

# STATEMENT OF INTENT 2024-27

Prepared by Nelson Regional Development Agency

1 July 2024 to 30 June 2027

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# 1. Introduction

## 1.1. Purpose of the Statement of Intent

This Statement of Intent (Sol) for the three-year period 1 July 2024 – 30 June 2027, is presented by Nelson Regional Development Agency (NRDA) in accordance with the requirements of Section 64 (1) of the Local Government Act 2002 (LGA 2002). This Sol takes into consideration the shareholder Statement of Expectation 2024<sup>1</sup> (SoE), commitments and responsibilities to all funders including Central Government and the private sector, and the resources available to NRDA.

This Sol aligns with and delivers against the Nelson Tasman Regeneration Plan 2021-2031<sup>2</sup> (the Regeneration Plan) and is underpinned by the Te Taihū Intergenerational Strategy<sup>3</sup>. The Sol does not capture everything NRDA does, but rather highlights key strategic priorities and work areas.

Building on the 2021-2024 Sol, the 2024-2027 Sol reflects:

- A sharpened NRDA Purpose Statement
- Maintained focus on attracting people and resources, collaborating, building capability, and strengthening the region's productivity
- Streamlined reported KPMs from 28 to 8, reflecting a move to higher level, strategic KPMs, allowing flexibility in delivery across the three years, and reflecting reduced local government funding from 2024.

## 1.2. About Nelson Regional Development Agency

**NRDA's purpose is to accelerate economic growth, improving wealth and wellbeing for the people of Nelson Tasman.**

**With a focus on increasing regional productivity, we deliver on our purpose by supporting collaboration, building capability, and attracting resources.**

NRDA is a Council-Controlled Organisation (CCO), 100% owned by Nelson City Council. NRDA was established on 1 July 2016 following merger of the former Nelson Regional Economic Development Agency and Nelson Tasman Tourism. Partnership funding contribution from Tasman District Council enables NRDA services to be delivered with a combined Nelson Tasman regional focus.

NRDA's activity spans strategic economic development, business and key sector support, investment attraction and, as Regional Tourism Organisation, fostering and promoting regional visitation.

*Governance:* The NRDA board is a group of independent directors appointed by Nelson City Council. The board guides the strategic direction of NRDA while monitoring business activities.

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<sup>1</sup> Nelson City Council Statement of Expectation to NRDA 15 February 2024, unpublished

<sup>2</sup> Nelson Tasman Regeneration Plan 2021– 2031

<sup>3</sup> Te Taihū Intergenerational Strategy. November 2020, [www.tetauihu.nz](http://www.tetauihu.nz)

## 2. Strategic Context

**This SOI is informed by, and should be read in conjunction with, the Nelson Tasman Regional Economic Briefing<sup>4</sup>**, which sets out the region's economic drivers, challenges and key opportunities.

From the COVID-19 impacts of 2020-22, consequent economic challenges of 2023 (projected to continue until 2025<sup>5</sup>), and adverse weather events, the region has had much to deal with. Ongoing global developments present further uncertainty and potential challenges including supply chain difficulties and changing export conditions.

Over the past five years Nelson Tasman's economy overall has performed relatively well in terms of GDP growth and employment compared to average New Zealand. Despite 3.3% GDP annual growth however, our living standards have not improved over this period. Wages for 2023 were once again among the lowest in the country at 14% below NZ average, while housing affordability is among the most challenging in the country.<sup>6</sup>

These trailing indicators of living standards, productivity which continues to sit below the rest of New Zealand, and workforce challenges including an aging population, low youth retention<sup>7</sup> and a backdrop of seasonality in our food-based and visitor industries, all highlight the importance of a long-term focus on resilience, productivity improvement, capability building, and attracting investment.

Research has shown that if productivity in Nelson Tasman were to rise to the national average, this would generate an extra \$1.67 billion of GDP<sup>8</sup>. It is estimated that to close our productivity gap within a generation would require our businesses to be 20% more productive by 2033<sup>9</sup>. In such an environment, opportunities would be created, and we would see improved wages, increased business scale, more job opportunities and a higher share of migration. To do this, we need to support existing and new businesses so that they can reinvest and gross profits per worker expand. In turn, improved wages support higher wellbeing and make the region an attractive place for people to move to. To achieve this, we need to invest in systems, infrastructure, and people, and to position the region to realise opportunities through funding, partnerships, capability building and technology developments.

Long term, overall success of the initiatives of this SOI and others will be measured by increased productivity for Nelson Tasman relative to the national average and against the Kōkiri Regional Performance Indicators<sup>10</sup> developed to support the 2021-2031 Regeneration Plan.

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<sup>4</sup> Nelson Tasman Regional Economic Briefing, 2023 Data Update, Benje Patterson February 2024

<sup>5</sup> Reserve Bank Monetary Policy Statement November 2023

<sup>6</sup> Infometrics Nelson Tasman Economic Profile January 2024.

<sup>7</sup> Infometrics Nelson Tasman Economic Profile January 2024.

<sup>8</sup> Nelson Tasman Regional Economic Profile, People and Places, February 2024

<sup>9</sup> Nelson Tasman Productivity Gap – 2022 Supplementary Data Update, People and Places, February 2023

<sup>10</sup> Nelson Tasman Regeneration Plan: Measuring Success, NRDA, October 2023

## Our Economy at a Glance

Unless otherwise stated, all figures throughout this document are from the Nelson-Tasman Regional Economic Briefing<sup>1</sup>, the Nelson-Tasman Productivity Gap<sup>2</sup> and Infometrics<sup>3</sup>.



Population

**115,000**



Size of Economy

**\$6,558m**



Number of Businesses

**14,565**



Proportion of small businesses  
(<20 employees)

**96.1%**



Nelson Tasman Mean Earnings  
vs NZ \$74,754

**\$64,431**



GDP per Filled Job

**\$109,198**



Productivity Gap

**\$1.67bn**



Closing the Productivity Gap  
at Current Trajectories

**119 years**

## Strong Opportunity for Growth

Sectors with high regional competitive advantage.

### Blue Economy



11 X concentration  
of jobs v NZ

### Forestry



3 X concentration  
of jobs vs NZ  
Most specialised  
processing in NZ

### Food, Beverage & Wellness Products



Over 3 X concentration  
of jobs vs NZ  
High added-value  
products

### Science & Tech



Highest concentration  
of jobs in NZ  
7.9% growth 2023

### Tourism



Almost double  
per capita visitation  
vs NZ

<sup>1</sup>Nelson-Tasman Regional Economic Briefing February 2024 update, People and Places, February 2024

<sup>2</sup>Nelson-Tasman Productivity Gap 2022 Supplementary Update, People and Places, February 2024

<sup>3</sup>Nelson Tasman Regional Economic Profile, Infometrics, January 2024

### 3. Delivery and Measures of Performance

Figure 3.1. Summary NRDA Strategic Delivery Framework and Key Performance Measures 2024-27

<b>NRDA Purpose: To accelerate economic growth, improving wealth and wellbeing for the people of Nelson Tasman</b>							
<b>Leveraging the strengths of the regional economy, with a focus on increasing regional productivity, we deliver on our purpose through three priority strategies:</b>							
<b>Attracting Resources and Activity</b> <i>(Investment, events, skills and visitors)</i>			<b>Capability Building</b> <i>(Business capability, workforce and skills, innovation support)</i>			<b>Collaborating to Compete</b> <i>(Supporting regional collaboration, growth sectors and market connectivity to compete)</i>	
Aim: Have the investment, resources and attention required. <i>As measured by:</i>			Aim: Develop the skills, mindsets and capability needed. <i>As measured by:</i>			Aim: Be more nationally and globally competitive by getting more done together. <i>As measured by:</i>	
<b>KPM 1.</b> Supporting investment into the region:- Actively partnering to attract, influence and support a \$40M pipeline of regional priority investment projects of over three years	<b>KPM 2.</b> Addressing tourism seasonality:- Delivering shoulder season visitor campaigns with combined reach of 1million people per year	<b>KPM 3.</b> Promoting the region: Generating Equivalent Advertising Value which exceeds \$1m per year	<b>KPM 4.</b> Stimulating the visitor economy and spend through events: Managing the NCC Economic Events Fund to generate a ROI of 20:1	<b>KPM 5.</b> Supporting businesses: Actively engaging 500 businesses per year in NRDA business support initiatives	<b>KPM 6.</b> Supporting future workforce needs: Engaging 50 businesses per year in NRDA-led workforce development programmes <sup>11</sup>	<b>KPM 7.</b> Leading, facilitating and informing the regional economic development agenda	<b>KPM 8.</b> Leveraging our regional strengths to catalyse economic growth: Through sector-focused collaborations and partnerships, with 150 business engagements per year.

<sup>11</sup> Subject to Government funding

<i>Delivered by:</i>	<i>Delivered by:</i>	<i>Delivered by:</i>
<ul style="list-style-type: none"> <li>• Maintaining a regional investment toolkit, including the regional investment priority profile, proposition and prospectus</li> <li>• Advocating to Government, partners and investors on regional economic priorities</li> <li>• Developing Regional investment business cases<sup>12</sup></li> <li>• Delivering destination marketing campaigns and tactics to encourage visitation to region</li> <li>• Providing in-region support to visitors</li> <li>• Promoting the regional positioning story to showcase the region to locals, visitors, businesses, workers</li> <li>• Supporting and attracting events and conferences to the region through management of the NCC Economic Events Fund and the Regional Events Fund<sup>13</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Supporting businesses to access advice on funding, upskilling, Research &amp; Development, capability, and investment readiness, through delivery of the Regional Business Partner Programme for Te Tauihu</li> <li>• Delivering innovation and tech-focused initiatives and supporting the regional innovation ecosystem in partnership with Mahitahi Colab</li> <li>• Identifying, tracking and initiating critical skills development activities to support major future developments through delivery of the Nelson Tasman Critical Skills Pipeline Project</li> <li>• Profiling opportunities to young people through delivery of the Nelson Tasman Education to Employment Programme</li> </ul>	<ul style="list-style-type: none"> <li>• Delivering and coordinating sector profiling, marketing, connections, and business case support: <ul style="list-style-type: none"> <li>- Visitor economy</li> <li>- Blue economy</li> <li>- Food and Beverage sector</li> <li>- Digital Technology</li> </ul> </li> <li>• Providing strategic regional economic development leadership and advocacy aligned to regional strengths and values</li> <li>• Leading CDEM Economic Pou (response)</li> <li>• Delivering a regional economic data and insights programme, informing on economic trends and profiles, supporting organisations, businesses and community</li> </ul>

<sup>12</sup> Subject to funding

<sup>13</sup> Government funding confirmed to July 2025

## ***Delivery and Measures of Performance***

*“Our resilient economy allows our people, places, communities, and businesses to thrive”:  
(Te Taihū Intergenerational Strategy 2020, Economic Wellbeing outcome)*

### **Strategic alignment**

NRDA’s 2024-2027 programme of work remains aligned with the ten-year Nelson Tasman Regeneration Plan 2021-2031:

- *Regenerative*: The region makes a just transition towards a low-emissions economy, in a way that mitigates climate change, reverses existing environmental damage and protects natural resources (land, forests, fresh water, marine environmental and indigenous biodiversity) now and in the future
- *Productive*: A shift from volume production to high value products, unlocking the potential of businesses to thrive, investing in R&D, technology and innovation to achieve productivity improvements, and supporting small and medium enterprise development
- *Inclusive*: More even distribution of economic benefits (recognising that some in the community fare worse on wellbeing indicators), skills level and productivity improvements, achievement of higher incomes and the right skills available for the future workforce
- *Resilient*: The region is able to respond to and bounce back from disruptions and shocks in a way that reduces harm and overall costs, sectors are diversified to reduce risk, there is local provision of many of the goods and services required, and supply chains are robust.
- *Innovative/ Creative*: The creative talents of our region are recognised and rewarded, with opportunities to showcase and leverage our innovation, clever businesses, diversity, arts and artisans.

### **Delivery Streams and Measures of Performance**

NRDA’s 2024-2027 activities focus on initiatives with greatest potential to strengthen productivity, help build resilience and confidence, support higher wages, and position the region for investment. Whilst keeping focus on strategic priorities, we must remain responsive to new developments.

These priorities will be delivered under three strategic streams and reported against Key Performance Measures (KPMs):

- **Attracting Resources and Activity**
- **Capability Building**
- **Collaborating to Compete**

NRDA’s Key Delivery Framework and 8 Key Performance Measures 2024-2027 are summarised in **Figure 3.1**.

Our approach is underpinned by partnerships and collaboration; **Figure 3.2** presents our Stakeholder Ecosystem.

Through collaboration, we leverage our core funding to attract additional programme investment and resources. Under the 2021-2024 SOI, this was highlighted by NRDA’s reported 1.7:1 leverage of its core funding which secured \$8.5m in direct public and private sector programme funding and investment over the three-year period. This included the Regional Business Partner Programme, Moananui (blue economy cluster), Visitor Sector Promotion Programme, Regional Events Fund and the Education to Employment programme.

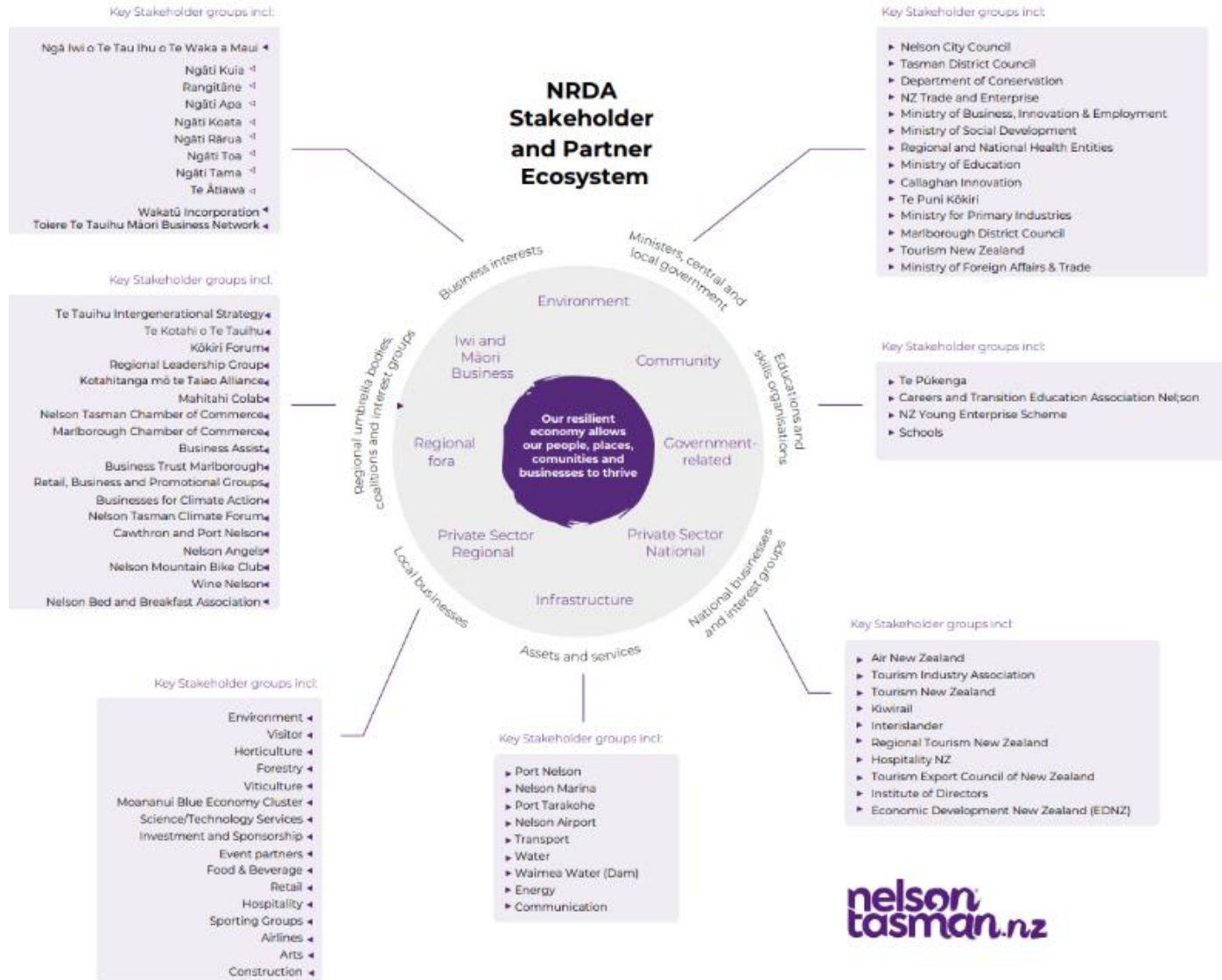


**Notes:**

- Most activities depend on partnership and collaboration, and on NRDA leveraging core funding to secure government/ private programme funding.
- Reduced 2024-2027 local government funding is reflected in reduced delivery capacity and activity in core areas compared to 2023/4.
- Regeneration Plan outcomes include broader cultural, social, and environmental capitals, and activities led and delivered by others.
- Outcomes may be influenced by factors outside of NRDA's control, e.g. government policy, global and national economic shocks.
- The NRDA internal business workstream is not detailed in this Sol.

### Figure 3.2. Stakeholder Eco-system Map

Our work cannot be achieved alone and therefore we rely on strong strategic partnerships and collaboration with a shared interest in unlocking the economic potential of Nelson Tasman.



### 3.1. Attracting Resources and Activity

#### **Investment, events, skills, and visitors**

*Nāu te rourou, nāku te rourou ka ora ai te iwi - With your basket and my basket the people will thrive*

**Aim:** Have the investment, resources and attention required

#### **As measured by:**

**KPM 1.** Supporting investment into Region: Actively partnering to attract, influence and support a \$40M pipeline of regional priority investment projects over three years

**KPM 2.** Addressing tourism seasonality: Delivering shoulder season visitor campaigns with combined reach of 1 million people per year

**KPM 3.** Promoting the region: Equivalent Advertising Value earned exceeds \$1M

**KPM 4.** Stimulating the visitor economy and spend through events: NCC Economic Events Fund generates a ROI of 20:1

### **Key Activities**

#### **Investment into Region**<sup>14</sup>

- Maintaining, promoting, advocating and tracking our regional economic investment priorities supported by a suite of NRDA tools including the regional investment priority briefing (Briefing for Ministers), investment proposition and prospectus.
- Advocating to Government, partners and investors on regional economic priorities
- Regional investment business case development<sup>15</sup>
- Continuing to work with Marlborough to promote and support film industry and investment opportunities in the region. (Related: Visitor destination marketing)<sup>16</sup>

#### **Destination Marketing**

- Showcasing our regional offering to encourage visitation and consumption of experiences and products, and to attract business, investment and talent. This includes targeted seasonal campaigns, on-going content creation and storytelling, regional coverage through targeted media pitches, and increasing our online engagement by growing our social media presence and (consumer) database.
- Providing in-region support to visitors including website content, physical maps, digital promotion.
- Leveraging partnerships with larger organisations such as Tourism NZ and Air NZ, to showcase the region and host tour operators.
- Positioning the region as a key destination for locals, visitors, businesses and workers through delivery of our regional positioning story applied across NRDA programmes and through partner engagement.

#### **Events and conferences support and attraction, stimulating visitation and spend**

- Managing Nelson City Council's Economic Events Fund and regional events calendar to achieve optimum economic outcomes
- Managing and delivering the MBIE Regional Events Fund (REF), including regional business events attraction and programmes to build capacity and capability within our local events sector<sup>17</sup>

<sup>14</sup> Level of activity directly reduced by reduced local government funding

<sup>15</sup> Dependent on additional targeted funding

<sup>16</sup> Dependent on additional targeted funding

<sup>17</sup> REF funded to 2025

### By 2027 we will have:

- Supported attraction of Government Investment into regional priorities.
- Directly supported private sector investment into the region.
- Achieved a better than average growth in domestic (and international where applicable) visitor spend.
- Stimulated visitation and spend through events.
- Attracted and supported the delivery of diverse and vibrant events to attract out-of-region attendees<sup>18</sup>.
- Enhanced promotion of our regional identity supporting destination messaging.

## 3.2. Capability building

### **Business capability, workforce and skills, innovation support**

*Poipoia te kākano, kia puāwai ai - Nurture the seed so that it will blossom*

**Aim:** Develop the skills, mindsets and capability needed

#### **As measured by:**

**KPM 5.** Supporting businesses: Actively engaging 500 businesses per year in NRDA business support initiatives

**KPM 6.** Supporting future workforce needs: Engaging 50 businesses per year in NRDA-led workforce development programmes

### **Key Activities**

#### **Business capability**

*Includes leadership and delivery of the Regional Business Partner Programme (RBPP) for Te Taihū<sup>19</sup>*

- Providing direct support, advice and connections for local businesses (early-stage entrepreneurs and SMEs) on funding and upskilling, supporting management capability and investment readiness.
- Facilitating R&D and other funding through the RBPP.
- Innovation and tech-focused initiatives delivered under RBPP and through targeted sector support (refer innovation support).

#### **Workforce and Skills<sup>20</sup>**

- Delivering the Critical Skills Pipeline project<sup>21</sup>: identifying, tracking and initiating critical skills development activities to inform future workforce planning and skills training and attraction, supporting major infrastructure developments.
- Delivering the Education to Employment programme<sup>22</sup>: supporting young people's awareness of career opportunities through connecting industry and training agencies to schools.
- Delivering (ad hoc) targeted industry-specific workforce campaigns as determined by emerging industry needs and targeted external funding.

#### **Innovation support**

<sup>18</sup> REF funded to 2025

<sup>19</sup> Central government funded

<sup>20</sup> Central government funded

<sup>21</sup> Targeted Government funding to 2026

<sup>22</sup> Targeted Government funding to 2025

- Supporting the regional innovation eco-system in partnership with Mahitahi Colab, a collaboration between NRDA, Nelson Tasman Chamber of Commerce and NMIT, delivering targeted innovation and tech initiatives, co-working, business events space, early-stage business support.

**By 2027 we will have:**

- Facilitated high engagement with business development support programmes to increase business capability and investment in R&D.
- Supported a reduction in critical skills shortages and an increased focus on supporting young people into employment and training.
- Continued to support Mahitahi Colab, to drive innovation and collaboration.

### 3.3. Collaborating to Compete

#### **Supporting regional collaboration, growth sectors and market connectivity to compete globally**

*Mā pango, mā whero ka oti te mahi - leadership in working with others for a common purpose*

**Aim:** Be more nationally and globally competitive by getting more done together.

**As measured by:**

**KPM 7.** Leading, facilitating and informing the regional economic development agenda

**KPM 8.** Leveraging our regional strengths to catalyse economic growth: Through sector-focussed collaborations and partnerships, with 150 business engagements per year.

#### **Key Activities**

##### **Connecting and Supporting Economic Sectors**

*Marketing and connecting initiatives to support and attract investment, resources and growth opportunities for key sectors.*

- Visitor Economy – Through the Visitor Sector Promotion Programme: Profiling the region as a visitor destination; delivering targeted promotional campaigns focused on extending the season; supporting visitor sector business capability, resilience building and workforce development; advocating and supporting business cases for regional investment in facilities and product development; supporting attraction of events. *Reference: Destination Management Plan.*
- Blue Economy – Supporting further development of Moananui (blue economy cluster), as both a founding cluster partner and through targeted initiatives focused on sector growth, investment attraction, and profiling Nelson Tasman as New Zealand’s home of the Blue Economy.
- Food and Beverage – Through the Food and Beverage Partnership Programme: Catalysing collective promotions and regional profiling; leveraging infrastructure development; identifying and targeting priority industry challenges and opportunities; helping strengthen early-stage businesses; helping build innovation and capability through training.
- Digital Technology – with growing focus during the three-year Sol and delivered in partnership with the Mahitahi Colab.

### **Regional Collaboration and Responsiveness<sup>23</sup>**

- Positioning the region for investment and partnership, identifying and tracking investment priorities, challenges, and opportunities.
- Providing regional leadership and participation, including: Kōkiri; government forums e.g. RIF Economic Pou; Critical Skills Pipeline project (lead); emerging issues groups.
- Embedding Te Taihū Māori economy considerations in all workstreams.
- Leading the regional Economic Pou for CDEM, supporting business and industry at times of stress e.g. natural disasters.
- Supporting development of a regional Māori data repository and the RIF Economic Pou

### **Insights and Data**

- Delivering regional economic information, profiles and data for businesses and stakeholders; informing economic monitoring, benchmarking, planning, marketing, funding applications, talent attraction
- Delivering the annual Regional Business Insights Survey, in partnership with the Chamber of Commerce and private sector sponsorship.
- Served as valued advisors for our data and insights on national trends and the regional economy.

### **By 2027 we will have:**

- Marketed and profiled the region as a visitor destination; strengthened visitor sector resilience.
- Continued to support Moananui as a nationally impactful cluster. Positioned the region for increased blue economy investment and growth.
- Supported the food and beverage sector through profiling, capability building and collaboration, (leveraging opportunities from the Waimea Community Dam).
- Delivered targeted support and attraction for Digital Technology growth.
- Served as valued advisors for our data and insights on national trends and the regional economy.

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<sup>23</sup> Capacity reduced under 2025 Long Term Plan funding model

## 4. Financial Performance

### 4.1. Projected Financial Performance

The financial statements are formulated to achieve the greatest economic impact for our region while focusing on the strategic priorities and long-term outcomes as identified in the NCC Statement of Expectation.

This Sol and funding statement is based on an understanding of 2024-2027 core annual Nelson City Council funding of \$1,072,073, as per early Long-Term Plan discussions, and Tasman District Council annual core funding of \$326,375, with an annual CPI increase.

Table 5.1 Summarises recent investment levels into NRDA:

	Funding			Budget/Projections		
	2021/22	2022/23	2023/24 - Pro	2024/25	2025/26	2026/27
Core Funding NCC	1,272,000	1,356,334	1,403,805	1,072,073	1,107,284	1,136,157
Core Funding TDC	325,000	325,000	336,375	336,375	336,375	336,375
COVID-19 Response NCC/TDC						
NCC Event Fund (includes TDC contribution)	73,500	75,734	77,649	77,338	79,269	80,857
Other Local body Funding	63,715	17,154	74,362	-	-	-
<b>Total Local Body Funding</b>	<b>1,734,215</b>	<b>1,774,222</b>	<b>1,892,191</b>	<b>1,485,786</b>	<b>1,522,928</b>	<b>1,553,389</b>
Central Government	1,290,022	1,479,005	976,597	904,300	469,063	416,763
Private Sector	123,575	91,507	139,076	157,000	188,500	207,000
i-SITE	5,078					
<b>Total</b>	<b>3,152,890</b>	<b>3,344,734</b>	<b>3,007,864</b>	<b>2,547,086</b>	<b>2,180,491</b>	<b>2,177,152</b>

Notes:

*Central Government Funding in the years 2025-27 is currently unconfirmed for RBP contract.*

*Private Sector Funding in the years 2024-27 is unconfirmed.*

*Submission of the 2024-2027 NRDA SOI to Nelson City Council precedes 2024-2027 formal funding confirmation from Nelson City Council and Tasman District Council*

## 4.2. Building Long-Term Financial Sustainability

The combination of reduced local body funding and continued imbalance in funding between Nelson City Council and Tasman District Council, changing Central Government funding priorities, constrained private sector funding and a reduced funding base from which to leverage partnerships, challenges the financial sustainability of NRDA.

A more sustainable model, to support a regional economic development agenda and to deliver on the aspirations and momentum of the Nelson Tasman Regeneration Plan, will be achieved by working towards a position of equal contribution and shareholding by both councils. This need for longer term financial sustainability applies across all NRDA functions; NRDA's Visitor sector Promotion Programme which was paused during COVID and reintroduced at a low level in 2022/23 is rebuilding, with pre-COVID levels of partnership projected to be reached in 2025/26.

## 4.3. Resource Implications and Assumptions

**Leveraging funding:** Councils' core investment in NRDA will continue to enable Central Government and private investment in the region, noting that this leverage ability is impacted by the levels of core investment and by Government funded programme uncertainty: In May 2022, NRDA secured the continued contract delivery for the Regional Business Partner Programme. Funding for this Programme is secured until 2025 with a right of renewal for a further three years; we have assumed this funding will continue for the 2026/27 years. This core delivery programme for NRDA supports innovation and research and development. The Employment to Education contract funded through MSD is confirmed for 2024/25 only, with no continuation of the programme confirmed in 2026/27. The Regional Events Fund contract funded through Ministry of Business, Innovation and Employment will come to an end in June 2025. We secured a new contract for the Critical Skills Pipeline Project in October 2023, with the contract funded through to October 2026 for \$300K. We will continue to pursue opportunities to leverage local government funding to secure investment, however, future Government funding remains uncertain.

**Private Sector Revenue Assumptions:** Budget projections assume Private Sector funding:

- 2024/25	\$157,000
- 2025/26	\$188,500
- 2026/27	\$207,000

This funding is for visitor regional profiling and food and beverage sector profiling programmes.

**Equity:** - Unforeseen events over the past two years have highlighted the importance of NRDA ensuring a strong equity position to ensure organisational resilience.



## **5. Governance Statement**

The NRDA Board is responsible for governance of NRDA. The Chief Executive, who reports to the Chair of the Board, is responsible for operations of NRDA organisation.

### **5.1. Procedure to be Followed with Purchase of Shares in Other Company or Organisation**

The procedure to be followed before subscription for, or purchase of, or other acquisition of shares in any company or organisation, shall be by resolution of the Directors, excepting that any significant diversification or addition to existing activities will be referred to the shareholder for approval.

### **5.2. Directors Estimate of Company Value**

The Directors estimate that the opening balance of shareholder funds in the annual accounts will represent the value of the Company. The Directors will advise the shareholder on an annual basis if they believe the value to differ materially from this state. The opening balance of equity projected at 1 July 2024 is \$323,959. The projected ratio of consolidated shareholder funds to total assets at 1 July 2024 is 31%.

Based on the nature of NRDA's business the shareholder accepts no dividend is required to be paid to the shareholder as a result of the company's activities.

### **5.3. Accounting Policies**

The NRDA Accounting Policies were reviewed by the board in November 2023 following the 2022/2023 audit report and found to be complying with the Tier 2 Public Benefit Entity Public Sector ("Tier 2 PBE PS") Financial Reporting Framework and all audit requirements. A full set of the reviewed policies follow the financial statements located at Appendix 4.

### **5.4. Capital Expenditure and Asset Management Intentions**

Based on the business model assumption the capital expenditure estimates for 2024/25 \$30K, 2025/26 is \$30K and 2026/27 \$77K a total over the three years of \$137K. This will assist in the delivery of expected outcomes and will be primarily allocated to digital assets and upgrade of motor vehicles. An additional \$10.5K investment from NCC and TDC will be allocated to redesigning the online events platform.

### **5.5. Health & Safety**

Directors and Officers (the CE) have obligations under the Health and Safety at Work Act 2015 regarding staff, contractors and visitor. NRDA has a policy, supported by a process, to:

- Be informed and keep up to date about work health and safety matters.
- Identify hazards and risks associated with NRDA operations and take steps and processes to eliminate or minimise those risks.
- Ensure NRDA has appropriate processes for receiving and considering information regarding incidents, hazards and risks and for responding to these in a timely way.
- Ensure NRDA implements processes for compliance and verifies all the above steps.

## 5.6. Risk Management

The current uncertain economic climate poses many potential risks to the successful delivery of this Sol. We will focus on high levels of engagement and communication with key stakeholders and best practice Governance approach outlined in section 5 and apply these principles while monitoring and assessing risk.

Key programme related risks associated with organisational ability to deliver against this Sol in 2025/26/27 are resource related. Future total shareholder core funding, future government funding and private sector funding is not confirmed.

### Programme related risks

Category	Risk	Activity Areas Impacted	Likelihood	Impact	Mitigation
NRDA Resourcing	<p><b>Primary risks:</b></p> <ul style="list-style-type: none"> <li>- Reduction in core (local government) funding</li> <li>- Misalignment between short-term and uncertain funding with regional commitment to 10-year Regeneration Plan</li> </ul> <p><i>Dependent risks:</i></p> <ul style="list-style-type: none"> <li>- Limits organisational and community confidence in planning and delivery</li> <li>- Organisational sustainability; staff retention</li> </ul>	All areas and all outputs including organisational sustainability and wellbeing	High	High	<p>Continued case to shareholder for longer term funding certainty and increased balance in funding between Councils.</p> <p>Specific activities identified for programme reduction/limitation.</p>
Government Funding	<p><b>Primary risk:</b> Change of Government policy and strategy resulting in Government funded programmes ending without renewal</p> <p><i>Dependent risks:</i></p> <ul style="list-style-type: none"> <li>- Key regional development programmes ending</li> <li>- Loss of leverage to attract further partnership and private funding</li> <li>- NRDA operational sustainability</li> <li>- Staff retention</li> </ul>	<p><b>Economic Strategy and Innovation:</b> Visitor Sector (Events)</p> <p><b>Business and Workforce Development:</b> Business Advice and Funding all outputs; Education to employment all outputs; Critical skills all outputs</p>	High / Risk realised	High	No alternative direct funding

Category	Risk	Activity Areas Impacted	Likelihood	Impact	Mitigation
Private Sector Funding	<p><b>Primary risk:</b> 2024-27 budget assumptions for private (Visitor) sector contributions lack certainty.</p> <p><i>Dependent risks:</i> Organisational sustainability; staff retention</p>	<p><b>All areas and all outputs</b> including organisational sustainability and wellbeing</p>	High	High	Caution in planning or commitment without confirmed funding.
Regional workforce constraints	<p><b>Primary risk:</b> Impacts of constrained labour market, wage pressures and competition</p> <p><i>Dependent risk:</i> Organisational sustainability; staff retention</p>	<p><b>All areas and all outputs</b> including organisational sustainability and wellbeing</p>	Medium	Medium	Within budget, NRDA is committed as a fair, flexible and competitive employer, with strong focus on positive workplace culture and professional development.
Moananui Cluster	<p><b>Primary risk:</b> Government funding not secured beyond November 2024</p> <p><i>Dependent risk/s:</i> Partnership initiative fails based on current model</p>	<p><b>Business and Workforce Development:</b> Key sector development</p>	High	High	Specific risk management plan in place for this independent initiative

## 5.7. Sustainability and Climate Change Responsiveness

In alignment with the Te Taihū Intergenerational Strategy and the Nelson Tasman Regeneration Plan, NRDA recognises that climate change is a significant challenge to the future of NZ and the regional economy. We acknowledge the transition required to a low emissions economy, and the need to address the significant challenges presented by climate change. NRDA will continue to monitor our carbon footprint as part of our carbon reduction plan.

## 5.8. Organisational Sustainability

An objective to support delivery of the SOI is to ensure NRDA organisational sustainability. This includes maintaining capability of the 'core' team, supporting organisational resilience, flexibility to new challenges, increased staff confidence and succession planning. Reduced shareholder resourcing from 2024 challenges this objective.

## 5.9. Reporting to the Shareholder

In addition to providing economic reporting, advice and guidance to NCC, NRDA must also meet key reporting requirements and timeframes under Schedule 8 of the Local Government Act.

### Half Yearly – NRDA report to Shareholder

- By 1 March each year, NRDA will provide to the Shareholder a half- yearly report against the SOI Key Performance Measures and comply with the Local Government Act
- This report will contain unaudited financial information and comply with NZIAS 34
- This report will also be provided to TDC.

### Annual – The NRDA balance date is 30 June and NRDA will provide an annual report to the shareholder by 30 September each year

- The Annual report will report against the SOI Key Performance Measures and comply with sections 67, 68 and 69 of the Local Government Act and the Companies Act
- This report will include audited Financial Statements and comply with NZIAS 34
- This report will also be provided to TDC.

NRDA will be available to attend ad-hoc Council meetings or workshops as requested. NRDA will make an effort where possible in its reporting to the Councils to provide both a regional and a Territorial Local Authority level of information.

## 5.10. Best Practice Governance

Consistent with best practice, Directors are appointed under the expectation that in undertaking their role, they will exhibit and ensure to:

- Act as a Board of Governance for the organisation responsible for the overall direction and control of the company's activities, to act in the best interests of NRDA, and not act as representatives of either their business or the sector they work in
- Assist the organisation to ensure the activities of NRDA deliver upon the SOI and funding agreements with the shareholder which are driven by the strategies and expectations of the two funding Councils.
- The Board will adopt governance practices and policies that are not inconsistent

with those of the Shareholder and make the commitment to operate in a manner consistent with adherence to the Companies and Local Government Acts and the principles of the Institute of Directors of NZ and their four pillars of governance best practice for NZ Directors

- Sound and sustainable business practice in commercial undertakings, operating as an efficient and effective business.
- Ethical and good behaviour in dealing with all parties in alignment with a policy of identifying and dealing with potential conflicts of interest.
- An active partnership with the Shareholder, Iwi and Māori, TDC, funding partners and key stakeholder
- The Chairperson and Board members are expected to adhere to the communication protocols identified in the SOI in addition to the formal reporting requirements.
- The practices of a good employer, operating a personnel policy containing provisions generally accepted as necessary for the fair and proper treatment of employees in all aspects of their employment.
- The Board shall ensure that the Company has appropriate risk management procedures and policies in place to assist the smooth running of the organisation and compliance with all applicable legislation.
- The Board shall ensure that the Company has appropriate Health, Safety & Wellness procedures and policies in place to assist the safe running of the organisation and compliance with all applicable legislation.
- Act in a manner that will bring commercial disciplines and a greater ability to partner with the business community.
- The Company Constitution sets out in more detail the governance framework for the Company.
- In accordance with best practice the Board Chair will undertake an evaluation of the individual members and overall board performance by November 2023.

## **5.11. Communication Protocols**

The Chairperson, Board members and officers of NRDA are expected to adhere to the following communication protocols with the Shareholder in addition to the formal reporting requirements:

- A “no-surprises” approach.
- Consultation with the Shareholder prior to external release of significant changes and/or developments.
- Early notification and collaboration on the management of risks and issues.
- Will not make comments that could detrimentally impact or bring into disrepute the Shareholders reputation.

In addition to complying with formal reporting requirements and communication protocols, NRDA will be committed to ongoing, open and collaborative relationships with our Shareholder, to ensure transparency of information, clarity of understanding and to ensure good working relationships with and support for the Council in its service to the Community.

## 6. Appendices

### Appendix 1: Summary Prospective Statement of Comprehensive Income

Revenue	FY 2024-25	FY 2025-26	FY 2026-27
<b>Revenue from non-exchange transactions</b>			
Shareholder Funding NCC	1,072,073	1,107,284	1,136,157
Funding TDC	336,375	336,375	336,375
Central Government	904,300	469,063	416,763
<b>Revenue from exchange transactions</b>			
Private Sector	157,000	188,500	207,000
NCC Events NCC	70,838	72,769	74,357
Events TDC	6,500	6,500	6,500
<b>Other Revenue</b>			
Interest Income	24,000	12,000	12,000
<b>Total Revenue</b>	<b>2,571,086</b>	<b>2,192,491</b>	<b>2,189,152</b>
<b>Less Operating Expenses</b>			
Administration Expenses	339,564	347,875	354,680
Direct Marketing Expenses	199,116	238,444	255,642
Labour Costs	1,399,379	1,233,171	1,210,307
Project Expenses	587,508	286,500	301,492
<b>Total Operating Expenses</b>	<b>2,525,567</b>	<b>2,105,990</b>	<b>2,122,121</b>
<b>Operating Surplus (EBITDA)</b>	<b>45,519</b>	<b>86,501</b>	<b>67,031</b>
Depreciation/Interest	73,084	81,076	64,030
<b>Operating Profit/Loss (EBT)</b>	<b>(27,565)</b>	<b>5,425</b>	<b>3,001</b>

## Appendix 2: Summary Prospective Statement of Financial Position

<b>Assets</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
Receivables	97,135	97,135	97,135
Cash and cash equivalents	502,515	415,173	356,915
Other Current Assets	49,411	49,411	49,411
Prepayments	851	851	851
<b>Total Current Assets</b>	<b>649,912</b>	<b>562,570</b>	<b>504,312</b>
<b>Fixed Assets</b>	<b>122,538</b>	<b>71,942</b>	<b>85,392</b>
<b>Total Assets</b>	<b>772,450</b>	<b>634,512</b>	<b>589,704</b>
<b>Liabilities</b>			
Payables	113,157	87,730	93,470
Accrued Expenses	191,746	168,734	165,359
GST	7,830	10,902	10,431
Deferred revenue	155,735	55,739	8,035
Other Current Liabilities	7,588	7,588	7,589
<b>Total Liabilities</b>	<b>476,056</b>	<b>332,693</b>	<b>284,884</b>
<b>Net Assets</b>	<b>296,394</b>	<b>301,819</b>	<b>304,820</b>
<b>Equity</b>			
Retained Earnings	96,394	101,819	104,820
Issued Capital	200,000	200,000	200,000
<b>Equity</b>	<b>296,394</b>	<b>301,819</b>	<b>304,820</b>

### Appendix 3: Summary Prospective Statement of Cash Flows

<b>Cash flow from operating activities</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
Core Shareholder funding	1,619,716	1,660,208	1,693,412
Central Government grants and subsidies	908,566	424,422	424,417
Receipts from goods and services provided, exchange transactions	269,486	307,936	331,034
Payments to suppliers & employees	(2,792,091)	(2,256,779)	(2,251,358)
<b>Net Cash from/(used in) operating activities</b>	<b>5,677</b>	<b>135,787</b>	<b>197,505</b>

<b>Cash flow from non-operating activities</b>			
Purchase of property, plant, and equipment	-	-	54,050
Purchase of intangible assets	34,500	34,500	34,500
Accrued Expenses	23,696	23,012	3,375
GST	184,316	177,617	175,838
<b>Net Cash from/(used in) investing activities</b>	<b>242,512</b>	<b>235,129</b>	<b>267,763</b>

<b>Cash flow from financing activities</b>			
Interest and dividends received	24,000	12,000	12,000
<b>Net Cash from/(used in) financing activities</b>	<b>24,000</b>	<b>12,000</b>	<b>12,000</b>

<b>Cash and cash Equivalents</b>			
Cash and cash equivalents, beginning of the year	715,350	502,515	415,173
Net increase/(decrease) in cash and cash equivalents	(212,835)	(87,342)	(58,258)
<b>Cash and cash Equivalents at end of the year</b>	<b>502,515</b>	<b>415,173</b>	<b>356,915</b>



## Appendix 4: Statement of Accounting Policies

### 1. Reporting Entity

The Nelson Regional Development Agency Ltd ("NRDA") is a company incorporated and domiciled in New Zealand and registered under the Companies Act 1993. NRDA is owned 100% by the Nelson City Council.

NRDA is a Council Controlled Organisation as defined in S6 (1) of the Local Government Act 2002.

The principal objective of NRDA is to facilitate the sustainable economic development of the region that enhances economic vitality. This will be achieved in partnership with the public and private sectors, through the attraction and retention of investment, visitors and talent who want to add to the special character of the region. Accordingly, the Company has designated itself as a public sector ("PS") public benefit entity ("PBE") for the purposes of the Public Benefit Entity International Public-Sector Accounting Standards ("PBE IPSAS").

The financial statements of NRDA for the year ended 30 June 2023 were authorised for issue by the Board of Directors on 18<sup>th</sup> August 2023.

### 2. Significant Accounting Policies

#### (a) Statement of Compliance

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

The financial statements of NRDA have been prepared in accordance with the Tier 2 PS PBE Accounting Standards Reduced Disclosure Regime ("RDR") and disclosure concessions have been applied. NRDA is eligible to report in accordance with the Tier 2 PS PBE Accounting Standards RDR because it does not have public accountability and it is not large (operating expenditure has been between \$2m and \$30m in the current and prior period).

#### (b) Basis of Preparation

The financial statements are presented for the year ending 30 June 2023.

The financial statements have been prepared on a historical cost basis and all transactions in the financial statements have been recorded using the accrual basis of accounting.

The financial statements are presented in New Zealand dollars; rounded to the nearest dollar.

Management is not aware of any material uncertainties that may cast significant doubt on NRDA's ability to continue as a going concern. The financial statements have therefore been prepared on a going concern basis.

#### (c) Changes in Accounting Policy

##### PBE IPSAS 41 Financial Instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The standard is effective for the year ending 30 June 2023. The main changes between PBE IPSAS 29 and PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected credit losses, which may result in earlier recognition of impairment losses.
- Other than the asset classification changes, the only impact was limited to disclosures only.

#### (d) Goods and Services Tax

NRDA is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

#### (e) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to NRDA, and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

#### Revenue from non-exchange transactions:

##### *Grants, funding and donations*

Revenues from non-exchange transactions with the Council, the Government and other providers are recognised when NRDA obtains control of the transferred asset, and:

- It is probable that the economic benefits or service potential related to the asset will flow to NRDA and can be measured reliably; and
- The transfer is free from conditions that require the asset to be refunded or returned to the provider if the conditions are not fulfilled.

Revenues from grants, funding and donations are measured at the fair value of the assets transferred over to NRDA at the time of transfer.

To the extent that there is a condition attached that would give rise to a liability to repay the grant, funding or donation amount or to return the donated asset, a deferred revenue liability is recognised instead of revenue. Revenue is then recognised only once NRDA has satisfied these conditions.

#### Revenue from exchange transactions:

##### *Event management*

Revenues from exchange transactions relating to contracts for event management are recognised when the service has been rendered by reference to the stage of completion.

##### *Membership fees:*

Revenues from exchange transactions relating to membership fees are recognised on a straight-line basis over the course of the membership period.

##### *Trading fees and charges*

Revenues from exchange transactions relating to trading fees and charges are recognised when the underlying transaction occurs.

##### *Cost recoveries*

Revenues from exchange transactions relating to cost recoveries are recognised when NRDA becomes entitled to receive the reimbursement.

##### *Interest income*

Interest income is recorded using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

#### (f) Lease expense

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to NRDA. Operating lease payments are recognised as an operating expense in surplus or deficit on a straight-line basis over the lease term.

After initial recognition, inventories held for sale are subsequently measured at the lower of

cost and net realisable value. However, inventory held for distribution or deployment at no charge or for a nominal charge is measured at cost, adjusted when applicable for any loss of service potential.

#### (g) Property, plant and equipment

##### Initial recognition and subsequent expenditure:

Property, plant and equipment is initially recorded at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property, plant and equipment is recognised only when it is probable that future economic benefit or service potential associated with the item will flow to NRDA, and if the item's cost can be reliably measured.

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Subsequent costs that meet the recognition criteria above are recognised in the carrying value of the item of property, plant and equipment. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met.

##### Measurement subsequent to initial recognition:

Subsequent to initial recognition, property, plant and equipment are measured at cost less any accumulated depreciation and accumulated impairment losses.

##### Depreciation:

Depreciation is charged on a straight-line or diminishing value basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

- Furniture SL 5 to 10 years, DV 7% and Full
- Office Equipment SL 2 to 5 years
- Motor Vehicles DV 21 %

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

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. Please refer to policy on impairment of non-financial assets below.

##### Derecognition:

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

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

#### (h) Intangible assets

##### Initial recognition:

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange.

##### Measurement subsequent to initial recognition:

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

### Amortisation:

The useful lives of intangible assets are assessed as either finite or indefinite. NRDA only has finite life intangible assets. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits or service potential embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation rates applied to NRDA's intangible assets are summarised as follows:

- Software SL 40% to 100%
- Website SL 40%

The amortisation expense on intangible assets with finite lives is recognised in surplus or deficit as the expense category that is consistent with the function of the intangible assets.

### Derecognition:

An intangible asset is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in surplus or deficit when the asset is derecognised.

#### (i) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by NRDA in respect of services provided by employees up to the reporting date.

#### (j) Equity

Equity is the Nelson City Council's interest in NRDA, measured as the difference between total assets and total liabilities. Equity is made up of the following components:

#### Contributed capital

Contributed capital is the capital that was initially invested by the Nelson City Council when NRDA was formed. Accumulated comprehensive revenue and expense

Accumulated comprehensive revenue and expense is NRDA's accumulated surplus or deficit since formation, adjusted for transfers to/from specific reserves.

#### (k) Financial instruments – Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

## Financial assets

### Initial recognition and measurement

NRDA's financial assets include: cash and short-term deposits and trade and other receivables. All financial assets are recognised initially at fair value.

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Revenue and Expenditure (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value Through Surplus or Deficit (FVTSD).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its management model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the management model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a management model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTSD. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTSD if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### Subsequent measurement Trade and other receivables

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment losses are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

#### (I) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of comprehensive revenue and expense because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. NRDA's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be

available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which NRDA expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### Current and deferred tax for the year

Current and deferred tax are recognised in surplus or deficit, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.