



## *he maimai aroha*

Aituaa, Aituere, Aitukikini,  
Aituwhakatika tumu nui e! Pari nui e!  
Me kapo kau ake raa i te rehu o te tai.  
I te ao i te poo i te tai whati nui, haakiri  
ana mai ngaa reo aroha.  
Ngaa mokopuna e maimoa kau ana e.  
Me peewhea raa, me peewhea raa.

Piikarikari ana ngaa taringa ki ngaa reo  
paaoho mai i ngaa ngaru o aake aake.  
Whakaraawhiti te tirohanga ki te  
taitamawahine, ka mawhiti mai ki te  
taitamataane.  
Te motu raa ia e tuungia nei te ururua  
kia ritorito ai te tupu o te harakeke.

Teeraa te pikinga mai o Matariki ki te  
tara ki Taupiri.  
E kawe mai nei i te aunui i te auroa o  
nanahi raa.  
Kia panuku ake ki ngaa raa o apoopoo.

Ko te poo ki te poo ka tau!  
Ko te ao ki te ao ka whanatu!  
Tihei mauri ora.

TOOIA TE WAKA KI TOONA TAUNGA, KI TOONA TAKOTORANGA KI UTA E.  
E TE IWI, TEENA TAATOU KATOA.  
TEENEI KA NOHO KA HIHIRI TE NGAAKAU O TE TANGATA KI TE MAHI E TAKOTO MAI NEI.  
KO TE TOI TUPU, KO TE TOI ORA, KO TE TOI TEERA I WHANAKE MAI I HAWAIKI.  
TOOTOOKIA KIA PARA I TE HUARAHI O HAERE AKE NEI.  
KIA MAAORI AI TE HAERE ATU, KIA MAAORI AI TE HOKINGA MAI.  
KIA TAE TIKI MAI KI TE TONGIKURA.  
MEHEMEA HE MAHI PAI MOO TE TANGATA, MAHIA!  
WHAKATAU MAI KIA WHAKAATANGIA I TE TAU KUA MAHUE!

# RAARANGI KAUPAPA

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# Whanaketanga 20 TAU

20 years of development

This Annual Report documents the 2016 year and records the development that has been achieved in the 20 years since settling the Waikato-Tainui Raupatu claim. In that time we have built our whare, the foundations are solid, and we are forging ahead and focused on driving prosperity for our people.

We acknowledge all those who have contributed to achieving our settlements and advancing our development.

## 1995

Raupatu claim settled & Waikato Raupatu Claims Settlement Act passed into legislation

Return of Te Korotangi

HM Queen Elizabeth II signs Royal Assent and formal apology given

Tribal membership  
22,685

Total Assets  
\$8.4 million  
(pre-settlement)



## 1996

Tainui Corporation Ltd & Tainui Development Ltd established

## 1997

Property transfers from the Crown commence under the terms of the Waikato Raupatu Claims Settlement Act 1995

Purchase of Hartstone Seafoods Ltd

## 1998

Waikato Raupatu Lands Trust established

## 2004

First stores open for business at The Base



## 2006

Kua mate o Te Arikini Te Atairangikaahu me te koroneihana o Kiingi Tuheitia

First phase of Maaori Fisheries settlement assets received \$11.4m



## 2009

Construction of Te Awa at The Base commences

## 2010

Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act passes into legislation



## 2011

Novotel Auckland Airport Hotel opens



## 2012

First Relativity payment confirmed —\$70 million

National summit on freshwater rights & interests, hosted by Kiingi Tuheitia



## 1999

Tainui Maaori Trust Board dissolved  
 Te Kauhanganui o Waikato Inc established  
 Te Kauhanganui Chambers opened  
 Tainui Group Holdings Ltd established  
 Novotel Tainui Hamilton opens



## 2000

Waikato-Tainui Endowed College opens

## 2001

Strategic review results in division of commercial & tribal activities  
 Callum Brae property development joint venture commences



## 2002

TGH restructured to become single commercial operational arm



## 2007

Tainui Ibis Hotel opens



## 2008

Waikato River claim settled & Waikato Raupatu River Trust established  
 Tribal strategic blueprint, Whakatapuranga 2050, launched



## 2013

First MBA cohort & first Masters of Maatauranga Maaori cohort at Waikato-Tainui College for Research & Development graduation  
 Tai Tumu Tai Pari Tai Ao environment strategy launched  
 Review of Governance & Representation structure commences



## 2014

First of 700 sections sold at Rotokauri subdivision  
 Waikato Milking Systems purchased in partnership with Ngaai Tahu & Pioneer Capital  
 Go Bus purchased in partnership with Ngaai Tahu  
 Following arbitration, a further Relativity payment of \$12.5M received.



## 2015

Ko te Mana Maatauranga education plan launched  
 Financial Literacy & Home Ownership workshops launched  
 \$15 million special grant to marae



## 2016

Governance and Representation review completed  
 Te Kauhanganui renamed Te Whakakitenga o Waikato  
 Tikanga Ora Reo Ora—tribal reo strategy—launched  
 Tribal membership 68,200  
 Total Assets \$1.22 billion

# HE KUPU NAA TE KIINGI

*message from the king*



Kia haapai ngaa kupu koorero  
ki te tahuu o te rangi  
Hei huarahi ki too taatou Atua  
kaha rawa  
Koia too taatou piringa, kia puta  
ki te wheiao ki te ao marama,  
He maungarongo ki te whenua  
He whakaaro pai ki ngaa taangata  
katoa.

Kia tau hoki aana manaakitanga  
ki runga i a Kiingi Tuheitia,  
Kia hikoi i runga nga tongikura o  
ngaa maatua tuupuna  
Hei pupuru ki te Mana Motuhake  
I hiihiritia ai te mana atua, me  
ngaa kaawai rangatira o te motu.

Ki oo taatou mate huhua, haere  
atu raa koutou ki paerau  
Ki te huihuinga mo raatou maa  
kua mene ki te poo,  
Moe mai koutou i te au te rena  
te urunga te taka te moenga  
te whakaarahia  
Moe mai koutou i roto i te ariki.

Ki a koutou ngaa rangatira o  
Te Whakakitenga o Waikato,  
E pupuru ana ki ngaa mana,  
ki ngaa reo,  
Teena koutou, teena koutou  
teena koutou katoa.

Noo reira i tau te whakaaro o  
Kiingi Tuheitia kia tirohia ki ngaa  
moemoea, ki ngaa wawata moo te  
iwi moo aapoopoo. Koiraa i puta te  
mai tana kupu araa te ingoa o Te  
Whakakitenga o Waikato.

Hei huarahi ki te ao hurihuri, kia  
puawai, kia tupu, kia hua, ngaa  
moemoea, kia kore ai e ngaro  
ngaa painga whaanui moo te iwi.  
Hei oranga tangata, hei oranga  
wairua.

“Kia hora te marino  
Kia whakapapa pounamu  
te moana  
Kia tere te kaarohirohi”

In the last 12 months so much has happened across Waikato and the entire Waka however profound or even memorable these events were, one of significance for me has been the name change from Waikato-Tainui Te Kauhanganui Inc to Te Whakakitenga o Waikato Inc.

As explained by those kaumaatua who had the responsibility of ushering in the new name, it has been momentous for me in one sense, but in another sense, I do feel that time will reveal just how profound this name change will be in the future.

This last year for the tribe has been a roller coaster of opportunities, both won and lost, from the acquisition of properties and businesses to the partial sale of the leases at The Base. We have all made numerous comments and have just as many opinions. I did however agree that the decision made by the marae representatives in Te Whakakitenga will have a profound impact on those marae both positive and negative. Again another impact that time will reveal to us.

I am now waiting for the outcome of the Governance & Representation Review work that took so long and cost so much that I would hope this annual report contains a sense of intention around this matter and how or even when this issue may be fully realised and implemented.

In closing, if there is one particular comment that I can make in this annual report and how this should in my view be reported on or at the very least, feature in every one of our annual reports in the future, it is about how long the tribe takes to transact its business.

I believe we need to show a practical demonstration of how business efficiency by our entities is linked to the priorities that we as a tribe have relative to our needs and our people and how time is not always our friend.

***Crime does not take time off,***

***Homelessness knows no time,***

***Poverty grows with time,***

***Joblessness & Idleness steal time,***

***Frustration of the people ignores time,***

***Waste and time together, create hopelessness,***

I am pleased to provide this foreword. It forms part of my new and invigorated commitment to the prosperity of this tribe and how the Kiingitanga is the first objective and commitment that Te Whakakitenga o Waikato Inc was founded and operates on.

*Paimarire*

**KING TUHEITIA**

TE WHAI MAHI

**103**  
**tribal**   
**members**

SUPPORTED INTO  
EMPLOYMENT

KAUPAPA

**20 years**

RAUPATU ANNIVERSARY  
COMMEMORATION

**\$45,000**

FOR KAPA HAKA GRANTS

MAATAURANGA

KO TE MANA MAATAURANGA  
EDUCATION PLAN LAUNCHED

TIKANGA ORA, REO ORA  
PLAN LAUNCHED

**\$1.1M**

FOR GRANTS &  
SCHOLARSHIPS 

TAAHUUHUU  
MAATAURANGA  
MAAORI GRADUATION

TE WHAI WHARE



GOVERNANCE &  
REPRESENTATION  
REVIEW COMPLETED

WHAKATUPURANGA 2050  
REVIEW COMPLETED

HAUORA

**\$1M**

FOR MARAE  
DEVELOPMENT

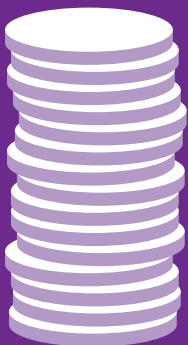
MOKOPUNA ORA  
LAUNCHED

DISTRIBUTIONS

**\$8.7M**

TOTAL GRANTS  
PAID IN 2016

TAHUA  
HUIHUINGA



NET PROFIT

**\$78.6M**

\$83.3M\*

TOTAL REVENUE

**\$83.1M**

\$84.0M\*

TOTAL ASSETS

**\$1.22B**

\$1.16B\*

DIVIDEND TO WRLT

**\$13.5M**

\$12.5M\*

# TAA TE HEAMANA O TE WHAKAKITENGA O WAIKATO

MAXINE MOANA-TUWHANGAI



Teeraa te ata ka haea ki runga o Taupiri  
Ka ara koa a Tama-nui-te-raa i toona rua  
Kia kaarohirohi oona hihi ki runga o Waikato  
Te wai kaukau taniwha, te hoenga wai ariki o Kiingi Tuuheitia  
He hekenga roimata, he riponga wai moo koutou e Paa maa,  
kei te pae o maumahara.  
Whakarongo ee! Teenei te ao ka ara.  
Koorihi manu, tiihau kau ana.  
Takatuu! Takatuu! Waikato whakatika!  
E tuu ki te wheiao, ki te ao maarama.  
Maarama ki runga, maarama ki raro.  
Maaramatanga ki te ara. Whanatu! Hoake! Kookiri ee!

This Annual Report documents progress achieved in the 2016 financial year and formally records the 20th anniversary of our Raupatu settlement.

Commemorating 20 years of settlement has given us cause to reflect on the meaning of decisions taken two decades ago to settle grievances and enable us to move forward as an iwi.

Those were brave decisions taken by courageous leaders with high hopes for what lay ahead. And while the journey has at times been challenging, we have learned many lessons and our progress is evident.

In two decades our total asset value has surpassed \$1.22 billion, we have returned \$131 million\* in dividends, and we have distributed more than \$98 million\* in funding and grants to our people.

These returns are a direct result of the \$170 million in assets and cash that was paid to us by the Government 20 years ago.

Appropriately 2016 has been a year of reflection, review, change, and planning.

## **He Ingoa Hou** *A New Name*

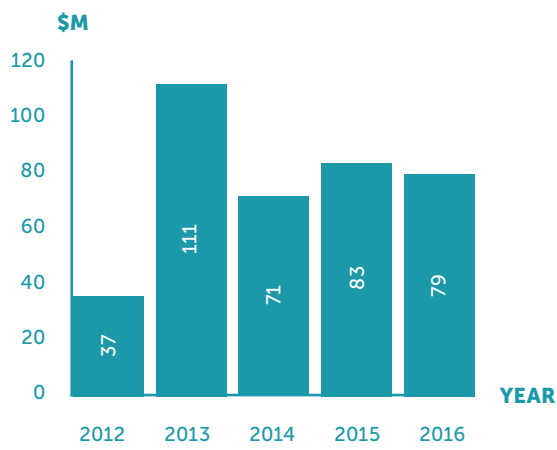
Our strategic work this year leaves us well placed to drive forward and make a demonstrable impact on our progress.

We begin this phase with the benefit of a new name, thoughtfully chosen by Kiingi Tuheitia to mark the closure of the governance review.

Many of us have been inspired by the prophetic words of Kiingi Taawhiao. Our new name—Te Whakakitenga o Waikato—brings to life his insightful tongi:

Mehemea kare kau ana he whakakitenga, ka mate te iwi.

*Where there is no vision, the people will perish.*



Those words remind us that our governance decisions must be far-reaching and for the benefit of tomorrow’s mokopuna. Our responsibility is to our people and the decisions that we make today affect their futures. We must never forget this.

**Whakarite Kia Eke Panuku**

*Planning for Success*

Our Raupatu anniversary year saw the redesign of our long-range tribal strategic blueprint, Whakatapuranga 2050.

The goal was to build on the existing strategy by updating the objectives and refreshing the approach and, critically, to identify markers by which we could measure our progress.

The result is a roadmap of signposts covering four key areas: Ngaa Tohu Kaupapa (Cultural), Ngaa Tohu Hapori (Social), Ngaa Tohu Taiao (Environment) and Ngaa Tohu Whai Rawa (Wealth). Operational business plans are being aligned to these signposts and all entities are delivering to this strategic framework, which you can find on pages 8-9 of this report.

This roadmap serves as the master plan so that, as governors, we can fulfil our monitoring and kaitiaki role with clarity and consistency.

**Whakatuurite Kia Ora**

*Structuring for Prosperity*

Our year of review continued with the completion of a comprehensive review of our governance structure.

Led by co-Chairs Nanaia Mahuta and Sir Henry van der Heyden, the review has resulted in changes that will support our goal to deliver robust, effective and efficient governance for meaningful outcomes.



Improved rules now provide better guidance and clarity, we have an innovative tikanga-based disputes resolution mechanism, and reduced membership will create a streamlining in the House that encourages stronger decision-making and productivity.

I acknowledge and thank Nanaia and Sir Henry for their leadership in steering this important review, and Sponsorship Group members and the team who successfully brought this project to fruition.

I also acknowledge Glen Tootill whose role as Secretary ended when the new rules were adopted, and thank our governance representatives for the diligence they have shown in our collective effort to structure for prosperity.

### Putanga Tahua

#### Commercial Performance

The kaitiaki of our commercial assets, Tainui Group Holdings (TGH), has made further good progress on its diversification strategy under the new leadership of CEO Chris Joblin who took over the role in August 2015.

The confirmed sale of 50 percent of The Base by the year's end released a total of \$192.5 million capital for repayment of debt and re-investment into shares, farming operations and direct investments. The Base will now be run as a 50 percent joint venture with listed company Kiwi Property, which has a strong track record in operating shopping centres.

It was also pleasing to see TGH grow our whenua holdings by purchasing an 89 hectare dairy farm at Tauhei. TGH now manages around 4,500 hectares on the tribe's behalf.

Net profit which includes some strong revaluation gains from our commercial properties and land

holdings was up 66 percent compared to last year. TGH and Waikato-Tainui Fisheries (WTF) paid a combined dividend of \$13.5 million this year, up seven percent on last year.

### Ngaa Whakamihī

#### Acknowledgements

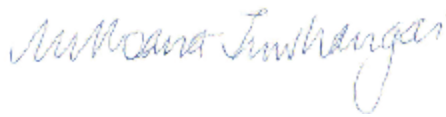
My first acknowledgement is to the people of Ngaati Hauaa. The name 'Te Kauhanganui' was gifted by them and we thank them for their taonga which has guided us well these past 20 years. He mihi nunui tenei ki a koutou katoa.

I also acknowledge our many other iwi partners—those who stand beside us as the Tainui Waka Alliance and those within the Iwi Chairs Group. We recognise our responsibility to share and contribute, and we appreciate the support we receive in return.

I am supported by many in my role, none more so than Deputy Chairman Te Whakahawea Rapana who never fails to provide sage advice.

To my fellow governors, the chairmen and members of our entity boards, to management and staff, thank you all for your excellent work, support and commitment to our cause.

Pai marire.



### MAXINE MOANA-TUWHANGAI

Chairman

Te Whakakitenga o Waikato

\*Figures are based on historical records and are approximate



20 YEARS TOTAL ASSETS\*



# WHAKATUPURANGA 2050 NGAA TOHU

STRATEGIC FRAMEWORK 2050

Our dream for our people is that they are successful in all areas of their lives: committed to Kiingitanga, fluent in te reo Maaori, strong in tikanga, healthy, well-educated, financially secure, environmentally conscious and socially sound.

2015-20

2020-25

2025-30

2030-35

2035-40

2040-45

2045-50



## Ngaa Tohu Kaupapa > CULTURAL SIGNPOSTS

### Marae Connection

100% of tribal members are connected to their marae and know their pepeha and whakapapa

100% Tribally Connected

### Marae Assets

All marae have sufficient assets that meet industry standards to meet the needs of their whaanau

Sufficient & Certified Assets for 68 Marae

### Mahi Tupuna

Succession plans are in place for all roles and responsibilities from marae to boardroom

Marae to Boardroom Succession

### Te Reo

80% of tribal members increase their proficiency in te reo to fluent

80% Fluent in Te Reo

### Tikanga

100% of tribal members know and practice tikanga and kawa

100% Practice Tikanga & Kawa



## Ngaa Tohu Hapori > SOCIAL SIGNPOSTS

### Education

85% of tribal members 18-64yrs gain level 2 NCEA qualification or equivalent and 75% of tribal members are in an economic pathway to earn the median income

85% with Lvl 2 NCEA and 75% in Economic Pathway

### Housing

100% of tribal members live in a warm, safe and healthy home and Waikato-Tainui home ownership rate increases to national average rate of 64% for all tribal members >15yrs

100% Healthy Homes & 64% Homeowners

### Health and Wellbeing

100% of tribal members achieve their whaanau plan goals. e.g. physical, emotional and spiritual goals and have access to healthcare, live a healthy lifestyle and live as long as the average New Zealander.

100% of Whaanau Plans Achieved

### Employment

100% of tribal members 15-64yrs eligible to be employed will be in full-time or part-time paid employment and 50% of those employed will earn the median income or above

100% of those Eligible to Work are Employed

2015-20

2020-25

2025-30

2030-35

2035-40

2040-45

2045-50



## Ngaa Tohu Taiao > ENVIRONMENTAL SIGNPOSTS

### Mana o Te Awa

The Waikato river within the Tainui rohe will receive an A+ report card rating

Waikato River has an A+ Report Card Rating

### Te Mana o Te Whenua

Waikato-Tainui double the ownership of lands every generation, and ensure all Waikato-Tainui Land Holding is culturally and economically sustainable.

Double Land Holding Every Generation

### Mana Whakahaere

All marae and tribal members are supported by tribal partnerships to fulfil priority kaitiaki responsibilities

Fulfil Kaitiaki Responsibilities



## Ngaa Tohu Whai Rawa > WEALTH SIGNPOSTS

### Tribal Wealth

Net profit after tax over net total assets > CPI + 3%

Annual cash distribution grows at the rate of inflation

Total debt to total assets < 20%

NP/TA > CPI + 3%  
Distribution Growth  
Debt/TA < 20%

### Tribal Member Wealth

100% of tribal members have positive net worth with 48% of those with net worth exceeding \$100,000. 100% of tribal members have short term and long term savings (save 10% of their weekly disposable income and invest 6% to a retirement scheme)

100% Financial Stability



## Mahi Tonu > BUSINESS AS USUAL

### Kiingitanga

100% Committed to Kiingitanga

### Governance Administration

Fully Supported Boards

### Policy

Group Policy Framework and Full Compliance

### Tribal Centre

Waikato-Tainui Tribal Centre

### Tribal Register

All Tribal Members are Registered with Up To Date Details

### Tribal Member Engagement

All Tribal Stakeholders Fully Engaged

### Claims and Settlement Protection

All Claims Resolved & Protected

### Sites of Significance

All Sites of Significance Maintained

### Iwi Taonga

All Iwi Taonga Registered and Secure

# TE PUURONGO AA TE ARATAURA

## RAHUI PAPA

This 2016 Annual Report gives us the opportunity to reflect on the development we have achieved in 20 years and the contribution that we as an iwi authority have made to improving the lives of our members.

Our look back into the past is both interesting and telling.

“

Waikato-Tainui has provided nearly 10,000 education grants and scholarships and, today, 66 percent of our members aged 15 and older have a formal qualification compared to 49 percent in 1996.

Tribal membership has tripled, we have turned our settlement sum of \$170 million into an asset base worth \$1.22 billion, our landholdings have increased 10-fold, we have settled our Waikato River claim, and many more of our members have formal education qualifications. Social programmes and marae have benefitted from millions in distributions.

On the other hand, economic factors continue to place pressure on whaanau. The cost of living is increasing, jobs remain elusive for many, home ownership is all but out of reach for some, and too many of our people are forced to live in rental houses that are cold, unhealthy and inadequate.

It does not escape me that, as Waikato, we are fortunate to have the support of a tribal system that is geared to supporting its own. Many New Zealanders do not enjoy that opportunity. Yes, the pain of the past is remembered in the good fortune that we benefit from today.

Our dream for our people is that they are successful in all areas of their lives: committed to Kiingitanga, fluent in te reo Maaori, strong in tikanga, healthy, well-educated, financially secure, environmentally conscious and socially sound.

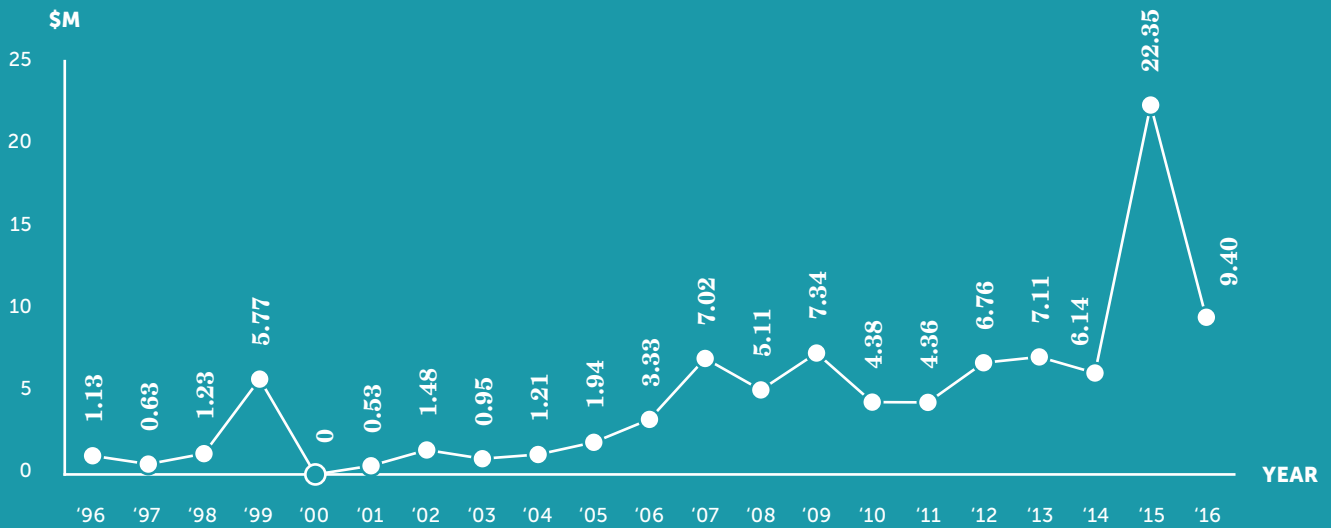
And so we are proud that in just two decades our own education statistics have turned the curve. Waikato-Tainui has provided nearly 10,000 education grants and scholarships and, today, 66 percent of our members aged 15 and older have a formal qualification compared to 49 percent in 1996.

We are proud that since 2007 our kaumaatua have received more than \$2 million to cover medical costs, that since 1995 marae have received more than \$40 million\* in grants, and that today we are financing the insurance premiums for all Raupatu marae.

We are proud that this year alone we have directly supported more than 100 tribal members into employment and have 11 apprenticeships and cadetships currently underway with another two due to come on stream.

And we are especially proud to have devised and launched the Mokopuna Ora programme to take better care of mokopuna either in or entering state care.

But, there is much more yet to do.



Higher annual grants to marae, buying more land to grow our tribal estate, helping whaanau into home ownership and better rental situations, promoting reo and tikanga, creating employment opportunities and maintaining our focus on education are our top priorities.

We are developing our strategy for the allocation of Relativity funds and expect to commit a significant portion of it to advancing these priorities. However, achievement over the long-term relies on the success of our commercial activities. The diversification strategy developed by Tainui Group Holdings is contingent here and Te Arataura fully supports the plan to broaden the investment portfolio.

2016 has been a solid year. We have been in strategic development phase in recent years and that has come to fruition with the launch of education and reo and tikanga plans; advances in employment, housing and marae development programmes; progress in outstanding claims and Right of First Refusal issues; and the continued embedding of Tai Tumu Tai Pari Tai Ao. I want to particularly acknowledge the Hauraki Maori Trust Board with whom we reached mutual agreement over allocation of commercial fisheries and aquaculture assets and reaffirmed our long-standing whanaunga relationship. Details of our overall progress can be found in the Operations Report on pages 22-43.

We have continued to foster strategic relationships with likeminded organisations where mutual benefits can be achieved and we are well supported by the corporate sector. The Crown is also an obvious important relationship given our claims history, current outstanding claims, and common goals for development.

And while 2016 has been strong, 2017 and beyond will be stronger yet. We have an improved governance

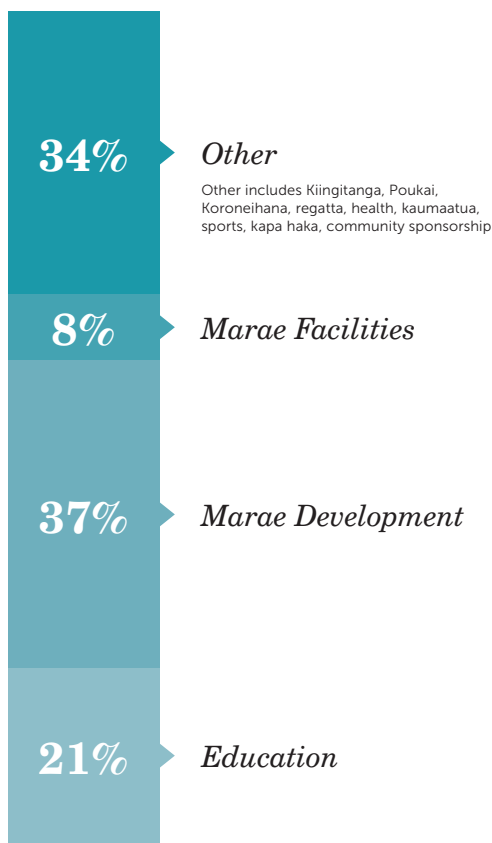


↑ Puna kupu reo waananga with Waikato-Tainui kaumaatua, 2015

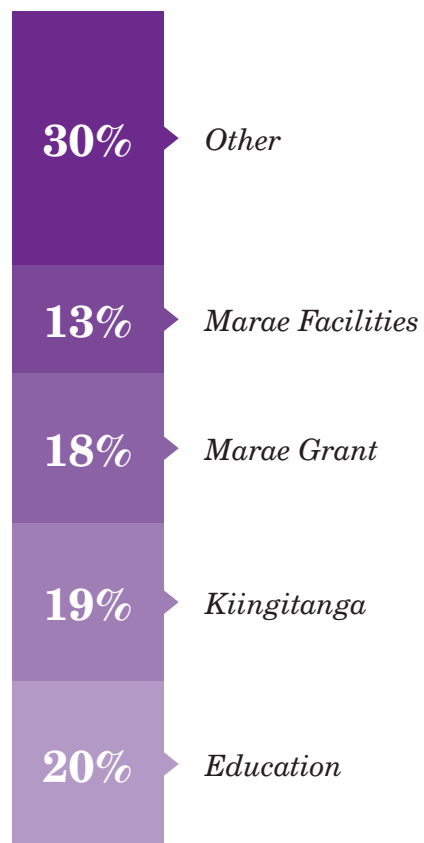


↑ Pukaki Marae, Tainui Games 2016

**TOTAL DISTRIBUTIONS  
ALLOCATION 1995-2016\***



**TOTAL DISTRIBUTIONS  
ALLOCATION 2016**



“

While 2016 has been strong, 2017 and beyond will be stronger yet. We have an improved governance structure and foundations at the operational level which are progressively being strengthened, placing us in an optimum position to strive forward.



← Prince Charles and the Duchess of Cornwall with Kiingi Tuheitia and Makau Ariki Atawhai

structure and foundations at the operational level which are progressively being strengthened, placing us in an optimum position to strive forward.

Our progress and success is due to many. Firstly, I acknowledge the guidance of Kiingi Tuheitia and the Kiingitanga, for whom we remain loyal and steadfast. The visit of Prince Charles and the Duchess of Cornwall in our Raupatu memorial year reinforced our relationship with the British monarchy and was a proud day for us all.

To our marae, the members of Te Whakakitenga o Waikato, my fellow members of Te Arataura, the trustees and directors of Ururangi Ltd, Tainui Group Holdings, and the Waikato-Tainui College for Research and Development, and to all management and staff...thank you for the commitment, dedication, purpose and energy you give to maintaining the ahi kaa, overcoming the challenges and seeing the opportunities to advance the prosperity of our people.

Ahakoā ngāa whiu o te waa, ka ara a Waikato-Tainui i te rua. Kia mau ki te ora o te iwi! Kia mau ki te ora o te tangata! Purutia, taawhia kia ita!



**RAHUI PAPA**  
*Chairman*  
*Te Arataura o Waikato-Tainui*

**PAREKAWHIA MCLEAN**  
*Chief Executive Officer*  
*Waikato Raupatu Lands Trust*  
*& Waikato Raupatu River Trust*

\*Figures are based on historical records and are approximate

# TE PUURONGO AA TAINUI GROUP HOLDINGS

SIR HENRY VAN DER HEYDEN AND CHRIS JOBLIN

## *Towards a diversified range of investments*

The 2016 financial year saw significant steps towards our diversification strategy with the purchase of a key dairy farm at Tauhei adding to the tribal whenua, and a 50 percent sale of The Base to Kiwi Property confirmed by year's end. Resource consents were gained to operate an inland port at Ruakura and 2016 was a year of renewal for the governance and leadership of TGH.

For several years now TGH has recognised the need to diversify the tribe's investments.

TGH will be able to secure more puutea, more jobs and more whenua for Waikato-Tainui by holding a wider spread of investments. 2016 saw us take the next carefully considered step on this journey, following a year of discussion within the tribe and a competitive nine months sale process. Part of the \$192.5 million from the The Base has since been used to reduce debt (\$100.5 million) and pay the tribe up front for the long-term lease of the land (\$46 million).

### **Taunga Tahua**

#### *Financial Performance*

Tainui Group Holdings (TGH) and Waikato-Tainui Fisheries (WTF) increased returns in 2016, compared to the year before.

The net profit for TGH and WTF was \$56.8 million, up 66 percent from 2015. Net profit is a combination of net operating profit plus unrealised gains or losses, including revaluations of assets. Over the past year a number of our commercial properties and land holdings went up in value amid a strong commercial and residential property market fuelled by lower interest rates.

TGH and WTF paid a combined dividend of \$13.5 million this year. This was 8 percent more than the 2015 dividend. TGH has paid total dividends of \$130 million since it was set up in 2002 to support the tribal objectives for Waikato-Tainui.

The value of total assets as at 31 March 2016 was \$921.4 million, up \$45.9 million from the same time last year.

The return on equity for FY2016 was 9.8 percent. This was well above last year's figure of 6.4 percent.



Some of the TGH team, pictured at Hangawera Station ↑



TGH will be able to secure more puutea, more jobs and more whenua for Waikato-Tainui by holding a wider spread of investments.

This was partly due to strong cash returns from our hotel and residential property operations, as well as a good boost from the increasing capital valuations on property.

At balance date our total debt stood at 27.2 percent of the total assets. TGH has since paid back a further \$100.5 million of debt, however this took place following the period covered by this report.

**Ngaa Hua Whaanui**

*Profit from Diverse Areas*

It is pleasing how a range of the tribe’s investments have contributed to the result over the past year. Property investments recording underlying increases in value, hotels returned good puutea, residential sections sold well and new contracts were won by Go Bus.

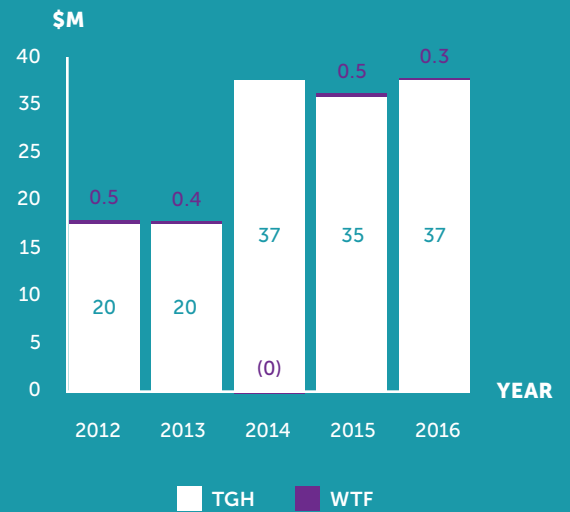
Waikato Milking Systems has increased export sales to balance the effect of a tough local market due to lower milk prices. Shares owned in Genesis Energy were an exception to an otherwise positive year, with the value of the shares dipping by 8.5 percent by year’s end.

**Ngaa Whakatau Tahua Ki Mua**

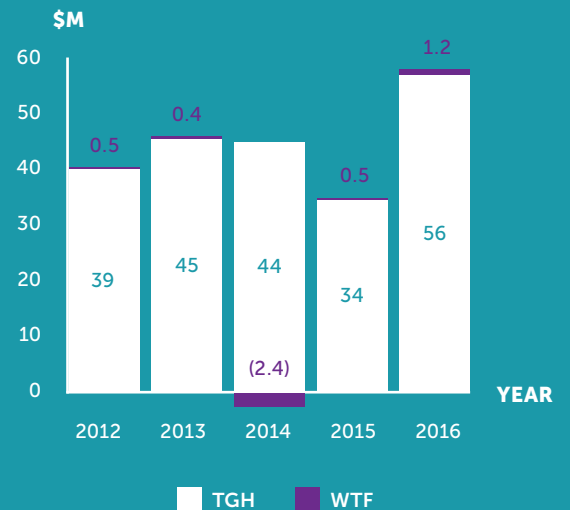
*Investment Decisions Ahead*

TGH has many positive investment opportunities ahead as we move toward a more diversified portfolio in line with our role as Kaitiaki (guardian) of the tribe’s commercial investments. The opportunities in front of us include investing into shares to help reduce risk, improve liquidity and move us to a more balanced portfolio. Further possible developments or acquisitions (depending on the availability of capital) include the purchase of whenua, another hotel in Taamaki Makaurau, Ruakura Inland Port, and exploring future opportunities for developments on tribal whenua at Huntly and Meremere.

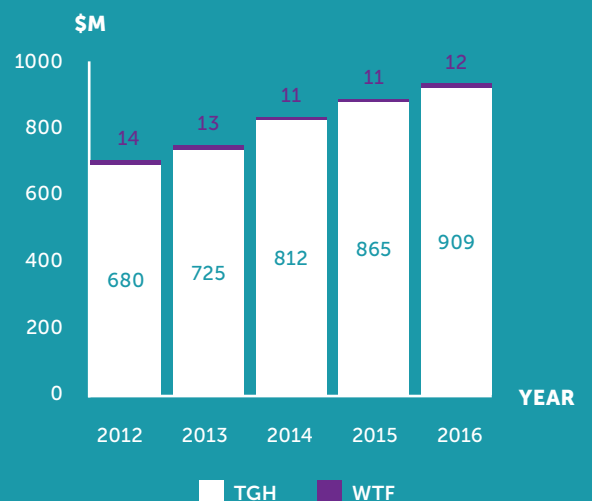
NET OPERATING PROFIT—TGH + WTF



NET PROFIT/(LOSS)—TGH + WTF



TOTAL ASSETS—TGH + WTF





Waikato Milking Systems' new global headquarters opened in Te Rapa in November 2015 ↑



Go Bus—on the hunt for more drivers ↑

## Ka Hono Kia Kotahi

### Staying connected

Our Board members and senior team attended as many poukai as possible during the year and we held a joint strategy day with Te Arataura in October 2015. We also support the Waikato-Tainui Games and other important tribal events.

Board members and senior managers spent time on marae listening to the challenges and opportunities for tribal members. We hosted a number of asset tours which kaumaatua and rangatahi attended. We also held a series of workshops to discuss the diversification strategy. Collaboratively with the Waikato Raupatu Lands Trust team, we created or identified just over 100 employment opportunities for tribal members during the 2016 year.

For example we sought rangatahi to join our farming operations as cadets, and Go Bus is now seeking to fill up to 170 bus driver roles for South Auckland bus routes. TGH has also been encouraging businesses that are owned by tribal members to tender for projects such as construction, demolition, tree work, landscaping, and electrical services. In November 2015, tribal members were offered first choice of sections at Tramway Road, and nine sections were sold prior to a general release to the market. The Centre Management staff from TGH have also retained their jobs as kaimahi and kaitiaki working for Kiwi Property at The Base.

## FINANCIAL PERFORMANCE SUMMARY—TGH AND WTF

### FINANCIALS AT A GLANCE

	2016	2015
NET OPERATING PROFIT	\$37.7m	\$35.6m
NET PROFIT	\$56.8m	\$34.3m
TOTAL ASSETS	\$921.4m	\$875.5m
EQUITY	\$581.1m	\$536.9m
BANK DEBT TO TOTAL ASSETS	27.2%	30.6%
DIVIDEND	\$13.5m	\$12.5m
RETURN ON EQUITY	9.8%	6.4%
RETURN ON ASSETS	6.2%	3.9%

“

Collaboratively with the Waikato Raupatu Lands Trust team, we created or identified just over 100 employment opportunities for tribal members during the 2016 year.

#### **Whakahou | Ngaa Whakahaere**

##### *Governance Renewal*

In mid-August 2015, Chris Joblin was appointed as CEO after an extensive six month search process. Tribal leaders, key managers and TGH Board members all provided detailed input to the criteria used to select the new CEO and Chris Joblin emerged as the preferred candidate.

During the year, governance of TGH was refreshed. In May 2015, Tukoroirangi Morgan took on the director role previously held by Paki Rawiri as one of the two tribal representatives on the board of TGH. While Joanna Perry, the advisor to the board also stepped down. We thank Paki and Joanna for their dedicated service. In mid-November Tania Simpson was appointed to the TGH Board by Te Kauhanganui Incorporated bringing more than 20 years governance experience in government, iwi and private sector entities to the TGH Board.

Many people and organisations have helped TGH to be successful this year. We saw Tracey Hook move on to an exciting new senior role with Te Wananga o Aotearoa, we sincerely thank her for 14 years of dedicated service. Thank you to all kaimahi at TGH and our partners for helping grow the assets of Waikato-Tainui for this generation and the next.



**SIR HENRY  
VAN DER HEYDEN**  
*Chairman*

**CHRIS JOBLIN**  
*Chief Executive Officer*

# TE PUURONGO AA WAIKATO-TAINUI COLLEGE FOR RESEARCH AND DEVELOPMENT

JOHN HEREMIA AND DR. SARAH-JANE TIAKIWAI

E rau rangatira maa, teenaa koutou katoa.

This year, has been a significant year for Waikato-Tainui—with the commemoration of the 20th anniversary of the signing of the Raupatu Settlement, the ushering in of a new tribal governance structure and the adoption of strategic pou that focuses the tribe's aspirations outlined in Whakatupuranga 2050. It has been an exciting year and one that has reaffirmed our commitment at the College to supporting Waikato-Tainui realise its aspirations.

## **Te Whanake I Roto I Te Rangahau**

*Contributing to tribal success through research*

Whakatupuranga 2050 identifies the importance of research in contributing to tribal success. The College sees this as its primary role—undertaking research that informs and contributes to tribal advancement. Over the years, our research has helped inform policies and strategies across the Waikato-Tainui Group, particularly in the areas of health, education, whaanau ora, governance, and the Waikato River. Our research has also led to the development of resources and training programmes delivered by ourselves and other entities across the Group. This reinforces the emphasis our Founder, Sir Robert Mahuta, placed on there being “no research without development and no development without research.”

To ensure our research programme aligns well to the strategic priorities of the tribe, we have reached agreement with Te Arataura to develop a *Waikato-Tainui Research Policy* which will detail how we will undertake research activities for and with the tribe, and also how that research can support decision-making and ensure future work programmes are based on high quality, timely research. We look forward to undertaking that piece of work in the new financial year.

## **Puea Te Pitomata Rangatira**

*Developing our leadership potential*

The development of our future leaders is another key focus area for us in supporting Waikato-Tainui realise its strategic aspirations. The *Takituu* governance programme that we deliver in partnership with Ngai Tahu enables this to happen, as does the *Whakatupu Marae* programme that we offer in collaboration with the Waikato Raupatu Lands Trust. These programmes have been designed to assist existing and emerging leaders thinking about, preparing for, or involved in the task of governance or management on our marae or across our organisations including Te Arataura and Te Whakakitenga o Waikato. We plan to deliver these programmes again in the coming year.

Our MBA course is another programme that enables the development of our future leaders. In September 2016, our third cohort will graduate from our MBA programme contributing to the leadership potential of Waikato-Tainui.

The majority of our graduates are Maaori and a large number of those are of Waikato-Tainui descent. Many are employed in senior management positions throughout New Zealand, some are serving as Directors on public and private Boards, others are running their own businesses, and some have chosen to pursue further study enrolling in a PhD programme. As alumni of the College, our graduates are a valuable network and we look forward to working with them in the future to aid our work in supporting Waikato-Tainui realise its strategic aspirations.

## **Kohinga Puutea a Taa Te Kotahi Mahuta**

*Sir Robert Mahuta Endowment Update*

In March 2015, Te Whakakitenga gave approval for the Colleges Trust to receive the Sir Robert Mahuta

“

In September 2016 our third cohort will graduate from our MBA program, contributing to the leadership potential of Waikato-Tainui.

Endowment which was negotiated as part of the Waikato River Settlement. Subsequent to that approval, we have entered into a Deed of Transfer with Te Whakakitenga that sets out the terms and conditions of the transfer. We are now on the cusp of receiving the fund and fulfilling the purposes of the endowment envisaged through the Waikato River Settlement, and on behalf of Waikato-Tainui.

**Hei Whakakapi**

*In Closing*

We look forward to the new financial year, and to building on the collaborative work that we have in place across Waikato-Tainui to support the tribe achieve its objectives within Whakatupuranga 2050.

We remain grateful for the continued support that we have received during the year from our Patron, Kiingi Tuheitia, and Te Whakakitenga o Waikato, Te Arataura, and our marae and whaanau. We acknowledge our partners and collaborators—without you a lot of our programmes would not have been possible. We also extend our appreciation to the Boards and staff across the Waikato-Tainui Group who work tirelessly to advance our iwi. And finally, to our staff and my fellow Trustees, thank you all for your perseverance, commitment and contribution to our College in 2015/16.

Kia ora,



**JOHN HEREMIA**

*Chairman*

*Waikato Endowed Colleges Trust*



**DR. SARAH-JANE TIAKIWAI**

*Academic Director*



# NGAA POUPOU

## OUR GOVERNORS



**MAXINE MOANA-TUWHANGAI**  
Te Whakakitenga o Waikato  
Chairman  
*Mookai Kainga Marae*

**TE WHAKAHAWEA RAPANA**  
Te Whakakitenga o Waikato  
Deputy Chairman  
*Waahi Paa*



**PETER ROGERS**  
Ururangi Limited  
Chairman



**SIR HENRY VAN DER HEYDEN**  
Tainui Goup Holdings Ltd  
Chairman



**JOHN HEREMIA**  
Waikato Endowed Colleges Trust  
Chairman

## NGAA POUPOU TE ARATAURA O WAIKATO-TAINUI



**HEMI RAU**  
Director Tainui Group Holdings  
*Te Kotahitanga Marae*

**RAHUI PAPA**  
Chairman  
*Poohara Marae*

**TUKOROIRANGI MORGAN**  
Kaahui Ariki Representative  
Director Tainui Group Holdings  
*Te Hoe o Tainui Marae*

**PAKI RAWIRI**  
*Te Awamaarahi  
Marae*

**RUKUMOANA SCHAAFHAUSEN**  
Deputy Chairman  
Chairman Audit & Risk Committee  
*Rukumoana Marae*

**MARAE TUKERE**  
Chairman HR Committee  
*Turangawaewae Marae*

**HOKI-MAI  
CHONG**  
*Rereteewhioi  
Marae*

**TAHI-O-HURAE  
RANGIAAWHA**  
*Mootakotako Marae*

**PATIENCE TE AO**  
Chairman Appointments  
Committee  
*Tauranganui Marae*

**TOM ROA**  
Claims Negotiator  
*Puurekireki Marae*

**TIPAMAHUTA**  
*Waahi Paa*

# HAUORA

*health and wellbeing*

THEN

NOW

Tribal members are healthy and active



↑ 1998  
Waikato-Tainui Games



↑ 2016  
Waikato-Tainui Games

## WAIKATO-TAINUI AGED 30-YEARS PLUS

THEN

NOW

28%



40%

## WAIKATO-TAINUI GAMES 2016

This much anticipated marae-versus-marae sporting extravaganza is a festival of kotahitanga, whanaungatanga and manaakitanga. Held every two years, the competition is run over three weekends to find the ultimate champion marae. Congratulations to this year's winner Te Tokanganui-a-Noho Marae.

- ▶ Held during January and February 2016
- ▶ Attended by more than 20,000 competitors and spectators

- ▶ Sports teams representing 53 marae
- ▶ Competitors included tamariki, pakeke, kaumaatua
- ▶ 12 sports plus hiikoi, games and A tamariki taakaro zone
- ▶ Expo marquee, healthy kai stalls, entertainment

### KAUPAPA WHARE

#### Housing

We want to see our members transition from renting to home ownership and live in warm, safe, healthy kaainga. A Housing Strategy to support members to achieve this will launch in FY2017.

With significant barriers to home ownership, such as obtaining finance and the high cost of housing, this is a plan that is long-term and far-reaching.

- ▶ Housing education support programmes implemented, including:
  - 14 Financial Literacy workshops held, attracting 358 registrants and 144 participants
  - Eight Home Ownership workshops attracted 223 registrants and 101 participants
- ▶ Database of Preferred Suppliers (mortgage lenders, builders,

plumbers) created and available to tribal members

- ▶ 15 Tribal Members referred to Preferred Suppliers, receiving home loans to purchase houses.
- ▶ 85 percent of all State House properties offered through our Right of First Refusal mechanism purchased by tribal members.
- ▶ Two of the 28 houses purchased were sold to first home owners.
- ▶ 1,200 members registered to RFR notification database



## TE TOKANGANUI-A-NOHO REIGN SUPREME

Staying true to their guiding tongi 'Kia mau ki teena, kia mau ki te kawau maro, whanake ake' made the difference for Te Tokanganui-a-Noho Marae when it took out best overall at the 2016 Waikato-Tainui Games.

"We came to participate primarily but to be blessed with the Kohikohia taonga and overall winner title was a wonderful reward for Maniapoto Rereahu as an iwi," says co-ordinator Rozel Coffin.

Te Tokanganui-a-Noho secured their win with the following top placings:

- ▶ 1st Poirewa (Volleyball)
- ▶ 1st Poikoopiko (Table Tennis)
- ▶ 1st overall Kumetaura (Power Pulling)
- ▶ 1st Men's and Rangatahi divisions
- ▶ 2nd Paawhutupaoro (Touch)
- ▶ 2nd equal Ngaa Whetu o Tainui (Talent Quest)

"We did what was natural to us and that was to demonstrate, practice and give 100 percent to Maniapototanga, Maaoritanga, whanaungatanga, kotahitanga, and manaakitanga. To witness the jubilation on the faces of our koro, ruruhi, and kaitaakaro is one we will cherish for a long while."

Congratulations to Te Tokanganui-a-Noho and the other 49 marae who participated in the Games, which are held to celebrate and promote tribal unity, kinship and marae pride.

“  
We came to participate primarily but to be blessed with the Kohikohia taonga and overall winner title was a wonderful reward for Maniapoto Rereahu as an iwi.

*Rozel Coffin*



↑ Waikato-Tainui Games 2016 victors: Te Tokanganui-a-Noho Marae

## MARAE

Our goal for marae is that they are supported and enabled to be economically sound and self-sufficient. Since 1996 Marae have received \$37.1 million\* in annual marae development grants and \$6.5 million for marae facilities projects. In 2016:

- ▶ \$1 million distributed in annual Marae Development grants
- ▶ \$45,000 distributed in Marae Facilities grants to support construction, maintenance and upgrade of marae buildings and environs
- ▶ Marae Development Plan draft and consultation round completed and plan now awaiting budget prioritisation
- ▶ Framework for the Marae Strategic Asset Management Plan developed
- ▶ 53 marae asset surveys completed
- ▶ Xero accounting package developed for marae to self-manage finances
- ▶ 61 Waikato-Tainui marae now registered for the Marae Insurance package
- ▶ 22 marae valuations completed

▶ Inaugural Whakatupu Marae Governance programme developed and implemented

- ▶ N3 Trade Card introduced as a way of obtaining discounts for marae from a wide range of suppliers
- ▶ 22 fire risk assessments completed in association with NZ Fire Service

increase the number of mokopuna being safely placed within their whaanau, hapuu and iwi; support whaanau into the role of primary caregiver; and connect mokopuna to their tribal identity.

- ▶ Mokopuna Ora pilot involving 10 whaanau trialled and evaluation report to June 2016 completed

▶ Joint steering, working and advisory groups established

- ▶ Model for intervention practice developed

▶ Iwi Support Advisors appointed with a view to building more capacity

## MOKOPUNA ORA

Mokopuna Ora is our partnership with Child, Youth & Family to improve the lives of mokopuna of Waikato-Tainui descent are in state care. It aims to reduce the number of mokopuna entering care;



## STRENGTHENING WHAANAU FOUNDATIONS

Koroki Waikai and Melissa Johnson are our Mokopuna Ora Iwi Support Advisors.

Both have backgrounds in social work, counselling and youth mentoring and are inspired by the Mokopuna Ora initiative and its goals for supporting whaanau to ensure better outcomes for peepi and tamariki.

“The whaanau foundations within our iwi need strengthening and I believe Mokopuna Ora is going to be a big part of lifting our people to a better space,” says Koroki (Waahi Paa).

As Iwi Support Advisors Koroki and Melissa provide the link between CYF and whaanau. Their priority is to ensure that whaanau understand the CYF process and legal implications so that they can make informed decisions about their mokopuna.

“Mokopuna Ora is a strategic tool that I believe empowers whaanau to navigate the CYF process. Whaanau are better able to manage the issue themselves,” says Melissa (Te Rarawa) who has so far worked with 18 whaanau cases involving 60 mokopuna, including young mum Shennese Matenga.

“They helped me put a plan together for CYFs for my children and I would never have done that if I didn’t have anybody alongside me. I still get the time with my kids that I need every week. It’s pretty much thanks to them I’ve got my kids still in my life,” Shennese says.

↑ Koroki Waikai and Melissa Johnson

- ▶ Kaitiaki Tono pilot training workshops begun
- ▶ Identify whakapapa of mokopuna in CYF care to support reconnection to whakapapa whaanau
- ▶ Assistance to services for our mokopuna and whaanau through our Te Ope Koiora relationships eg Raukura Haoura, Nga Miro and Waahi Whaanui

**TAUTOKO-A-ORA, -A-HAPORI**

*Health & Community Support*

Each year grants are made available for a range of health needs and to support kaumaatua medical expenses. In 2016:

- ▶ 897 Kaumaatua grants totaling \$398,000 to help cover doctor and prescription costs, reading glasses, hearing aids and dental

- ▶ 22 Health and Wellbeing grants totalling \$69,000 to fund health and community initiatives including:
  - Kaawhia Moana Kai Festival
  - Port Waikato Community Health & Support Services Trust heart and diabetes awareness
  - Poihaakena kaumaatua programme

- Te Toki Voyaging Trust
- Lions Club Festival of Magic for special needs and disadvantaged children
- Ngaruawahia Community Care & Crisis Centre
- Fostering Kids NZ
- Waka Trust driver education

**SINCE 1996**

MARAE HAVE RECEIVED

**\$39M\***

IN ANNUAL MARAE DEVELOPMENT GRANTS AND

**\$8M\***

FOR MARAE FACILITIES PROJECTS



\*Figures are based on historical records and are approximate

2007-2016

**\$280,000**

DISTRIBUTED TO SUPPORT 112 HEALTH AND COMMUNITY INITIATIVES



**\$2M**

DISTRIBUTED FOR KAUMAATUA MEDICAL GRANTS

# TAI TUMU, TAI PARI, TAI AO

*environment*

THEN

NOW

The health and wellbeing of our Tuupuna Awa is restored



↑ Ko Waikato te awa



↑ **2016**  
Tree planting, Te Kotahitanga Marae

## WAIKATO RIVER

THEN

NOW

- ▶ Waikato River claim outstanding
- ▶ No governing body for the restoration and protection of the Waikato River
- ▶ No environmental care partnerships

- ▶ Waikato River claim settled
- ▶ Waikato River Authority in place
- ▶ Accords and joint management agreements in place

Restoring and protecting the health and wellbeing of Waikato-Tainui waterways for future generations is the overarching purpose of our environment work.

► Tai Tumu, Tai Pari, Tai Ao

- Ongoing promotion to councils, consultants, developers and Government departments
- Used by Waikato Expressway Tangata Whenua Working Group as the key environmental document in their engagement with the NZ Transport Agency

- A regular fixture on the guest lecture series at Waikato University's environmental planning programme

- Used as the basis of the Waikato-Tainui engagement in resource management matters including the Waikato region's Waiora/Healthy Rivers Plan Change to improve water quality of the Waikato and Waipa rivers

► Joint Management Agreements

- Aligning councils' Draft Long

Term Plans 2015-2025 with Whakatapuranga 2050 and Tai Tumu Tai Pari Tai Ao

► Ko Te Mana o Te Wai

- Discussion paper developed for Te Whakakitenga outlining principles to complement our plan and guide our work
- Involved at all decision-making levels, informing policy governing the use and distribution of water, and collaborating with marae and hapuu
- Providing leadership and support to the

Freshwater Iwi Leaders Group

- Lake Waikare Restoration Project:

- tangata whenua group established
- restoration key priorities identified

- Waikato River Fisheries and Bylaws:

- Public compliance to fisheries bylaws monitored in partnership with Ministry for Primary Industries
- Assistance provided to Waikato River iwi who wish to adopt fisheries bylaws within their rohe

**JAEDYN FALWASSER**

*Taniwha-Tangoao Marae*

Being able to work outside and alongside our people to restore our rivers is a job that Jaedyn reckons is "awesome".

Jaedyn is a Conservation Advisor for the Waikato Raupatu River Trust. He is a graduate of the Trust's scholarship programme which offers study support and development pathways to lead to careers working for the tribe.

"I feel very privileged and fortunate to be working for Waikato-Tainui. Being able to travel to see different parts of the rohe, seeing those hidden gems that marae only show a very few, and seeing the passion of our people towards being kaitiaki of their areas and the restoration work being done. It's pretty amazing."

Prior to winning the scholarship Jaedyn completed a cadetship with DOC which resulted in his qualification as a Ranger.

"DOC was offering a 28-month cadetship to be fully-trained as a Ranger. It was a collaboration between DOC, the Nelson Institute of Technology and Te Waananga o Aotearoa; an on-the-job cadetship where I worked fulltime and studied while getting paid."

Jaedyn's love of the outdoors and being active led him to consider an environmental career in the first place, and it was at high school that he spotted the opportunity.

"I find the environmental sciences the most interesting, which comes as a surprise because I hated science at school!"



↑ Jaedyn Falwasser

# KAUPAPA

*culture*

THEN

NOW

Tribal reo, tikanga and heritage preserved for future generations



↑ 1995  
Kapa Haka



↑ 2015  
Te Iti Kahurangi

## TRIBAL OWNERSHIP

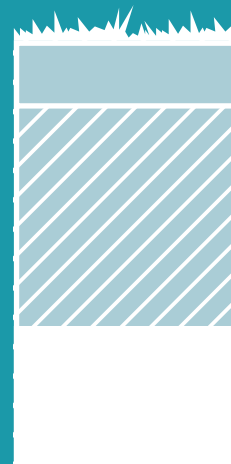
THEN

NOW

1,000ha



10,500ha



## WHAKAMA HARATANGA I TE RAUPATU

### *Raupatu Anniversary*

A series of initiatives were undertaken to acknowledge our 20th anniversary:

- ▶ Commemoration event held on 22 May 2015 at Turangawaewae Marae

- ▶ Commemoration booklet and pin
- ▶ Specially commissioned Raupatu waiata
- ▶ Raupatu exhibition featuring historic television footage, photographs and documents

- ▶ 'Celebration of Raupatu Women' event
- ▶ Raupatu-themed Rangatahi Summit (leadership camp) held at Te Puea Marae
- ▶ Community musical extravaganza concert
- ▶ Branded merchandise

## KIINGITANGA

- ▶ Annual grant to the Office of the King of \$1.66 million
- ▶ Funding provided for Koroneihana, Turangawaewae Regatta, poukai and the visit of Prince Charles and the Duchess of Cornwall



## MAINTAINING OUR AHI KAA

He grew up listening to debates at his grandmother's table about the Raupatu settlement, the importance of retaining land, and the need to develop tribal leadership.

Aubrey Te Kanawa (Poihaakena Marae) recalls the whakaaro of his nana Eva Rickard: "She was a staunch land activist and believed that all Maaori should have the right to maintain their ahi kaa connection with their land.

"She taught me that having a place to light your home fires means you have a place to belong. You can launch yourself into the world from there knowing that you have a reference point to return to," says Aubrey.

Aubrey has graduate degrees in Leisure Studies and Management Studies and worked at TGH as a property graduate before moving into a management

role at The Base. This set him up for his mahi now: managing the Te Kopua 2B3 land block, developing a papakainga, and assisting other Maaori landowners through the Te Puni Kōkiri Maaori Housing Network.

"Our work in papakainga housing is an important avenue for reconnecting people to land and ensures there are successive generations of kaitiaki present, which Nana definitely would have been supportive of."

He also serves on Te Whakakitenga.

"You need to have a thick skin when participating in tribal politics but it is a privilege to contribute intellectually and steer the direction of the tribe. We were lucky growing up listening and debating governance and political issues from a young age so Te Whakakitenga is actually a very familiar environment for me."

Aubrey Te Kanawa ↓

“  
Our work in papakainga housing is an important avenue for reconnecting people to land and ensures there are successive generations of kaitiaki present, which Nana definitely would have been supportive of.”



## POUKAI

Poukai were instituted by Kiingi Taawhiao more than 130 years ago as a gathering to feed the widowed, bereaved and destitute following the Land Wars. Today 29 poukai are held throughout the year to acknowledge the Kiingitanga, discuss issues of relevance, grieve the Kawe Mate, and enjoy haakari together. In 2016:

- ▶ \$138,000 distributed in Poukai grants to 29 marae
- ▶ A special Raupatu Marae Poukai grant of \$13,000 distributed to seven marae

## NGAA KEEREME

### Claims

#### ▶ Relativity

- Agreement on the first tranche of payments remains in dispute and Stage 2 of the arbitration process has been completed.
- Our future engagement regarding arbitration is currently being revised in the hope that we can find an alternative path to resolution.
- The basis of this approach is that more value could potentially be extracted from the remaining disputed items if we were to wait for the five-year

cycle to commence given our next entitlement is due in 2017.

#### ▶ Taamaki Makaurau

- Proposal to progress the wider Taamaki Makaurau claim as a single negotiation under a joint korowai of WAI30 (Waikato-Tainui 1995 settlement) and WAI330 (Huakina).
- Work continues on completing mandate requirements for both tribal and Crown processes.
- The aim is to have mandate resolved in this calendar year and ready for negotiations into 2017 if not earlier.
- Wider consultation with the iwi is still to occur and further meetings are being progressed with the Huakina Board.

#### ▶ West Coast Harbours

- Consultation with our coastal marae within the harbours claims space is continuing.
- The feedback received focuses on how the marae can be more actively engaged in both the pre and post-settlement phase of the particular claims.

#### ▶ Aquaculture Fisheries

- Pre-commencement interests for Waikato-East region

(Miranda to Waihi), Kawhia Harbour and Aotea Harbour resolved with Hauraki Maori Trust Board in March 2016.

- Hearing held for the Māori Land Court to make a binding determination but hearing adjourned when both parties chose to engage under the principle of whanaungatanga to agree an outcome.
- An allocation agreement and a separate relationship agreement confirmed between Waikato and Hauraki.
- The Allocation Agreement recorded the transfer and allocation of fisheries and aquaculture assets within the Hauraki Gulf area between Waikato and Hauraki
- Relationship agreement, named Hei whakaaro tahi i waenganui Pare Hauraki me Pare Waikato, forms the basis on which issues are resolved and reaffirms the longstanding whanaunga relationship between Pare Hauraki and Pare Waikato.
- As a consequence the application made by Hauraki Maori Trust Board to the Māori Land Court was withdrawn.

#### ▶ Right of First Refusal

- Ongoing protection of the Right of First Refusal mechanism involving Taamaki Makaurau, the Housing NZ sale process, the part-shutdown of Genesis Huntly Power Station, and the closure of Solid Energy and sale of its assets.
- Completion of the Waikato-Tainui Right of First Refusal Statement which is being used as the basis to engage further with Crown agencies, LINZ, DOC and NZTA.

## WHENUA

### Land

A policy to guide the sale, acquisition and management of tribal lands has been in development. Led by Te Arataura, contributors to the policy have included former Tainui Maaori Trust Board staff, Te Whakakitenga o Waikato and Te Arataura members, and current staff.

#### ▶ Whenua Policy

- Overarching principles and values developed to set the framework for the policy.
- Draft policy developed for approval by Te Whakakitena o Waikato.



## TE TIRA HOE O WAIKATO

Te Tira Hoe expeditions are an opportunity to reinforce the historical relationship between the Tuupuna Awa and our people. The four-day Tira Hoe includes a journey of 125km by river and 300km by road, beginning at the source of the awa at Waikato Iti to the mouth at Te Puuaha o Waikato.

- ▶ Te Tira Hoe o Waikato held April 2015
- ▶ 130 applicants for 50 places
- ▶ In total 160 members have completed the Tira Hoe
- ▶ Tira Hoe held in partnership with Department of

Conservation and the Ministry for Primary Industries

- ▶ Participants taught about the significance of the awa, its health issues, significance to other iwi including Ngaati Rangī, Ngaati Tuuwharetoa, Ngaati Tahu, Ngaati Whaoa, and the provisions of the Waikato River Settlement
- ▶ Double-hulled waka, named Waiwaia, added to the flotilla in response to growing demand
- ▶ Participants have set up a Facebook page to stay connected, organised cycle tours to revisit significant sites, and support awa restoration projects

## KAPA HAKA

Supporting kapa haka is an essential way in which we are able to promote, preserve and advance Waikato-Tainui traditions.

- ▶ Kapa Haka grants worth \$45,000 distributed to support events, schools and roopu including:
  - Inaugural Kaawhia Tangata Super 12 festival
  - Tainui Waka Kapa Haka festival
  - Waikato-Taniwharau o Tainui Kaumaatua

Since 2008 \$391,000 has been distributed to support kapa haka events and enable school, kaumaatua and top level roopu compete regionally and nationally.

## MATARIKI

The traditional time for reflection, contemplation, renewal and regeneration, Matariki is welcomed and celebrated each year.

- ▶ Annual dinner hosted by Kiingi Tuheitia to acknowledge those who have made significant contributions to Waikato-Tainui during the previous year
- ▶ Cosmodome, a travelling planetarium, hosted at Hopuhopu for local schools to enjoy, encouraging awareness of Matariki and growing knowledge of astronomy



↑ Te Tira Hoe 2015



↑ Ngaa Pou o Roto

“ Since 2008 \$391,000 has been distributed to support kapa haka events and enable school, kaumaatua and top level roopu compete regionally and nationally.

# MAATAURANGA

*education*

THEN

NOW

Tribal members are well educated, qualified and prepared to engage at all levels of society



↑ Hopuhopu circa 1994

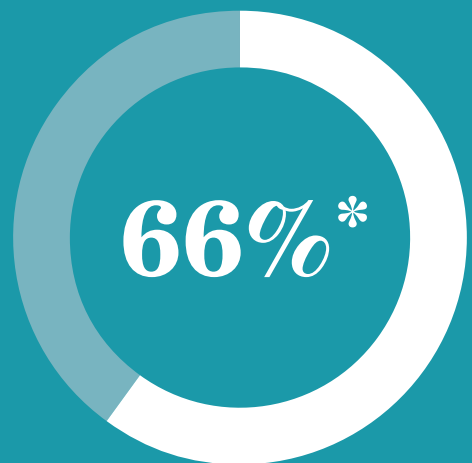
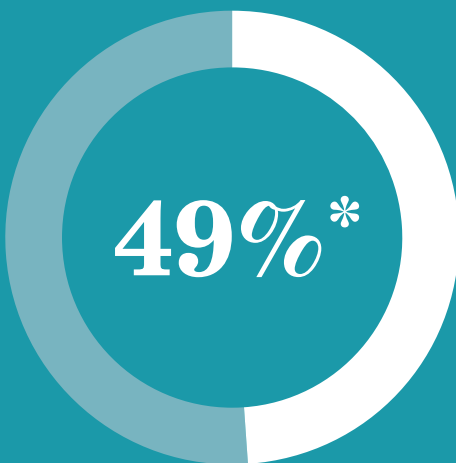


↑ 2016  
Waikato-Tainui College for Research and Development, Hopuhopu

MEMBERS AGED 15 YEARS PLUS  
WITH A **FORMAL QUALIFICATION**

THEN

NOW



## KO TE MANA MAATAURANGA

The tribal education plan, Ko Te Mana Maatauranga, was launched at Poohara Marae in June 2015. Since then the team has been busy implementing numerous programmes and initiatives.

### PRIORITY 1: Reo Me Oona Tikanga

- ▶ Tikanga Ora, Reo Ora (Maaori language strategy) updated and re-launched at Tainui Games, February 2016
- ▶ Reo advisory group established to support reo programmes and completion of Tikanga Ora, Reo Ora

- ▶ Te Reo Kaapuia waananga reo for kaiako launched. 160 attendees at two waananga
- ▶ Development of Puna Kupu oo Waikato commenced and waananga reo held with more than 30 koroheke and ruruhi
- ▶ DVD of Waikato-Tainui waiata with words and

actions filmed and produced; performed by four Kura Kaupapa Maori

### PRIORITY 2: Meaningful Pathways

- ▶ Whaia Te Pae Tawhiti leadership programme for rangatahi launched in collaboration with Te Toki Voyaging Trust and Haunui Waka



“

My education has enabled me to do what I do now and to provide for my whaanau. I have travelled the world and worked with some of the best global commercial mind-sets. I will be forever grateful.

↓ Bella Takiari-Brame

## BELLA TAKIARI-BRAME

*Rakaunui Marae*

The 1995 Annual Report lists Bella as a recipient of a Tumate Mahuta Memorial Scholarship. She was completing a Bachelor of Management Studies at the time.

Since then Bella has completed a Masters in Management Studies, qualified as a Chartered Accountant, and spent eight years overseas working for some of the world's largest international organisations leading their global teams.

"I was fortunate to be the first recipient of the Waikato Regional Council and Waikato-Tainui Te Arikinui Dame Te Atairangikaahu scholarship in 1992. Support from Waikato-Tainui continued through to my Master's degree as a recipient of the Tumate Mahuta Memorial Scholarships," says Bella.

"My education has enabled me to do what I do now and to provide for my whaanau. I have travelled the world and worked with some of the best global commercial mind-sets. I will be forever grateful."

Bella returned to Aotearoa in 2013 and the first thing she and husband Lui did was enroll for the Graduate Diploma in Te Reo Maaori at Waikato University.



"The decision to take a year off for both of us to return to te reo was for our three children. To immerse ourselves in te reo me nga tikanga also gave us time to find our whenua again as a whaanau, as our children were all born in England."

Bella is now General Manager Finance for WEL Networks and holds several governance positions, including trustee for Maniapoto Maaori Trust Board.

- ▶ NCEA science and maths waananga held at Turangawaewae Marae and Waahi Paa
- ▶ Kiingitanga and Waikato-Tainui resources developed for mainstream kura
- ▶ Waikato-Tainui Young Engineers Challenge (promoting science, technology, engineering and maths) supported and delivered to 12 kura kaupapa Maaori in association with Squiggle Holiday Programme
- ▶ Waikato-Tainui mentoring programme introduced at Ngaruawahia High School and

Te Kauwhata College

- ▶ Kawa Whanaungatanga agreed and signed with Ministry of Education
- ▶ Pilot for Kawenata o Te Mana Maatauranga schools initiative launched January 2016. The Kawenata seeks to establish a region-wide commitment to work with schools to achieve mutual education objectives. Fifteen secondary schools are now participating in the Kawenata.

**PRIORITY 3:  
Marae Connectedness**

- ▶ Digital resource (app) developed to grow knowledge and awareness of Poukai,

Kiingitanga and tikanga; launched at Waahi Paa October 2015

- ▶ Digital stories waananga for marae launched February 2016
- ▶ Waananga Kiingitanga launched at Paaraawera Marae February 2016

**WAIKATO-TAINUI COLLEGE FOR RESEARCH & DEVELOPMENT**

Create our future, lead with excellence, grow our potential.

**Puea Pitomata**

- Capacity Building*
- ▶ 100 percent of cohort that completed part one of the MBA programme,

achieved pass rate required for entry into MBA part two.

- ▶ 21 students in final year of MBA programme, including six Waikato-Tainui members. Due to graduate September 2016.
- ▶ 17 students in 2016 intake for MBA, including 10 Waikato-Tainui members.
- ▶ Takituu 2016: Governance Sustainability and Indigenous Development programme. Nine participants from Waikato-Tainui and 20 from Ngaai Tahu and Ngaati Maniapoto.
- ▶ Whakatupu Marae 2016: Initial governance



**SINCE 1995**

**9,641**

EDUCATION GRANTS AND SCHOLARSHIPS HAVE BEEN AWARDED

**IN THE LAST 10 YEARS**

**102**

DOCTORAL SCHOLARSHIPS HAVE BEEN AWARDED



The power of language is truly transformative and through our strategy we aim to reach a level where our tribal reo is embedded as an everyday language in our whaanau and marae.

*Rahui Papa*

Launch of Tikanga Ora, Reo Ora plan



programme for marae trustees and committee members to enhance their capacity as governors and leaders of Waikato-Tainui marae (in collaboration with the Waikato Raupatu Lands Trust). Thirty-nine participants representing 34 Waikato-Tainui marae.

- ▶ Graduation of second Taahuhu Maatauranga Maaori cohort, November 2015.
- ▶ Rangahau Workshop Series: building the capacity of our kaupapa Maaori research, methodology and practice (in collaboration with Te Kotahi Research Institute).

#### **Aaheinga Rangatira**

##### *Leadership Opportunities*

- ▶ 12 university students awarded summer internships and undertook tribally-focused research across our tribal entities.
- ▶ Two graduates of our inaugural MBA programme are lecturers for our new cohort.
- ▶ Three interns from summer internship programme have been retained for ongoing work within the College.

#### **Rangahau Me**

##### **Te Whanaketanga**

##### *Research and Development*

- ▶ He Whakaoranga kia puta kia ora: Launch

of the final report and photobook to whaanau on tribal well-being, identity and connectedness.

- ▶ Ngaa Tohu o te Taiao: Sustaining and enhancing Mahinga kai. Two-year collaborative project with local marae, councils and other partners.
- ▶ International Collaborative Indigenous Health Research Partnership project. Completed a five-year oral health project, working with our whaanau and their tamariki.
- ▶ Manaaki Tuna Project: three-year project funded by the Waikato

River Authority and other partners.

- ▶ Te Taarere aa Taawhaki Seminar Series: a platform for delivering Waikato-Tainui research and projects within our rohe.
- ▶ West Coast Harbours Research: research to support the work programme to progress the West Coast Harbours claims.
- ▶ Mokopuna Ora: A review of the Mokopuna Ora relationship between CYF and the tribe, and its developments so far.

#### 2016 EDUCATION GRANTS & SCHOLARSHIPS

# 597

WAIKATO-TAINUI TERTIARY  
EDUCATION GRANTS

# \$1.1M

IN GRANTS AND SCHOLARSHIPS  
DISTRIBUTED

# 103

TUMATE MAHUTA  
SCHOLARSHIPS

# 13

DOCTORAL  
SCHOLARSHIPS

# TE MAHI PAKIHI

*commercial operations*

THEN

NOW

Tainui Group Holdings' diversification investment strategy is meeting tribal members requirements

RNZAF OFFICIAL



↑ Te Rapa Air Force Base back in its Defence days



↑ The Air Force Base now transformed into The Base

## COMMERCIAL DEVELOPMENT

THEN

NOW

- ▶ Tainui Development Ltd (TDL) was first set up to oversee investments and development, following the 1995 settlement with the Crown

- ▶ At balance date, TGH employs 43 people and manages \$921 million of commercial assets on behalf of the tribe across areas such as shares, direct investments, commercial property and primary industry

## TIROHANGA WHAANUI

### Overview

- ▶ Positive results in 2016 came from a range of commercial investment areas.
- ▶ Chris Joblin was confirmed as Chief Executive Officer in mid-August 2015.
- ▶ Chris has been with TGH since late 2009 in the role of Chief Financial Officer and previously held a similar financial role at AFFCO.

## GO BUS

- ▶ One-third owned by TGH in partnership with Ngaai Tahu.
- ▶ Picked up four major contracts from Auckland Transport to operate services in the South Auckland area.
- ▶ Go Bus will buy 89 new buses and employ up to 250 managers and drivers to service these new contracts.

## WAIKATO MILKING SYSTEMS

- ▶ One-third owned by TGH in partnership with Ngaai Tahu and Pioneer Capital.
- ▶ Strong export sales to countries such as the US, China and South Africa.
- ▶ Met some head winds in the New Zealand market as farmers tighten their wallets.
- ▶ Opened their \$13 million global headquarters at Te Rapa / Horotiu in October 2014.

## NGAA WHAKAHAERE HOTEERA

### Hotel operations

- ▶ Novotel Auckland Airport Hotel (TGH is a 70 percent owner) has been full or almost full every night at strong room rates.
- ▶ Tourism boom is overflowing to Tainui Ibis and Novotel Tainui Hamilton as some tour groups opt to stay outside Auckland.



## LEADING THE DIGITAL CHARGE

At close to two metres (six foot three inches) tall, it's hard to miss Helaman Tangiora in person, but where he really wants to make an impact for Waikato-Tainui is in the digital world.

Helaman, who has whaanau links to Ngaati Korokii-Kahukura and Poohara Marae has been TGH's manager for Information Communication Technology (ICT) since June 2013.

He leads the charge to make sure the tribe has rangatiratanga over its digital assets and has effective digital platforms to connect the various parts of the tribe and over 68,200 members.

As well as overseeing the IT networks and servers for the tribe, Helaman is an expert at creating new online environments—working as part of the internal and external teams which developed [www.the-base.co.nz](http://www.the-base.co.nz), and the recently refreshed TGH website ([www.tgh.co.nz](http://www.tgh.co.nz)).

Helaman is passionate about helping the tribe secure its place online—"The digital world is a key part of Maaori taking back their rightful place. It's an equal platform for all, and we as a tribe need to figure out how we can best leverage its benefits for Waikato-Tainui," says Helaman.

↓ Helaman Tangiora, ICT manager for Tainui Group Holdings



“

The digital world is a key part of Maaori taking back their rightful place. It's an equal platform for all, and we as a tribe need to figure out how it works best for us.

### ROKOKAURI DEVELOPMENT LTD

- ▶ This joint venture between TGH and Messrs Macdonald and Lugton sold over 40 residential sections at Tramway Road.
- ▶ This included nine sections sold to tribal members in an exclusive offer (November 2015).

### THE BASE ME TE AWA

- ▶ By financial year's end TGH had confirmed a 50 percent sale of The Base to leading listed property company – Kiwi Property Group.
- ▶ The Base will be operated as a joint

venture to cement The Base as one of the country's leading shopping malls.

- ▶ Stores within The Base traded strongly over the past year, with overall spend within The Base up by 4.6 percent and overall market share steady.

### TE HIKO MAHI I RUAKURA

*Gearing Up At Ruakura*

- ▶ Three key land-use consents were gained in early March this year.
- ▶ These clear the way to create a 13.5 hectare inland port and 32 hectare logistics hub.
- ▶ The Inland port and

logistics are key to getting the most value from Ruakura.

- ▶ Many enquiries from major players in the export, import and domestic logistics sector.
- ▶ At a scale of 480 hectares, TGH will need to explore innovative financing strategies.
- ▶ Also looking to the Hamilton City Council to actively partner with us to bring key infrastructure to the gate so that Hamilton unlocks the full benefits of Ruakura.
- ▶ Construction of the inland port is expected to commence by March 2017.

### NGAA MAHI AHU WHENUA

*Primary Industry*

- ▶ In December last year TGH purchased an 89 hectare dairy farm at Tauhei.
- ▶ It adds to our operations at Hangawera Station and other nearby dairy farms.
- ▶ The farms can share plant and equipment, manage staff resources and get the best mix of stock across the properties.
- ▶ Total of land held by TGH on behalf of the tribe is around 4,500 hectares.



## NON-FINANCIAL OUTCOMES

<b>ENVIRONMENT</b>	In 2016 TGH undertook its first ever baseline assessment of its environmental performance measured against the Waikato-Tainui Environmental Plan in-line with the internationally recognised Global Reporting Initiative.
<b>WHENUA</b>	TGH acquired an 89 hectare farm at Tauhei in November 2015, and now holds around 4,500 hectares on behalf of the tribe.  Tribal members were offered first opportunity to buy the sections at Tramway Road, with nine sections in total sold to Waikato-Tainui members. Tribal builders engaged in relation to new residential opportunities at Rotokauri.
<b>EMPLOYMENT</b>	In collaboration with the Waikato Raupatu Lands Trust team, over 100 new employment opportunities were created. TGH has also embarked improving the purchase of services, where suitable, from businesses owned by tribal members such as electrical, arbor and landscaping services.
<b>STAKEHOLDERS</b>	TGH ran a range of tours and briefings for rangatahi and kaumatua during the year enabling tribal members to visit and learn more about TGH's strategy. We interacted extensively with local and central government and the business community updating them and receiving feedback on our business plans and operations for the tribe. Ongoing staff and stakeholder engagement surveys provide important guidance for governance and management.

**TE WHANAKE WAHINE TOA**

*Developing Waikato Women Leaders*

- ▶ TGH sponsored the 'Women's Inspiration' lecture and workshop series developed by the Waikato Chamber of Commerce and Sue Kohn-Taylor.

**TIAKI I TE TAI AO**

*Care For Our Environment*

- ▶ TGH is in the early stages of establishing a comprehensive environmental report.

It will look at measures such as energy and water use, waste and effluent, restoring biodiversity and any legal compliance issues.

- ▶ The three hotels, run in conjunction with Accor, are part of the Planet 21 sustainability programme and are certified to the international ISO4001 environmental management standard.

- ▶ It was reported in June 2015 that TGH had an instance of non-compliance with nitrate restrictions.

- ▶ Stock were placed a paddock within the Lake Taupo catchment, where cattle were not authorised.

- ▶ TGH engaged with the Waikato Regional Council, who issued the company with a formal warning.

**MANAAKI I TE HUNGA MAHI**

*Keeping Our Team Safe And Well*

- ▶ TGH team values are Mahitahi (working together), Kaitiakitanga (guardianship),

Manaakitanga (care in our work) and Pono me te Tika (honesty and integrity).

- ▶ To support better mahitahi our Bryce Street team moved to an open plan format.

- ▶ We improved our health and safety systems in light of the new legislation—this included joint training with Waikato-Tainui group team members and transition to a new online hazard/risk management system.



Three key land-use consents were gained for Ruakura. These clear the way to create an inland port and logistics hub.



↑ Stage one of the Ruakura development will include an inland port and logistics zone (pictured in artist's impression)

# TE WHAI MAHI

*employment*

THEN

NOW

Tribal members are benefiting from the development of targeted employment opportunities



↑ **1995**  
Te Arikinui presents a Tumate Mahuta Memorial Scholarship to tribal member Pierre Tohe



↑ **2016**  
Inia Te Wiata (Turangawaewae Marae), currently completing a Mechanical Engineering apprenticeship as part of a partnership initiative between Waikato-Tainui and Fonterra

## MEDIAN INCOME

THEN

NOW

**\$12,200\***



**\$20,900\***



Our employment goals for the 2016 year were to secure 100 employment opportunities, grow our registrations database by at least 140, formalise partnerships with a total of 20 Industry Partners to create employment

opportunities, and establish six new cadetship initiatives.

- ▶ 103 tribal members into fulltime and part-time employment
- ▶ 31 Industry Partners confirmed

- ▶ 372 tribal members have engaged the services of the Employment Broker
- ▶ 777 members registered on the employment database

- ▶ 11 cadetships confirmed with Aurecon, BNZ, Mighty River Power and Singer Group, and Fonterra
- ▶ Two new cadetships confirmed for 2017 with Honeywell and Willis New Zealand

## THE WORLD IS LITERALLY HER OYSTER

February next year will be a big month for Winnie Rawiri-King. That's when she'll end a three-year apprenticeship with the Singer Group having earned three certificates and graduating as a qualified Electrical Fitter with considerable work experience in the industrial sector.

In 2014 Winnie (Te Kaharoa Marae) applied for the Electricity Supply Apprentice Programme as a Waikato-Tainui candidate. She had completed an ESITO taster course and knew an electrical career was for her.

Since then she has divided her time between the classroom at WINTEC and on-the-job experience working for Singer Group at various locations. She is currently at Air New Zealand's Auckland Airport base.

"I've really enjoyed my apprenticeship as it has allowed me to practically apply my classroom-based learnings in a real job setting. I have also been able to appreciate how the business operates in the real world, being trained by skilled, experienced tradesmen and having received one-on-one mentoring support," says Winnie, who has received a salary throughout the apprenticeship and will graduate without a student debt.

She is grateful to Singer Group, Mighty River Power, Te Puni Kōkiri and the tribe for their support.

"This apprenticeship will have a big impact on the rest of my life. I now have so many options and the world is literally my oyster," she says.

“

This apprenticeship will have a big impact on the rest of my life. I now have so many options and the world is literally my oyster.



↑ Winnie Rawiri-King

# TE WHAI WHARE

*transforming our whare*

THEN

NOW

Governance structures and constitutional arrangements support tribal development



↑ **1995**  
Former Prime Minister of New Zealand, Jim Bolger, and Te Arikinui



↑ **2016**  
Sir Mark Solomon presents a gift from Ngaai Tahu to acknowledge the 20th anniversary of our Raupatu settlement

## NUMBER OF REGISTERED WAIKATO-TAINUI MEMBERS

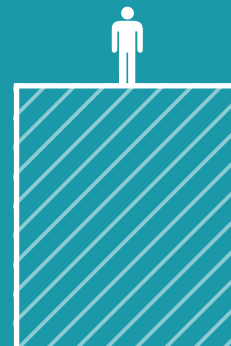
THEN

NOW

22,685



68,200



## GOVERNANCE & REPRESENTATION REVIEW

- ▶ New rules governing Te Kauhanganui (now named Te Whakakitenga o Waikato) approved and formally filed with the Registrar of Incorporated Societies.
- ▶ Implementation Plan to transition to the preferred model and new rules commenced.
- ▶ Hui aa Iwi held to formally close the Governance & Representation Review.

## WHAKATUPURANGA 2050

- ▶ Review completed and updated strategy (Roadmap) and

performance indicators (Signposts) adopted.

- ▶ Operational plans reviewed and aligned with Signposts.
- ▶ Results-Based Accountability framework developed for implementation commencing FY2017.

## RELATIVITY

- ▶ Distribution plan for \$82.5 million in Relativity Funds progressed.
- ▶ Strategic priorities for the funds identified and include:
  - Increased annual marae dividends
  - Land acquisition
  - Education and employment

- Innovation and technology
- Housing
- Te reo me oona tikanga
- Iwi Saver scheme
- Tangihanga insurance scheme
- Claims and Relativity

## APPOINTMENTS COMMITTEE:

- ▶ Waikato-Tainui Distributions Limited –Paki Rawiri, Patience Te Ao
- ▶ Raukura Whare Ltd –Denis Holland, Maungarongo Tito
- ▶ Tainui Group Holdings Limited and Waikato-Tainui Fisheries Limited –Tukoroirangi Morgan and

Hemi Rau (Te Arataura Shareholder Directors), and Tania Simpson (Shareholder Director).

- ▶ Waikato River Authority –Tukoroirangi Morgan
- ▶ Manukau Institute of Technology Ruunanga –Bill Takarei
- ▶ Golden Koi Industries GP Ltd –Paki Rawiri and Hemi Rau
- ▶ Ururangi Ltd –Helen Kotua and Peter Rogers

## HOPUHOPU REDEVELOPMENT

- ▶ Site infrastructure concept plan completed
- ▶ Stage 2 Business Case completed and awaiting confirmation of funding availability.

“

This past year has been one of remembrance, reflection and celebration.

## LESSONS OF THE PAST HELP DETERMINE OUR FUTURE

Nanaia Mahuta was appointed Co-Chairman, along with Sir Henry van der Heyden, of the Governance & Representative Review team to conduct a comprehensive re-think of the way our tribal authority is structured and governed.

The review coincided with our 20th anniversary and was completed in December 2015.

“This past year has been one of remembrance, reflection and celebration, and I hope it will also lead to a time of renewal for our iwi,” says Nanaia.

“As a Governance Review team we have sought to modernize our approach to iwi governance and support a culture shift and determination to move towards governance best practice. There is still work to do.”

Support for the review from members indicated “a strong preference to learn from the challenges of the past and lift the strategic ambition of the tribe to achieve its development priorities. The fit-for-purpose review across the whole group will be another step in that direction.”

“It’s in this way that we will ensure we continue to drive forward as a progressive, successful, health and prosperity-building iwi for now and the future.”

↓ Nanaia Mahuta



# TE TAENGA KI NGAA HUI

*meeting attendance*

MEMBER	BOARD		GROUP AUDIT & RISK		HUMAN RESOURCE		DISTRIBUTIONS	
	ATTENDED	POSSIBLE	ATTENDED	POSSIBLE	ATTENDED	POSSIBLE	ATTENDED	POSSIBLE
HOKI-MAI CHONG	10	12	3	3	3	3	-	-
TIPA MAHUTA	11	12	2	3	-	-	-	-
TUKOROIRANGI MORGAN*	10	12	-	-	-	-	-	-
RAHUI PAPA	11	12	-	-	3	3	-	-
TAHI-O-HURAE RANGIAWHA	9	12	-	-	-	-	-	-
HEMI RAU	11	12	-	-	-	-	10	10
PAKI RAWIRI	8	12	-	-	-	-	7	10
TOM ROA	8	12	-	-	-	-	-	-
RUKUMOANA SCHAAFHAUSEN	12	12	3	3	-	-	-	-
PATIENCE TE AO	10	12	-	-	-	-	5	10
MARAE TUKERE	12	12	3	3	3	3	9	10

\*Kaahui Ariki Representative

MEMBER	MEETINGS	
	ATTENDED	POSSIBLE
SIR HENRY VAN DER HEYDEN	15	15
MIKE ALLEN	14	15
MATTHEW COCKRAM	15	15
HEMI RAU	15	15
PAKI RAWIRI*	1	1
JOANNA PERRY**	3	3
TANIA SIMPSON***	4	6
TUKOROIRANGI MORGAN****	13	14

\*Paki Rawiri resigned as of May 2015

\*\*Board Advisor Joanna Perry resigned as of June 2015

\*\*\*Tania Simpson appointed November 2015

\*\*\*\*Tukoroirangi Morgan appointed in May 2015

MEMBER	MEETINGS	
	ATTENDED	POSSIBLE
DENNIS HOLLAND	9	12
MAXINE MOANA-TUWHANGAI or TE WHAKAHAWEA RAPANA	7	12
TAHI-O-HURAE RANGIAWHA	7	12
PATIENCE TE AO	12	12
MAUNGARONGO TITO	11	12
ROBERT TUKIRI	11	12
RATAUHINGA TURNER	11	12

MARAE	NAME	ATTENDED	POSSIBLE
AARUKA	VACANT	-	-
	VACANT	-	-
	VACANT	-	-
AOTEAROA	MOTUNAU KOPA	2	9
	KURAIARANGI KOPA	2	9
	JOHN KOPA	3	9
HIIONA	EDDIE WHANGA-KATIPA	3	9
	TANIA MARTIN	2	9
	VACANT	-	-
HORAHORA	CHARLES TUMAI	8	9
	TAIPU MOANA	7	9
	KARYN MCRAE	7	9
HUKANUI	RIHARI LES SUNNEX	9	9
	BUSSY NGATAKI	7	7
	IHIPERA SWEET	8	9
KAHOTEA	TAWHIRI TANIRAU	8	9
	GEORGE KIMURA	5	9
	PETULA TE AURIMA	5	8
KAI A TE MATA	TE AOMARAMA MAAKA	8	9
	PADDY WILSON	5	9
	TERI WHAIAPU	6	9
KAITUMUTUMU	HORI AWA	8	9
	RORE (CHAS) PAKI	6	9
	NORMAN HILL	7	9
MAKAURAU	EDWINA PIRIHI	3	9
	CHRISTOPHER WHAANGA	3	9
	VACANT	-	-
MAKETUU	MAEA MARSHALL	9	9
	TANIA BIDOIS	1	1
	WILLIAM KERR	5	9
MANGATANGI	DAVID GRAHAM	9	9
	WARAHI PAKI	8	9
	TAMARA TAKA	8	9
MANGATOATO	MAKERE ROA	4	9
	KATHRYN MCCLINTOCK	9	9
	VACANT	-	-
MATAHURU	ANNA (ANNE) HAENGA	5	9
	KATHLEEN NIKAU	2	9
	TAWERA NIKAU	6	9
MAUNGATAUTARI	TAIAPA KARA	6	9
	PERA KARA	8	9
	KATRINA MIDDLEMISS-VANO	6	9
MAUREA	VINCENT HAPI	4	9
	BRAD TOTOREWA	6	9
	RAYMOND (MOKO) KUMAR	0	9
MOOKAI KAINGA	CLINTON RICKARDS	0	9
	MAXINE MOANA-TUWHANGAI	9	9
	GLEN TOOTILL	8	9
MOOTAKOTAKO	MORGAN KINGI	4	7
	CLAUDINE WAITERE	7	9
	TAHI-O-HURAE RANGIAWHA	5	9

MARAE	NAME	ATTENDED	POSSIBLE
NGAA HAU E WHAA	KIRI WILSON	8	9
	SONNY PARATA	6	9
	ROSEMARIE WALKER	6	9
NGAA TAI E RUA	KAWITI TUPAEA	8	9
	RANGIAMOHIA BROWN	8	9
	TANYA SAVAGE	9	9
NGAATIRA	DAVID THOMPSON	6	9
	RACHAEL O'CONNOR	6	9
	KYLE AMOPIU	6	9
OOKAPU	JAMES MAHARA	8	9
	PEARL COMERFORD	7	9
	MARGARET HUNAPO	7	9
OOKAREA	ELSIE DAVIS	8	9
	KAY DAVIS	6	9
	DAWN HOROMONA	6	9
OOMAERO	PANEKUHUKUHU ANDERSON	8	9
	PARE KOKIRI	5	9
	MORRIS RUA	5	9
OORAEROA	SALLY KOIA	6	9
	MAUNGARONGO TITO	6	9
	ROSALIE ELLIS	8	9
OOWAIRAKA	BEVERLY HENDERSON	5	9
	NYRA HENDERSON	4	9
	RAEHA TAINGAHUE	7	9
PAARAAWERA	VACANT	-	-
	WARREN MCGRATH	4	9
	PUHI MAURIOHOHO	5	9
POIHAKENA	MARLEINA TE KANAWA	7	9
	VICKI MOKE-GHARBAL	7	9
	AUBREY TE KANAWA	8	9
POOHARA	NORMA TAUTE	6	9
	RAHUI PAPA	8	9
	LEON MATEHUIRUA	2	9
PUKEREWA	MARY THOMPSON	0	9
	NGAPAKI WHARE	1	2
	ERUERA WHARE	5	9
PUUKAKI	BROWNIE RAUWHERO	6	9
	KAREN WILSON	4	9
	DAVID WILSON	0	9
PUUREKIREKI	THOMAS ROA	3	9
	RUA TANIWHA	4	9
	SHARLENE HENRY	5	9
RAAKAUNUI	JACKSON TAKIARI	4	9
	STACEY KERAPA	1	9
	PAULA MCQUEEN	3	9
RAUNGAITI	PAREHE MARTIN	4	9
	RANGITIONGA KAUKAU	5	9
	AMANDA EMERY	5	9
RERETEWHIOI	MURRAY-CRAIGE MCQUINN	7	9
	MIKI-TAE TAPARA	1	9
	HOKI-MAI CHONG	8	9

MARAE	NAME	ATTENDED	POSSIBLE
RUKUMOANA	JOHN TE MARU	6	7
	RUKUMOANA SCHAAFHAUSEN	7	9
	AMIRIA WIKAIRA	7	9
TANIWHA	SAMUEL TOKA	6	9
	KURATOMAIRANGI TOKA	5	9
	JACKIE COLLIAR	7	9
TAUHEI	RATAUHINGA TURNER	9	9
	TE KARAHAU TE AMO	2	9
	RAEWHY HOPA	9	9
TAUPIRI	JOESPH BARTON	5	9
	CHRISTOPHER GEORGE	4	9
	DONALD TURNER	9	9
TAURANGANUI	WIREMU KIHU	5	9
	PATIENCE TE AO	7	9
	STEVEN LEWIS	8	9
TE AAKAU	JULIANA MATENGA	4	9
	RUHE MATENGA	9	9
	RANGIWHANGAI RUPAPERE	7	9
TE AWAMAARAHU	SHIRLEY CLARK	8	9
	PAKI RAWIRI	6	9
	KANDI NGATAKI	8	9
TE HOE O TAINUI	MICHAEL WILSON	3	9
	MICK WILSON	6	9
	MANIA CLARKE	3	8
TE ITI O HAUAA	NGAROMO BEAZLEY	7	9
	LANCE RAPANA	2	9
	TE PORA THOMPSON-EVANS	8	9
TE KAHAROA	SHARON ENOKA	5	9
	MAKERETA TURINUI	7	9
	TEINA HAKARAIA	6	9
TE KAURI	WILLIAM (BILL) TAKEREI	7	9
	LEON WHAREKURA	3	9
	JOCELYN BERRYMAN	8	9
TE KOORAHA	GEORGE TE PUHI	7	9
	SANDRA GRANT	6	9
	VACANT	-	-
TE KOTAHITANGA	DENIS HOLLAND	4	9
	HEMIMATENGA RAU	8	9
	ROBERT CLARK	7	9
TE OHAAKI	BARRY MAIPI	7	9
	TAITIMU MAIPI	7	9
	MIKE PAKI	6	9
TE PAPA O ROTU	HEMI (JIM) RAUWHERO	8	9
	ROBERT HAMIORA	5	9
	MILTON NGARUHE	9	9
TE PAPATAPU	BUNNY MOKE	8	9
	LEEANA SHORTLAND	9	9
	REWIRI WAAKA	7	9
TE POHO O TANIKENA	ALLAN MARSHALL	7	9
	MARTIN PARANIHI	0	9
	BRENT MARSHALL	4	9

MARAE	NAME	ATTENDED	POSSIBLE
TE PUEA	ALBERT RIVERS	4	9
	LUKE TAI RAKENA	5	9
	JOHN HETA	3	5
TE TIHI O MOERANGI	SONNY MAIHI	5	9
	MACKY HOROTINI	4	9
	NGAWAITANGIRUA HOROTINI	3	9
TE TOKANGANUI A NOHO	WILLIAM ORMSBY	8	9
	TAONU CAMPBELL	2	9
	WAIHANE CAMPBELL	0	9
TIKIRAHU	TE ATARANGIKAHU TE AO	9	9
	TIMI TAHAPEHI	2	9
	AROHA WARU	2	9
TURANGAWAEWAE	PIRITATA KIRKWOOD	8	9
	MARAE TUKERE	6	9
	MARRIN HAGGIE	9	9
UMUPUIA	SANDRA TUREI	8	9
	LUCY STEEL	3	9
	VACANT	-	-
WAAHI	TUKAROTO MAHUTA	6	9
	TIPA MAHUTA	6	9
	TE WHAKAHAWEA RAPANA	8	9
WAIKARE	ROBERT TUKIRI	8	9
	VIVIENNE DE THIERRY-PINNY	8	9
	JUNE HEREWINI	4	9
WAIKERI	JAMES MOKE	3	3
	TAHI ROBERTS	8	9
	MERE ROBERTS	9	9
WAIMAKARIRI	JENNIFER HETA	9	9
	LINDA RAUPITA	6	9
	WARREN RAUPITA	6	9
WAIKARU	TE KURATAEWHAKAEA (SONNY) MATENGA	7	9
	JEFFREY GREEN	5	9
	RANGIMARIE TAHANA	7	9
WAIKAPA	METO (DIGGER) HOPA	4	9
	ROGER PIKIA	3	9
	MICHELLE BARKER	7	9
WAIKAI	RANGI HEMOPO	5	9
	ARLIN RANDELL	4	9
	AVALON THOMPSON	6	9
WERAROA	SALLY MARSHALL	1	2
	TINA HAWKINS	2	2
	WITUKOREHE MARSHALL	0	2
WHAATAAPAKA	TED NGATAKI	5	9
	VINNY KINGI	8	9
	TE AWAMAARAHU KINGI	9	9
KAHUI ARIKI REPRESENTATIVE	TUKOROIRANGI MORGAN	8	9

# UTU AA KAIMAHI

## *employee remuneration*

The number of employees and/or former employees of the Waikato Raupatu Lands Trust, Waikato Raupatu River Trust, Tainui Group Holdings Ltd and its subsidiaries and related parties (excluding the Waikato-Tainui College for Research and Development), not being directors, who received remuneration at or exceeding \$100,000 during the financial year under review were:

	2016		2016
\$550,000 - \$559,999	1	\$320,000 - \$329,999	
\$540,000 - \$549,999		\$310,000 - \$319,999	
\$530,000 - \$539,999		\$300,000 - \$309,999	1
\$520,000 - \$529,999		\$290,000 - \$299,999	
\$510,000 - \$519,999		\$280,000 - \$289,999	
\$500,000 - \$509,999		\$270,000 - \$279,999	
\$490,000 - \$499,999		\$260,000 - \$269,999	
\$480,000 - \$489,000		\$250,000 - \$259,999	
\$470,000 - \$479,999		\$240,000 - \$249,999	1
\$460,000 - \$469,999		\$230,000 - \$239,999	1
\$450,000 - \$459,999		\$220,000 - \$229,999	
\$440,000 - \$449,999		\$210,000 - \$219,999	1
\$430,000 - \$439,999		\$200,000 - \$209,999	
\$420,000 - \$429,999		\$190,000 - \$199,999	
\$410,000 - \$419,999		\$180,000 - \$189,999	
\$400,000 - \$409,999		\$170,000 - \$179,999	1
\$390,000 - \$399,999		\$160,000 - \$169,999	1
\$380,000 - \$389,999		\$150,000 - \$159,999	2
\$370,000 - \$379,999	1	\$140,000 - \$149,999	1
\$360,000 - \$369,999		\$130,000 - \$139,999	2
\$350,000 - \$359,999	1	\$120,000 - \$129,999	3
\$340,000 - \$349,999		\$110,000 - \$119,999	5
\$330,000 - \$339,999		\$100,000 - \$109,999	3

The Waikato Raupatu Lands Trust and its subsidiaries each have their own remuneration practices (including Committees) in place which use external expertise and benchmarking of remuneration levels as and when required.



# RAARANGI TAHUA

*financial statements*

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# WAIKATO RAUPATU LANDS TRUST

## *Directory*

FOR THE YEAR ENDED 31 MARCH 2016

<b>Date of establishment</b>	10-Nov-95
<b>Trustee</b>	Te Whakakitenga o Waikato Incorporated
<b>Auditor</b>	PricewaterhouseCoopers Private Bag 92162, Auckland 1142
<b>Bankers</b>	Bank of New Zealand Westpac Banking Corporation ANZ Bank
<b>Postal address</b>	P O Box 648, Hamilton 3240
<b>Telephone</b>	+64 7 858 0430
<b>Facsimile</b>	+64 7 858 0431
<b>Website</b>	<a href="http://www.waikatotainui.com">www.waikatotainui.com</a>

**WAIKATO RAUPATU LANDS TRUST**  
*Statement of comprehensive revenue and expense*  
 FOR THE YEAR ENDED 31 MARCH 2016

	Note	Consolidated	
		2016 \$'000	2015 \$'000
Revenue from operating activities		81,607	82,583
Other operating revenue		1,509	1,435
<b>Total revenue</b>	3	83,116	84,018
Expenses	4	(54,619)	(57,957)
<b>Operating surplus for the year</b>		<b>28,497</b>	<b>26,061</b>
Finance costs - bank loans		(15,043)	(17,124)
Finance revenue - short term deposits		6,549	7,655
<b>Net finance costs</b>		<b>(8,494)</b>	<b>(9,469)</b>
Other gains - net	5	45,723	14,650
Share of surplus of investments accounted for using the equity method		8,218	1,407
<b>Other gains</b>		<b>53,941</b>	<b>16,057</b>
<b>Net operating surplus before tribal activities</b>		<b>73,944</b>	<b>32,649</b>
Other income		13,437	69,901
Grant expense	6	(8,784)	(22,347)
<b>Tribal activities</b>		<b>4,653</b>	<b>47,554</b>
<b>Net surplus before tax</b>		<b>78,597</b>	<b>80,203</b>
Income tax (expense)/credit	7	(12)	3,066
<b>Surplus after tax</b>		<b>78,585</b>	<b>83,269</b>
<b>Surplus attributable to:</b>			
Equity holders of Waikato Raupatu Lands Trust		76,853	81,873
Non-controlling interest	26	1,732	1,396
		<b>78,585</b>	<b>83,269</b>
<b>Other comprehensive revenue</b>			
<b>Items that will not be reclassified to surplus</b>			
Gain on revaluation of farm and owner occupied properties	8	1,236	821
<b>Other comprehensive revenue and expense for the year</b>		<b>1,236</b>	<b>821</b>
<b>Total comprehensive revenue and expense for the year, net of tax</b>		<b>79,821</b>	<b>84,090</b>
<b>Total comprehensive revenue attributable to:</b>			
Equity holders of Waikato Raupatu Lands Trust		78,089	82,694
Non-controlling interest	26	1,732	1,396
		<b>79,821</b>	<b>84,090</b>

# WAIKATO RAUPATU LANDS TRUST

## Statement of financial position

AS AT 31 MARCH 2016

	Note	Consolidated	
		2016 \$'000	2015 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		181,010	176,960
Trade and other receivables	9	17,483	13,969
Inventories	10	842	574
Biological assets - livestock	11	3,543	2,492
Non-current assets classified as held for sale	12	181,797	-
<b>Total current assets</b>		<b>384,675</b>	<b>193,995</b>
<b>Non-current assets</b>			
Other receivables		96,615	87,163
Other financial assets	14	38,097	37,640
Investments in joint ventures	26	51,273	44,390
Intangible assets	15	22,156	21,039
Biological assets - forestry	11	6,362	5,148
Property, plant and equipment	16	148,405	140,737
Investment properties	17	407,001	581,826
Te Wherowhero title properties	18	70,026	51,891
<b>Total non-current assets</b>		<b>839,935</b>	<b>969,834</b>
<b>Total assets</b>		<b>1,224,610</b>	<b>1,163,829</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	21	23,641	26,487
Interest bearing liabilities	19	209,052	4,460
Other financial liabilities at fair value through surplus or deficit	20	8,747	1,635
<b>Total current liabilities</b>		<b>241,440</b>	<b>32,582</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	19	41,300	263,634
Other financial liabilities at fair value through surplus or deficit	20	1,988	6,051
<b>Total non-current liabilities</b>		<b>43,288</b>	<b>269,685</b>
<b>Total liabilities</b>		<b>284,728</b>	<b>302,267</b>
<b>Net assets</b>		<b>939,882</b>	<b>861,562</b>
<b>EQUITY</b>			
Accumulated comprehensive revenue and expenses	8	914,647	837,795
Revaluation reserves	8	15,580	14,344
		930,227	852,139
Non-controlling interest	26	9,655	9,423
<b>Total equity</b>		<b>939,882</b>	<b>861,562</b>



**RAHUI PAPA**  
Chairman  
24 JUNE 2016



**RUKUMOANA SCHAAFHAUSEN**  
Deputy Chairman  
24 JUNE 2016

# WAIKATO RAUPATU LANDS TRUST

## Statement of changes in equity

FOR THE YEAR ENDED 31 MARCH 2016

		Attributable to equity holders of the Trust				
Consolidated	Note	Revaluation reserves \$'000	Accumulated comprehensive revenue and expense \$'000	Total \$'000	Non-controlling interest \$'000	Total equity \$'000
<b>Balance as at 1 April 2014</b>		13,523	755,012	768,535	15,189	783,724
<b>Comprehensive revenue</b>						
Net surplus for the year		-	81,873	81,873	1,396	83,269
<b>Other comprehensive revenue and expense</b>						
<b>Items that will not be reclassified to surplus and deficit</b>						
Gain on revaluation of farm and owner occupied properties	8	821	-	821	-	821
<b>Total other comprehensive revenue and expense</b>		821	-	821	-	821
<b>Total comprehensive revenue and expense</b>		821	81,873	82,694	1,396	84,090
Tainui Auckland Airport Hotel distribution	26	-	-	-	(1,214)	(1,214)
Acquisition of non-controlling interest - Hamilton Riverview Hotel	25,26	-	910	910	(5,948)	(5,038)
<b>Balance as at 31 March 2015</b>		<b>14,344</b>	<b>837,795</b>	<b>852,139</b>	<b>9,423</b>	<b>861,562</b>

		Attributable to equity holders of the Trust				
Consolidated	Note	Revaluation reserves \$'000	Accumulated comprehensive revenue and expense \$'000	Total \$'000	Non-controlling interest \$'000	Total equity \$'000
<b>Balance as at 1 April 2015</b>		14,344	837,795	852,139	9,423	861,562
<b>Comprehensive revenue</b>						
Net surplus for the year		-	76,853	76,853	1,732	78,585
<b>Other comprehensive revenue and expense</b>						
<b>Items that will not be reclassified to surplus and deficit</b>						
Gain on revaluation of farm and owner occupied properties	8	1,236	-	1,236	-	1,236
<b>Total other comprehensive revenue and expense</b>		1,236	-	1,236	-	1,236
<b>Total comprehensive revenue and expense</b>		1,236	76,853	78,089	1,732	79,821
Tainui Auckland Airport Hotel distribution	26	-	-	-	(1,500)	(1,500)
<b>Balance as at 31 March 2016</b>		<b>15,580</b>	<b>914,648</b>	<b>930,228</b>	<b>9,655</b>	<b>939,883</b>

# WAIKATO RAUPATU LANDS TRUST

## Statement of cash flows

FOR THE YEAR ENDED 31 MARCH 2016

	Note	Consolidated	
		2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		82,918	80,437
Proceeds from settlements		-	13,500
Payments to suppliers and employees		(52,425)	(52,363)
Payments to grant recipients		(10,038)	(19,160)
Interest received		6,549	7,655
Interest paid		(15,043)	(17,124)
Net cash flow from operating activities		11,961	12,945
<b>Cash flows from investing activities</b>			
Payments for other financial assets (investment in listed companies)		(392)	(7,190)
Payments for other financial assets (investment in unlisted companies)		(2,386)	(593)
Dividends received from investments in other financial assets	14	1,299	896
Payments for contribution/investment in joint venture	26	(1,824)	(25,570)
Receipts from joint ventures dividends	26	2,526	2,173
Amounts paid to related parties		-	(1,214)
Payments for property, plant and equipment	16	(6,551)	(3,521)
Payments for intangible assets	15	(1,182)	(259)
Payments for investment properties		(1,828)	(14,200)
Proceeds from sale of investment properties		20,170	1,350
Payment for investment in Hamilton Riverview Hotel		-	(16,000)
Net cash flow from investing activities		9,832	(64,128)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	56,672
Repayment of borrowings		(17,742)	-
Net cash flow generated from financing activities		(17,742)	56,672
<b>Net increase in cash, cash equivalents, and bank overdrafts</b>			
		4,051	5,489
Cash and bank overdrafts at the beginning of the year		176,959	171,470
<b>Cash and bank overdrafts at the end of the year</b>		<b>181,010</b>	<b>176,959</b>

# WAIKATO RAUPATU LANDS TRUST

## Statement of cash flows (continued)

FOR THE YEAR ENDED 31 MARCH 2016

	Note	Consolidated	
		2016 \$'000	2015 \$'000
<b>Reconciliation of surplus for the year to net cash inflow from operating activities</b>			
Net surplus for the year		78,585	83,269
<b>Non-cash items:</b>			
Depreciation, amortisation and impairment	4	5,089	5,390
Bad debts written off	4	107	37
Movement in doubtful debt provision	9	160	97
Amortisation of capitalised lease incentives		409	340
Share of total profits of joint ventures		(8,218)	(1,407)
Other gains - net	5	(45,793)	(15,582)
Other non-cash items in relation to investing and financing activities		-	893
<b>(Increase)/decrease in current assets:</b>			
Trade and other receivables		(13,774)	(62,235)
Trade and other receivables - non cash fair value gain		1,030	1,090
Inventories		(268)	2,493
Biological assets		(1,601)	(1,668)
Biological assets - non-cash fair value gain		550	539
Property, plant and equipment disposal		931	-
Dividend paid (minority interest portion)		(1,500)	-
<b>Increase/(decrease) in current liabilities:</b>			
Trade and other payables and employee entitlements		(2,447)	586
<b>Other</b>			
Dividends received from investments in other financial assets		(1,299)	(896)
<b>Net cash inflow from operating activities</b>		<b>11,961</b>	<b>12,946</b>

# WAIKATO RAUPATU LANDS TRUST

## *Notes to the financial statements*

FOR THE YEAR ENDED 31 MARCH 2016

### 1 GENERAL INFORMATION

#### 1.1 Reporting entity

The Waikato Raupatu Lands Trust is the leading tribal organisation responsible for developing and implementing initiatives which improve iwi outcomes in the areas of education and training, employment, tribal preservation, marae development, health and well being, environmental and resource management.

The Trust manages tribal affairs, implements the tribe's development strategy, and makes distributions for education, health and wellbeing, marae, social and cultural development.

Tainui Group Holdings Limited, a controlled entity and commercial arm of the Trust, manages a diversified portfolio of investments in fixed income, direct investments, equities, primary industries and properties.

The Trust is incorporated and domiciled in New Zealand.

These consolidated financial statements have been approved for issue by Te Arataura on 24 June 2016.

Te Arataura do not have the power to amend the financial statements once they have been issued.

#### **Waikato Raupatu Land Settlement**

On 22 May 1995, Waikato-Tainui signed the Deed of Settlement with the Crown's representatives for a full and final settlement of its Raupatu claim to be made to the Waikato Raupatu Lands Trust. This agreement formed the basis for the Waikato Raupatu Claims Settlement Act 1995.

The initial settlement, being the redress value, totalled \$170 million.

As part of the Deed of Settlement, a relativity clause is provided, which allows for further settlement redress. The payment of further settlement from the Crown was triggered in the financial year ended 31 March 2013, when all Treaty settlements since 1994 exceeded \$1 billion. The amount of \$70 million was received in December 2013 upon first claim under the relativity clause. Further to this in December 2014 an amount of \$12.5 million was received as a result of the arbitration process which followed the first claim. The next claim can be made in 2017 and five yearly thereafter, no settlement is payable after 2044. For further details on accounting policy for relativity settlement, and details on amounts recognised refer to (notes 2.1(e)).

#### **Waikato Raupatu River Settlement**

On 17 December 2009, a Deed of Settlement (the 'Settlement') was made between the Crown and Waikato-Tainui to settle the claim by Waikato-Tainui for the Waikato River.

The Settlement, being the redress value, is specified as \$70m plus \$30m over a period of 28 years. The Settlement is to be realised as follows:

- (a) The Sir Robert Mahuta Endowment (\$20m) is to be applied to support the vision of Sir Robert Mahuta for the Waikato Endowed College at Hopuhopu as an educational centre providing leadership, innovation, research and scholarship in indigenous development and practices and support research management practices on improving the health and well being of the Waikato River and Waikato-Tainui's tribal histories associated with the Waikato River;
- (b) The River Initiatives fund (\$50m) is to be applied for the purposes of cultural and environment development projects related to the Waikato River, enhancing the restoration and protection of the relationship of Waikato-Tainui with the Waikato River and protecting and enhancing sites of significance, fisheries, flora and fauna; and
- (c) Co Management Fund shall be received for the purpose of assisting Waikato-Tainui engage in new co management arrangements under the Settlement. The Co Management funding of \$3m shall be received on settlement date with an annuity of \$1m per year for 27 years. In 2014, \$10m was advanced, reducing the annuity receipt from 27 years to 17 years.

Included in the Waikato Raupatu River Settlement, but excluded from these financial statements is the settlement funding for the Waikato River clean up. The Waikato River Clean Up Trust was established with the Waikato River Authority being the Trustee. The Waikato River Clean Up Trust's objective is the restoration and protection of the health and wellbeing of the Waikato River. \$21m was paid with an annuity payable to the Waikato River Authority of \$7m per year for 27 years.

## 2 SUMMARY OF GENERAL ACCOUNTING POLICIES

### 2.1 Basis of preparation

#### (a) Reporting Entity

The financial statements include the consolidated results of Waikato Raupatu Lands Trust (controlling entity) and its subsidiaries (controlled entities), together "the Trust". Te Whakakitenga o Waikato Incorporated is the ultimate controlling party of the Trust.

#### (b) Statutory base

The consolidated financial statements of the Trust have been prepared in accordance with the Charities Act 2005, which requires compliance with generally accepted accounting practice in New Zealand ("NZ GAAP").

#### (c) Basis of preparation

The Trust has adopted External Reporting Board Standard A1 'Accounting Standards Framework (For-profit plus Public Sector Public Benefit Entities plus Not-for-profit Entities minus For-profit Tier 3 and Tier 4 Update)'. The Trust is required to apply Tier 1 Not-for-profit Public Benefit Entities Accounting Standards (PBE Standards) as it has expenses over \$30 million. The Trust complies with these PBE standards and authoritative notices that are applicable to entities that apply PBE standards.

This is the first set of financial statements of the Trust that is presented in accordance with PBE standards. The Trust has previously reported in accordance with NZ IFRS (PBE). The accounting policies adopted below are consistent with those adopted in the previous financial year except where accounting or reporting requirements have been identified as different between PBE standards and NZ IFRS PBE.

As a result of adoption of PBE standards there have been no measurement nor valuation adjustments to prior year comparatives. There have been some disclosures and classifications changes to comply with requirement of PBE standards.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (d) Functional and presentation currency

Items included in the financial statements of each of the Groups entities' operations are measured using the currency of the primary economic environment in which it operates (the functional currency). The consolidated financial statements are presented in New Zealand dollars, which is the Trust's functional and presentation currency.

All values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

#### (e) Critical accounting estimates

The preparation of financial statements in conformity with PBE standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Trust's accounting policies. The estimates and judgements are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The following are the critical estimates and judgements management has made in the process of applying the Trust's accounting policies and that have the most significant impact on the amounts recognised in the financial statements.

##### (i) Relativity settlement

Relativity is the mechanism under which further settlement is recognised (see note 1 for further details). The receipt of funds from the Crown will be settled on a five yearly basis.

The calculation of future receivable amounts requires significant judgment and estimation. The Trust uses its judgment to determine the value of the undisputed portion of all Treaty settlements and makes assumptions based on information available such as Crown's statements, individual Treaty Settlement Deeds and other financial information. For the year ended 31 March 2016, the Trust has determined those undisputed and reliably measured portions of Treaty settlements made are only settlements paid in cash, and therefore has recognised a relativity settlement receivable on that basis.

It should be noted that given the complex nature of the relativity settlement and ongoing disputes with the Crown, actual relativity settlement payments are likely to deviate substantially from amounts recorded. Any changes in the estimates will be recorded in the accounting period in which they become known.

# WAIKATO RAUPATU LANDS TRUST

## *Notes to the financial statements*

FOR THE YEAR ENDED 31 MARCH 2016

## 2 SUMMARY OF GENERAL ACCOUNTING POLICIES (CONTINUED)

### ii) Fair value of assets and liabilities

The Trust records certain assets and liabilities at fair value in the statement of financial position as follows:

Farm and owner occupied properties (note 16), investment properties (note 17) and Te Wherowhero title properties (note 18) are stated at fair value. The fair values have been determined by independent valuers as at 31 March 2016 and 31 March 2015 using a mixture of market evidence of transactional prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches.

Biological assets (note 11) comprise livestock and forests. Both are fair valued by independent valuers using current market prices less point of sale costs (livestock) and expectation value method less point of sale costs (forests).

Other financial assets that have been designated as held at fair value through surplus or deficit (note 14) include shares in listed and unlisted companies held at fair value. The fair value of shares in unlisted companies, in the absence of quoted prices, has been determined using valuation techniques.

Interest rate swaps (note 20) are valued using discounted cash flow techniques.

The determination of fair value for each of the assets and liabilities above requires significant estimation and judgement which have a material impact on the statement of comprehensive revenue and expense and statement of financial position.

Non-current assets Held for Sale (note 12) comprise of investment properties, property plant and equipment, and lease incentives associated with 50 percent of The Base. The fair value has been determined using the sale price as a key input to the valuation.

### (iii) Impairment testing

Intangible assets with indefinite useful lives (note 15) are required to be tested for impairment at least annually. This requires an estimation of the recoverable amount of the quota based on the higher of value in use or fair value less costs to sell. The determination of the recoverable amount of the quota requires significant estimation and judgement.

## 2.2 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

## 2.3 Current and deferred income tax

The Inland Revenue Department approved the Trust as charitable for the purposes of the Income Tax Act 1994.

However, some entities within the Trust are taxable. In the instances where an entity is taxable, current tax is calculated by using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Accordingly, no tax is payable by the Trust. See note 26 for details of entities that have charitable status.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Trust and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax in respect of property, plant and equipment had been assessed in 2014 on the basis of the asset value being realised through sale. This has been reversed in 2015 (see note 7).

## 2.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term, highly liquid investments with original maturities 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

## 2.5 Financial assets and liabilities

Financial assets and liabilities are classified on initial recognition into the following categories: at fair value through surplus or deficit or loans and receivables. Financial liabilities are classified as either fair value through surplus or deficit, or financial liabilities measured at amortised cost. The classification depends on the purpose for which the financial assets and liabilities were acquired. Management determines the classification of its financial assets and liabilities at initial recognition.

### (a) Financial assets and Liabilities at fair value through surplus and deficit

Financial assets and liabilities are financial assets held for trading or designated at fair value through surplus or deficit. Derivatives are also classified as held for trading unless designated as hedges.

### (b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those classified as held at fair value through surplus or deficit, or designated as available for sale. Trade and other receivables are classified as loans and receivables.

### (c) Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Trade and other payables, and debt instruments are classified as financial liabilities measured at amortised cost.

### Recognition and measurement

A financial asset or liability is recognised if the Trust becomes party to the contractual provisions of the asset or liability. Regular way purchases and sales of financial asset and liabilities are recognised on the trade date, the date on which the Trust commits to purchase or sell the asset or liability. A financial asset or liability is recognised initially at its fair value plus, in the case of a financial asset or liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the instrument. Financial assets and liabilities carried at fair value through surplus or deficit initially recognised at fair value and transaction costs are expensed in surplus or deficit.

After the initial recognition, financial assets are measured at their fair values except for loans and receivables, which are measured at amortised cost using the effective interest method.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method except for the financial liabilities at fair value through surplus or deficit.

Realised and unrealised gains and losses arising from the changes in the fair value of financial assets and liabilities held at fair value through surplus or deficit are included in surplus or deficit in the period in which they arise.

The fair value of financial assets held that are quoted in an active market are based on current bid prices and the fair value of financial liabilities held that are quoted in an active market are based on current ask prices. If the market for a financial asset is not active (and for unlisted securities), the Trust establishes fair value by using valuation techniques. These include the use of recent arm's length transaction pricing models refined to reflect the Trust's specific circumstances.

Financial assets are de-recognised when the rights to receive cash flow from the financial assets have expired or have been transferred and the Trust has transferred substantially all risk and reward of ownership. Financial liabilities are de-recognised if the Trust's obligations specified in the contract expire or are discharged or cancelled.

### Impairment of financial assets carried at amortised cost

The Trust assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably measured.

# WAIKATO RAUPATU LANDS TRUST

## *Notes to the financial statements*

FOR THE YEAR ENDED 31 MARCH 2016

## 2 SUMMARY OF GENERAL ACCOUNTING POLICIES (CONTINUED)

Evidence of impairment may include indication that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measureable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive revenue and expense.

### 2.6 Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale include investment properties, property plant and equipment, and lease incentives. The assets have been valued using the subsequent sale price as the key input to the valuation.

### 2.7 Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2.8 Goods and services tax

The surplus and deficit component of the statement of comprehensive revenue and expense has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

### 2.9 Statement of cash flows

The statement of cash flows is prepared exclusive of GST. For the purposes of the statement of cash flows, cash and cash equivalents include cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

Operating activities include all transactions and other events that are not investing or financing activities.

Investing activities are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.

Financing activities are those activities relating to changes in the equity and debt capital structure of the Trust and those activities relating to the cost of servicing the Trust's equity capital.

### 2.10 Impairment of non-financial assets

#### (a) Indefinite useful life intangible assets

Where an intangible asset has an indefinite useful life, the asset will be tested annually for impairment by comparing the carrying amount with its recoverable amount.

### (b) Cash generating assets

Cash generating assets are assets held with the primary objective of generating a commercial return. Except for those measured under the revaluation model or those measured at fair value through surplus or deficit, the Trust assesses non-financial cash generating assets at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Trust shall estimate the recoverable amount of the asset. The recoverable amount is the higher of the asset's value in use or fair value less costs to sell. Any impairment loss is recognised immediately in the surplus or deficit.

If in a future period, there is an indication that an impairment loss recognised in prior periods may no longer exist or may have decreased, the Trust will perform an assessment of the recoverable amount of that asset. If the Trust determines that there has been a change in the estimates used to determine the asset's recoverable service amount, the assets carrying amount shall be increased to its recoverable amount and the reversal of the impairment loss recorded directly in surplus or deficit. The reversal is limited so that the carrying amount does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

### (c) Non-cash generating assets

Except for those that are measured under the revaluation model or those measured at fair value through profit or loss, the Trust assesses non-financial non-cash generating assets at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Trust shall estimate the recoverable service amount of the asset. The recoverable service amount is the higher of the asset's value in use or fair value less costs to sell. Any impairment loss recognised is recognised immediately in surplus or deficit.

If in a future period, there is an indication that an impairment loss recognised in prior periods may no longer exist or may have decreased, the Trust will perform an assessment of the recoverable service amount of that asset. If the Trust determines that there has been a change in the estimates used to determine the asset's recoverable service amount, the assets carrying amount shall be increased to its recoverable service amount and the reversal of the impairment loss recorded directly in surplus or deficit. The reversal is limited so that the carrying amount does not exceed its recoverable service amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

## 3 TOTAL REVENUE

	Consolidated	
	2016 \$'000	2015 \$'000
<b>Revenue from operating activities</b>		
Rental revenue	35,397	35,247
Amortisation of capitalised lease incentives	(409)	(340)
Hotel revenue	40,894	37,928
Fishing revenue	1,390	1,611
Dairy revenue	725	889
Other revenue	3,610	7,248
<b>Revenue from operating activities</b>	<b>81,607</b>	<b>82,583</b>
<b>Other operating revenue</b>		
Other operating gains livestock	210	539
Dividends from unlisted investments	350	481
Dividends from listed investments	949	415
Total operating revenue	<b>1,509</b>	<b>1,435</b>
<b>Total revenue</b>	<b>83,116</b>	<b>84,018</b>

# WAIKATO RAUPATU LANDS TRUST

## *Notes to the financial statements*

FOR THE YEAR ENDED 31 MARCH 2016

### 3 TOTAL REVENUE (CONTINUED)

#### **Recognition and measurement**

##### **Revenue from operating activities**

Revenue from operating activities is exchange revenue and comprises the fair value of the sale of goods and services, net of Goods and Services Tax (GST), rebates and discounts and after eliminating sales within the Economic entity. Revenue is recognised as follows:

##### **(a) Rental revenue**

Rental revenue is recognised on a straight line basis over the lease term. Lease incentives which are offered to tenants as an inducement to enter into non-cancellable operating leases are recognised as lease fitout contributions and are subsequently amortised over the term of the lease as a reduction of rental revenue.

##### **(b) Hotel revenue**

Revenue from hotels comprises amounts earned in respect of services, facilities and goods supplied. Hotel revenue is recognised by reference to the stage of completion of the service. Any revenue not recognised, but received by the reporting date, is treated as deposits in advance and shown as a liability in the statement of financial position.

##### **(c) Fishing revenue**

Quota lease revenue is recognised on a straight line basis over the lease term.

##### **(d) Dairy revenue**

Dairy revenue is recognised when the Trust has transferred the significant risks and rewards of ownership of the goods sold.

##### **(e) Other revenue**

Other revenue is recognised when the Trust has transferred the significant risks and rewards of ownership of the goods sold or when services have been rendered. For sections, recognition is on the sale contract becoming unconditional and the title passing. The recorded revenue is the gross amount of the sale.

##### **(f) Interest revenue**

Interest revenue is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Trust reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest revenue. Interest revenue on impaired loans is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

##### **(g) Dividend revenue**

Dividend revenue is recognised when the right to receive payment is established.

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## 4 EXPENSES

	Note	Consolidated	
		2016 \$'000	2015 \$'000
<b>Expenses, excluding finance costs, included in the statement of comprehensive revenue and expense</b>			
Employee Benefits		20,207	19,864
Repairs and maintenance		4,680	5,116
Depreciation	16	4,804	4,978
Food expenses (hotels)		3,004	2,881
Consultancy fees		2,735	2,850
Land Cost		-	2,389
Advertising and marketing		1,752	2,334
Rates		2,304	2,049
Management fees (hotels)		242	2,009
Electricity		1,630	1,601
Director and trustee fees	13	1,177	1,129
Operating leases		325	323
Amortisation	15	315	227
Impairment/(impairment reversal)		(30)	185
Other fees paid to auditor		293	174
Audit fees paid to Trust auditors		271	164
Bad Debt Written Off		107	37
Audit fees paid to other auditors		-	25
Doubtful debts and movement in provision		87	(106)
Other expenses		10,716	9,728
		<b>54,619</b>	<b>57,957</b>

Other fees paid to the auditor consists of advisory, treasury and taxation services for the Trust.

### Recognition and measurement

#### Employee benefits

Liabilities are recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and sick leave where it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities in respect of employee benefits expected to be settled within 12 months, are measured at the amount expected to be paid.

The Trust recognises a liability and an expense for bonuses based on a formula that takes into consideration the achievements of agreed key performance indicators, including the achievement of financial budget targets. The Economic entity recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

# WAIKATO RAUPATU LANDS TRUST

## Notes to the financial statements

FOR THE YEAR ENDED 31 MARCH 2016

### 5 OTHER GAINS - NET

	Note	Consolidated	
		2016 \$'000	2015 \$'000
Investment Property - fair value gains	17	30,365	8,007
Shares in listed companies - fair value (losses)/gains unrealised	14	(903)	3,336
Shares in unlisted companies - fair value gains unrealised	14	(1,418)	2,762
Gain on revaluation of Te Wherowhero title properties	18	18,135	1,808
Other gain on fair value measurement		-	1,090
Biological assets fair value gains unrealised	11	1,214	679
Shares in listed companies - fair value gains realised		-	398
Property, plant and equipment loss on disposal		(70)	(368)
Investment properties realised gain/(loss) on sale		1,449	(424)
Interest Rate Swaps - fair value loss	20	(3,049)	(2,638)
<b>Total gains</b>		<b>45,723</b>	<b>14,650</b>

### 6 GRANT EXPENSES

	Consolidated	
	2016 \$'000	2015 \$'000
<b>Grant expenses during the year comprise of the following:</b>		
Kiingitanga		
- Ururangi Trust	1,660	1,625
- Koroneihana	100	100
Education	1,175	1,588
Waikato Endowed Colleges Trust	655	1,203
Marae	1,733	16,510
Marae facilities	1,198	214
Community	568	-
Other	1,695	1,107
	<b>8,784</b>	<b>22,347</b>

#### Recognition and Measurement

Grant expense relates to grants provided by the Trust, these are recognised in surplus and deficit immediately once approved if no conditions are attached to the grant. These are measured at the amount paid or expected to be paid.

During the year ended 31 March 2015, Te Whakakitenga o Waikato Incorporated approved the special distribution of \$15m in marae grants, which was in relation to the Relativity revenue received in prior years.

## 7 INCOME TAX EXPENSE

	Consolidated	
	2016 \$'000	2015 \$'000
<b>(a) Income tax (expense)/credit</b>		
Surplus subject to income tax	-	418
Income tax at 28%	-	117
Deferred tax reversal	12	(3,183)
<b>Income tax (expense)/credit</b>	<b>12</b>	<b>(3,066)</b>
<b>(b) Tax credits available for use in subsequent reporting periods</b>		
Māori authority tax credits	106	134
	<b>106</b>	<b>134</b>
<b>Movements</b>		
Balance at 1 April	134	32
Māori authority credits used	(102)	-
Māori authority credits attached to dividends received	74	102
Balance at 31 March	<b>106</b>	<b>134</b>
<b>(c) Unrecognised deferred tax balances</b>		
Unused tax losses	2,000	2,042
Unrecognised deferred tax balances	<b>2,000</b>	<b>2,042</b>

Due to the charitable status of the entities within the Trust the surplus subject to income tax is lower than profit before tax in Statement of Comprehensive revenue and expense. The taxable members of the Trust have sufficient losses to carry forward to meet any potential income tax liability. The taxable losses are not recorded in the financial statements due to the lack of probability that the losses will be recovered.

# WAIKATO RAUPATU LANDS TRUST

## Notes to the financial statements

FOR THE YEAR ENDED 31 MARCH 2016

### 8 RESERVES AND RETAINED EARNINGS

	Consolidated	
	2016 \$'000	2015 \$'000
<b>(a) Revaluation reserves</b>		
Farm and owner occupied properties	15,580	14,344
	<b>15,580</b>	<b>14,344</b>

		Consolidated	
	Note	2016 \$'000	2015 \$'000
<b>Farm and owner occupied properties</b>			
Balance at beginning of year		14,344	13,523
Revaluation gain during the year	16	1,236	821
<b>Balance at end of year</b>		<b>15,580</b>	<b>14,344</b>

#### Nature and purpose of reserves

Farm and owner occupied properties reserve recognises the change in fair value of properties held in this category.

#### (b) Retained earnings

Movements in retained earnings were as follows:

	Consolidated	
	2016 \$'000	2015 \$'000
Balance at beginning of year	837,794	755,012
Net surplus for the year	76,853	81,873
Dividends	-	-
Acquisition of non-controlling interest - Hamilton Riverview Hotel Limited	-	910
<b>Balance at end of year</b>	<b>914,647</b>	<b>837,795</b>

## 9 TRADE AND OTHER RECEIVABLES

### (a) Current - Trade and other receivables

	Note	Consolidated	
		2016 \$'000	2015 \$'000
Trade receivables		7,584	4,952
Property Settlements		3,008	1,515
Less provision for doubtful receivables		(510)	(350)
Receivables from related parties	13	4,271	4,041
Income tax receivables		1,251	1,023
Prepayments		1,539	1,424
GST		-	483
Other receivables		340	881
		<b>17,483</b>	<b>13,969</b>

	Consolidated	
	2016 \$'000	2015 \$'000
Movements in the provision for doubtful receivables are as follows:		
Balance at beginning of the year	350	253
Additional provisions	345	281
Provision reversals	(185)	(184)
	<b>510</b>	<b>350</b>

### Recognition and measurement

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive revenue and expense within expenses.

When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive revenue and expense.

# WAIKATO RAUPATU LANDS TRUST

## Notes to the financial statements

FOR THE YEAR ENDED 31 MARCH 2016

### 10 INVENTORIES

	Consolidated	
	2016 \$'000	2015 \$'000
Land - sections for sale	-	407
Other inventories at cost	842	167
<b>Total inventory</b>	<b>842</b>	<b>574</b>

#### Recognition and Measurement

Inventories are stated at the lower of cost and net realisable value. Cost of inventory is comprised of section costs and other direct costs using the weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

### 11 BIOLOGICAL ASSETS

	Note	Consolidated	
		2016 \$'000	2015 \$'000
<b>Current - Livestock</b>			
Balance at beginning of year		2,492	824
Additions		2,051	1,844
Decreases due to sales		(450)	(715)
Changes in fair value		(550)	539
<b>Balance at fair value at the end of the year</b>		<b>3,543</b>	<b>2,492</b>
<b>Non-current - forestry assets</b>			
Balance at beginning of year		5,148	4,364
Additions		-	105
Changes in fair value	5	1,214	679
<b>Balance of fair value at the end of the year</b>		<b>6,362</b>	<b>5,148</b>

The livestock consists of mixed age sheep, cattle and cows, which are held for dairy and dry stock farming. M Gaustad from PGG Wrightson determined the fair value of sheep, cattle and cows at 31 March 2016 and 31 March 2015. The valuation is based on reference to market evidence of current market prices less point of sale costs.

The forestry assets are comprised of Pinus Radiata forest planted from 1996 to 1997, 150 hectares Pinus Radiata forest planted from 2001 to 2002 and Californian Coast Redwoods planted from 2005 to 2007. It is expected that the rotation age for the Pinus Radiata crop will be 25 years and 34 years for the Californian Coast Redwoods, at which time the crop will be harvested. The forests are valued using the Crop Expectation Value method. The non-current biological assets are held for investment. All non-current biological assets were valued by P Silcock from NZ Forestry Limited at 31 March 2016 and 31 March 2015.

All valuers are independent registered valuers not related to the Trust or Economic entity. All valuers hold recognised and relevant professional qualifications and have recent experience in the categories of biological assets they have valued.

### Recognition and measurement

Biological assets are measured at fair value less estimated point of sale costs. The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit. The fair value of forests is determined annually by independent valuers by calculating the crop expectation and future value discounted back to the present value, based on the rotation age of the crop and the current market prices of the logs. The valuation of Redwood trees is based on the current replacement cost method used for young trees.

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## 12 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

During August 2015, Tainui Group Holdings Limited announced its intention to sell 50 percent of shares in The Base Ltd. On 8 April 2016, TGH entered into an unconditional sale and purchase agreement to sell the shares in The Base Limited to Kiwi Property Holdings Limited for \$192.5m. Settlement occurred on 31 May 2016. Non current assets classified as Held for Sale include investment properties, property plant and equipment and lease incentives associated with 50 percent of The Base. The assets have been valued using the sale price as the key input to the valuation.

	Consolidated	
	2016 \$'000	2015 \$'000
Plant and equipment	720	-
Investment properties	180,456	-
Lease incentives	621	-
<b>Total non-current assets held for sale</b>	<b>181,797</b>	<b>-</b>

The net revaluation of Non-current assets classified as held for sale as at 31 March 2016 is \$4.5m.

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# WAIKATO RAUPATU LANDS TRUST

## Notes to the financial statements

FOR THE YEAR ENDED 31 MARCH 2016

### 13 RELATED PARTY TRANSACTIONS

#### (a) Key management personnel compensation

	Consolidated	
	2016 \$'000	2015 \$'000
<b>Class 1 Key management personnel - Senior management</b>		
Total remuneration	2,534	3,880
<b>Class 2 Key management personnel - Directors and representatives</b>		
<b>Tainui Group Holdings Limited:</b>	-	-
M Allen	47	47
M Cockram	47	47
J Perry (Board advisor)	-	47
H W Rau*	47	47
P Rawiri*	-	47
T B Morgan*	41	-
H van der Heyden	94	94
T J R Simpson	18	-
<b>Te Whakakitenga o Waikato Incorporated:</b>	-	-
A Capper	-	29
H Chong	40	40
T T A S Mahuta	40	55
M Moana Tuwhangai	50	50
T B Morgan*	45	45
R Papa	65	65
K M Porima	-	39
T J Rangiawha	41	1
W Rapana	30	30
H W Rau*	40	40
P Rawiri*	40	40
T Roa	87	87
R Schaafhausen	55	44
P Te Ao	43	1
G Tootill	22	1
T P T M Tukere	40	40
J Wilson	-	39
<b>Te Whakakitenga o Waikato Inc representatives</b>	245	154
<b>Close family members of key management personnel</b>		
Total remuneration	51	-
<b>Total key management personnel and close family members compensation</b>	<b>3,762</b>	<b>5,009</b>
<b>Number of persons recognised as:</b>		
Class 1 - Senior management	11	12
Class 2 - Directors and representatives	216	216

\* Directors and trustees who are represented on both Tainui Group Holdings Limited and Te Whakakitenga o Waikato Incorporated.

## b) Related parties transactions

The Waikato Raupatu Lands Trust is the Controlling entity. Te Whakakitenga o Waikato Incorporated is the ultimate controlling party. All members of the Economic entity are considered to be related parties of the Trust.

The following table provides the total amount of transactions that have been entered into with related parties. The transactions have taken place on an arm's length basis in accordance with internal policy.

	Purchases from related parties \$0	Sale of services to related parties \$0	Sale of land and properties to related parties \$0	Grant to related parties \$0	Amounts owed to related Parties \$0	Amounts owed by related Parties \$0
<b>Joint Ventures</b>						
2016	17	446	2,010	-	70	4,271
2015	15	1,653	8,324	-	46	4,041
<b>Key management personnel</b>						
2016	48	-	3,111	13	-	-
2015	4	-	-	6	-	-

All amounts owing by and to the Trust are repayable on demand and are interest free, other than the advance owing by the Trust to Waikato-Tainui Distributions Limited for which interest is charged daily based on the 90-day bank bill rate. There is no impairment of any related party balances.

In 2014 the Trust moved into the premises located at 4 Bryce Street, Hamilton. This property is classified as property plant and equipment (see note 16). The Waikato Raupatu River Trust occupy the premises at 20 Alma Street, Hamilton. The property is classified as investment property due to a majority of this property being leased to third parties.

## 14 OTHER FINANCIAL ASSETS

	Consolidated			Total \$'000
	Listed companies \$'000	Unlisted companies other \$'000	Unlisted company AFL income shares \$'000	
<b>Opening net book amount 1 April 2015</b>	12,881	14,238	10,521	37,640
Gains or losses recognised in comprehensive revenue and expenses	(903)	(2,297)	879	(2,321)
Purchases	392	2,386	-	2,778
Sales	-	-	-	-
<b>Closing net book amount 31 March 2016</b>	<b>12,370</b>	<b>14,327</b>	<b>11,400</b>	<b>38,097</b>

	Consolidated			Total \$'000
	Listed companies \$'000	Unlisted companies other \$'000	Unlisted company AFL income shares \$'000	
<b>Opening net book amount 1 April 2014</b>	1,957	10,883	10,521	23,361
Gains or losses recognised in comprehensive revenue and expenses	3,737	2,761	-	6,498
Purchases	8,347	737	-	9,084
Sales	(1,160)	(143)	-	(1,303)
<b>Closing net book amount at 31 March 2015</b>	<b>12,881</b>	<b>14,238</b>	<b>10,521</b>	<b>37,640</b>

# WAIKATO RAUPATU LANDS TRUST

## Notes to the financial statements

FOR THE YEAR ENDED 31 MARCH 2016

### 14 OTHER FINANCIAL ASSETS (CONTINUED)

#### (a) Listed companies

The shares in listed companies is the investment in Genesis Energy Limited and Fonterra Co-operative Group Limited. The fair value is based on the share price at reporting date.

#### (b) Unlisted companies

The fair value of shares in unlisted companies is represented by the investment in Pioneer Capital Partners LP. The valuation of the investment is based on the Trust's share of the net assets in Pioneer Capital Partners LP. The fair value of the Trust's investment is determined using common valuation methods such as discounted cash flow and comparable trading multiple methods as set out in the International Private Equity and Venture Capital Valuation Guidelines.

#### (c) Unlisted companies - Aotearoa Fisheries Limited (AFL) income shares

The fair value of the AFL income shares is based on a valuation undertaken by Ernst & Young Transaction Advisory Services Limited. The valuation methodology considers past and present performance with reference to comparable listed companies. Ernst & Young Transaction Advisory Services Limited is not related to the Trust and holds recognised and relevant professional qualifications having had recent experience and knowledge in the assets they have valued.

### 15 INTANGIBLE ASSETS

	Computer software \$'000	Quota \$'000	NZ Units ETS \$'000	Total \$'000
<b>Consolidated</b>				
<b>Year ended 31 March 2015</b>				
<b>Opening net book amount</b>	406	20,340	164	20,910
Additions	171	-	-	171
Amortisation and impairment	(227)	-	185	(42)
<b>Closing net book amount</b>	<b>350</b>	<b>20,340</b>	<b>349</b>	<b>21,039</b>
<b>At 31 March 2015</b>				
Cost	1,027	20,340	476	21,843
Accumulated amortisation and impairment	(677)	-	(127)	(804)
<b>Net book amount</b>	<b>350</b>	<b>20,340</b>	<b>349</b>	<b>21,039</b>
<b>Year ended 31 March 2016</b>				
<b>Opening net book amount</b>	350	20,340	349	21,039
Additions	1,182	-	-	1,182
Disposals	-	-	-	-
Amortisation and impairment	(315)	-	250	(65)
<b>Closing net book amount</b>	<b>1,217</b>	<b>20,340</b>	<b>599</b>	<b>22,156</b>
<b>At 31 March 2016</b>				
Cost	2,224	20,340	476	23,040
Accumulated amortisation and impairment	(1,007)	-	123	(884)
<b>Net book amount</b>	<b>1,217</b>	<b>20,340</b>	<b>599</b>	<b>22,156</b>

The Trust is deemed a participant in the New Zealand Emission Trading Scheme (ETS) as it is an owner of fishing quota and forestry land. NZ Units (NZU's) for 2016 and 2015 relate to 53,702 units that were allocated by the Ministry for the Environment. The units were valued at \$11.15 per unit (2015: \$6.50) resulting in an impairment reversal of \$249,710 (2015: impairment reversal of \$185,272).

Quota Management Systems Limited were contracted as an independent valuer to perform an impairment assessment of the quota assets. Fair value has been assessed with reference to individual fish stock, the valuer's knowledge of the market and the Ministry of Fisheries Quota Monitoring System reports.

### **Recognition and measurement**

#### **(a) Computer software**

Separately acquired computer software and licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific asset. These costs are amortised on a straight line basis over their estimated useful lives of up to ten years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

#### **(b) Quota**

Separately acquired fishing quota has an indefinite useful life and will generate economic benefits beyond one year. Fishing quota is tested annually for impairment and is carried at cost less accumulated impairment. The useful life is assessed annually to determine whether the indefinite useful life assessment continues to be supportable.

#### **(c) Carbon credits**

Intangible assets include carbon credits acquired by way of a Government grant and are initially recognised at fair value at the date of acquisition. Following initial recognition, these intangible assets are carried at their initial fair value, or deemed cost less any accumulated impairment losses.

The carbon group is able to either hold the NZU's within the carbon register or alternatively trade the NZU's in domestic and international carbon markets.

Carbon credits are not consumed in the production and are therefore not amortised. NZU's are tested for impairment on an annual basis or when indicators of impairment exist.

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# WAIKATO RAUPATU LANDS TRUST

## Notes to the financial statements

FOR THE YEAR ENDED 31 MARCH 2016

### 16 PROPERTY, PLANT AND EQUIPMENT

Consolidated	Note	Farm and owner occupied properties \$'000	Tribal properties \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Computer, office equipment, furniture & fittings \$'000	Land and buildings (Hotels) \$'000	Total \$'000
<b>Year ended 31 March 2015</b>								
Opening net book value		28,790	10,578	420	242	22,190	77,280	139,500
Additions		210	1,334	146	853	978	-	3,521
Disposals		(53)	(302)	(1)	(59)	(33)	(79)	(527)
Net revaluation	8	821	-	-	-	-	-	821
Transfer from investment properties	17	2,400	-	-	-	-	-	2,400
Depreciation	4	(244)	(313)	(43)	(105)	(3,146)	(1,127)	(4,978)
<b>Closing net book value</b>		<b>31,924</b>	<b>11,297</b>	<b>522</b>	<b>931</b>	<b>19,989</b>	<b>76,074</b>	<b>140,737</b>
<b>At 31 March 2015</b>								
Cost		28	20,109	1,148	1,663	30,316	78,687	131,951
Valuation		31,916	-	-	-	-	-	31,916
Accumulated depreciation		(20)	(8,812)	(626)	(732)	(10,327)	(2,613)	(23,130)
<b>Closing net book value</b>		<b>31,924</b>	<b>11,297</b>	<b>522</b>	<b>931</b>	<b>19,989</b>	<b>76,074</b>	<b>140,737</b>

	Note	Farm and owner occupied properties \$'000	Tribal properties \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Computer, office equipment, furniture & fittings \$'000	Land and buildings (Hotels) \$'000	Total \$'000
<b>Year ended 31 March 2016</b>								
Opening net book value		31,924	11,297	522	931	19,989	76,074	140,737
Additions		3,934	-	26	362	2,055	174	6,551
Disposals		(58)	(44)	(16)	(66)	(419)	(398)	(1,001)
Net revaluation	8	1,236	(134)	-	-	-	-	1,102
Transfer from investment properties	17	6,540	-	-	-	-	-	6,540
Depreciation	4	(324)	(285)	(40)	(127)	(2,339)	(1,689)	(4,804)
Transfer to held for sale		-	-	-	-	(720)	-	(720)
<b>Closing net book value</b>		<b>43,252</b>	<b>10,834</b>	<b>492</b>	<b>1,100</b>	<b>18,566</b>	<b>74,161</b>	<b>148,405</b>
<b>At 31 March 2016</b>								
Cost		11,184	19,977	1,169	1,992	30,339	77,174	141,835
Valuation		32,108	-	-	-	-	-	32,108
Accumulated depreciation		(40)	(9,143)	(677)	(892)	(11,773)	(3,013)	(25,538)
<b>Closing net book value</b>		<b>43,252</b>	<b>10,834</b>	<b>492</b>	<b>1,100</b>	<b>18,566</b>	<b>74,161</b>	<b>148,405</b>

Telfer Young (Waikato) Limited and Curnow Tizard were contracted as independent valuers to value farm and owner occupied properties. Fair value has been assessed as the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction.

The significant methods and assumptions applied in estimating the fair value were:

- the direct comparison approach (based on analysis of sales of vacant property. This analysis includes determination of land value, other improvements and residual value for principal improvements);
- the traditional capitalisation approach (focusing on the net maintainable revenue and the level of investment return);
- the discounted cash flow approach (based on establishing a cash flow budget for the property having particular regard to the length of lease term and nature of the leasehold interest and the following factors; discount rate, land inflation and rental rates); and
- comparing market evidence of transaction prices for similar properties.

The total value of farm properties valued by Telfer Young (Waikato) Limited at 31 March 2016 is \$27.9m (2015: \$25.4m). The carrying amount that would have been reported for farm properties under the historical cost method is \$11.3m (2015: \$9.3m). The total value of owner occupied properties valued by Curnow Tizard Limited at 31 March 2016 is \$5.3m (2015: \$6.6m). The carrying amount that would have been reported for other properties under the historical cost method is \$4.5m (2015: \$4.5m).

All valuers are independent registered valuers not related to the Trust. All valuers hold recognised and relevant professional qualifications and have recent experience in the locations and categories of farm owner occupied properties they have valued.

#### **Tribal properties**

Tribal properties comprise of land and buildings located at Hopuhopu, reserve lands and a residential property located at Pukawa.

#### **Land and buildings (Hotels) pledged as security**

Westpac New Zealand and the Bank of New Zealand have security agreements over the assets owned by the Novotel Auckland Airport hotel and the Hamilton Riverview Hotel Limited respectively, refer to note 19.

#### **Recognition and measurement**

Farm and owner occupied properties are comprised of land, buildings and plant held on the farms as well as buildings occupied by the Waikato Raupatu Lands Trust and Tainui Group Holdings Limited, and are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Land and buildings (hotels), tribal properties, vehicles, equipment, fixtures and fittings are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Tribal properties comprise of buildings located at Hopuhopu, reserve lands and a residential property in Pukawa.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive revenue and expense during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of farm and owner occupied properties are credited to the revaluation reserve in equity. To the extent that the increase reverses a revaluation decrease previously recognised in the statement of comprehensive revenue and expense, the increase is first recognised in statement of comprehensive revenue and expense. Decreases that reverse previous increases are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the same class of asset; all other decreases are charged to the statement of comprehensive revenue and expense.

# WAIKATO RAUPATU LANDS TRUST

## Notes to the financial statements

FOR THE YEAR ENDED 31 MARCH 2016

### 16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Class of asset depreciated	Estimated useful life
Computers	2 - 10 years
Farm buildings	50 years
Hotels (buildings)	50 - 100 years
Hotels (other assets)	3 - 33 years
Office equipment, furniture and fittings	1 - 17 years
Other buildings	100 years
Plant and equipment	1 - 14 years
Vehicles	2 - 11 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive revenue and expense. When revalued assets are sold, it is the Trust's policy to transfer the amounts included in revaluation reserves in respect of those assets to retained earnings.

### 17 INVESTMENT PROPERTIES

	Note	Consolidated	
		2016 \$'000	2015 \$'000
Balance at beginning of year		581,826	564,914
Development		2,014	13,078
Classified as held for sale or disposals		(180,456)	-
Net gain from fair value adjustment	5	30,365	8,007
Transfer to property, plant and equipment	16	(6,540)	(2,400)
Additions		-	-
Disposals		(20,208)	(1,773)
<b>Balance at end of year</b>		<b>407,001</b>	<b>581,826</b>

#### (a) Recognition and measurement

Investment properties include properties held to earn rental revenue, and/or for capital appreciation as well as investment properties under construction. A property is also classified as an investment property if it does not have an operating lease in place, but is held with the intention of attaining an operating lease.

Investment properties are initially recognised at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, representing open market value determined annually by external valuers. Changes in fair value are recorded in the statement of comprehensive revenue and expense.

#### (b) Valuation of investment properties

The significant methods and assumptions applied in estimating the fair value were:

- the direct comparison approach (based on analysis of sales of vacant property. This analysis includes determination of land value, other improvements and residual value for principal improvements);
- the traditional capitalisation approach (focusing on the net maintainable revenue and the level of investment return);

- the discounted cash flow approach (based on establishing a cash flow budget for the property having particular regard to the length of lease term and nature of the leasehold interest and the following factors; discount rate, land inflation and rental rates); and
- comparing market evidence of transaction prices for similar properties.

Investment property valuations were completed as follows:

D.J. Saunders from Telfer Young (Waikato) Limited valued properties at fair value of \$57m on 31 March 2016 (31 March 2015: \$68m) using a mixture of market evidence of transaction prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches.

T. Arnott from CB Richard Ellis Limited valued properties and assets held for sale at fair value of \$320m on 31 March 2016 (31 March 2015: \$311m) using a mixture of market evidence of transaction prices for similar properties, capitalisation and discounted cash flow approaches.

K Sweetman from Colliers International NZ Limited valued properties at fair value of \$96m on 31 March 2016 (31 March 2015: \$90m) using a mixture of market evidence of transaction prices for similar properties, direct comparison, capitalisation and discounted cash flows approaches.

P.A Curnow from Curnow Tizard Limited valued properties at fair value of \$114m on 31 March 2016 (31 March 2015: \$113m) using a mixture of market evidence of transaction prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches.

All valuers are independent registered valuers not related to the Trust. All valuers hold recognised and relevant professional qualifications and have recent experience in the locations and categories of the investment property they have valued.

As at 31 March 2016, 50 percent of assets relating to The Base Limited were classified as non-current assets held for sale. Refer note 12.

## 18 TE WHEROWHERO TITLE PROPERTIES

		Consolidated	
	Note	2016 \$'000	2015 \$'000
<b>Held as investment property</b>			
Balance at beginning of the year		50,175	48,367
Net gain from fair value adjustments	5	18,135	1,808
		<b>68,310</b>	<b>50,175</b>
<b>Other land</b>			
At cost		1,716	1,716
<b>Closing balance</b>		<b>70,026</b>	<b>51,891</b>

### (a) Valuation of Te Wherowhero title properties

Te Wherowhero title properties comprise of properties located at Kawhia, Onewhero, 192 The Terrace in Wellington, Hopuhopu, The Base and the University of Waikato, Hamilton. Te Wherowhero investment properties are held at fair value amounting to \$68m (2015: \$50m), valuations were completed as follows:

- the direct comparison approach (based on analysis of sales of vacant property. This analysis includes determination of land value, other improvements and residual value for principal improvements);
- the traditional capitalisation approach (focusing on the net maintainable revenue and the level of investment return);
- the discounted cash flow approach (based on establishing a cash flow budget for the property having particular regard to the length of lease term and nature of the leasehold interest and the following factors; discount rate, land inflation and rental rates); and
- comparing market evidence of transaction prices for similar properties.

# WAIKATO RAUPATU LANDS TRUST

## Notes to the financial statements

FOR THE YEAR ENDED 31 MARCH 2016

### 18 TE WHEROWHERO TITLE PROPERTIES (CONTINUED)

T. Arnott from CB Richard Ellis Limited valued properties at fair value of \$45m as at 31 March 2016 (31 March 2015: \$33m) using a mixture of market evidence of transaction prices for similar properties, capitalisation and discounted cash flow approaches.

D.J. Saunders from Telfer Young (Waikato) Limited valued properties at fair value of \$18m as at 31 March 2016 (31 March 2015: \$12m) using a mixture of market evidence of transaction prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches.

P. A. Curnow from Curnow Tizard Limited valued properties at fair value of \$5m as at 31 March 2016 (31 March 2015: \$5m) using a mixture of market evidence of transaction prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches.

All valuers are independent registered valuers not related to the Trust. All valuers hold recognised and relevant professional qualifications and have recent experience in the locations and categories of the investment property they have valued.

Te Wherowhero land titles located at The Base and the University are subject to operating leases with Tainui Group Holdings Limited. The sub-lessors interest is held within investment properties (see note 17).

#### (b) Recognition and measurement

Te Wherowhero title is the mechanism set up to protect the title of lands in the tribal estate. The benefits and the land in Te Wherowhero title are for all Waikato-Tainui and the land cannot be succeeded to, sold, alienated, mortgaged or gifted without adherence to a process to obtain the mandate of the voting beneficiaries or their representatives and unanimous consent of the Custodial Trustees.

Te Wherowhero investment properties comprise of properties located at Kawhia, Onewhero, 192 The Terrace in Wellington, Hopuhopu, The Base and the University of Waikato, Hamilton. Te Wherowhero investment properties are carried at fair value, representing open market value determined by external valuers. Changes in fair value are recorded in the statements of comprehensive revenue and expense.

Te Wherowhero property that is not investment land is not leased and is recorded at historical cost.

As at 31 March 2016 (and 31 March 2015), the title is protected by the Custodial Trustee Kiingi Tuheitia.

The custodians of Te Wherowhero title are the Head of the Kaahui Ariki and two successors who are yet to be elected.

### 19 INTEREST BEARING LIABILITIES

	Consolidated	
	2016 \$'000	2015 \$'000
<b>Secured</b>		
Bank loans	209,052	4,460
<b>Total secured current interest bearing borrowings</b>	<b>209,052</b>	<b>4,460</b>
<b>Secured</b>		
Bank loans	41,300	263,634
<b>Total non-current interest bearing liabilities</b>	<b>41,300</b>	<b>263,634</b>
<b>Total interest bearing liabilities</b>	<b>250,352</b>	<b>268,094</b>

Total interest bearing liabilities for the Trust is net of prepaid borrowing costs of \$0.03 (2015: \$0.03m).

Tainui Group Holdings has a multi option credit facility agreement with Westpac New Zealand for \$25m which matures on 31 December 2016 (2015: \$25m). This facility has not been drawn at balance date (2015: \$4.5m). As part of the facility arrangement, Tainui Group Holdings has agreed to a negative pledge with Westpac New Zealand. In essence, this means Tainui Group Holdings will not enter into any transaction or agreement that will increase Tainui Group Holdings indebtedness without Westpac New Zealand's prior consent.

The Base Limited has debt facilities of \$203.5m (2015: \$210m). The facilities include a multi option credit line facility agreement with Westpac New Zealand for \$67.8m (2015: \$70m), a committed cash advance facility with Bank of New Zealand for \$67.8m (2015: \$70m) and term loan facility agreement with ANZ for \$67.8m (2015: \$70m). All three facilities mature on 18 January 2020. Borrowings of \$203.5m of the available facilities had been drawn at balance date (2015: \$194.7m). ANZ, the Bank of New Zealand and Westpac New Zealand have an equal charge over the present and future acquired assets of The Base Limited as security for the finance facilities in 2016 and 2015.

The Base Limited's debt facilities of \$203.5m are classified as current liabilities at 31 March 2016, as it was deemed highly probable that the Group would sell a 50 percent shareholding in The Base Limited. Any sale will require full repayment of the debt facilities in order to discharge the security interest placed on the assets. Refer note 28.

Tainui Development Limited has established a committed cash advance facility with Bank of New Zealand for \$25m which matures on 24 December 2017 (2015: \$25m). Borrowings of \$5.6m had been drawn at balance date (2015: \$24.7m). The Bank of New Zealand has a charge over the present and future acquired assets of Tainui Development Limited as security for this finance facility in 2016 and 2015.

Tainui Development Limited's debt facility of \$5.6m is also classified as current liability as the Group is expected to repay the debt facility in full in the next 12 months.

Tainui Auckland Airport Hotel holds a Committed Cash Advance Facility with Westpac New Zealand for \$28m (2015: \$28m) which matures 31 March 2019. Borrowings of \$18.0m of the available facility had been drawn at balance date (2015: \$20.9m). Westpac New Zealand has a first and exclusive security agreement over the \$28.8m assets and undertakings of Tainui Auckland Airport Hotel LP and Tainui Auckland Airport Hotel GP Limited.

Hamilton Riverview Hotel Limited holds a term loan with the Bank of New Zealand for \$24m which matures 27 May 2019. Borrowings of \$23.3m (2015: \$23.3m) of the available facility had been drawn at balance date. The Bank of New Zealand holds a first and preferential security interest over all property owned by Hamilton Riverview Hotel Limited.

#### Recognition and measurement

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Interest bearing liabilities are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive revenue and expense over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

## 20 OTHER FINANCIAL LIABILITIES

	Consolidated	
	2016 \$'000	2015 \$'000
<b>Categorised as at fair value through surplus or deficit</b>		
Interest rate swaps	8,747	1,635
Total current other financial liabilities	<b>8,747</b>	<b>1,635</b>
Interest rate swaps	1,988	6,051
Total non-current other financial liabilities	1,988	6,051
	<b>10,735</b>	<b>7,686</b>

The notional amount of interest rate swaps is \$172.5m with maturity dates that range from 1-8 years (2015: \$193m, maturing between 1-8 years).

# WAIKATO RAUPATU LANDS TRUST

## Notes to the financial statements

FOR THE YEAR ENDED 31 MARCH 2016

### 21 CURRENT - TRADE AND OTHER PAYABLES

		Consolidated	
	Note	2016 \$'000	2015 \$'000
Trade payables		2,861	1,682
Trade payables to related parties	13	70	46
Income received in advance		2,160	2,277
Accrued expenses		10,526	11,957
Grants payable		4,783	6,037
Employee entitlements		1,853	2,587
Other payables		722	552
GST payable		666	1,349
<b>Total creditors and other payables</b>		<b>23,641</b>	<b>26,487</b>

#### Recognition and measurement

Trade payables and other accounts payable are recognised when the Trust becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and are usually paid within 30 days of recognition. Non-current other payables are usually paid between one and two years. Trade and other accounts payable are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method.

### 22 CONTINGENCIES

#### 22.1 Contingent liabilities

##### Guarantees

The Trust had contingent liabilities at 31 March 2016 in respect of:

Raukura Whare Limited has agreed to underwrite certain Housing Corporation of New Zealand mortgages. Raukura Whare Limited is liable for any mortgages which default if total claims exceed \$23.3m. The life of the loan is 20 years. Te Arataura believe that the expectation of defaulting mortgages exceeding \$23.3m is remote.

Te Arataura believe that the expectation of a liability arising due to the guarantees and mortgages in place is remote.

#### 22.2 Contingent assets

There is a contingent asset at balance date in respect of the Relativity Settlement mechanism. The mechanism was triggered in 2012 and the amount of \$70m was received in December 2013 upon the first claim being made under the relativity clause. Further to this in the year ended 31 March 2015 an amount of \$12.5m was received as a result of the arbitration process which followed the first claim.

The Trust is still in an ongoing dispute in relation to the first claim made in 2012. The dispute relates to interpretations of specific clauses in Deed of Settlement and valuation of Total Redress Amounts. The final amount of the disputed receivable is contingent on agreement being reached and cannot be reliably measured.

## 23 CAPITAL COMMITMENTS

Expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	Consolidated	
	2016 \$'000	2015 \$'000
Inventories - sections for sale	3,356	-
	<b>3,356</b>	<b>-</b>
Other	19,100	8,477
	<b>19,100</b>	<b>8,477</b>
<b>Total capital commitments</b>	<b>22,456</b>	<b>8,477</b>

Other commitments are for Tainui Group Holdings Limited and include the capital call commitment for investment in Pioneer Capital for \$4.1m and Waterman Fund for \$15m. (2015: Pioneer \$7.4m and livestock \$1.1m).

## 24 OPERATING LEASES

### Operating leases as lessee

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated	
	2016 \$'000	2015 \$'000
Within one year	488	526
Later than one year but not later than five years	1,085	1,519
Later than five years	6,333	6,680
<b>Commitments not recognised in the financial statements</b>	<b>7,906</b>	<b>8,725</b>

There are no options to purchase attached to any lease agreements.

The operating leases that exist between the Trust and Tainui Group Holdings Limited for land owned by the Trust are rent free until the first rent review date which is in 2019 and 2022.

### Economic entity as lessor

Commitments for minimum lease receipts in relation to non-cancellable operating leases are receivable as follows:

	Consolidated	
	2016 \$'000	2015 \$'000
Within one year	30,719	31,417
Later than one year and not later than five years	72,358	84,910
Later than five years	82,278	130,269
	<b>185,355</b>	<b>246,596</b>

Operating leases (with the Trust as lessor) relate to the investment properties owned by the Trust and Economic entity with a range of lease terms from less than one year through to ninety-nine years. Some of the longer term leases have perpetual rights of renewal. All operating lease contracts contain market review clauses and the lessee will usually have an option to renew. The lessees do not have any options to purchase the properties at the expiry of their lease period. The 2016 lease commitments do not include fixed rent increases and CPI adjustments relating to The Base.

### Recognition and measurement

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive revenue and expense on a straight line basis over the period of the lease.

# WAIKATO RAUPATU LANDS TRUST

## Notes to the financial statements

FOR THE YEAR ENDED 31 MARCH 2016

### 25 BUSINESS COMBINATIONS

#### (a) Summary of acquisition

In May 2014, the Group acquired the remaining 18 percent of the issued shares of Hamilton Riverview Hotel Limited for a purchase consideration of \$5m. The Group now holds 100 percent of the equity share capital of Hamilton Riverview Hotel Limited. Details of the acquisition can be found in the 2015 financial statements.

### 26 TRUST STRUCTURE

(a) Subsidiaries:	Charitable Status	Principal activity	Ownership and voting interest	
			2016	2015
The Trust owns the following subsidiaries, which form the Economic entity. All subsidiaries have a March balance date.				
Hamilton Riverview Hotel Limited	Yes	Hotel	100%	100%
Raukura Moana Seafoods Limited	Yes	Fishing	100%	100%
Raukura Whare Limited	Yes	Investment	100%	100%
Ruakura Limited	Yes	Property	100%	100%
Tainui Auckland Airport Hotel LP	No	Hotel	70%	70%
Tainui Auckland Airport Hotel GP Limited	No	Hotel	70%	70%
Tainui Development Limited	Yes	Property	100%	100%
TGH Fixed Income Limited	Yes	Property	100%	100%
Tainui Group Holdings Limited	Yes	Investment	100%	100%
TDL No. 1 Limited	Yes	Hotel	100%	100%
TDL No. 2 Limited	Yes	Direct Investment	100%	100%
TDL No. 3 Limited	Yes	Direct Investment	100%	100%
TGH Direct Investments Limited	Yes	Direct Investment	100%	100%
TGH Equities Limited	No	Equities	100%	100%
TGH Farms and Forestry Limited	Yes	Primary Industries	100%	100%
TGH Hotels Limited	Yes	Hotel	100%	100%
TGH Property Limited	Yes	Property	100%	100%
TGH Primary Industries Limited	Yes	Primary Industries	100%	100%
The Base Limited	Yes	Property	100%	100%
Waikato-Tainui Distributions Limited	No	Investment	100%	100%
Waikato-Tainui Fisheries Limited	No	Fishing	100%	100%
Waikato-Tainui Koiora Collective LP	No	Investment	100%	100%
Waikato-Tainui Koiora Limited	No	Investment	100%	100%
Te Whakakitenga o Waikato Incorporated	Yes	Investment	100%	100%
Waikato-Tainui Tribal Authority LP	No	Investment	100%	100%
Waikato Raupatu River Trust	No	Investment	100%	100%
Golden Koi Industries GP Limited	No	Investment	60%	0%

The Group purchased the non-controlling interest in Hamilton Riverview Hotel Limited in May 2014 (see note 25).

## Recognition and measurement

Subsidiaries are all entities (including special purpose entities) over which the Economic entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Economic entity controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Economic entity. They are de consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between the Trust's companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Trust.

### (b) Joint venture partnership

The Trust has interests in joint venture partnerships, which are all resident in New Zealand.

The interests in the joint venture partnerships are accounted for in the financial statements using equity method of accounting. Information and the effect the joint venture interest had on the Trust's financial statements is set out below.

Joint venture	Principal activity	Ownership interest Consolidated		Carrying value of investment	
		2016	2015	2016 \$'000	2015 \$'000
Callum Brae Tainui	Property	50%	50%	5	186
Ngai Tahu Tainui Go Bus Holdings Limited	Direct investment	33%	33%	25,701	24,240
Raukura Moana Sealord Limited Partnership	Primary Industries	50%	50%	435	336
Rotokauri Development Limited	Property	70%	70%	7,965	5,186
TAG Forestry Joint Venture	Primary Industries	50%	50%	515	436
Waikato Milking Systems Limited Partnership	Direct investment	32%	32%	16,652	14,006
				<b>51,273</b>	<b>44,390</b>

	Consolidated	
	2016 \$'000	2015 \$'000
<b>Movements in carrying amounts of the joint venture partnerships</b>		
Carrying value at the beginning of the year	44,390	22,189
Share of surplus/(deficits) after income tax	7,585	(3,552)
New investments	-	25,570
Contribution	1,824	2,356
Dividends received	(2,526)	(2,173)
<b>Balance at 31 March</b>	<b>51,273</b>	<b>44,390</b>

# WAIKATO RAUPATU LANDS TRUST

## Notes to the financial statements

FOR THE YEAR ENDED 31 MARCH 2016

### 26 TRUST STRUCTURE (CONTINUED)

The jointly controlled entities assets and liabilities accounted for using equity accounting was:

	Consolidated	
	2016 \$'000	2015 \$'000
<b>Statement of financial position</b>		
Current assets	23,952	33,181
Non-current assets	85,754	76,935
<b>Total assets</b>	<b>109,706</b>	<b>110,116</b>
Current liabilities	9,980	23,569
Non-current liabilities	48,453	42,157
Total liabilities	<b>58,433</b>	<b>65,726</b>
<b>Net assets</b>	<b>51,273</b>	<b>44,390</b>

The jointly controlled entities revenue and expenses accounted for using equity accounting was:

	Consolidated	
	2016 \$'000	2015 \$'000
<b>Statement of comprehensive revenue and expense</b>		
Revenues	68,346	48,102
Expenses	(60,761)	(51,654)
<b>Surplus before income tax</b>	<b>7,585</b>	<b>(3,552)</b>

#### Recognition and measurement

Investments in joint ventures are classified as either jointly controlled assets, joint operations or jointly controlled entities depending on the contractual rights and obligations of each investor. The Trust has assessed the nature of its joint ventures and determined them to be jointly controlled entities. Jointly controlled entities are accounted for using the equity method.

Under equity method of accounting, interests in jointly controlled entities are initially recognised at cost and adjusted thereafter to recognise the Trust's share of the post-acquisition profits or losses and movements in other comprehensive revenue and expense. When the Trust's share of losses in jointly controlled entities equals or exceeds its interest in the jointly controlled entity (which includes any long term interests that, in substance, form part of the Trust's net investment in the jointly controlled entity), the Trust does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

Unrealised gains or transactions between the Trust and its jointly controlled entities are eliminated to the extent of the Trust's interest in the jointly controlled entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

## 27 FINANCIAL INSTRUMENTS

### 27.1 Financial risk factors

Exposure to credit, market (currency, price and interest) and liquidity risks arise in the normal course of the Trust's business. The Trust has various financial instruments with off balance sheet risk.

Senior management are required to identify and report major risks affecting the business and develop strategies to mitigate these risks. The board reviews and approves overall risk management strategies covering specific areas.

#### (a) Credit risk

Credit risk is the risk that a third party will default on its obligations to the Trust, causing the Trust to incur a loss. The Trust does not have any significant concentrations of credit risk, other than the relativity settlement receivable and the Co-management settlement receivable expected from the Crown. The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as shown in the statement of financial position. The Trust does not require any collateral or security to support financial instruments as it only deposits with, or lends to, banks and other financial institutions with high credit ratings except for funds lent to a related party and an external entity for which the Trust has appropriate security and guarantees. The Trust further minimises credit exposure by limiting the amount of surplus funds placed with any one financial institution. The cash and cash equivalents of \$181m (2015: \$177m) are held with bank and financial institution counterparties, which are rated AA- to A+, based on Standards and Poors ratings. The Trust does not expect non-performance of any obligations at balance date. There are no material financial assets held by the Trust at balance date which are past due but not impaired.

#### (b) Market risk

##### (i) Currency

The Trust has no material exposure to currency risk at balance date.

##### (ii) Price risk

The Trust is exposed to equity securities price risk. This arises from investments held by the Trust that are classified at fair value through profit or loss.

#### Sensitivity analysis

The table below summarises the impact of increases/(decreases) of the New Zealand equity index on the Trust and the Trust's profit and equity for the year. The analysis is based on the assumption that should the equity indexes increase/(decrease) by 10 percent (2015: 10 percent) with all other variables held constant and all the Trust's equity instruments move according to the historical correlation with the index.

Consolidated	Impact on profit		Impact on equity	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Financial assets at fair value through surplus or deficit	2,670	2,712	2,670	2,712
Financial assets at fair value through surplus or deficit	(2,670)	(2,712)	(2,670)	(2,712)

Profit for the year would increase/(decrease) as a result of gains/(losses) on shares in listed companies classified as at fair value through surplus or deficit. Equity would further increase/(decrease) as a result of gains/(losses) on shares in listed companies classified as at fair value through surplus or deficit.

#### Price risk in relation to Aotearoa Fisheries Limited (AFL) income shares

A movement in the enterprise value of 1 percent would result in a gain/(loss) in the Groups equity interest in AFL income shares of \$0.1m (2015: \$0.1m) and a movement in the multiple of 1.0 would result in a gain/(loss) in the Groups equity interest in AFL income shares of \$1.4m (2015: \$1.4m).

The price risk assessment in 2016 for other unlisted securities was immaterial in terms of the possible impact on profit or loss or total equity, it had therefore not been included in the sensitivity analysis.

# WAIKATO RAUPATU LANDS TRUST

## *Notes to the financial statements*

FOR THE YEAR ENDED 31 MARCH 2016

### 27 FINANCIAL INSTRUMENTS (CONTINUED)

#### **(b) Market risk (continued)**

##### **(iii) Interest rate risk**

The Trust's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Trust to cash flow interest rate risk. Borrowings issued at fixed rate expose the Trust to fair value interest rate risk.

The Trust adopts a policy of ensuring that between 25 and 90 percent of its exposure to changes in interest rates on borrowings is on a fixed rate basis.

The Trust manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

Under interest rate swap contracts, the Trust agrees to exchange the difference between fixed contract and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Such contracts enable the Trust to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows at reporting date and the credit risk inherent in the contract, and are disclosed below. The average interest rate is based on the outstanding balances at the start of the financial year.

#### **Sensitivity analysis**

As at 31 March 2016, if the 90-day bank bill rate had been 50 basis points higher or lower, with all other variables held constant, the Trust's surplus/(deficit) for the year and the equity would have been \$463,193 (2015: \$481,640) higher or lower. This movement is attributable to an increase or decrease in the interest expense on floating rate loans and in the interest income from deposits. The sensitivity is slightly lower in 2015 due to a higher level of debt fixed with swap instruments proportional to total bank debt.

#### **(c) Liquidity risk**

Liquidity risk is the risk that the Trust will encounter difficulty raising liquid funds to meet commitments as they fall due. The Trust manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Trust's financial liabilities that will be settled based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

#### **Maturities of financial liabilities**

The tables below analyse the Trust's financial liabilities and net settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated - At 31 March 2016	Note	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying Amount liabilities \$'000
<b>Non-derivatives</b>							
Trade and other payables	21	10,497	-	-	-	10,497	10,596
Borrowings	19	217,707	1,564	43,012	-	262,283	250,352
<b>Total non-derivatives</b>		<b>228,204</b>	<b>1,564</b>	<b>43,012</b>	<b>-</b>	<b>272,780</b>	<b>260,948</b>
<b>Derivatives</b>							
Derivative financial instruments (outflows)		9,039	633	1,149	206	11,027	10,735
<b>Total derivatives</b>	20	<b>9,039</b>	<b>633</b>	<b>1,149</b>	<b>206</b>	<b>11,027</b>	<b>10,735</b>
<b>Non-derivatives</b>							
Trade and other payables	21	10,594	-	-	-	10,594	10,594
Borrowings	19	17,005	12,393	294,702	-	324,100	268,133
<b>Total non-derivatives</b>		<b>27,599</b>	<b>12,393</b>	<b>294,702</b>	<b>-</b>	<b>334,694</b>	<b>278,727</b>
<b>Derivatives</b>							
Derivative financial instruments (outflows)		2,362	1,857	3,355	341	7,915	7,686
<b>Total derivatives</b>	20	<b>2,362</b>	<b>1,857</b>	<b>3,355</b>	<b>341</b>	<b>7,915</b>	<b>7,686</b>

#### (d) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at balance date. The quoted market price used for financial assets held by the Trust is the current bid price, with the exception of investment in subsidiaries and joint ventures.

Investment in subsidiaries and joint ventures do not have a quoted market price in an active market and the fair value cannot be reliably measured.

The carrying value less impairment provision of trade receivables and payables approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Trust for similar financial instruments.

There are no financial liabilities with a carrying value different to their fair value.

Disclosure of fair value measurements is made by the level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

# WAIKATO RAUPATU LANDS TRUST

## Notes to the financial statements

FOR THE YEAR ENDED 31 MARCH 2016

### 27 FINANCIAL INSTRUMENTS (CONTINUED)

#### (d) Fair value estimation (continued)

Consolidated - as at March 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
<b>Assets</b>				
Financial assets at fair value through surplus or deficit				
- Investments in listed companies	12,370	-	-	12,370
- Investments in unlisted companies	-	-	14,327	14,327
- Investments in unlisted company (AFL income shares)	-	-	11,400	11,400
<b>Total assets</b>	<b>12,370</b>	<b>-</b>	<b>25,727</b>	<b>38,097</b>
<b>Liabilities</b>				
Financial liabilities at fair value through surplus or deficit				
- Interest rate swaps	-	10,735	-	10,735
<b>Total liabilities</b>	<b>-</b>	<b>10,735</b>	<b>-</b>	<b>10,735</b>
<b>Assets</b>				
Financial assets at fair value through surplus or deficit				
- Investments in listed companies	12,881	-	-	12,881
- Investments in unlisted companies	-	-	14,238	14,238
- Investments in unlisted company (AFL income shares)	-	-	10,521	10,521
<b>Total assets</b>	<b>12,881</b>	<b>-</b>	<b>24,759</b>	<b>37,640</b>
<b>Liabilities</b>				
Financial liabilities at fair value through surplus or deficit				
- Interest rate swaps	-	7,686	-	7,686
<b>Total liabilities</b>	<b>-</b>	<b>7,686</b>	<b>-</b>	<b>7,686</b>

#### (e) Financial instrument by category

Financial assets as per statement of financial position	Assets at fair value through surplus or deficit \$'000	Assets at amortised cost \$'000	Total balance \$'000
<b>Consolidated</b>			
<b>At 31 March 2016</b>			
Shares in listed and unlisted companies	38,097	-	38,097
Trade and other receivables	-	111,308	111,308
Cash and cash equivalents	-	181,010	181,010
	<b>38,097</b>	<b>292,318</b>	<b>330,415</b>
<b>At 31 March 2015</b>			
Shares in listed and unlisted companies	37,640	-	37,640
Trade and other receivables	-	98,009	98,009
Cash and cash equivalent	-	176,959	176,959
	<b>37,640</b>	<b>274,968</b>	<b>312,608</b>

Financial liabilities as per statement of financial position	Liabilities at fair value through surplus or deficit \$'000	Liabilities at amortised cost \$'000	Total \$'000
<b>Consolidated</b>			
<b>At 31 March 2016</b>			
Borrowings	-	250,352	250,352
Derivative financial instruments	10,735	-	10,735
Trade and other payables	-	10,497	10,497
	<b>10,735</b>	<b>260,849</b>	<b>271,584</b>
<b>At 31 March 2015</b>			
Borrowings	-	268,133	268,133
Derivative financial instruments	7,686	-	7,686
Trade and other payables	-	10,594	10,594
	<b>7,686</b>	<b>278,727</b>	<b>286,413</b>

#### (f) Capital risk management

The Trust's capital is its equity (comprised to retained earnings and reserves) plus its debt. Equity is represented by net assets. The Trust is subject to the financial management and accountability provisions of the Charities Act 2005, Waikato Raupatu Claims Settlement Act 1995 and the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010. The Trust manages its revenues, expenses, assets, liabilities, investments and general financial dealings prudently. The Trust's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings. The objective of managing the Trust's equity is to ensure the Trust effectively achieves its objectives and purpose, whilst remaining a going concern in order to provide returns for the Waikato Raupatu Lands Trust and to maintain an optimal capital structure to reduce the cost of capital.

During 2015 the Trust (excluding the hotels) restructured its arrangements with all banks to align the debt facilities with relevant Controlled entity entities that have contributed towards the debt. This has resulted in a cost effective structure which has led to a number of assets being released from unnecessary security. The Trust debt reported is \$250m (2015: \$268m) (see note 19). The Trust has not breached any bank covenants as required by the ANZ, ASB Bank, Bank of New Zealand and Westpac New Zealand Limited during the reporting period (see note 19) (2015: no breach). There are no externally imposed capital requirements at balance date (2015: nil).

	Note	Consolidated	
		2016 \$'000	2015 \$'000
Total borrowings		250,352	268,094
Less: cash and cash equivalents	20	(181,010)	(176,959)
Net debt		69,342	91,135
Total equity		939,882	861,561
Total capital		<b>1,009,224</b>	<b>952,696</b>
<b>Gearing ratio</b>		<b>7%</b>	<b>10%</b>

## 28 EVENTS OCCURRING AFTER THE BALANCE DATE

On 7 April 2016, the Trust entered into a new lease with TGHL for a 120 year period.

On 8 April 2016, Tainui Group Holdings Limited agreed to sell a 50 percent interest in The Base Limited to Kiwi Property Holdings Limited for \$192.5 million. Settlement occurred on 31 May 2016.

On 4 May 2016, the assets and liabilities of Hamilton Riverview Hotel Limited were sold into Hamilton Riverview Hotel Limited Partnership. Tainui Group Holdings Limited continue to hold 100 percent ownership and voting interest in Hamilton Riverview Hotel Limited Partnership.



# INDEPENDENT AUDITORS' REPORT

## *to the Trustees of Waikato Raupatu Lands Trust*

### **Report on the Consolidated Financial Statements**

We have audited the consolidated financial statements of Waikato Raupatu Lands Trust on pages 51 to 89, which comprise the consolidated statement of financial position as at 31 March 2016, the consolidated statement of comprehensive revenue and expense, and consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements that include a summary of significant accounting policies and other explanatory information for the Trust. The Trust comprises Waikato Raupatu Lands Trust and the entities it controlled at 31 March 2016 or from time to time during the financial year.

### **Trustees Responsibility for the Consolidated Financial Statements**

The Trustees are responsible on behalf of the Waikato Raupatu Lands Trust for the preparation and fair presentation of financial statements in accordance with Not-for-profit Public Entities Accounting Standards (PBE Standards) as issued by New Zealand Accounting Standards Board and for such internal controls as the Trustees determine are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Waikato Raupatu Lands Trust's preparation of consolidated financial statements that present fairly the matters to which they relate, 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 Waikato Raupatu Lands Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We are independent of the Trust. Our firm carries out other services for the Trust in the areas of tax and advisory services. The provision of these other services has not impaired our independence.

### **Opinion**

In our opinion, the consolidated financial statements on pages 51 to 89 present fairly, in all material respects, the financial position of the Trust as at 31 March 2016, and its financial performance and cash flows for the year ended on that date in accordance with Not-for-profit Public Benefit Entities Accounting Standards (PBE Standards) as issued by New Zealand Accounting Standards Board.

### **Restriction on Use of our Report**

This report is made solely to the Waikato Raupatu Lands Trust's Trustees, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Waikato Raupatu Lands Trust's Trustees, as a body, for our audit work, for this report or for the opinions we have formed.

Chartered Accountants  
24 June 2016

Auckland



