



ANNUAL REPORT 2011





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Chairman's Foreword

Rā te haeata tākina mai i te ripa te tara ki Tauhara.

Kōrihi te manu kōkōmako, tui, tui, tui tuia.

Tuia ngā mate kōrihi pō, tuia ngā mate kōrihi ao.

Ka whangaia rātou, ki runga te ahurewa, ka kai Uenuku E!

Kāti te wāhi ki a rātou, kua ea, kua ea, kua ea.

*Ngā manukura, ngā manutaki o te wao nui a Tane, Ngāti
Tūwharetoa maranga ake! Ae!*

I am very pleased to present the second annual report of the Tūwharetoa Settlement Trust for the period of July 2010 to June 2011.

This Trust's second year of operation has been one of consolidation; we have continued to build on the strong foundation that was laid by the CNI Settlement. The Trust continues to be focussed on our mission to improve the social, economic, and cultural well-being of all of Ngāti Tūwharetoa.

This year has been highlighted with the success of supporting our marae, hapū and whānau through our disbursement strategies. Through these disbursement strategies our whānau have been able to make the most of cultural and social opportunities as they have arisen. In particular these grants have enabled our marae to undertake programmed maintenance and development. The home heating initiative has also enhanced the overall health and wellbeing of many whānau within the rohe.

I am proud of the way that the Trust has collaborated with other Tūwharetoa entities to enhance outcomes for our whānau. We are all driven by a common vision for the future and working together will help us to realise this vision.

I wish to take this opportunity to thank all those people and organisations who have supported the Trust throughout this year. I acknowledge our Trustees who continue to work for the benefit of our iwi. I also thank the Trust's staff, management and advisors for their continued efforts and service. Finally, I thank all Ngāti Tūwharetoa whanui for their continued engagement and support.

Mā te atua koutou e manaaki, e tiaki i ngā wā katoa.



Te Ariki Sir Tumu Te Heuheu
Chairman

Introduction

The CNI Forests Land Collective Settlement (the Settlement) is the largest Treaty settlement in New Zealand history to date. It was signed in June 2008 by each of the eight iwi who make up the collective. These iwi formed trusts to receive and manage the settlement assets.

As part of the CNI Forests Land Collective Settlement, Ngāti Tūwharetoa received:

- A share of the 176,000ha of Central North Island forests;
- A cash payment of approximately \$66 million from the accumulated rentals;
- 25.9% of the annual Crown Forest Licence fees (approximately \$2–3 million per annum);
- A share of three million NZUs (carbon credits); and
- Preferential rights to buy certain Crown assets.

The Tūwharetoa Settlement Trust (the Trust) was established in July 2009 to support Ngāti Tūwharetoa and meet our obligations under the CNI Settlement Legislation. Since that time, the Trust has been developing and implementing its establishment policies and programmes. This report provides information on the key activities and developments during the 2010/2011 year.

“I’m particularly proud of the job that was done in securing the CNI Settlement. The elements of that settlement mean that there’s an ongoing income stream for the CNI iwi and for Tūwharetoa. That’s going to require some careful management.” Lennie Johns

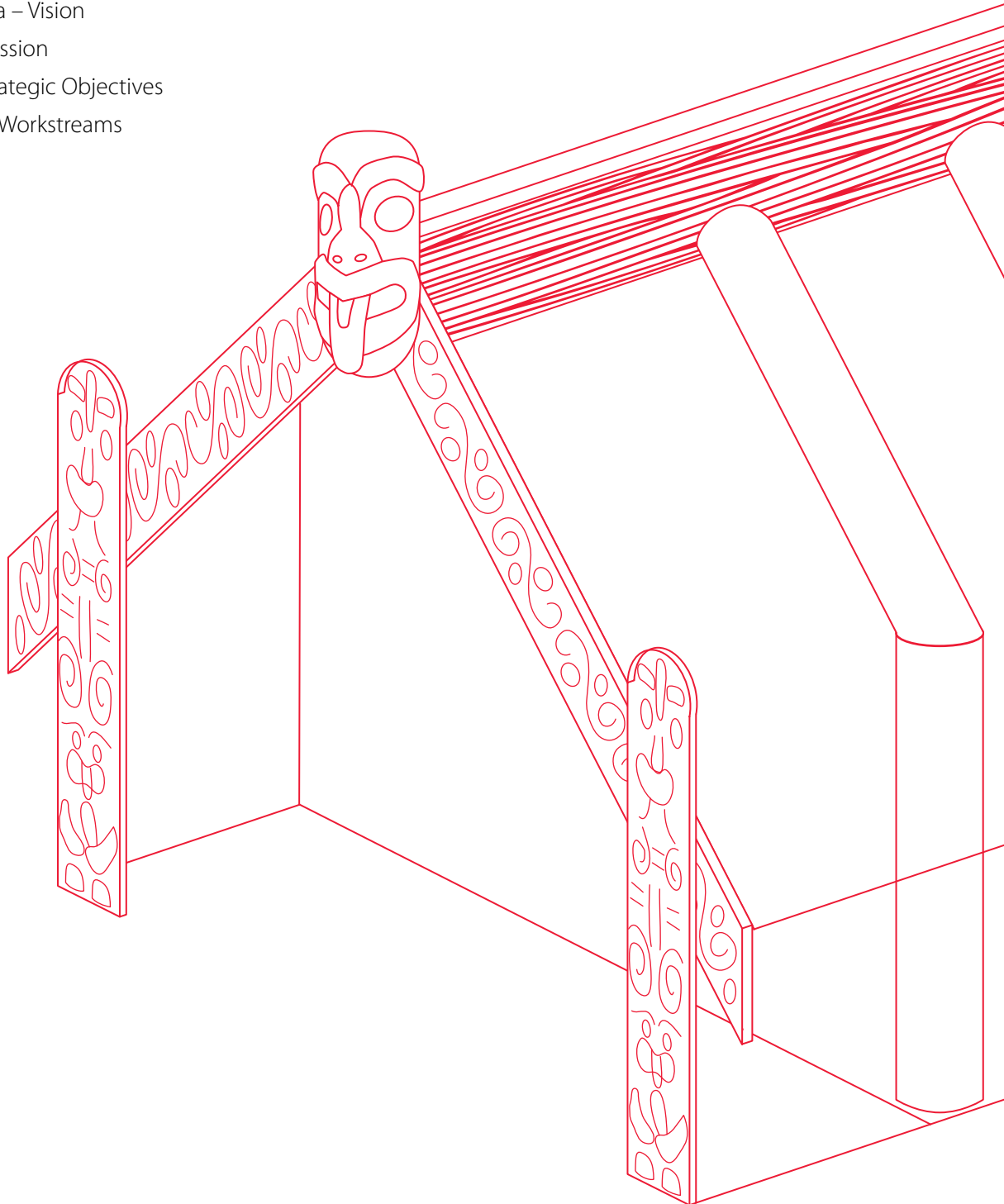
“He nui rā ngā hua kei roto i tēnei rōpū kaitiaki i hangaia ai mo Tūwharetoa. Ko te pai rawa o tēnei rōpū ko te mea, ko Tumu tonu kei te arahi.” Mataara Wall

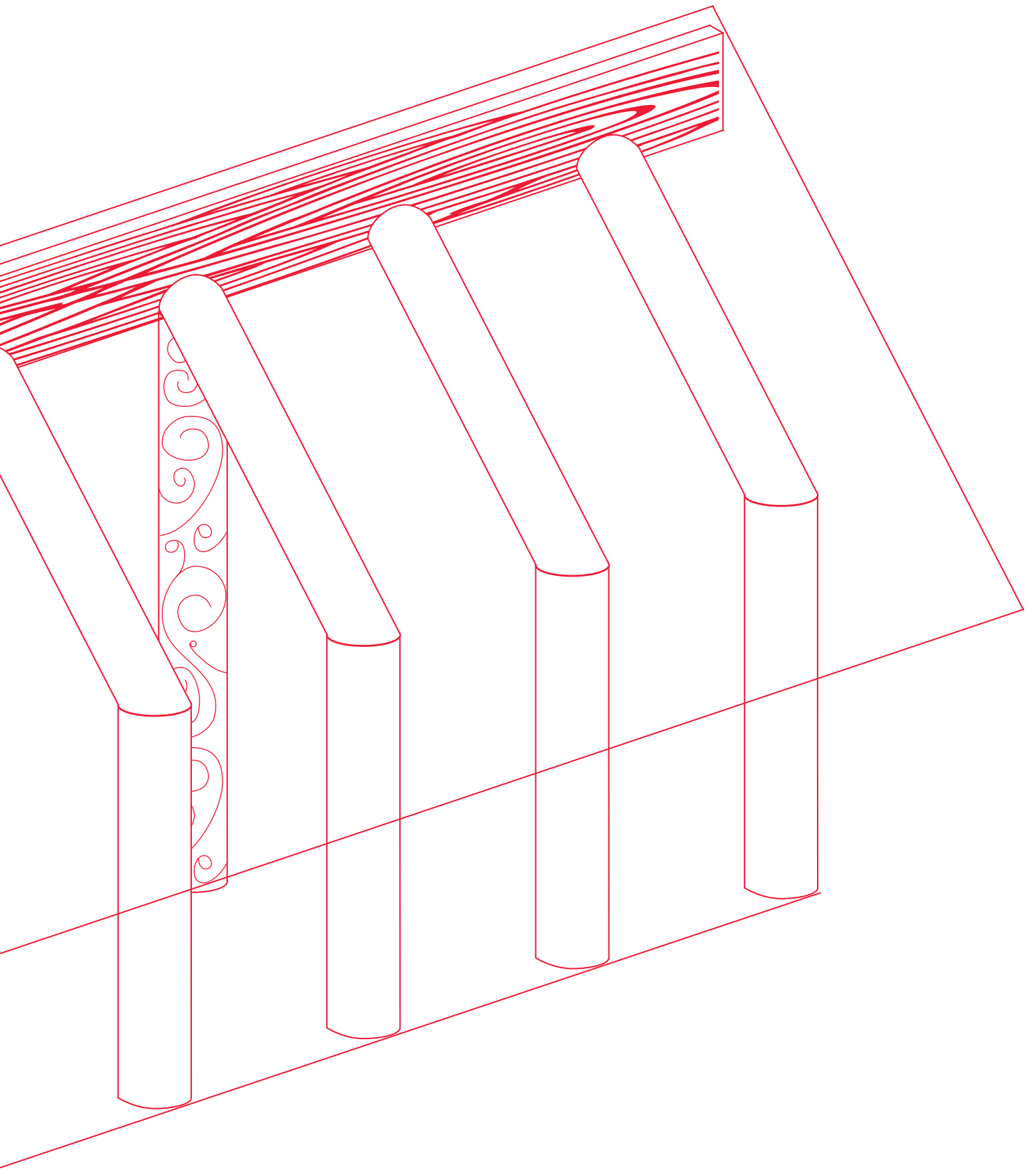


Te Whare Tautoko – Strategic Framework

The strategic framework comprises of four elements:

- Te Pou Manawa – Vision
- Te Tāhuhu – Mission
- Ngā Heke – Strategic Objectives
- Ngā Poupou – Workstreams







Te Tāhuhu – Mission

We will improve the social, economic and cultural well-being of Ngāti Tūwharetoa.

Ensuring that benefits of the settlement reach Tūwharetoa is the core responsibility of the Trust. We will achieve this by providing grants to meet immediate needs, while also investing for the future.

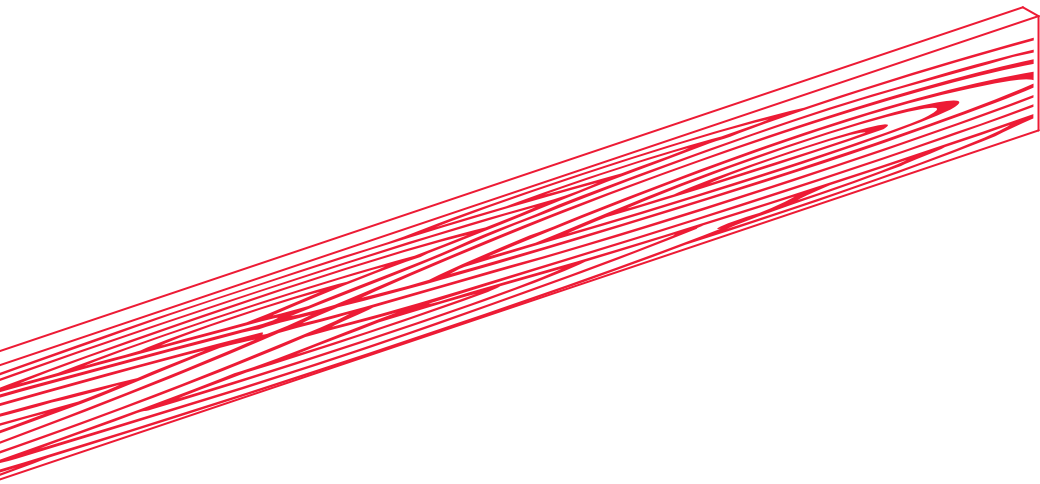


Te Pou Manawa – Vision

Tūwharetoa, He Whare Mana, He Whare Toa – Tūwharetoa Proud and Successful.

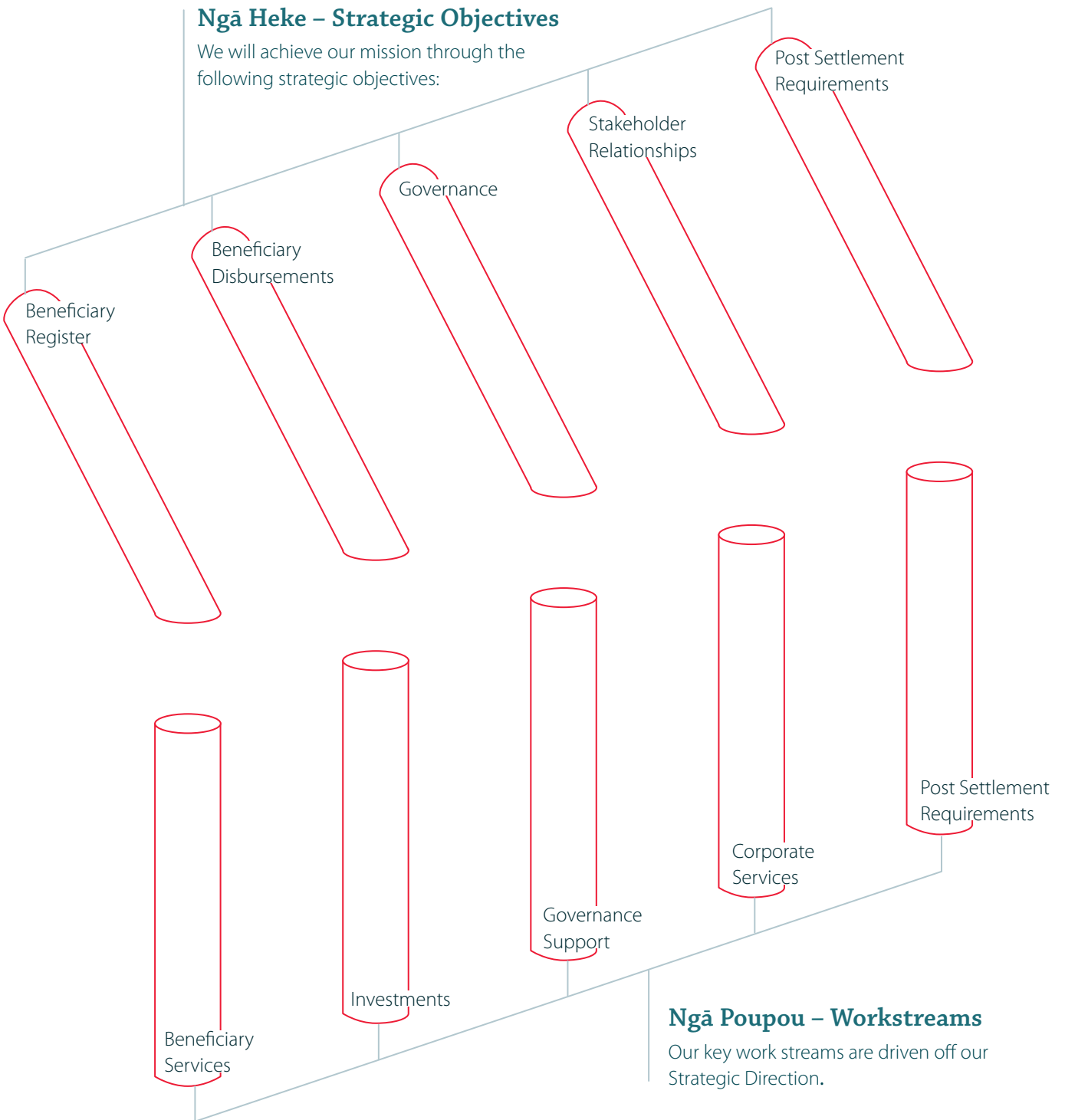
Our vision embraces two essential elements upon which the Trust has built its programmes:

1. Tūwharetoa he whare mana – as Tūwharetoa we will uphold our tribal identity.
2. Tūwharetoa he whare toa – as Tūwharetoa we will succeed.



Ngā Heke – Strategic Objectives

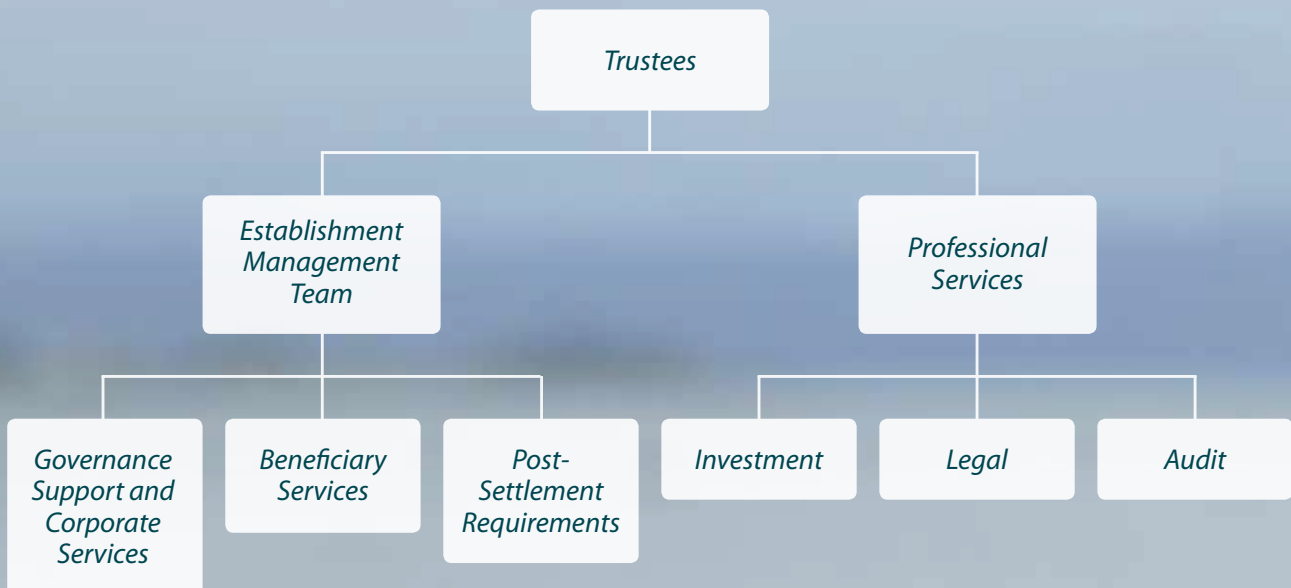
We will achieve our mission through the following strategic objectives:



Ngā Poupou – Workstreams

Our key work streams are driven off our Strategic Direction.

Organisational Structure



Trustees

The board of Trustees is responsible for receiving, holding, managing and administering Ngāti Tūwharetoa’s portion of the benefits arising from the CNI Forests Land Collective Settlement.

A unique feature of the Tūwharetoa post-settlement arrangements is the identified forest hapū clusters which relate to each of the forests in which Tūwharetoa has identified exclusive mana whenua rights. These forests are Marotiri, Taurewa, Waimihia, Pureora South and Waituhi. During the establishment phase of the Trust (2009–2012), the Board will work with the forest hapū clusters to make suitable arrangements for the benefits associated with these forests.

“We are focused on providing autonomy back to our forest cluster hapū.” Taina Tahī

Representation on the Board during the establishment phase reflects this unique arrangement, where three trustees are representatives of Ngāti Tūwharetoa whānui and the remaining five trustees represent each of the forest hapū clusters.

The current trustees have been elected for a term of three years. This term comes to an end at the 2012 Annual General Meeting.



The Trustees are (Clockwise from top left): Te Ariki Tumu Te Heuheu (Tūwharetoa Representative), Paranapa Otimi (Tūwharetoa Representative), Lennie Johns (Tūwharetoa Representative), Kia Mataara Wall (Waimihia Forest), Tohu Dawson Haa (Marotiri Forest), Ngaire George (Pureora Sth Forest), John Manunui (Waituhi Forest) and Taina Tahi (Taurewa Forest).

Establishment Management Team

During 2010/2011 the Trust engaged Ahi Kaa Whānau Development Limited to provide management services to the Board. The Establishment Management Team was responsible for providing the following services in accordance with the Trust's direction:

- Governance Support and Corporate Services – administrative support to Trustees and organisational systems and processes;
- Beneficiary Services – maintaining beneficiary database and administering disbursement policies; and
- Post-Settlement Requirements – administrative support

and analysis in relation to the Trust's post-settlement requirements as per the Settlement Legislation.

Professional Services

In 2010/2011 the Trust has maintained relationships with Westpac, Tukiā Group and the Tūwharetoa Carbon Trust to support the implementation of its investment strategy.

The Trust engaged David McLay and Karen Feint as legal advisors in 2010/2011.


Silks Audit Chartered Accountants has been engaged by the Trust to complete the 2010/2011 audit.

Management Report

In our second year of operation, the Tūwharetoa Settlement Trust has been incredibly busy. The Trustees continue to move forward with the kaupapa of the Trust and our management team enjoy the challenges that come with supporting their vision.

The major highlight of this past year has been providing benefits to our whānau, hapū and iwi by implementing the Trust's disbursement policies. After talking to our people and setting up the grants, it is great to be able to see the benefits of the Settlement reaching our whānau and making a difference.





“We are here for our iwi and if you’re there to support all of the people, all of the time, you can’t get any better than that. Is this challenging? Yes! Is it exciting? Absolutely! Every day comes with a new challenge but we remain focused on why we’re here.” Tohu Dawson Haa





“Thank you for supporting this project and helping to broaden the experiences of our young people. I have no doubt that there will be long term benefits for themselves as individuals as well as the whānau, hapū and ultimately the iwi. Anō te mihi ki a koutou e hāpai ake i ā tātou mokopuna.” Henerata Ham, Principal, Te Kura o Hirangi



Governance Support and Corporate Services

Governance Support

The Trustees have continued to hold regular monthly Board meetings to conduct the Trust's business in 2010/2011. The Trustees also have a number of subcommittees which consider key operational areas. These subcommittees keep a watching brief on their relevant areas and provide regular reports back to the Board meetings.

The Management Team has continued to provide advice and administrative support for these meetings to ensure that the Trustees fulfil their statutory responsibilities in accordance with the Trust Deed.

Organisational Capability

The Trust has established robust operational systems and processes to progress the work of the Trust. The Management Team worked closely with chartered accountants Cairncross Woods & Co to maintain best practice financial management systems. The Management Team also provided the Trust with strategic planning and reporting, contract management, information management and administrative support services in 2010/2011.

Communications

As the Trust has continued to build on its foundations through this establishment phase, it has endeavoured to keep our beneficiaries informed about our mahi. In addition to kanohi ki te kanohi hui, we have developed the functionality of our website, utilised social media such as Facebook, and continued to utilise print media to communicate with our whānau and hapū.

The Trust achieved a significant milestone in hosting its first Annual General Meeting in 2010/2011. To ensure the success of its first Annual General Meeting, the Trust expended a lot of effort in promoting the meeting in newspapers, on its website and Facebook pages, and through email pānui. It also focussed considerable effort on increasing registration numbers to ensure beneficiary participation in the meeting. Finally, our inaugural Annual Report was produced and circulated amongst our beneficiaries at the hui and was made available online.



“Supporting our marae is a cornerstone of our disbursement strategy. After all, they are the heart of our hapū.”

Ngairi George

Beneficiary Services

Members of Ngāti Tūwharetoa are eligible to be registered as beneficiaries of the trust. Registered beneficiaries are able to receive disbursements from the Trust in accordance with its disbursement policies and participate in the Trust's business in accordance with the Trust Deed.

Beneficiary Register

Beneficiaries registered with the Trust continue to grow with beneficiaries registering online, by visiting our office, or by completing registration forms.

The increased functionality of our website, to better allow for online registrations, has been a significant factor in the increase in registered beneficiaries in 2010/2011.

At the end of June 2011 approximately 9,000 beneficiaries were recorded on the Trust's register.

Disbursements

Having developed a number of disbursement policies last year, the Trust has moved to implement these policies and provide support directly to Ngāti Tūwharetoa at a whānau, hapū and iwi level.

Marae Grants

The Trust recognises the importance of our marae and also recognises that the running costs of marae are constantly growing. A grant of \$45,000 per annum is available to eligible marae as follows:

- Maintenance Grant \$15,000
- Operations Grant \$15,000
- Program Grant \$15,000

Twenty four marae received the marae grant in 2010/2011.

In conjunction with the marae grants, the Trust also supported the reinstatement of the Korowai Awhina o Ngā Hapū Marae o Ngāti Tūwharetoa project in 2010/2011. This project brought together marae trustees and administrators to build the capacity and capability of our Ngāti Tūwharetoa marae and hapū.

Marae Redevelopment/Infrastructure Grants

The Marae Redevelopment/Infrastructure Grants were not utilised by marae in 2010/2011. Nevertheless, the Trust has maintained a proactive role in this area by identifying marae that require redevelopment in the short-term. Of particular interest to the Trust, was the identification of a large number of marae who require ablution blocks.

To that end, the Trust began meeting with marae representatives to discuss opportunities for undertaking collective redevelopment projects for ablution blocks that would offer cost-efficient and timely outcomes for all involved. Initial meetings with marae representatives were positive and this project is continuing in 2011/2012.

Home Heating Grants

The distribution of Home Heating Grants have been a particular highlight for the Trust in 2010/2011. These grants were established based on research showing the positive benefits of quality home insulation and heating on the health of our whānau.

In 2010/2011, the Trust has been able to support over 230 whānau in realising these health benefits by insulating their homes. The Trust has been particularly happy with the number of our kaumātua and our young whānau with tamariki who have taken advantage of this grant.

Kaumātua Grants

The Trust distributes kaumātua grants once a year. In 2010/2011, the Trust was preparing for the first distribution of the kaumātua grants to occur on 1 July 2011. In preparation for this distribution, our staff were actively contacting our kaumātua to ensure their grant applications were received by the Trust. At the end of June 2011, over 450 applications had been received.

Education Grants

The Trust recognises that there are a number of iwi organisations who provide education grants. To reduce duplication of administration systems and processes, the Trust has worked with the Tūwharetoa Māori Trust Board to administer its Education Grants.

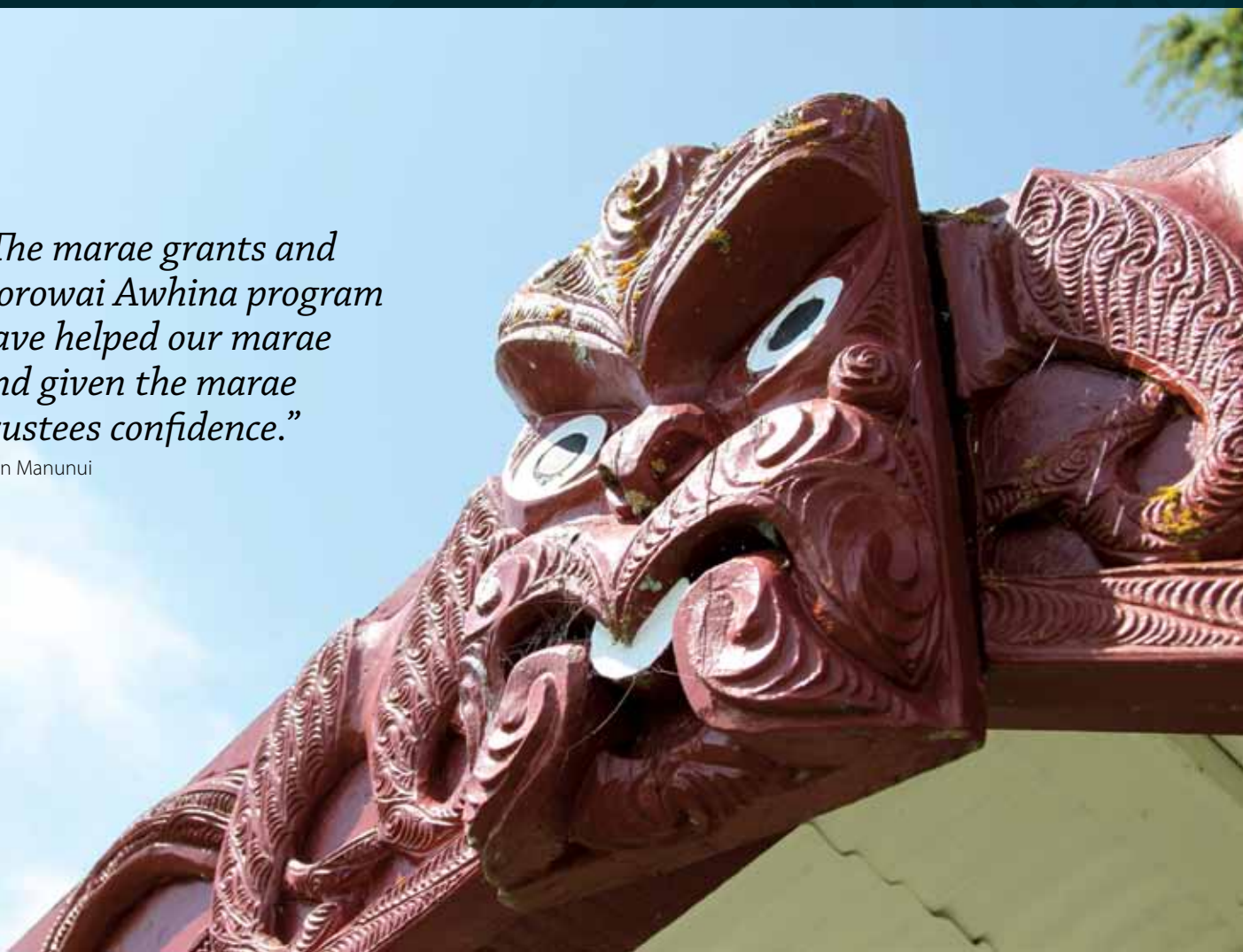
By the end of June 2011, approximately 730 beneficiaries had received education grants from the Trust as a part of this disbursement policy.

General Purpose Grants

The Trust established the general purpose grants to support projects that align with the Trust's vision but aren't covered by the other disbursement policies. In 2010/2011 the Trust provided 59 general purpose grants to individuals and groups who were undertaking different projects or endeavours. Included in these grant recipients were a number of applicants who received funding to organise or participate in sporting events at a national and international level.

“The marae grants and Korowai Awhina program have helped our marae and given the marae trustees confidence.”

John Manunui



KOROHE MARAE – NGĀTI HINE

**RECIPIENTS OF ANNUAL
MARAЕ GRANT**

Ko Matauhipo te maunga
Ko Waimarino te awa
Ko Rereao te whare tupuna
Ko Hinekura te wharekai
Ko Ngāti Hine te hapū

Korohe has been the kāinga and tūrangawaewae of Ngāti Hine since the early 20th century. At that time, whānau agreed that some of the land at Korohe be set aside for a marae complex. Soon after, the whare tupuna was constructed and given the name “Rereao” after a grandson of Tūwharetoa.

Today, Korohe marae continues to be a focal point for the whānau of Ngāti Hine. Kaumātua continue to live right next door and their mokopuna attend the onsite kōhanga reo. Whānau get involved with their papakāinga by attending hapū hui, going on marae hikoi and coming home from around the globe to participate in Ngā Rēhia every year. In recent years the marae has also celebrated its

centenary, launched a website so whānau can keep connected to each other and hosted marae based studies in conjunction with Te Wānanga o Raukawa including Mātauranga Māori and Poupou Karanga.

In 2010 Korohe Marae received an annual marae grant from the Trust. There has been no shortage of uses for this grant. Over the course of the year Korohe marae have upgraded part of their kitchen, purchased much needed kitchen amenities and hosted a weaving wānanga. They have also purchased a new lawn mower to help maintain the vast grounds in and around the marae.

The Tūwharetoa Settlement Trust established marae grants so that our whānau and mokopuna can enjoy our marae for years to come. It is great to see these grants being put to use and assisting our hapū to maintain their ahikā and papakāinga.



RITZ & CYNTHIA ELLIS

HOME HEATING GRANT RECIPIENTS

Anyone who has ever lived in Turangi knows the bitter winter mornings that come every year without fail. You can try to keep the cold at bay by cranking up the heater, blasting the fire or layering up in your thermals, but the cold still creeps in somehow.

Ritz and Cynthia Ellis knew this feeling well and had considered insulating their home before they got a call from the Tūwharetoa Settlement Trust about the home heating grant.

After applying for the grant, their house was assessed and the home heating team were in to get the house sorted. In addition to insulating the house, they also wrapped the hot water cylinder.

Ritz and Cynthia noticed a difference in the house immediately.

The Tūwharetoa Settlement Trust recognise that cold, damp houses have been impacting on the health of whānau and have been working hard to ensure that our whānau get warmer, healthier homes. The Trust aim to continue to assist whānau like Ritz and Cynthia in the coming years.

“It’s a lot warmer and the mould doesn’t form on the walls anymore. We haven’t been sick all winter ... a lot fitter, a lot healthier. We are so grateful for TST’s help.”

Cynthia Ellis

WHAITAIMA TE WHARE & JEFFREY ADDISON

GENERAL PURPOSES GRANT RECIPIENT

Whaitaima Te Whare and Jeffrey Addison aren't your conventional teachers. You won't find them referring kids to text books or white boards and you won't find them teaching the same class of students five days a week, four terms a year.

After watching their own children in different learning environments Whaitaima and Jeffrey saw a gap. They saw an opportunity to get kids up and make learning fun. They began by telling stories with the help of *karetao* (puppets) and soon children were having conversations with their puppets about the *pakiwaitara* that Whaitaima and Jeffrey were sharing.

They also developed *Kanikani Pangarau* to help teach maths through dance with *mahi-ā-ringā* (actions) and kids began laughing their way through addition, subtraction, multiplication and division. Over the years, this innovative pair have taken their puppet shows and *Kanikani Pangarau* to many schools around Ngāti Tūwharetoa and throughout New Zealand.

Whaitaima and Jeffrey also saw opportunities for their interactive teaching in adult education. In particular they have developed "Hear and Say" or "*Whakarongo Mai, Kōrero Mai*" which teaches Māori language pronunciation to adult learners.

In 2011, Whaitaima and Jeffrey had the opportunity to present a workshop on their *mahi* to the World Indigenous Peoples'

"The aroha that the kids give us at the end of the show keeps us going. It makes me feel ageless. You really connect with them and they show you their appreciation."

Jeffrey Addison

Conference on Education in Cuzco, Peru. The Tūwharetoa Settlement Trust assisted them in taking this opportunity by providing a general purposes grant.

It was important to Whaitaima and Jeffrey to make the most of this experience and so while they weren't presenting at the WIPCE conference, they visited an orphanage and primary schools to perform their shows. They were also the only delegates who chose to have a home stay with a Peruvian family.

The Tūwharetoa Settlement Trust applaud Whaitaima and Jeffrey's passion for thinking outside the box when it comes to educating our *tamariki* and wish them the best of luck in their future *mahi*.



FAINE KAHIA

GENERAL PURPOSES (SPORT) GRANT RECIPIENT

Faine Kahia entered a racing simulator competition when he was just 11. Even though he could barely see over the steering wheel he won ... against 65 adults.

Faine has always had a passion for cars and all things racing, but it was this win that showed Faine's whānau that he had the potential to be a real competitor in the world of motorsport.

With little knowledge of the motorsport world, Faine's whānau set about talking to people and finding a way for Faine to realise his racing dreams. After a year of hard work, Faine had a kart and racing gear and was competing against experienced racers from around the country.

Faine's success to date has earned him a reputation as one of the best kart drivers in the wet. He's won over 20 races at a regional level and is now in the top 5 or 6 at a national level – something that takes most drivers four or five years to achieve. Again, Faine Kahia isn't 'most drivers', he has only been racing for two years.

It isn't all fun and games for Faine, he trains non-stop. Faine works out four or five times a week in the gym to keep fit and spends countless hours on his simulator practicing his driving skills on real race tracks like the Mount Panorama Circuit where the famous Bathurst 1000 is raced every year.

Faine's dedication and skill has seen him selected for the Junior High Performance Programme at his college. Through this programme Faine received the opportunity to travel to Melbourne and meet with V8 Supercar Team, Kelly Racing. While there, he spent one on one time with drivers like Greg Murphy and equally important to Faine, he was able to meet with race engineers, mechanics and designers too.

The Tūwharetoa Settlement Trust were pleased to help Faine make the most of this opportunity to meet and learn from experts in motorsport. Like his whānau, we look forward to watching him rise up through the ranks from karts to Formula V and beyond. Ka mau te wehi, e tama!

“I come from a rugby whānau, with my koro being a Māori All Black. You'd think I'd have wanted a rugby ball as a baby but all I wanted was cars!”

Faine Kahia



ROTOAIRA SPORTS CLUB

GENERAL PURPOSES (SPORT)
GRANT RECIPIENT

Many years ago the whānau around Lake Rotoaira began a sports club so that they could compete in competitions around our rohe. In recent years this club was restarted and whānau from Rotoaira and all over Tūwharetoa joined in to get active and have some fun.

The Rotoaira Sports Club now has over 20 active members who play netball in local competitions in competitive and social grades.

This year the Rotoaira Sports Club took part in the Kurangaituku Netball Tournament in Rotorua. This tournament is the largest club netball tournament in New Zealand, with

hundreds of teams competing. The Rotoaira Sports Club entered two teams into this tournament, one competitive and one social. Both teams had a great time in Rotorua and the competitive team came away with a second equal placing in their grade. Te mutunga ke mai o te pai!

The Tūwharetoa Settlement Trust was happy to provide the Club with a sports grant to help get them to Rotorua and make the most of this opportunity to compete against teams from all around the country. It is great to see our whānau participating in sports together and staying healthy.





“The highlight for the Trust has been in achieving a direct benefit for our beneficiaries through our grants for home heating, marae, education and kaumatua support.” Paranapa Otimi



Post-Settlement Requirements

The CNI Forests Land Collective Deed of Settlement and associated legislation outlines specific ongoing requirements for the Trust as the post-settlement governance entity of Ngāti Tūwharetoa. These processes and requirements have a direct influence on the timing of internal Tūwharetoa outcomes, such as the establishment of forest hapū clusters and the payment of annual rentals.

CNI Iwi Holdings Limited

CNI Iwi Holdings Limited (CNIHHL) was established through the Settlement as the trust holding company for the CNI Collective Iwi. CNIHHL is responsible for receiving, distributing and safeguarding the settlement assets on behalf of the CNI Collective Iwi.

As a shareholder of CNIHHL, the Trust has an active role to play in the governance of the company. Ngāti Tūwharetoa is represented on the Board of directors along with the other seven CNI Collective Iwi. The Trust has appointed two Directors on the CNIHHL Board. In 2010/2011, Ngairi George and Taina Tahī were the appointed CNIHHL Directors for Ngāti Tūwharetoa.

CNIHHL currently holds the Settlement lands in trust for the CNI Collective Iwi. As such, they are responsible for the management of this land. Nevertheless, CNIHHL recognised that there was a need to provide a separation between asset guardianship and commercial management to ensure that the land is never put at risk. For this reason, CNIHHL entered into a land management agreement with Tukia Group. Through the land management agreement, Tukia Group is responsible for:

- managing the CNI Forests Land;
- managing the owners' interest as it relates to licence agreements;
- collecting rents and managing any income review mechanisms;
- managing the return area process (when land is harvested and returned to CNIHHL);
- providing advice regarding vacant land uses and managing CNIHHL's interest in commercial opportunities.

The Tukia Group provided regular reports to CNIHHL on land management throughout the year to ensure the collective iwi were kept abreast of key land management issues.

Mana Whenua

The CNI Mana Whenua Process entered into Stage 3 in July 2010. This meant that land allocation decisions would be determined through mediation and/or adjudication. However, the collective iwi were unable to agree on aspects of the adjudication processes and the Mana Whenua Process was stalled.

At the end of 2010/2011, Ngāti Manawa initiated legal action against the other CNI collective iwi in relation to the Mana Whenua Process. This matter is currently being considered by the High Court. Nevertheless, the High Court is only able to consider matters of process.

Crown Agreed Proportion

The Crown Agreed Proportion refers to 10% (by value) of the settlement lands and associated benefits which is held in Trust by CNIHHL. The Crown Agreed Proportion has been set aside to resolve the interests of iwi who are not part of the CNI Collective Iwi and also to provide for the cultural redress of the CNI Collective Iwi.

In 2009 the Crown advised CNIHHL of multiple areas of land where non-collective iwi may have a mana whenua interest. Of particular interest to Ngāti Tūwharetoa are the following:

- Ngāti Hineuru – areas in the Kaingaroa forest;
- Ngāti Maniapoto – Waituhi and Pureora forests;
- Whanganui iwi – Taurewa Forest.

The Crown must work with the iwi above as well as the collective iwi to resolve any interests in these lands. In 2010/2011, the collective iwi have continued to maintain our position, that any interest (and hence allocation) must be based on tikanga mana whenua. The Trust and CNIHHL has met with the Crown to discuss the resolution of the Crown Agreed Proportion, however the Crown is yet to provide a firm indication of the actual interests of these non-collective iwi.

Where the Crown, the non-collective and the collective iwi cannot agree on the allocation decisions with regard to the Crown Agreed Proportion, disputes will be referred to the Waitangi Tribunal. In this instance, the Waitangi Tribunal will have binding powers to resolve the matter. The settlement legislation requires that the allocation of the Crown Agreed Proportion be resolved by 2015.

Investment Report

The Trust has a duty to generate the wealth necessary to carry out the kaupapa as defined in the Trust Deed.

Westpac

The Westpac Investment Advisory Service provides the Trust with a comprehensive investment portfolio. This investment portfolio is designed to deliver a diverse range of asset classes and includes a provision to protect the Trust from the effect of inflation. In 2010/2011 the Trust's portfolio included multiple asset classes, including cash, New Zealand and international fixed interest, Australasian and international equities and international specialty.

For the period from 1 July 2010 to 30 June 2011 the overall dollar gain in the Trust's portfolio value was \$3,662,989. The overall net return (after tax) for the Trust's portfolio was 10.59%.

In addition to providing investment advisory services, Westpac provide competitive interest bearing accounts which enables the Trust to manage its working capital. Funds held in Trust for the Forest Hapū Clusters continue to be held in these interest bearing accounts.

Tukia Group

Tukia Group is a commercial development company, created by and for the Central North Island Iwi Collective. Its purpose is to

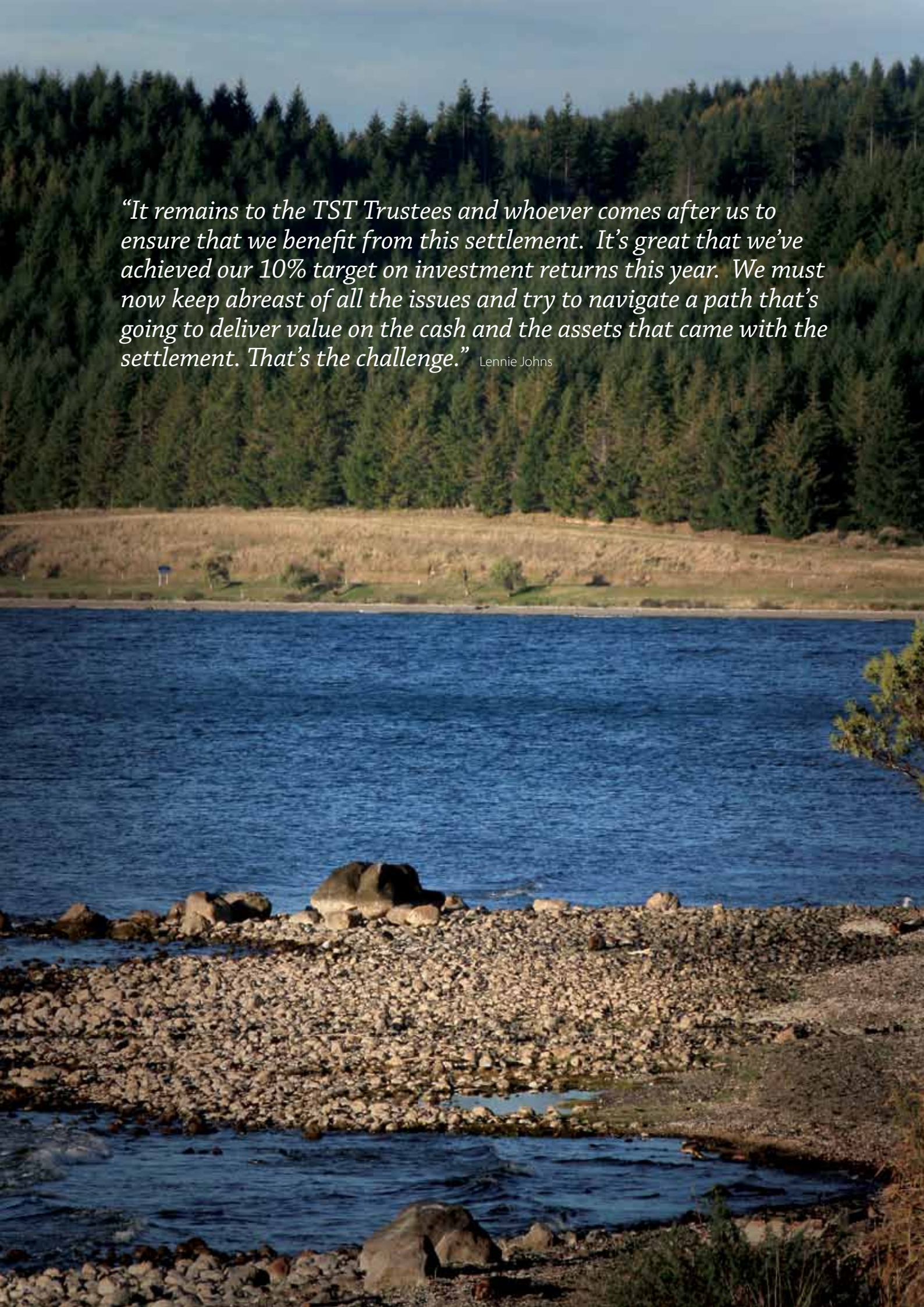
develop the commercial interests of the collective iwi and assist them in capturing the full commercial potential of their assets. Tukia's strategy involves identifying investment opportunities, developing commercial strategies and ultimately investing in those strategies.

In 2010/2011 the Tukia Group identified and explored commercial opportunities relating to forestry replant, carbon farming and geothermal energy. The Trust considered these opportunities and contributed to the development of relevant commercial strategies. As these strategies are finalised in the near future, the Trust will consider potential investments in accordance with its own commercial development strategy.

Tūwharetoa Carbon Trust Company

The Tūwharetoa Carbon Trust Company (TCTC) is 100% owned by the Trust. Last year, TCTC purchased the Mangamawhitiwhiti block firstly as a commercial investment and secondly to secure the position of a number of Ngāti Tūwharetoa Trusts and Trustees.

The Trust is currently exploring opportunities to utilise this block of land as a carbon farm. While investigations take place, TCTC has put in place a lease arrangement to ensure that the land provides a commercial return for the Trust.



“It remains to the TST Trustees and whoever comes after us to ensure that we benefit from this settlement. It’s great that we’ve achieved our 10% target on investment returns this year. We must now keep abreast of all the issues and try to navigate a path that’s going to deliver value on the cash and the assets that came with the settlement. That’s the challenge.” Lennie Johns

Financial Statements & Audit Report

Tūwharetoa Settlement Trust and Subsidiaries

Summarised Statement of Comprehensive Income For the year ended 30 June 2011

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
INCOME				
Revenue and other income	7,676,033	5,432,942	7,639,185	5,391,412
Total income	7,676,033	5,432,942	7,639,185	5,391,412
LESS EXPENSES				
Administration	181,427	162,312	181,427	162,312
Hui a Iwi	47,393	116,935	47,393	116,935
Professional Services	552,755	295,866	482,143	242,905
Project Management	486,969	335,667	486,969	335,667
Governance	620,644	404,439	616,274	401,056
Depreciation	17,606	570	1,708	570
Distributions	259,941	166,414	259,501	166,414
Net Operating Surplus before taxation	5,509,298	3,920,739	5,563,770	3,935,553
Income Tax Expense	662,274	737,347	662,274	737,347
Surplus After Taxation	4,847,024	3,183,392	4,901,496	3,198,206
Attributed to:				
Subsidiary	(54,442)	(14,814)	0	0
Beneficiaries of Parent	4,901,496	3,198,206	4,901,496	3,198,206

Summarised Statement of Movements in Equity
For the year ended 30 June 2011

	Note	Retained Earnings	Revaluation Reserve	Total
GROUP				
Balance 1 July 2010		66,309,401	-	66,309,401
Total Comprehensive Income		4,847,054		4,847,054
Distribution to Beneficiaries:				
Distributions Paid		198,880	-	198,880
Marae Annual Funding		1,080,000	-	1,080,000
Healthy Home Programme		206,281	-	206,281
Total Transactions with owners		1,485,161	-	1,485,161
Balance 30 June 2011		69,671,294	-	69,671,294
Balance 1 July 2009		63,126,009	-	63,126,009
Total Comprehensive Income		3,213,392	-	3,213,392
Distribution to Beneficiaries:				
Healthy Home Programme		30,000	-	30,000
Total Transactions with owners		30,000	-	30,000
Balance 30 June 2010		66,309,401	-	66,309,401
PARENT				
Balance 1 July 2010		66,324,215	-	66,324,215
Total Comprehensive Income		4,901,496	-	4,901,496
Distributions to Beneficiaries:				
Distributions Paid		198,880	-	198,880
Marae Annual Funding		1,080,000	-	1,080,000
Healthy Home Programme		206,281	-	206,281
Total Transactions with owners		1,485,161	-	1,485,161
Balance 30 June 2011	(a)	69,740,550	-	69,740,550
Balance 1 July 2009		63,126,009	-	63,126,009
Total Comprehensive Income		3,228,206	-	3,228,206
Distribution to Beneficiaries:				
Healthy Home Programme		30,000	-	30,000
Total Transactions with owners		30,000	-	30,000
Balance 30 June 2010	(a)	66,324,215	-	66,324,215

(a) Included in the Trust retained earnings is funds which are to be transferred to the forest Hapu Clusters once the Mana Whenua process is complete.

Summarised Statement of Financial Position
For the year ended 30 June 2011

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
Current Assets	22,586,595	23,611,081	22,490,949	23,576,646
Current Liabilities	3,006,333	3,189,029	2,992,814	3,166,236
Net Current Assets (Liabilities)	19,580,262	20,422,052	19,498,135	20,410,410
Non-Current Assets	50,091,032	45,899,921	50,242,415	45,926,377
Non Current Liabilities	0	12,572	0	12,572
Net Assets	69,671,294	66,309,401	69,740,550	66,324,215
Trust equity	69,671,294	66,309,401	69,740,550	66,324,215

For and on behalf of the Board of Trustees, who authorised the issue of these financial statements on the summarised consolidated financial statements on pages 26–29 have been extracted from the full audited Consolidated Financial Statements of the Trust for the year to 30 June 2011.



Chairman



Trustee

Date: 14 November 2011

Summarised Cash Flow Statement
For the year ended 30 June 2011

	Consolidated		Parent	
	2011 \$	2010 \$	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Net cash inflow/outflow from operating activities	(363,677)	69,134,803	(419,383)	69,133,030
CASH FLOWS FROM INVESTING ACTIVITIES				
Net cash outflow from investing activities	(678,313)	(45,836,015)	(684,813)	(45,862,471)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net cash inflow/outflow from financing activities	-	-	-	-
Net increase in cash held	(1,041,990)	23,298,788	(1,104,196)	23,270,559
Balance 1 July 2010	23,313,902	15,114	23,285,673	15,114
Balance as at 30 July 2011	22,271,912	23,313,902	22,181,477	23,285,673
Cash consists of:				
Bank Accounts	22,271,912	23,313,902	22,181,477	23,285,673

Statement of accounting policies for the year ended 30 June 2011

1. Statement of compliance and basis of preparation

The summary financial statements have been prepared in accordance with Financial Reporting Standard 43: Summary Financial Statements. These summary financial statements comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as it relates to summary statements. The full financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS) and other applicable Financial Standards, as appropriate for profit-oriented entities. The full financial statements comply with International Financial Reporting Standards ('IFRS').

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The financial statements are prepared on the historical cost basis.

2. Summary financial statements

The full financial statements, which were authorised for issue on 14 November 2011, have been subject to audit by Silks Audit Chartered Accountants and a unqualified audit report was issued dated 14 November 2011. The summary financial report has been examined by the auditor for consistency with the full financial report.

The summary financial statements cannot be expected to provide as complete an understanding as that provided by the full financial statements.

The full financial statements can be obtained from the office of Tuwharetoa Settlement Trust, 189 Tautahanga Road, Turangi 3334 on request.

There have been no changes in accounting policies.



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REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the Beneficiaries of Tuwharetoa Settlement Trust

The accompanying summary financial statements on pages 26 to 29, which comprise the summary statement of financial position as at 30 June 2011, the summary statement of comprehensive income, summary of statement of changes in equity and summary cash flow statement for the year ended, and related notes, are derived from the audited financial statements of Tuwharetoa Settlement Trust for the year ended 30 June 2011. We expressed an unmodified audit opinion on those financial statements in our report dated the 14 November 2011. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Tuwharetoa Settlement Trust.

The Trustees Responsibilities

The Trustees are responsible for the preparation of a summary of the audited financial statements in accordance with FRS-43: Summary Financial Statements.

Auditors' Responsibilities

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810, "engagements to report on Summary Financial Statements".

Other than in our capacity as auditors we have no relationship with, or interests in, the Trust or subsidiary.

Emphasis of matter

In forming our opinion we have considered the adequacy of the disclosure made in the full financial statements concerning the Tuwharetoa Carbon Trust Limited purchase of the assignment of debt from Westpac Banking Corporation and Dorchester Finance Limited. The Company has purchased the debt at a cost of \$10,280,042. The land has been valued by Veitch Morrison, registered valuers and engineers, dated 23 September 2011 at \$6,960,000. The Deed of Assignments included the transfer of the Guarantees.

The validity of the value of the debt purchased depends upon the decisions made by the Company to recover those funds from the guarantors as detailed in notes to the full financial statements. If the Trust is unsuccessful in the recovery of these funds the Trust will have to make adjustments to the value of the debt purchased.

In forming our opinion, we have considered the adequacy of the disclosures made in the financial report regarding the purchase of shares and investment made in Tukia Group Limited as set out in the full notes to the financial statements. As this investment is in its formative stage the market value of this investment has not been ascertained.

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Tuwharetoa Settlement Trust for the year ended 30 June 2011 are consistent, in all material respects, with those financial statements, in accordance with FRS-43.

Our opinion is issued on the 14 November 2011.



Silks Audit
Chartered Accountants
Wanganui, New Zealand

Directory

Trustees

Te Ariki Sir Tumu Te Heuheu (Chairman, representing Tūwharetoa)

Lennie Johns (Deputy Chairman, representing Tūwharetoa)

Paranapa Otimi (representing Tūwharetoa)

Kia Mataara Wall (representing Waimihia Forestry Hapū Cluster)

Taina Tahī (representing Taurewa Forestry Hapū Cluster)

John Manunui (representing Waituhi Forestry Hapū Cluster)

Ngaire George (representing Pureora South Forestry Hapū Cluster)

Tohu Dawson Haa (representing Marotiri Forestry Hapū Cluster)

Establishment Management Team

Ahi Kaa Whānau Development Limited

Registered Office

189 Tautahanga Road, Tūrangi

Contact Details

Tūwharetoa Settlement Trust

189 Tautahanga Road

Tūrangi

New Zealand

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“On behalf of the Waitetoko Marae Trustees, I want to thank the Tūwharetoa Settlement Trust for their ongoing support and in particular the substantial grant we received for the marae building development programme. Our sincere thanks for TST’s contribution.”

Te Kanawa Pitiroi, Chairperson, Waitetoko Marae

