



# ANNUAL REPORT 2020



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# ABOUT US

## TŪWHARETOA SETTLEMENT TRUST

*We are the Post-Settlement Governance Entity (PSGE) that manages the financial resources returned to Ngāti Tūwharetoa in the Central North Island Forests Iwi Collective settlement. Approved by Ngāti Tūwharetoa, the Trust was established on 1 July 2009, and has been operating for the benefit of Ngāti Tūwharetoa ever since.*

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### THE CNI SETTLEMENT AND NGĀTI TŪWHARETOA

Ngāti Tūwharetoa is one of eight iwi included in the CNI settlement.

Our Iwi received:

- A payment of \$66 million of accumulated rentals, with approximately \$29 million for the associated forest hapū;
- 25.9 per cent of annual Crown Licence fees until the year 2043;
- An equal shareholding in CNIIHL (the company holds 176,000 hectares of the CNI forest land, with the actual land holding by iwi to be determined by Mana Whenua);
- A share of three million NZUs (carbon credits); and
- Preferential rights to buy certain Crown assets (DSP).


### OUR ROLE

- Protect and enhance the arikitanga, mana and rangatiratanga of Ngāti Tūwharetoa.
- Promote and advance the social, economic and cultural wellbeing of our members and their hapū.

### OUR OBJECTIVES ARE TO

- Complete the Mana Whenua determination over land held by Central North Island Iwi Holdings Limited (CNIIHL);
- Complete the cultural redress on the CNIIHL lands;
- Establish Forest Hapū Cluster Trusts (FHCs), hold and distribute funds belonging to those Hapū Trusts; and
- Realise the opportunities in the Deferred Selection Process (DSP) of the CNI settlement (property purchases).





## OUR TRUSTEES' RESPONSIBILITIES

- *Strategic direction*
- *Setting values and principles*
- *Monitoring performance*
- *Reporting to members*
- *Risk management*
- *Legislative compliance*
- *Policy formulation*
- *General Manager selection*

*The Trustees have delegated implementation and operations to the General Manager, through policy and a Delegated Authorities Manual.*

## OUR VALUES

*Tūwharetoa Settlement Trust's values are:*

- *Kia Pononga – Honesty*
- *Kia Mana – Integrity*
- *Kia Rongonui – Reputation*
- *Kotahi te kī – Good communication*
- *Kotahi te kōrero – Professionalism*
- *Kotahi te wānanga – Transparency*

*All these values are held closely by our Board and management, but we are tested on them and measured against them by you – the Tūwharetoa people.*



# OUR PEOPLE

## OUR BOARD TRUSTEES

*Tūwharetoa Settlement Trust is governed by seven Trustees from within Ngāti Tūwharetoa.*



***Te Ariki Tā Tumu te Heuheu***

TRUSTEE - TE ARIKI O NGĀTI TŪWHARETOA



***Rakeipoho Taiaroa***

CHAIRMAN - MAATAAPUNA



***Hon Georgina te Heuheu  
DNZM, QSO***

DEPUTY CHAIR - IWI WHĀNUI



***Paranapa Otimi***

TRUSTEE - IWI WHĀNUI



***Dylan Tahau***

TRUSTEE - HIKUWAI



***Joanne Te Huia***

TRUSTEE - TAI HAUĀURU



***Judy Harris***

TRUSTEE - TAI TONGA





OUR OPERATIONAL TEAM

Our operational team includes our General Manager and Financial Administrator.



**Greg Stebbing**

GENERAL MANAGER -  
NGĀTI RUINGARANGI



**Te Aroha Woods**

FINANCIAL  
ADMINISTRATOR -  
NGĀTI KURAUĪA

TŪWHARETOA MĀORI TRUST BOARD  
SHARED SERVICES STAFF



Left to right:

**Courtney Marshall**, ADMINISTRATOR

**Gaye Stebbing**, ADMINISTRATOR

**Kim Alexander**, CORPORATE SERVICES MANAGER

**Claire Northcroft**, EXECUTIVE ASSISTANT

**Marie Otimi**, STRATEGIC ANALYST



# CHAIRMAN'S REPORT

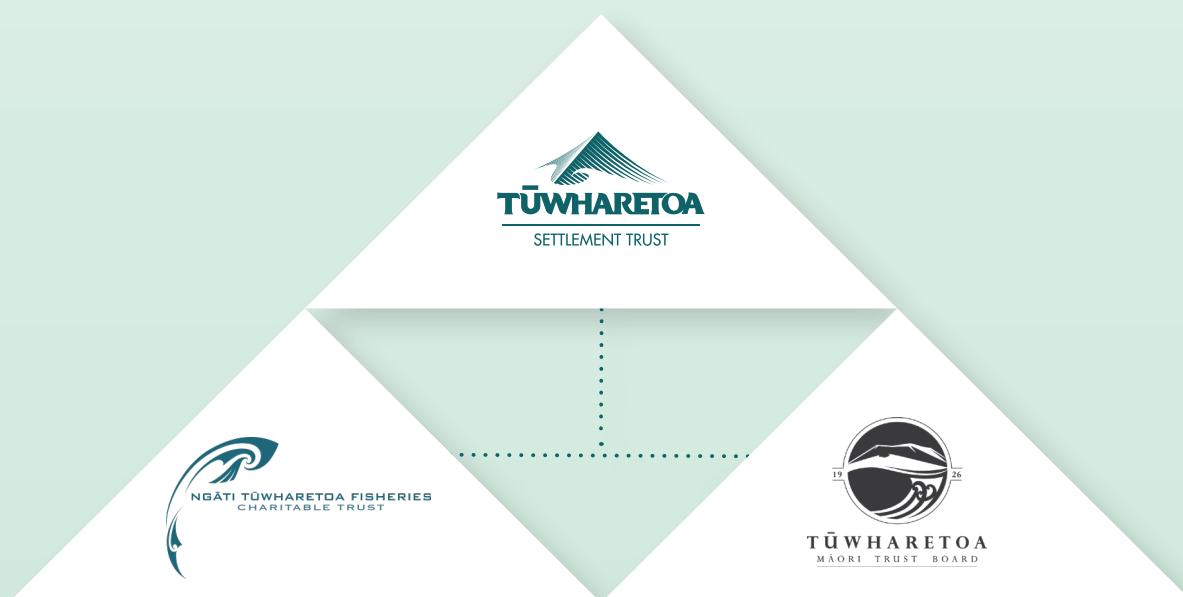
**TĒNĀ KOUTOU KATOĀ,**

*On behalf of the Board, I am pleased to present this Annual Report for Tūwharetoa Settlement Trust in the 2019/20 financial year.*



**Rakeipoho Taiaroa, Chairman**

Obviously COVID-19 has impacted us all. From an organisational perspective, we have had a strong focus on assisting our whānau where possible through our triumvirate partnership with the Tūwharetoa Māori Trust Board and the Ngāti Tūwharetoa Fisheries Charitable Trust.



Importantly, we are collaborating strongly, now more than ever, with other Tūwharetoa entities and drawing on each other's strengths to achieve collective successes for Ngāti Tūwharetoa.

## **STRATEGIC DIRECTION**

Our Trustees have done some great work throughout the year, including ensuring we remain true to our strategic direction. In the financial year, our key strategic focuses have included collaborating with other Tūwharetoa entities, developing and enhancing Iwi and Hapū relationships; building governance capabilities to enhance Iwi reputation, trust and respect; continuing to enhance our financial strength and sustainability; and maintaining the Trust's fiduciary responsibilities.

The Ariki, Tā Tumu te Heuheu is represented by Gerard Te Rangimaheu te Heuheu on the Trust, whose involvement has been invaluable and greatly appreciated



## GROWTH

Despite COVID-19, Tūwharetoa Settlement Trust has continued to achieve positive financial growth. I am pleased to report that the Trust's equity increased by \$4.2 million to \$56.9 million, compared to \$52.7 million in the previous year.

## COLLABORATION

We have continued our collaborative mahi with the Tūwharetoa Māori Trust Board and Ngāti Tūwharetoa Fisheries Charitable Trust through shared administrative capability and offices both in Taupō and Tūrangi.

## INVESTMENTS

Our investments and investment partnerships continue to grow from strength to strength.

Our investments in Kākano, Hautū-Rangipō, Sky Waka Gondola, Tūwharetoa Hau Rau and our managed funds continue to perform well, albeit in the COVID-19 environment.

Our investment in Tauwhara ki te Hikuwai (11 Tūwharetoa Street), in partnership with Te Pae O Waimihia, has been activated, with the site being cleared ready for development.

## HOUSING

The Trust has been building its Housing Strategy to a point where we will be looking to partner with the triumvirate, other Tūwharetoa entities and the Crown.

To date we have secured six properties at Wairakei and further land holdings in Taupō and Tūrangi for the housing portfolio. We are very excited to be able to have the opportunity to provide benefits for our people in this very complex space.

Our strategic direction is focussed on making the most of our income opportunities and growth through to 2043.

The year 2043 is a very important milestone for the Trust, where we will likely experience a significant decrease in our forestry rental income. The Trust will, however, continue to improve its financial position to ensure sustainability and growth of benefits to members.

Nā reira, we look forward to another year of positive results, and I acknowledge the work and dedication of our Trustees and staff, led by our General Manager, Greg Stebbing.

Ngā manaakitanga o te runga rawa ki runga i a koutou katoa mō tēnei wā o te hari koa.

Meri Kirihimete, tēnā koutou katoa.



**Rakeipoho Taiaroa**  
CHAIRMAN



# OUR STRATEGIC PLAN

## VISION

*Tipua te ao o Tūwharetoa mō te iwi,  
ki te hāpai ngā hapū taketake.*

*Grow the world of Tūwharetoa for its people,  
to further strengthen our hapū foundations.*

## MISSION

- *To continue to grow the Trust for Ngāti Tūwharetoa.*
- *To promote and advance the wellbeing of Ngāti Tūwharetoa uri.*
- *To demonstrate and champion, trust, respect and good leadership.*
  - *Hāpai Tūwharetoa me tōna Arikitunga.*

## VALUES

**Kia Pononga** *Honesty*

**Kia Mana** *Integrity*

**Kia Rongonui** *Reputation*

**Kotahi te kī** *Good Communication*

**Kotahi te kōrero** *Professionalism*

**Kotahi te wānanga** *Transparency*



## STRATEGIC OBJECTIVES

## STRATEGIC GOALS

**Build governance to enhance Iwi reputation, trust and respect.**

- Complete final resolution of the CNI mana whenua process.
- Complete the establishment of the Taurewa Forest Hapū Cluster Trust.
- Increase level of distributions/grants to Tūwharetoa Marae and uri.

**Collaborate with other Tūwharetoa Iwi entities to build unity and strength.**

- Implement improvement initiatives identified in the MOU with TMTB and NTFCT.
- Seek out further co-investment opportunities.
- Maintain relationship to Paramountcy through his TST representative.
- Collaborate with other external parties where objectives are aligned.

**Develop and enhance Iwi and Hapū relationships through good communication.**

- Enhance the relationships with the Forest Hapū Cluster Trusts.
- Regular, open and transparent communication with Iwi and Hapū – including through newsletters and social media.
- Continue increasing the number of registered members and accuracy of the Iwi Database.

**Continue to enhance financial strength and sustainability through to and beyond 2043.**

- Resolve outstanding financial guarantees and liabilities matters.
- Implement and closely monitor performance of the Managed Funds portfolio.
- Develop a strong business case for the development of 11 Tūwharetoa Street.
- Enhance financial reporting to Governance and Membership.
- Continue to build on the strong financial and administration systems within TST.
- Complete a robust analysis of TST's financial position through to and beyond the 2043 milestone.

**Complete and maintain the Trust's fiduciary responsibilities.**

- Continue to develop and sustain Tūwharetoa Settlement Trust's fiduciary responsibilities to our people.
- Work closely with other Tūwharetoa entities on initiatives aimed at satisfying our fiduciary responsibilities.



# OPERATIONAL REPORT

## TĒNĀ KOUTOU KATOĀ

Due to the COVID-19 pandemic, it has been a year I'm sure none of us will forget for a very long time. My personal experience throughout the lockdown period was that it provided more time to reflect on the important things in life, and in particular, spend more time with whānau.

While our managed funds portfolios suffered a hit in March, they were virtually fully recovered by the end of June. Our other investments in forestry and property were not impacted to any material degree. Overall, Tūwharetoa Settlement Trust again produced a very acceptable financial performance. This performance resulted in the net equity of the Trust increasing eight per cent from \$52.7 million to \$56.9 million.

## GRANTS

This year's grant funding was \$981,000, which is in line with the Trust's annual target of \$1 million.

### Grants were provided towards:

1. The Paramouncy Office - **\$100,000**
2. Marae operational support - **\$450,000**
3. Education - **\$181,000**
4. Marae capital works projects - **\$250,000**

### Marae operational support grants

These were provided to **30** marae receiving **\$15,000** each.

### Education grants

These were provided in partnership with the Tūwharetoa Māori Trust Board and Ngāti Tūwharetoa Fisheries Charitable Trust with a total of **\$637,000** distributed to **1,578** Tūwharetoa whānui, a small increase compared to the previous year.



**Greg Stebbing, General Manager**

| NUMBER | PURPOSE                         |
|--------|---------------------------------|
| 573    | Early Childhood and Kōhanga Reo |
| 314    | Secondary School NCEA           |
| 618    | Tertiary Study                  |
| 11     | Trade Training                  |
| 62     | Special Needs                   |

### STEM scholarship

This being the second year TST has offered STEM (Science, Technology, Engineering and Mathematics) scholarships, it was very pleasing to receive a high number of top-quality applications with three scholarships being awarded to:

1. Shaun Toroa te Rire McNeil, Ngāti Tūrangitukua – Master of Science, University of Waikato
2. Charquera Tobin-Cribb, Ngāti Te Kohera – Bachelor of Science, University of Auckland
3. Tia Haira, Ngāti Hine – Master of Biomedical Science, Victoria University.



## Marae capital works grants

These were provided in partnership with the Tūwharetoa Māori Trust Board, with a total of **\$400,000** granted to five marae.

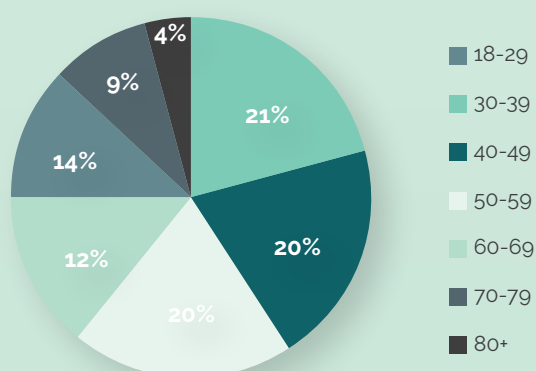
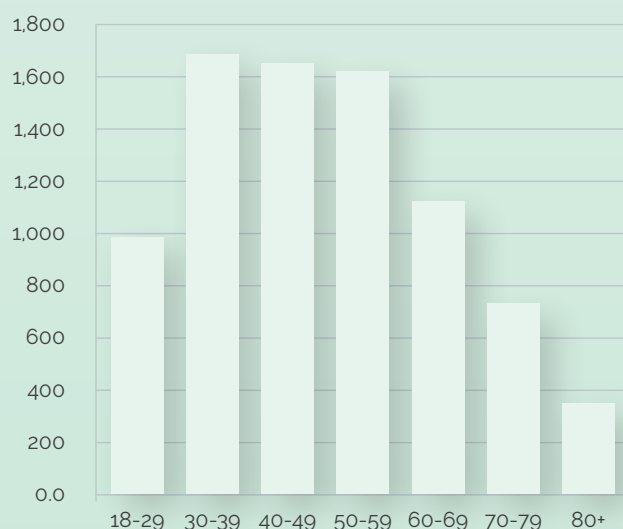
| MARAE     | PROJECT                             | VALUE     |
|-----------|-------------------------------------|-----------|
| Otūkou    | Wharekai extension                  | \$138,000 |
| Poukura   | Project development planning        | \$50,000  |
| Tokaanu   | Kaumātua room and wharepaku         | \$12,000  |
| Te Mahau  | Wharepuni and wharekai restorations | \$100,000 |
| Tutetawha | Marae renovation                    | \$100,000 |

## MEMBER REGISTER DATABASE

In 2019, in collaboration with the Tūwharetoa Māori Trust Board and Ngāti Tūwharetoa Fisheries Charitable Trust, a new combined membership database was successfully implemented. The new system has made it easier for our people to register, update their details and apply for grants on line. It also enables easier electronic communications with members.

## TST MEMBER STATISTICS

### Registered members



### Members by age

| AGE GROUP    | REGISTERED MEMBERS | PERCENTAGE  |
|--------------|--------------------|-------------|
| 18-29        | 1,266              | 13%         |
| 30-39        | 2,110              | 21%         |
| 40-49        | 2,015              | 20%         |
| 50-59        | 1,923              | 19%         |
| 60-69        | 1,370              | 14%         |
| 70-79        | 860                | 9%          |
| 80+          | 431                | 4%          |
| <b>Total</b> | <b>9,975</b>       | <b>100%</b> |

### Registered members

| REGION          | COUNT        |
|-----------------|--------------|
| New Zealand     | 8,024        |
| Unknown address | 1,411        |
| International   | 540          |
| <b>Total</b>    | <b>9,975</b> |

### Members by region

| REGION               | COUNT        | PERCENTAGE  |
|----------------------|--------------|-------------|
| Auckland/Northland   | 917          | 9%          |
| Bay of Plenty        | 1,294        | 12%         |
| Gisborne/Hawke's Bay | 616          | 6%          |
| International        | 540          | 5%          |
| South Island         | 401          | 4%          |
| Taupō/Tūrangi        | 2,212        | 23%         |
| Waikato              | 945          | 10%         |
| Wanganui/Manawatu    | 1,115        | 11%         |
| Wellington/Wairarapa | 524          | 5%          |
| Unknown address      | 1,411        | 15%         |
| <b>Total</b>         | <b>9,975</b> | <b>100%</b> |





# INVESTMENT MANAGED FUNDS

The Trusts cash resources are invested in a conservative investment fund managed by IWIinvestor, a wholly-owned subsidiary of the Lake Taupō Forest Trust. Investment advice is provided by MyFiduciary.

## INVESTMENT MANAGED FUNDS REPORT FROM MYFIDUCIARY

"The fund returned 4.3 per cent for the 12 months ending 30 June 2020 and has returned 5.1 per cent per annum (after fees and taxes) since January 2018. This performance is ahead of the peer group average for the multi-asset moderate portfolios we track and well ahead of cash returns. The asset allocation profile and diversified mix of assets within the Trust, which includes 70 per cent to defensive asset classes such as cash and fixed interest investments, helped to limit the losses during the COVID-19 market sell-off, when equity (share) markets suffered a sharp decline during February and March. The portfolio recovered all of its losses in the June 2020 quarter, as global markets rebounded strongly due to global central bank support and

Government stimulus.

There is still a lot of uncertainty, but equities remain an important source of growth for the portfolio.

The very strong rise in markets has led to much debate over whether the market recovery is justified given all the uncertainty. As is always the case in markets, there are opposing views, and no-one can accurately predict what will happen next. Our view leans more to the positive side of the ledger, but of course we can't rule out further volatility. We note in particular that company valuations have not been reliable indicators of future returns, and instead, markets appear to have been driven more by the premium on offer relative to cash. In New Zealand's case, we remain more optimistic given how much better COVID-19 has been managed to date, the recovery in short-term activity levels, large scale infrastructure spending in train, and the fact that our agricultural sector has been resilient."

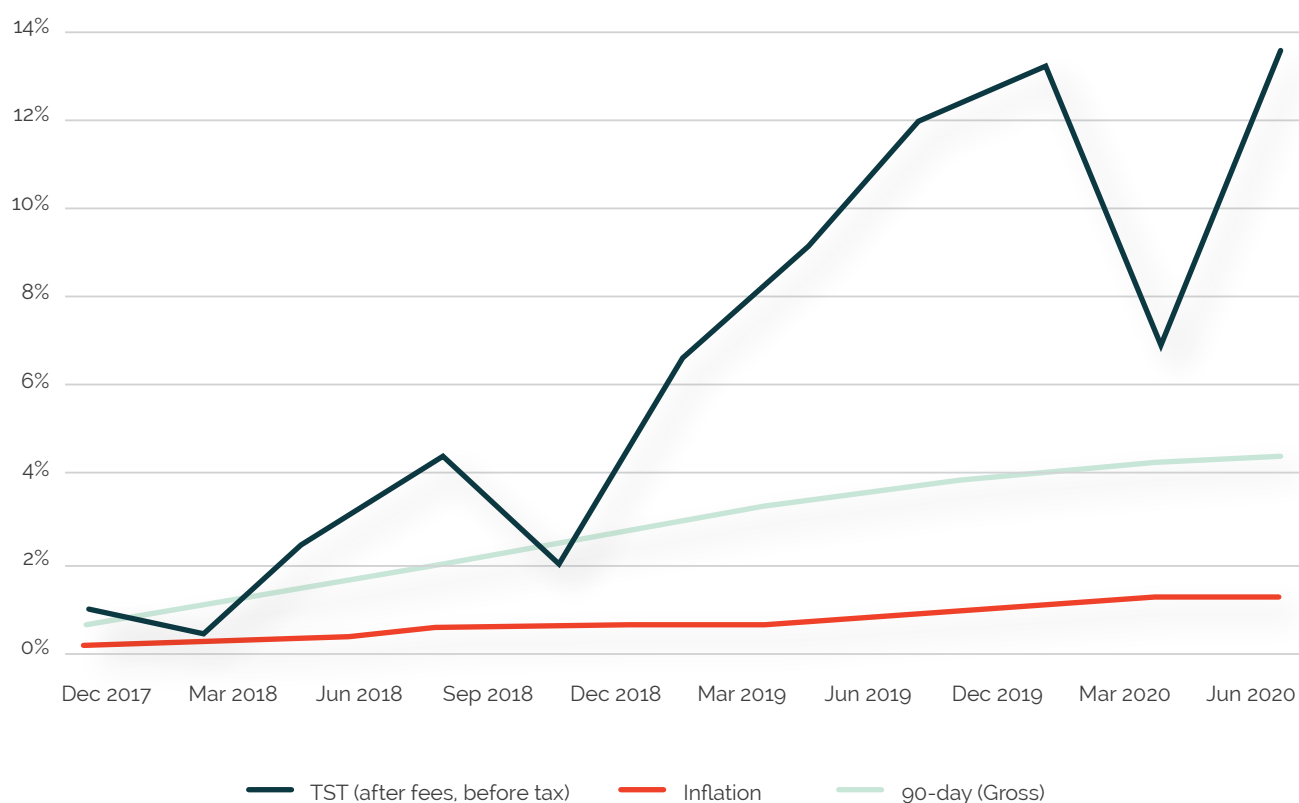


## TŪWHARETOA SETTLEMENT TRUST PORTFOLIO AS AT 30 JUNE 2020

|                       | VALUE               | ACTUAL      | TARGET      |
|-----------------------|---------------------|-------------|-------------|
| Cash                  | \$1,908,000         | 9%          | 2%          |
| NZ Fixed Interest     | \$4,301,000         | 21%         | 22%         |
| Global Fixed Interest | \$8,772,000         | 42%         | 45%         |
| Global Property       | \$924,000           | 4%          | 5%          |
| NZ Equity             | \$739,000           | 4%          | 3%          |
| Australian Equity     | \$235,000           | 1%          | 1%          |
| Global Equity         | \$3,042,000         | 15%         | 16%         |
| Emerging Markets      | \$783,000           | 4%          | 4%          |
| <b>Total Assets</b>   | <b>\$20,708,000</b> | <b>100%</b> | <b>100%</b> |

## CUMULATIVE PERFORMANCE SINCE INCEPTION (31 DEC 2017)

Annualised Return (after fees and before tax) from 31 Dec 2017 - June 2020: 5.1%





# OUR INVESTMENT PARTNERSHIPS

## CNI IWI HOLDINGS LIMITED (CNIHL)

On 26 March 2020, in response to the COVID-19 pandemic, New Zealand moved to COVID-19 Alert Level 4. While CNIHL have not been negatively impacted in this financial year by the economic fallout, it continues to monitor direct and indirect consequences on the economic climate.

### This year's CNIHL highlights include:

- An increase in forestry and non-forestry rental income
- A higher percentage of distributions being paid out to PSGEs, with more than \$17 million distributed this year (TST receiving \$4.6 million)
- A steady decrease in operating costs as a result of streamlining services.

The Financial Statements show another year of strong financial results with total comprehensive income attributable to owners of \$17.7 million. Total comprehensive income generated has decreased by \$6.9 million from the prior year. However, this was due to the one-off nature and timing of the three tranche payments relating to the NZU carbon credit deal. Forestry and non-forestry income has remained relatively steady for the past five years.

Mana whenua remains a challenge with CNIHL looking to file a declaratory judgement with the High Court in the 2020 financial year to seek clarity around the adjudicator's statement released in 2016. It is hoped that a declaratory judgement will be the final step in completing the allocation of the nine adjudicated CFLs.

CNIHL, through its land management company, managed to successfully conclude many land management issues as well as investigating, negotiating and executing a number of non-forestry agreements.

During the year, CNI Land Management Company negotiated a deal to sell CNI's entire pre-1990 NZUs of 2,947,914 units at \$22.19 per unit with a mandatory buy-back option in place to repurchase these NZ Carbon credits at a fixed price of \$23.85 in 10 years' time. As a result of this deal, CNI received more than \$65.4 million of which \$4.6 million was distributed to PSGEs during the year. This \$4.6 million represented the surplus of the deal that was not required to be held on term deposits to settle the NZ Carbon unit pay-back obligation in 10 years' time.

### Other key achievements include:

- Working alongside Rotorua Lakes Council on the successful \$7,000,000 PGF Application and the Infrastructure upgrade to the Tokorangi and Whakarewarewa Forests.
- Representation and participation in the various Water and Nutrient Regional Plan changes. This includes the Environment Court Bay of Plenty Regional Council Proposed Plan Change 10, which has secured a second hearing to deliberate on an allocation to Treaty Settlement Lands in the Rotorua catchment including CNI Forest Land.
- CNIILML negotiated non-forestry agreements and received \$701,000 of non-forestry income. Of note is the successful management of the Policy Implementation Agreement for the Tokorangi and Whakarewarewa Forest's recreational use.

## TŪWHARETOA HAU RAU LIMITED PARTNERSHIP

Ten Tūwharetoa commercial entities have formed Tūwharetoa Hau Rau (one hundred winds), a Limited Partnership established for the specific purpose of joining a group of 25 other iwi and Māori organisations to establish the Te Pūia Tāpapa Fund (TPT) which has a total fund commitment of \$115 million.



The purpose of the Fund is to pool financial resources to increase Māori investment into a broader scale of assets alongside large investors such as the NZ Super Fund and ACC.

The ten partners in Tūwharetoa Hau Rau have committed a combined total of \$20 million to Te Pūia Tāpapa Fund and are represented on the board of Te Pūia Tāpapa Fund by Debbie Birch (Ngāti Tūwharetoa, Ngāti Apa, Ngāti Hauiti, Ngāti Rangī).

Securing good value acquisitions has proved difficult due to the current low interest rate environment driving very high priced from investors looking for returns better than the banks are offering. It was therefore pleasing when TPTF, in partnership with the NZ Super Fund and Direct Capital, completed the purchase of a 30 per cent share of TR Group Ltd, a vehicle leasing company.

The Chair of TPTF Paul Majury said TR Group is an ideal first investment for TPT. "It meets all our key investment criteria: compatible and credible partners investing in a sound, well-managed company with good growth prospects. It is a smaller investment than we would have preferred, but there is potential to grow this over time."

#### **TŪWHARETOA GONDOLA LIMITED PARTNERSHIP**

In 2019, eight Tūwharetoa commercial entities formed Tūwharetoa Gondola Limited Partnership to invest \$9.5 million in bonds which were offered to provide Ruapehu Alpine Lifts (RAL) with funds to complete the construction of the Sky Waka Gondola.

Although COVID-19 has seriously impacted activity on Mt Ruapehu, we are pleased to see that visitor numbers post-lockdown have been strong, enabling RAL to meet their financial obligations to all bond holders.

#### **HAUTŪ RANGIPŌ WHENUA LIMITED PARTNERSHIP**

This partnership was formed in 2015 for the purpose of acquiring for Tūwharetoa, the Hautū-Rangipō land occupied by the Department of Corrections. TST is a shareholder along with Lake Taupō Forest Trust, Lake Rotoaira Forest Trust, and three large Tūwharetoa farming trusts. With good long term leases in place, and with the completion of the development of the farming footprint, the returns on this investment are now performing to a very acceptable level of around six per cent.

#### **TE KĀKANO WHAKATIPU LIMITED PARTNERSHIP**

This is a partnership comprised of six CNI Iwi investing in Kaingāroa Timberlands, the company that owns and manages the Kaingāroa forest estate. As reported each year, this has been the stand out investment for the Trust with the original \$13 million invested now valued at \$25 million, a gain of 95 per cent. In addition to the gain in valuation, annual cash dividends averaging more than \$1 million per year have been received.

Financial performance for the year was poor driven by lower log prices and COVID-19 shutting down production for April. With China re-opening their borders early, harvesting was back to normal through May and June.

On a positive note, and a key characteristic of forestry, the lower production means that there are 618,000 tonnes of standing timber still held by Kaingāroa Timberlands and available for production in subsequent years. If we assume it grows by one year before harvest, then the volume available from these same stands will be around 650,000 tonnes.



# TŪWHARETOA KĀINGA STRATEGY

## HEALTHY HOMES, HEALTHY WHĀNAU, THRIVING COMMUNITIES OF TŪWHARETOA

Reliable, affordable, and healthy homes are critical to ensuring our whānau are equally healthy and safe, happy, stable and successful.

Finding ways to try and ensure this has been an area of focus for TST over the past year. We are pleased to announce we have completed the development of our Tūwharetoa Kāinga Strategy — a comprehensive document and blueprint for our approach to addressing some of the key housing needs of Tūwharetoa whānau.

The strategy has been socialised with potential stakeholders over a three-month period through more than 30 individual and group presentations.

Through this process, we have connected with a number of key organisations, including the Ministry for Housing and Urban Development, Kāinga Ora, Te Puni Kōkiri, NZ Housing Foundation, Bay Trust, Taupō District Council, and Waikato Housing Initiative. We are also collaborating with other Tūwharetoa organisations interested in building whānau houses.

## ROLL-OUT OF PILOT PROGRAMMES

Our team are now underway with the initial implementation phase of the journey with the roll-out of three pilot programmes to test the Strategy in action. These include:

### ADVICE AND ADVOCACY PROGRAMME

This will create a hub of central knowledge and information for rental and housing advice, based on an 'iwi for iwi' foundation.

#### Dedicated resource has been allocated to:

- Support whānau with advice on developing stable rental situations
- Provide assistance with understanding housing subsidy options available
- Organise various wānanga to improve whānau budgeting skills
- Provide support for loans for home ownership or repairs
- Coach and mentor individuals through the home purchasing process.

## REPAIR AND MAINTENANCE PROGRAMME

This programme includes the compilation of a database of whānau requirements, sourcing funding, trades and labour, inspections and project co-ordination, and building relationships and collaborating with government and council.

## RESIDENTIAL BUILD PROGRAMME FOR 18-20 HOMES

This work involves the co-ordination of registrations of interests for homes within this development, managing contactors and finding, preparing owners and renters for occupancy of the newly build homes. This pilot intends to use local resources to bring the programme to completion.

## PROPERTY INVESTMENTS

TST has purchased the following properties specifically to support our housing strategy:

- **Six houses in Wairakei Village, Taupō** — with the potential to add more houses as the sections are all around 1,000m<sup>2</sup> in size
- **Two sections in Wharewaka Road, Taupō (5,700m<sup>2</sup> total land area)** — with the potential for a housing development
- **13 sections in Tūrangi (10,000m<sup>2</sup> total land area)** — also with the potential for a housing development



## ABOUT THE TŪWHARETOA KĀINGA STRATEGY

### KEY FOCUS

Led by Te Wikitoria (Blandina) Diamond as Project Manager, the Strategy takes an in-depth look at what's needed to realise **affordable** housing, **assured** housing, and **healthy** and **accessible** homes. It has been informed by six months of targeted research looking at the causes of the current housing status quo throughout Aotearoa, and the solutions, challenges and gaps therein.

By investigating and designing housing solutions for our future and current generations, and through collaborating with other entities within Tūwharetoa and agencies across Aotearoa, the hope is that the socio-economic housing related problems our people face today will be addressed.

The Strategy indicates the solutions that are best-suited to the Tūwharetoa rohe, how initial projects will move forward, time frames and potential partnerships. The full strategy can be accessed on the TST website: [www.tst.maori.nz](http://www.tst.maori.nz)

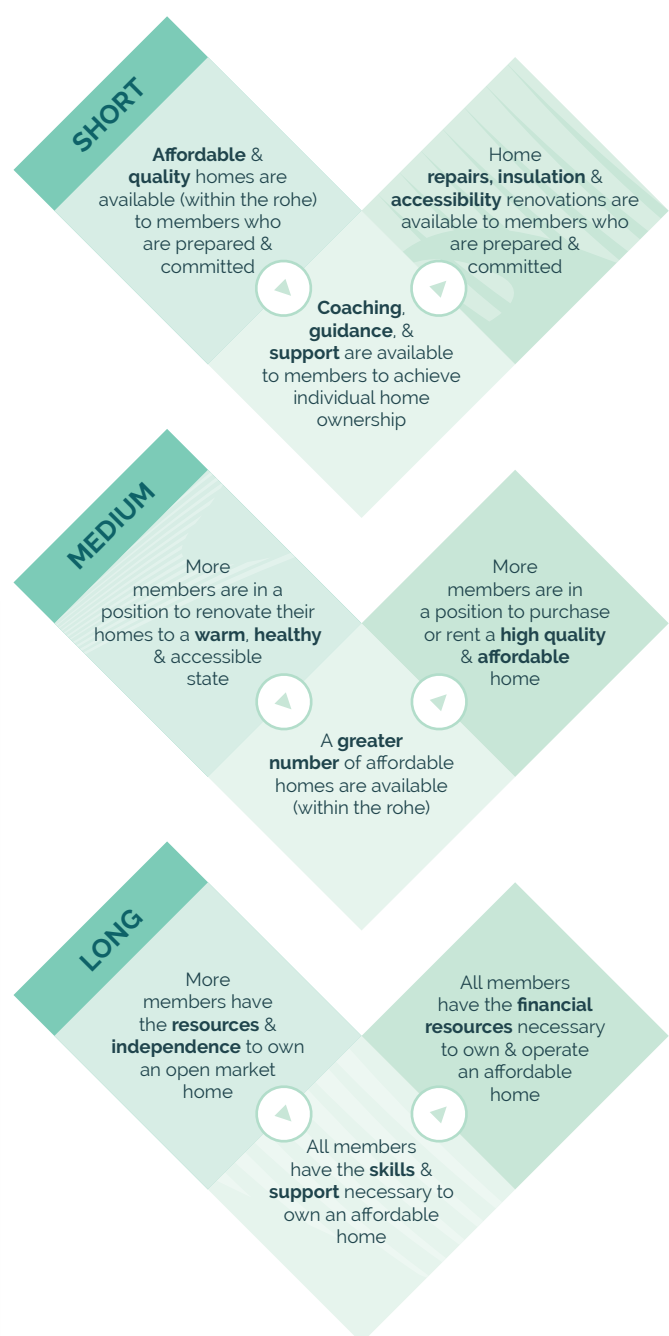
*"Our research has shown us some great examples of hapū and iwi kāinga throughout Aotearoa that have been successfully completed or are at different stages of progress. The spirit of sharing kōrero and experiences has been key in enabling us to bring this strategy together. Many Māori organisations have generously and openly talked to us about their experiences, their challenges and offered advice on the best pathways to take – for this we are grateful."*

Te Wikitoria Blandina Diamond

### VISION

- Homes worthy of Ngāti Tūwharetoa.
- Homes for mana and whānaungatanga.
- Communities where our future generations will thrive.

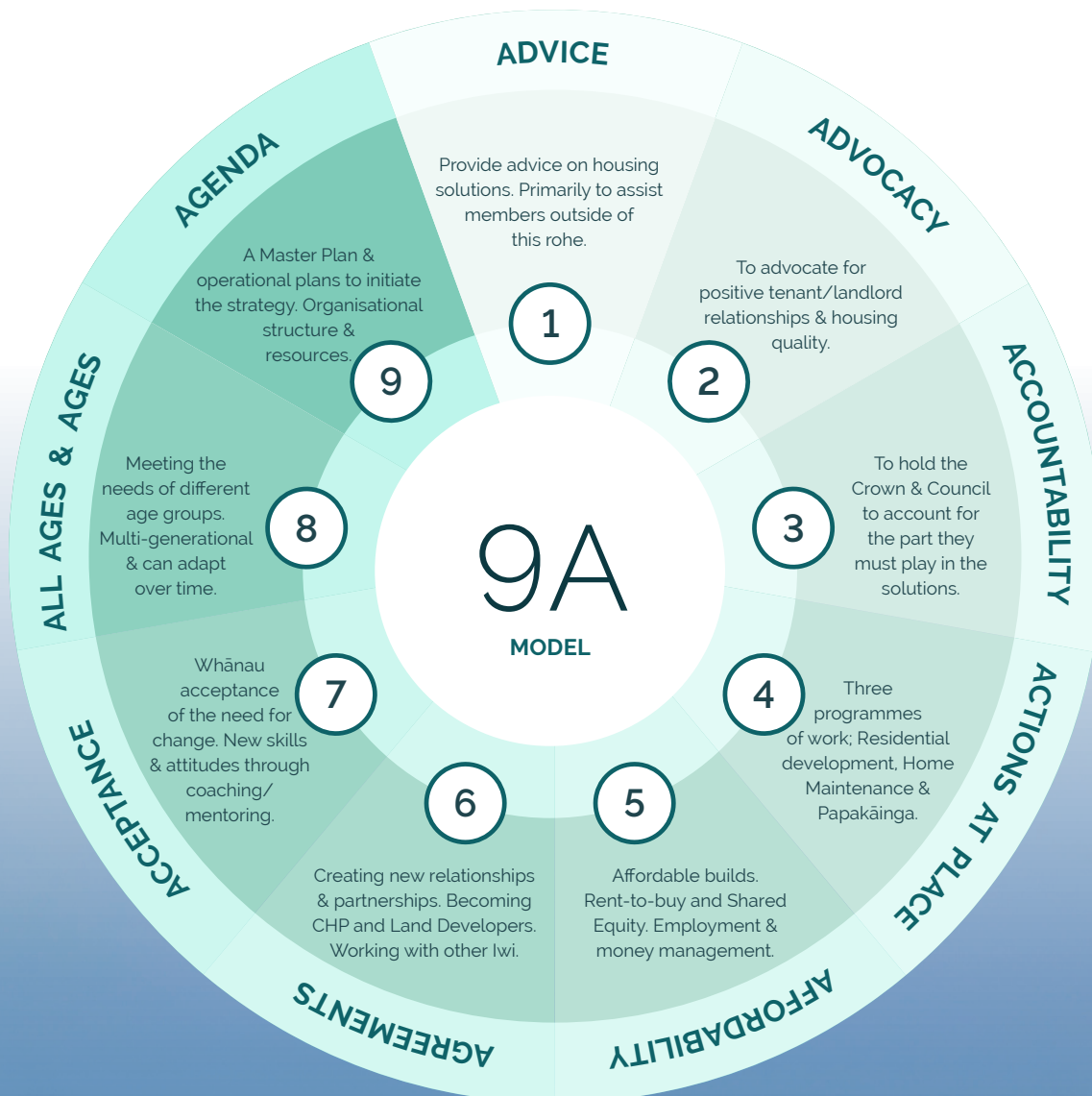
### OUTCOMES WE ARE SEEKING





## DELIVERING ON OUR STRATEGY

Overall, our Tūwharetoa Kāinga Strategy will be delivered using the following model:

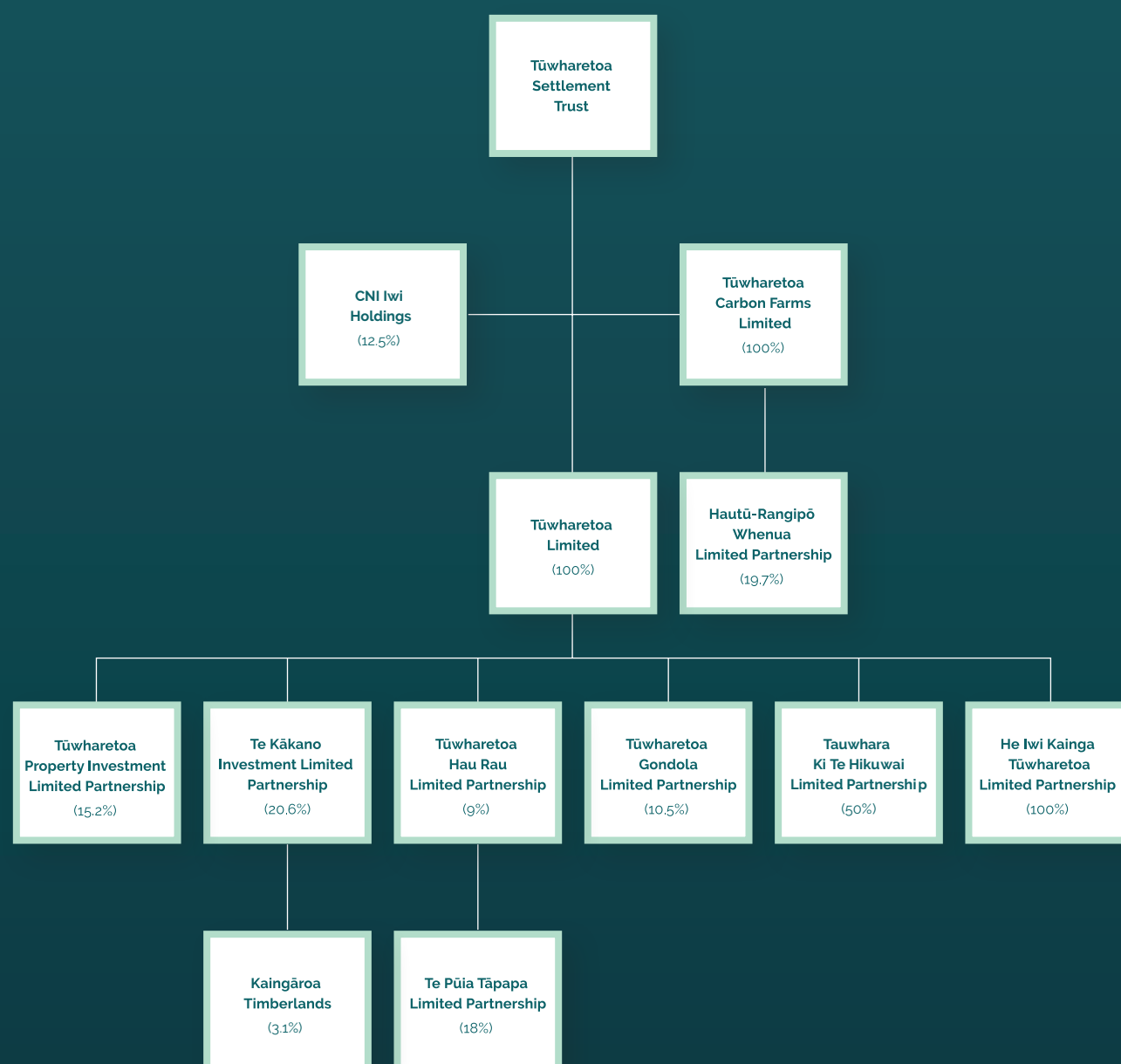




# OUR ORGANISATIONAL STRUCTURE

*Our streamlined organisational structure has enabled us to manage risk and make the most of commercial opportunities. Our subsidiary company, Tūwharetoa Limited, continues to fulfil its role of facilitating the adoption of skilled and experienced personnel, mitigating and managing risk, and facilitating co-investments and capital raising.*

**TŪWHARETOA SETTLEMENT TRUST ORGANISATIONAL CHART**







### **CNI IWI HOLDINGS LIMITED**

TST holds 12.55 per cent of the shares in CNI Iwi Holdings Limited, which owns 176,000 hectares of CNI Lands and 3 million NZUs (carbon credits).

### **TŪWHARETOA CARBON FARMS LIMITED**

Tūwharetoa Carbon Farms holds 19.7 per cent of the shares in Hautū Rangipō Whenua Limited, which owns 9,000 hectares of Hautū-Rangipō/Mangamawhitiwhiti lands.

### **TŪWHARETOA LIMITED**

Tūwharetoa Limited is the commercial company established to hold TST's investment portfolios.

### **TŪWHARETOA HAU RAU LIMITED PARTNERSHIP**

Tūwharetoa Hau Rau Limited Partnership comprises 10 Tūwharetoa commercial entities that hold 18 per cent of the shares in Te Pūia Tāpapa Limited Partnership, which is a direct investment fund established with 25 other Iwi entities.

### **TŪWHARETOA GONDOLA LIMITED PARTNERSHIP**

Tūwharetoa Gondola Limited Partnership comprises eight Tūwharetoa commercial entities that hold \$9.5 million of bonds in the Mount Ruapehu RAL Sky Waka Gondola.

### **TE KĀKANO LIMITED PARTNERSHIP**

Te Kākano Limited Partnership owns 3.1 per cent of the shares in Kaingāroa Timberlands, which is the owner of the forestry rights for Kaingāroa Forest.

### **TAUWHARA KI TE HIKUWAI LIMITED PARTNERSHIP**

Tauwhara Ki te Hikuwai Limited Partnership is a 50/50 partnership with Te Pae O Waimihia that owns a commercial investment property in the Taupō township.

### **HE IWI KĀINGA TŪWHARETOA LIMITED PARTNERSHIP**

He Iwi Kāinga Tūwharetoa Limited Partnership now owns six residential properties located in the Wairakei Village, two large residential sections on Wharewaka Road in Taupō, and 13 residential sections on Iwiheke Place in Tūrangi.





# FINANCIAL PERFORMANCE

## PROFIT AND LOSS

The total Comprehensive Income after Tax for the year was down compared to last year, but was still very strong at **\$4.2 million**.

The strong performance included the following notable points:

- The Kākano Investment Limited Partnership investment had a poor operating result of only \$0.7 million due to low log prices and volumes down due to COVID-19, but this was offset by an increase in the value of the Kaingāroa Timberlands shares of \$1.9 million. Since the original investment of \$12.5 million was made in December 2013, TST has received cash distributions totalling \$7.35 million (58 per cent), along with an increase of \$12.8 million (102 per cent) in the book value of the investment.
- Interest and dividends received were \$1.3 million, down \$0.3 million against last year, reflecting an average investment return for the year of 4.3 per cent which was negatively impacted by the sharp drop across all markets at the end of March 2020 (see our 'Operations report' for more detail).
- RAL bond receipts were deferred for three months due to COVID-19, but with strong domestic support after the lockdown, RAL were able to meet their obligations by the end of September.
- Operating expenditure was consistent with that of last year, at \$1.0 million.

| FINANCIAL PERFORMANCE       | 2017       | 2018       | 2019        | 2020       |
|-----------------------------|------------|------------|-------------|------------|
|                             | \$m        | \$m        | \$m         | \$m        |
| Revenue                     | 5.0        | 6.9        | 13.3        | 5.0        |
| Expenditure                 | (1.1)      | (1.1)      | (1.0)       | (1.0)      |
| Interest and Depreciation   | (0.2)      | (0.0)      | (0.0)       | (0.0)      |
| <b>Operating Profit</b>     | <b>3.6</b> | <b>5.8</b> | <b>12.2</b> | <b>4.0</b> |
| Distributions and Grants    | (0.7)      | (1.0)      | (1.0)       | (1.0)      |
| Kākano Revaluation          | 2.8        | 4.5        | (2.2)       | 1.9        |
| Income Tax                  | (1.1)      | (0.8)      | (1.6)       | (0.7)      |
| <b>Comprehensive Income</b> | <b>4.7</b> | <b>8.5</b> | <b>7.4</b>  | <b>4.2</b> |

| EXPENDITURE                  | 2017       | 2018       | 2019       | 2020       |
|------------------------------|------------|------------|------------|------------|
|                              | \$m        | \$m        | \$m        | \$m        |
| Administration               | 0.5        | 0.6        | 0.5        | 0.4        |
| Professional Services        | 0.3        | 0.3        | 0.3        | 0.3        |
| Governance                   | 0.2        | 0.2        | 0.2        | 0.2        |
| Projects – Mana Whenua, FHC. | 0.1        | 0.1        | 0.0        | 0.1        |
| <b>Total Expenditure</b>     | <b>1.1</b> | <b>1.1</b> | <b>1.0</b> | <b>1.0</b> |



# FINANCIAL POSITION

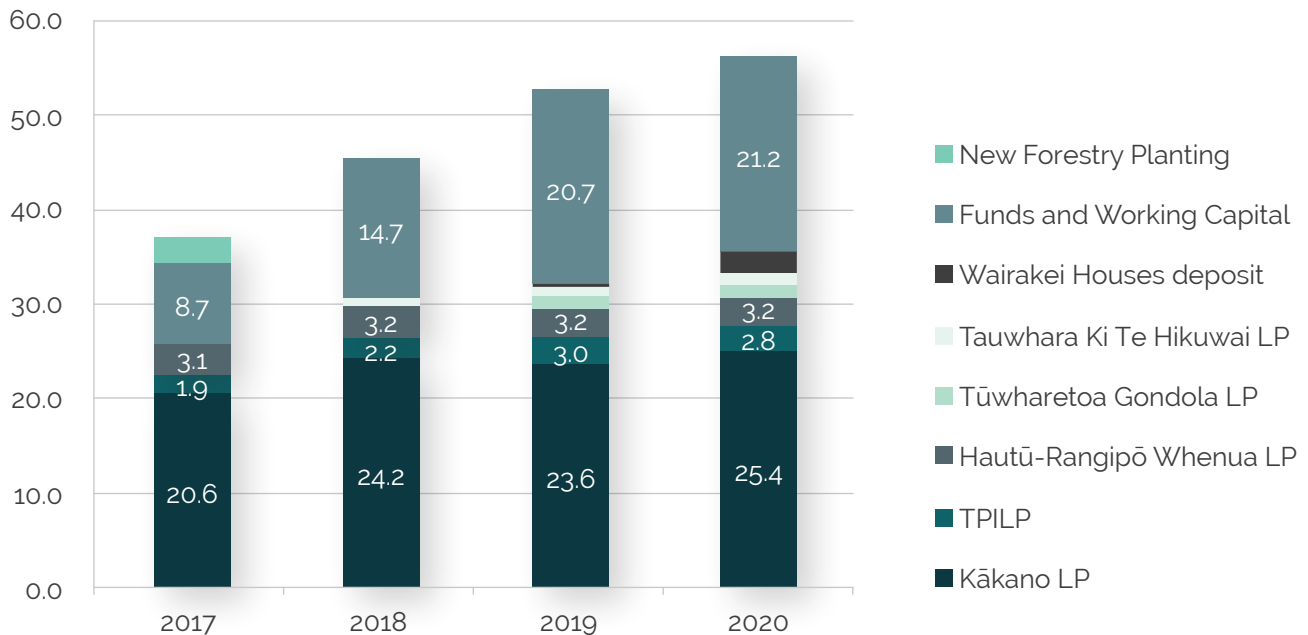
The financial position of the Trust increased by \$4.2 million, with total equity (excluding minority interests) now at \$56.9 million compared to \$16.2 million in 2013.

To support the housing strategy, the Trust invested \$2.1 million in purchasing two sections on the corner of Lake Terrace and Wharewaka Road, and six houses in the Wairakei Village. These properties were available to TST through the CNI Settlement DSP and RFR processes.

With TST no longer having the controlling interest in TPILP, the minority interests of the Tūwharetoa Māori Trust Board and Lake Rotoaira Forest Trust are not recorded in TST's accounts.

| FINANCIAL PERFORMANCE | 2017   | 2018   | 2019   | 2020   |
|-----------------------|--------|--------|--------|--------|
|                       | \$m    | \$m    | \$m    | \$m    |
| Total Assets          | 66.7   | 76.3   | 66.6   | 70.5   |
| Total Liabilities     | (27.6) | (28.7) | (13.9) | (13.6) |
| Total Equity          | 39.1   | 47.5   | 52.7   | 56.9   |
| Less Minorities       | (2.1)  | (2.2)  | 0      | 0      |
| Nett TST Equity       | 37.0   | 45.4   | 52.7   | 56.9   |

The graph below breaks down the equity of the Trust into their specific asset classes.





These assets classes can be further grouped into Forestry, Property and Cash/Managed Funds

|                        | 2017 | 2018 | 2019 | 2020 |
|------------------------|------|------|------|------|
| Forestry               | 63%  | 53%  | 45%  | 45%  |
| Property               | 14%  | 14%  | 14%  | 16%  |
| Cash and Managed Funds | 23%  | 32%  | 41%  | 39%  |
|                        | 100% | 100% | 100% | 100% |

## DESCRIPTION OF INDIVIDUAL ASSETS CLASSES

- New Forest Planting was the expenditure incurred in replanting Taurewa, Waituhi and Marotiri/Pureora Forests. These were sold to Lake Taupō Forests Management Ltd in 2017.
- Funds are cash and managed funds held with the BNZ and Iwi Investor.
- Housing properties include six houses in the Wairakei Village and two sections at Wharewaka Point.
- Tauwhara Ki Te Hikuwai LP is the 50/50 partnership established with Te Pae O Waimihia to purchase the commercial property in the Taupō CBD. The building on this site was demolished during the year and a commercial development plan is in the early stages of development.
- Tūwharetoa Gondola LP is the partnership established with seven other Tūwharetoa entities to invest bonds issued by Ruapehu Alpine Lifts to construct the new Gondola at the Whakapapa ski field.
- Hautū-Rangipō Limited Partnership is the entity that purchased the Hautū-Rangipō Prison land (8,500 hectares) and the Mangamawhitiwhiti block (600 hectares). The Partners are: Lake Taupō Forest Management Limited, Tūwharetoa Carbon Farms Ltd (TST), Oraukura 3 Incorporation, Waihi Pūkawa Trust and Puketapu 3A Incorporation.
- TPILP is the Tūwharetoa Property Investment Limited Partnership which is the entity that has purchased the Taupō DSP land properties – nine Schools, Courthouse and Police Station, Probation Office. The partners are: TST, the Tūwharetoa Māori Trust Board and the Lake Rotoaira Forest Trust.
- Kākano LLP is the Kākano Investment Limited Partnership which comprises six CNI Iwi owning a 2.5 per cent share in Kaingāroa Timberlands.



# AUDITED ACCOUNTS

ANNUAL REPORT 2020

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**Statement of Comprehensive Income****For the year ended 30 June 2020**

|  | Note  | 2020<br>\$       | 2019<br>\$         |
|--|-------|------------------|--------------------|
| <b>Income</b>  |       |                  |                    |
| Income from Crown Forest Licence Fees                              |       | 3,947,777        | 4,003,832          |
| Less Share Due to Forestry Hapu Clusters                           | 22    | (1,571,268)      | (1,228,488)        |
| Capital Distribution from CNI IWI Holdings Trust                   |       | -                | 4,841,291          |
| Rent Received  |       | 202,862          | 137,562            |
| Profit Share from Kakano Investment Limited Partnership            | 11    | 665,408          | 3,334,203          |
| Profit Share from Hautu-Rangipo Limited Partnership                | 11    | 149,165          | 203,639            |
| Profit Share from Tauwhara ki te Hikuwai Limited Partnership       | 11    | (29,118)         | -                  |
| Interest & Dividends Received                                      |       | 1,328,375        | 1,630,411          |
| Less Investment Revenue Due to Forestry Hapu Clusters              | 22    | (447,743)        | (552,730)          |
| Sundry Income  |       | 802,175          | 30,427             |
| Gain on Deconsolidation of Subsidiary                              | 24    | -                | 854,412            |
| <b>Total Income</b>  |       | <b>5,047,633</b> | <b>13,254,558</b>  |
| <b>LESS OPERATING EXPENSES</b>                                     |       |                  |                    |
| Administration   |       | 356,483          | 432,611            |
| Hui a Iwi  |       | 120,123          | 79,688             |
| Professional Services  |       | 276,998          | 297,346            |
| Project Management   |       | 86,309           | 5,215              |
| Governance   |       | 170,493          | 174,344            |
|  |       | <b>1,010,406</b> | <b>989,203</b>     |
| <b>Earning Before Finance &amp; Depreciation Expenses (EBITDA)</b> |       | <b>4,037,227</b> | <b>12,265,355</b>  |
| Less Finance Expense   |       | 12,838           | 17,126             |
| <b>Operating Surplus Before Depreciation</b>                       |       | <b>4,024,389</b> | <b>12,248,229</b>  |
| Less Depreciation  |       | 21,713           | 34,892             |
| Less Depreciation - ROU Assets                                     |       | 33,265           | -                  |
| <b>Net Operating Surplus before distributions</b>                  |       | <b>3,969,411</b> | <b>12,213,336</b>  |
| Less: Distributions  |       | 981,000          | 975,600            |
| <b>Net Operating Surplus before taxation</b>                       |       | <b>2,988,411</b> | <b>11,237,736</b>  |
| Income Tax Expense (Credit)  | 7     | 593,226          | 1,600,016          |
| <b>Surplus after taxation</b>                                      |       | <b>2,395,185</b> | <b>9,637,720</b>   |
| Attributed to:   |       |                  |                    |
| Beneficiaries of Parent  |       | 2,395,185        | 9,637,720          |
|  |       | <b>2,395,185</b> | <b>9,637,720</b>   |
| <b>Other Comprehensive Income</b>                                  |       |                  |                    |
| Profit Share from Kakano Investment Limited Partnership            | 11,16 | 1,891,064        | (2,250,239)        |
| Income Tax Expense (Credit) on Other Comprehensive Income          | 7     | 84,176           | 15,050             |
| <b>Total Other Comprehensive Income</b>                            |       | <b>1,806,888</b> | <b>(2,265,289)</b> |
| Attributed to:   |       |                  |                    |
| Beneficiaries of Parent  |       | 1,806,888        | (2,265,289)        |
|  |       | <b>1,806,888</b> | <b>(2,265,289)</b> |
| <b>Total Comprehensive Income</b>                                  |       | <b>4,202,073</b> | <b>7,372,431</b>   |

*These financial statements should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.*



# TŪWHARETOA SETTLEMENT TRUST GROUP FINANCIALS



## Statement of Changes in Equity

For the year ended 30 June 2020

| Note  | Retained<br>Earnings | Non Controlling<br>Interests | Revaluation<br>Reserve<br>16 | Total             |
|---|----------------------|------------------------------|------------------------------|-------------------|
| Balance 1 July 2019                             | 40,896,668           | -                            | 11,830,452                   | 52,727,120        |
| Total Comprehensive Income                      | 2,395,185            | -                            | 1,806,888                    | 4,202,073         |
| Less Distributions to Non Controlling Interests | -                    | -                            | -                            | -                 |
| Balance 30 June 2020                            | <b>43,291,853</b>    | <b>-</b>                     | <b>13,637,340</b>            | <b>56,929,193</b> |
| Balance 1 July 2018                             | 31,258,948           | 2,188,021                    | 14,095,741                   | 47,542,710        |
| Total Comprehensive Income                      | 9,637,720            | -                            | (2,265,289)                  | 7,372,431         |
| Less Distributions to Non Controlling Interests | -                    | 2,188,021                    | -                            | 2,188,021         |
| Balance 30 June 2019                            | <b>40,896,668</b>    | <b>-</b>                     | <b>11,830,452</b>            | <b>52,727,120</b> |

*These financial statements should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.*



**Statement of Financial Position****As at 30 June 2020**

|  | Note  | 2020<br>\$        | 2019<br>\$        |
|--|-------|-------------------|-------------------|
| <b>ASSETS</b>                              |       |                   |                   |
| <b>Current Assets</b>                      |       |                   |                   |
| Cash & Cash Equivalents                    | 8     | 766,852           | 1,428,519         |
| Investments                                | 10    | 37,906,545        | 32,954,151        |
| Trade and Other Receivables                | 9     | 89,309            | 11,396            |
| <b>Total Current Assets</b>                |       | <b>38,762,706</b> | <b>34,394,066</b> |
| <b>Non-Current Assets</b>                  |       |                   |                   |
| Investments in Associates                  | 11    | 29,620,978        | 27,972,747        |
| Investment Property                        | 12    | 2,140,528         | -                 |
| Investments                                | 10    | -                 | 4,165,789         |
| Property, Plant & Equipment                | 13    | 23,280            | 30,538            |
| Intangible Assets                          | 13    | 9,477             | 23,170            |
| Right of Use Assets                        | 25    | 8,316             | -                 |
| <b>Total Non-Current Assets</b>            |       | <b>31,802,579</b> | <b>32,192,244</b> |
| <b>TOTAL ASSETS</b>                        |       | <b>70,565,285</b> | <b>66,586,310</b> |
| <b>LIABILITIES</b>                         |       |                   |                   |
| <b>Current Liabilities</b>                 |       |                   |                   |
| Trade and Other Payables                   | 14    | 259,118           | 206,788           |
| Lease liabilities                          | 25    | 5,527             | -                 |
| Income Tax Payable/(Receivable)            | 7     | (273,477)         | 504,266           |
| Provisions                                 | 10,22 | 13,406,782        | 12,994,170        |
| <b>Total Current Liabilities</b>           |       | <b>13,397,950</b> | <b>13,705,224</b> |
| <b>Non-Current Liabilities</b>             |       |                   |                   |
| Deferred Tax Liability (Asset)             | 7     | 238,142           | 153,966           |
| <b>Total Non-Current Liabilities</b>       |       | <b>238,142</b>    | <b>153,966</b>    |
| <b>TOTAL LIABILITIES</b>                   |       | <b>13,636,092</b> | <b>13,859,190</b> |
| <b>NET ASSETS</b>                          |       | <b>56,929,193</b> | <b>52,727,120</b> |
| <b>EQUITY</b>                              |       |                   |                   |
| Attributable to Parent Trust Beneficiaries |       | 56,929,193        | 52,727,120        |
| Attributable to Non Controlling Interests  |       | -                 | -                 |
| <b>TOTAL EQUITY</b>                        |       | <b>56,929,193</b> | <b>52,727,120</b> |

For and on behalf of the Board of Trustees, who authorised the issue of these financial statements on the

Chairman:



Trustee:



Date:

23 October 2020

*These financial statements should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.*



**Statement of Cash Flows****For the year ended 30 June 2020**

|   | Note | 2020<br>\$         | 2019<br>\$         |
|---|------|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |      |                    |                    |
| <b>Cash was provided from/(to):</b>                             |      |                    |                    |
| Cash Distributions and Other Receipts                           |      | 5,588,189          | 9,002,284          |
| Interest and Dividends Received                                 |      | 654,082            | 682,108            |
| Disbursed to Suppliers and Employees                            |      | (952,549)          | (856,398)          |
| Other Distributions   |      | (981,000)          | (975,600)          |
| Interest Expense  |      | (12,838)           | (17,126)           |
| Income Tax  |      | (1,370,969)        | (2,007,070)        |
| <b>Net Cashflow from Operating Activities</b>                   |      | <b>2,924,915</b>   | <b>5,828,198</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |      |                    |                    |
| <b>Cash was provided from/(to):</b>                             |      |                    |                    |
| Sale of Investments and Investment Distributions Received       |      | 5,155,082          | 1,766,676          |
| Acquisition of Investments                                      |      | (4,952,394)        | (6,044,277)        |
| Acquisition of Investment Property                              |      | (2,140,528)        | -                  |
| Purchase of Property, Plant & Equipment                         |      | (42,343)           | (4,643)            |
| <b>Net Cashflow from Investing Activities</b>                   |      | <b>(1,980,183)</b> | <b>(4,282,244)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |      |                    |                    |
| <b>Cash was provided from/(to):</b>                             |      |                    |                    |
| Hapu Cluster Payments   |      | (1,606,399)        | (5,728,161)        |
| <b>Net Cashflow from Financing Activities</b>                   |      | <b>(1,606,399)</b> | <b>(5,728,161)</b> |
| Net Increase/(Decrease) in Cash                                 |      | (661,667)          | (4,182,207)        |
| Derecognition of Cash and Bank Balances through Deconsolidation |      | -                  | (213,108)          |
| Opening Cash and Bank Balances                                  |      | 1,428,519          | 5,823,834          |
| <b>TOTAL CASH AND BANK BALANCES</b>                             | 8    | <b>766,852</b>     | <b>1,428,519</b>   |

*These financial statements should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.*





## 1 CORPORATE INFORMATION

The financial statements of Tuwharetoa Settlement Trust (the 'Trust') and Controlled Entities ('the Group') for the year ended 30 June 2020.

The Trust was established in New Zealand and was established as a post settlement governance entity ("PSGE") for the Ngati Tuwharetoa Iwi. The financial statements of the Trust and Group have been prepared in accordance with the Financial Reporting Act 2013.

The nature of the operations and principal activities of the Trust is included in a mandate to:

- i. Finalise Central North Island Iwi ("CNI") negotiations
- ii. Develop structures and policies for distribution of benefits to Ngati Tuwharetoa
- iii. Manage the Ngati Tuwharetoa portion of the CNI settlement
- iv. Facilitate mana whenua rights of Ngati Tuwharetoa within the CNI settlement
- v. Facilitate the establishment of suitable forestry Hapu cluster entities

## 2 STATEMENT OF ACCOUNTING POLICIES

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#### Basis of Preparation

- a) Statement of compliance
- b) NZ IFRS - Reduced Disclosure Regime
- c) Basis of measurement

#### Summary of Significant Accounting Policies

- d) Basis of consolidation
- e) Cash and cash equivalents
- f) Trade and other receivables
- g) Investments, other financial assets, biological assets and investment property
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- o) Income Tax Expense
- p) Other Taxes
- q) Property, Plant & Equipment
- r) Changes in Accounting Policies

The consolidated financial statements were authorised for issue by the Trustees on 23 October 2020

#### a) Statement of compliance

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP), and the Financial Reporting Act 2013. For this purpose the Trust has designated itself as profit-oriented. The Trust has voluntarily adopted NZ IFRS 9 prior to the date on which it becomes mandatory. It has not had a material effect on results or financial position in either the current or prior periods.

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

*These financial statements should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.*



**b) NZ IFRS - Reduced Disclosure Regime**

The Trust has adopted External Reporting Board Standard A1 Accounting Standards Framework (for-profit-Entities Update) ("XRB A1"). For the purposes of complying with NZ GAAP, the Trust is eligible to apply Tier 2 For - Profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ("NZ IFRS RDR")) on the basis that it does not have public accountability and is not a large for-profit public sector entity. The Trust has elected to report in accordance with NZ IFRS RDR and has applied disclosure concessions.

**c) Basis of Measurement**

The financial statements have been prepared on a historical cost basis, except for assets and liabilities as disclosed below that have been measured at fair value.

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

**d) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Tuwharetoa Settlement Trust and Controlled Entities as at 30 June 2020.

The Controlled Entities of the Trust at 30 June 2020 are:

|  | Country of Incorporation | % Control |      |
|--|--------------------------|-----------|------|
|  |                          | 2020      | 2019 |
| Tuwharetoa Carbon Farms Limited              | New Zealand              | 100%      | 100% |
| Tuwharetoa Limited                           | New Zealand              | 100%      | 100% |
| TST No 1 Limited                             | New Zealand              | 100%      | 100% |
| TST No 2 Limited                             | New Zealand              | 100%      | 100% |
| Tuwharetoa Forestry Rentals Limited          | New Zealand              | 100%      | 100% |
| Tuwharetoa Property Limited                  | New Zealand              | 100%      | 100% |
| He Iwi Kainga Tuwharetoa Limited Partnership | New Zealand              | 100%      | 0%   |

Controlled entities are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain the benefit from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

The financial statements of the Controlled entities are prepared for the same reporting period as the Trust, using consistent accounting policies. In preparing the consolidated financial statements, all intergroup balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Controlled entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred from the Group.

The acquisition of Controlled entities is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities assumed at the date of acquisition.

**e) Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the Cash Flow Statement, cash and cash equivalents consists of cash and cash equivalents as defined above.

*These financial statements should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.*



#### **f) Trade and other receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

#### **g) Investments and other financial assets**

Financial assets in the scope of NZ IFRS 9 Financial Instruments are classified as either financial assets at fair value through profit or loss, fair value through other comprehensive income or subsequently measured at amortised cost. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

Financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset.

##### **i. Financial assets at fair value through profit or loss**

The Group has designated its investments as financial assets at fair value through profit or loss as it manages the investments on a fair value basis in accordance with its investment strategy. Realised gains or losses on investments are recognised in the Statement of Comprehensive Income on the disposal of the investment. Movements in fair value give rise to unrealised gains or losses which are recognised in the Statement of Comprehensive Income.

##### **ii. Financial assets at fair value through other comprehensive income**

No financial assets are currently classified as fair value through other comprehensive income by the Group.

##### **iii. Financial assets subsequently measured at amortised cost**

These financial assets include cash and cash equivalents, trade and other receivables and loans receivable. They are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired.

#### **h) Investment Property**

Investment property is property principally held to earn rentals or for capital appreciation. Investment property is valued at cost less accumulated depreciation and impairment losses.

Investment property is depreciated at the following rates:

|                            |                      |
|----------------------------|----------------------|
| Land                       | 0% Diminishing Value |
| Buildings and Improvements | 3% Diminishing Value |

*These financial statements should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.*



#### i) Investment in associates

The Group's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements.

The associates are entities over which the Group has significant influence but not control and are not either subsidiaries nor joint ventures.

Under the equity method, investments in associates are carried in the consolidated Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates.

The Group's share of its associates' post-acquisition profits or losses is recognised in the Profit and Loss, and its share of post-acquisition movements in reserves is recognised in Other Comprehensive Income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including and unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

#### j) Impairment of non-financial assets other than goodwill

Non-financial assets are tested for impairment annually at balance date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an assets fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

#### k) Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is recognised in the Statement of Comprehensive Income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at each financial year-end. Changes in the expected useful life of the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Comprehensive Income in the expense category consistent with the function of the intangible asset.

Intangible assets with a finite life are amortised using the following rates on a straight line basis over the life of the asset.

|         |         |
|---------|---------|
| Website | 4 years |
|---------|---------|

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### **l) Leases**

NZ IFRS 16 changes how the Group accounts for leases previously classified as operating leases under NZAS 17, which were off balance sheet.

The Group:

Recognises right-of-use assets and lease liabilities in the balance sheet initially measured at the present value of future lease payments;

Recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of Comprehensive income; and

Separates the total amount of cash paid into a principal portion, presented within financing activities, and interest, presented within operating activities, in the Consolidated Statement of Cash Flows.

Under NZ IFRS 16, right-of-use assets are tested for impairment in accordance with NZ IAS 36 Impairment of Assets. For short-term leases with a lease term of 12 months or less and leases of low-value assets, such as personal computers and office furniture the Group has opted to apply the recognition exemption as allowed under NZIFRS 16 and recognize the lease expense on a straight line basis. The expense is presented within other expenses in the Consolidated Statement of Comprehensive Income.

The main difference between NZ IFRS 16 and NZ IAS 17 with respect to assets formally held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. NZ IFRS 16 requires that the Group recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee as required by NZ IAS 17. This change does not have a material effect on the Group's consolidated financial statements.

### **m) Trade and Other Payables**

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

### **n) Revenue Recognition**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### **i) Crown Forest Licence Fees**

Crown Forest Licence Fees are paid to the Group by CNI Iwi Holdings Limited as a distribution of net Crown Forest Licence Fees on an agreed percentage. The fees are recognised when the right to the distribution is established. The share of these fees that are provided for the Forest Hapu Cluster Trusts is deducted from income of the Group.

#### **ii) Rental Income**

Rental income from operating leases is recognised on a straightline basis over the term of the lease. Any initial direct costs incurred in negotiating and arranging an operating lease are expensed at the time they are incurred.

#### **iii) Interest Income**

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. The share of these revenues that are provided for the Forest Hapu Cluster Trusts is deducted from income of the Group.

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**o) Income Taxes**

**i) Income tax expense**

Income tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss, or items recognised directly in equity or in other comprehensive income.

**ii) Current Income taxes**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

**iii) Deferred Tax**

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Trust is taxed at the Maori Authority rate, currently 17.5% (2019: 17.5%).

**p) Goods and Services Tax (GST)**

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of Trade and Other Receivables or Trade and Other Payables in the Statement of Financial Position.

**q) Property, Plant & Equipment**

All property, plant and equipment is initially recorded at cost less accumulated depreciation and less any impairment loss.

When an item of property, plant and equipment is disposed of, any gain or loss is recognised in the Statement of Comprehensive Income and is calculated as the difference between the sale price and the carrying value of the item.

Depreciation is provided for on all tangible property, plant and equipment other than freehold land and capital work in progress, at depreciation rates calculated to allocate the asset's cost or valuation less estimated residual value, over their estimated useful lives.

The following depreciation rates have been applied:

|                     |                       |
|---------------------|-----------------------|
| Intangible Assets   | 25% Diminishing Value |
| Plant and Equipment | 33% Diminishing Value |

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#### r) Changes in Accounting Policies

During the current financial year NZ IFRS 16 – Leases was adopted, the impact of the adoption of this standard is disclosed in notes 21 and 26. This standard was not applied in the prior year financial statements.

NZIFRS IFRS 16 'Leases'. This standard replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognize a lease liability reflecting future lease payments and a 'right-of-use-asset' for virtually all lease contracts. Included is an optional exemption for certain short-time leases and leases of low-value assets; however, this exemption can only be applied by lessees.

The Group has applied NZ IFRS 16 using the modified retrospective approach, with no effect on prior periods. The effect of this change is discussed in notes 21 and 26. The Group applies the definitions of a lease and related guidance set out in NZIFRS 16 to all lease contracts entered into or modified on or after 1 January 2018. The first time application of NZ IFRS 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

### 3 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the board. These risk limits are regularly monitored. The statement of investment parameters and objectives (SIPO) provides the appropriate weightings of investments to minimise the overall risk to the Trust. The Trust regularly monitors the SIPO to ensure that there is compliance with these.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

There is no significant concentrations of credit risk within the Group.

### 4 SIGNIFICANT ACCOUNTING JUDGEMENTS

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

#### i) Significant Accounting Judgements

##### Classification and valuation of investments

The Group has decided to classify certain investments as 'fair value through profit or loss' and movements in fair value are recognised in the Statement of Comprehensive Income. The fair value of listed investments has been determined by reference to published prices quoted in an active market.

##### Impairment of non-financial assets

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves value-in-use calculations, which incorporate a number of key estimates and assumptions.

*These financial statements should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.*





## ii) Significant Accounting Estimates and Assumptions

### Estimation of useful lives of assets

The estimation of useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

### Estimation of amounts required to settle present obligations

The Group has made an assessment of their best estimate to settle present obligations to the Forest Hapu Cluster Trusts being a 100% outcome for those Forest Hapu Cluster Trusts where no Mana Whenua outcome has been achieved at reporting date. This is detailed in notes 6 and 23.

## 5 DEED OF SETTLEMENT

On 25 June, 2008 a Deed of Settlement was entered into between the beneficiaries and Her Majesty the Queen in the right of New Zealand (the Crown), for the settlement of historical claims in relation to the Central North Island Forest Lands (CNIFL). The settlement included ownership of the land, but did not include rights to the current forest plantation crop growing on the land.

As part of the CNI Forest Collective Settlement, Ngati Tuwharetoa received:

- A Cash payment of \$66M
- 25.9% of the annual Crown Forest License fees.
- A share of three million NZUs (Carbon Credits)
- Preferential rights to buy certain Crown Assets
- A share of the 176,000ha of Central North Island forests (to be determined by a Mana Whenua process).

## 6 MANA WHENUA

The Mana Whenua process determines the allocation of CNI Forests Lands amongst the CNI Collective Iwi. All the lands are held in Trust by CNI Iwi Holdings Limited, until transferred to respective iwi, or otherwise determined by the CNI Iwi. Mana Whenua is a legislative process which includes three stages. The mana whenua allocations were completed for nine Kaingaroa Crown Forest CFLs in June 2014. The Final Allocation Report was issued 1 July 2014.

The Kaingaroa CFLs of Pukuriri and Waimaroke and Waimihia are the major CFLs to Tuwharetoa. These are yet to be determined. Through "kanohi ki te kanohi" agreement has been reached for Tuwharetoa to have exclusive rights to Taurewa and Waituhi Forests and shared rights with Ngati Raukawa to the Pureora and Marotiri Forests.

Within Tuwharetoa the group of Hapu associated with each of these forests are referred to as Forest Hapu Clusters. Tuwharetoa Settlement Trust has completed an internal Hapu process to identify the Hapu with mana whenua in these land blocks. Trusts for each forest have been established except for Taurewa who are working through mandate.

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# TŪWHARETOA SETTLEMENT TRUST GROUP FINANCIALS



## 7 TAXATION

### (a) Components of Income Tax Expense

|  | 2020<br>\$     | 2019<br>\$       |
|--|----------------|------------------|
| Current Tax Expense                            | 923,458        | 1,600,111        |
| Prior Year Under/(Over) Provision              | (330,232)      | -                |
| Deferred Tax Expense/(Income)                  | 84,176         | 14,955           |
| <b>Income Tax Expense</b>                      | <b>677,402</b> | <b>1,615,066</b> |
| Charged to Profit or Loss                      | 593,226        | 1,600,016        |
| Charged to Other Comprehensive Income          | 84,176         | 15,050           |
|  | <b>677,402</b> | <b>1,615,066</b> |
| It is related to accounting profit as follows: |                |                  |
| Total Comprehensive Income/(Loss) Before Tax   | 4,879,475      | 8,987,497        |
| Tax at Applicable Rate of 17.5%                | 853,908        | 1,572,812        |
| Tax Effect of Subsidiary Income Taxed at 28%   | 5,311          | 21,322           |
| Tax Effect of Non-Taxable Income               | (464,950)      | (306,879)        |
| Tax Effect of Non Deductible Expenditure       | 384,527        | 327,811          |
| Other Adjustments                              | (101,394)      | -                |
| <b>Income Tax Expense</b>                      | <b>677,402</b> | <b>1,615,066</b> |

### (b) Current Income Tax Payable/(Receivable)

|                                   | 2020<br>\$       | 2019<br>\$     |
|-----------------------------------|------------------|----------------|
| Opening balance                   | 504,266          | 938,720        |
| Current year tax expense          | 593,226          | 1,600,111      |
| Prior Year Under/(Over) Provision | (330,232)        | (700,007)      |
| Net taxes (Paid)/refunded         | (519,736)        | (493,411)      |
| Net MATC's and RWT received       | (616,430)        | (841,147)      |
| Other adjustments                 | 95,429           | -              |
| <b>Closing balance</b>            | <b>(273,477)</b> | <b>504,266</b> |

### (c) Deferred Tax Liabilities/(Assets)

The Company has a net deferred tax liability of \$238,142 (2019: Liability of \$153,966) as at the end of the reporting period. The following table shows the build up of the net deferred tax liability.

|  | 2020<br>\$     | 2019<br>\$     |
|--|----------------|----------------|
| <b>Recognised in Profit and Loss</b>             |                |                |
| Accrual Adjustments & Employee Provisions        | -              | (95)           |
|  | -              | (95)           |
| <b>Recognised in Other Comprehensive Income</b>  |                |                |
| Investment - Associates                          | 84,176         | 15,050         |
|  | <b>84,176</b>  | <b>14,955</b>  |
| <b>Deferred Tax Liability/(Asset) at 30 June</b> |                |                |
| Accrual Adjustments & Employee Provisions        | (685)          | (685)          |
| Investment - Associates                          | 238,827        | 154,651        |
|  | <b>238,142</b> | <b>153,966</b> |

### (d) Maori Authority Tax Credits (MATC)

|  | 2020<br>\$       | 2019<br>\$       |
|--|------------------|------------------|
| Maori Authority Tax Credit Account Balance | 8,208,416        | 7,070,228        |
| Closing Balance as at 30 June              | <b>8,208,416</b> | <b>7,070,228</b> |

## 8 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

### Reconciliation to Cash Flow Statement

For the purpose of the Cash Flow Statement, Cash and cash equivalents comprise the following:

|                          | 2020<br>\$     | 2019<br>\$       |
|--------------------------|----------------|------------------|
| Cash at bank and in hand | 766,852        | 1,428,519        |
|                          | <b>766,852</b> | <b>1,428,519</b> |

These financial statements should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.



# TŪWHARETOA SETTLEMENT TRUST GROUP FINANCIALS



## 9 TRADE AND OTHER RECEIVABLES

|   | 2020<br>\$  | 2019<br>\$  |
|---|-------------|-------------|
| Trade Receivables                                       | 79,768      | 10,801      |
| Other Receivables                                       | 9,521       | 10,595      |
| Tuwharetoa Hapu Forum Loan (2012)                       | 1,264,538   | 1,551,839   |
| Te Whenua Venture Holdings/Mangamawhitiwhiti Guarantees | 3,320,042   | 3,320,042   |
| Tokaanu Township 2nd Residue Trust Loan                 | 536,687     | 536,687     |
|   | 5,210,576   | 5,429,964   |
| Less impairment and provision for doubtful debts        | (5,121,267) | (5,418,568) |
| Carrying amount of trade and other receivables          | 89,309      | 11,396      |

The Group assesses the past payment history of customers and considers forward-looking information to determine the expected credit losses for trade receivables under the simplified approach under NZ IFRS 9. No expected credit losses have been recognised as at 30 June 2020.

Other than those disclosed at note 16, no debts are considered impaired and consequently no provision for impairment losses has been made.

### (a) Related party receivables

For terms and conditions of related party receivables refer to note 16.

### (b) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

### Tuwharetoa Hapu Forum Loan (2012) (THF)

The THF received a loan from the Trust in 2012 to support the Tuwharetoa Comprehensive Settlement claims. The recipient of the settlement is Te Kōhaitanga O Ngāti Tuwharetoa (TKNOT), not the THF. As such repayment of the loan is dependant upon TKNOT accepting responsibility for the payment. The Trustees provided for non repayment of the full loan in prior financial periods. In the current financial year TKONT have agreed to repay the loan over a 36 month period commencing in October 2019. These repayments totaled \$287,301 in the current financial year and have been included in Sundry Income as the loan has been previously fully written off.

## 10 INVESTMENTS

|  | 2020<br>\$ | 2019<br>\$ |
|--|------------|------------|
| <b>Investments</b>                         |            |            |
| Cash                                       | 2,179,304  | 3,821,599  |
| NZ Fixed Interest                          | 7,647,542  | 7,017,885  |
| NZ Equities                                | 1,925,036  | 1,930,608  |
| Overseas Fixed Interest                    | 12,648,792 | 11,294,258 |
| Overseas Equities                          | 8,056,403  | 7,502,338  |
| Property                                   | 1,495,027  | 1,387,463  |
| Gondola Limited Partnership                | -          | 1,000,000  |
| Tuwharetoa Property Investment Partnership | -          | 3,029,789  |
| Social Housing                             | -          | 136,000    |
| Tuwharetoa Hau Rau Limited Partnership     | -          | -          |
|  | 33,952,104 | 37,119,940 |
| <b>Represented by:</b>                     |            |            |
| Current Investments                        | 33,952,104 | 32,954,151 |
| Non Current Investments                    | -          | 4,165,789  |
|  | 33,952,104 | 37,119,940 |

The above investments include funds held on behalf of the Forestry Hapu Clusters, as provisioned on the Trust achieving 100% Mana Whenua allocation. The liability is shown on note 22. The funds held on behalf of the Forestry Hapu Clusters are as follows:

|  | 2020<br>\$ | 2019<br>\$ |
|--|------------|------------|
| <b>Investments</b>                             |            |            |
| Investments in Subsidiaries and Other Accounts | 13,406,782 | 12,978,188 |
|  | 13,406,782 | 12,978,188 |

*These financial statements should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.*



# TŪWHARETOA SETTLEMENT TRUST GROUP FINANCIALS



## 11 INVESTMENTS IN ASSOCIATES

|  | 2020<br>\$        | 2019<br>\$        |
|--|-------------------|-------------------|
| Kakano Investment Limited Partnership      | 25,355,353        | 23,649,821        |
| Hautu-Rangipo Limited Partnership          | 3,238,406         | 3,207,149         |
| Tauwhara ki te Hikuwai Limited Partnership | 1,027,219         | 1,115,777         |
| <b>Total</b>                               | <b>29,620,978</b> | <b>27,972,747</b> |

### Investment in Kakano Investment Limited Partnership

The Group has a 20.63% (2019: 20.63%) interest in Kakano Investment Limited Partnership which is an investment entity that holds a 3.13% (2019: 3.13%) investment in Kaingaroa Timberlands Limited. The Associate is a privately held Limited Partnership that is not listed on any public exchange. The Group's interest in the Associate is accounted for using the equity method in the consolidated financial statements.

|   | 2020<br>\$ | 2019<br>\$  |
|---|------------|-------------|
| Opening Balance                               | 23,649,731 | 24,176,906  |
| Share of associate profit/(loss) for the year | 665,408    | 3,334,203   |
| Share of associate other comprehensive income | 1,891,064  | (2,250,329) |
| Distributions to Partners                     | (850,850)  | (1,611,049) |
| Closing carrying value of Associate           | 25,355,353 | 23,649,731  |

### Hautu-Rangipo Limited Partnership

The Group has a 19.74% (2019: 19.74%) interest in Hautu-Rangipo Limited Partnership which owns farm and forestry land near Turangi. The Associate is a privately held Limited Partnership that is not listed on any public exchange. The Group's interest in the associate is accounted for using the equity method in the consolidated accounts. As at 30 June 2017, Hautu-Rangipo revalued its land and buildings to current rating valuation which resulted in an increase of \$12,561,000. The Group's share of this increase is \$2,479,000. This increase has not been recognised in the Group's investment in Hautu-Rangipo as the Group does not revalue land and buildings, and NZ IFRS 13 does not allow the use of rating valuation to revalue land and buildings.

|   | 2020<br>\$ | 2019<br>\$ |
|---|------------|------------|
| Opening Balance                               | 3,207,149  | 3,159,136  |
| Share of associate profit/(loss) for the year | 149,165    | 203,639    |
| Distributions to Partners                     | (117,908)  | (155,626)  |
| Closing carrying value of Associate           | 3,238,406  | 3,207,149  |

### Tauwhara ki te Hikuwai Limited Partnership

The Group has a 50% (2019: 50%) interest in Tauwhara ki te Hikuwai Limited Partnership which owns a commercial property in Taupo. The Associate is a privately held Limited Partnership that is not listed on any public exchange. The Group's interest in the associate is accounted for using the equity method in the consolidated accounts.

|   | 2020<br>\$ | 2019<br>\$ |
|---|------------|------------|
| Opening Balance                               | 1,115,777  | -          |
| Addition                                      | -          | 1,115,777  |
| Share of associate profit/(loss) for the year | (29,118)   | -          |
| Distributions to Partners                     | (59,440)   | -          |
| Closing carrying value of Associate           | 1,027,219  | 1,115,777  |

## 12 INVESTMENT PROPERTIES

|   | 2020<br>\$ | 2019<br>\$   |
|---|------------|--------------|
| Opening balance                                       | -          | 15,876,934   |
| Additions during the year                             | 2,140,528  | -            |
| Disposal  | -          | (14,761,157) |
| Transfer to Tuwhara ki te Hikuwai Limited Partnership | -          | (1,115,777)  |
|   | 2,140,528  | -            |

### Description of the Group's Investment properties

There is a 100% share in residential properties in Wairakei, held in the He Iwi Kainga Tuwharetoa Limited Partnership. These properties were acquired in August 2019 and consist of: No's 11, 13, 17 & 20 Kauri Drive, Wairakei and 19 & 45 Maire Street, Wairakei.

There is a 100% share in residential properties. Section 8 & 10, corner Heeni Street and SH One, Wharewaka Taupo owned by Tuwharetoa Limited. These properties were acquired in June 2020.

*These financial statements should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.*



# TŪWHARETOA SETTLEMENT TRUST GROUP FINANCIALS



|                                    |               |               |
|------------------------------------|---------------|---------------|
| <b>Plant &amp; Equipment</b>       |               |               |
| Opening Cost                       | 149,379       | 144,786       |
| Additions                          | 1,061         | 5,093         |
| Disposals                          | (391)         | (500)         |
| Revaluation                        |               |               |
| Closing Cost                       | 150,049       | 149,379       |
| Opening accumulated depreciation   | 118,841       | 108,767       |
| Current year depreciation          | 8,020         | 10,074        |
| Disposals                          | (92)          |               |
| Closing accumulated depreciation   | 126,769       | 118,841       |
| <b>Plant &amp; Equipment Total</b> | <b>23,280</b> | <b>30,538</b> |
| <b>Closing Book Value</b>          | <b>23,280</b> | <b>30,538</b> |
| <b>Intangible Assets</b>           |               |               |
| Opening Cost                       | 98,993        | 98,993        |
| Closing Cost                       | 98,993        | 98,993        |
| Opening accumulated depreciation   | 75,823        | 51,055        |
| Current year depreciation          | 13,693        | 24,768        |
| Closing accumulated depreciation   | 89,516        | 75,823        |
| <b>Intangible Assets Total</b>     | <b>9,477</b>  | <b>23,170</b> |
| <b>Closing Book Value</b>          | <b>9,477</b>  | <b>23,170</b> |

**Description of the Group's intangible assets**  
The Group's intangible assets comprise software development costs.

## 14 TRADE AND OTHER PAYABLES

|   | 2020    | 2019     |
|---|---------|----------|
|   | \$      | \$       |
| Trade and other payables                    | 228,151 | 178,597  |
| Other payables:                             | 45,652  | 40,125   |
| GST   | (7,158) | (11,934) |
| Carrying amount of trade and other payables | 266,645 | 206,788  |

### (a) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

### (b) Related party payables

For terms and conditions relating to related party payables refer to note 16.

## 15 RELATED PARTY DISCLOSURE

Related Party transactions of a material nature, which occurred during the financial year for which these financial statements are prepared for are:

### (a) Mangamawhitiwhiti Debt Guarantees - Provision for Doubtful Debts

At the time that the Trustees (as the shareholders of Tuwharetoa Carbon Trust Limited) entered into agreements to purchase debt instruments from Westpac New Zealand Limited and Dorchester Finance Limited, the Deeds of Assignment of Debt included a number of securities with Ngati Tuwharetoa Iwi organisations.

As there have been public expressions that the guarantees provided (notably by Opepe Farm Trust, Ngati Turangitukua and Owawenga Trust (being entities that remain in existence and solvent) would not be called upon, the Trustees consider that it is prudent to reflect that the sums being under-written by those guarantees may not be collectable, thereby reducing the asset base of the Trust.

On that basis, in 2013 the Trustees determined that it was appropriate to make a provision for doubtful debts (per Note 9).

### (b) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group has assessed that the Trustees and General Manager are key management personnel.

|   | 2020    | 2019    |
|---|---------|---------|
|   | \$      | \$      |
| Remuneration, including meeting fees and travel costs | 356,187 | 266,570 |

### (c) Other related parties

#### (i) Te Pae o Waimihia

Greg Stebbing (General Manager) is a trustee of Te Pae o Waimihia. The Group recognises a provision to Te Pae o Waimihia as a result of the Group's trust deed. The amount recognised as a provision at 30 June 2020 was \$12,073,594 (2019: \$11,477,820).

#### (ii) Opepe Farm Trust

Temuera Hall who represents the Group on CNI IHL and Kakano is the Chairman of Opepe Farm Trust. The Group has an impaired receivable from Opepe Farm Trust in relation to the guarantees provided from the Mangamawhitiwhiti transaction detailed above. No other transactions occurred with Opepe Farm Trust for the year ended 30 June 2020 (2019: nil).

*These financial statements should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.*



# TŪWHARETOA SETTLEMENT TRUST GROUP FINANCIALS



## (iii) Tuwharetoa Maori Trust Board

The Tuwharetoa Maori Trust Board (TMTB) is a partner in the Tuwharetoa Property Investment Limited Partnership. Rakeipho Talaroa is the Manager Commercial & Strategy for TMTB and Georgina te Heuheu and Judy Harris are Board members of TMTB.

## (iv) Lake Rotoaira Forest Trust

Lake Rotoaira Forest Trust (LRFT) is a partner in the Tuwharetoa Property Investment Limited Partnership. Judy Harris is a Trustee of LRFT.

## 16 REVALUATION RESERVE

|   | 2020<br>\$ | 2019<br>\$  |
|---|------------|-------------|
| Investment Revaluation  | 219,705    | 219,705     |
| Kakano Investment LP - Revaluation and Foreign Currency Translation |            |             |
| Opening   | 11,610,747 | 13,876,036  |
| Revaluation   | 1,891,064  | (2,250,239) |
| Deferred Tax  | (84,176)   | (15,050)    |
|   | 13,417,635 | 11,610,747  |
| Total revaluation reserves  | 13,637,340 | 11,830,452  |

## 17 COMMITMENTS

The He iwi Kainga Tuwharetoa Limited Partnership was established in August 2019 to invest in social housing. A further investment to purchase the Te Iwiheke Place sections in Turangi has been approved. A deposit of \$77,500 was paid on 2 September 2020, with a final settlement due on 2 October 2020.

## 18 AUDITOR'S REMUNERATION

### Auditors' remuneration

The auditor of Tuwharetoa Settlement Trust and the Group is Crowe New Zealand Audit Partnership. Auditors' remuneration is included in Professional Services and other expenses in the Statement of Comprehensive Income.

|   | 2020<br>\$ | 2019<br>\$ |
|---|------------|------------|
| Amounts received or due and receivable by the current Auditors (Crowe New Zealand Audit Partnership) for: |            |            |
| * Audit of the financial statements   | 31,897     | 26,639     |
| * Other assurance-related services  | -          | 2,645      |
|   | 31,897     | 29,284     |

## 19 CONTINGENT ASSETS

The CNI lands are held in trust by CNI Iwi Holdings Limited until 2043 unless otherwise determined by the CNI Iwi.

## 20 CONTINGENT LIABILITIES

There are no contingent liabilities for the group (2019: Nil)

## 21 EVENTS AFTER BALANCE DATE

The He iwi Kainga Tuwharetoa Limited Partnership paid a deposit of \$77,500 on 2 September 2020, as disclosed in note 17. (2019: Investment in social housing as disclosed in note 17).

Confirmation of Maori Land Court approval to purchase sections at Iwiheke Place as per the Sale and Purchase agreement dated 19 October 2019 was received on 24 August 2020. The purchase settled on 2 October 2020.

*These financial statements should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.*

# TŪWHARETOA SETTLEMENT TRUST GROUP FINANCIALS



## 22 FOREST HAPU CLUSTER TRUSTS

The Group has an obligation to the Deed of Trust to manage the process whereby Forest Hapu Cluster Trusts (FHCT) are established and funds attributable to them from the CNI Settlement are distributed.

The FHCTs were established 19 December 2012 and an initial transfer was made on 21 December 2012, as per clause 3.3 of the Trust Deed.

(h) *The Trustees are required to transfer 60 percent of the Accumulated Rentals to the relevant Forest Hapu Cluster Trusts before the end of 2012, even if the Hapu Allocation Process is not completed by that time. Any such allocation shall be revocable on the basis of the extent to which the relevant forests are received by the Trust and the final outcome of the Hapu Allocation Process.*

The provision for the final distribution is based on 100% Mana Whenua for Waimihia North and South Forests, 100% Taurewa Forest, 100% Waituhi Forest and 50% for Marotiri and Pureora South Forests.

At the December 2017 AGM the members resolved to alter clause 3.3(h) to read:

(h) *That the Trustees shall be entitled from time to time, subject to the sensible and proper exercise of their discretion, which may involve the imposition of various conditions, to transfer all and or part thereof of the Accumulated Rentals, as are held from time to time in respect of the Forest Hapu Cluster Trust to each of the relevant Forest Hapu Cluster Trusts.*

The CNI Mana Whenua process has been completed for the 4 Southern Forest but is yet to be resolved for Waimihia North and South Forests; Taurewa Forest - 100% Tūwharetoa, Waituhi Forest - 100% Tūwharetoa, Marotiri Forest - 50% Tūwharetoa, Pureora Forest - 50% Tūwharetoa and 50% Raukawa.

|   | 2020<br>\$        | 2019<br>\$        |
|---|-------------------|-------------------|
| Opening Balance                             | 12,994,170        | 27,536,930        |
| Additions to Provision                      | 2,019,011         | 1,874,089         |
| Amounts Used through Distribution to FHCT's | (1,606,399)       | (16,416,849)      |
|   | <u>13,406,782</u> | <u>12,994,170</u> |

The allocation of the provision to the individual FHCT's is shown below.

| 2020                | Te Pae o<br>Waimihia | Waituhi  | Marotiri -<br>Pureora | Taurewa          | Total             |
|---------------------|----------------------|----------|-----------------------|------------------|-------------------|
| Opening balance     | 11,477,830           | 4        | (3,606)               | 1,519,942        | 12,994,170        |
| Share of CNI income | 1,459,892            | 32,763   | 32,657                | 45,956           | 1,571,268         |
| Investment Income   | 411,369              | -        | -                     | 36,344           | 447,743           |
| Distributions       | (1,275,527)          | (32,767) | (29,051)              | (269,054)        | (1,606,399)       |
| Closing Balance     | <u>12,073,694</u>    | <u>-</u> | <u>-</u>              | <u>1,333,188</u> | <u>13,406,782</u> |

| 2019  | Te Pae o<br>Waimihia | Waituhi  | Marotiri -<br>Pureora | Taurewa          | Total             |
|---|----------------------|----------|-----------------------|------------------|-------------------|
| Opening balance   | 26,156,549           | 48       | (37,422)              | 1,417,755        | 27,536,930        |
| Share of CNI income                                     | 1,151,032            | 31,861   | 33,327                | 44,129           | 1,260,349         |
| Investment Income                                       | 555,238              | (45)     | 489                   | 58,058           | 613,740           |
| Investment Income Tūwharetoa Property Investment LP     | -                    | -        | -                     | -                | -                 |
| Reversal for Mana Whenua Outcomes                       | -                    | -        | -                     | -                | -                 |
| Adjustment to Provision for Fair Value of Distributions | 3,403,158            | -        | -                     | -                | 3,403,158         |
| Distributions   | (19,788,147)         | (31,860) | -                     | -                | (19,820,007)      |
| Closing Balance   | <u>11,477,830</u>    | <u>4</u> | <u>(3,606)</u>        | <u>1,519,942</u> | <u>12,994,170</u> |

## 23 FINANCIAL INSTRUMENTS

### (a) Classification of financial instruments

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities.

|                              | Financial assets<br>at FV through<br>profit and loss | Financial<br>assets at<br>amortised cost | Financial<br>liabilities at<br>amortised<br>cost | Total             |
|------------------------------|--|--|--|-------------------|
| <b>2020</b>                  |  |  |  |                   |
| <b>Financial assets</b>      |  |  |  |                   |
| Cash and cash equivalents    | -  | 766,852                                  | -  | 766,852           |
| Investments (current)        | 35,727,241   | 2,179,304                                | -  | 37,906,545        |
| Investments (non current)    | 33,952,104   | -  | -  | 33,952,104        |
| Trade and other receivables  | -  | 89,309                                   | -  | 89,309            |
| <b>Total</b>                 | <u>69,679,345</u>                                    | <u>3,035,465</u>                         | <u>-</u>   | <u>72,714,810</u> |
| <b>Financial liabilities</b> |  |  |  |                   |
| Trade and other payables     | -  | -  | 259,118  | 259,118           |
| <b>Total</b>                 | <u>-</u>   | <u>-</u>                                 | <u>259,118</u>                                   | <u>259,118</u>    |

|                              | Financial assets<br>at FV through<br>profit and loss | Financial<br>assets at<br>amortised cost | Financial<br>liabilities at<br>amortised<br>cost | Total             |
|------------------------------|--|--|--|-------------------|
| <b>2019</b>                  |  |  |  |                   |
| <b>Financial assets</b>      |  |  |  |                   |
| Cash and cash equivalents    | -  | 1,428,519                                | -  | 1,428,519         |
| Investments (current)        | 29,132,552   | 3,821,599                                | -  | 32,954,151        |
| Investments (non current)    | 36,983,940   | 136,000                                  | -  | 37,119,940        |
| Trade and other receivables  | -  | 11,396                                   | -  | 11,396            |
| <b>Total</b>                 | <u>66,116,492</u>                                    | <u>5,397,514</u>                         | <u>-</u>   | <u>71,514,006</u> |
| <b>Financial liabilities</b> |  |  |  |                   |
| Trade and other payables     | -  | -  | 206,788  | 131,909           |
| <b>Total</b>                 | <u>-</u>   | <u>-</u>                                 | <u>206,788</u>                                   | <u>131,909</u>    |

*These financial statements should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.*



# TŪWHARETOA SETTLEMENT TRUST GROUP FINANCIALS



## 24 GAIN ON DECONSOLIDATION OF SUBSIDIARY

On 1 July 2018 the 70.23% interest in the Tūwharetoa Property Investment Limited Partnership (TPILP) held by TST No: 2 Limited was transferred to Te Pae o Waimihia. This meant that the Group ceased having control of TPILP from 1 July 2018 requiring the deconsolidation of TPILP from the Group.

|  | 2020<br>\$ | 2019<br>\$     |
|--|------------|----------------|
| Derecognition of assets and liabilities of TPILP as at 1 July 2019                 | -          | (14,986,795)   |
| Derecognition of non-controlling interest  | -          | 2,188,072      |
| Fair value of Te Pae o Waimihia provision settled by transfer of interest in TPILP | -          | 14,026,503     |
| Recognition of retained interest in TPILP by the Group at fair value               | -          | 3,029,789      |
| Residual gain on deconsolidation   | -          | 4,257,569      |
| Less remeasurement of Te Pae o Waimihia provision on settlement                    | -          | (3,403,157)    |
| <b>Net gain on deconsolidation</b>   | <b>-</b>   | <b>854,412</b> |

## 25 LEASES

The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases, defined as leases with a lease term of 12 months or less, and leases of low value assets. For these leases the Group recognises the lease payments as an operating lease on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If the rate cannot be readily determined the Group uses its incremental borrowing rate (IBR).

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the liability, using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term or useful life of the underlying asset.

The estimation of the IBR relies on the Directors considering the credit risk of the Group. If the credit risk of the Group differs from what is estimated, the IBR may differ, and consequently the future net present value of the lease cash flows may be over or understated.

The determination of the lease term relies on the Directors view of the likelihood of any lease renewal options being renewed. If the lease renewal options included and then not taken up, or are not included and are taken up, the net present value of the lease cash flows may be over or understated.

The Group leases several assets including buildings and office equipment. The weighted average lease term is 6.3 years.

### Right of Use Assets

|   | Buildings<br>\$ | Office Equipment<br>\$ | 2020<br>\$    | 2019<br>\$ |
|---|-----------------|------------------------|---------------|------------|
| <b>Cost</b>                               |                 |                        |               |            |
| Balance 1 July 2019                       | -               | -                      | -             | -          |
| Recognised on Change of Accounting Policy | 31,381          | 10,200                 | 41,581        | -          |
| Additions                                 | -               | -                      | -             | -          |
| <b>As at 30 June 2020</b>                 | <b>31,381</b>   | <b>10,200</b>          | <b>41,581</b> | <b>-</b>   |
| <b>Depreciation</b>                       |                 |                        |               |            |
| Balance 1 July 2019                       | -               | -                      | -             | -          |
| Depreciation expense                      | 25,105          | 8,160                  | 33,265        | -          |
| <b>As at 30 June 2020</b>                 | <b>25,105</b>   | <b>8,160</b>           | <b>33,265</b> | <b>-</b>   |
|   | <b>6,276</b>    | <b>2,040</b>           | <b>8,316</b>  | <b>-</b>   |

### Amount recognised in profit and loss

|                                       | 2020<br>\$ |
|---------------------------------------|------------|
| Total cash outflow for leases         | 39,839     |
| Interest expense on lease liabilities | 3,785      |

### Lease Liabilities

|                       | Buildings<br>\$ | Office Equipment<br>\$ | 2020<br>\$   | 2019<br>\$ |
|-----------------------|-----------------|------------------------|--------------|------------|
| Current liability     | 3,363           | 2,164                  | 5,527        | -          |
| Non Current liability | -               | -                      | -            | -          |
|                       | <b>3,363</b>    | <b>2,164</b>           | <b>5,527</b> | <b>-</b>   |

### Maturity Analysis

|  | 2020<br>\$   |
|--|--------------|
| Not later than 1 year                        | 5,671        |
| Later than 1 year and not later than 5 years | -            |
| Later than 5 years                           | -            |
|  | <b>5,671</b> |

The Group does not face a significant liquidity risk with regard to its lease liabilities.

*These financial statements should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.*



## 26 FIRST TIME ADOPTION OF NZ IFRS 16 - LEASES

The Group adopted NZ IFRS 16 on 1 July 2019 using the modified retrospective method and as such have not restated comparatives. At transition lease liabilities were measured at the present value of the remaining lease payments discounted at the Groups weighted average incremental borrowing rate (IBR). The weighted average IBR applied to lease liabilities recognised is 2.20%. The IBR is based on average New Zealand interest rate swap rates plus banking margins applicable to the Group. Management has reviewed applicable leases for renewal options and any options have been assessed on a case by case basis on the likelihood of being renewed. Right-of-use asset at the date of initial application for leases previously classified as operating leases have been calculated as an amount equal to the lease liability. Other practical expedients applied by the Group in measuring the lease liabilities and right-of-use asset at transition are the following:

The Group excluded initial direct costs for any existing leases.  
The Group excluded leases with a term that ended during the period.  
The Group has applied a single discount rate to all leases.

The reconciliation between the operating lease commitments disclosed under NZ IAS 17 in the period immediately preceding the date of application and the lease liability at transition date is as follows:

|   |               |
|---|---------------|
| Operating lease commitments disclosed at 30 June 2019               | -             |
| Less: short-term leases recognised on a straight-line basis         | -             |
| Less: low value leases recognised on a straight-line basis          | -             |
| Add: adjustments as a result of renewal options                     | -             |
| Add: finance lease liabilities recognised at 31 June 2019           | -             |
| Impact of discounting using the weighted incremental borrowing rate | 41,581        |
| <b>Lease Liabilities as at 1 July 2020</b>                          | <b>41,581</b> |

## 27 Impact of COVID-19

In March 2020 the World Health Organisation designated Covid-19 to be a global pandemic, threatening the health and well-being of a large number of people across multiple countries. The global outbreak has caused escalating levels of societal uncertainty. During the period 25 March to 1 May 2020 the New Zealand Government shutdown most businesses except for essential service providers.

To date this has not created any specific issues for the Tūwharetoa Settlement Trust Group.

*These financial statements should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.*





## INDEPENDENT AUDITOR'S REPORT

### To the Beneficial Owners of Tuwharetoa Settlement Trust

#### Opinion

We have audited the consolidated financial statements of Tuwharetoa Settlement Trust and its controlled entities (the Group) on pages 2 to 21, which comprise the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with *New Zealand equivalents to International Financial Reporting Standards with Reduced Disclosure Regime* (NZ IFRS RDR).

#### Basis for Opinion

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 Consolidated financial statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Tuwharetoa Settlement Trust or any of its controlled entities.

#### Emphasis of Matter – COVID-19

We draw attention to Note 27 of the financial statements, which describes the effects of the World Health Organisation's declaration of a global health emergency on 31 January 2020 relating to the spread of COVID-19. Our opinion is not modified in respect of this matter.

#### Responsibilities of the Trustees for the Consolidated Financial Statements

The Trustees are responsible on behalf of the entity for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS RDR, and for such internal control as the Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Trustees are responsible for assessing the Group'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 Trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### Crowe New Zealand Audit Partnership

Level 1, Findex House  
57 Willis Street, Wellington 6011  
PO Box 11976  
Manners Street, Wellington 6164 New Zealand

Main +64 4 471 0006  
Fax +64 4 566 6077

[www.crowe.nz](http://www.crowe.nz)



### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

The engagement partner on the audit resulting in this independent auditor's report is Les Foy.

### Restriction on Use

This report is made solely to the trust's beneficial owners, as a body. Our audit has been undertaken so that we might state to the trust's beneficial owners 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 trust and the trust's beneficial owners as a body, for our audit work, for this report, or for the opinions we have formed.

*Crowe*

**Crowe New Zealand Audit Partnership**  
CHARTERED ACCOUNTANTS  
3 November 2020

*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

*Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd.*

*Services are provided by Crowe New Zealand Audit Partnership an affiliate of Findex (Aust) Pty Ltd.*

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### Schedule of Expenses, Distributions & Fair Value Adjustments

For the year ended 30 June 2020

|                                     | Note | 2020<br>\$     | 2019<br>\$     |
|-------------------------------------|------|----------------|----------------|
| <b>EXPENSES</b>                     |      |                |                |
| <b>Administration</b>               |      |                |                |
| ACC Levies                          |      | 171            | 188            |
| Advertising                         |      | 16,664         | -              |
| Bad Debt                            |      | -              | 57,929         |
| Bank Fees                           |      | 379            | 402            |
| General Expenses                    |      | 21,058         | 10,455         |
| Information & Archives              |      | 56,522         | 11,814         |
| Insurance                           |      | 40,704         | 37,187         |
| Manaakitanga                        |      | 3,343          | 1,342          |
| Office Rent & Storage               |      | -              | 43,155         |
| Office Supplies & Expenses          |      | 5,652          | 10,684         |
| Photocopying                        |      | (447)          | 4,880          |
| Telephone                           |      | 3,267          | 4,967          |
| Travel                              |      | 3,676          | 6,140          |
| Wages, Salaries and Contract Labour |      | 205,494        | 243,468        |
|                                     |      | <u>356,483</u> | <u>432,611</u> |
| <b>Hui a Iwi</b>                    |      |                |                |
| Annual Hui                          |      | 41,599         | 44,558         |
| Koha & Venue Hire                   |      | 78,524         | 35,130         |
|                                     |      | <u>120,123</u> | <u>79,688</u>  |
| <b>Professional Services</b>        |      |                |                |
| Accountancy                         |      | 98,211         | 105,719        |
| Advisory Services                   |      | 17,687         | 15,829         |
| Audit                               |      | 31,897         | 29,284         |
| Consultancy                         |      | 12,107         | 24,032         |
| Investment Fees                     |      | 32,809         | 39,881         |
| Legal Fees                          |      | 84,287         | 82,601         |
|                                     |      | <u>276,998</u> | <u>297,346</u> |
| <b>Project Management</b>           |      |                |                |
| Mana Whenua Costs                   |      | 23,477         | 2,368          |
| Social Housing Project              |      | 62,832         | 2,847          |
|                                     |      | <u>86,309</u>  | <u>5,215</u>   |

*These financial statements should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.*



**Schedule of Expenses, Distributions & Fair Value Adjustments****For the year ended 30 June 2020**

|  | <b>Note</b> | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|-------------|
|  |             | <b>\$</b>   | <b>\$</b>   |
| <b>Governance</b>                        |             |             |             |
| Meeting Costs                            |             | 1,986       | 4,803       |
| Trustee Fees                             |             | 164,200     | 164,200     |
| Trustee Travel                           |             | 4,307       | 5,341       |
|  | 15          | 170,493     | 174,344     |
| <b>Finance Costs</b>                     |             |             |             |
| Interest Paid                            |             | 12,838      | 17,126      |
|  |             | 12,838      | 17,126      |
| <b>Depreciation Charges</b>              |             |             |             |
| Depreciation                             |             | 21,713      | 34,892      |
|  |             | 21,713      | 34,892      |
| <b>Depreciation Charges - ROU Assets</b> |             |             |             |
| Depreciation - ROU Assets                |             | 33,265      | -           |
|  |             | 33,265      | -           |

*These financial statements should be read in conjunction with the notes to the financial statements and the Independent Auditor's Report.*



# 2019 AGM MINUTES





# MINUTES

## ANNUAL GENERAL MEETING OF THE TŪWHARETOA SETTLEMENT TRUST HELD AT THE WAIRAKEI RESORT, TAUPŌ ON SATURDAY, 7 DECEMBER 2019, COMMENCING AT 1.30PM

**PRESENT:** Rakeipoho Taiaroa (Chairman), Hon Georgina te Heuheu *DNZM, QSO*, Paranapa Otimi, Elizabeth (Judy) Harris, Joanne Te Huia, Dylan Tahau, Te Rangimaheu (Gerard) te Heuheu (representative for Te Ariki, Tā Tumu te Heuheu).

Apologies: Beneficial owners as per the Apologies Register

In Attendance: Beneficial owners as per the Attendance Register  
G Stebbing (General Manager) and L McErlane (Legal Advisor)

### 1. TE TIMATANGA/KARAKIA

1.20pm: D Tahau opened the hui

#### **Whakatuwheratanga:**

D Tahau ran through the agenda for the day along with the housekeeping rules and introduced the Tūwharetoa Settlement Trust (TST) Trustees and management.

### 2. APOLOGIES

#### **APOLOGIES:**

##### **Apologies**

*That the apologies as recorded at the registration desk, be received.*

Moved: Johnathan Te Rire

Seconded: Rima Tahau

**CARRIED**

### 3. 2018 AGM MINUTES AND MATTERS ARISING

#### **MINUTES OF 2018 AGM**

*That the minutes of the 2018 AGM be approved.*

Moved: Hinemoa Henderson

Seconded: Tumu Paerata

**CARRIED**

#### **Matters Arising**

There were no matters arising.

## 4. WHO WE ARE

Hon Georgina te Heuheu, DNZM, QSO, Deputy Chair, provided a historical overview of the Tūwharetoa Settlement Trust.

### TST's role is to:

- Protect and enhance the Arikitunga, mana and rangatiratanga of Ngāti Tūwharetoa.
- Promote and advance the social, economic and cultural well-being of our members and hapū.

We have made it our objective to make a decided effort to get back as much property as the Crown were offering back.

## 5. CHAIRMAN'S REPORT

R Taiaroa presented his Chairman's report to the hui, as outlined in the Annual Report. It was noted that the reporting period is for the year ending 30 June 2019. The Chairman outlined the strategic objectives included in the 2018-2020 Strategic Plan.

### CHAIRMAN'S REPORT:

*That the Chairman's report be noted and received.*

*Moved: Ruby Rondon*

*Seconded: Hinemoa Henderson*

**CARRIED**

### Highlights were noted:

- The Trust's equity increased by \$7.3 million to \$52.7 million.
- Distributions amounted to \$976,000 - this is an increase of \$16,000 compared to 2018.
- Collaboration with the Tūwharetoa Māori Trust Board and Ngāti Tūwharetoa Fisheries Charitable Trust continue, including a shared member database (Salesforce).
- Investments and investment partnerships continue to go from strength to strength:
  - Kākano, Hautū-Rangipō and managed funds continue to perform above expectations.
  - Sky Waka (RAL Gondola), Tūwharetoa Hau Rau and Tauwhara ki te Hikuwai (11 Tūwharetoa Street) anticipated to be fully developed over the coming years.
- Social housing project:
  - Purchase of six properties at Wairakei and an opportunity to purchase some (13) sections in Tūrangi.
  - Project is still in early stages.
- Looking ahead, 2043 may see a significant decrease in our forestry rental. TST's focus will be on improving our financial position to ensure sustainability and growth of benefits to members.

The Chairman thanked the staff for their efforts in progressing the work of TST.





## 6. OPERATIONAL REPORT

G Stebbing, TST General Manager presented the Operations Report as outlined in the Annual Report. He also outlined the structure of the organisation.

### Highlights noted were:

- Earnings are still strong - \$7.4 million.
- There has been a growth in equity - \$5.2 million (to \$52.7 million).
- The website was refreshed.
- Distributions increased from \$960,000 to \$976,000 and include grants for Marae Capital Works, Education Grants, Marae Operational Grants and TST STEM Scholarships.
- The new shared membership database was launched in January 2019. The final phase for the database will be the Tūwharetoa Community Portal, which will allow members to view and manage their own individual records.
- Investment Managed Funds provided a return of 6 per cent for the 12 months ending 30 June 2019.

The General Manager invited D Tahau to provide an update on CNI Iwi Holdings activities. He advised that CNIHL have filed a Declaratory Judgment with the High Court seeking clarity on the adjudicators' 2016 determinations.

## 7. FINANCIAL REPORT

G Stebbing presented the Financial Report.

It was noted that TST are well positioned for opportunities that may come our way as have cashed up some of the forestry assets.

### **OPERATIONS & FINANCIAL REPORT:**

*That the Operations and Financial Reports be received*

*Moved: Danny Loughlin*

*Seconded: Danny Paranihi*

**CARRIED**

### **TUIHANA RAMEKA**

***How often are professional and administration services reviewed to ensure TST is paying competitive prices? Also, do the beneficiaries get to review how TST are investing money?***

The General Manager replied that an Annual Budget is approved each year by the Trustees. Audit services are also reviewed every three years. TST employs only two staff members: the General Manager and a part-time Financial Administrator. All other services are provided on a shared-services basis which keep expenses to a minimum. The Chairman also advised that as part of their due diligence processes, the Board seeks expert advice around investments.

### **CHRISTINE KIDWELL**

***Thank you for your report. With regards to 'Limited Partnerships', can you please explain what that means?***

The General Manager replied that a Limited Partnership (LP) is a version of a Limited Liability company, but the LP's pre-tax profits get distributed to the partners and are then taxed at the individual partner's tax rates.

## 8. APPOINTMENT OF AUDITORS

### **APPOINTMENT OF AUDITORS:**

*That the meeting endorses the Trust's reappointment of Crowe Horwath as Auditors.*

*Moved: Christine Kidwell*

*Seconded: Hinemoa Henderson*

**CARRIED**



## 9. HOUSING STRATEGY

G Stebbing spoke about TST's Housing Strategy. The purpose of the strategy is to consider ways in which TST can support Tūwharetoa whānau to live in healthy, safe and stable homes. Whānau were urged to complete the Housing Survey which is available on the TST website. It was noted that Blandina Diamond had been employed to manage the Tūwharetoa Housing Strategy project.

A large number of questions were asked and supporting comments offered about the TST Housing Strategy, emphasising the importance of this kaupapa to all whānau.

## 10. GENERAL BUSINESS

### TUMU TE PAERATA

*I have asked if you, the Board, could come and meet with us regarding the Pureora/Marotiri block. This is about the 50/50 percentage that was given to TST and Raukawa. Ngāti Te Kohera fought hard for our whenua. TST - please come to Mōkai and speak with us.*

The Chairman replied that yes, we will come again.



## 11. MEETING CLOSURE

R Taiaroa acknowledged all those in attendance and who have travelled, wishing everyone a safe and happy whānau Christmas and New Year.

Karakia Whakamutunga: 3.04pm - Paranapa Otimi closed the hui with karakia.

Verified as a true and correct record of this meeting.

Signed: 

R Taiaroa, Chairman

# NOTES

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# NOTES

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81 HOROMATANGI STREET, TAUPŌ, NEW ZEALAND | PO BOX 1845, TAUPŌ 3351, NEW ZEALAND  
0800 889 427 | INFO@TST.MĀORI.NZ | TST.MĀORI.NZ