



# ANNUAL REPORT

**2019**



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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.

## 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 CNIHL (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 IS TO:

- 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 (CNIHL);
- Complete the cultural redress on the CNIHL 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 ARE:

- 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 BOARD

## 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 BOARD

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

## OUR CURRENT TRUSTEES ARE:



**Te Arika Tā Tumu  
te Heuheu**  
TRUSTEE - TE ARIKI O  
NGĀTI TŪWHARETOA



**Rakeipoho Taiaroa**  
CHAIRMAN - MAATAAPUNA



**Hon Dame Georgina  
te Heuheu, 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

# 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 2018/19 financial year.*

*Rakeipoho Taiaroa, Chairman*

The Trust has continued to achieve positive results with a strong focus on our overall vision – to grow the world of Tūwharetoa for our people, to further strengthen our hapū foundations as stated in our Strategic Plan.

The Trust's mahi over the year has seen us continue to make progress in building a solid foundation for a prosperous future.

Robust systems and processes are in place, which means we are in a good position to achieve our strategic goals. 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.

## GROWTH

I am pleased to report that the Trust's equity increased by **\$7.3 million** to **\$52.7 million** compared to \$47.5 million in the previous year.

## COLLABORATION

We have continued our collaborative mahi with the Tūwharetoa Māori Trust Board and Ngāti Tūwharetoa Fisheries Charitable Trust. We were pleased to launch our shared member database, using Salesforce, the world's #1 Customer Relationship Management (CRM) platform. We are now focused on finalising the Community Portal for our members. This will enable members to easily access and check their own information, apply for grants, check the status of their current grant applications, check grant history, update generic details or contact us.

## INVESTMENTS

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

Our investments in Kākano, Hautū Rangipō and our managed funds continue to perform above expectations. Additional investments in Sky Waka, Tūwharetoa Hau Rau and Tauwhara ki te Hikuwai (11 Tūwharetoa Street) are yet to be fully developed.

Since the end of the financial year, we have launched our social housing project, including the purchase of six properties at Wairakei and an opportunity to purchase some sections in Tūrangi. Whilst the project is still in its early stages we are very excited to be able to have the opportunity to provide benefit in this very complex space.

The year 2043 is a very important milestone for the Trust, as at this point we are likely to see a significant decrease in our forestry rental income. The Trust will 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

# LOOKING AHEAD: STRATEGIC PLAN 2018-2020

## 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 Arikitanga.

## 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.

# MANAGEMENT

## OUR OPERATIONAL TEAM

Our operational team includes our General Manager and Financial Administrator.



**Greg Stebbing**

GENERAL MANAGER -  
NGĀTI RUIGARANGI



**Te Aroha Woods**

FINANCIAL  
ADMINISTRATOR -  
NGĀTI KURAUIA

## 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

# OPERATIONAL REPORT



Greg Stebbing, General Manager

## TĒNĀ KOUTOU KATOĀ

Tūwharetoa Settlement Trust again achieved excellent financial results through continuing strong investment performance and a one-off distribution from CNI Iwi Holdings Limited for the sale of NZ Units. This performance resulted in the nett equity of the Trust increasing from \$47.5 million in the previous financial year to \$52.7 million.

## GRANTS

This year's grant funding was \$976,000, an increase of \$16,000 compared to the previous year.

### Grants were provided towards:

1. The Paramouncy Office - **\$100,000**
2. Marae Operational Support - **\$450,000**
3. Education - **\$176,000**
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 **\$702,000** distributed to **1,561** Tūwharetoa whānui, an increase of **29 per cent** compared to the previous year.

NUMBER	PURPOSE
597	Early Childhood and Kōhanga Reo
348	Secondary School NCEA
555	Tertiary Study
61	Special Needs

### STEM Scholarship

This year, the Trust awarded their first STEM (Science, Technology, Engineering and Mathematics) scholarship to Shaun Toroa te Rire McNeil from Ngāti Tūrangitukua. Up to three scholarships will be awarded each year.

### Marae Capital Works grants

These were provided in partnership with the Tūwharetoa Māori Trust Board with a total of **\$450,000** granted to six marae.

MARAE	PROJECT	VALUE
Te Tikanga	Waste and hot water system upgrade	\$10,000
Oruanui	Building compliance	\$30,000
Otūkou	Marae complex upgrade	\$50,000
Nukuhau	Carpark sealing	\$40,000
Wapahīhī	Wharekai refurbishment	\$100,000
Waihi	Marae general upgrade	\$220,000

## MEMBER REGISTER DATABASE

The Trust, in collaboration with the Tūwharetoa Māori Trust Board and Ngāti Tūwharetoa Fisheries Charitable Trust has implemented a new shared members' database software system that has vastly improved the service to all our members through a one-stop registration process and the ability to apply online for grants and funding. The new software system - Salesforce - is deemed to be the most widely used customer relationship management (CRM) system in the world.

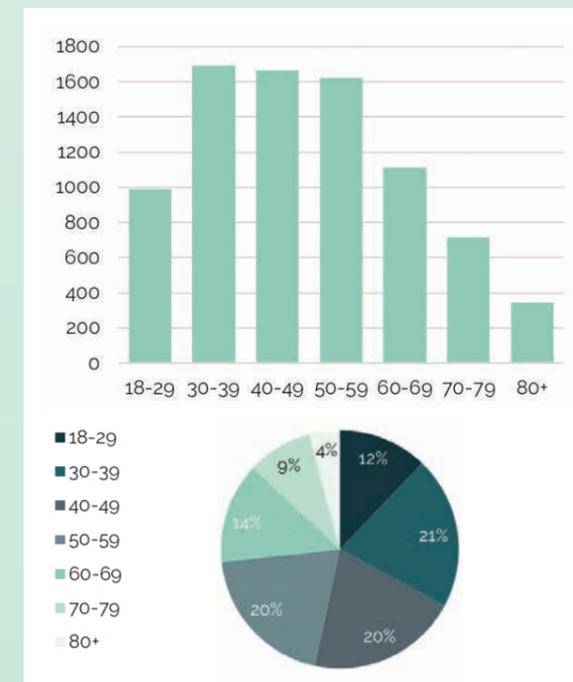
The final phase of the project is to build a Community Portal for our members.

The Tūwharetoa Community Portal is an online platform which will be open to all members who are registered with the Trust Board, TST and NTFCT and will allow them to easily access or check their own information, apply for grants, check the status of their current grant applications, check grant history, update generic details, or contact us.

## TST MEMBER STATISTICS

### Members by Age

AGE GROUP	REGISTERED MEMBERS	PER CENT
18-29	986	12%
30-39	1,689	21%
40-49	1,666	20%
50-59	1,619	20%
60-69	1,113	14%
70-79	716	9%
80+	344	4%
<b>Total</b>	<b>8,133</b>	<b>100%</b>



### Registered Members

REGION	COUNT
New Zealand	7,644
International	489
<b>Total</b>	<b>8,133</b>

### Members by Region

REGION	COUNT	PER CENT
Auckland/Northland	838	10%
Waikato	905	11%
Bay of Plenty	1,203	15%
Taupō/Tūrangi	2,171	27%
Gisborne/Hawkes Bay	588	7%
Whanganui/Manawatu	1,069	13%
Wellington/Wairarapa	484	6%
South Island	368	5%
International	507	6%
<b>Total</b>	<b>8,133</b>	<b>100%</b>



# OUR INVESTMENTS

## INVESTMENT MANAGED FUNDS

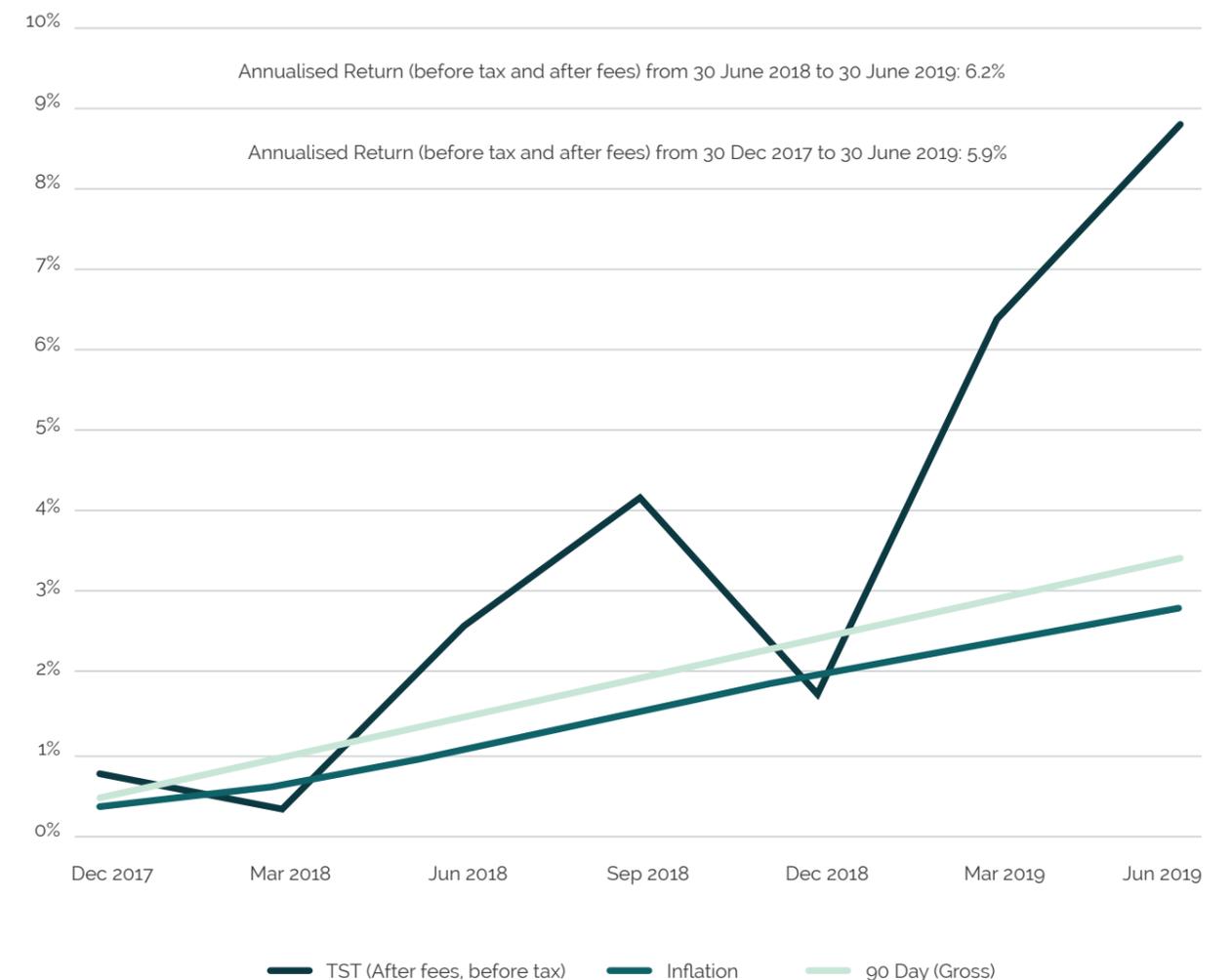
The Trust's cash resources are invested in a conservative investment fund managed by Iwi Investor, a wholly owned subsidiary of the Lake Taupō Forest Trust. Investment advice is provided by *MyFiduciary*.

The fund returned six per cent for the 12 months ending 30 June 2019 and has returned 5.9 per cent per annum (after fees) since January 2018. This performance is in line with other multi-asset moderate portfolios we track.

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 in the last four months of 2018 when equity markets suffered a short-term decline. The equities allocation has benefited from the strong equity market performance during the first half of 2019 and provided an important source of growth for the portfolio.

TŪWHARETOA SETTLEMENT TRUST PORTFOLIO AS AT 30 JUNE 2019			
	VALUE	ACTUAL	TARGET
Cash	\$2,226,899	12%	2.0%
NZ Fixed Interest	\$3,711,499	20%	22.4%
Global Fixed Interest	\$7,608,572	41%	45.6%
Global Property	\$742,300	4%	5.0%
NZ Equity	\$556,725	3%	3.8%
Australian Equity	\$185,575	1%	1.3%
Global Equity	\$2,783,624	15%	16.0%
Emerging Markets	\$742,300	4%	4.0%
<b>Total Assets</b>	<b>\$18,557,493</b>	<b>100%</b>	<b>100%</b>

## CUMULATIVE PERFORMANCE SINCE INCEPTION (31 DEC 2017)



# OUR INVESTMENT PARTNERSHIPS

## 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 (TPTF) 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 the Fund by Debbie Birch (Ngāti Tūwharetoa, Ngāti Apa, Ngāti Hauiti, Ngāti Rangī).

Whilst a number of potential investment opportunities have been given serious consideration by TPTF, at this stage no acquisitions have been finalised. This partly reflects the current low interest rate environment which is driving very high prices being paid by investors looking for returns better than the banks are offering.

## TŪWHARETOA GONDOLA LIMITED PARTNERSHIP

Ruapehu Alpine Lifts (RAL) launched a project in 2018 to build a \$25 million gondola replacing the chairlift between the top of the Bruce and Knoll Ridge cafe. As part of their funding they issued a bond offer with a guaranteed minimum return and a share in the upside of any increase in passenger numbers.

To participate in the bond offer, eight Tūwharetoa commercial entities have formed Tūwharetoa Gondola Limited Partnership with a total commitment of \$9.5 million.

The gondola, which has been named Sky Waka, was successfully commissioned at the end of June 2019 with the official opening celebrated on 26 July.



## 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. The Trust is a shareholder along with the 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 an acceptable level.

## TE KĀKANO WHAKATIPU LIMITED PARTNERSHIP

This is a partnership comprised of six CNI Iwi investing in Kaingaroa Timberlands, the company that owns and manages the Kaingaroa 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 \$24 million, a gain of 92 per cent. In addition to the gain in valuation, annual cash dividends averaging over \$1 million per year have been received.

Whilst a recent sharp drop in log prices sent a few jitters through the forestry industry, prices have generally recovered and the performance to date has been outstanding. The forest industry is very sensitive to log pricing and demand and so with the current trade issues between the USA and China we may see some downward movement in financial performance.

## CNI IWI HOLDINGS LIMITED (CNIHL)

CNI Holdings continues to develop stronger relationships with our forestry-right and lease holders with the aim of improving environmental and social objectives aligned to the collective cultural values of the eight CNI Iwi groups.

There has been significant consulting and legal activity in the Land Management company, primarily from actions taken to challenge the nutrient management Plan Change 10 that was

introduced by Environment Bay of Plenty for the Rotorua Lake catchment area. These plan changes severely reduce future land use options if they are allowed to be implemented. This challenge against the Regional Council is still ongoing. CNI Iwi lands span three regional councils.

## The CNIHL 2019 Financial Year highlights include:

- An increase in forestry and non-forestry rental income
- An increase in equity for the collective
- Higher overall distribution payments to PSGEs
- Total income of \$26.8 million, which is an increase of \$3.1 million on the previous financial year
- The eight CNI Iwi received \$24.7 million of nett distributions, an increase of \$7 million from the 2018 financial year.

Over the past two years, the CNI Board and CNI Land Management Company have been looking at options to generate revenue from the pre-1990 settlement NZU Carbon credits (credits which will ultimately be returned to the PSGEs after 2043). During the year, CNIHL completed a sale and mandatory buy-back deal for the NZUs. As a result, CNI received over \$65.4 million of which \$11 million was distributed to PSGEs. The remainder is invested in a 10-year fixed term bank deposit to fund the buy-back.

Mana whenua still remains a challenge this year with CNI looking to file a Declaratory Judgment with the High Court to seek clarity around the conflicting determinations in the adjudicator's statement released in 2016. It is hoped that a Declaratory Judgment will be the final step in completing the allocation of the nine adjudicated CFLs.

While this Declaratory Judgment process is in play, mana whenua discussions over the remaining southern CFLs of Waimaroke, Pukuriri, Waimihia North and Waimihia South have proven difficult.

**MAROTIRI-PUREORA FOREST HAPŪ CLUSTER TRUST TRUSTEES VISIT PUREORA SOUTH FOREST**

In April 2019, at the request of the FHC Trustees, a site visit was arranged to Pureora South Forest located on the western shores of Lake Taupō.

Trustees Anne-Marie Kendall (Chair), Mere Maniapoto and Louis Paerata were accompanied by Tony Rotorangi (Mōkai Marae), John Hura (NZ Forest Manager), Greg Stebbing and Jo Te Huia (Tūwharetoa Settlement Trust).

With harvesting of this forestry-right soon to start, a number of tōtara logs have been recovered from production skid sites. The Trustees are keen to protect these taonga and so are looking for an appropriate site to store them.



*“It was a humbling experience to retrace the footsteps of our tūpuna and visit our ngahere at Marotiri and Pureora South. Although much of the ngahere is planted out in Pine and Douglas Fir, we gained an appreciation of where our tūpuna lived as there are pockets of native ngahere still standing. The Crown has been in possession of our ngahere for many years, therefore we are grateful for the return of some of our whenua tūpuna under the CNI agreement. As Trustees on the Marotiri-Pureora Forest Hapū Cluster Trust, we are exploring opportunities to grow our investment which will return sustainable benefits to our tribal membership.”*

LOUIS PAERATA (TE KŌHERA, PAREKAAWA, WAIRANGI, MOEKINO, TURUMĀKINA, TE RANGIITA)

**KAUMĀTUA DINNER 2019**

*Another successful Tūwharetoa Kaumātua Dinner was held on 12 October 2019 at the Great Lake Centre, Taupō with more than 400 kaumātua in attendance, representing 34 marae.*

The event is a joint initiative between TST, the Tūwharetoa Māori Trust Board, and the Ngāti Tūwharetoa Fisheries Charitable Trust. The event celebrates and acknowledges our kaumātua who uphold the tikanga and kawa of our marae.

**Here are a few photos of our kaumātua and kuia enjoying themselves. Thank you to all involved in this special event.**



# HOUSING UPDATE

*Housing is an area impacting many of our Tūwharetoa whānau.*

TST recently conducted a survey amongst its registered beneficiaries to enable us to more fully understand whānau needs in relation to housing, and what your expectations are of TST in this space.

We have received some great feedback over the past few weeks, which has built our understanding of your precise needs including factors relating to tenure types, volume, location and affordability.

Your feedback will help inform our mahi over the coming months.

At the same time, we are undertaking detailed assessments of what other iwi are doing in housing, including an exploration of Papakāinga housing models and implications of Leasehold versus Freehold land.

We are also involved in discussion with other Tūwharetoa entities interested in looking at the provision of housing.

We thank all those who participated in the survey and we look forward to communicating with you on our housing plans for the future.

# A FRESH NEW WEBSITE

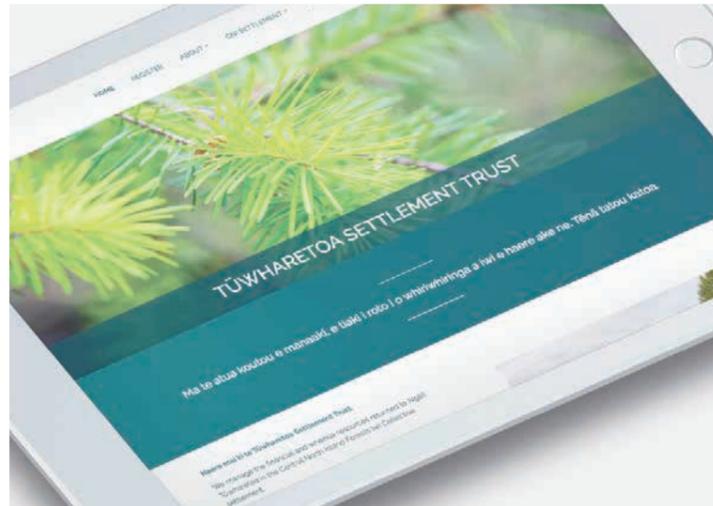
*If you've visited the TST website lately, you'll notice it's sporting a fresh look and new content that better reflects our mahi and kaupapa today.*

Launched in September 2019, the new website is a repository for all the information you need on TST.

We encourage you to check it out now and read about our marae and hapū, available grants and scholarships, our organisational structure, and Strategic Plan through to 2020.

You can also update your details and register through the site.

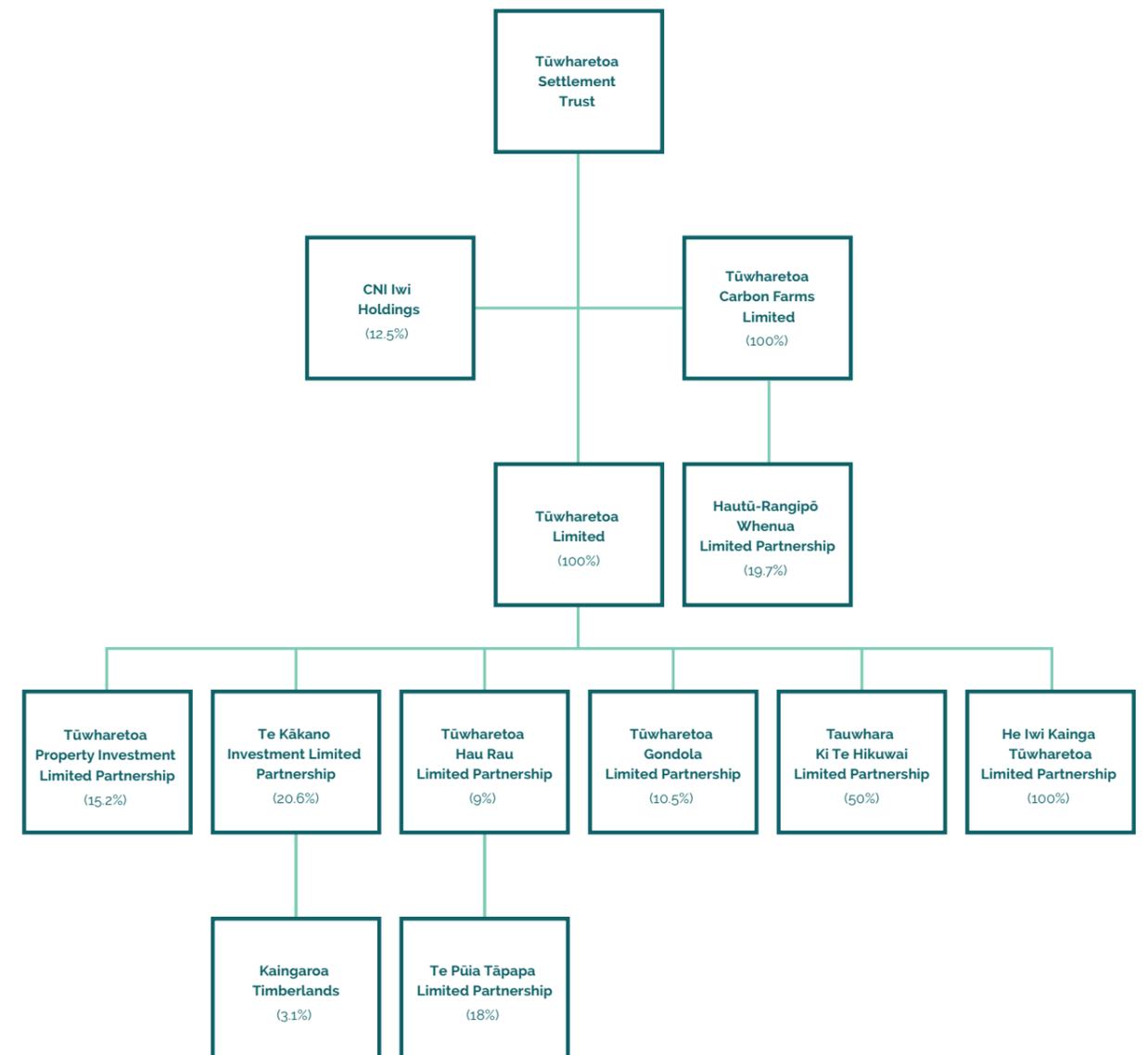
Visit [www.tst.maori.nz](http://www.tst.maori.nz).



# 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





# FINANCIAL PERFORMANCE

## PROFIT AND LOSS

The total Comprehensive Income after Tax for the year was \$7.4 million, a decrease of \$1.1 million compared to last year.

The strong performance included the following notable points:

- CNI Forestry Rental distributions were up \$0.3 million.
- A distribution of \$4.1 million was received from CNI Iwi Holdings Limited arising from a sale of NZUs to BP.
- The Kākano Investment Limited Partnership investment continued to perform strongly with a nett profit after revaluations of \$1.1 million and cash distributions of \$1.6 million (13 per cent). Since the original investment of \$12.5 million was made in December 2013, TST has received cash distributions totalling \$6.5 million (51 per cent) along with an increase of \$11.1 million (89 per cent) in the book value of the investment.
- Interest and dividends received were \$1.1 million, driven by increased funds invested and an average return of 6.2 per cent from the Iwi Investor managed funds portfolio.
- A fair value gain of \$0.8 million was recorded for TST's share in the Tūwharetoa Property Investment Limited Partnership.

### 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 new Mt Ruapehu RAL Sky Waka Gondola.

### TE KĀKANO LIMITED PARTNERSHIP

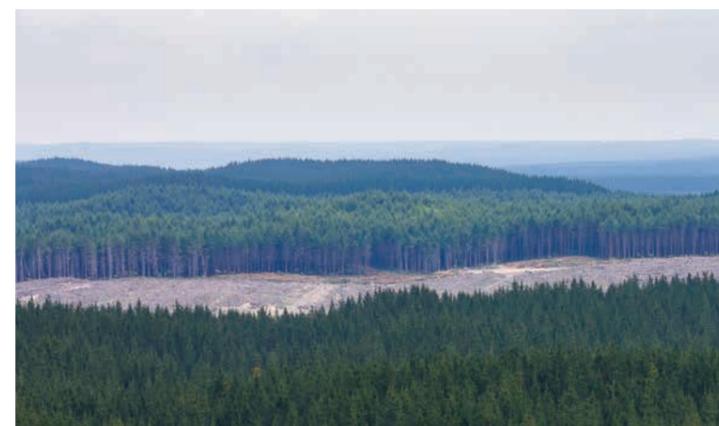
Te Kākano Limited Partnership owns 3.1 per cent of the shares in Kaingaroa Timberlands, which is the owner of the forestry rights for Kaingaroa Forest.

### 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 KAINGA TŪWHARETOA LIMITED PARTNERSHIP

He Iwi Kainga Tūwharetoa Limited Partnership owns six residential properties located in the Wairakei Village.



FINANCIAL PERFORMANCE	2016	2017	2018	2019
	\$m	\$m	\$m	\$m
Revenue	4.5	5.0	6.9	13.3
Expenditure	(0.9)	(1.1)	(1.1)	(1.0)
Interest and Depreciation	(0.7)	(0.2)	(0.0)	(0.0)
<b>Operating Profit</b>	<b>3.0</b>	<b>3.6</b>	<b>5.8</b>	<b>12.2</b>
Distributions and Grants	(0.6)	(0.7)	(1.0)	(1.0)
Kākano Revaluation	1.5	2.8	4.5	(2.2)
Income Tax	(0.9)	(1.1)	(0.8)	(1.6)
<b>Comprehensive Income</b>	<b>3.0</b>	<b>4.7</b>	<b>8.5</b>	<b>7.4</b>

Expenditure	2016	2017	2018	2019
	\$m	\$m	\$m	\$m
Administration	0.4	0.5	0.6	0.5
Professional Services	0.2	0.3	0.3	0.3
Governance	0.2	0.2	0.2	0.2
Projects – Mana Whenua, FHC.	0.1	0.1	0.1	0.0
<b>Total Expenditure</b>	<b>0.9</b>	<b>1.1</b>	<b>1.1</b>	<b>1.0</b>

Operating Expenditure was down \$70,000 compared to last year, reflecting lower staffing and minimal activity in the CNI Mana Whenua process.

# FINANCIAL POSITION

The financial position of the Trust increased by \$7.3 million with total Equity (excluding minority interests) now at \$52.7 million compared to \$47.5 million in 2018, \$45.4 million in 2017, and \$16.2 million in 2013.

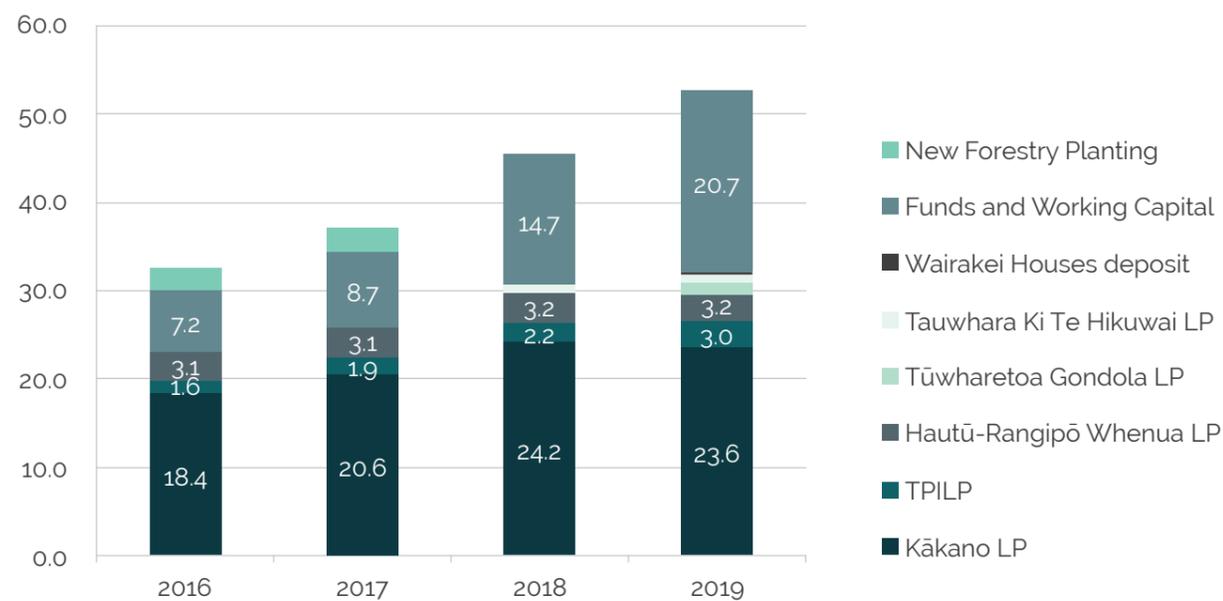
The main factor in the equity increase was the strong operating profit after tax performance of \$7.4 million.

During the financial year, the Trust agreed to reduce the funds being held on behalf of Te Pae O Waimihia from 40 per cent to 20 per cent. This resulted in a transfer of \$16 million by way of \$10.5 million of shares in TPILP and \$5.5 million of cash. Whilst this transaction had no impact on TST's nett equity, the assets have reduced due to the transfer of the TPILP shares. However, this is offset by the reduction in liabilities.

With the Trust 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	2016	2017	2018	2019
	\$m	\$m	\$m	\$m
Total Assets	64.9	66.7	76.3	66.6
Total Liabilities	(31.1)	(27.6)	(28.7)	(13.9)
Total Equity	33.8	39.1	47.5	52.7
Less Minorities	(1.3)	(2.1)	(2.2)	0
Nett TST Equity	32.4	37.0	45.4	52.7

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.

	2016	2017	2018	2019
Forestry	64%	63%	53%	45%
Property	14%	14%	14%	14%
Cash and Managed Funds	22%	23%	32%	41%
	100%	100%	100%	100%

The table above reflects a move towards a better balanced mix of assets classes with the proportion held in forestry (non-liquid) reduced and replaced by increased managed funds (liquid) assets. This places TST in a good position to look at other investment opportunities.

## DESCRIPTION OF INDIVIDUAL ASSETS CLASSES

- New Forest Planting expenditure was 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.
- The Wairakei Houses deposit was the deposit paid to purchase six houses in the Wairakei Village.
- 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.
- Tūwharetoa Gondola Limited Partnership 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, and the Probation Office. The Partners are: TST, Tūwharetoa Māori Trust Board and 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 Kaingaroa Timberlands.

# 2018 AGM MINUTES

## MINUTES

ANNUAL GENERAL MEETING OF THE TŪWHARETOA SETTLEMENT TRUST HELD AT THE WAIRAKEI RESORT, TAUPŌ ON SATURDAY 8 DECEMBER 2018, COMMENCING AT 10.15AM

### PRESENT

Trustees: R Taiaroa (Chair), Hon GM te Heuheu (Dep Chair), J Bennett, P Otimi, E Harris and J Te Huia

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)

**1. TE TIMATANGA** P Otimi at 10.15am.

### WHAKATUWHERATANGA:

The Agenda for the day was run through, along with the housekeeping rules. The Trustees and Management were introduced to the hui and an apology for Trustee Dylan Tahau was noted.

#### RESOLUTION 1:

##### Apologies

That the Apologies, as per the Apologies Register be received.

*Barbara Brown / Hinemoa Henderson - CARRIED*

### 2. MINUTES

#### RESOLUTION 2:

##### Unconfirmed Minutes dated 2 December 2017

That the Minutes dated 2 December 2017 be accepted.

*Marlene Clemas / Val Scholtz - CARRIED*

Matters Arising - Nil

## 2. ABOUT US

Hon GM te Heuheu provided a historical overview of the Tūwharetoa Settlement Trust.

- Our role is to protect and enhance the arikitunga, mana and rangatiratanga of Ngāti Tūwharetoa; to promote and advance the social, economic and cultural well-being of our members and hapū.
- The 2009 CNI settlement consisted of \$66 million in cash (\$37 million TST / \$29 million FHCs); a share of 176,000 hectares of land with seven other Iwi; 25.9 per cent of CNI rental payment until 2043; a share of three million NZUs and the rights to purchase Crown properties through the Deferred Settlement Process (DSP) and Right of First Refusal (RFR) process.

- An ongoing focus is to return land to our hapū. Over the last five years, the Trust has acquired the following properties made available by the Crown for purchase through the DSP and RFR processes. This includes nine Taupō schools (land) with long-term leases with the Government, the Taupō Courthouse (land), Taupō Probation Centre (land and building), Forest Enclaves (land), Hautū-Rangipō (land), and 11 Tūwharetoa Street (land and building).
- Always a moemoeā of the Trust when it was being established that where land is available for return, Trustees would put a priority on making that happen. We are pleased we have been able to do that.

### 3. 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 to 30 June 2018.

#### Highlights noted were:

- Trustee Elections were held in December 2017 resulting in new Trustees being appointed; Paranapa Otimi, Joanne Te Huia and Elizabeth (Judy) Harris. They have all hit the ground running.
- The Strategic Plan has been refreshed. The plan is holistic in terms of projecting out to 2045 due to an important milestone in 2044 that we need to track.
- Very happy this year in terms of a financial measure and a fiduciary measure. The Trust equity has increased 21 per cent, due to the value of assets, and activities, and as a result of a wish by Trustees to run a lean organisation in order to keep costs down but without compromising our business activities and services. Trust equity has increased from \$16.2 million in 2013 to \$47.5 million in 2018.
- Distributions have increased to \$1 million per annum which we sense has been well-received. We have placed a focus on our Marae. We have been able to upgrade our distributions partly due to our collaboration with the Tūwharetoa Māori Trust Board and Ngāti Tūwharetoa Fisheries Charitable Trust. Our three Trusts share an office space and the Trust Board has resources that we have been able to utilise, on the basis of sharing of costs which will plateau and decrease in the future as we look to grow a one stop Tūwharetoa shop. Collaboration with other entities has been a big theme this year.
- We have continued the theme of co-investment within Tūwharetoa with an opportunity having arisen with the NZ SuperFund and Te Pūia Tāpapa. This latter has brought together various iwi groups to explore larger investment opportunities, under the umbrella of the NZ SuperFund. The Te Pūia Tāpapa Board consists of expert investment folk within Māoridom representing the iwi groups involved. Tūwharetoa is one of these comprising a subset of Tūwharetoa Trusts.
- The RAL Gondola project sought co-investment, and again, a collaboration of Tūwharetoa entities have pooled funds for the 10-year investment.
- 2043-2044 is the long-term milestone where our income as TST will change and we need to be prepared and plan for that. In respect of the Forest Hapū Clusters (FHCs) equity and TST equity, we report that there has been a progressive rise since the elected Trustees came on board in 2013.
- Mana Whenua – this process is ongoing. In respect of the three blocks from Tauhara, Broadlands, issues have arisen which require to be addressed involving a kanohi ki te kanohi hui with Ngāti Tahu, Te Pūmautanga o Te Arawa (TPT) and Tūhoe. We may need to call a special hui to bring the kōrero to you.
- Distributions – Marae Capital, Education Grants, Arikitanga and Marae Capital Works.



#### 3.1 RANGINUI HOUPAPA – MARAE GRANTS

The marae and ablution block at Hia Kaitupeka Marae (Ngāti Hari) are in need of repairs however, kāore e moni. R Taiaroa noted that TST has specific marae legislated in our Trust Deed and those are the marae that the TST are able to provide support to. Different marae around the lake have been specified. We affiliate to those marae and that is our lineage into Tūwharetoa. R Houppapa said that two applications have been sent and declined, because Hia Kaitupeka is a Maniapoto marae.

#### 3.2 CHARMAINE PENE - TŪWHARETOA GONDOLA LTD PARTNERSHIP

The bond offer has a guaranteed minimum return, what is that return and what happens after 10 years? Are there any benefits for Tūwharetoa Hapū Clusters?

R Taiaroa made comment that the first step in the process was to see if our hapū were happy that the gondola is going up. Various kōrero were had and we found a positive response.

We looked at our investment appetite when considering this investment. We are guaranteed a minimum return of three per cent. If there are more visitors to the Maunga for the Gondola then the return will increase. The predicted visitor numbers are expected to increase considerably.

We also noted that during the winter months, RAL is the biggest employer of our Tūwharetoa people around Tūrangi, Taumarunui and Taupō. It is expected that the Gondola development will result in visitors coming to the area all year round, meaning the availability of work for much of the year. In addition, the Crown has invested in the development. It is considered a safe bond to have the Crown as a partner. Separate to this, the Maunga claim going on at the moment is also important.

#### 3.3 MOEKE HERBERT – TE NUNGA O MATOU O HIA KAITUAPEKA

R Taiaroa acknowledged the hui at Oruaiwi between Kanawa and Heuheu, different kaupapa back then, Maniapoto on Kanawa side, in terms of our stipulation for the act of the claim, we have to stick to those Marae legislated in our Trust Deed.

#### 3.4 CHRISTINE KIDWELL

Thanked the Trust for providing transport from Omahu. Reading the report it is good to see that the Trust is now debt free. C Kidwell asked if TST is now the permanent PSGE right to the end of 2043?

R Taiaroa re-iterated that TST was a recipient of the CNI claim which involved seven other iwi. We have the Tūwharetoa sector of that claim and are the PSGE for that claim.

The Comprehensive Claim is also happening – congratulations to them as the third and final reading is going to Parliament this week, so there will be another PSGE. The TST is slightly different as we have Forest Hapū Cluster Trusts (FHCs) set up as well, and we hold funds in trust for those FHCs with the big/major payment to those FHCs being made after Mana Whenua is completed.

### 3.5 CHRISTOPHER HEPI

Looking at the accounts it appears that TST invested \$75 million in the Gondola project, yet it was noted that they were looking for \$25 million, because you are sharing in the profits. Can you give me some idea of the history of the Gondola?

R Taiaroa confirmed very clearly that the TST has not invested \$75 million. This Gondola project is a new project for RAL with a focus on tourism and marketing. The statistics for the last season saw visitor numbers increase by 33 per cent. This will be built next year. Advice was sought from *MyFiduciary* and the TST has collaborated with a number of Tūwharetoa entities including Puketapu, Waihi Pūkawa, TMTB and Lake Taupō Forest Trust (bigger investor in the cohort). Due diligence was completed by all entities.

### 3.6 HARIANA – NGĀTI WHEORO

Ngāti Wheoro is not registered with TST. We would like another hapū hui with TST. We were told that we need a marae, but we have a marae and it has been there since the 1800s. Hapū would like to come back and meet with TST as some of our whānau are unable to register as TST doesn't recognise us.

R Taiaroa welcomed Ngāti Wheoro to come and kōrero with the Board at any time. He again reiterated that we have specified marae that TST can give benefit to. Important to receive you again, it would be good to come to some kind of finality on this. This type of request would need to come back to the membership at a special meeting.



### 3.7 JANET TREGO – NGĀTI RONGOMAI – MANA WHENUA HAUTŪ RANGIPŌ

Forest Hapū Cluster Trust, wanting to engage and talk to TST in terms of the Mana Whenua, hoping to meet with you ASAP.

Hautū Rangipō Lands is a huge mamae to us as Ngāti Rongomai, as whānau know, HRL have gone back to Tūwharetoa and not the eight hapū that are affected by it. We as hapū do not participate with the new entity Hautū Rangipō Whenua Ltd as a financial participant as we don't have the pūtea to participate as a partner; we have lost out on a \$20 million asset because of what has happened in the past. Standing on behalf of Ngāti Rongomai, to remind TST of the mamae of Ngāti Rongomai.

R Taiaroa noted that we had the DSP properties and one was a prison and prison lands. We didn't have enough funds on our own at TST to purchase it, so we bought it in collaboration with others and the land came back. Currently run by representatives of those Trusts and they have created a company of which TST is part of. Biggest investor is the LTFT of which we know who the beneficiary hapū are. It was about getting the land back otherwise it would have gone to market. Te Hapainga speak to the company frequently. They are the company acting on behalf of the current shareholders.

### 3.8 TE AWHINA KURU-BIDDLE ASKED WHAT IS HAPPENING WITH THE VILLAGE IN RANGIPŌ

R Taiaroa noted that there is only one house at Rangipō village now which is rented out.

### 3.9 TIMUTETAI PAERATA – MANA WHENUA AND WHAT HAPPENED TO US AT NGĀTI TE KOHERA

Mana Whenua hui was first held on 22 April 2012 at Great Lake Centre Taupō, to discuss issues relating to the Marotiri-Pureora Forest. A hui-ā-hapū was held at Mokai 29 April 2012 with Matt Te Pou as the facilitator, Ngāti Te Kohera was advocating exclusive mana whenua rights and advocated whakapapa rights with other hapū. Unable to meet our consensus, we went into adjudication with all the hapū involved to give them a chance to prove mana whenua with oral submissions at Wairakei on 14 June 2012. The adjudication process was an opportunity to give all hapū a chance to give kōrero, whakapapa and waiata. Unfortunately, that didn't exist amongst our other hapū, except for Ngāti Te Kohera of which Napa Otimi and Timutetai Paerata were the kaikōrero.

My mamae is what happened after without our knowledge. We were acknowledged as having mana whenua, ahikaroa over Marotiri-Pureora and we agreed other hapū would be recognised in the structure and decision making of the Trust. However, what happened is still a mamae for Ngāti Te Kohera. This matter was raised at last AGM, when we asked TST to meet with Ngāti Te Kohera over the deal made with Raukawa Settlement Trust. We are asking again, please meet with NTK to overturn the deal made between TST and Raukawa. The mamae is getting deeper and needs to be resolved.

R Taiaroa made comment that TST has met with the Forest Hapū Cluster Trust for that area, but perhaps TST needs to meet with the FHC and the hapū together. If kōrero to date has not been conveyed to the hapū, then it would be best if we meet with everyone at the same time.

### 3.10 GORDON ANSEN - PARTNERSHIP WITH THE GONDOLA. WILL THERE BE ANY EMPLOYMENT OPPORTUNITIES FOR TŪWHARETOA OR CAREER OPPORTUNITIES?

R Taiaroa re-iterated that a major reason for the investment was the availability of jobs, primarily during the winter months, but going to be all year round. We have urged RAL to hire those who can tell the right story. RAL is the biggest employer of Tūwharetoa around the southern district.

Ramona Rahui Ellison asked if we will be paying them a living wage. R Taiaroa advised that we are not the employer, but rather, we are the investor in the infrastructure.

#### RESOLUTION 3:

That the Chairman's Report be noted and received.

*Christopher Hepi / Hinemoa Henderson - CARRIED*

## 3. OPERATIONS REPORT

G Stebbing presented the Operational Report as outlined in the 2018 Annual Report.

#### The following points were highlighted:

- Strong earnings of \$8.5 million and the Trust Fund grew by \$8.4 million.
- Distributions increased from \$683,000 to \$960,000 and the budget is \$1 million. We are slightly below budget due to new STEM scholarships only just being implemented. The Education and Marae Capital grants funds are pooled with the Trust Board and NTFCT.

- New shared membership database launch in January 2019.
- Managed Funds investments portfolio implemented, surplus funds available, reviewed strategy and money requirements, advice was sought, and a moderate risk portfolio adopted.
- All of our investments have been a collaboration with other entities, pooling funds, building trust with other Tūwharetoa entities. This also enables other smaller Trusts to participate.
- Finalised the sale of the Southern Satellite Forestry Rights (Taurewa, Waituhi, Pureora and Marotiri Forests) to LTFM – sought hapū approval and sold to LTFM. We have no more liability for those forests, and we have reduced our exposure to forestry.
- Kākano – in 2013 we invested in a share of Kaingaroa Forest, we are a tiny shareholder 0.4 per cent of Kaingaroa Forest Timberlands (KT), Iwi already own the land, KT owns the trees. We have received eight per cent per annum cash dividends, plus the value of investment has gone up 93 per cent from \$13 million to \$24 million.
- Hautū-Rangipō – how do we maximise the returns on that land? There are tenants in all places, the focus has been on the 800 hectares of farmland. There is also the prison, forest, farmland and wasteland. The farm is leased by Tuatahi Limited, it's a joint effort to get good returns, bulk of farm is the old Mangamawhitiwhiti block and 200 hectares is down by the prison.
- Mana Whenua – 23 Crown Forest Licence areas with nine of those going to adjudication; the rest, the Iwi involved resolved to work through the matters kano ki te kano. Nine went to adjudication, resulting in an adjudication report. However, the adjudication process is subsequently being challenged. This is not significant for us as it does not include the southern forests. The big ones for us are Waimaroke, Pukiriri and Waimihia and that's a discussion between Ngāti Tahu, Tūwharetoa and Tūhoe. Not a lot happening in the last 12 months due to an environmental court case over Lake Rotokawa. Will be looking to re-engage to try and resolve. The outcome will impact the level of rentals Tūwharetoa receives after 2043.
- Member register statistics reviewed.

## 4. FINANCIAL REPORT

### The following points were highlighted:

- Revenue of \$6.9 million includes a one-off gain on depreciation recovered on the sale of the trees. A provision for rentals for Marotiri Pureora; the mana whenua outcome is that 50 per cent of that would go to Ngāti Raukawa which resulted in reversal of that provision back into the TST books. An increase in CNI distributions, get close to \$3.5 million a year and \$1 million goes to the Forest Hapū Cluster Trusts. Kākano revaluation of \$4.5 million.
- Expenditure graphic reflects admin and staff costs of \$500,000, professional service fees \$300,000, governance \$200,000 and projects \$100,000, including elections of \$50,000.
- Balance Sheet – 21 per cent growth in the value of the Trust, equity \$45.4 million; liabilities include funds held on behalf of the FHCs of \$27.5 million.
- Special resolution at the last AGM – granting Trustees the power to prudently distribute – Waituhi FHC have received 100 per cent of funds held on their behalf, Waimihia will receive \$16 million this month. Next year, the liability number will come right down to around \$10 million.
- Investments – \$24 million in Kākano (Forestry), \$6.5 million in property and \$15 million in cash.
- Forest Hapū Cluster Trusts funds held by TST of \$27 million. Marotiri-Pureora deficit of \$37,000,

distribution adjusted to reflect the Ngāti Raukawa 50/50 mana whenua agreement. Taurewa \$1.4 million, the FHC is yet to be established with hapū discussions ongoing. Waituhi have received their funds totaling \$612,000 and the Waimihia distribution of \$16.1 million is expected to be made in December.

- Te Pūia Tāpapa Limited Partnership (TPT) was launched in August 2018 and formed with 25 other iwi. Ten Tūwharetoa Trusts formed Tūwharetoa Hau Rau Limited Partnership (THR) with \$20 million pooled. We are waiting for investment opportunities.
- RAL Gondola Bond – Tūwharetoa Gondola Limited Partnership.
- Bought a bond, effectively a loan. For ten years, we are guaranteed a three per cent return and have the gondola as security. It's only about visitors to the maunga. We had 60,000 non-skiers on the chairlifts last season. This should also involve employment all year round.

### 4.1 MIKAERE NEPIA – SUPERFUND

Have you ever thought of investing in a bank for housing and for our people? The main barbwire is the banks. Think big, although it sounds like a hard task at the moment.

Greg Stebbing noted that this has been mentioned before. Perhaps food for thought.

### 4.2 CHRISTOPHER HEPI

Real concern about the way we are set up under the laws. All our Trustees have a responsibility to all the beneficiaries and to be careful about how they invest. To cover themselves, we need people like you, professional advice. Concern is that you as a professional have to be careful in your assessment, and what that does for us, it can slow down our development because now you are responsible, and we are dependent on the risks that you take. Aiming at two per cent over the term deposit, aiming at five per cent over all of our investments is pretty low. Māori are a new dynamic. When we hit a certain height, we will be in a different school where relationships will be done by relationship and trust. I've only seen two accountants sacked, both because they challenged the chair, because of their principles. Most of our organisations are run by two or three, we are the ones who are affected, we are reliant on how much you are going to risk. Some thoughts of why we are only getting five per cent?

G Stebbing clarified that five per cent is the target on about 30 per cent of total funds (not the whole lot), we will review that advice on moderate to balanced fund. Other investments are higher risk and generating higher returns. This is a component of our investments, our schools make six per cent, we are expecting 15 per cent return on Tūwharetoa Hau Rau. The Gondola is expected to reach 10 per cent over time. There are people behind the scenes – we take advice from financial advisors, tax accountants BFA, our commercial lawyer, trying to give you some comfort. We do the best we can to mitigate personal risk, show good process. We took good advice in making investment decisions.





#### 4.3 - MARIA TE HUIA - RAL GONDOLA BOND

As kaitiaki responsibility and obligation to ensure our whenua is looked after, what are the environmental consequences to be aware of? Can we come and present something to the Board in regard to Skywave which looks at the humus technology of looking after the soil?

G Stebbing: yes come and see me anytime. The environmental aspect was a big concern. The gondola is replacing the chairlift so there will be less towers.

#### RESOLUTION 4:

That the Operations and Financial Reports be noted and received.  
Jock Church / Christopher Hepi - *CARRIED*

#### 4A. AUDITORS

It was put to the floor that Crowe Horwath be endorsed as the Auditors for TST.

#### RESOLUTION 5:

That Crowe Horwath be reappointed as the Auditors for TST.  
Jock Church / Christopher Hepi - *CARRIED*

### 5. LOOKING AHEAD – 2019 AND BEYOND

#### Our immediate priorities for 2019 are:

- Mana Whenua kōrero over unresolved CFLs – Waimaroke, Pukiriri, Waimihia North and South.
- Beneficiary data Hapū verification process.
- Implementation of new shared members database.
- Establishment of the Taurewa FHC.
- Action plans re the MoU with the Trust Board and NTFCT.
- Marae Capital Development and Educational Scholarship grants.
- Commercial development plan for 11 Tūwharetoa Street.
- Resolve outstanding financial guarantees and liabilities. Since 2013 we have been endeavouring to resolve and tidy up these outstanding liabilities. It is important we plan for this activity and it has been included in our Strategic Plan and the work plan going forward.
- Kōrero on future structure of Ngāti Tūwharetoa.

### 6. GENERAL BUSINESS

#### 6.1 DANNY PARANIHI

Congratulating Napa, good to see you back there on the Board with the knowledge that you have.

Who is physically on Mangamawhitiwhiti farm? R Taiaroa confirmed that Tuatahi which is an amalgamation of Oraukura and Puketapu, they lease it off the company.

Taurewa Forest Hapū Cluster – Ngāti Waewae has been at the forefront of mana whenua, we are working hard to resolve those issues but may be a difficult task.

Another issue about the verification process – we have a shared Marae with Ngāti Pīkiahū (Raukawa) and Ngāti Waewae (Tūwharetoa). Through the process it is allowing Ngāti Pīkiahū to pick and approve. Our whakapapa policies need to be reviewed.

R Taiaroa confirmed that TST are happy to be the facilitator for Taurewa.

Three debts still on our books, have asked to come off, way back, something that we will get kicked forever. Well done on your financials, still tight, stay that way.

R Taiaroa said that it was a good year. A lot was value, certain assets were valued better. twenty-one per cent again will be difficult to repeat.

#### 6.2 JANICE WALL

Took the opportunity to congratulate the Trustees on the financial achievement this year, amazing for us as an Iwi. The STEM scholarships are awesome to hear about and commend you on the choice of internship with Te Herenga Williams, one of our future leaders as an Iwi.

#### 6.3 MR PAERATA READ THE MISSION STATEMENT OF THE TRUST.

Unemployment average for Māori is too high at 16.3 per cent. How can we resolve that ourselves as hapū? Suggesting we as hapū can help build our communities without relying on the help of this Trust. Needs a kōrero and some commitment from individuals to do it ourselves. We look at the government and they haven't done much. We have to do it ourselves, it's not hard.

### 7. MEETING CLOSURE

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

Karakia Whakamutunga: 12.15pm Paranapa Otimi

Verified as a true and correct record of this meeting.

Signed: 

R Taiaroa, Chairman

# AUDITED ACCOUNTS

## ANNUAL REPORT 2019

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## TŪWHARETOA SETTLEMENT TRUST GROUP FINANCIALS



### Statement of Comprehensive Income

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>Income</b>			
Income from Crown Licence Fees		4,003,832	3,725,221
Less Share Due to Forestry Hapu Clusters	23	(1,228,488)	(1,232,284)
Capital Distribution from CNI IWI Holdings Trust		4,841,291	1,479,344
Rent Received		137,562	919,375
Profit Share from Kakano Investment Limited Partnership	11	3,334,203	544,658
Profit Share from Hautu-Rangipo Limited Partnership	11	203,639	196,187
Interest & Dividends Received		1,630,411	957,544
Less Investment Revenue Due to Forestry Hapu Clusters	23	(552,730)	(925,007)
Sundry Income		30,427	469,205
Gain on Deconsolidation of Subsidiary	25	854,412	-
Reversal of Provisions through Mana Whenua Outcomes	23	-	725,279
<b>Total Income</b>		<b>13,254,558</b>	<b>6,859,522</b>
<b>LESS OPERATING EXPENSES</b>			
Administration		432,611	490,300
Hui a Iwi		79,688	60,761
Professional Services		297,346	269,640
Project Management		5,215	62,246
Governance		174,344	171,166
		<b>989,203</b>	<b>1,054,113</b>
<b>Earning Before Finance &amp; Depreciation Expenses (EBITDA)</b>		<b>12,265,355</b>	<b>5,805,409</b>
Less Finance Expense		17,126	1,120
<b>Operating Surplus Before Depreciation</b>		<b>12,248,229</b>	<b>5,804,289</b>
Less Depreciation		34,892	50,613
<b>Net Operating Surplus before distributions</b>		<b>12,213,336</b>	<b>5,753,676</b>
Less: Distributions		975,600	960,000
<b>Net Operating Surplus before taxation</b>		<b>11,237,736</b>	<b>4,793,676</b>
Income Tax Expense (Credit)	7	1,600,016	814,549
<b>Surplus after taxation</b>		<b>9,637,720</b>	<b>3,979,127</b>
Attributed to:			
Non Controlling Interests		-	125,999
Beneficiaries of Parent		9,637,720	3,853,128
		<b>9,637,720</b>	<b>3,979,127</b>
<b>Other Comprehensive Income</b>			
Profit Share from Kakano Investment Limited Partnership	11,17	(2,250,239)	4,693,834
Income Tax Expense (Credit) on Other Comprehensive Income	7	15,050	182,263
<b>Total Other Comprehensive Income</b>		<b>(2,265,289)</b>	<b>4,511,571</b>
Attributed to:			
Beneficiaries of Parent		(2,265,289)	4,511,571
		<b>(2,265,289)</b>	<b>4,511,571</b>
<b>Total Comprehensive Income</b>		<b>7,372,431</b>	<b>8,490,698</b>

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



## Statement of Changes in Equity

For the year ended 30 June 2019

Note	Retained Earnings	Non Controlling Interests	Revaluation Reserve 17	Total
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
Contributions from Owners	-	-	-	-
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>
Balance 1 July 2017	27,405,820	2,190,839	9,584,170	39,180,829
Total Comprehensive Income	3,853,128	125,999	4,511,571	8,490,698
Contributions from Owners	-	-	-	-
Less Distributions to Non Controlling Interests	-	128,817	-	128,817
Balance 30 June 2018	<b>31,258,948</b>	<b>2,188,021</b>	<b>14,095,741</b>	<b>47,542,710</b>



## Statement of Financial Position

As at 30 June 2019

Note	2019 \$	2018 \$	
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	8	1,428,519	5,823,834
Investments	10	32,954,151	27,097,572
Trade and Other Receivables	9	11,396	58,496
<b>Total Current Assets</b>		<b>34,394,066</b>	<b>32,979,902</b>
<b>Non-Current Assets</b>			
Investments in Associates	11	27,972,747	27,336,042
Investment Property	12	-	15,876,934
Investments	10	4,165,789	-
Property, Plant & Equipment	14	30,538	36,019
Intangible Assets	14	23,170	47,938
<b>Total Non-Current Assets</b>		<b>32,192,244</b>	<b>43,296,933</b>
<b>TOTAL ASSETS</b>		<b>66,586,310</b>	<b>76,276,835</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	15	206,788	131,909
Income Tax Payable/(Receivable)	7	504,266	938,720
Provisions	10,23	12,994,170	27,536,930
<b>Total Current Liabilities</b>		<b>13,705,224</b>	<b>28,607,559</b>
<b>Non-Current Liabilities</b>			
Deferred Tax Liability (Asset)	7	153,966	126,566
<b>Total Non-Current Liabilities</b>		<b>153,966</b>	<b>126,566</b>
<b>TOTAL LIABILITIES</b>		<b>13,859,190</b>	<b>28,734,125</b>
<b>NET ASSETS</b>		<b>52,727,120</b>	<b>47,542,710</b>
<b>EQUITY</b>			
Attributable to Parent Trust Beneficiaries		52,727,120	45,354,689
Attributable to Non Controlling Interests		-	2,188,021
<b>TOTAL EQUITY</b>		<b>52,727,120</b>	<b>47,542,710</b>

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

Chairman:

Trustee:

Date: 19 October 2019



## Statement of Cash Flows

For the year ended 30 June 2019

Note	2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash was provided from/(to):</b>		
Cash Distributions and Other Receipts	9,002,284	6,340,380
Interest and Dividends Received	682,108	993,542
Disbursed to Suppliers and Employees	(856,398)	(1,005,390)
Other Distributions	(975,600)	(960,000)
Interest Expense	(17,126)	(1,120)
Income Tax	(2,007,070)	(655,501)
<b>Net Cashflow from Operating Activities</b>	<b>5,828,198</b>	<b>4,711,911</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash was provided from/(to):</b>		
Sale of Investments and Investment Distributions Received	1,766,676	1,552,454
Acquisition of Investments	(6,044,277)	(10,635,183)
Acquisition of Investment Property	-	(1,073,971)
Purchase of Property, Plant & Equipment	(4,643)	(28,287)
(Purchase)/Disposal of Biological Assets	-	3,178,798
<b>Net Cashflow from Investing Activities</b>	<b>(4,282,244)</b>	<b>(7,006,189)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Cash was provided from/(to):</b>		
Funds Provided From / (Distributed To) Non Controlling Interests	-	(128,817)
Hapu Cluster Payments	(5,728,161)	(612,341)
<b>Net Cashflow from Financing Activities</b>	<b>(5,728,161)</b>	<b>(741,158)</b>
Net Increase/(Decrease) in Cash	(4,182,207)	(3,035,436)
Derecognition of Cash and Bank Balances through Deconsolidation	(213,108)	-
Opening Cash and Bank Balances	5,823,834	8,859,270
<b>TOTAL CASH AND BANK BALANCES</b>	<b>8 1,428,519</b>	<b>5,823,834</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 2019.

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:

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

## 2 STATEMENT OF ACCOUNTING POLICIES

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- Biological assets
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- Other taxes
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- Changes in Accounting Policies

The consolidated financial statements were authorised for issue by the Trustees on 19 October 2019

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

## (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 2019.

The Controlled Entities of the Trust at 30 June 2019 are:

	Country of Incorporation	% Control	
		2019	2018
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%
Tuwharetoa Property Limited Partnership	New Zealand	0%	85%

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. Tuwharetoa Property Limited Partnership ceased being a controlled entity in the 2019 year.

## (d) Basis of consolidation (continued)

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.

**(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) Biological assets**

The forest is an immature consumable biological asset which is intended to be held to harvest. The forest is recorded at cost less depreciation. After initial recognition the forest is recorded at fair value once the forest manager determines that fair value can be reliably measured. The fair value of the forest can be reliably measured once forest thinning has been performed and the final tree count determined. This process generally occurs in a forest's 8th year and as such a forest can be reliably measured at this time. A gain or loss arising from a change in fair value shall be included in the statement of comprehensive income for the period in which it arises.

**(i) 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

**(j) 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.

**(k) 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).

**(l) 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
---------	---------

**(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.

**(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% (2018: 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:

Land	0%
Buildings	5% Diminishing Value
Plant and Equipment	33% Diminishing Value

**(r) Changes in Accounting Policies**

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications have had no effect on the reported financial performance/position of the Group and are considered to have no effect on the true and fair presentation of the financial statements. There have been no changes in accounting policies during the year. All accounting policies have been applied consistently for the purposes of these financial statements.

The Group adopted NZ IFRS 15 Revenue from Contracts with Customers from 1 July 2018. The Group does not have customers and earns revenue through passive investment and other distributions. The adoption of this standard had no impact on the Group's accounting policies.

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

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.

(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.

7 TAXATION

(a) Components of Income Tax Expense

	2019 \$	2018 \$
Current Tax Expense	1,600,111	1,436,001
Prior Year Under/(Over) Provision	-	(139,886)
Deferred Tax Expense/(Income)	14,955	(299,303)
<b>Income Tax Expense</b>	<b>1,615,066</b>	<b>996,812</b>
Charged to Profit or Loss	1,600,016	814,549
Charged to Other Comprehensive Income	15,050	182,263
<b></b>	<b>1,615,066</b>	<b>996,812</b>
It is related to accounting profit as follows:		
Total Comprehensive Income/(Loss) Before Tax)	8,987,497	9,487,510
Tax at Applicable Rate of 17.5%	1,572,812	1,660,314
Tax Effect of Subsidiary Income Taxed at 28%	21,322	25,780
Non Controlling Interests	-	(22,050)
Tax Effect of Non-Taxable Income	(306,879)	(1,137,944)
Tax Effect of Non Deductible Expenditure	327,811	379,768
Other Adjustments	-	90,944
<b>Income Tax Expense</b>	<b>1,615,066</b>	<b>996,812</b>



(b) Current Income Tax Payable/(Receivable)

	2019 \$	2018 \$
Opening balance	938,720	316,075
Current year tax expense	1,600,111	1,436,001
Prior Year Under/(Over) Provision	(700,007)	(141,056)
Net taxes (Paid)/refunded	(493,411)	276,042
Net MATC's and RWT received	(841,147)	(948,342)
<b>Closing balance</b>	<b>504,266</b>	<b>938,720</b>

(c) Deferred Tax Liabilities/(Assets)

The Company has a net deferred tax liability of \$153,966 (2018: Liability of \$126,566) as at the end of the reporting period. The following table shows the build up of the net deferred tax liability.

	2019 \$	2018 \$
<b>Recognised in Profit and Loss</b>		
Depreciation- Biological Assets	-	(479,131)
Depreciation Investment Property (Buildings)	-	(2,625)
Accrual Adjustments & Employee Provisions	(95)	190
	(95)	(481,566)
<b>Recognised in Other Comprehensive Income</b>		
Investment - Associates	15,050	182,263
<b></b>	<b>14,955</b>	<b>(299,303)</b>
<b>Deferred Tax Liability/(Asset) at 30 June</b>		
Accrual Adjustments & Employee Provisions	(685)	(780)
Trade and Other Receivables	-	(1,750)
Investment - Associates	154,651	139,601
Depreciation Investment Property (Buildings)	-	(10,505)
<b></b>	<b>153,966</b>	<b>126,566</b>

(d) Maori Authority Tax Credits (MATC)

	2019 \$	2018 \$
Maori Authority Tax Credit Account Balance	7,070,228	6,573,112
Closing Balance as at 30 June	<b>7,070,228</b>	<b>6,573,112</b>

8 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2019 \$	2018 \$
<b>Reconciliation to Cash Flow Statement</b>		
For the purpose of the Cash Flow Statement, Cash and cash equivalents comprise the following:		
Cash at bank and in hand	1,428,519	5,823,834
	<b>1,428,519</b>	<b>5,823,834</b>

9 TRADE AND OTHER RECEIVABLES

	2019 \$	2018 \$
Trade Receivables	10,801	35,791
Other Receivables	10,595	32,705
Related party receivables	-	-
Tuwharetoa Hapu Forum Loan (2012)	1,551,839	1,551,839
Te Whenua Venture Holdings/Mangamawhitihiti Guarantees	3,320,042	3,320,042
Tokaanu Township 2nd Residue Trust Loan	536,687	536,687
	5,429,964	5,477,064
Less impairment and provision for doubtful debts	(5,418,568)	(5,418,568)
Carrying amount of trade and other receivables	<b>11,396</b>	<b>58,496</b>

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 2019.

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.

The THF received a loan from the Trust in 2012 to support the Tuwharetoa Comprehensive Settlement claims. The recipient of the settlement is going to be Te Kotohaitanga O Ngati Tuwharetoa (TKNOT), not the THF. As such repayment of the loan is dependant upon TKNOT accepting responsibility for the payment. As there is still uncertainty regarding acceptance of the loan in full or part, the Trustees have decided to fully provide for non repayment of this loan at balance date. Subsequent to balance date TKONT have agreed to repay the loan over a 36 month period (expected to be October 2019).

Tokaanu Township 2nd Residue Loan

As the Trustees consider the recovery of this loan to be unlikely a full provision for non recovery has been made.



10 INVESTMENTS

	2019 \$	2018 \$
<b>Investments</b>		
Cash	3,821,599	2,071,124
NZ Fixed Interest	7,017,885	7,692,099
NZ Equities	1,930,608	1,349,479
Overseas Fixed Interest	11,294,258	8,089,637
Overseas Equities	7,502,338	7,895,233
Property	1,387,463	-
Tuwharetoa Gondola Limited Partnership	1,000,000	-
Tuwharetoa Property Investment Partnership	3,029,789	-
Deposit on Social Housing Investment	136,000	-
	<u>37,119,940</u>	<u>27,097,572</u>
Represented by:		
Current Investments	32,954,151	27,097,572
Non Current Investments	4,165,789	-
	<u>37,119,940</u>	<u>27,097,572</u>

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 23. The funds held on behalf of the Forestry Hapu Clusters are as follows:

	2019 \$	2018 \$
Investments	-	17,528,424
Investments in Subsidiaries and Other Accounts	-	10,733,785
Reversal of Provisions through Mana Whenua Outcomes	-	(725,279)
	<u>-</u>	<u>27,536,930</u>

11 INVESTMENTS IN ASSOCIATES

	2019 \$	2018 \$
Kakano Investment Limited Partnership	23,649,821	24,176,906
Hautu-Rangipo Limited Partnership	3,207,149	3,159,136
Tauwhara ki te Hikuwai Limited Partnership	1,115,777	-
<b>Total</b>	<u>27,972,746</u>	<u>27,336,042</u>

**Investment in Kakano Investment Limited Partnership**

The Group has a 20.63% (2018: 20.63%) interest in Kakano Investment Limited Partnership which is an investment entity that holds a 3.13% (2018: 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.

	2019 \$	2018 \$
Opening Balance	24,176,906	20,564,311
Share of associate profit/(loss) for the year	3,334,203	544,658
Share of associate other comprehensive income	(2,250,329)	4,693,834
Distributions to Partners	(1,611,049)	(1,625,897)
Closing carrying value of Associate	<u>23,649,731</u>	<u>24,176,906</u>

**Hautu-Rangipo Limited Partnership**

The Group has a 19.74% (2018: 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.

	2019 \$	2018 \$
Opening Balance	3,159,136	3,099,836
Share of associate profit/(loss) for the year	203,639	196,187
Distributions to Partners	(155,626)	(136,887)
Closing carrying value of Associate	<u>3,207,149</u>	<u>3,159,136</u>

**Tauwhara ki te Hikuwai Limited Partnership**

The Group has a 50% (2018: Nil%) 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.

	2019 \$	2018 \$
Opening Balance	-	-
Addition	1,115,777	-
Share of associate profit/(loss) for the year	-	-
Distributions to Partners	-	-
Closing carrying value of Associate	<u>1,115,777</u>	<u>-</u>



12 INVESTMENT PROPERTIES

	2019 \$	2018 \$
Opening balance	15,876,934	14,817,963
Additions during the year	-	1,073,970
Less Depreciation	-	(14,999)
Disposal	(14,761,157)	-
Transfer to Tuwhara ki te Hikuwai Limited Partnership	(1,115,777)	-
	<u>-</u>	<u>15,876,934</u>

**Description of the Group's investment properties**

The investment property consists of land owned in Taupo that is currently being leased to the Ministry of Education for use as schools, land leased to the Ministry of Justice for use as a police station and court house, and land and building leased to the Dept of Corrections as a Probation centre. These assets were transferred to Te Pae o Waimihia on 1 July 2018.

There is also a 50% interest in a commercial property in Taupo, with the other 50% owned by Te Pae o Waimihia, this property was acquired in August 2017. This was transferred to Tuwhara ki te Hikuwai Limited Partnership in May 2019 as per note 11.

13 BIOLOGICAL ASSETS

**Description of the Group's biological assets**

The biological assets consisted of plantation forests for which the Group was planting under a forestry right on land held by CNI Iwi Holdings Limited. As all of the forest areas are were 8 years old, in accordance with the Group's accounting policy, the biological assets were measured at cost less accumulated depreciation. The biological assets were depreciated over their useful lives of 30 years.

	2019 \$	2018 \$
Opening Cost	-	3,043,732
Additions	-	-
Disposals	-	(3,043,732)
Revaluation	-	-
Closing Cost	<u>-</u>	<u>-</u>
Opening accumulated depreciation	-	305,838
Current year depreciation	-	-
Disposals	-	(305,838)
Closing accumulated depreciation	<u>-</u>	<u>-</u>
<b>Closing Book Value</b>	<u>-</u>	<u>-</u>

14 PROPERTY, PLANT & EQUIPMENT

**Plant & Equipment**

	2019 \$	2018 \$
Opening Cost	144,786	127,422
Additions	5,093	23,467
Disposals	(500)	(6,103)
Closing Cost	<u>149,379</u>	<u>144,786</u>
Opening accumulated depreciation	108,767	104,958
Current year depreciation	10,074	8,132
Disposals	-	(4,323)
Closing accumulated depreciation	<u>118,841</u>	<u>108,767</u>
<b>Plant &amp; Equipment Total</b>	<u>30,538</u>	<u>36,019</u>
<b>Closing Book Value</b>	<u>30,538</u>	<u>36,019</u>

**Intangible Assets**

	2019 \$	2018 \$
Opening Cost	98,993	92,393
Additions	-	6,600
Closing Cost	<u>98,993</u>	<u>98,993</u>
Opening accumulated depreciation	51,055	23,574
Current year depreciation	24,768	27,481
Closing accumulated depreciation	<u>75,823</u>	<u>51,055</u>
<b>Intangible Assets Total</b>	<u>23,170</u>	<u>47,938</u>
<b>Closing Book Value</b>	<u>23,170</u>	<u>47,938</u>

**Description of the Group's intangible assets**

The Group's intangible assets comprise software development costs.

15 TRADE AND OTHER PAYABLES

	2019 \$	2018 \$
Trade and other payables	178,597	136,512
Other payables:	40,125	4,457
GST	(11,934)	(9,060)
Carrying amount of trade and other payables	<u>206,788</u>	<u>131,909</u>

(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.



16 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.

	2019 \$	2018 \$
Remuneration, including meeting fees and travel costs	266,570	258,288

(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 2019 was \$11,477,820 (2018: 26,156,549). During the year the Group entered transferred its 70.2% interest in the Tuwharetoa Property Limited Partnership to Te Pae o Waimihia.

(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 2019 (2018: nil).

(iii) Tuwharetoa Maori Trust Board

The Tuwharetoa Maori Trust Board (TMTB) is a partner in the Tuwharetoa Property Investment Limited Partnership. Rakeipho Taiaroa 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.

(c) Other related parties (continued)

(v) Tuwharetoa Hapu Forum

Tuwharetoa Hapu Forum (THF) has received a loan from the Group to support the Tuwharetoa Comprehensive Claim negotiations. Eruini George (Trustee to December 2017) is a Negotiator for THF and Paora Bennett is a Delegate who resigned during the year.

17 REVALUATION RESERVE

	2019 \$	2018 \$
Investment Revaluation	219,705	219,705
Kakano Investment LP - Revaluation and Foreign Currency Translation		
Opening	13,876,036	9,364,465
Revaluation	(2,250,239)	4,693,834
Deferred Tax	(15,050)	(182,263)
	11,610,747	13,876,036
Total revaluation reserves	11,830,452	14,095,741

18 COMMITMENTS

The Group has entered into a limited partnership arrangements and have committed investment capital that has not been paid at balance date. The committed investment capital is \$1,800,000 in Tuwharetoa Hau Rau Limited Partnership.

The He iwi Kainga Tuwharetoa Limited Partnership was established in August 2019 to invest in social housing. The total commitment being \$1,360,900. A deposit of \$136,000 was paid prior to balance date with the balance of \$1,224,900 settled on 10 September 2019.



19 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.

	2019 \$	2018 \$
Amounts received or due and receivable by the current Auditors (Crowe New Zealand Audit Partnership) for:		
* Audit of the financial statements	26,639	26,770
* Other assurance-related services	2,645	2,222
	29,284	28,992

20 CONTINGENT ASSETS

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

21 CONTINGENT LIABILITIES

There are no contingent liabilities for the group (2018: Nil)

22 EVENTS AFTER BALANCE DATE

Investment in social housing as disclosed in note 18. (2018: Nil).

23 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% Tuwharetoa, Waituhi Forest - 100% Tuwharetoa, Marotiri Forest - 50% Tuwharetoa, Pureora Forest - 50% Tuwharetoa and 50% Raukawa.

	2019 \$	2018 \$
Opening Balance	27,536,930	26,690,488
Additions to Provision	1,874,089	2,184,062
Reversal of Previous Provisions for Mana Whenua Outcomes	-	(725,279)
Amounts Used through Distribution to FHCT's	(16,416,849)	(612,341)
	12,994,170	27,536,930

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

	Te Pae o Waimihia	Waituhi	Marotiri - Pureora	Taurewa	Total
<b>2019</b>					
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 Tuwharetoa 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)
<b>Closing Balance</b>	<b>11,477,830</b>	<b>4</b>	<b>(3,606)</b>	<b>1,519,942</b>	<b>12,994,170</b>
<b>2018</b>					
Opening balance	24,150,440	568,059	631,716	1,340,273	26,690,488
Share of CNI income	1,116,968	31,227	40,335	43,754	1,232,284
Investment Income	547,641	13,103	15,806	33,728	610,278
Investment Income Tuwharetoa Property Investment LP	341,500	-	-	-	341,500
Reversal for Mana Whenua Outcomes	-	-	(725,279)	-	(725,279)
Distributions	-	(612,341)	-	-	(612,341)
<b>Closing Balance</b>	<b>26,156,549</b>	<b>48</b>	<b>(37,422)</b>	<b>1,417,755</b>	<b>27,536,930</b>



## 24 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 at FV through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised	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>	<b>66,116,492</b>	<b>5,397,514</b>	<b>-</b>	<b>71,514,006</b>

	Financial assets at FV through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised	Total
<b>Financial liabilities</b>				
Trade and other payables	-	-	206,788	206,788
<b>Total</b>	<b>-</b>	<b>-</b>	<b>206,788</b>	<b>206,788</b>

	Financial assets at FV through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised	Total
<b>2018</b>				
<b>Financial assets</b>				
Cash and cash equivalents	-	5,823,834	-	5,823,834
Investments (current)	25,196,372	1,901,200	-	27,097,572
Investments (non current)	27,097,572	-	-	27,097,572
Trade and other receivables	-	58,496	-	58,496
<b>Total</b>	<b>25,196,372</b>	<b>7,783,530</b>	<b>-</b>	<b>32,979,902</b>

	Financial assets at FV through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised	Total
<b>Financial liabilities</b>				
Trade and other payables	-	-	131,909	131,909
<b>Total</b>	<b>-</b>	<b>-</b>	<b>131,909</b>	<b>131,909</b>

## 25 GAIN ON DECONSOLIDATION OF SUBSIDIARY

On 1 July 2018 the 70.23% interest in the Tuwharetoa 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.

	2019 \$	2018 \$
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>854,412</b>	<b>-</b>



## Crowe New Zealand Audit Partnership

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## 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 15, which comprise the consolidated statement of financial position as at 30 June 2019, 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 2019, 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 (Revised) *Code of Ethics for Assurance Practitioners* 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.

## 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 directors 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.

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### 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.

**Crowe New Zealand Audit Partnership**  
CHARTERED ACCOUNTANTS  
13 November 2019

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.



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

For the year ended 30 June 2019

Note	2019 \$	2018 \$
<b>EXPENSES</b>		
<b>Administration</b>		
ACC Levies	188	215
Accommodation	-	-
Advertising	-	686
Bad Debt	57,929	50,000
Bank Fees	402	439
Forestry Right Licence Fee	-	71,063
General Expenses	10,455	10,334
Human Resource	-	-
Information & Archives	11,814	14,204
Insurance	37,187	34,651
Manaakitanga	1,342	1,655
Mileage	-	-
Office Rent & Storage	43,155	46,564
Office Supplies & Expenses	10,684	9,450
Photocopying	4,880	5,700
Postage & Courier	-	-
Telephone	4,967	8,148
Travel	6,140	5,714
Wages, Salaries and Contract Labour	243,468	231,477
	<u>432,611</u>	<u>490,300</u>
<b>Hui a Iwi</b>		
Annual Hui	44,558	32,261
Catering	-	-
Koha & Venue Hire	35,130	28,500
	<u>79,688</u>	<u>60,761</u>
<b>Professional Services</b>		
Accountancy	105,719	111,310
Advisory Services	15,829	12,940
Audit	29,284	26,602
Consultancy	24,032	17,653
Investment Fees	39,881	33,148
Legal Fees	82,602	66,272
Valuation Fees	-	1,715
	<u>297,346</u>	<u>269,640</u>
<b>Project Management</b>		
DSP Costs	-	2,855
Mana Whenua Costs	2,368	5,507
Social Housing Project	2,847	-
Tai Tonga Elections	-	49,626
THF/PSGE	-	4,258
	<u>5,215</u>	<u>62,246</u>



