



Annual Report

for the year ended 30 June 2017

Contents

	Page
CHAIR ANNUAL REPORT	2
CHAIR & CHIEF EXECUTIVES' REPORT	3
CORPORATE DIRECTORY	7
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL PERFORMANCE	8
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF CHANGES IN EQUITY	10
STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENTS	
STATEMENT OF ACCOUNTING POLICIES & NOTES	12
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	12
CASH AND CASH EQUIVALENTS	13
RECEIVABLES	13
PROPERTY, PLANT AND EQUIPMENT	13
PAYABLES AND ACCRUALS	15
INCOME TAX EXPENSE/(CREDIT)	16
SHARE CAPITAL	17
RELATED PARTY TRANSACTIONS	17
DIRECTORS' FEES	17
CAPITAL COMMITMENTS AND OPERATING LEASES	17
CONTINGENCIES	17
EVENTS OCCURRING AFTER THE BALANCE DATE	17
OTHER INFORMATION	18
AUDITOR'S REPORT	21

CHAIR ANNUAL REPORT 2017

The Board of Directors has pleasure in presenting the annual report of Hamilton & Waikato Tourism Limited, incorporating the financial statements and the auditors' report, for the year ended 30 June 2017.

With the agreement of its shareholder, Waikato Regional Airport Limited (WRAL), Hamilton & Waikato Tourism Limited has taken advantage of the reporting concessions available to it under section 211(3) of the Companies Act 1993.

The Board of Directors of Hamilton & Waikato Tourism Limited authorised these financial statements presented on pages 8 to 19 for issue on 23 August 2017.

For and on behalf of the Board.



A Cotton
Chair

23 August 2017

CHAIR & CHIEF EXECUTIVES' REPORT 2017

Hamilton & Waikato Tourism (HWT) has had another successful year of operation and positioning the region as a business and leisure visitor destination. Strong and enduring relationships have continued with HWT's seven partner Councils and tourism operators resulting in a combined investment of \$1.7m for tourism, marketing, business events and development activities. HWT finished the year in a sound financial position.

PERFORMANCE TARGETS

Hamilton & Waikato Tourism prepares an annual Statement of Intent, which is approved by the shareholder and incorporates financial and performance measures for the year. The nature and scope of the activities include trade and leisure marketing of Hamilton and Waikato as a visitor destination, product development and business events.

Performance measures were mostly met against the Statement of Intent targets for the year ended 30 June 2017.

Performance targets to 30 June 2017	Target Statement of Corporate Intent	Actual 2017	Achieved 2017	Achieved 2016
Growth in website traffic (total visits)	20%	8.3%	Not achieved	Not achieved
Industry partnership contributions	\$400,000	\$453,338	Achieved	Achieved
Cash flow	To ensure the company has sufficient cash to fund activity for the year without recourse to the shareholder	Surplus	Achieved	Achieved

Growth in website traffic has increased by 8.3% (2016: 26.9%) with 600,161 visits this year compared to 554,250 in 2016, resulting in an increase of 45,911 visits.

The contributions received from Industry Partnerships totalled \$453,338 (2016: \$455,299) and exceeded the target of \$400,000 with the year being on par with 2016.

The cash flow target surplus was achieved with a final bank and cash in hand value of \$183,785 (2016: \$298,037).

OUR INDUSTRY

New Zealand's tourism sector is experiencing exceptional growth with international visitor arrivals and expenditure at its highest level ever. This growth is forecast to continue and estimated to reach four million international arrivals in the next four years.

Data provided by the Ministry of Business, Innovation & Employment (MBIE) shows Hamilton and Waikato remains the fifth largest region for visitor expenditure behind Auckland, Wellington, Christchurch and Queenstown.

Commercial guest nights for the Waikato region increased 7.8% to over 1.4 million for the year ending May 2017. This is stronger than the national commercial accommodation growth rate of 4%.

Visitor expenditure for the region has climbed to \$1.429 billion for the 12 months ended May 2017. Domestic visitors were the largest contributor at \$1.07 billion, with international at \$355 million.

HWT's bi-annual Industry Symposiums provide regional tourism operators, accommodation providers, partners and council funders with information on industry trends, product updates, key marketing activity and development projects. The November and May events attracted over 120 and 150 attendees respectively and included presentations by Google, Tourism New Zealand, Tourism Industry Aotearoa, Qualmark, Be.Accessible and Hamilton Airport. Optional workshops were also provided around social media and accessibility.

OUR ORGANISATION

Jason Dawson was appointed Chief Executive and joined the organisation in August.

Amber Doughty joined the organisation in July as an Administration & Marketing Assistant.

Graeme Osborne retired from the Board of Directors in October and Annabel Cotton was appointed Chair in November 2016.

Karleen Turner-Puriri and Malcolm Phillipps were appointed Directors from 1 January 2017.

FINANCIAL RESULTS

HWT's funding for the year comprises \$1,215,000 from the region's seven Councils and a target of \$400,000 from the tourism industry. For the 2017 year we attracted industry investment from our operators of \$453,338 primarily supporting the Australian and domestic campaigns we run in conjunction with other central North Island regional tourism organisations, Convention Bureau activity, trade shows, major event promotion and the Regional Visitor Guide.

Additional marketing and communication activities were undertaken this financial year including the development of the Waikato Dining Guide, Neat Places Hamilton and the Waikato Food Trail. There were also further marketing initiatives undertaken supporting our major events around the World Masters Games and the DHL Lions Series.

The Convention Bureau activity included two additional new trade shows (Australia and New Zealand), plus the inaugural Business Events Waikato Showcase.

The operating surplus after tax for the year was \$11,384.

TOURISM OPPORTUNITIES PLAN

After 12 months of consultation and development, the Tourism Opportunities Plan was adopted and launched. The plan provides a framework for delivering new and improved tourism experiences that have the potential to drive growth in the local tourism sector and its contribution to the regional economy.

The objectives of the Tourism Opportunities Plan are to:

- Review and confirm the region's visitor proposition.
- Provide recommendations for the development of visitor experiences and infrastructure to support and enhance the tourism proposition.
- Provide investment recommendations and priorities to guide local government planning and resources, as well as private sector investment.

The key focus of the plan is based around five game-changers:

1. Waikato River
2. Brand Strategy
3. Hamilton City Riverfront
4. Kiingitanga Story
5. Regional Events Strategy

Implementation of the plan has begun with a Destination Action Plan for Raglan, completed in 2017, and a Conservation Experience Development Plan currently underway. These plans identify and prioritise activities, experiences and research for the growth of the visitor proposition in these two unique areas. The Raglan plan has led to the establishment of a destination tourism organisation and additional local visitor research, while and the conservation experience plan has delivered a new 'night experience' product between Sanctuary Mountain Maungatautari and Lake District Adventures.

A number of new product development initiatives are also underway and being supported, and include the Hamilton Adventure Park, Podium Sports Lodge, Mountain Bike Track in Raglan, Te Awa cycleway extension, and Te Atawhai Wholeness Retreat in Te Aroha. We are actively involved in these developments through steering groups, advice, access to funding and/or markets, research and data provision.

Enhancements to current products were supported at Zealong, Hobbiton, Hamilton Gardens, Hampton Downs and Waitomo.

Funding of \$70,000 was allocated to the Tourism Opportunities Plan by WEL Energy Trust.

TRADE AND LEISURE MARKETING

Our annual Short Escapes domestic campaign ran for the month of October 2016 in our key markets of Auckland, Wellington, Christchurch, as well as neighbouring regions Bay of Plenty and Taranaki. The expanded investment in our domestic campaign activity also included targeting our local community with the 'Explore Your Own Backyard' campaign.

The 2017 Waikato visitor guide was published in December 2016 with advertising sales exceeding the costs of producing the guide and generating a small profit.

HWT participated in a travel trade event for the Middle Earth partnership product, 'Experience The Trilogy'. Over 100 Australian travel trade attended the event which was also supported by ATEED, Destination Rotorua, Hobbiton, Intercity, Air New Zealand, Tourism New Zealand, Te Puia and Discover Waitomo.

HWT has continued its participation in the Explore Central North Island collective, a group that represents eight regional tourism organisations based in the central North Island, and participated in trade training missions in the USA and Canada in partnership with Tourism New Zealand.

During the financial year, HWT hosted 124 international and 14 domestic media for regional famils. We also hosted 130, and trained approximately 1,400 international travel trade representatives.

We participated in Tourism New Zealand's \$1.4m 'Tour the North' campaign in Australia. A partnership between Tourism New Zealand, regional tourism organisations in the upper and central North Island and key trade partners, produced sample itineraries highlighting the attractions centred on and around four main routes. The eight-week North Island touring campaign promotes the Thermal Explorer Highway through Rotorua, Hamilton and Waikato and the Volcanic Loop around Ruapehu and Lake Taupo.

We co-ordinated the regional presence and exhibited at TRENZ which is New Zealand's largest international trade show in Auckland during May 2017 with over 300 international buyers attending.

CONVENTION BUREAU & BUSINESS EVENTS

The inaugural Hamilton & Waikato Tourism Business Events Showcase was held in August which attracted 42 exhibitors and was attended by 117 business event buyers.

Through increased Convention Bureau activity over the past 12 months, we have been successful in securing domestic and international conferences for the region. Working with Tourism New Zealand's Conference Assistance Programme (CAP), we secured the Native American and Indigenous Studies Association (NAISA) conference which will bring around 800 international indigenous studies experts in June 2019. The event will put the region on the world stage as a cultural hub and is expected to deliver more than \$1.7 million to the economy.

HWT hosted the Conventions & Incentives New Zealand (CINZ) conference in October which was the first time the conference has been held in the region since its inception 40 years ago.

HWT's Convention Bureau participated in a joint sales mission with Claudelands and Hobbiton Movie Set in Sydney which attracted support from Tourism NZ.

In December, HWT hosted its annual national mega famil with 20 high value New Zealand conference buyers in the region for three days.

HWT purchased a new regional trade stand which won the Best Regional Stand at the Convene trade show in April 2017.

CONCLUSION

The record growth of New Zealand's visitor sector is forecast to continue for the foreseeable future. Although this growth is positive for regional economies, it also presents new opportunities and challenges.

The growth has seen seasonal peak periods become increasingly busy allowing tourism operators to benefit from this strong demand. This high demand has resulted in capacity constraints and placed pressure on infrastructure such as roading, parking, water, sewerage and other recreational amenities, as well as long-term infrastructure such as accommodation facilities. We will continue to work with our local government partners to ensure successful grant applications are secured for our region through the Ministry for Business, Innovation & Employment's recently announced annual \$25 million per year Tourism Infrastructure Fund (TIF).

After six years of operation, HWT is in a sound financial position and enjoys strong support from its local government partners and tourism industry. The additional funding from partners has enabled HWT to allocate increased investment to address the challenges of the domestic market and broaden its scope from destination marketing to the development of the region's 'Reasons to Visit'. The Tourism Opportunities Plan provides a clear direction to realise the visitor potential of the region in partnership with key stakeholders and agencies.

Finally, we would like to thank the WRAL Board and management team for their support services, our Council partners for their continued partnership and funding, and our tourism industry for their continued support, commitment and investment. We also extend our thanks to the HWT staff for their commitment and efforts during the year.



Annabel Cotton
Chair



Jason Dawson
Chief Executive

CORPORATE DIRECTORY

Board of Directors

Annabel Cotton
Simon Douglas
Donald Scarlet
Malcolm Phillipps (appointed January 2017)
Karleen Turner-Puriri (appointed January 2017)
Mark Morgan

Chief Executive

Jason Dawson

Finance Manager

Nikki Orange

Registered office

Hamilton Airport Terminal Building, Hamilton Airport, Airport Road, RD2,
Hamilton 3282

Auditor

Audit New Zealand, Tauranga on behalf of the Controller and
Auditor-General.

Solicitors

Ellice Tanner Hart

Bankers

Bank of New Zealand

Telephone

07 843 0056

Hamilton & Waikato Tourism Limited
Statement of Financial Performance
For the year ended 30 June 2017

STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2017

	Note	Actual 2017 \$'000	Actual 2016 \$'000
Council funding		1,215	1,215
Other revenue		455	495
Finance income		2	5
Total Revenue		<u>1,672</u>	<u>1,715</u>
Employee benefit expenses		599	542
Depreciation expense	5	35	21
Operating expenses		963	1,001
Directors' fees	10	48	30
Audit fees		11	11
Total Operating Expenditure		<u>1,656</u>	<u>1,605</u>
Operating Surplus Before Tax		<u>16</u>	<u>110</u>
Income tax expense	7	5	31
Operating Surplus After Tax		<u>11</u>	<u>79</u>

The attached Statement of Accounting Policies and Notes forms part of, and is to be read in conjunction with the Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	Actual 2017 \$'000	Actual 2016 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	3	184	298
Trade and other receivables	4	96	100
Prepayments		<u>19</u>	<u>2</u>
Total Current Assets		<u>299</u>	<u>400</u>
Non-Current Assets			
Property, plant and equipment	5	142	53
Deferred tax asset		<u>12</u>	<u>11</u>
Total Non-Current Assets		<u>154</u>	<u>64</u>
Total Assets		<u>453</u>	<u>464</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	6	229	265
Employee entitlements		66	60
Revenue in advance		<u>8</u>	<u>-</u>
Total Current Liabilities		<u>303</u>	<u>325</u>
Total Liabilities		<u>303</u>	<u>325</u>
Net Assets		<u>150</u>	<u>139</u>
EQUITY			
Share capital	8	-	-
Retained earnings	8	<u>150</u>	<u>139</u>
Total Equity		<u>150</u>	<u>139</u>

Director

23 August 2017

Director

23 August 2017

The attached Statement of Accounting Policies and Notes forms part of, and is to be read in conjunction with the Financial Statements.

Hamilton & Waikato Tourism Limited
Statement of Changes in Equity
For the year ended 30 June 2017

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2017

	Actual 2017 \$'000	Actual 2016 \$'000
	Note	
Balance at 1 July	139	60
Total comprehensive income	<u>11</u>	<u>79</u>
Balance at 30 June	8 <u>150</u>	<u>139</u>

The attached Statement of Accounting Policies and Notes forms part of, and is to be read in conjunction with the Financial Statements.

Hamilton & Waikato Tourism Limited
Statement of Cash Flows
For the year ended 30 June 2017

STATEMENT OF CASH FLOWS
For the year ended 30 June 2017

	Actual	Actual
Note	2017	2016
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from council funding	1,215	1,215
Industry funding	89	121
Receipts from sale of goods and services	380	317
Interest received	2	-
Payments to suppliers and employees	(1,632)	(1,436)
Income tax paid	(44)	-
Net cash flow from operating activities	<u>10</u>	<u>217</u>
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES		
Payments to acquire property, plant and equipment	<u>(124)</u>	<u>(50)</u>
Net cash flow from investing and financing activities	<u>(124)</u>	<u>(50)</u>
Net (decrease)/increase in cash and cash equivalents	(114)	167
Cash and cash equivalents at the beginning of the year	<u>298</u>	<u>131</u>
Cash and cash equivalents at the end of the year	3 <u>184</u>	<u>298</u>

The attached Statement of Accounting Policies and Notes forms part of, and is to be read in conjunction with the Financial Statements.

1 STATEMENT OF ACCOUNTING POLICIES & NOTES FOR THE YEAR ENDED 30 JUNE 2017

1.1 General Information

Hamilton & Waikato Tourism Limited (the Company) is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Hamilton Airport, Airport Road, RD2, Hamilton.

The Company is a Council Controlled Organisation as a 100% owned subsidiary of Waikato Regional Airport Limited ('the Parent'). Together the Company, the Parent and Titanium Park Limited, another subsidiary of the Parent, form 'the Group'. The shareholders of Waikato Regional Airport Limited are Hamilton City Council (50%), Waipa District Council (15.625%), Matamata-Piako District Council (15.625%), Waikato District Council (15.625%) and Otorohanga District Council (3.125%).

The primary objective of the Company is to market the Hamilton and Waikato region as a visitor destination domestically and internationally, and to support air services in partnership with Waikato Regional Airport Limited.

These financial statements have been approved for issue by the Board of Directors on 23 August 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Board has elected to apply Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) (PBE SFR-A (PS) on the basis that the Company is not publicly accountable and has total annual expenses of less than \$2 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

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

The Company has not applied any Tier 2 Accounting Standards in preparing its financial statements, except for PBE IAS 12 Income Taxes with which it is in full compliance.

Presentation currency

The financial statements are presented in New Zealand Dollars. The functional currency of Hamilton & Waikato Tourism Limited is New Zealand Dollars.

Rounding method

The financial statements are rounded to thousands of dollars (\$000s).

(i) Goods and Services Tax (GST)

The statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(ii) Employee Entitlements

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 of pay.

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

2.2 Changes in accounting policies

There were no accounting policy changes.

3 CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within interest bearing liabilities in current liabilities on the Statement of Financial Position.

	Actual 2017 \$'000	Actual 2016 \$'000
Cash at bank and in hand	<u>184</u>	<u>298</u>
Total cash and cash equivalents	<u>184</u>	<u>298</u>

4 RECEIVABLES

Accounting policy

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

	Actual 2017 \$'000	Actual 2016 \$'000
Trade receivables	85	100
Income tax receivable	<u>11</u>	<u>-</u>
Total debtors and other receivables	<u>96</u>	<u>100</u>

The carrying amount of receivables that are past due date, but not impaired, whose terms have been renegotiated is nil (2016: nil).

As at 30 June 2017 all overdue receivables have been assessed for impairment and no provisions are required.

5 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated on a straight line basis on all property, plant and equipment at rates that will write off the cost of the asset over their estimated useful lives. Those assets with a useful life attached to the term of a lease will be depreciated over the remaining term of the applicable least agreement. The estimated useful lives of assets are as follows:

5 PROPERTY, PLANT AND EQUIPMENT (continued)

Vehicles	5 years
Computer equipment	1 to 3 years
Furniture and fittings	9 to 14 years
Plant and equipment	10 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

2016	Furniture and fittings \$'000	Motor vehicles \$'000	Computer equipment \$'000	Total \$'000
Cost				
Balance as at 1 July 2015	<u>8</u>	<u>23</u>	<u>18</u>	<u>49</u>
Year ended 30 June 2016				
Additions	38	-	13	51
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 30 June 2016	<u>46</u>	<u>23</u>	<u>31</u>	<u>100</u>

2017	Plant and equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Computer equipment \$'000	Total \$'000
Cost					
Balance as at 1 July 2016	<u>-</u>	<u>46</u>	<u>23</u>	<u>31</u>	<u>100</u>
Year ended 30 June 2017					
Additions	82	-	39	7	128
Disposals	<u>-</u>	<u>-</u>	<u>(23)</u>	<u>-</u>	<u>(23)</u>
Balance as at 30 June 2017	<u>82</u>	<u>46</u>	<u>39</u>	<u>38</u>	<u>205</u>

2016	Furniture and fittings \$'000	Motor vehicles \$'000	Computer equipment \$'000	Total \$'000
Accumulated depreciation				
Balance as at 1 July 2015	<u>(2)</u>	<u>(10)</u>	<u>(13)</u>	<u>(25)</u>
Year ended 30 June 2016				
Depreciation charge	<u>(9)</u>	<u>(5)</u>	<u>(8)</u>	<u>(22)</u>
Balance as at 30 June 2016	<u>(11)</u>	<u>(15)</u>	<u>(21)</u>	<u>(47)</u>

5 PROPERTY, PLANT AND EQUIPMENT (continued)

2017	Plant and equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Computer equipment \$'000	Total \$'000
Balance as at 1 July 2016	-	(11)	(15)	(21)	(47)
Year ended 30 June 2017					
Disposals	-	-	19	-	19
Depreciation charge	(1)	(20)	(7)	(7)	(35)
Balance as at 30 June 2017	(1)	(31)	(3)	(28)	(63)

	Plant and equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Computer equipment \$'000	Total \$'000
Net book value					
As at 1 July 2015	-	6	13	5	24
As at 30 June 2016	-	35	8	10	53
As at 30 June 2017	81	15	36	10	142

6 PAYABLES AND ACCRUALS

Accounting policy

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

	Actual 2017 \$'000	Actual 2016 \$'000
Trade payables	211	223
Income tax payable	-	28
Sundry accruals	18	14
Total trade and other payables	229	265

7 INCOME TAX EXPENSE/(CREDIT)

Accounting policy

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 probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

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

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

	Actual 2017 \$'000	Actual 2016 \$'000
Current year	9	28
Adjustment to current tax in prior periods	(4)	-
Movement in temporary differences	-	3
	5	31

	%	2017 \$'000	%	2016 \$'000
Reconciliation of Effective Tax Rate				
Surplus for the period excluding income tax		16		110
Prima facie income tax based on domestic tax rate	28.00%	5	28.00%	31

Deferred Tax Assets

\$'000	Development property	Financial assets	Employee entitlements	Other	Total
Balance as at 30 June 2015	-	-	5	9	14
Charged to profit and loss	-	-	1	2	3
Tax loss recognised	-	-	-	(6)	(6)
Charged to equity	-	-	-	-	-
Balance as at 30 June 2016	-	-	6	5	11
Balance as at 30 June 2016	-	-	6	5	11
Charged to profit and loss	-	-	(4)	5	1
Charged to equity	-	-	-	-	-
Balance as at 30 June 2017	-	-	2	10	12

8 SHARE CAPITAL

Accounting policy

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

	Actual 2017 No.	Actual 2016 No.	Actual 2017 \$	Actual 2016 \$
Share capital				
Balance of shares as at 1 July	<u>1,000</u>	1,000	-	-
	1,000	1,000	-	-

None of the shares on issue are held by the company.

As at 30 June 2017 there were 1,000 shares issued. All ordinary shares rank equally with one vote attached to each fully paid ordinary share. Ordinary shares do not have a par value.

	Actual 2017 \$'000	Actual 2016 \$'000
Retained Earnings		
Balance 1 July	139	60
Operating surplus after tax	<u>11</u>	79
Balance 30 June	150	139

9 RELATED PARTY TRANSACTIONS

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

10 DIRECTORS' FEES

Fees paid to the Company's Board of Directors for the year total \$47,802 (2016: \$29,834).

11 CAPITAL COMMITMENTS AND OPERATING LEASES

The Company has no capital commitments (2016: \$Nil).

12 CONTINGENCIES

The Company has no contingent liabilities (2016: nil).

13 EVENTS OCCURRING AFTER THE BALANCE DATE

There were no events after balance date that could significantly affect the financial statements.

14 OTHER INFORMATION

Dividend

The Directors recommend that no dividend be declared.

Auditor

As required by Clause 23 of the parent Company's Constitution, the Auditor-General is responsible for the Company's audit. This function is contracted to Audit New Zealand.

Directors' interests

The following directors have made a general disclosure of interest with respect to any transaction or proposed transaction that may be entered into with other entities on the basis of them being a director, partner, trustee or officer of those entities.

Director	Entity	Interest
A Cotton	Access IR Group Limited	Director, Shareholder
	Anamallai Tea Estates & Ropeway Company Limited	Shareholder
	Anamallai Tea Kettle Limited	Director, Shareholder
	Donny Trust	Trustee
	Enigma Nominees Limited	Shareholder
	Farmy McFarm Limited	Director, Shareholder
	Merlin Consulting Limited	Director, Shareholder
	Merlin Group Limited	Director, Shareholder
	Momentum Waikato Community Foundation	Chair Investment Committee
	RAW 2014 Limited	Director
G Osborne (retired Oct 2016)	Trust Investments Management Limited	Director
	Waikato Regional Airport Limited	Director
	Destination Coromandel	Director
	Mangere Mountain Education Trust	Chair
	Manukau Institute of Technology – Faculty of Business	Associate Dean
	MOTAT	Director
	Osborne Family Trust	Trustee
	Te Pere Limited	Director
	The New Zealand Company Limited	Director, Shareholder
	S Douglas	The New Zealand Automobile Association Ltd
SADD Aotearoa - Students Against Driving Drunk Charitable Trust		Secretary
D Scarlet	Lower Waikato River Enhancement Society	Advisory Trustee
	Maungatautari Ecological Island Trust	Trustee
	Mercury NZ Limited	Key Relationships Manager
	National Wetland Trust	Secretary
	PD & DW Scarlet Family Trust	Trustee
	PD Scarlet Medical Services Ltd	Director, Shareholder
	Waikato Catchment Ecological Enhancement Trust	Trustee
Waikato Means Business Steering Group	Member	
M Morgan	KASM Property Limited	Director, Shareholder
	Morgan Inheritance Trust	Trustee
	Patuone Property Limited	Director, Shareholder
	Waikato Regional Airport Ltd	Chief Executive
M Phillipps (appointed Jan 2017)	Electric Kiwi Limited	Director
	Phillipps Consulting 2015 Limited	Director, Shareholder
	Pure Vinyl Limited	Director, Shareholder
K Turner-Puriri (appointed Jan 2017)	Envision Projects Limited	Director, Shareholder
	Tainui Honey Limited	Director, Shareholder

14 OTHER INFORMATION (continued)

Use of Company information

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

Share dealing

No Director holds shares in the Company nor acquired or disposed of any interest in shares in the Company during the year.

Directors' remuneration

Director remuneration paid during the year was as follows:

	2017 \$'000
A Cotton	13
G Osborne	3
S Douglas	10
D Scarlett	10
M Phillipps	6
K Turner-Puriri	6
	<hr/> 48

No other remuneration or benefits have been paid or given to Company's directors.

Insurance

Directors' and Officers' liability insurance is with Vero Liability Insurance Limited, with the policy for the Parent extending to the Company.

AUDITOR'S REPORT



Independent Auditor's Report

To the readers of Hamilton and Waikato Tourism Limited's financial statements and performance information for the year ended 30 June 2017

The Auditor-General is the auditor of Hamilton and Waikato Tourism Limited (the Company). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 8 to 17, that comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on page 3.

In our opinion:

- the financial statements of the company on pages 8 to 17:
 - 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 Simple Format Reporting – Accrual (Public Sector) Standard.
- the performance information of the company on page 3 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2017.

Our audit was completed on 23 August 2017. This is the date at which our opinion is expressed.

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

Basis for opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 4 to 6 and 18 to 19, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

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

Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

