63	69
Total other expenses	1,822	2,607

8. INCOME TAX

	Actual 2021 \$000	Actual 2020 \$000
Components of tax expense		
Current tax	-	-
Deferred tax	-	-
Tax expense	-	-
Relationship between income tax expense and accounting surplus		
Surplus/(Deficit) for the year	35	(223)
Tax at 28%	10	(62)
Plus / (less) tax effects of:		
Non-taxable income	-	-
Non-deductible expenditure	-	2
Deferred Tax	-	2
Tax losses utilised	(10)	-
Group loss offset	-	58
Total tax expense	-	-

A deferred tax asset has not been recognised in relation to temporary differences of \$5,397 (2020:\$5,191).

9. CASH AND CASH EQUIVALENTS

	Actual 2021 \$000	Actual 2020 \$000
Cheque account	496	563
Tourism bank account	606	423
Cash on hand	12	12
Total cash and cash equivalents	1,115	998
Net cash and cash equivalents for the purposes of the statement of cash flows	1,115	998

10. RECEIVABLES

	Actual 2021 \$000	Actual 2020 \$000
Receivables from exchange transactions		
Trade receivables (gross)	101	110
Less provision for impairment		10
Net trade receivables	101	101
Total receivables from exchange transactions	101	101
Receivables from non-exchange transactions		
GST receivable	-	6
Other receivables	37	-
Total receivables from non-exchange transactions	37	6
Total receivables	137	107

11. OTHER CURRENT ASSETS

There is no write down of inventory during the year. (2020: Nil)

No inventory is pledged as security for liabilities in 2021. (2020: Nil)

	Actual 2021 \$000	Actual 2020 \$000
Inventory	94	125
Pre-payments	24	17
Resident withholding tax	-	1
Shareholder current account - RLC	-	-
Total other current assets	119	143

12. PROPERTY, PLANT, AND EQUIPMENT

No property, plant or equipment has restricted title or has been pledged as security.

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

	Equipment \$000	Motor Vehicle \$000	Total \$000
Opening cost 1 July 2019	162	38	200
Accumulated depreciation opening	70	24	95
Opening carrying amount	92	14	106
Additions	31	-	31
Disposals (net of accumulated depreciation)	-	-	-
Depreciation expense	47	5	52
Closing cost	193	38	231
Accumulated depreciation closing	118	29	147
Carrying amount at 30 June 2020	75	9	84

12. PROPERTY, PLANT, AND EQUIPMENT (continued)

	Equipment \$000	Motor Vehicle \$000	Total \$000
Opening cost 1 July 2020	193	38	231
Accumulated depreciation opening	118	29	147
Opening carrying amount	75	9	84
Additions	11	-	11
Disposals (net of accumulated depreciation)	-	9	9
Depreciation expense	31	-	31
Closing cost	204	29	233
Accumulated depreciation closing	149	29	178
Carrying amount at 30 June 2021	55	-	55

12. CAPITAL WORK IN PROGRESS

Property, plant and equipment in the course of construction is detailed below:

	Leasehold Improvements \$000	Total \$000
Opening cost 1 July 2020	-	-
Additions	58	58
Disposals (net of accumulated depreciation)	-	-
Closing cost	58	58
Carrying amount at 30 June 2021	58	58

13. INTANGIBLE ASSETS

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

	Computer Software \$000	Website Development \$000	Total \$000
Opening cost 1 July 2019	11	30	41
Accumulated depreciation opening	2	-	2
Opening carrying amount	9	30	39
Additions	-	108	108
Disposals (net of accumulated depreciation)	-	-	-
Depreciation expense	4	-	4
Closing cost	11	138	149
Accumulated depreciation closing	5	-	5
Carrying amount at 30 June 2020	6	138	144

13. INTANGIBLE ASSETS (continued)

	Computer Software \$000	Website Development \$000	Total \$000
Opening cost 1 July 2020	11	138	149
Accumulated depreciation opening	5	-	5
Opening carrying amount	6	138	144
Additions	-	-	-
Disposals (net of accumulated depreciation)	-	-	-
Depreciation expense	4	41	45
Closing cost	11	138	149
Accumulated depreciation closing	9	41	50
Carrying amount at 30 June 2021	2	97	99

14. PAYABLES AND ACCRUED EXPENSES

	Actual 2021 \$000	Actual 2020 \$000
Payables from exchange transactions		
Creditors	605	759
Revenue in advance	163	-
Total payables from exchange transactions	768	759
Payables from non-exchange transactions		
Taxes payable	73	67
Total payables from non-exchange transactions	73	67
Total payables and accrued expenses	841	826

15. EMPLOYEE ENTITLEMENTS

	Actual 2021 \$000	Actual 2020 \$000
Current portion		
Annual leave	265	253
Holidays Act Recalculation Liability	46	-
Total employee entitlements	311	253

16. EQUITY

Equity is the shareholder's investment in the Company and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified as share capital and retained earnings.

Fully paid ordinary shares carry one vote per share and carry the right to dividends. No ready market for these shares therefore recognised at cost.

100 ordinary shares at \$1 per share are fully paid out and carry the right to dividends per share.

(a) Share Capital	Actual 2021 \$000	Actual 2020 \$000
Balance at 1 July	232	232
Share Capital Issued - Number of shares (100)		
Total share capital	232	232

(b) Retained Earnings	Actual 2021 \$000	Actual 2020 \$000
Balance at 1 July	164	386
Surplus/(deficit)	35	-223
Total Retained earnings at 30 June	199	164
Total equity	431	396

The company is not forecasting to generate any dividend for the shareholder over the next 3 years. Should a situation arise where distributions to the shareholder could be considered the Board will take into account the following elements in any distribution it may consider:

- The company's working capital requirements
- The retention of an appropriate level of earning for reinvestment in the business.

17. 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.

Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions of such transactions.

18. TRANSACTIONS WITH PARENT

The Company entered into transactions with:

	Actual 2021 \$000	Actual 2020 \$000
Received a grant from Rotorua Lakes Council - (excl.GST)	4,420	4,320
Accounts payable to Rotorua Lakes Council	21	192
Accounts receivable from Rotorua Lakes Council	61	76
Payable to Rotorua Lakes Council for Service Level Agreement (excl.GST)	-	521
Rent paid to Rotorua Lakes Council for I-Site (excl. GST)	174	174
	4,676	5,283

19. KEY MANAGEMENT REMUNERATION

Transactions with key management personnel:

	Actual 2021 \$000	Actual 2020 \$000
Senior management team including chief executive		
Full time equivalent members	5	5
Remuneration	733	805
Directors		
Full time equivalent members	7	6
Remuneration	98	81
Total full time equivalent personnel	12	11
Total key management personnel remuneration	831	886

20. DIRECTORS' REMUNERATION

Directors' remuneration was paid as the following:

In addition to remuneration an amount of \$5,160 (2020 \$5,150) relating to insurance was paid for Director liability. No other benefits have been provided by the Company to a Director or in any other capacity. No loans have been made by the Company to a Director nor has the Company guaranteed any debts incurred by a Director.

	Actual 2021 \$000	Actual 2021 \$000	Actual 2020 \$000	Actual 2020 \$000
	Fees	Travel	Fees	Travel
Christopher Auld	15	-	12	-
Tim Cossar (Appointed 9 June 2020)	15	-	1	-
Aaron Donnelly (Appointed 1 July 2020)	15	-	-	-
James Fitzgerald (Retired 30 June 2020)	-	-	12	-
Mere George (Retired 1 April 2020)	-	-	8	-
Andy Higgs (Retired 30 June 2020)	-	-	12	2
John McRae (Appointed 14 April 2020)	30	-	6	-
Dr Ganesh Nana (Retired 28 January 2021)	5	1	10	2
Desterney Newton (Appointed 14 April 2020)	15	-	3	-
Keri-Anne Tane (Appointed 1 May 2021)	1	-	-	-
Peter Stubbs (Chairperson retired 1 April 2020)	-	-	16	4
David Tapsell (Appointed 1 May 2021)	1	-	-	-
Board Observer fees	-	-	1	-
Total directors' remuneration	97	1	81	8

21. INTEREST REGISTER

The Company is required to maintain an interest register in which the particulars of certain transactions and matters involving the Directors must be recorded. The interest register is available for inspection at the registered office.

INFORMATION USED BY DIRECTORS

During the financial year, there were no notices received from directors of Rotorua Economic Development Limited as, or any subsidiary, requesting to use information received in their capacity as a director which would not otherwise have been available to them.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Other than the insurance disclaimed in note 20 the Company has not arranged policies of the Directors' and Officers' Liability Insurance and separate Director's and Officers' defence costs insurance.

22. RECONCILIATION OF NET SURPLUS/ (DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Actual 2021 \$000	Actual 2020 \$000
Net surplus/(deficit)	35	223
Add/(less) non-cash items:		
Depreciation	76	56
Total non-cash items	76	56
Add/(less) items classified as investing activities:		
(Gain)/loss on sale of property plant and equipment	(14)	-
Total non-cash items	(14)	-
Add/(less) movements in statement of financial position items		
(Increase)/Decrease in receivables	(30)	259
(Increase)/Decrease in other current assets	24	43
Increase/(Decrease) in payables and accrued expenses	72	235
Total net movement in working capital items	66	537
Net cash flow from operating activities	163	370

23. FINANCIAL INSTRUMENTS

The carrying amount of financial instruments in each of the financial instrument categories are:

Rotorua Economic Development Ltd complies with Rotorua Lakes Council policies to manage the risk associated with financial instruments and is risk averse and seeks to minimise exposure from its financial instruments. The Council has established liability management and investment policies.

These policies do not allow any transactions that are speculative in nature to be entered into.

	Actual 2021 \$000	Actual 2020 \$000
Financial assets		
Cash and cash equivalents	1,115	998
Receivables (excluding tax receivable)	101	101
<i>Total loans and receivables</i>	1,216	1,098
Financial liabilities at amortised cost		
Payables (excluding taxes payable)	768	759
<i>Total non-current portion</i>	768	759

24. REPORT AGAINST STATEMENT OF INTENT

Commentary:

Additional Council funding was provided to deliver revised expectations relating to property development. I-Site commission and trading revenue has been severely impacted by the travel restrictions caused by the Covid-19 pandemic, with the ongoing absence of international visitors and domestic travel restrictions due to regional lockdowns resulting in lower than anticipated revenue. Government Funding consisted of \$126k from MSD wage subsidy, and the remainder from the Strategic Tourism Asset Protection Programme was provided for 12 months and was received in August 2020. The remainder of this funding was allocated to FY 2022. Other revenue variance is driven by a combination of factors including the contracting of staff to other businesses and unanticipated funding for projects.

Personnel cost variance is largely driven by over time worked by I-Site employees during the extended hours over the peak holiday season. The variances in Operating expenses and Office & Admin expenses are largely attributable to a misallocation in the SOI preparation, with the remaining variance resulting from the additional expectations related to property development.

	Actual 2021 \$000	SOI 2021 \$000	Variance 2021 \$000
Council Funding	4,420	4,350	70
Government Funding	978	-	978
I-site commission received	362	380	-18
Trading revenue	414	591	-177
Other revenue	152	4	148
Interest Received	1	-	1
Total Revenue	6,327	5,325	997
Expenses			
Personnel costs	2,893	2,517	376
Admin & office expenses	549	166	383
Finance costs and charges	32	90	-58
Council service charges	-	521	-521
Repairs & Maintenance	96	53	43
Operating expenses	2,653	1,918	735
Utilities	63	60	3
Total expenses	6,291	5,325	961
Net surplus	36	-	36

25. AUDITORS

The Auditor General is appointed under Section 15 of the Public Audit Act 2001. Audit New Zealand has been appointed to provide these services on his behalf. Provision for audit fee including disbursements for the year was \$30,840 excl. GST (2020 \$29,272 excl. GST).

26. DONATIONS

No donations were made by the company during the year (2020: Nil).

27. CONTINGENT LIABILITIES

At balance date contingent liabilities have been estimated at nil (2020: Nil).

28. OPERATING LEASES

Operating leases relate to:
Level 3, Haupapa Street

	Actual 2021 \$000	Actual 2020 \$000
Commitment Type		
Not later than one year	70	70
Later than one year and not later than five years	128	198
Later than five years	-	-

29. EVENTS AFTER BALANCE DATE

There have been no significant events after the balance date.

30. CAPITAL MANAGEMENT

The Company's capital is its equity, which comprise shareholders' funds. Equity is represented by net assets.

The objective of managing the Company's equity is to ensure that the Company effectively achieves its goals and objectives for which it has been established while remaining a going concern.

The company is reliant for a large part of its revenue from its 100% parent Rotorua Lakes Council.

The Council has accepted the Company's Statement of Intent, which includes funding up to 30 June 2021.

The funding agreement indicates that support will be provided until 30 June 2021. The support provided to Rotorua Economic Development Limited shall include: \$4.2m excl. GST to support the necessary budgeted operating activities in a timely manner (and all obligations and liabilities incidental to such activities).

31. COVID-19 IMPACT

Covid-19 has severely affected the I-Site business due to the travel restrictions imposed at the border as well as the varying levels of lockdown experienced during 2020/21. Rotorua Economic Development Limited has also received a letter of comfort from Rotorua Lakes Council confirming their commitment to provide sufficient funding and support to deliver necessary operations.

Independent Auditor's Report

To the readers of Rotorua Economic Development Limited's financial statements and performance information for the year ended 30 June 2021

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

The Auditor-General is the auditor of Rotorua Economic Development Limited (the company). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 16 to 38, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive revenue and expense, 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 12 to 14

In our opinion:

- the financial statements of the company on pages 16 to 38:

- present fairly, in all material respects:
 - its financial position as at 30 June 2021; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the performance information of the company on pages 8 to 10 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2021.

Our audit was completed late

Our audit was completed on 29 April 2022. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by section 67(5)(a) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

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

Basis for our opinion

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

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

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

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

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.

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

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

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

Our responsibilities arise from the Public Audit Act 2001..

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 7 and 11 to 13, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

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

Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

ROTORUA
Economic Development
Te Whanaketanga Ōhanga o Rotorua