
Thursday, 30 March 2023

Te Hui o Te Kaunihera ā-Rohe o Heretaunga
Hastings District Council
Council Meeting

Kaupapataka

Attachments Under Separate Cover

Te Rā Hui:
Meeting date: **Thursday, 30 March 2023**

Te Wā:
Time: **1.00pm**

Te Wāhi:
Venue: **Council Chamber
Ground Floor
Civic Administration Building
Lyndon Road East
Hastings**

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HASTINGS DISTRICT COUNCIL
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TE KAUNIHERA Ā-ROHE O HERETAUNGA

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H1 Financial Report

Foodeast Limited Partnership
For the 6 months ended 31 December 2022

Prepared by Brown Webb Richardson Ltd



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Narrative Report

Foodeast Limited Partnership For the 6 months ended 31 December 2022

Foodeast Limited Partnership quarterly update for the period ending 31 December 2022

Dear Limited Partners,

In accordance with the Foodeast Limited Partnership Agreement, and on behalf of the Board of Directors, I am pleased to submit to the quarterly financial report for foodeast for the period 1 October 2022 to 31 December 2022. The results are unaudited.

1. Introduction

Foodeast Haumako is a council-controlled organisation (CCTO) for the purposes of the Local Government Act 2002. It is owned by Hastings District Council (16.64%), Hawke's Bay Regional Investment Company (66.72%) and Progressive Meats Limited (16.64%). Craig Foss is Chair and director of Foodeast GP Limited, and Tony Gray is a fellow director.

2. Capital structure

Foodeast Haumako has aggregate capital commitments of \$6.0 million from the equity partners of Foodeast GP Limited and grant funding of \$12.0 million from the Ministry of Business, Innovation and Employment (MBIE), which is facilitated through the Kanoa Provincial Development Unit. EIT also donated some establishment funding.

As at 31 December 2022, Foodeast Haumako has drawn a total of \$1.5 million of the Kanoa grant funding to meet its design, consenting and pre-construction expenses, and establishment costs (accounted for to 20 June 2021 through Hastings District Council). Total contributions to date from the three Limited Partners amount to \$2.8 million.

3. Finance

Attached to this report are the foodeast financial statements for the 6 months to 31 December 2022.

The key items to note are:

- There is no operating revenue for the year to date, and operating costs of \$107,966 are lower than the projected operating costs to 31 December 2022 of \$141,913.
- Design costs are capitalised to the balance sheet, and are offset by the Kanoa grant funding.

4. Construction update

A key focus in the last quarter has been processing tenders for the earthworks and Building B, and completing QS estimates for Building A. The following tenders have now been accepted:

- a. Earthworks: Phoenix Quantity Contracting (\$446,634)
- b. Building B: Hawkes Bay Construction Company (\$4,010,073)

Building A has not yet gone to tender, but the quantity surveyor estimate for building A and associated site works is \$5,603,600 for total construction cost of \$10,060,307.

The directors remain comfortable that the project can be managed within the overall fiscal envelope.

All groundworks for Building B were completed in December 2022, and construction of Building B has commenced with Hawkes Bay Construction Company ("HBCC") in February 2023.

Narrative Report



5. Cyclone Gabrielle Update

We have had initial inspection of the construction site, and engaged with HBCC. At this early stage, other than some flooding of trenching and scouring of some of the compacted building platform, we have escaped any major damage. There may be a minor cost impact to recompact the building platform.

We have lost one weeks building progress, however we were previously ahead of schedule by one week. We do not yet know how the aftermath of the cyclone will impact availability of resources, materials and labour. At this stage HBCC is confident and very keen to continue their work.

We may now face a minor timing delay getting pricing and contract in place for Building A, as contractors are attending to urgent cyclone related work. If we gain any other material information regarding the impact of recent weather events on the project we will of distribute an update.

6. Activities undertaken during the second quarter ending 31 December 2022.

The primary activity during the past quarter has been the awarding of tenders for earthworks and Building B, along with final cost estimates for Building A and associated siteworks.

All building work is scheduled to be completed in the current calendar year.

A strategy workshop was held on 28 October 2022, facilitated by David Todd, with representatives from Hastings District Council, Hawkes Bay Regional Council, Hawkes Bay Regional Investment Company, Ministry of Business, Innovation and Employment, The Food Innovation Network and the Waikato Innovation Park. Key action points arising from the meeting were to:

- a. Develop a position description for an executive / CEO role and seek and appoint a suitable candidate (in progress)
- b. Recruit a skill-based board for each of the construction, transition, and operational phases (target April 2023)
- c. Build a reference group of connectors and enablers who will assist with developing a marketing plan, and assisting with tenant selection (target March 2023).

Doctor Nicky Solomon continues to work with Foodeast Haumako in an adjunct advisory role, advising Foodeast Haumako from both her perspective as leader of the Hawke's Bay Regional Food Programme, and from her role within the New Zealand Food Innovation Network.

7. Future activities

Over the remainder of the 2023 calendar year, the construction of Building B is scheduled to start in February 2023, with construction on Building A scheduled to start in March 2023. Completion of both buildings is scheduled for the last quarter of 2023. This timing is similar to that signalled in the last quarterly report.

A chief executive officer / general manager and some additional board members will be considered for appointment to marry with the stages of construction, commercialisation and the business itself as we progress through the 2023 calendar year.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Craig Foss', written over a horizontal line.

Craig Foss
Chairman
Foodeast Limited Partnership
27 February 2023



Statement of Financial Performance

Foodeast Limited Partnership For the 6 months ended 31 December 2022

	FIN. PERF. NOTES	OCT-DEC 2022	JUL-DEC 2022
Gross Profit		-	-
Gross Profit %		-	-
Expenses			
Cash Expenses			
Accountancy Fees		15,000	39,500
Bank Fees		56	403
Communications & Marketing		1,310	3,530
Consultancy Fees		5,369	5,369
Directors Fees		20,000	40,000
General Expenses		-	73
Insurance		-	6,750
Legal Expenses		2,805	5,700
Rates		1,019	3,048
Subscriptions		391	1,523
Valuation Fees		-	2,070
Total Cash Expenses		45,949	107,966
Total Expenses		45,949	107,966
Net Operating Profit		(45,949)	(107,966)
Other Revenue			
Interest & Dividends		6,274	7,529
Total Other Revenue		6,274	7,529
Other Expenses			
Interest Paid		-	711
Total Other Expenses		-	711
Net Profit		(39,675)	(101,148)

This Statement is to be read in conjunction with the accompanying Notes and Accountant's Statement



Statement of Changes in Net Assets Attributable to Partners

Foodeast Limited Partnership
For the 6 months ended 31 December 2022

JUL-DEC 2022

Equity

Net Assets at beginning of year	3,328,006
Total Comprehensive Income for the year	(101,148)
Tax Credits transferred to Partners	(1,101)
Net Assets at end of year	3,225,757



Statement of Financial Position

Foodeast Limited Partnership As at 31 December 2022

	FIN. POS. NOTES	31 DEC 2022
Assets		
Current Assets		
Cash and Bank		974,461
GST Receivable		76,757
Total Current Assets		1,051,218
Non-Current Assets		
Fixed Assets		
Land		1,500,000
Design Costs		270,624
Revaluation		914,376
Total Fixed Assets		2,685,000
Total Non-Current Assets		2,685,000
Total Assets		3,736,218
Liabilities		
Current Liabilities		
Trade and Other Payables		496,823
Other Current Liabilities		13,638
Total Current Liabilities		510,461
Total Liabilities		510,461
Net Assets		3,225,757
Equity		
Partners Accounts		
Progressive Meats		
Funds Introduced		499,360
RWT		(534)
Share of Intellectual Property		(17,356)
Share of Profit		88,736
Total Progressive Meats		570,206
Hastings District Council		
Funds Introduced		599,360
Share of Intellectual Property		(17,356)
Share of Profit		88,736
RWT		(534)
Total Hastings District Council		670,206

This Statement is to be read in conjunction with the accompanying Notes and Accountant's Statement

Statement of Financial Position



FIN. POS. 31 DEC 2022
NOTES

HB Regional Investment Co	
Funds Introduced	1,701,280
Share of Intellectual Property	(69,590)
Share of Profit	355,798
RWT	(2,142)
Total HB Regional Investment Co	1,985,345
Total Partners Accounts	3,225,757
Total Equity	3,225,757

This Statement is to be read in conjunction with the accompanying Notes and Accountant's Statement

