

NORTH ISLAND / TE IKA-A-MĀUI

2017 ANNUAL REPORT

ceda.nz





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Chair's Report



Tēnā koutou katoa

CEDA was born from the realisation that as a region we needed a fresh approach to boost economic growth. With Palmerston North City and the Manawātū District as our heart, combined with the agribusiness, manufacturing, defence, distribution, health, arts, educational and research resources of the region, we have all the ingredients for success.

At the outset, we undertook a significant piece of research within our business community to understand what's good, what's not and where the best opportunities for faster growth are. This research provides CEDA with the right foundations from which we can invest in meaningful change.

While we undertook this research and subsequent planning for developing our growth agenda, we have continued to deliver services that are important to our community.

We have met the needs of visitors to the region and our residents through our work as the Regional Tourism Organisation and the provision of i-SITE services. Domestic and international visitor numbers are showing good growth.

Our business advisors in the Regional Business Partners Programme work with businesses to help boost their capability in the Manawātū region as well as the wider Horizons Regional Council area. We have invested nearly \$250,000 in professional development for small and medium sized businesses. The capacity of these businesses to undertake development has continued with the investment of \$230,000 into start-up, experience, and research and development grants.

Our regional international education development strategy, which recognises the Manawātū region as an exceptional place for international students, has collaboratively engaged our education sector, and we have carried out in-market promotional activity in Asia.

CEDA has managed three flagship events for the region. The New Zealand AgriFood Investment Week promotes the regional strength we have in food and agribusiness combined with the powerful resources of our tertiary educational and research institutions. The Westpac Manawatu Business Awards and the Sort It Careers Expo each experienced their highest levels of engagement and participation to date.

The success of these events, alongside our success in attracting four new conferences and events to the region, demonstrates our team's effectiveness.

Much of this "business as usual" work, which reaps significant benefit for the community, would not be possible without the support of our shareholders - Palmerston North City Council and Manawatu District Council - or our partnerships with NZTE, ENZ, Massey University, UCOL, Talent Central, BCC, FoodHQ, Accelerate25 and Manawatu Chamber of Commerce. Building on these relationships will be key to achieving CEDA's goal of accelerating regional economic growth.

Looking forward to 2018 and beyond, we recognise the potential to build on our region's strengths is significant. The activities noted earlier are essential and important. However, we also realise we need some transformational thinking to accelerate growth.

To this end, we have been fortunate to have the services of McKinsey & Company offered to us to develop a Strategic Growth Opportunities plan. This exciting work is underway, and the outcomes will be incorporated into our work in the coming years.

In May this year, I was delighted to appoint Linda Stewart as CEDA's Chief Executive. After having served as Acting Chief Executive for a short period, she was well placed to take over the reins. Linda's action orientated leadership style has helped create a result focused team culture at CEDA that will be beneficial for the wider business sector.

We know meeting our goals is dependent on collaboration and community engagement. We are excited about the opportunities, are passionate about our region, and we look forward to working with you all to realise them.

Ngā mihi nui ki a koutou katoa,
Malcolm Bailey - Chairperson



Chief Executive's Report

Tēnā koutou katoa

It is a privilege to serve our city and district as Chief Executive of CEDA. It is a role that I undertook earlier this year and one that I relish. Our team has gone through much change, all the while maintaining our commitments to our funders and delivering on our commitments to partner agencies - with improved results!

CEDA at its heart is a connector, an enabler and a supporter of business. We do this to lift prosperity for everyone in our community. We are also the agency tasked with improving our place in Aotearoa and the world. Behind the scenes, we have actively carried out research and planning to understand better the economic environment we are working in - identifying the gaps, opportunities, capability, and risks. The research is driving a shift in mind-set that will lift the effectiveness of our organisation to aid the transformation of our regional economy.

Economic growth in the past year was okay, and is largely reflective of the New Zealand story - the percentage of people unemployed has fallen, and property prices have increased.

Some challenges lie ahead of us, in particular:

- Construction sector - significant growth is expected in Palmerston North, Manawātū, and Horowhenua. There is already a skills shortage in this sector which is occurring as unemployment levels drop. This growth is occurring as house prices here, start to align with the Wellington market which is causing a positive population flow on effect into neighbouring districts.
- Infrastructure - to have world-leading sustainable infrastructure that underpins economic growth for future generations our population needs to increase at higher levels than it currently is. Planned public infrastructure projects provide the private sector with clear direction

around investment opportunities - it is important that these are considered from a lower North Island perspective, are well signaled and delivered within time-frames as this provides confidence for others to invest to enable growth. A regional approach should be embraced across the public and private sector as it will be good for New Zealand Inc. to provide a counterbalance to an economy dominated by one province.

- The loss of the road through Manawātū Gorge was expected at some point. It is positive, although not-before time, that we see support for both a solution and to expediency - we must ensure the result is sustainable in the long-term to enable the distribution and logistics sector to flourish as has been predicted. It must also be done in a co-ordinated and connected manner with the proposed ring road and the Wellington Expressway if we are to unlock economic opportunities for future generations.

We must remember that GDP is only one measure. As mentioned in my introduction, CEDA is focused on achieving results across the community and for that to occur a broader economic development model is required.

The education, health, science and defence sectors continue to grow and underpin our success. We are committed to working with all to help them create new opportunities and attract the talent required to provide world-class services.

The improved dairy returns have provided good growth in Manawātū. It is likely to continue in the year ahead, which may translate into increased employment opportunities both on and off farm.

Our business development advisors are out and about in businesses across the wider region. Helping them to realise their growth plans, access funding, upskill staff, and adjust to changes in

technologies and markets. We now have a presence in Feilding, and this model may be rolled out further.

CEDA is committed to creating an authentic identity for our region - an identity that fully reflects the people who live and work here and how they want their place to be. We aim to do this in a planned way that takes into consideration the thoughts and needs of individuals, community groups and businesses.

The addition of Central Energy Trust Wildbase Recovery to our growing number of visitor activities is keenly anticipated. We should plan to take advantage of the under construction Wellington Expressway as it will enable more Wellingtonians to have weekends away in Manawātū and vice-versa.

The conference industry is in a fairly good heart. Nationally, it is a tough market and the addition of a new national hotel chain in the city would provide a much-needed lift in profile. It would also ease the load during our premier event weekends and school sporting championships.

I want to thank our Board for their insight and support, and acknowledge my team who have performed admirably during the transition. Together, along with our partner organisations, we have achieved a good deal and are well positioned to work towards the fulfilment of our aspirations.

Ngā mihi nui ki a koutou katoa,

Linda Stewart - Chief Executive



Te Apiti - Manawatu Gorge

The year that's been

Having completed its first full year in operation, Central Economic Development Agency (CEDA) is mandated to grow the economy of Palmerston North City, Manawātū and beyond.

The doors to Vision Manawatu (economic development services) and Destination Manawatu (tourism and event services) were closed, and a new era in economic development and destination marketing began.

All staff from both organisations came together under one roof - creating a more holistic approach to business development, destination management, inward investment, international education and marketing.

UMR Research was commissioned to undertake our region's first intensive local business research project. It found businesses in our region have a more optimistic outlook than counterparts around New Zealand. It highlighted the hopes, barriers and aspirations of our business community and has acted as our rudder.

CEDA's reach is larger than Manawātū - our team of Business Advisors, funded through the Regional Business Partners Network, work across the wider central North Island, helping business owners and managers access research and development funding through Callaghan Innovation, mentors through Business Mentors New Zealand, and training through New Zealand Trade and Enterprise.

The number one issue facing our businesses is skills. The 2017 Sort it Careers Expo was a significant success. Our team used the event to connect

many different threads of economic development, career paths, innovation, education, production and profile building. We worked with Talent Central and through them schools and sectors to help ensure a successful event.

Our premier event is the New Zealand AgriFood Investment Week with its focus on our key sectors of agriculture, science, research and food manufacturing. It is also a thought leadership event that helps change the perception of our region through events such as ASB Perspective 2025 and Plate of Origin.

We have zeroed in on the growing distribution and logistics sector after research identified a skill shortage and pending 700 new jobs being created in the short to medium term. CEDA, alongside Talent Central and MBIE, has worked with the sector to lift its profile with secondary school teachers and students alike.

CEDA is all about connecting and making the most of the synergies we identify. Our Labour Market survey led to the creation of a sector working party made up of company leaders, training organisations and Talent Central. Together we have developed learning pathways, in particular with UCOL, to bridge the gap between schools and employers. We have worked hard to raise awareness of the employment opportunities in the sector and a specific distribution and logistics sector Work Ready Passport has been created. The Work Ready Passport is a Manawatu Chamber of Commerce, Talent Central and Skills New Zealand initiative that is supported by CEDA.

It will help ensure fewer of our young people are left behind and are able to take part in our regional economy on leaving school.

Destination management is a key part of what CEDA does and planning to create a compelling regional identity is underway. Our team at Palmerston North City i-SITE visitor information centre has performed admirably, as demonstrated by our inaugural customer service satisfaction survey. This has occurred as numbers through the doors drop across the country due to increasing digitalisation.

Our team produces destination marketing material and manages the region's online profile and invites travel media to visit and experience the beauty of the Manawātū.

In the past year, a significant focus has been placed on growing our international student numbers. This is a regional long-term approach led by CEDA and aims to overcome what has been a stagnant local market.

For the first time, our region has an international education team who are marketing our region direct to families in parts of Asia and to industry agents in the overheated Auckland market. Alongside that, they are leading a collaborative regional approach to attract more students to study here, as well as supporting schools to provide pastoral care.

Our team is out and about across our region, encouraging economic development, working with individuals, businesses and bringing together key players to help overcome the issues we face.

Success stories

International education

About 3000 students from around the world come to Palmerston North and Manawātū for secondary and tertiary study. These students contribute to the region's economy, and bring a multi-cultural vibrancy to the region

In May 2017, two team members were part of a cross-regional mission to China to introduce the central regions of the North Island as a great place to study. Under the theme Natural Life, Natural Learning, our team joined representatives from Massey University and UCOL, as well as regional international education co-ordinators

and providers from Taranaki, Hawke's Bay and Whanganui, at events across four Chinese cities. The programme included seminars for education recruitment agents, mini fairs for Chinese parents and students, visits to local education bureaus and schools, and a media briefing session at the New Zealand Embassy in Beijing.

The regions worked closely with Education New Zealand to target leading Chinese recruitment agencies and develop a programme that met the needs of education providers. The mission is part of a long-term strategy to help grow the value added to the economy by international students.

One of the team also went to an Agent Workshop in Cairns as "Study Manawātū". CEDA and Massey staff ran 20 one-to-one interviews with international education recruitment agents new to our market. The Study Manawātū stand was part of a pavilion showcasing the regions of New Zealand. The event was attended by more than 400 delegates including agents from around the world. The next Agent Workshop will be in Auckland next year, and CEDA will be inviting key agents to Manawātū to explore our education facilities and offering.

International Education

	2016*	2015
Number of students	2,916	2,931
Growth expenditure per student	33,221	33,221
Economic value add	\$67.4m	\$67.8m

Information is gathered from Infometrics and Education NZ

* 2016 - Preliminary only



International Students, The Square

"It's just the sort of off-the-beaten-track route into the heart of the 'real' New Zealand that our NZMCA members – and other motorhome tourists – love to travel."

Bruce Lochore - Chief Executive
New Zealand Motor Caravan Association



90.5%[^]

i-SITE customer satisfaction



111,414*

Palmerston North City i-SITE visits

Down from: 130,112
(Sept 2015 - June 2016) ↓



7,602**

Feilding and District
Information Centre visits

Down from: 7,762
(Sept 2015 - June 2016) ↓

Please note: Nationally the trend is fewer numbers through the door as more people booking online.

[^] Inaugural survey

* 2017 figures are from 1 September 2016 - 30 June 2017

**Includes a period of relocation to the Feilding library.

Motorhome-Friendly status

Gaining Motorhome-Friendly status for Palmerston North City in late 2016 was a significant achievement. CEDA worked with Palmerston North City Council to gain the status, cementing the city as a friendly service hub for motorhome users. The New Zealand Motor Caravan Association has more than 70,000 members who travel extensively around New Zealand. Feilding is also a Motorhome-Friendly town, making Manawātū a desirable destination for the motorhome community.

Increased visitor numbers

Total visitor nights for Palmerston North City and Manawātū increased by 8.1% in 2016-17, to a total of almost three million.

Domestic visitors increased 3.9% from the previous year, while international visitors increased by 2.0%.

Almost a third of international visitors to the region came from Europe and the United Kingdom, with Australian visitors accounting for just over 25% of visitors and Asian visitors 21%, while our top domestic markets remain strong with Wellington, Auckland and Waikato amongst the biggest.

Spending by domestic tourists increased by 3.9% to \$358.2 million for the year, and the international visitor spend increased by 2%, to \$67.3 million.



Robertson Holden International Speedway

Manawatū Scenic Route on the map

CEDA has continued to work with communities to enhance the visitor experience through signage and information boards, themed on The Country Road map and guides. Started in 2009 in conjunction with Feilding and District Promotions, The Country Road programme has seen the northern Manawatū flourish with new operators

popping up, taverns and pubs reopening and visitor numbers rising.

Part of The Country Road, the Manawatū Scenic Route features on the i-SITE New Zealand Touring Map for the first time. Along with the i-SITE touring map, the Manawatū Scenic Route is also featured on the AA Traveller maps and on Google Maps, really showcasing this unique part of the North Island to visitors looking for an off the beaten track experience.

This scenic route – the only lower western North Island route on this map – is growing in popularity with both domestic and international visitors wanting a real New Zealand experience where they can meet the locals, explore ancient native bush and escape the crowds. CEDA worked closely with Tourism New Zealand to achieve this. The map will be launched in August 2017, in time for spring travel, with 60,000 copies distributed to more than 80 i-SITE's nationwide.

Business Support

We ran Manawatū's first local business research project to take the pulse of the Manawatū economy and the hopes, barriers and aspirations of our business community. The results, which found our region has a more optimistic outlook than many other parts of the country, will steer our future direction and activities.



\$235,108

Up from:
126,000 (2016)



Callaghan Innovation R&D grants



\$249,231

Up from:
221,528 (2016)



Capability Development co-funding



37

Business
Mentor
matches

Up from:
30 (2016)



175

Discovery
sessions
(first meeting
with business)

Up from:
84 (2016)



Note:

- Year ending 30 June 2016 figures supplied from the Regional Business Partner Programme delivered by Vision Manawatu
- All figures are year to the end of June for respective years

New Zealand AgriFood Investment Week 2017

New Zealand AgriFood Investment Week, in association with ASB, offers a series of dedicated agrifood-related events designed to connect, challenge and grow the agrifood industry across all aspects of the food value chain from molecule to mouth: science and innovation, growers, manufacturing, marketing and distribution.

The week is a collaboration of more than 90 businesses who come together to contribute to one purpose and to further one united conversation around New Zealand's agrifood sector.

This year, more than 25,000 people from right across the value chain attended the various events on offer, including conferences, thought leadership forums, hands-on workshops, competitions and more.

ASB Perspective 2025, our agri women of influence thought leader event, continues to be well attended and participation levels in our Plate of Origin competition remain strong with great nationwide coverage achieved - these events help urban people make the connection between the paddock and the plate.

2017 had a specific focus on agrifood innovation. We worked with Sprout and Microsoft to bring about the popular AgTech Hackathon: Manawatu, NZAgInvest Youth Day, and ASB Innovation Zone - these events help support our agri, science and research sectors.



90+
Businesses
involved



25,000+
Total attendees

Sort it Careers Expo 2017

The Sort it Careers Expo is predominantly aimed at igniting youth about the opportunities that are here in their own back yard and future-proofing our industries.

This year, we celebrated Sort it Careers Expo's fourth anniversary with more than 4,000 people attending compared to 2,750 the previous year. The success of the event came down to:

- Higher numbers of exhibitors - 62 exhibitor sites, representing 70 organisations from a diverse range of sectors.
- Free transport for secondary school students which was used by 19 schools across the Horizons region.

Other initiatives this year included a new floor plan, an evening session, and a Business After 5 function held with the Manawatu Chamber of Commerce.

Sort it Careers Expo brings businesses and tertiary educators together with school students, graduates and career changers to showcase career options and pathways.

The event is managed and run by CEDA with support from Talent Central and financial contributions from Palmerston North City Council, Higgins, Manawatu District Council and Horizons Regional Council.



4,000 ↑
Visitors
(2016: 2750)



70 ↑
Exhibitors
70 on 62 sites

2016:
67 on 62 sites



Sort It Careers Expo

Estimated Economic Impact of Major Events

National Young Performers Awards (Regent on Broadway)	\$742,000
Machinery Specialists NZ Stockcar Champs (CET Arena)	\$656,913
ENZED Superstock Team Champs (CET Arena)	\$3,764,934
NZ Grand Prix (Manfeild)	\$1,172,925
NZ Secondary School Volleyball Championship	\$1,822,427
Tru-Test Beef Expo (Manfeild)	\$764,657
Young Farmer of the Year Awards	\$543,587

Digital



ManawatuNZ.co.nz Regional Website
204,336 sessions. New visitors - 137,000
(2016: 125,954)



My Manawatu Page
7335 page likes (June 2017) (2016: 6297)
Palmerston North & Manawatu Page
8050 page likes June 2017) (2016: 6576)



Manawatu_nz Instagram Account
2,295 followers (2016: 1644)
#thisismanawatu*: 5754



Palmerston North & Manawatu
2570 followers (June 2016: 2381)

*Collated for first time

Westpac Manawatu Business Awards

Last year, our business community paid tribute to Dr Richard Garland for his contribution to our region by awarding him the Lifetime Service Award in front of 375 people at the Gala Awards Night.

Local pioneering ISP providers Inspire Net Limited were also acknowledged with the Spirit of Manawātū Award which acknowledges companies that give back to our community.

The 2016 biennial awards attracted 112 nominations from 100 businesses, with a 14% increase of businesses being nominated on the 2014 awards.

The aim of the awards is to celebrate and share the stories of success in our business community - stories that don't often make it into the media.

All nominated businesses were provided feedback from our panel of judges, highlighting strengths and areas of improvement and suggestions that may aid their future success.

Entering the awards gives businesses, including not-for-profits, an opportunity to take a step back and look at their business, to think about where they've come from, where they're going and how they will get there. Category award winners on the night were: DKSH New Zealand, Ebony Coffee NZ, Scafit, Levno, DCPower, Arohanui Hospice, and TailoredNZ, with the Westpac Manawatu Supreme Business Award going to DCPower. There was also great support from the wider business community, including our naming sponsor - Westpac - who have been supporting the awards for several years.



112

Nominations ↑
2014: 100



100

Businesses represented ↑
2014: 88



375

Gala Awards attendees

Please note: This event is held every two years.

Conference bids



7

Completed



4

Won



56%

Success rate

Completed - seven

Won:

2 Walk & Cycle

250 delegates x 3 days

NZ Chefs Association

300 delegates x 3 days

FMG

550 delegates x 3 days

NZ Parking Association

100 delegates x 2 days

Estimated value

\$1.15m



Common Ancestor Brewery, Feilding

Common Ancestor Brewery

It started, like so many businesses, in the garage. But when a friend suggested Anthony Hopping's home-brewed beer was good enough to sell, Common Ancestor Brewery was born.

Three years later, Anthony's brews are finding favour with an ever-increasing fan base and he was faced with the balancing act of needing to expand the business without damaging his cashflow. His accountant suggested he contact CEDA.

Business Advisor Karen Blair has worked with Anthony who qualified for a capability voucher to help with the cost of management training. He is now in the process of getting suitable support with strategic planning to help him take the business to the next level.

Anthony's British-styled brews are different from traditional New Zealand beers, and that's been a big factor in his popularity. Another factor has been his mobile bar. Anthony designed the bar to take his brews to events, like the Central Districts Field Days. It's easily transportable and doesn't need power to operate. It's been so successful he's building two more to cope with bookings.

Allied Laundry Services

Allied Laundry Services is a joint-venture District Health Board co-operative that supplies linen and laundry services to the seven DHBs and to other healthcare providers.

It provides 85 tonnes of linen a week, and 60,000 individual items a day, so it's essential Allied's customers receive the right linen, at the right time, for the right cost and in the right condition.

The company has invested heavily in automation and standardisation, to ensure the laundry and delivery processes run as smoothly as possible and to reduce costs. Allied Laundry has also introduced a significant innovation to their service. Allied Laundry owns all the linen and supplies - hospitals no longer have to deal with purchasing, maintenance and replacement, and can order just what they need on a daily or weekly basis.

Keen to continue to identify ways the business could improve Allied Laundry approached CEDA. Business Advisor Peter Ellingham worked with Allied Laundry and has facilitated co-funding through Callaghan Innovation for key staff to attend Better By Lean training. Better By Lean is a workshop and coaching programme that applies a Lean Thinking lens to the whole operational system - development processes, workflows, supply chains, production lines, distribution channels and customer touch-points - to boost competitiveness and performance. Bringing this philosophy to the business is helping Allied Laundry achieve their aim of being the best in their field.

Levno

Levno is a creative agritech company with 30 highly skilled employees. It converts data into high-quality information and insight using smart sensor technology to provide New Zealand farmers with the edge through increasing productivity. The company is leading with its milk, fuel, and water monitoring solutions by providing real-time access to data in the form of intuitive dashboard and alerts. Water and milk monitoring solutions are helping farmers to manage their businesses and comply with regulations for water and milk quality, and the technology is continuing to evolve.

At Levno there's a strong emphasis on finding out what farmers want and need, and developing the technology to fill those gaps. To do this Levno contacted CEDA, and Business Advisor Peter Ellingham worked with them to identify opportunities. Levno is now accessing significant research and development funding from Callaghan Innovation; they've brought on board Massey University students as interns, and receive financial support for management training for key staff.

Company Directory

Central Economic Development Agency Limited

Level 1, 478 Main St,
Palmerston North, 4410
Phone: 06 3501830
Website: www.ceda.nz

Directors

Malcolm Bailey (Chairperson)
Shamubeel Eaqub
John Fowke
Lucy Griffiths
Blair O'Keeffe

Management

at 30 June 2017

Linda Stewart - Chief Executive
Jacqui Middleton - Finance and
Operations Manager
Judy Bennett-Smith - International
Education Development Manager

Chartered Accountant

Morrison Creed Advisory Limited
Chartered Accountants
Cnr Main Street & Victoria Avenue
Palmerston North, 4410

Registered Office

Morrison Creed Advisory Limited
Cnr Main Street & Victoria Avenue
Palmerston North, 4410

Bankers

Westpac New Zealand Limited

Legal Advisors

Barltrop Graham Lawyers
Barcovan Buildings
41 Bowen Street, Feilding 4702

Auditor

Audit New Zealand (on behalf of the
Office of the Auditor General)



Te Apiti Wind Farm, Meridian Energy

Corporate Report

Ownership

Central Economic Development Agency Limited (CEDA) is a Limited Liability Company incorporated and registered under the Companies Act 1993.

CEDA is a council-controlled organisation as defined in section 6 of the Local Government Act 2002. The shareholders of CEDA are Palmerston North City Council (50%) and Manawatu District Council (50%).

CEDA's Purpose and Principal Activities

The primary objective of CEDA is to drive and facilitate the creation and growth of economic wealth for Manawātū and beyond.

CEDA's principal activities during the year to 30 June 2017 were to identify key strategic objectives that collectively articulate CEDA's role, building the team and stakeholder relationships and ensuring service delivery continuity.

Company's Affairs

The Directors regard the state of the Company's affairs to be satisfactory. Details of the year under review are included in the joint Chairman's and Chief Executive's Report and the statutory accounts of the Company published herewith.

The Directors are responsible for the preparation of Central Economic Development Agency's (CEDA) financial statements which give a true and fair view of the financial position of CEDA as at 30 June 2017 and the results of its operations and cash flows for the 12 months ended on that date.

The Directors consider that to the best of their knowledge and belief the financial statements have been prepared using accounting policies appropriate to CEDA's circumstances, consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors have the responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider that to the best of their knowledge and belief adequate steps have been taken to safeguard the assets of CEDA and to prevent and detect fraud and other irregularities.

In our opinion, these financial statements and statement of performance fairly reflect the financial position and operations of CEDA for the year ended 30 June 2017.

Directors

Retirements

No Directors retired during the 2016/2017 financial year.

Appointments

During the 2016/2017 financial year the following Directors were reappointed to the Board:

Shamubeel Eaqub, 29 September 2016
John Fowke, 29 September 2016



James Stewart, Manawatū Businessman

Directors remuneration

The amount of \$155,000 per annum in 2017 and \$83,020 for the part year to 30 June 2016 was paid, or due and payable, to members of the Board as authorised by the shareholders as follows:

	2017	2016
Malcolm Bailey	55,000	29,460
Shamubeel Equb	25,000	13,390
John Fowke	25,000	13,390
Lucy Griffiths	25,000	13,390
Blair O'Keeffe	25,000	13,390
Total	155,000	83,020

No other remuneration or benefits other than reimbursement of expenses has been paid or given to Directors.

Directors indemnity and insurance

The Company is responsible for the payment of Directors indemnity insurance premiums.

Use of company information by Directors

There were no notices from Directors of the Company requesting to use company information received in their capacity as Directors that would not otherwise have been available to them.

Shareholding by Directors

During the year there were no shareholding transactions involving Directors.

Directors interests

During the course of the year to 30 June 2017, Directors declared interest in the following entities:

M G Bailey

Interest	Nature of interest	Relationship to CEDA
Director/shareholder	Bailey Agriculture Ltd	None
Director/shareholder	Bailey Family Properties Ltd	None
Director/shareholder	Embryo Technologies Ltd	None
Director	Westpac NZ Ltd	Supplier
Director	Red Meat Profit Partnership	None
Director/shareholder (to 8/12/16)	Fonterra Co-operative Group Ltd	None
Director/shareholder (to 8/12/16)	Fonterra Farmer Custodian Ltd	None
Director/shareholder	Hopkins Farming Group Ltd	None
Director/shareholder	Gleneig Holdings Ltd	None
Director/shareholder	Etech NZ Ltd	None
Director/shareholder	BBD Industrial Properties Ltd	None
Director/shareholder	RMI NZ Ltd	None
Chairman	Dairy Companies Association NZ	None
Chairman	NZ International Business forum	None
Executive member	NZ US Council	None
Trustee	Bailey Trust	None
Trustee	Bailey Family Trust	None
Shareholder	AGInvest Holdings Ltd	Has received business support from CEDA in the form of training vouchers
Shareholder	Nutrimix NZ Ltd	Has received business support from CEDA in the form of training vouchers
Shareholder (from 22/3/17)	Frog Parking	None
Director/shareholder (from 22/3/17)	Tadpole NZ Ltd	None
Director/shareholder	Greentech NZ Ltd	None

S Eaub

Interest	Nature of interest	Relationship to CEDA
Advisory Board member	ADC Inc - microfinance charity	None
Advisory Board member	Auckland Radiology Group	None
Advisory Board member	NewGround Capital	None
Consultant	Eaub & Eaub Ltd	Boutique consultancy, sometimes involved in economic development and matters of regional development
Director (from 24/5/16)	Simplicity	None

J L Fowke

Interest	Nature of interest	Relationship to CEDA
Consultant	Toyota New Zealand Ltd, Legal Counsel, Motorsport Ambassador	None
Chair & Trustee	Te Manawa Museum and Art Gallery	Council controlled organisation and Palmerston North cultural facility
Chair & Trustee	Manawatu Community Law Centre	None
Trustee/Director	MASH Trust (provider of services to people suffering from intellectual and physical disabilities and dependencies)	None
Trustee	Vision Manawatu	CCO and body to be disbanded when CEDA becomes fully operational
Chair & Trustee	Special Olympics New Zealand Foundation	None
Justice of the Peace		None
External Committee Member (from 09/16)	Manawatu District Council Audit and Risk Committee	Shareholder in CEDA
Company Secretary (from 03/17)	Massey Global Limited (provider of education services in Singapore and China)	Massey University who provides funding to CEDA is a Shareholder of Massey Global

L M J Griffiths

Interest	Nature of interest	Relationship to CEDA
Director (and member of Audit and Risk Committee)	Trust House	None
Trustee (Deputy Chair)	Masterton Community Trust	None
Independent Director	Telfer Properties Martinborough Ltd trading as Brackenridge	None
Director	Mirrabooka Ltd	None
Owner/Director	Innov8 Aotearoa Ltd	Have done limited consultancy work in the Manawātū with a few clients
Married to Simon Griffiths	Owner/Director of Waiarapa Computer Services trading as Technology Solutions Ltd	None
Married to Simon Griffiths	Owner/Director of Masterton Property Services	None



Kayaking, Himatangi Beach

B A O'Keeffe

Interest	Nature of interest	Relationship to CEDA
Member Steering Committee	Business Leaders Health & Safety Forum	None
Trustee	K & B Trust (family trust)	None
Managing Director	Endzone Commercial Limited	None
Consultant (from 12/9/16)	Endzone Commercial Limited - Hawke's Bay Regional Investment Company on Ruataniwha Water Storage Scheme	None
Acting CEO (from 23/9/16)	HBRIC	None
Chairman (from 20/10/16)	Maritime New Zealand	None
Trustee (from 26/6/17)	Hawke's Bay Rescue Helicopter Trust - Note HBRHT is commissioned by RCCNZ from time to time to undertake search and rescue activity	None

All directors are indemnified under the Directors and Officers Liability Insurance policy.

Detailed of related party transactions made during the year are shown in note 14 of the Notes to the Financial Statements.

Remuneration of employees

The number of employees, who are not Directors, whose total remuneration and benefits exceeded \$100,000 in the financial year were:

	2016/2017	2015/2016
\$120,000 - \$129,999	1	0

Auditors

Auditor's remuneration of \$19,136 (exclusive of GST) for the 2017 audit is reflected in the financial statements as due and payable.

Statement of Service Performance



Manchester Square, Feilding

Support the Growth of Business in the Region to grow Bigger and Better, GDP growth is at or above the National average*

Service Level Statement	Performance Measure	Measure 2016/17	Outcomes 2016/17	Activities
Business Development and Support - Deliver information, advice, programmes and initiatives to assist businesses to grow bigger, better, faster and to develop a skilled workforce.	Number of businesses that have been assisted through a CEDA intervention	320	297 businesses assisted (Jul-Jun 17). 97% achieved.	<p>Work with business and Councils to reduce barriers to business investment and development - Have worked with council(s) management and 4 key local businesses on improving outcomes. Business in China & Japan workshop completed in conjunction with PNCC for companies wanting to understand business practices in these markets. Key speakers from Alibaba Group and ChinaFocus.</p> <p>Callaghan Innovation R&D Grants through Regional Business Partner Network - Facilitated \$235,108 of R&D Project, Experience and Getting Started Grants for businesses (Jul-Jun 17).</p> <p>Capability Development co-funding issued to businesses - \$249,231 of capability vouchers provided to businesses (Jul-Jun 17).</p> <p>Business Mentor programme matches - 37 matches made with businesses (Jul - Jun 17). Current pool of mentors increased to 48. Working in conjunction with Accelerate 25 to develop a Rural Mentors programme.</p> <p>Attract investment expansion or new businesses to the Region - Assistance with the retention of 1 significant business in the region, and expansion 1 local business. Assisted with the attraction of 2 new businesses to the region. Engaged/continued to engage with 8 businesses around potential relocation to the region.</p> <p>Māori business engagements - Dr Jason Mika and Dr Farah Palmer presented at the CEDA Board Meeting in May on their work in the Māori Business Community; to support the development of our Māori business strategy, and to form specific project links. Links into local Māori Business Network, Te Au Pakihi, to promote CEDA services available. Have engaged with Poutama Trust and Te Puni Kokiri to increase number of Māori business mentors and clients.</p> <p>Business hub establishment - Initial work has been completed towards establishment of business hub and engagement with partners. Locations being scoped in line with outcomes.</p> <p>Actively manage businesses through Regional Business Partner programme - Completed 175 Discovery sessions with businesses (Jul-Jun 2017).</p>
Facilitate collaboration, innovation and entrepreneurship in key sectors. Scale up the commercialisation of innovative start-ups	% satisfaction with BCC support /services provided (through customer survey)	Set baseline (new measure)	Not applicable, contract yet to be assigned to CEDA	Engage mentors to assist emerging entrepreneurs Provide Start-ups 1:1 incubation

* High priority to address barriers to growth as identified by research

† Priority growth sectors as identified by research

^ Region is defined as Manawātū region consisting of Palmerston North City and Manawātū District.



Manawatū River, Ashhurst

Grow and Retain Education & Talent in the Region so Businesses have the Skills to Grow, reducing business perception of staffing as a barrier to growth by 3% over 3 years*

Service Level Statement	Performance Measure	Measure 2016/17	Outcomes 2016/17	Activities
Deliver information, advice, programmes and initiatives to attract more international students to the region by implementation of the Regional International Education Strategy	Increase the value of international students in the region	set baseline	Baseline set at \$67.8M (Infometrics data year end 2015)	<p>Strategy Implementation, Market Development - China identified as priority market for international student attraction. Market visit led by CEDA targeting agents and schools in four Chinese cities. Participation in ANZA Agent Workshops in Australia, targeting recruitment agents from across Asia and South America.</p> <p>Marketing & Communications - "Study Here" guide updated - English and Mandarin versions. New bilingual education flyer "You're Welcome Here" developed for China and Japan markets</p> <p>Student Experience - "Study to Work" seminar held in conjunction with MBIE to inform senior tertiary students how to pathway into work. Homestay information evening held in conjunction with PNCC Library.</p>
Growing a Skilled Workforce, increasing talent capability by development of labour market strategies and delivery of the Sort-It expo	Develop a Labour Market Strategy for the region	develop strategy	Project initiated to analyse the skill gaps for the regions major industries	<p>Labour market analysis and strategy* - Distribution and Logistics labour market analysis completed. First step project has been initiated on regional skills gap analysis for the regions major industries. This project is expected to be finalised by end of next financial year.</p> <p>Sort it Careers Expo - held on 18 May 2017 with a total of over 4000 visitors and 62 exhibitor sites representing 70 businesses, study/training providers, and other services.</p> <p>Partnership agreement with MBIE / Immigration New Zealand - Agreement signed to improve and lift the contribution of migrant attraction, retention and settlement within the Manawatū Inaugural "Study to Work" seminar held (as reported above).</p>



Service Level Statement	Performance Measure	Measure 2016/17	Outcomes 2016/17	Activities
Priority Sectors continue to grow	Undertake sector specific surveys (based on priorities identified in Research) to understand sectors and develop sector strategies based on results	complete distribution and logistics sector survey	Survey completed and reported to stakeholders	<p>Distribution and Logistics† - Distribution and Logistics sector survey completed and reported on. Project initiated around building a distribution and logistics pathway for students from school into education and industry. Identification of potential new qualifications and closer connection between sector and skills providers (including Massey, UCOL and Skills ITO). Developed a video using Bidfoods to promote the industry.</p> <p>Agri (food, business, land, horticulture)† - Facilitation of New Zealand AgriFood Investment Week including Plate of Origin, Launch Event and ASB Perspective 2025, including assistance with other events linked to NZ Agri week. \$20,000 contribution to FoodHQ to support inward investment to the region. Project initiated around mapping the agricultural value chain in conjunction with Massey University, BCC and FoodHQ.</p> <p>Government† - Accelerate 25, Business Growth Enabler project scoped. Funding to be applied for via the MBIE. Attendance at regular Defence Issues in the Manawātū meetings. Defence/PNCC/MDC Collaboration Agreement signed. Support provided to Manawatu Defence hub.</p>

* High priority to address barriers to growth as identified by research

† Priority growth sectors as identified by research

^ Region is defined as Manawātū region consisting of Palmerston North City and Manawātū District.

Enhance the Brand and Experience of the Region so People who say they are Proud they Live in the Region[^] increases by 3% over 3 years*

Service Level Statement	Performance Measure	Measure 2016/17	Outcomes 2016/17	Activities
Promotion of lifestyle to support the attraction of people to work, study, invest, or visit.	Undertake annual Research, report results to stakeholders to understand and develop strategy	Undertake research and report by 30 September	UMR research undertaken and reported to Councils	<p>Marketing strategy and activities to develop strong sense of Manawātū identity* - UMR Business Perceptions Research completed, released and implemented into CEDA marketing plan. The first annual UMR Omnibus research of city and regional perceptions completed. TRA Research project on regional perceptions and identity launched and carried out (results due Aug 17).</p> <p>ManawatuNZ.co.nz - site had 204,336 sessions over the period Sep-Jun 17, 137,000 of these being new visitors to the website.</p> <p>Collateral developed - The Guide a regional visitor guide showcasing the city and regions highlights was developed and launched. Print and distribution of 18,000 Top 10 Attractions, 23,000 Top 10 Walks, 30,000 of The Country Road map guide, 5,000 of The Country Road Cycling, 15,000 Region/City Guides, and 15,000 Arts Trail Guides (in conjunction with PNCC).</p> <p>Visitor programmes, eg The Country Road - Ongoing work with Apiti, Pohangina and Kimbolton community committees with new signage and updated signage being implemented to enhance visitor experience.</p> <p>Social media - At year end the My Manawātū Facebook had 7,335 page likes (13% increase) and Palmerston North City and Manawātū Facebook 8,050 page likes (18% increase). The Palmerston North City and Manawātū Instagram account has also increased in followers to 2,295.</p> <p>Marketview reporting - Quarterly and Monthly Economic Updates distributed, with infographics developed and distributed. QRIOUS and CAM data reported to Councils and in e-newsletters.</p> <p>Retail vacancy survey (pilot) - project commenced to collect and report retail vacancy data for/in conjunction with MDC and PNCC, in order to set up a best practise template for councils to continue this work into the future.</p> <p>Support CBD vibrancy projects - Attended various PNCC placemaking and city vibrancy meetings and initiatives, and FDBP meetings. Worked in with Palmy Unleashed Coordinator on various projects.</p> <p>Provision of visitor information centres and services - i-SITE customer satisfaction survey results, 90.5% satisfied with service. i-SITE visits 111,414, Feilding & District Information Centre 7,602 visits (Sep-Jun 17).</p> <p>Manawatu Business Awards (biennial) - The awards were held in November 2016. There were 112 nominations with 100 unique businesses nominated, a 14% increase from 2014, 12 awards were presented to 9 individual businesses.</p>

Service Level Statement	Performance Measure	Measure 2016/17	Outcomes 2016/17	Activities
Promotion and information of services that increase the number of visitors and guest nights	Number of business events bids submitted (win/loss ratio)	10 bids completed (with a 33% win/loss ratio)	7 bids completed and 4 won (56% win/loss ratio). Considered approach was used to for bids submitted.	Targeted sales contacts made with conference organisers or related organisations - Worked with organisations to present the following 7 event bids: 2 Walk & Cycle Conference 2018 (won), FMG Annual Conference 2018 (won), NZ Chefs Association Conference 2019 (won), Building Officials Institute of NZ Conference 2018, Senior Building Control Officers Forum 2019, Fundraising Institute of NZ Conference 2019, and Blokart World Championships 2020 (to be notified). NZ Parking Association conference (won) note bid completed in 2016.
	Analysis of major events sector	Start baseline	Baseline started with 8 events measured	Activity towards setting baseline - Measurement of events commenced October 16, 8 events measured: National Young Performer Awards \$742K, MG Classic \$474K, Machinery Specialists NZ Stockcar Championship \$656K, D1NZ National Drifting Championships \$218K, ENZED Superstock Team Championship \$3.7M, NZ Grand Prix \$1.1M, NZ Secondary School Volleyball Tournament \$1.8M, Tru-Test Beef Expo \$764K. Working collaboratively with Councils to design, develop and establish a regional events and conference model, draft completed.

* High priority to address barriers to growth as identified by research

† Priority growth sectors as identified by research

^ Region is defined as Manawatū region consisting of Palmerston North City and Manawatū District.



Group Statement of Comprehensive Revenue and Expense



Group Statement of Comprehensive Revenue and Expense - for the year ended 30 June 2017.

	Notes	Actual 2017	Budget 2017	9 Months to 30 Jun 2016
Revenue				
Council Funding	4	1,932,448	1,930,159	148,000
Other Services Revenue		567,637	414,846	-
Project Revenue		405,027	453,998	-
Total Revenue		2,905,112	2,799,003	148,000
Cost of Sales				
Other Services Expenses		585,180	751,227	19,962
Project Expenses		297,136	365,332	-
Total Cost of Sales		882,316	1,116,559	19,962
Gross Surplus (Deficit)		2,022,797	1,682,444	128,038
Other Revenue				
Grant Revenue		831,778	460,301	-
Interest Revenue		12,852	10,000	640
Sundry Revenue		8,210	5,833	-
Total Other Revenue		852,839	476,134	640
Expenses				
Depreciation		23,532	16,667	-
Directors' Fees		155,000	155,000	83,020
Employee Expense	5	1,309,099	1,120,774	-
Financing Expenses		190	-	-
Loss on Sale of Property, Plant and Equipment		705	-	-
Other Operating Expenses	6	406,426	306,041	66,689
Total Expenses		1,894,951	1,598,482	149,709
Surplus (Deficit) Before Taxation		980,684	560,096	(21,031)
Taxation				
Income Tax Expense	7	74,990	-	-
Total Taxation		74,990	-	-
Surplus (Deficit) after tax		905,694	560,096	(21,031)
Other comprehensive revenue and expense				
Items that could be reclassified to surplus (deficit)		-	-	-
Total Other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense				
Total comprehensive revenue and expense		905,694	560,096	(21,031)
Total comprehensive revenue and expense attributable to:				
Palmerston North City Council		452,847	280,048	(10,515)
Manawatu District Council		452,847	280,048	(10,515)
Total comprehensive revenue and expenses		905,694	560,096	(21,031)

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements. Explanations for major variances against budget are provided in Note 16.

Group Statement of Financial Position

As at the year ended 30 June 2017.

	Notes	Actual 2017	Actual 2016
Assets			
Current Assets			
Cash and Cash Equivalents	8	1,104,238	1,870
Receivables and Accruals	9	201,097	2,882
Prepayments		18,737	1,003
Inventories	10	7,113	-
Total Current Assets		1,331,185	5,755
Non-Current Assets			
Property, Plant and Equipment	11	86,414	-
Total Non-Current Assets		86,414	-
Total Assets		1,417,599	5,755
Liabilities			
Current Liabilities			
Payables and Deferred Revenue	12	450,408	25,786
Employee Entitlements		51,918	-
Other Current Liabilities		29,609	-
Total Current Liabilities		531,935	25,786
Total Liabilities		531,935	25,786
Net Assets		885,663	(20,031)
Equity			
Contributed Capital	13	1,000	1,000
Retained Earnings		884,663	(21,031)
Total Equity		885,663	(20,031)

For and on behalf of the Board



Malcolm Bailey, Chairperson



John Fowke, Director

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

Group Statement of Changes in Equity

For the year ended 30 June 2017.

	Actual 2017	Actual 2016
Equity		
Opening Balance	(20,031)	-
Increases		
Total comprehensive revenue and expense for the period	905,694	(21,031)
Contributed Capital		1,000
Total Increases	905,694	(20,031)
Total Equity	885,663	(20,031)
Total comprehensive revenue and expense attributable to:		
Palmerston North City Council	452,847	(10,515)
Manawatu District Council	452,847	(10,515)
Total comprehensive revenue and expense	905,694	(21,031)

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

Group Statement of Cashflows

For the year ended 30 June 2017.

	Actual 2017	9 Months to 30 June 2016
Cash Flows from Operating Activities		
Receipts of council funding	2,097,780	148,000
Interest received	9,217	461
Receipts from other operating activities	1,143,695	-
GST	22,317	(2,882)
Payments to suppliers and employees	(2,990,527)	(144,709)
Finance costs	(190)	-
Total Cash Flows from Operating Activities	282,292	870
Cash Flows from Investing Activities		
Proceeds from sales of property, plant and equipment	1,159	-
Payment for property, plant and equipment	(18,274)	-
Total Cash Flows from Investing Activities	(17,116)	
Cash Flows from Financing Activities		
Proceeds from capital contributions	-	1,000
Receipts from sale and purchase agreements	837,192	
Total Cash Flows from Financing Activities	837,192	1,000
Net Cash Flows	1,102,368	1,870
Cash Balances		
Cash and cash equivalents at beginning of period	1,870	-
Cash and cash equivalents at end of period	1,104,238	1,870
Net change in cash for period	1,102,368	1,870

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

Notes to Accounts

1. Reporting Entity

Central Economic Development Agency Ltd (CEDA) was established and commenced operations in New Zealand on 15 October 2015 under the Companies Act 1993 (NZBN 9429042001096). As the shareholders of CEDA are Palmerston North City Council (50%) and Manawatu District Council (50%) CEDA is a council-controlled organisation as defined in section 6 of the Local Government Act 2002.

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

The financial statements of CEDA are for the year ended 30 June 2017.

2. Statement of Accounting Policies

Basis of Preparation

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

Statement of Compliance

The financial statements of CEDA have been prepared in accordance with the requirements of the Local Government Act 2002, the Companies Act 1993, and the Financial Reporting Act 2013. This includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements comply with Public Benefit Entity International

Public Sector Accounting Standards (PBE IPSAS) Reduced Disclosure Regime (RDR). CEDA is eligible and has elected to report in accordance with Tier 2 PBE standards RDR on the basis the entity has no public accountability and has expenses > \$2m and < \$30m.

Presentation Currency

The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

Historical Cost

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

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, excluding goods and services tax rebates and discounts, to the extent it is probable that the economic benefits will flow to the entity and revenue can be reliably measured. Specific accounting policies for significant revenue items are explained below:

Sales of goods are recognised when the goods are sold to the customer.

Sales of services are recognised in the period by reference to the stage of

completion of the services delivered at balance date as a percentage of the total services to be provided.

Lease revenue is recognised on a straight line basis over the life of the lease.

Interest received is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest method.

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Donated assets. Where a physical asset is gifted to or acquired by CEDA for nil consideration or at a subsidised cost, the asset is recognised at fair value. The difference between the consideration provided and fair value of the asset is recognised as revenue.

The fair value of donated assets is determined as follows:

- For new assets, fair value is usually determined by reference to the retail price of the same or similar assets at the time the asset was received.
- For used assets, fair value is usually determined by reference to market information for assets of a similar type, condition, and age.



Inventories

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus (deficit) in the period of the write-down.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Depreciation

Account	Method	Rate
Plant & Equipment	Diminishing Value	10% - 20%
Leasehold Improvements	Diminishing Value	10% - 40%
Vehicles	Diminishing Value	30%
Office Furniture & Equipment	Diminishing Value	0% - 67%

Income Tax

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

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years.

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

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

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

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Cash and cash equivalents

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

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Receivables

Receivables are recorded at their face value, less any provision for impairment.

Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and receivables

Impairment is established when there is evidence CEDA will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original



Fishing on Himatangi Beach

effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits or bonds are recognised directly against the instrument's carrying amount.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Payables

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

Equity

Equity is the shareholders' interest in CEDA and is measured as the difference between total assets and total liabilities.

Good and Services Tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Employee Entitlements

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Short-term employee entitlements - Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, and annual leave earned but not yet taken at balance date, and sick leave. These are classified as a current liability.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

CEDA does not provide for long service or retirement leave entitlements.

Leases - Where CEDA is the Lessee

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Critical accounting estimates and assumptions

In preparing these financial statements CEDA has made judgements, estimates

and assumptions concerning the future. These judgement, estimates and assumptions may differ from the subsequent actual results. Judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Useful lives and residual values of property, plant, and equipment – refer to Note 11.
- Fair value of property, plant and equipment – refer to Note 11.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

- Funding received – refer to Note 4.

3. Subsidiaries

CEDA consolidates in the group financial statements all entities where CEDA has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where CEDA controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by CEDA or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

CEDA has the power to appoint 100% of trustees of the Events Manawatu Trust. The consolidation of the Events Manawatu Trust into CEDA's financial statements has resulted in no change to the reported financial statements.

	2017	2016
4. Council Funding		
Palmerston North City Council	(1,446,198)	(74,000)
Manawatu District Council	(486,250)	(74,000)
Total Council Funding	(1,932,448)	(148,000)

Project income, as disclosed in the Statement of Comprehensive Revenue and Expense, includes income from Council's specifically received for project delivery. This income is not included in Council Funding income.

Council Funding included in Project Revenue

Palmerston North City Council	101,486	-
Manawatu District Council	13,255	-
Total Council Funding	114,741	-

Critical judgements in applying accounting policies - funding received

CEDA must exercise judgement when recognising project revenue to determine when conditions of the funding contract have been satisfied. As at 30 June 2017 \$84,243 (2016:nil) has been recognised as a liability as the conditions attached to the receipt of this funding have not yet been met.

5. Employee Expenses

Salaries and wages	1,226,137	-
Employer contribution to Kiwisaver	31,044	-
Movement in employee entitlements	51,918	-
Total Employee Expenses	1,309,099	-

6. Other Operating Expenses

Fees to Audit New Zealand for the audit of the financial statements	19,138	8,170
Consultants and legal fees	21,143	949
Other operating expenses	366,145	57,569
Total Other Operating Expenses	406,426	66,689

7. Income Tax Expense

Net Profit (Loss) Before Tax	980,684	(21,031)
Tax at 28%	274,592	(5,889)
Plus (less) tax effect of:		
Non deductible expenditure	440	-
Non-taxable income	(206,610)	-
Tax loss not recognised	(5,889)	5,889
Deferred tax adjustment	12,458	-
Tax expense	74,990	-
Components of tax expense		
Current year	74,990	-
Deferred tax	-	-
Tax expense	74,990	-

A deferred tax asset has not been recognised in relation to temporary differences of \$52,661 (2016:nil).

	2017	2016
8. Cash and Cash equivalents		
CEDA Current Account	18,266	1,870
CEDA Money Market Account	1,045,000	-
CEDA Trust Account	40,172	-
i-SITE Petty Cash 800	800	-
Total Cash and Cash equivalents	1,104,238	1,870

9. Receivables and Accruals		
Accounts Receivable	201,047	-
Less: Provision for impairment	-	-
Accrued Interest	50	-
Total Receivables and Accruals	201,097	-

Total Receivables and Accruals Comprise		
Receivables from exchange transactions	14,679	-
Receivables from non-exchange transactions	186,418	-
Total Total Receivables and Accruals	201,097	-

10. Inventory		
i-SITE Retail Stock	7,113	-
Total Inventory	7,113	-

No inventories are pledged as security for liabilities.

11. Property, Plant & Equipment									
	Opening Value	Accum Depn	Carrying Amount	Additions	Disposals	Depn	Closing Value	Accum Depn	Carrying Amount
Leashold Equipment	-	-	-	15,786	-	(2,030)	15,786	(2,030)	13,756
Office Furniture & Equipment	-	-	-	59,259	(2,213)	(14,333)	57,046	(14,333)	42,713
Plant & Equipment	-	-	-	16,732	-	(2,073)	16,732	(2,073)	14,658
Vehicles	-	-	-	20,382	-	(5,096)	20,382	(5,096)	15,287
Total	-	-	-	112,159	(2,213)	(23,532)	109,946	(23,532)	86,414

There are no restrictions on title of CEDA's property, plant and equipment. No property, plant and equipment has been pledged as securities for liabilities.

	2017	2016
12. Payables and Deferred Income		
Accounts Payable	240,039	-
Accruals General	43,021	25,966
Funding in Advance	1,453	-
Funding in Advance - International Education	23,767	-
Funding in Advance - NZ Agri Investment Week	59,023	-
GST	9,916	(2,882)
Income Tax	74,990	-
Operations Credit Card	1,962	-
Withholding tax paid	(3,764)	(179)
Total Payables and Deferred Income	450,408	22,904
Total Payables and Deferred Income Comprise		
Payables under exchange transactions	285,022	25,966
Payables under non-exchange transactions	165,386	(3,062)
Total Payables and Deferred Income	450,408	22,904

13. Equity

Share Capital		
Opening Balance	1,000	-
Contributed Capital	-	1,000
Total Share Capital	1,000	1,000
Retained Earnings		
Opening Balance	(21,031)	-
Current Year Earnings	905,694	(21,031)
Total Retained Earnings	884,663	(21,031)
Total Equity	885,663	(20,031)

Each fully paid ordinary share confers on the holder one vote at a meeting of the company, a share in distributions approved by the Directors, and a share in distribution of the surplus assets of the company on dissolution.

At balance date there were 1,000 shares on issue.

14. Key personnel compensation

Directors		
Remuneration	155,000	83,020
Full-time equivalent members	5	5
Senior Management Team		
Remuneration	473,987	-
Full-time equivalent members	4.25	-

Due to the difficulty in determining the full time equivalent for Directors the full time equivalent figure is taken as the number of Directors.

As there were changes in the composition of Key Management Personnel including vacancies the full time equivalents have been estimated on a proportional basis.

During the year ended 30 June 2017, 2 (2016:nil) employees received compensation and other benefits in relation to cessation totaling \$58,521 (2016:nil).

15. Related Parties

CEDA is a council-controlled organisation as defined in section 6 of the Local Government Act 2002. As per the

constitution the shareholders of CEDA being Palmerston North City Council and Manawatu District Council, are responsible for the appointment of the Board of Directors.

All transactions conducted with related parties, other than as detailed below, have been under normal supplier/client relationship terms and at arm's length.

Revenue

Westpac is naming sponsor of the Manawatu Business Awards, Malcolm Bailey is a Director of Westpac. Money was received for sponsorship of the awards and purchase of an additional table at the Gala evening at a reduced rate. GST Inclusive.

12,075

-

Total Revenue**12,075****Accounts Receivable**

Westpac

-

-

Total Accounts Receivable

-

-

16. Major Variances Explained

Account	Actual	Budget	Variance	Notes
Other Services Revenue	567,637	414,846	152,791	Additional revenue is due to the accounting treatment of i-SITE income originally budgeted to offset i-SITE expenditure.
Project Revenue	405,027	453,998	(48,971)	The decrease in income is mostly due to timing of International Education and New Zealand AgriFood Investment Week project expenditure. The recognition of revenue is tied to expenditure.
Other Services Expenses	585,180	751,227	(166,046)	Decrease in expenses due to savings in Inward Investments, and Regional Marketing expenditure, along with delay in uptake of the Feilding Information Centre services.
Project Expenses	297,136	365,332	(68,196)	The decrease in expenditure is mostly due to the timing of International Education and NZ Agri Investment Week expenditure offset by increased economic development project activity.
Donated Assets	831,778	460,301	371,477	Increase due to donated funds and assets received from Vision Manawatu and Destination Manawatu being more than originally estimated, and accounting treatment of funds received.
Other Operating Expenses	406,426	306,041	100,385	Increase in expenditure mostly due to additional salary expenses, recruitment, audit, appointment of consultants and communications contractor.

17. Financial Instruments**Financial Assets****Loans and Receivables**

Accounts Receivable

201,047

-

Accrued Interest

50

-

Cash and cash equivalents

1,104,238

1,870

Total Loans and Receivables**1,305,335****1,870****Total Financial Assets****1,305,335****1,870****Financial Liabilities****Financial Liabilities at amortised cost**

Payables

(366,165)

(22,904)

Unsettled Tickets

(29,609)

-

Total Financial Liabilities at amortised cost**(395,775)****(22,904)****Total Financial Liabilities****(395,775)****(22,904)****18. Operating leases as lessee**

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

Operating leases as lessee

Not later than one year

133,379

-

Later than one year and not later than five years

189,496

-

Later than five years

-

-

Total non-cancellable operating leases**322,875****-**

The i-SITE building is rented from the Palmerston North City Council. The lease expires on 31 August 2019, with three rights of renewal of three years each. This disclosure has included the lease payments up to the expiry date of 31 August 2019 as it is uncertain as to

whether CEDA will exercise the option to renew the lease.

The office space located at Level 1, 478 Main Street, Palmerston North, has a lease term to June 2020. The current conditions are a monthly lease charge with a notice period of 3 months.

19. Events after balance date

There are no significant events after balance date.

Independent Auditor's Report

To the readers of Central Economic Development Agency Limited's and group's financial statements and performance information for the year ended 30 June 2017

The Auditor-General is the auditor of Central Economic Development Agency Limited Group and group (the Company and Group). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Company and Group, on his behalf.

Opinion

We have audited:

- the financial statements of the Company and Group on pages 31 to 41, that comprise the statement of financial position as at 30 June 2017, 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 and Group on pages 25 to 29.

In our opinion:

- the financial statements of the Company and Group on pages 31 to 41:
 - 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 Standards Reduced Disclosure Regime.

- the performance information of the Company and Group on pages 25 to 29 presents fairly, in all material respects, the Company and Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company and Group's objectives for the year ended 30 June 2017.

Our audit was completed on 12 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, we comment on other 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 and Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Company and Group.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance

information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

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

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

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

- We evaluate the appropriateness of the reported performance information within the Company and Group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Company and Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of the Company and Group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 23, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

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



Clint Ramoo

Audit New Zealand
On behalf of the Auditor General
Wellington, New Zealand



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