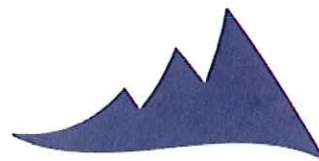


Annual Report 2015-2016



TOURISMWAITAKI



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Board of Directors

Chair	Marcus Brown / Mike McElhinney (from May 2016)
Directors	Michael Neilson (resigned March 2016), Marcus Brown, James Glucksman, Adair Craik, Mike McElhinney (from December 2015; Chair from May 2016)

Senior Staff

General Manager	Jason Gaskill
Marketing Manager	Ian Elliott
Operations Manager	Wendy Simpson
Research Scientist	Philippa Agnew
Accountant	Richard Heeringa

Head Office **8 Itchen Street**
Oamaru 9400

Solicitors **Lane Neave, Christchurch**

Auditors **Audit New Zealand, on behalf of the Auditor-General**

CHAIR REPORT

Tourism throughout the Waitaki District is experiencing unprecedented growth. Tourism Waitaki Limited's (TWL) dedicated representation at national and international trade shows has given proven results. Tourism from China has in the last three years, increased by a remarkable 140%, with renewed growth from key markets USA, UK and Germany. Hard data from the tourism industry confirms that the increase in visitor numbers is above the national average in the district with total Tourism Industry value for Waitaki at \$164 million.

The Blue Penguin Colony is a major tourism attraction; the research facility continues to draw professional attention from the national and international scientific and conservation community. Planned construction is currently underway for the improved professional research facility and visitor centre which will provide an improved experience for visitors who come outside evening viewing hours.

The Alps2Ocean Cycle Trail (A2O) is a recognised leader in the tourism industry, receiving the 'Innovation in Sport' Award at the recent Otago Sports Awards, an outstanding achievement. A2O is regarded as one of the best cycling tracks in New Zealand, and Tourism Waitaki is recognised for this work. It is a key project for Tourism Waitaki, which continues to develop with further plans for track improvements and sections moving off-road to coincide with the completion date of 2017. The trail profile continues to gain positive national and international exposure, attracting a growing number of cyclists and providing greater growth opportunities for the Waitaki district communities.

Business investment in tourism within the District is on the rise. There is an increase in cycle tour companies, and accommodation and existing tourism operators are planning expansion based on the consistent growth patterns and demand.

The Oamaru Convention Bureau continues to develop and maintain a presence in the conferencing market; as a result, Oamaru hosted an historic 350 delegate conference in April.

TWL investment in developing and promoting the Waitaki district as a destination for conferences and tourist activities has seen visitor numbers at key attractions increase and organised tour buses stopping in Oamaru continuing to climb.

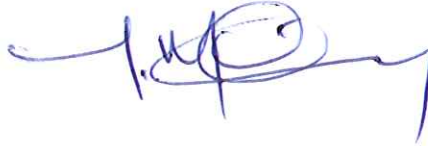
Some of TWL's challenges over the year were a demanded increase in marketing investment, infrastructure development on the ISITE network, the Oamaru Blue Penguin Colony, and A2O track maintenance (due to weather damage and surface improvements). Staff training expenditure was brought forward to accommodate new ISITE and A2O booking systems, and there was reduced grant and sponsorship revenue.

The Board continues to travel the District, meeting in various locations. We have met with operators and community stakeholders to show that TWL wants to be actively involved in localised tourism development and growth.

My thanks to the TWL Board. Thank you to Marcus Brown who has been invaluable in his transition from Chair due to his increased external workload, Adair Craik, James Glucksman and Mike Neilson. Marcus Brown remains on the Board.

Thank you to Jason Gaskill and his dedicated and professional team of staff for their commitment and drive in adapting to an increasingly vibrant tourism market.

Mike McElhinney
Chair, Tourism Waitaki

A handwritten signature in blue ink, appearing to read 'Mike McElhinney', with a stylized, cursive script.



GENERAL MANAGER OVERVIEW

Tourism Waitaki Limited Performance Targets

The Statement of Intent and the Contract for Services for Tourism Waitaki Limited (TWL) concentrate on tourism-based development and services for the wider District. In doing so, TWL works closely with the Council to further its objective to make the Waitaki District a prosperous, affordable, vibrant place to visit, work, and live.

The following section outlines our performance in delivering those services as they relate to tourism activities. Specific tasks include:

1. Increasing trade-ready product through sector development, where we are actively working with local and national associations to improve the international standard of the Waitaki industry. Our focus is on both establishing new tourism attractions and raising the standard of existing operators to qualify them to work with trade. This process, to date, has been managed one-on-one, working with existing operators, investors, and developing projects of our own.
2. Increasing the length of time visitors spend in the District is the result of giving them more things to do while providing a different type of travel option. As we work with operators to develop more options for people, we are also refining our message to visitors to entice them to use our region as a base from which they can visit and experience the full South Island. We are also investing in attracting conferences, where delegates will stay for up to a week, and developing a program to actively invite friends and family. The combination of these things, over time, will lead to greater stays within the District.
3. Increasing the per-visitor yield through increasing operator values and volumes requires a better appreciation of the value of what we have to offer to the visiting market. As we work with operators and broaden our incoming visitor market, we are also conscious that we have something that is unique. Developing a better pricing mix that has more high-end products coupled with more modest and free options is a priority.

In practice, TWL interprets these tasks in industry-specific measures: more people, doing more things, spending more time. The Waitaki 2025 Tourism Strategy set out the following goals that frame our evaluation of progress, and our discussion of our performance against the agreed measures below.

By 2025 we aim to have:

1. 520,000 overnight visitors;
2. Spending \$213 per visitor per bed night;
3. Staying for 2.5 nights on average across the year.¹

¹ http://www.waitaki.govt.nz/our-council/plans-reports-strategies/ourstrategies/Documents/Other_strategies/Tourism%20Strategy.pdf, sourced 21 August 2016.

The following report outlines our performance to date against those objectives. It includes a table detailing the activity we are currently undertaking in order to reach those objectives.

Sector Overview

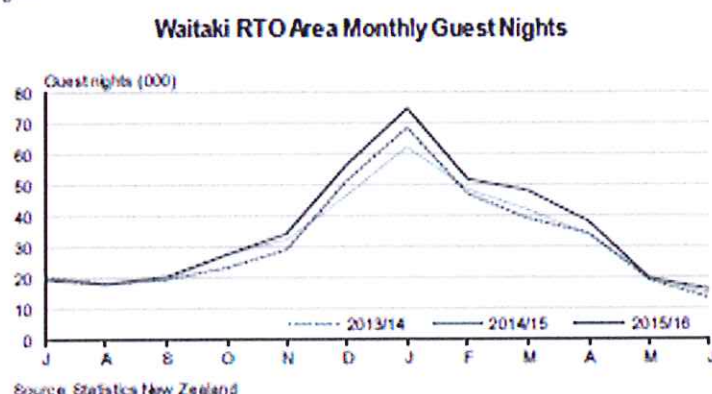
The industry is growing. We have more people coming into the District, doing more things. And for the month of June, they stayed longer than our overall average. The below graph indicates the total value of the Tourism Industry to the District has been steadily increasing since 2009. That value now sits at \$164,000,000. The majority of visitors are domestic, with the majority of spending still on fuel, as the table below illustrates:²



More People

TWL's emphasis on international markets, and our investment in international trade, has seen our bed nights steadily climb. There are more people coming into the District. The graphs below demonstrate that our gross visitor bed nights are consistently ahead of previous years. Total guest nights are up 24% for the month of June, and 11% for the 12 months ending 30 June. This is primarily on the back of international visitors, up 50% for June and 20% for the year ending 30 June. Growth since June 2013 is over 32%.³

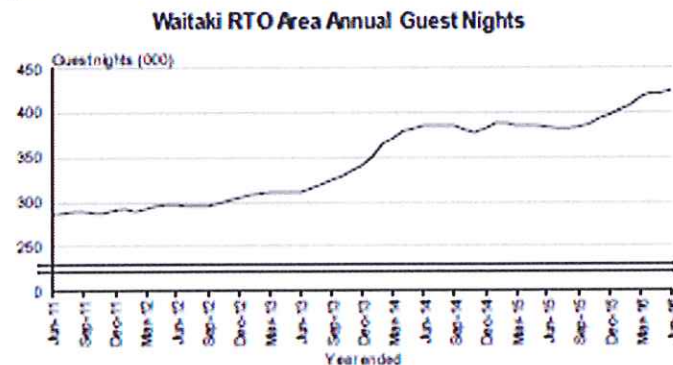
Figure 1.1



² <http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/monthly-regional-tourism-estimates/annual-spend-grouped-by-rto-country-of-origin-and-product-category>, sourced 21 August 2016.

³ Statistics New Zealand (2016). *Commercial Accommodation Monitor, June 2016-Waitaki*. Wellington: Statistics New Zealand, released August 2016. Table 1.1 from p. 1; Table 1.3 (below) from page 3.

Figure 1.3



Source: Statistics New Zealand

This equates to a significant increase in value. Our offshore activity and work through various trade and sales events in Auckland, Australia, China, Japan, Korea, Singapore, Hong Kong, the UK, and the USA all drive this growth. Concentrated investment in these activities began in late 2012, and has continued. Growth in China has seen the value grow to just over \$5,000,000 to the 12 months ending June 2016. Other markets continue to grow as well: Domestic up to \$117,000,000; Australia, recovering from steady decline over the last few years, is back to \$12,000,000; Japan is at \$2,100,000.⁴

We are also developing more universal collateral and a broader message to provide clear incentives for in-market agents to promote our District, and to encourage further Domestic visitors. The work we are doing with major events and ongoing domestic campaigns will further encourage overnight stays from New Zealanders, while our work with neighbouring regions will provide a consistent and convenient message to international tourists on what they can expect.

More Things

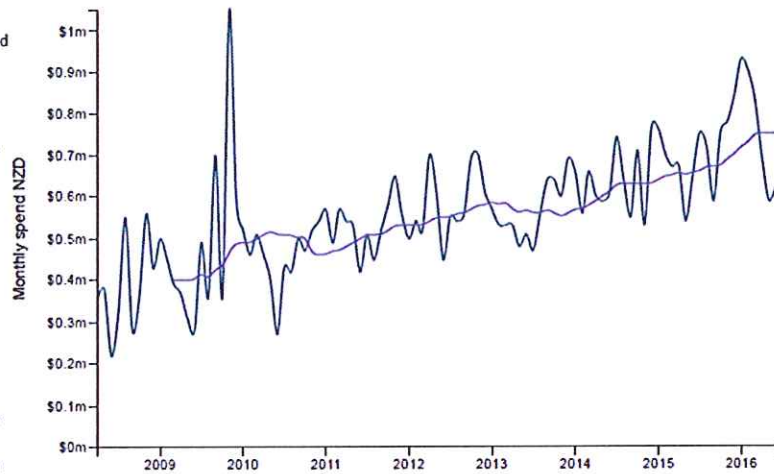
It is also clear that those who visit the District are doing more things. The first graph below illustrates consistent growth in spending on tourist activities over the last 2 years specifically, with significant growth since 2009.⁵ For the 12 months ending June 2016 the value of tourism activities exceeded \$9,000,000 for the first time. This is up 14% on the same 12-month period ending 2015, and growth of 32% since the expansion of our strategy and communication focus in 2013.

⁴ <http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/monthly-regional-tourism-estimates/annual-spend-grouped-by-rto-country-of-origin-and-product-category>, sourced 21 August 2016. The data is found by clicking on the specific country. All information then adjusts to reflect only spending for that country. The estimated value pops up when the cursor is rolled over the graph.

⁵ <http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/monthly-regional-tourism-estimates/monthly-spend-grouped-by-rto-and-product-category>, sourced 21 August 2016. The chart below is generated by clicking on OTHER TOURISM PRODUCTS. The values are revealed as the cursor is dragged over the line.

Spend by Product Reset

Historical spending pattern



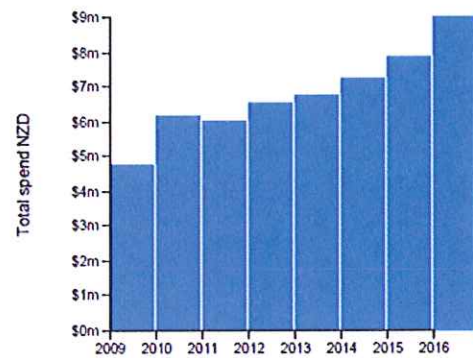
The table below highlights the relative spending by country on tourism products.⁶ The Domestic, Australian, US, UK, China, and Asia markets have all contributed to growth in the last 12 months. Wider industry developments, such as at Lady Bird Hill, activities in Duntroon, Steampunk HQ, the broadening of the Fire and Steam/Steampunk Festival weekend, Heritage Week, agricultural activities in Kurow, and a refinement of the natural wildlife and scenery message, as well as numerous other developments throughout the wider industry, have all had a positive impact on the value of the overall tourism industry.

Spend by Product Reset

Spend by Country



Total spending for year to June



We are working to build further markets, particularly Japan, Korea, Germany, and Europe through better developed and more mature in-country sales and a broadening of the District's ticketable product base. Investment in A2O, the Harbour Street project, and the promotion of established walking and touring routes are all assisting in developing these markets. We are also working on educational homestay activities that have been requested by both the Japanese, Korean, and American markets.

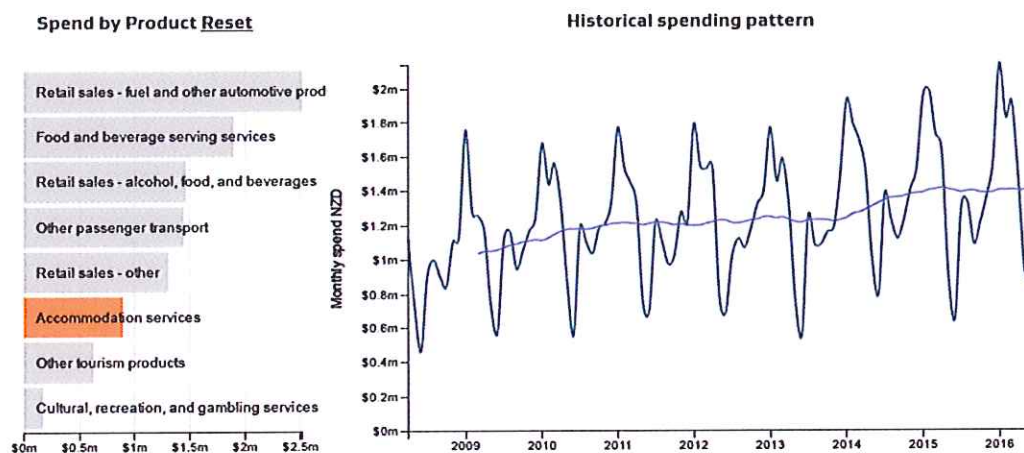
⁶ <http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/monthly-regional-tourism-estimates/annual-spend-grouped-by-rto-country-of-origin-and-product-category>, sourced 21 August 2016. The data is found by clicking on OTHER TOURISM PRODUCTS. The estimated value pops up when the cursor is rolled over the graph.

We continue to work on improved marketing collateral, particularly the new TW website, as a vehicle for streamlining and distributing the core District message of 'Come. See.' This collateral is being built around key iconic activities, from skiing at Ohau, to cycling the A2O, gliding in Omarama, wildlife and heritage in Oamaru, walking and the boulders in Palmerston, and the ease of access to all main points of interest. We are working on improved sales channels through the ISITE, new TWL website, and enhanced capabilities of the A2O booking engine. We are also beginning to work more proactively with the wider industry on campaign ideas, and to include various attractions in special promotional combo tickets.

More Time

The one area we have not made significant gains is on length of stay. We have a target of 2.5 nights on average. However, for the previous 12 months ending June 2016 the length of stay fell from 1.54 nights to 1.5 nights. For the month of June, the average rose from 1.44 in 2015 to 1.54 in 2016. But we need to work smarter, and harder, to get people to stay longer.⁷

The graph below highlights one aspect of this challenge. Though our total bed nights have increased dramatically since 2013, the value generated from those bed nights has not. Where bed nights have increased by over 32% since June 2013, the value generated from those bed nights has only increased by 17%.⁸



This is a general proxy for spending time in the District. Shorter over-all stays, price-conscious travellers, and drops in direct returns from China and the UK, with no real growth in Domestic and Australian visitors, highlights an area where there is great potential for growth. Visitors are coming and spending money on services and attractions, but they are spending relatively less on accommodation. Changing this is a primary focus for TWL.

⁷ Statistics New Zealand (2016). *Commercial Accommodation Monitor, June 2016-Waitaki*. Wellington: Statistics New Zealand, released August 2016.

⁸ <http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/monthly-regional-tourism-estimates/monthly-spend-grouped-by-rto-and-product-category>, sourced 21 august 2016. The chart below is generated by clicking on ACCOMMODATION SERVICES. The values are revealed as the cursor is dragged over the line.

We are also working on specific itineraries, expanding our conferencing bids, and building more targeted event activities that should encourage longer stays. We are also upskilling the ISITE staff to enable them to more confidently sell a wider range of product tickets, will be adding a booking engine to the back-end of the TW website, and will continue working with the Council and wider industry on the establishment of further activities and attractions and expand the accommodation market. Our emphasis on slower travel, spending more time to drive and see all aspects of the District should, over time, influence this measure.

Contract Deliverables

TWL is responsible for the following general tasks:

1.1 Operational and Management Oversight of the Oamaru Blue Penguin Colony, Waitaki District ISITE Network, and Alps 2 Ocean Cycle Trail:

TWL continues to operate and manage the Colony in a profitable manner, with total surplus through the Colony rising 45%. Staffing, promotional activity, and operational product offerings all improved significantly over the course of 2015 – 2016. Ticket sales rose by 20%, and the number of contracted agents increased, with 43 new agents being added. We also extended our professional research and environmental quality credentials with the retention of Environmental Gold certification from Qualmark and Earthcheck, as well as our independently verified carbon neutral status being retained.

The ISITE network expanded operations in Palmerston with the establishment of a stand-alone operation that is now a certified ISITE. Work also continues to broaden the service offerings in Omarama, and we have begun working closely with the community run information centre in Kurow. Staffing levels have been increased to accommodate Palmerston, and continuous training has been implemented to ensure quality and adequate customer service levels are consistently obtained.

The Board and operational management are well represented at all levels of A2O development. We sit on the Joint Committee and the construction and project team, and the GM of Tourism Waitaki is tasked with day-to-day operational management and staff oversight. Through this we have built strong relationships with both the McKenzie and Waitaki District Councils, the Department of Conservation, and assisted in establishing trusts and incorporated societies to further the work. We report to each Council quarterly, and work with the Department of Conservation monthly through the Project Team.

1.2 Destination Development:

We continue to work with operators to improve and establish products that are both desirable and saleable. Further, our promotional activities now concentrate on long-term stay. To aid this we have modified our branding collateral to reflect the Waitaki as a destination for slow travel, for conferences, and as a base for extended regional day touring. We have worked with outside organisations to build a communication platform that local communities can leverage in their own unique way to tell their specific stories.

1.3 Product Development:

TWL has invested in developing new products and promoting existing activities both nationally and internationally. We have worked to develop specific itineraries, and have negotiated a number of new agreements with inbound agents both within New Zealand and abroad. To further enhance our trade position, in the coming years the Colony will be expanded, new attractions will open in the Victorian Precinct, and existing operators will be assisted to become trade-ready.

The following table summarizes the specific outcomes that illustrate TWL's performance over the last financial year:

TARGETS	MEASUREMENTS	ACHIEVEMENTS
Facilitate Broad Regional Promotion	<ol style="list-style-type: none"> 1. Increase CAM-measured bed nights 2. Demonstrate visitor growth from core domestic markets 3. Signage strategy developed and implemented 	<p>YE June 2016 Guest Nights were 423,827 11% higher than the YE June 2015. We had 147,161 international nights (up 20% on the previous year); and 276,666 domestic bed nights (up 6% on the previous year). Industry spend rose from \$124 million at YE June 2015 to \$164 million at YE June 2016 on the back of increased spending on visitor attractions and hospitality services, and fuel services. The length of stay fell from 1.54 nights to 1.5 nights by YE June 2016.</p> <p>Domestic spending is up 17% since 2013, and 4.5% on the same period ending June 2015. Spending by domestic travellers on tourism activity is up 40% since June 2013, and up 17% on the same period ending June 2015. This is on the back of increased conference activity, domestic activity around cycling, and a stronger presence in the domestic media.⁹</p> <p>A signage strategy was developed and implemented. New District boundary signs have been installed at the majority of sites, with the remaining sites to be re-signed in the</p>

⁹ <http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/monthly-regional-tourism-estimates/annual-spend-grouped-by-rto-country-of-origin-and-product-category>, sourced 21 August 2016. The data is found by clicking on the country of origin. The estimated value pops up when the cursor is rolled over the graph.

		first half of the 2016-2017 financial year.
Product Development	<ol style="list-style-type: none"> 1. Develop new trade-ready tourism ventures 2. Expand current trade-ready activities 3. Expand travel infrastructure network 	<p>We worked on, among other things:</p> <ol style="list-style-type: none"> 1. A2O trail development and commercial planning; 2. OBPC and ISITE upgrade and product expansion was developed and approved for implementation; 3. Tourism Waitaki Palmerston office was formally registered as a full serviced ISITE; 4. Assisted with inquiries about new hotels; 5. Developed and supported various events and conferences throughout the District, including the Irrigation NZ 2016 Conference, Victorian Heritage Week, Fire and Steam, and the Oamaru Penguin Symposium; 6. Assisted operators in putting itineraries and packaged product together; 7. Advised on and assisted operators with attending conferences; 8. Met with and assisted with strategic planning for operators and attractions; 9. Had representation at various domestic and international conferences; 10. Staff continued to sit on regional and national conservation advisory and governance bodies; 11. Developed proposals and sought funding for new attraction development throughout the District 12. Worked with the local Council on identifying potential new tourism attractions.

Develop new strategic partnerships	<ol style="list-style-type: none"> 1. International Marketing Alliance agreements in place covering the South Island 2. Expand wider industry affiliations 3. Management recognized as industry leaders 	<p>We continue to work closely with our regional partners in Dunedin, Clutha, and Southland on a variety of trade activities. Formal agreements are being developed to better cover our growing relationship.</p> <p>New trade contacts were established. Partnerships with other Regional Tourism Organisation's and Tourism New Zealand maintained. Continued to work with Christchurch International Airport Ltd brand – "South" created targeting initially the Asia markets. We are also broadening our international agent-based sales networks and connections, particularly in Australia, Japan, the UK, USA, and France. Through these efforts we saw a 20% rise in international visitors for the financial year.</p> <p>We are working the Waitaki Tourism Association to expand its membership base throughout the District, and have 1 employee sitting on the current Board. Current membership remains at 80. Work is being undertaken to expand the reach of the WTA into all areas of the District, and broaden its base.</p>
Trade initiatives	<ol style="list-style-type: none"> 1. Increase number of organized inbound visitors 2. Increase the number of district attendees to TRENZ 3. Develop itineraries for retail sale through existing sales channels 4. Establish a district online sales channel to support existing sales activities 	<p>Regular approaches were made to trade covering all relevant district tourism products including TRENZ (Tourism Rendezvous New Zealand), Australian consumer shows in Perth and Adelaide, direct contact with agent's, attendance at trade sales days in NZ and Australia, District Trade Day in Auckland, and pre-packaged itineraries are being built and distributed. TWL also attended a number of cycling and nature conferences and fairs to promote A20 and the Oamaru Blue Penguin Colony. Through our alliances we also had representation in China, Japan, Korea, Singapore, and the UK. Through this work we saw a 25% increase in trade-related Oamaru</p>

		<p>Blue Penguin Colony ticket sales on the back of 32% growth the previous year. Similar numbers have been reported by other operators.</p> <p>Itineraries are currently being finalised, and over the course of the year have been refined through ongoing conversations with our trade partners. We expect these to be ready for sale sometime in the 2016-2017 financial year.</p> <p>The new District website, which will have booking capabilities, will be launched in the first quarter of next year. We have also further developed our relationship with Bookit.com and Bookeasy.com to facilitate more immediate sales activity for a variety of District activities. We are also in discussions to support local attempts to develop online vouchers systems.</p>
Shareholder position improved	Equity of \$400,000 and Asset Ratio (shareholder funds/total assets) >.05	Equity = \$658,174 Ratio = .66

Summary

TWL's strategy to invest in direct marketing and promotions is building a stronger tourism industry. More people are coming, and they are doing more things. Growth in core markets over the last 3 years has produced significant increases in both bed nights and attraction spending. However, we lag behind in length of stay measures. We are therefore working on regional promotional, conferencing, and event activities that, over time, should have visitors staying longer while building a sustainable business and broader, more mature industry.

Statement of Compliance & Responsibility

Compliance

The Board and management of Tourism Waitaki Limited confirm that all the statutory requirements of the Local Government Act 2002, regarding financial management and borrowing, have been complied with.

Responsibility

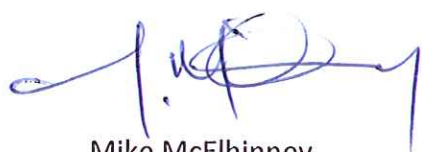
The Board and management of Tourism Waitaki Limited accept responsibility for the preparation of the annual Financial Statements and the judgments used in them.

The Board and management of Tourism Waitaki Limited accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

Financial Security and Going Concern

In the opinion of the Board and management of Tourism Waitaki Limited, the Financial Statements for the Year ended 30 June 2016 fairly reflect the financial position and operations of Tourism Waitaki Limited. It is the Board's opinion that the company is financially secure, will meet all financial obligations as they come due, and can and will continue to operate as a going concern for the coming financial year without impediment or complication.

DATE:



Mike McElhinney
Chair



Adair Craik
Director

Tourism Waitaki Limited

Annual Report for the year ended 30 June 2016

The Directors of Tourism Waitaki Limited are pleased to present the Annual Report for the Company, together with the Financial Statements for the year ended 30 June 2016.

Principal Activities

The Company is charged with providing specific services for its shareholder the Waitaki District Council and the community. They are:

- i) The facilitation of economic growth through the development of community supported planning, investment strategies and incentive policies
- ii) The facilitation and co-ordination of the development of the historic and visitor estate within the Waitaki District through promotion and marketing by Tourism Waitaki
- iii) The services of the Oamaru ISITE Centre
- iv) The management of the Oamaru Blue Penguin Colony
- v) Manage and operate the Alps 2 Ocean Cycle Trail

Trading Results

During the year Tourism Waitaki Limited had an after tax loss of \$(60,856). Total revenue of \$2,370,389 was \$77,889 higher than budgeted, and 6% higher than the same period ending June 2015. This is on the back of higher ticket sales through the Oamaru Blue Penguin Colony and the Waitaki District ISITE Network. Total expenditure of \$2,438,165 was \$122,635 more than the budgeted expenditure, and 10% higher than the same period ending June 2015. This stems from higher than expected maintenance costs for the A2O Cycle Trail, increased compliance costs, and investment in staff. Revenue generated from Council Service Agreements fell \$142,765. Revenue generated from business operations outside Waitaki District Council Service Agreements and other project funding during the July 2015 – June 2016 period rose \$382,782 to \$1,670,389, an increase of 20.4%.

Dividend

In accordance with the Company's shareholder agreement and Statement of Intent, no dividend is to be paid.

Directors

Marcus Brown (Chair to May 2016), Adair Craik, James Glucksman, Mike Neilson (resigned March 2016), and Mike McElhinney (from December 2015; Chair from May 2016), Directors.

Remuneration of Directors

Separate disclosure of the remuneration for each Director is required by the Companies Act 1993 (Section 211 (1) F). Disclosure is as follows:

	<u>2015</u>	<u>2016</u>
Marcus Brown	19,217	20,800
Annabel Berry	1,500	0
Adair Craik	11,500	12,000

Mike Neilson	11,500	9,000
James Glucksman	7,567	12,000
Mike McElhinney	0	7,550
Total	<u>\$51,284</u>	<u>\$61,350</u>

Director's Interests

Directors have declared interests relative to operating tourism attractions associated with both A2O and Tourism Waitaki; one Director served as the Chairman of an organization that was a client to TW and A2O; and a further Director declared an interest in a Trust that works alongside A2O.

Use of Company Information

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

Indemnity and Insurance of Directors

During the year the Company paid premiums insuring all directors of the Tourism Waitaki Limited in respect of liabilities and costs that are permitted by legislation to be insured against.

Donations

There were a number of small community donations made by the Company during the year to assist at-risk and disabled children.

Auditor

The Company's audit is undertaken by Audit New Zealand on behalf of the Auditor-General. No fees outside of the Audit were payable to the Auditor.

State of Affairs

A three-year contract and Statement of Intent covering 2015-18 has been agreed with the Waitaki District Council. The over-arching objective of the services funded under the contract is to promote the economic well-being of the people of the Waitaki District, including future residents of the district, by undertaking to promote existing tourism operators both domestically and abroad, manage and operate tourism-related business for profit, and develop further tourism activity and operations that will encourage more people to come, spend more time in the District, and participate in more paid and unpaid attractions.

Future Trading

The Directors confirm Tourism Waitaki Limited will continue to operate over the next twelve months at the level required by the Statement of Corporate Intent.

**Statement of Comprehensive Revenue and Expenditure
For the Year Ended 30 June 2016**

		2016	2015
REVENUE			
Council Operating Grants		500,000	617,765
Alps to Ocean Funding Contributions		200,000	225,000
Information Centre		139,500	136,790
Oamaru Blue Penguin Colony		1,374,646	1,088,292
Tourism Waitaki		80,870	97,318
Alps to Ocean		69,916	49,770
Interest Received		5,457	15,436
Total Revenue		<u>2,370,389</u>	<u>2,230,371</u>
EXPENDITURE			
Audit – Attest/Annual	Note 16	20,348	19,166
Directors Fees		61,350	51,284
Depreciation & Amortisation Expense	Note 6/7	91,653	56,130
Employee Benefit Costs	Note 2	1,133,113	962,733
Insurance Costs		19,508	13,975
Community Donations & Grants		5,070	4,895
Operating Leases		127,967	117,362
Other Operating Expenditure		979,156	993,445
Total Expenditure		<u>2,438,165</u>	<u>2,218,990</u>
Net Operating Surplus / (deficit) before Tax		(67,776)	11,381
Subvention Payment		16,649	0
Taxation Expense / (Benefit)	Note 14	(23,569)	43,431
Net operating surplus / (deficit) after tax		<u>(60,856)</u>	<u>54,812</u>
Other Comprehensive Revenue		-	-
Total Comprehensive Surplus / (deficit)		<u>(60,856)</u> =====	<u>54,812</u> =====

**Statement of Changes in Equity
for the Year Ended 30 June 2016**

	2016	2015
Balance at 1st July	719,030	664,218
Total Comprehensive Surplus / (deficit)	(60,856)	54,812
Funds Introduced – A2O	0	0
Funds Introduced – OBPC	0	0
Balance at 30th June	<u>658,174</u> =====	<u>719,030</u> =====

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2016

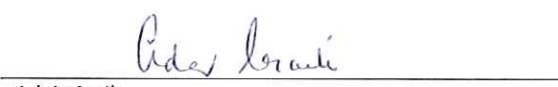
		2016	2015
Current Assets			
Cash and Cash Equivalents	Note 3	292,384	573,660
Trade and Other Receivables	Note 4	181,522	52,060
Inventories	Note 5	97,815	100,761
Prepayments		13,402	9,625
Total Current Assets		585,123	736,106
Current Liabilities			
Trade and Other Payables	Note 8	243,450	212,474
Employee Benefit Liabilities	Note 9	68,673	59,035
Provision for Taxation		(1,734)	2,136
Income Received in Advance		21,509	22,709
Total Current Liabilities		331,898	296,354
NET CURRENT ASSETS (LIABILITIES)		253,225	439,752
Non-Current Assets			
Property, Plant and Equipment	Note 6	281,057	182,239
Intangible Assets	Note 7	89,118	83,491
Deferred Tax	Note 15	34,774	13,548
Total Non-Current Assets		404,949	279,278
NET ASSETS		\$658,174	\$719,030
		=====	=====
EQUITY			
Contributed Capital	Note 10	200,000	200,000
Funds Introduced – A2O		150,280	150,280
Funds Introduced – OBPC		323,926	323,926
Retained Earnings/(Accumulated Deficits)	Note 10	(16,032)	44,824
TOTAL EQUITY		\$658,174	\$719,030
		=====	=====

The accompanying notes form part of these financial statements.

Approved by Board on

2016 and signed on their behalf by:


Mike McElhinney
Chairman


Adair Craik
Director

Statement of Cash Flows for the year ended 30 June 2016

	2016	2015
Cash Flows from Operating Activities		
Cash was provided from		
Receipts from operating activities	2,235,470	2,314,249
Taxation Refunds Received	0	0
Interest Received	5,457	15,436
Total	\$2,240,927	\$2,329,685
	=====	=====
Cash was applied to		
Payments to Directors	61,350	51,284
Payments to Suppliers and Employees	2,263,227	2,145,406
Payment of Taxation	1,527	4,322
Net GST Movement	0	0
Total	\$2,326,104	\$2,201,012
	=====	=====
Net Cash Flows from Operating Activities	\$(85,177)	\$128,673
	=====	=====
Cash Flows from Investing Activities		
Cash was applied to		
Purchase of Assets	(196,099)	(93,092)
Sale of Assets	0	284
Net Cash Flows from Investing Activities	\$(196,099)	\$(92,808)
	=====	=====
Cash Flows from Financing Activities		
Funds Introduced	0	0
Share Capital	0	0
Net Cash Flows from Financing Activities	0	0
	=====	=====
Net Increase (Decrease) in Cash	(281,276)	35,865
Opening Cash Balance	573,660	537,795
Closing Cash Balance	\$292,384	\$573,660
	=====	=====
Made up of cash and cash equivalents	\$292,384	\$573,660
	=====	=====

The accompanying notes form part of these financial statements.

Reconciliation of Net Operating Surplus / (Deficit) to Cash Flows from Operating Activities

	2016	2015
Net Surplus (Deficit) after taxation	(60,856)	54,812
Add/(less) non-cash items		
Depreciation	91,654	56,130
Assets Written Off	0	3,054
Deferred Tax	(21,226)	(3,272)
	<u>9,572</u>	<u>110,724</u>
Add/(Less) Movements in Working Capital		
Inventory	2,946	(4,571)
Trade and other receivables	(129,462)	93,226
Trade and other payables	(30,976)	(70,918)
Income received in advance	(1,200)	12,673
Prepayments	(3,777)	20,385
Tax Payable	(2,343)	(40,159)
Tax Receivable	(1,527)	(4322)
Employee Entitlements	9,638	11,635
	<u>(94,749)</u>	<u>17,949</u>
Creditors relating to capital items	-	-
NET CASHFLOW FROM OPERATING ACTIVITIES	<u>(85,177)</u>	<u>128,673</u>
	=====	=====

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2016.

Reporting Entity

Tourism Waitaki Ltd (the Company) is a Company registered under the Companies Act 1993 and is domiciled in New Zealand. The Company is controlled by Waitaki District Council and is a Council Controlled Trading Organisation as defined under section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint the Board of Directors, as the sole shareholder.

Under the Accounting Standards Framework, the company is deemed a tier two PBE (RDR) on the basis that it is not considered publicly accountable or large (expenditure is less than \$30m per annum).

The primary objective of the Company is to encourage, promote and support the establishment and growth of business investment and employment opportunities within the region, rather than making a financial return. Accordingly, the Company has designated itself as a public benefit entity for financial reporting purposes.

The financial statements of the Company are for the year ended 30 June 2016. The financial statements were authorised for issue by the Board of Directors on 30 September 2016.

Basis of preparation

The financial statements of the Company have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of Tourism Waitaki Limited is New Zealand dollars.

Revenue

Revenue is measured at the fair value of consideration received. Revenue is recognised in the financial statements as follows:

Service Agreements

Revenue from Service Agreements are restricted for the purposes of the Company meeting its objectives as specified in the Statement of Intent and related Service Agreement Contracts. The Company also receives other government assistance for specific purposes, and these grants contain restrictions on their use.

Council, government and non-government grants are recognised as revenue when they become receivable unless there is an obligation 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.

Other revenue

Products held for sale are recognised when a product is sold to the customer. Ticket sales are recognised in the period the service is provided. Booking commissions are recognised when operator payments are made. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other operating expenditure.

Interest income is recognised using the effective interest method.

Volunteer services received are not recognised as revenue or expenditure as the Company is unable to reliably measure the fair value of the services received.

Advertising costs

Advertising costs are expensed when the related service has been rendered.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Income tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or 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 liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probably that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

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

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

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

Leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. 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 over the lease term as an integral part of the total lease expense.

Cash and cash equivalents

Cash and cash equivalents includes 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 as a current liability in the statements of financial position.

Trade and other receivables

Trade and other receivables are measured at amortised cost.

Trade and other payables

Trade and other payables are measured at amortised cost.

Inventories

Inventories held for sale on a commercial basis are valued at the lower of cost and net realisable value. The cost of the inventory is determined using the first-in first-out method.

Investments

Investments in bank deposits are initially measured at fair value plus transactions costs.

After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

At each balance sheet date the Company assesses whether there is any objective evidence that an investment is impaired. Any impairment losses are recognised in the surplus or deficit.

Property, plant and equipment

Property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable the 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.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the surplus or deficit.

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 to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows.

Vehicles, Plant & Equipment
Computer equipment

2% to 67% DV
20% to 50% DV

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end. Depreciation begins when the asset is available for use and ceases at the date that the asset is disposed of. The depreciation charge for each for each period is recognised in the surplus or deficit.

Intangible assets

Software acquisition

Acquired computer software licenses are capitalised on the basis of the cost incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Computer software licenses are amortised on a straight-line basis over their estimated useful life of 3 years.

Website/Booking Engines

Development costs are capitalised when completed and able to generate revenue.

Costs associated with the maintenance of the Company's website are recognised as an expense when incurred.

Amortisation is provided for at a rate of 50% DV.

Impairment of non-financial assets

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Company would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

Employment benefits

Short-term benefits

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates to pay.

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

Long-term benefits

There are no entitlements that are payable beyond 12 months.

Provisions

The Company recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Good and Service Tax (GST)

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 (IRD) is included in the Trade and other Receivables or Payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

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 the 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. 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 discussed below:

Property, plant and equipment useful lives and residual values

At each balance date the Company reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Company to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Company and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount so an asset, therefore impacting on the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset on the statements of financial position. The Company minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programme;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

The Company has not made significant changes to past assumptions concerning useful lives and residual values.

The carrying amounts of property, plant and equipment are disclosed in note 6.

Critical judgments in applying the Companies accounting policies

The Directors must exercise their judgement when recognising grant income to determine if conditions of the grant contract have been satisfied. The judgement will be based on the facts and circumstances that are evident for each grant contract.

2. EMPLOYEE BENEFIT COSTS

	2016	2015
	\$	\$
Salaries and wages	1,133,113	962,733
	=====	=====
Analysis of Employee Benefit Costs		
Information Centre	292,884	166,982
Tourism Waitaki	193,933	301,530
Oamaru Blue Penguin Colony	484,750	333,963
Alps to Ocean	161,546	160,258
	=====	=====
Total employee benefit costs	\$1,133,113	\$962,733
	=====	=====

Employer Kiwisaver Contributions for 2015-2016 were \$20,957 (2014-2015 \$18,728).

3. CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Cash at bank and on hand	292,384	573,660

Net cash, equivalents and bank overdrafts for the purposes of the statement of cash flows	\$ 292,384	\$ 573,660
	=====	=====

4. TRADE AND OTHER RECEIVABLES

The \$181,522 (2015: \$52,060) comprises various amounts owing to the Company for services provided prior to 30 June 2016, but the payment due had not been received by that date. The GST component is \$Nil (2015: \$5,860) and the receivables component is \$101,267 (2015: \$46,200).

5. INVENTORIES

	2016 \$	2015 \$
Items held for resale	97,815	100,761
Total inventories	\$97,815	\$100,761
	=====	=====

No inventories are pledged as security for liabilities; however some inventories are subject to retention of title clauses. Cost of Goods Sold was \$159,195 (2015 \$149,203). Stock written down was \$Nil (2015 \$8,770).

6. PROPERTY, PLANT AND EQUIPMENT

	Plant & Equipment \$	Computer Equipment \$	Total \$
Cost			
Balance at 1 July 2014	229,545	65,871	295,416
Additions	22,044	15,955	37,999
Disposals	21,616	7,922	29,538
Balance at 30 June 2015	\$229,973	\$73,904	\$303,877
	=====	=====	=====
Balance at 1 July 2015	229,973	73,904	303,877
Additions	105,350	8,020	113,370
Disposals	0	0	0
Balance at 30 June 2016	\$335,323	\$81,924	\$417,247
	=====	=====	=====
Accumulated depreciation and impairment losses			
Balance at 1 July 2014	76,743	32,034	108,777
Depreciation expense	19,711	19,350	39,061
Disposals	18,914	7,286	26,200
Balance at 30 June 2015	\$77,540	\$44,098	\$121,638
	=====	=====	=====
Balance at 1 July 2015	77,540	44,098	121,638
Depreciation expense	50,468	15,583	66,051
Disposals	0	0	0
Balance at 30 June 2016	\$128,008	\$59,681	\$187,689
	=====	=====	=====
Carrying amounts			
At 30 June 2015	152,001	30,238	182,239
At 30 June 2016	207,315	22,243	229,558

Capital Work in Progress totals
\$51,499 (2015 Nil)

7. INTANGIBLE ASSETS

2015

	\$
Opening Balance	45,467
Opening Amortisation	0
Opening Book Value	\$45,467
	=====
Additions	55,093
Amortisation	17,069
Closing Book Value	\$83,491
	=====
Closing Book Value includes Intangible Work in Progress	\$32,285

2016

	\$
Opening Balance	100,560
Opening Amortisation	17,069
Opening Book Value	\$83,491
	=====
Additions	31,230
Amortisation	25,603
Closing Book Value	\$89,118
	=====
Closing Book Value includes Intangible Work in Progress	\$63,515

8. TRADE AND OTHER PAYABLES

	2016	2015
	\$	\$
Trade payables	77,366	130,797
Other payables	166,084	81,677
Total trade and other payables	\$243,450	\$212,474
	=====	=====

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

9. EMPLOYEE BENEFIT LIABILITIES

	2016	2015
	\$	\$
Annual leave	\$68,673	\$59,035
	=====	=====
Comprising:		
Current	68,673	59,035
Non-current	-	-
Total employee benefit liabilities	\$68,673	\$59,035
	=====	=====

10. RECONCILIATION OF EQUITY

	2016	2015
<u>Contributed capital</u>	\$	\$
Balance at 1 July	200,000	200,000
Funds Introduced	474,206	474,206
Balance at 30 June	<u>\$674,206</u>	<u>\$ 674,206</u>
	=====	=====
Waitaki District Council holds 500,000 shares (100%) of which 200,000 have been issued and fully paid.		
<u>Retained surpluses (Accumulated Deficits)</u>		
Balance at 1 July	44,824	(9,988)
Total comprehensive income / (loss) for the year	(60,856)	54,812
Balance at 30 June	<u>(\$16,032)</u>	<u>\$ 44,824</u>
	=====	=====
Total Equity	\$ 658,174	\$ 719,030
	=====	=====

11. CAPITAL COMMITMENTS AND OPERATING LEASES

Operating leases as lessee

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

	2016	2015
	\$	\$
Not later than one year	125,000	131,239
Later than one year and not later than five years	125,000	250,000
Later than five years	-	-
Total non-cancellable operating leases	\$250,000	\$381,239
	=====	=====

The total non-cancellable operating lease amount relates to the lease of the information centre, office building, and the Oamaru Blue Penguin Colony. The lease on the information centre, office building and Penguin Colony was renewed on 1 July 2015 for a term of three years. The Company does not have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on the Company by any of its leasing arrangements.

Capital Commitments

As at 30 June 2016, Tourism Waitaki Limited has committed to undertake capital works at the Oamaru Blue Penguin Colony (\$660,000), the Oamaru ISITE (\$60,000), and to establish a new venture on Harbour Street (\$145,000). All work is expected to be completed in the 2017 financial year, and will be reflected in the balance sheet and profit and loss statements in that year.

12. CONTINGENCIES

Contingent liability

The Company has no contingent liabilities (2015 nil).

Contingent assets

The Company has no contingent assets (2015 nil).

13. RELATED PARTY TRANSACTIONS

The Company was formed by Waitaki District Council and receives the majority of its funding from operation grants from the Council to deliver its objectives as specified in the Statement of Intent. The Waitaki District Council is the controlling party of the Company.

The following transactions were carried out with related parties during the year.

Waitaki District Council

Operating Grants of \$600,000 (2015 \$742,765) were received from the Council to fund the Company operations for the 2016 year. Other services of \$108,522 (2015 \$2,465) were also provided to Council.

Office rentals of \$125,000 (2015 \$115,125) and other operating expenses of \$14,533 (2015 \$11,270) were paid to the Council. The total amount of operating grants received from the Council is disclosed in the statement of comprehensive income. At 30 June 2016 the Council owed the Company \$80,255 (2015 Nil). The Company owed the Council \$Nil (2015 \$15,603)

Capital contributions of \$nil (2015 nil) were received from the Council.

Key management personnel compensation:

	2016	2015
	\$	\$
Salaries and other short-term employee benefits	\$170,892	\$ 151,284
	=====	=====

Key management personnel include all Directors and the Chief Executive. One employee, not being a director, received remuneration in the range of \$100,000-\$110,000 (2015 One).

14. TAXATION

Relationship between tax expense and accounting profit.

	2016	2015
	\$	\$
Surplus/(deficit) before tax	(67,776)	11,381
Tax at 28%	(18,977)	3,187
Understated / (Overstated) in prior year	(4,592)	(46,617)
Total Expense / (benefit)	(\$23,569)	(\$43,430)
	=====	=====

Components of Tax Expense

	2016	2015
	\$	\$
Current Tax	0	6,459
Prior period adjustment	2,343	(46,617)
Deferred Tax	21,226	(3,272)
Tax expense	\$23,569	(\$43,430)
	=====	=====

15. DEFERRED TAX

The deferred taxes relate to employee entitlements and ACC expenses accrued for accounting reporting but not deductible for taxation purposes. This is calculated as follows:

	Employee Entitlements	Tax Losses	Total
2015	\$	\$	\$
Opening Balance	10,276		
Charged to income	3,272		
Closing Balance	<u>\$13,548</u> =====		
2016			
Opening Balance	13,548	0	13,548
Charged to income	2,249	18,977	21,226
Closing Balance	<u>\$15,797</u> =====	<u>\$18,977</u> =====	<u>\$34,774</u> =====

16. AUDIT FEES

Audit Fee expenses were \$18,625 (2015 \$18,179) and disbursements paid in the 2016 year were \$1,723 (2015 \$987).

17. EVENTS AFTER BALANCE DATE

No events of significance have occurred since balance date.