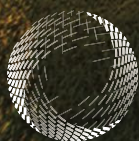




Priority One Western Bay of Plenty Incorporated

ANNUAL REPORT 2020/21



Priority One
Tauranga
Moana

TE PAI ME TE WHAI RAWA O TAURANGA MOANA KI TE AO

The prosperity and splendour of Tauranga Moana to the world



**Enabling
business success**
Championing
business success.

Fostering Innovation
Creating an ecosystem
where new ideas
can flourish.

WHAT WE DO
Creating a
prosperous and
sustainable
region

**Attracting talent
and investment**
Enticing the
best people and
businesses to
our region.

Focusing on education
Developing the skills
and talent to drive us
forward. Strengthening
opportunities for
Māori success.

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CEO / CHAIR REPORT



Simon Clarke
Chair



Nigel Tutt
Chief Executive

The 2020/21 financial year that we report on has been a year of recovery for the Western Bay of Plenty economy. Our region has been fortunate to largely skip lockdowns over this period and the economy has bounced back strongly from disruptions of the initial Covid-19 shock in early 2020. The Western Bay has been able to do this due to a combination of diverse industries, a strong primary sector and underlying sustainable growth momentum.

The employment market is the part of the economy that we watch most closely in uncertain times. It has been pleasing to see employers move quickly into a mode where hiring intentions have been stronger; consequently, we have seen unemployment return to a low level of around 4 per cent. While that gives us some comfort that our community won't experience significant hardship, the flip side is that employers have quickly found themselves in a market where talent is hard to find.

Due to strong expected growth in future jobs, we need to maximise employment for our available workforce – Ara Rau, our skills and employment hub, together with strong partnerships with government agencies, help us to do that. This is a particularly important area of opportunity as we are still seeing significant numbers of people on job seeker support and other benefits or under-utilised in the labour market.

Elsewhere, the outlook for our economy remains strong, with the Port of Tauranga and kiwifruit having very strong markets and future prospects. Alongside this, we continue to see significant business growth in the area, alongside those moving here for strategic reasons. While our outlook is mostly positive, the pandemic has affected some businesses disproportionately and we acknowledge businesses in hospitality, accommodation and events that are doing it tough at the moment.

With recent changes to Tauranga City Council governance, it is clear that the city is gaining momentum. Our strong population and economic

growth over the past decade have led to a lack of appropriate investment in transport infrastructure, community facilities and housing supply. The Commissioners have made bold steps to address this deficit, gaining additional funding locally and from central government. This, on top of a strong economy, means we are well poised to embrace post-pandemic opportunities, and that growth prospects for the city are strong. Now that the funding is more certain, the focus over the next few years will be on the delivery of this much-needed infrastructure.

In the economic and social metrics presented overleaf, you will see strong performance, particularly in employment outcomes. While our economy has shown good performance over a difficult time, we remain a high cost of living region, especially when coupled with our lower-than-average wage rates (which are even lower for Māori) and a very high house price environment. Improving mean annual incomes for everyone in the Western Bay is the most important focus area for Priority One.

Post the re-invigoration and constitutional reform of Priority One last year, our mission remains – Te pai me te whāi rawa o Tauranga Moana ki te ao – The prosperity and splendour of Tauranga Moana to the world.

Simon Clarke *Chair*

Nigel Tutt *Chief Executive*

The focus over the next few years
will be on the delivery of
much-needed infrastructure





WESTERN BAY OF PLENTY METRICS



Unemployment
3.2%
vs NZ 4.1%



Māori unemployment
5.6%



Rental affordability
25.9%
mean weekly rent /
mean household income
vs NZ 21.4%



Mean annual income

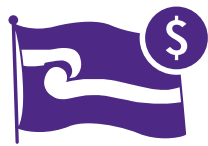
\$57,884

vs NZ \$64,237



Number of jobs

101,442



Māori mean
annual income

\$53,110



Housing affordability

9.2x

mean household income

vs NZ 7.8 x mean household income



Population growth

207,900

up 3.4% in 2020

vs NZ up 2.1% in 2020



Emissions

46%

**of WBOP's emissions are
from transportation**

vs 47% NZ's emissions which
are from transportation

KEY ACHIEVEMENTS



Hydrogen

Hydrogen fuel cell vehicles will likely be a key tool for transport-related businesses to reduce their carbon emissions, especially for heavy transport solutions where batteries are inefficient. Priority One has been working closely with Hirlinga Energy, which is spearheading work in New Zealand, and a strong local consortium of 15 businesses. We expect to have one of the first hydrogen dispensing stations in New Zealand in late 2022.

We expect to have one of the first hydrogen dispensing stations

Central Business District

The Tauranga CBD is a crucial part of our city but has suffered a decline in the past few years. We are confident that the CBD is firmly in resurgence with over \$1B in investment either underway or soon to be. Key to the continued resurgence are several large scale catalyst developments such as Elizabeth Towers (Farmers) and Craigs Investment Partners, together with a strong direction from council, including it's new civic administration building. Recent plan changes (26), development of a city centre blueprint and development of accommodation and office projects will further enable vibrancy.



Successful in placing 185 job seekers into employment or training



Ara Rau skills & employment hub

Launched in November 2020, Ara Rau is a skills and employment hub developed by Priority One in partnership with MBIE and industry. Its purpose is to provide information, encouragement and connections to people seeking employment or upskilling. Ara Rau often deals with those who may have fallen out of traditional employment channels and has been successful in placing 185 job seekers into employment or training during its first 10 months of operation.

KEY ACHIEVEMENTS

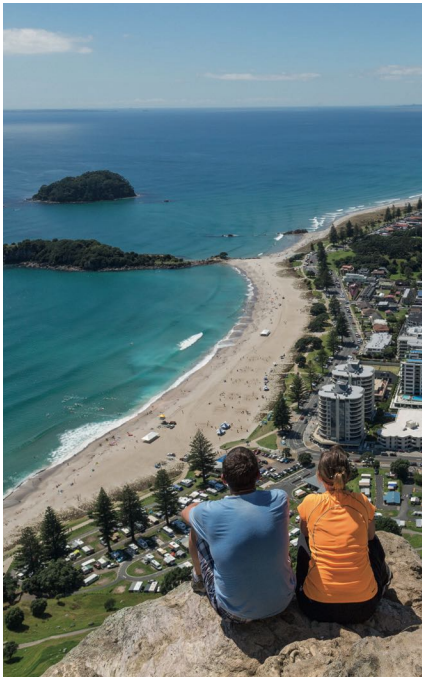
Instep programme vocational pathways

A critical part of enabling successful employment outcomes across the Western Bay is to promote greater awareness of the wide variety of vocational pathways available to youth. In 2020 we formed a partnership with MSD enabling us to beef up our education programme (Instep), with a focus on showcasing trades training and other vocational careers that have strong employment demand in the region.



A low carbon economy

Environmental sustainability will be increasingly important for the local economy in the future. Backed by a survey of our members, Priority One has launched a series of showcase communications to highlight steps that local businesses are taking towards reducing their greenhouse gas emissions and environmental footprint. This fits in well alongside work on electrification and green hydrogen.



Showcasing careers that have strong demand in the region



Working towards a low carbon economy and environmental sustainability

A brave decision for an unenviable situation



WORTHY MENTIONS



The importance of providing certainty and confidence through good governance

The decision in 2020 to remove elected councillors from Tauranga City Council and replace them with a Crown Commission was brave in an unenviable situation. It has highlighted the importance of stable and forward-looking governance in a growing city such as Tauranga.

While future arrangements are unclear at this stage, it is clear that a growing city needs governors that understand the line between governance and operations, are biased towards action and decision making, are prepared to take the longer-term view, provide certainty and can understand the needs of central government. We appreciate the good work done by the Commission to date.



Māori economic development

Māori are a very important part of our economy, making up around 18 per cent of the population, and an increasingly large proportion of the future workforce. It is forecast that by 2030 Māori and Pacifica will make up 30 per cent of the working age population, rising to 50 per cent by 2050.

Māori are among those in our community who are over-represented in the lower skills end of our labour market, so it is increasingly important that we continue our work to help close this gap.

The excellent work done in the last year by our partner organisation, BOP Māori economic development agency, Toi Kai Rawa, has helped to build some critical foundations. In particular their focus on rangatahi (youth) and STEAM pathways (where the future jobs will lie). Despite good progress over the last year around unemployment and average earnings, there is a long way to go – and we are committed to working alongside our partners to reach parity in average income with non-Māori.



Success of our members

Our members

Priority One's success is directly correlated to the strength of our business membership and our ability to act as a team across the region.

We wish to thank all members for their continued support during the year. This support goes well beyond membership fees, with many providing countless hours of in-kind expertise to enable key projects and contribute to the region's sustainable prosperity.

In particular, we wish to thank our strategic funding partners – Trustpower, Zespri International, Port of Tauranga, Tauranga City Council and Western Bay of Plenty District Council and also welcome Element IMF who became a strategic funding partner during the year.

Bluelab and ZIWI

We wish to congratulate Bluelab and ZIWI on the continued expansion of their respective businesses including successful sales. Bluelab recently sold to Pioneer and NZ Super, in partnership with local private equity fund Oriens Capital. ZIWI have signed a sales agreement with private equity firm FountainVest Partners to support their growth plans.

Port of Tauranga

The Port of Tauranga performed very well during the year despite a highly disrupted international freight market. The need to take additional demand from the Ports of Auckland underlined Tauranga's important role in New Zealand's supply chain.

Trustpower

Trustpower announced the sale of its retail business to Mercury Energy, a move that has invoked a change in Tauranga Energy Consumer Trust's structure, which will allow them to contribute more to community projects for our region.

University of Waikato

The University of Waikato continued its investment in Tauranga with the opening of its specialist macroalgal research labs at Sulphur Point and the completion of a new student accommodation block in the city centre.



**PRIORITY ONE
WESTERN BAY OF PLENTY INCORPORATED**



FINANCIAL STATEMENTS
for the year ended 30 June 2021



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Directory

as at 30 June 2021

Purpose	Priority One Western Bay of Plenty Incorporated ('the Society') is incorporated under the Incorporated Societies Act 1908. Its purpose is to develop the economy of the Western Bay of Plenty region by building a vibrant economy that retains and attracts talented, skilled and creative people and the businesses that need them.
Chair	Simon Clarke (appointed 1 January 2021) Brett Hewlett (resigned 14 December 2020)
Deputy Chair	Kylie Boyd (appointed 15 February 2021)
Executive Board	<p>As at 30 June 2021:</p> <p>Marty Grenfell Scott McKenzie Fiona McTavish Steven Saunders Miriam Taris Peter Tinholt Te Horipo Karaitiana Dan Kneebone Richard Hopkins Kevin Palmer Chistina Finlayson Laura Murphy</p> <p>Resigned/retired during the year ended 30 June 2021:</p> <p>Carol Ward Antoine Coffin Jodie Tipping Kelly Williams Jack Christianson</p>
Auditors	Baker Tilly Staples Rodway Audit Limited Level 1, 247 Cameron Road Tauranga 3110
Bankers	ANZ SBS
Business Address	Ground Floor, 29 Grey Street Tauranga 3110
Registered Office	Holland Beckett Lawyers The Hub on Cameron 525 Cameron Road Tauranga 3110

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Membership Fees	3	303,805	285,725
Funding Revenue	3	2,641,489	2,008,960
Interest Received		2,489	6,200
Other Income		27,779	28,852
Total Revenue		2,975,562	2,329,737
Operating and Project Expenses		1,446,193	1,046,116
Employee Benefits Expense	4	1,005,504	995,795
Administration Expenses	5	368,632	419,167
Total Expenses		2,820,330	2,461,077
Net Surplus/(Deficit)		155,232	(131,340)
Other Comprehensive Revenue and Expense for the Year			
Gain/(loss) in fair value movement of investment in WNT Ventures	8	155,747	55,758
		155,747	55,758
Total comprehensive revenue and expense		310,979	(75,582)

Statement of Changes in Net Assets

For the year ended 30 June 2021

	Investment fair value reserve	Accumulated Funds	Total Equity
Balance at 1 July 2019	87,338	699,665	787,003
Total Comprehensive Revenue and Expense			
Surplus/(Deficit) for the year	-	(131,340)	(131,340)
Other Comprehensive Revenue	55,758	-	55,758
Total Comprehensive Revenue and Expense	55,758	(131,340)	(75,582)
Balance at 30 June 2020	143,096	568,325	711,420
Total Comprehensive Revenue and Expense			
Surplus/(Deficit) for the year	-	155,232	155,232
Other Comprehensive Revenue	155,747	-	155,747
Total Comprehensive Revenue and Expense	155,747	155,232	310,979
Balance at 30 June 2021	298,843	723,557	1,022,399

Statement of Financial Position

As at 30 June 2021

	Note	2021 \$	2020 \$
Current Assets			
Cash and Cash Equivalents	6	1,084,378	728,508
Short term deposits	6	70,205	68,701
Trade and Other Receivables	7	163,681	131,335
		1,318,264	928,545
Non-current Assets			
Investments	8	372,327	389,080
Property, Plant and Equipment	9	75,119	84,115
		447,445	473,195
Total Assets		1,765,709	1,401,740
Current Liabilities			
Accounts Payable	10	277,634	141,312
Employee Entitlements	11	55,442	58,444
Deferred Revenue		377,734	429,200
Finance Leases		-	3,275
Provisions	12	32,500	57,000
		743,310	689,231
Non-current Liabilities			
Finance Leases		-	1,089
		-	1,089
Total Liabilities		743,310	690,320
Net Assets		1,022,399	711,420
Equity		1,022,399	711,420



Chair
13 September 2021



Chief Executive
13 September 2021

Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Membership receipts		324,788	272,946
Funding received		2,541,908	2,255,075
Interest		3,039	6,316
Dividends		588	1,014
Other operating receipts		27,192	27,837
		2,897,514	2,563,189
<i>Cash was applied to:</i>			
Employee and Supplier Payments		(2,670,509)	(2,371,792)
		(2,670,509)	(2,371,792)
Net cash flow - operating activities		227,005	191,397
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Capital proceeds from investment distribution		133,000	52,655
Proceeds from sale of investments		15,000	-
		148,000	52,655
<i>Cash was applied to:</i>			
Purchase of investments		-	(29,050)
Purchase of short term deposits		(1,504)	(2,142)
Purchase of property, plant and equipment		(13,267)	(57,189)
Payments to finance leases		(4,364)	(2,943)
		(19,135)	(91,324)
Net cash flow - investing activities		128,865	(38,670)
Net cash flow for the year from all activities		355,870	152,727
Cash at beginning of year		728,508	575,780
Cash at end of year		1,084,378	728,508
<i>Represented by:</i>			
Cash on hand and at bank	6	1,084,378	728,508

Notes to the Financial Statements

For the year ended 30 June 2021

1 Reporting Entity

Priority One Western Bay of Plenty Inc. ('the Society') is incorporated under the Incorporated Society's Act 1908. Its mission is to develop the economy of the Western Bay of Plenty region. It was incorporated on 20th April 2001.

The Society is considered a public benefit entity for the purposes of financial reporting in accordance with External Reporting Standard A1 *Application of the Accounting Standards Framework*.

Its purpose is to develop the economy of the Western Bay of Plenty region by building a vibrant economy that retains and attracts talented, skilled and creative people and the businesses that need them.

2 Basis of Preparation

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

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(a) Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Principles ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable Financial Reporting Standards, as appropriate for Tier 2 not-for-profit public benefit entities. The entity has elected to report in accordance with the Tier 2 standards, taking advantage of all disclosure concessions as it is not publicly accountable and has expenses less than \$30 million.

These financial statements were authorised for issue by the Executive Board on 13 September 2021.

(b) Measurement Basis

The financial statements have been prepared on the basis of historical cost, apart from investments which are carried at fair value.

(c) Functional Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar (\$).

(d) Goods and Services Tax

All balances are presented net of goods and services tax (GST), except for receivables and payables which are presented inclusive of GST.

(e) Income tax

Priority One is exempt from income tax under CW 40(1) of the Income Tax Act 2007.

Notes to the Financial Statements

For the year ended 30 June 2021

3 Revenue

Membership Fees
Exchange Revenue

	2021	2020
	\$	\$
Membership Fees	303,805	285,725
Membership Fees in kind	-	-
	303,805	285,725

Funding Revenue
Non Exchange Revenue

	2021	2020
	\$	\$
Local Authority Funding	1,874,089	1,585,768
INSTEP Funding	126,500	147,000
Project Funding	640,900	276,193
	2,641,489	2,008,960

Policies

Membership fees are recognised when invoiced, which is on the date of the member's joining anniversary. Membership fees in-kind are recognised at the end of the year in which the corresponding expenditure has been incurred.

Local Authority Funding - Funding income is recognised as income when it becomes receivable, at the fair value of the amount receivable, unless the Society is required to repay the funding income if requirements are not met. A liability is recognised to the extent that such milestones in the contract are unfulfilled at the end of the reporting period.

Grants - Grant income is only able to be deferred when there is a use or return obligation and the conditions have not yet been met. Included within INSTEP funding and project funding are grants which are recognised initially as deferred income (at the fair value of the consideration received) and then recognised as income when there is reasonable assurance that they will be received and that Priority One will comply with the conditions associated with the grant.

Notes to the Financial Statements

For the year ended 30 June 2021

4 Employee Benefits

	2021 \$	2020 \$
Wages and Salaries	978,057	976,404
Other employee benefits	27,447	19,391
	1,005,504	995,795

5 Administration Expenses

	2021 \$	2020 \$
<i>Included within Administration expenses are the following:</i>		
Audit Fees	13,700	12,700
Depreciation	22,264	19,349
Rent & Car park lease payments	134,708	149,180

6 Cash and Cash Equivalents

	2021 \$	2020 \$
Cash and Bank Balances	1,084,378	728,508
	1,084,378	728,508

Policies

Cash and cash equivalents are cash balances that are short term in nature (with an original maturity of three months or less) for the purposes of the Statement of Cash Flows, and are classified as a Loans and Receivables financial asset.

Short Term Deposits have maturities between 90 days and 1 year and are shown as current assets, and are not included as cash and cash equivalents.

7 Trade and Other Receivables

	2021 \$	2020 \$
Accounts Receivable (Exchange transactions)	114,653	72,520
Accounts Receivable (Non Exchange transactions)	-	15,000
Accrued interest	309	859
GST Refund	4,464	26,308
Prepayments	44,255	16,649
	163,681	131,335

Accounts receivable are shown net of allowances for bad and doubtful debts of \$nil (2020: \$2,875).

Policy

Accounts receivable are initially measured at fair value, then adjusted for any impairment. Accounts receivable are classified as a Loan and Receivables financial asset.

Notes to the Financial Statements

For the year ended 30 June 2021

8 Investments

	2021 \$	2020 \$
Shares - PlantTech Research Institute Limited	100	100
Shares - WNT Ventures Management Limited	-	15,000
WNT Ventures	372,227	373,980
	372,327	389,080

Priority One is a shareholder of PlantTech Research Institute Limited. At balance date a share of 10% is held in PlantTech Research Institute Limited (2020: 10%).

Priority One sold its shares in WNT Ventures Management Limited during the year (2020: 10% shareholding).

Priority One has entered into an agreement to invest up to \$350,000 over a period of one to five years in WNT Ventures.

At balance date a share of 10% is held in WNT Ventures (2020: 10%).

The fair value for WNT Ventures is based on 10% of the net assets per unaudited financial statements prepared by WNT, adjusted for calls not yet made. Management does not consider that the shares held in PlantTech Research Institute Limited have changed in value.

Previously management has based their assessment of the fair value of the investment in the WNT Ventures Limited Partnership ('WNT') at balance date on information provided in audited financial statements of WNT. In 2020, WNT Ventures changed their reporting basis and no longer include fair value assessments in their audited financial statements. As with 2020, the estimate of fair value has been based on unaudited WNT Management estimates.

PlantTech Research Institute Limited and WNT Ventures are both considered related parties. Refer Note 14.

Policy

Investments classified as "Available-for-sale financial assets" are designated at initial recognition at fair value through other comprehensive revenue and expense. They are initially measured at fair value plus transaction costs. They are subsequently measured at their fair value with gains and losses recognised in other comprehensive revenue and expense. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred within equity to accumulated surplus/(deficit).

Key sources of estimation uncertainty

Key sources of estimation uncertainty as at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include venture capital in start ups and fair value based on WNT Venture's assessment of future expectations.

Notes to the Financial Statements

For the year ended 30 June 2021

9 Property, Plant and Equipment

	Computer and Office Equipment	Leasehold Improvements	Ignition Computer and Office Equipment	Ignition Leasehold Improvements	Total
Cost					
Balance at 1 July 2019	82,402	77,217	68,649	71,771	300,039
Additions	27,438	32,363	106	-	59,907
Disposals	(37,858)	-	(7,331)	(46,267)	(91,456)
Transfers	61,424	25,504	(61,424)	(25,504)	-
Balance at 30 June 2020	133,406	135,084	-	-	268,490
Balance at 1 July 2020	133,406	135,084	-	-	268,490
Additions	13,267	-	-	-	13,267
Balance at 30 June 2021	146,674	135,084	-	-	281,757
Depreciation					
Balance at 1 July 2019	(72,709)	(77,217)	(44,434)	(34,170)	(228,530)
Depreciation	(9,411)	(9,937)	-	-	(19,349)
Disposals	37,450	-	4,918	21,136	63,504
Transfers	(39,516)	(13,034)	39,516	13,034	-
Balance at 30 June 2020	(84,187)	(100,188)	-	-	(184,375)
Balance at 1 July 2020	(84,187)	(100,188)	-	-	(184,375)
Depreciation	(13,472)	(8,792)	-	-	(22,264)
Balance at 30 June 2021	(97,659)	(108,980)	-	-	(206,639)
Carrying Amounts					
Balance at 30 June 2019	9,693	-	24,215	37,601	71,509
Balance at 30 June 2020	49,220	34,896	-	-	84,115
Balance at 30 June 2021	49,014	26,104	-	-	75,119

Policies

Measurement

All property plant and equipment are stated at cost less accumulated depreciation.

Depreciation

Depreciation is allocated over the estimated useful life of the asset. The following methods are used in the calculation of depreciation:

Leasehold Improvements	Straight line over remaining expected lease term
Computer & Office Equipment	1.5-12 years Straight Line

Notes to the Financial Statements

For the year ended 30 June 2021

10 Accounts Payable

		2021 \$	2020 \$
Accounts Payable		216,658	125,485
Related Party Payable	13	41,961	58
Accrued expenses		19,015	15,770
		277,634	141,312

Policy

Accounts payable are recognised at cost when the Society becomes obliged to make future payments resulting from the purchases of goods and services. Accounts payable are classed as an 'other amortised cost financial liability'.

11 Employee Entitlements

		2021 \$	2020 \$
Short Term			
Accrued Wages, Salaries and Holiday Pay		55,442	58,444
		55,442	58,444

Policy

Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

12 Provisions

		2021 \$	2020 \$
Opening balance 1 July		57,000	86,050
Provisions made during the year		-	-
Provisions used during the year		(24,500)	(29,050)
Unused provisions reversed during the period		-	-
Closing balance 30 June		32,500	57,000
		2021 \$	2020 \$
Current		32,500	57,000
Non-current		-	-
		32,500	57,000

Capital Call

Priority One have an agreement to commit \$350,000 to WNT Ventures over 5 years as part of a capital call agreement. The contribution is to be made when requested by the Limited Partnership dependant on business needs.

Policy

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Notes to the Financial Statements

For the year ended 30 June 2021

13 Related Party Transactions

(i) Key Management & Governance Personnel Remuneration

Priority One classifies its key management personnel in to the following categories:

- Directors
- Executive Officers and Operating Officers

Priority One had 20 directors during the year ended 30 June 2021 (2020: 18). Other than the Independent Chair, the directors did not receive any remuneration for their services.

The annual Independent Chair fee is determined by the Board and is currently set at \$30,000 (plus GST) per annum. Simon Clarke was appointed by the Board with effect from 1 January 2021 and was paid Chair fees of \$15,000 (plus GST) in the financial year. All other Board members provided their services for free.

Executive Officers and Operating Officers are employees and are on standard employment contracts. Priority One had two Officers in this category during the year ended 30 June 2021 (2020: two). Remuneration of these Officers and the Independent Chair during the period amounted to \$412,038 (2020: \$379,081).

(ii) Transactions with other related parties

Priority One transacts with other related parties in the normal course of their business. Such entities include those related by virtue of common governance and management personnel.

During the year, Priority One made the following purchases from related parties and at year end, the following balances remained owing:

	Purchases 2021 \$	Payable 2021 \$	Purchases 2020 \$	Payable 2020 \$
Toi Kai Rawa (Operating and Project Expenses)	175,751	39,029	-	-
Trustpower (Administration Expenses)	-	-	6,872	-
Matua Governance Limited	7,175	2,875	-	-
Cucumber Limited (Administration Expenses)	6,450	58	14,022	58
	189,376	41,961	20,894	58

WNT Ventures is considered a related party due to Steven Saunders (Director) also being a director of WNT Ventures. Other than the investment of capital and receipt of distributions, there have been no transactions during the year (Refer Note 8).

PlantTech Research Institute Limited is considered a related party due to Steven Saunders (Director), Carol Ward (Director) and Nigel Tutt (Chief Executive) also being directors of PlantTech Research Institute Limited. Transactions relating to licence fee for working space noted, total \$Nil (2020: \$28,961) (refer Note 8).

Cucumber Limited is considered a related party due to Priority One director, Jodie Tipping also being a director of Cucumber Limited. Jodie Tipping resigned from Priority One on 14 December 2020. Cucumber Limited is also a related party due to Priority One Director, Kelly Williams, being an employee of Cucumber Limited.

Toi Kai Rawa is considered a related party due to Priority One Director, Te Horipo Karaitiana also being on the board of Toi Kai Rawa.

Matua Governance Limited provided strategic advisory services to Priority One as it considered the reform of its constitution and its revised strategy at the end of 2020. Simon Clarke (who was appointed by the Board as Independent Chair of Priority One on 1 January 2021) is a Director/Shareholder of Matua Governance Limited.

Notes to the Financial Statements

For the year ended 30 June 2021

14 Commitments

An operating lease exists for ground floor of the property at 29 Grey Street Tauranga, with the current lease term expiring on 31 July 2025. The lease has one further right of renewal for two years.

A number of operating leases are also held for office equipment and motor vehicles with periods up to three years.

Immaterial finance leases have been accounted for as operating leases and included in lease commitments disclosure.

Operating Lease Commitments	2021 \$	2020 \$
No later than one year	68,236	129,042
More than one year	61,272	29,193
	129,508	158,235

15 Contingent Liabilities

There were no contingent liabilities as at 30 June 2021 (2020: nil).

16 Subsequent events

After balance date, the lease for the main office at 29 Grey Street was renewed for a further two years. This was not committed to at 30 June 2021. Hence the operating lease commitments figure in Note 14 does not include the future amounts for this lease.

INDEPENDENT AUDITOR'S REPORT

To the Members of Priority One Western Bay of Plenty

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Priority One Western Bay of Plenty ('the Society') on pages 4 to 15, which comprise the statement of financial position as at 30 June 2021, and the statement of comprehensive revenue and expense, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ('PBE Standards RDR').

Our report is made solely to the Members of the Society. Our audit work has been undertaken so that we might state to the Members of the Society those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members of the Society as a body, for our audit work, for our report or for the opinions we have formed.

Basis for Qualified Opinion

As described in Note 8 to the financial statements, the Society bases their assessment of the fair value of the investment in the WNT Ventures Limited Partnership ('WNT') at balance date on unaudited WNT Management estimates. Accordingly, there is insufficient appropriate audit evidence available to enable us to form an opinion on whether the carrying value of investment in WNT amounting to \$372,227 and the consequent impact on Other Comprehensive Income is materially correct.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with Professional and Ethical Standard 1 (Revised) *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Priority One Western Bay of Plenty.

Responsibilities of the Executive Board for the Financial Statements

The Executive Board is responsible on behalf of the Society for the preparation and fair presentation of the financial statements in accordance with PBE Standards RDR, and for such internal control as the Executive Board determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Board is responsible on behalf of the Society for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Board either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements of Priority One Western Bay of Plenty for the year ended 30 June 2021 included on Priority One Western Bay of Plenty's website. The Executive Board of Priority One Western Bay of Plenty is responsible for the maintenance and integrity of Priority One Western Bay of Plenty's website. We have not been engaged to report on the integrity of Priority One Western Bay of Plenty's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyper linked to or from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 13 September 2021 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Baker Tilly Staples Rodway

BAKER TILLY STAPLES RODWAY AUDIT LIMITED

Tauranga, New Zealand

13 September 2021



Priority One
Tauranga
Moana

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