



WAIKATO
TAINUI

2018

TE PUURONGO AA
TAU A WAIKATO-TAINUI
WAIKATO-TAINUI
ANNUAL REPORT

Message from
the King

He Koorero Naa Te Kiingi

I have been reflecting on the recent past. It is apparent that we have seen many changes, particularly in the latter part of 2017. We have seen change in our society, change in the way our people engage and participate and a change in government. It's been 22 years since Waikato settled its Treaty Claim with the Crown. I think about how far the tribe has come in terms of contributing to the Maaori economy, currently valued at over \$50 billion. Maaori are learning and evolving in this world, and we have become key influencers in the New Zealand economy. I am, however, concerned with the lack of job creation and how we are not preparing our people for training in a range of industries that we are invested in, particularly the hospitality industry.

Prior to the 2017 election, there was much speculation and indeed misunderstanding about my position on Maaori representation in Parliament. I have already stated that I remain committed to a vision that, one day, all Maaori electorate Members of Parliament, no matter what political party they belong to, will be accountable to a Maaori-owned and Maaori-controlled overarching entity or taumata made up of all waka. This remains one of my ambitions and one that I will continually pursue.

My call is for all leaders of te ao Maaori to work with Prime Minister Rt Hon Jacinda Ardern and her Parliament to achieve outcomes that benefit not only Maaori but the whole of Aotearoa. I have continually spoken of Kotahitanga and so have many leaders before me. The fact is that Maaori across this country continue to make decisions that challenge the notion of Kotahitanga. From time to time, Maaori will come together to debate, discuss and cooperate on specific and select issues. However, in respect of being a nationally unified force on cultural, political or economic matters, we will remain challenged for some time to come.

I am determined that the Kiingitanga will maintain an open and transparent dialogue with all political parties and groups, especially on the future aspirations of Maaori. I am equally determined to ensure that the historical and positive working relationship between the Kiingitanga and the Labour Party

continues. Prime Minister Rt Hon Jacinda Ardern has my personal support and the support of the Kiingitanga to achieve her objective of a fairer and better New Zealand.

We cannot change the past, but we can learn from the past. Since my ascension to the Te Wherowhero throne 11 years ago, I have been of the view that this role is to act as a catalyst for leading Maaori into the exciting opportunities of the future and away from dwelling on the wrongs of the past. It has been a long, slow and often tortuous process, but today the Maaori world, the Maaori people and the Maaori economic machine continue to improve their position in the world – as Maaori.

I am of the view that our presence in the international arena is underdeveloped. Our historical experience as traders has taught us about the opportunities abroad. Our region including China, Europe and parts of the United States continue to teach Maaori many things and remain viable markets for our products and services. I am a strong believer in bringing those markets and people here to New Zealand, and we should not totally focus entirely on exporting.

Maaori have a large multi-billion-dollar asset base, which we have learned slowly but surely to successfully manage ourselves. We have brilliant young people achieving at the highest levels in sports, business, medicine, research and the law. Growing numbers of Maaori are graduating from internationally acclaimed universities such as Harvard, Yale, Stanford, Oxford and Cambridge. These young leaders will pave the way and provide the leadership necessary to lift Maaori achievements to a higher level.

In January this year, we celebrated the founding of te Haahi Ringatuu. I acknowledge the descendants, the believers of the prophecies of Te Kooti, who founded te Haahi Ringatuu 150 years ago while wrongly imprisoned by the British on Wharekauri. My thoughts go back to the encouragement offered to Te Kooti Arikirangi Te Turuki by my great-great-great-grandfather, King Taawhiao – words that inspired Te Kooti to acknowledge that the axe and mere were not the pathway to go forward and that the only pathway forward to a prosperous future was the path



of peace, a pathway of cooperation for the common good. I acknowledge ngaa moorehu o te Haahi Ringatuu.

In May this year, the 160th celebrations of the founding of the Kīngitanga and the election of the first Māori King, King Pootatau Te Wherowhero, began. The ceremonies and celebrations are being organised by Whatumoana, my eldest son. And of course, it goes without saying that I look forward to hosting at Tuurangawaewae and celebrating the birth of the Kīngitanga with all iwi from across the motu.

Finally, I want to thank my people of Waikato-Tainui and their enduring commitment and support of the Kīngitanga. I'd like to acknowledge the work done by all rangatira from across the motu including our leadership. I also want to make mention of

the strong and enduring relationship I have with the leadership and ariki from across the Pacific and the recent passing of my dear friend Senator Taniela Kahikina Akaka of Hawaii. My condolences to Millie, his wife, and surviving children.

Paimaarire

Tuuheitia Pootatau Te Wherowhero Te Tuawhitu

Image credit: Erica Sinclair

Ngaa Pou pou o Waikato-Tainui

'Ki te kotahi te kaakaho ka whati, ki te kaapuia, e kore e whati.'

'When reeds stand alone, they are vulnerable, but bound together they are unbreakable'

Tāawhiao, Tuukaroto Matutaera Pootatau Te Wherohero

An organisation the size and breadth of Waikato-Tainui requires cohesive, collaborative leadership to drive the change and success that we are seeking on behalf of our people.

Ngaa Pou pou o Waikato-Tainui is our vehicle to encourage, promote and lead this.

Overseen by the Chair of Te Whakakitenga o Waikato, in FY2018 Ngaa Pou pou o Waikato-Tainui included the Chairs of:

- **Te Arataura**
- **Waikato-Tainui College for Research & Development**
- **Tainui Group Holdings**
- **Ururangi Limited**
- **Ngaa Marae Toopu**

Ngaa Pou pou o Waikato-Tainui is committed to promoting kotahitanga, mahitahi, communication and alignment across the tribal entities. It encourages meaningful collaboration and provides a collective view on the strategic direction of our iwi.

Paimaarire.

Parekawhia McLean
Chair Te Whakakitenga o Waikato



Parekawhia McLean
Chair of Te Whakakitenga o Waikato



Ruknoana Schaaflhausen
Chair of Te Arataura



Sir Henry van der Heyden
Chair of Tainui Group Holdings



John Rangiteremaui Heremia
Chair of Waikato-Tainui College for Research and Development



Brad Totorewa
Chair of Ngaa Marae Toopuu



Peter Rogers
Chair of Ururangi Limited



Donna Flavell
Chief Executive Waikato Tainui



Chris Joblin
CEO of Tainui Group Holdings



Dr Cheryl Stevens
College Director of Waikato-Tainui College for Research and Development

*Maaku anoo e hanga tooku nei whare.
Ko te taahuhu he hiinai ko ngaa
poupou he maahoe, patatee.
Me whakatupu ki te hua o te rengarenga,
me whakapakari ki te hua o te kawariki.*

I myself shall build my house. The ridge-pole will be of hiinai and the supporting posts of maahoe and patatee.
Raise the people with the fruit of the rengarenga, strengthen them with the fruits of the kawariki.

Taawhiao, Tuukaroto Matutaera Pootatau Te Wherohero

Raarangi Kaupapa

Contents

Te Puurongo a te Kaihautuu o Te Whakakitenga o Waikato <i>Report of the Chair of Te Whakakitenga o Waikato</i>	4	Ngaa Tohu Kaupapa <i>Cultural Signposts</i>	26
Te Puurongo a Te Arataura <i>Report of Te Arataura</i>	8	Ngaa Tohu Hapori <i>Social Signposts</i>	28
Te Puurongo a Tainui Group Holdings <i>Report of Tainui Group Holdings</i>	12	Ngaa Tohu Taiao <i>Environmental Signposts</i>	30
Te Puurongo a Waikato-Tainui College for Research and Development <i>Report of Waikato-Tainui College for Research and Development</i>	18	Ngaa Tohu Whai Rawa <i>Wealth Signposts</i>	32
Te Puurongo a Ngaa Marae Toopu <i>Report of the Marae Collective</i>	22	Ngaa Tohu Mohi Tonu <i>Ongoing Work Signposts</i>	34
		Ngaa Puurongo aa-Tahua <i>Financial Statements</i>	36



***Parekōhia
Mclean***

Chair of
Te Whakakitenga
o Waikato

Hīnau

"The ridge-pole
will be of hīnau ..."

*Hīnau artwork includes elements adapted from various images sourced from www.inaturalist.org. Contributors: Leon Perrie, absoluteandy, Alex Fergus, bushmansfriend, jacqui-nz, John B.

Te Puurongo a te Kaihautuu o Te Whakakitenga o Waikato

Report of the Chair of Te Whakakitenga o Waikato

*He whenua maatoitoi
He whenua kura
He whenua taangaengae*

*Whakamau whakamau ki Manuaituu
Ki Puke-rengarenga*

*Tiutuu kau ana ngaa puururu kahikatea
ki Oomaero!*

*Oraora kau ana nga kaakaho
o Te Kaharoa!*

*Noo reira, haere mai ki a au
ki Te Papa-oo-Rotu ki te au terena*

*Ki te urunga tee taka te moenga
tee whakaarahia*

Ahako he iti taku ngohi

He rei kei roto!

*Noo reira, kei taku Kiingi,
taatou e pae nei*

Paimaarire ki a taatou katoa!

Last September, I was humbled to be elected Chair of Te Whakakitenga o Waikato for the next three years (2017–2020), and I am equally honoured to be presenting this report.

Last year, the focus of the 2017 Annual Report was directed at creating a platform for future generations. This was captured in the tongikura “Te hanga I te tuuaapapa moo ngaa uri whakaheke.”

In this year’s Annual Report, we build on that concept, drawing on the tongikura from Kiingi Taawhiao – Maaku anoo e hanga tooku nei whare. Ko ngaa poupuu o roto, he maahoe, he patatee ko te taahuhu he hiinau. Me whakatupu ki te hua o te rengarenga, me whakapakari ki te hua o te kawariki

My report is based on the hiinau as it provides the metaphorical backbone to our whare.

Each of the chairs who have contributed to this publication have based their articles around the enduring qualities that are captured in the flora that Kiingi Taawhiao refers to in his tongikura.

WORKING TOGETHER

In order to succeed, Te Whakakitenga o Waikato is committed to the underlying values of kotahitanga and mahitahi. Being united, focused and purposeful to provide the strategic leadership in the best interests of our people is critical. Our people deserve nothing less than this.



In November 2017, Te Arataura with management held a governance workshop to capture the thoughts and aspirations of Te Whakakitenga members to help shape the medium-term strategy that empowers our marae to achieve their aspirations and enables our tribal members to fulfil their potential.

These workshops will continue over the next 12 months as we look to further refine the way in which we deliver outcomes that benefit our people.

OUTSTANDING WAITANGI TRIBUNAL CLAIMS

Since his appointment as tribal negotiator, Rahui Papa has met with hapuu, neighbouring iwi, government officials and Ministers. He has provided reports to Te Whakakitenga and keeps me updated on progress.

The role of the tribal negotiator is important because it covers both settlement protection and the approach for negotiating and settlement of outstanding claims.

There has been a significant amount of work in this space, and Te Whakakitenga is confident about the outcomes that have been achieved over this term.

RELATIVITY FUNDS

In December 2017, we received \$190m from the Crown in recognition of its ongoing relativity responsibilities consistent with our 1995 settlement. There were other items that we challenged the Crown on, and subsequently a further \$16m was paid in March 2018. This is an opportunity to remind ourselves that the ultimate decision making around how we might apply the relativity funds rests with Te Whakakitenga. Our strategic tribal blueprint Whakatupuranga 2050 will form the basis of further decision making alongside the strategic workshops that are being held regularly.

RELATIONSHIPS

Fostering enduring partnerships that deliver benefits to our people is a priority. We have a wide range of relationships – some have evolved over many years while others are new arrangements.

I have been humbled since becoming Chair to have attended a series of oati with other tribal entities. These arrangements serve to strengthen our existing relationships at a time when Crown-negotiated settlements can test tikanga.

These oati make it clear that, where there is disagreement, parties are compelled to undergo a process that is firmly entrenched in tikanga to resolve those differences rather than the court system.

From a Crown/Maori Treaty perspective, we welcomed the new government into office by sending a briefing to all incoming Ministers setting out the aspirations for our people and the expectations we have of the Crown. We have always maintained an open and transparent working relationship with the Crown regardless of the government of day.

APPOINTMENTS COMMITTEE

The Appointments Committee made appointments to a series of board positions last year including:

- Waikato-Tainui Distributions Limited – Donald Turner, Karen Wilson, Linda Te Aho
- Waikato Endowed College Trust – John Heremia, Shane Solomon, Nanaia Mahuta
- Tainui Group Holdings Limited – Mike Allen, Linda Te Aho, Hinerangi Raumati-Tu'ua, Sir Henry van der Heyden
- Lake Puketirini Management Committee – Tukaroto Mahuta
- Golden Koi Industries – Hemi Rau, Paki Rawiri
- Community Law Waikato Trust – Patience Te Ao
- Southern Initiatives – Patience Te Ao and Huriwai Paki



Image credit: Erica Sinclair

FINANCIAL PERFORMANCE

Tainui Group Holdings (TGH) results together with returns on tribal assets has resulted in a net profit of \$106m this year. This included a sound net profit of \$45.5m recorded by TGH, which did not match the highs of the previous year when the record result included significant gains on property valuations and a boost from selling several assets for prices above their accounting valuations.

Tribal total assets as a whole have grown by \$125m to \$1.37 billion, and total equity has increased by \$104m up to \$1.17 billion.

We received a further relativity payment of \$189.6m under the terms of the settlement with the Crown. A further \$16.8m was received in April 2018, which was also recognised in the 31 March 2018 financial accounts.

The TGH dividend for the 2018 financial year result is \$17.5m (\$13.6m is recognised in the financial statements and an additional \$3.9m was approved subsequent to 31/3/18). A further \$1m of services in kind was provided by TGH. TGH continues to investigate a range of opportunities as it strives to achieve its goal to return annual dividends of at least \$30m by 2022.

ACKNOWLEDGEMENTS

Many have contributed to the achievements of the past year, and it is only appropriate to recognise them.

I acknowledge former Te Whakakitenga Chair Maxine Moana-Tuwhangai and Deputy Chair Te Whakahawea Rapana for their leadership and guidance over the past term.

During this period, Te Arataura was ably led by Rahui Papa until his retirement in June. Rahui has been an influential figure, especially his engagement with other iwi. Rukumoana Schaafhausen was elected Chair of Te Arataura in September and brings a wealth of professional experience alongside being one of the longest-serving Te Arataura members.

The Waikato Endowed College Board has been making progress over the past year, which culminated in the appointment of Dr Cheryl Stephens to the role of College Director. To that end, I acknowledge the leadership of Chair John Heremia and his fellow trustees.

Led by Chairman Sir Henry van der Heyden, the Board of TGH continues to identify commercial opportunities to grow our asset base. Their role is critical as we aim to meet and exceed the tribal expectations that are captured within Whakatupuranga 2050.

Last but not least, I am grateful for the contribution that all Te Whakakitenga members make in setting our strategic direction as we forge our way ahead.

We are very fortunate to have the calibre of leadership who have served and continue to serve the iwi well.

None of this would be possible without the dedication of management and staff. You all work extremely hard every day. You understand the importance of developing and maintaining authentic and genuine relationships in order to meet the collective expectations of our people. It is not an easy task at times, but your dedication to the mahi over the last 12 months has been outstanding.

Mahia te mahi, hei painga mo te iwi

Parekawhia Mclean
CHAIR OF TE WHAKAKITENGA O WAIKATO



***Rukumoana
Schaafhausen***

Chair of Te Arataura

Patatee

"... the supporting posts of
maahoe and patatee."

Donna Flavell
Chief Executive Waikato Tainui



*Patatee artwork includes elements adapted from various images sourced from www.inaturalist.org. Contributors: Jon Sullivan, warweeds.

Te Puurongo a Te Arataura

Report of Te Arataura

As our tipuna Kiingi Taawhiao has taught us – from humility springs hope, strength and prosperity. His prophetic words are the story of Waikato-Tainui – a humble but durable and successful people.

Looking back on the past 12 months, we note the amount of change our people have successfully navigated. We also acknowledge the progress we have made on our goals for the year.

From a governance perspective, Te Arataura is pleased with the performance of the tribe in terms of social, environmental and economic outcomes.

The tribe is well placed to play a leadership role in our region for the benefit of our people and the wider community.

DISTRIBUTIONS

In the year to 31 March 2018, our strong financial performance enabled us to distribute \$21.29m across a range of priority areas.

WHAI RAWA

In the past year, we paid dividends of \$8m to marae, which was made up of a special dividend of \$6m and annual grant of \$2m. During the year, 12 marae undertook our asset maintenance programme, and 15 completed fire safety training. Significant progress was also made in our marae insurance programme with 63 valuations completed. We also helped 20 new business ventures get started, and 150 tribal members have registered for ongoing business support.

MAHI TONU

In the past year, Ngaa Mana aa Ture (Rights and Interests) successfully challenged the Crown's initial assessment of our relativity payment owed from our 1995 settlement, with the Crown conceding an additional \$16.8m payment on top of \$189.6m. The team will continue the negotiations in FY19.

KAUPAPA

Our te reo Maaori programmes Uukaipoo, Te Reo Kaakaho, Te Reo Aratau and Te Reo Kaapuia were well supported by our people over the past year. Designed for varying levels of proficiency, the programmes contribute to maintaining our language using our methodology and knowledge practices.



HAPORI

In housing, our home-ownership workshops proved highly popular, with 800 people attending in the past year. Here is one person's moving feedback:

E taku iwi o Waikato-Tainui, Nei rā te mihi maioha ki a koutou, nā koutou mā i huakina i ngā tatau hei whakatū ahuru moxai mō tō tātou whānau. Nā koutou i whakaae kia noho a Adam Gray hei kaitiaki mō tō tātou whare. Ko te hua? Kua hokona mātou i te whare. He mihi nui tenei ki a koutou mā, mei kore koutou, ka kore he ahuru moxai mā tātou. E kore a kupu e ea i te mihi ki a koutou

We would like to express thanks to you, our iwi, for opening the doors for us to become home owners. You consented to Adam Gray signing the tenancy agreement, which has resulted in us buying our home from Housing New Zealand. Words cannot express how grateful our family are, we are now able to ensure our tamariki and future generations will always have somewhere to call home.

In education, we have established kawenata with 26 schools and four tertiary institutions, enabling us to touch the lives of our people embarking on their learning journey. In the past

year, we helped 158 tribal members into employment and apprenticeships and 160 through pre-trades.

In January 2018, we signed historic agreements with 11 of the country's top industry training organisations. These agreements are about encouraging our people to earn while they are actively engaged in learning through mechanisms like apprenticeships.

Our extended driver licensing programme has opened career pathways for our people. The grant offers registered Waikato-Tainui tribal members a 50% discount on the cost of a class 1 car learner, restricted or full licence test. It also offers a 50% discount towards truck licence endorsement courses (classes 2, 4, 5) along with forklift, roller, tracks and wheels endorsement courses.

"Wanting to renew my forklift. Yeah Waikato-Tainui. Loving you got my back on this. Helps me and my whānau. Applying" – Tribal member's social media post

TAIAO

Relationships and environmental initiatives have been a focus of our mahi in the past year. We successfully established 10



Image credit: Erica Sinclair

of the environmental initiatives identified in our 12-month work programme.

Of particular note is our ongoing work to address stabilisation and capacity issues at the urupaa at Taupiri.

FUTURE OUTLOOK

In recent months Te Arataura and Te Whakakitenga have been co-designing a five-year plan to deliver a more prosperous future for our people and our region.

From our strong foundations, we are ready to play a leading role in the Hamilton to Auckland corridor and deliver substantial gains in housing, jobs and cultural and environmental wellbeing.

For our 76,000-strong members, this will mean more affordable homes, good paying jobs, modern transport and a strong and prosperous tribe.

ACKNOWLEDGEMENTS

On a personal note, I acknowledge my fellow Te Arataura board members and the executive team led by Donna Flavell, which has worked hard to create a high-performance culture

that delivers for our tribal members. We now have a fit-for-purpose team in place with 90 staff, including casual and fixed-term roles.

I also acknowledge my predecessor Rahui Papa for his leadership and guidance of Te Arataura and his years of iwi service.

In closing, we look forward to celebrating the 160th anniversary of the Kiingitanga movement and the mana of Kiingi Tuuheitia.

Rukumoana Schaafhausen
KAIKAUTUU / CHAIR TE ARATAURA O WAIKATO-TAINUI

Donna Flavell
**TUMU WHAKARAE/CHIEF EXECUTIVE
 WAIKATO RAUPATU LANDS TRUST & WAIKATO RAUPATU RIVER TRUST**



**Sir Henry
van der Heyden**

Chair of Tainui
Group Holdings



Chris Joblin
CEO of Tainui Group Holdings

Maahoe

"... the supporting posts of
maahoe and patatee."

*Maahoe artwork includes elements adapted from various images sourced from www.inaturalist.org. Contributors: Jon Sullivan, jacqui-nz, Tony Wills.

Te Puurongo a Tainui Group Holdings

Report of Tainui Group Holdings

Paneke paneke

PROGRESS ON MANY FRONTS

The tongikura that has been adopted as the theme for this Annual Report speaks profoundly of the importance of building an independent, self-reliant iwi. Our role in fulfilling that proverb is to ensure a self-sufficient economic base through commercial enterprise that will support our iwi to prosper.

The FY18 year marked progress on many fronts, from further growing the commercial assets and dividend for Waikato-Tainui to initiating a game-changing investment at Ruakura and bringing hotel developments closer to fruition. We also created a number of potential job opportunities for tribal members along the way.



New streets start to take shape at Rotokauri

FINANCIAL RESULTS – NGAĀ HUA AA-TAHUA

In FY18, TGH recorded a sound net profit of \$45.5m. This could not match the highs of the previous year when the record \$114.8m result included significant gains on property valuations and a boost from selling several assets for prices above their accounting valuations.

An average 9.7% rate of return over the past five years means we have once again been able to increase the annual dividend to Waikato-Tainui by almost 10% to \$17.5m of cash dividend plus a further \$1m of services in kind for the FY18 year (last year, \$16m before special dividend and services in kind).

In FY18, we have had to absorb a non-cash accounting write-down of \$11.7m on our investment in Waikato Milking Systems reflecting the impact of several tough years in the dairy sector, and we now have a business recovery strategy in place.

The value of equity owned by TGH was \$690.5m as at 31 March 2018, an increase of \$30.4m million over the past 12 months.

The return on investment for FY18 was 6.7%. At balance date, total debt was \$143.9m or 15.8% of total assets, compared to 14.2% last year.



Artist's impression – extended east wing at Novotel Tainui Hamilton



Kaimahi of Waikato-Tainui tour the earthworks for the inland port at Ruakura

COMMERCIAL PROGRESS – NGA KAUPAPA ARUMONI

Developing Ruakura Estate is the highest commercial priority for TGH. Our vision is for an inland port anchoring a logistics hub, with supporting zones for industry, commerce, knowledge, residential and retail. This development will transform the eastern boundary of Hamilton and greatly improve efficiency for importers and exporters. An estimated 6,000–12,000 jobs will be created within the businesses at Ruakura.

In June 2017, we announced a JV agreement with world-class port operator LINX Cargo Care Limited for a 30-year lease on the inland port land at Ruakura (subject to Overseas Investment Office approval). Waikato-Tainui will continue to own the land and receive ground lease payments for its use. We are in a number of discussions with major freight-reliant businesses, including LINX customers, about moving to Ruakura or using the inland port.

In October 2017, we completed pre-loading the platform for the first 6 hectares of the 31-hectare port. The next construction

stage is planned for October 2018 to enable a 2020 opening of the inland port (in line with the Waikato Expressway.)

Our three hotels were strong contributors to cash earnings in FY18. Planning is well advanced for the new 5-star Te Arikinui Pullman Hotel at Auckland International Airport. This spectacular design will incorporate significant elements of our tribal heritage. At Novotel Tainui Hamilton, we have announced plans to add a new 40-room east wing to the hotel.

During FY18, we reviewed our farming operations to improve profitability and conducted on-farm safety and environmental checks. Health and safety was a big focus across all of TGH with the employment of a health and safety advisor to help kick off an overhaul of health and safety systems across farms, forests and businesses.

Our joint venture for Rotokauri Rise subdivision saw strong demand from our build partners, with 101 sections sold by year's end.

SUPPORTING OUR IWI – HE POU WHIRINAKI

Our TGH vision – kia tupu, kia hua, kia puaawai – makes it clear there is more for us to do than just growing revenue for our iwi.

One of our most successful new programmes is Paataka Kai – tapping the produce of our farmlands to deliver up to 550 mutton per year to our marae when they're most needed for events such as poukai or tangi.

In the first eight months since the programme kicked off on 1 August 2017, 166 mutton were delivered to 32 marae. In addition, we have distributed several hundred pillows from our hotels to our marae.

In September 2017, we hosted more than 300 iwi members at an open day. We also hosted three asset tours, which were attended by more than 120 iwi members.

Creating job opportunities has been a key focus during the year. In FY18, we were able to leverage our business partnerships to provide 216 job opportunities. For 2019, we have increased our target to 1,000 job opportunities, with backing from organisations such as Fulton Hogan, Accor, GoBus and Armourguard who have supported this initiative to date.

Members of the TGH team attended a number of poukai, with all TGH staff attending the Maketuu Marae poukai in March 2018. Our team also enjoyed a noho marae at Maketuu Marae in June 2017 and exchanged visits with the College to encourage whakawhanaungatanga amongst our tribal entities.

TGH leadership attended official events at Koroneihana (August 2017), Tuurangawaewae Regatta (March 2018) and the Kiingitanga Celebrations (May 2018) with an information stand at all these events.

On 20 September 2017, we opened the new Puurua Centre next to Centre Place in Hamilton for use by iwi members as a hui venue. By financial year's end, the venue had been booked for over 60 events.

GOVERNANCE AND STAFF – ROOPUU HAUTUU ME NGAA KAIMAHI

Early in the year, it was a great shock to the TGH whaanau to learn that Peter (Haimona) Savage, one of our farming cadets, had passed away on New Year's Day. Our thoughts remain with Peter's whaanau. Noo reira e te rangatira, e Haimona, takoto mai, moe mai raa.

Iwi elections held in September 2017 saw Tukoroirangi Morgan and Hemi Rau leave the TGH Board, and we thank them for their years of dedicated service. In November 2017, Hinerangi Raumati-Tu'ua and Linda Te Aho joined the Board as Te Arataura representatives.

Hinerangi is an experienced director and 2017 Maaori Woman Business Leader of the Year, while Linda is an Associate Professor in Law, experienced director and Treaty of Waitangi settlements advisor. Both bring fresh perspectives to the table.

Greater mahi tahi with our other Waikato-Tainui entities has been a focus, and the Six Chairs is proving a particularly effective forum for which we also acknowledge our Waikato-Tainui whaanau for their support.

On the management side, Leesah Murray (Ngaati Maniapoto, Ngaati Tuuwharetoa) joined TGH as GM People and Culture in October 2017. TGH now has a highly committed core of senior leaders who are ably supported by the hard-working and cohesive team at TGH, who we sincerely thank. He mihi nui ki a raatou e whakapeto ngoi ana mo te iwi.

We also acknowledge and thank our business partners, customers and the governors and leaders of the Waikato-Tainui entities and look forward to a productive and prosperous year ahead.

Noo reira ngaa nunui, ngaa roroa, nei raa te mihi mahana ki a koutou katoa.



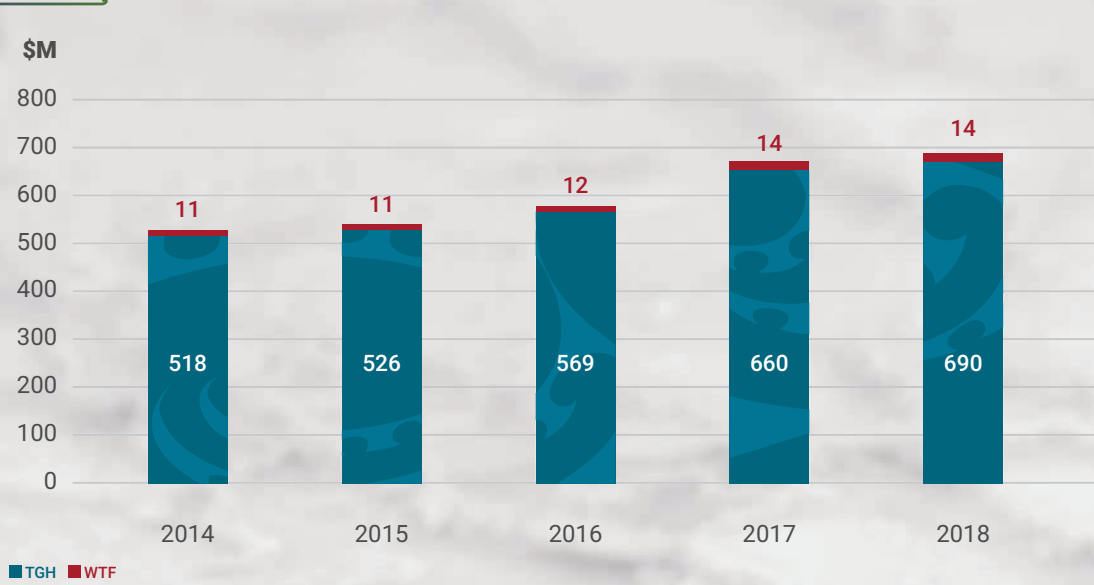
Sir Henry van der Heyden
CHAIR OF TAINUI GROUP HOLDINGS



Chris Joblin
CEO OF TAINUI GROUP HOLDINGS

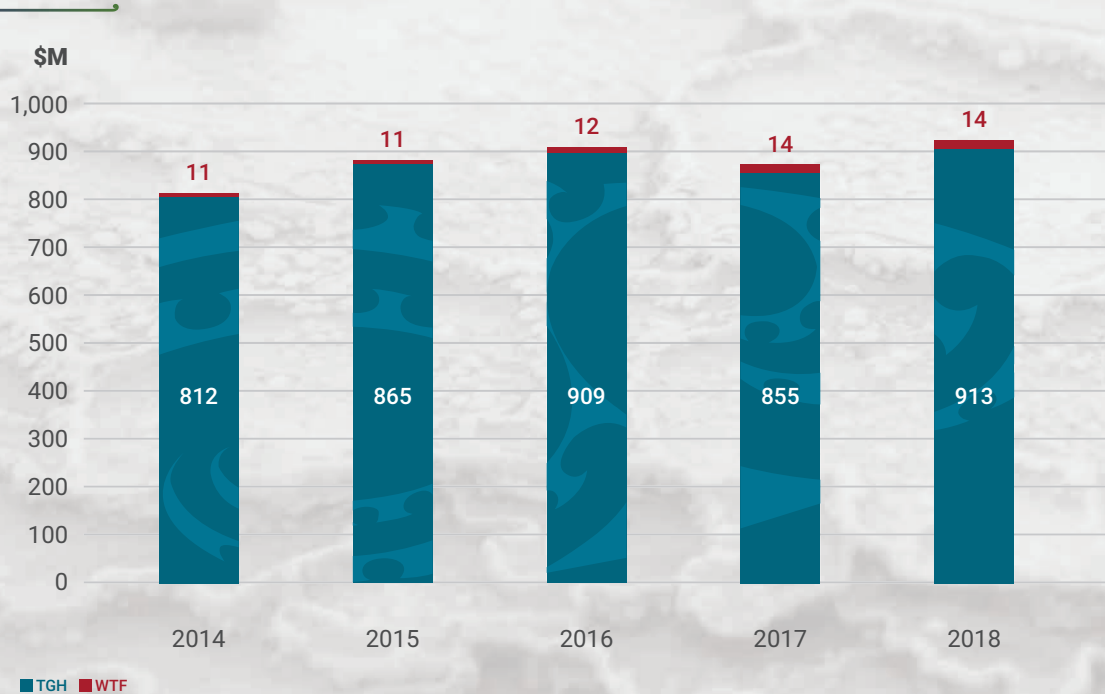
TE TUUTANGA EQUITY

Tainui Group Holdings and Waikato-Tainui Fisheries



TE TAPEKE O NGA A RAWA TOTAL ASSETS

Tainui Group Holdings and Waikato-Tainui Fisheries



TE HUA MORE (TE MONI TAKAREPA) NET PROFIT (LOSS)

Tainui Group Holdings and Waikato-Tainui Fisheries

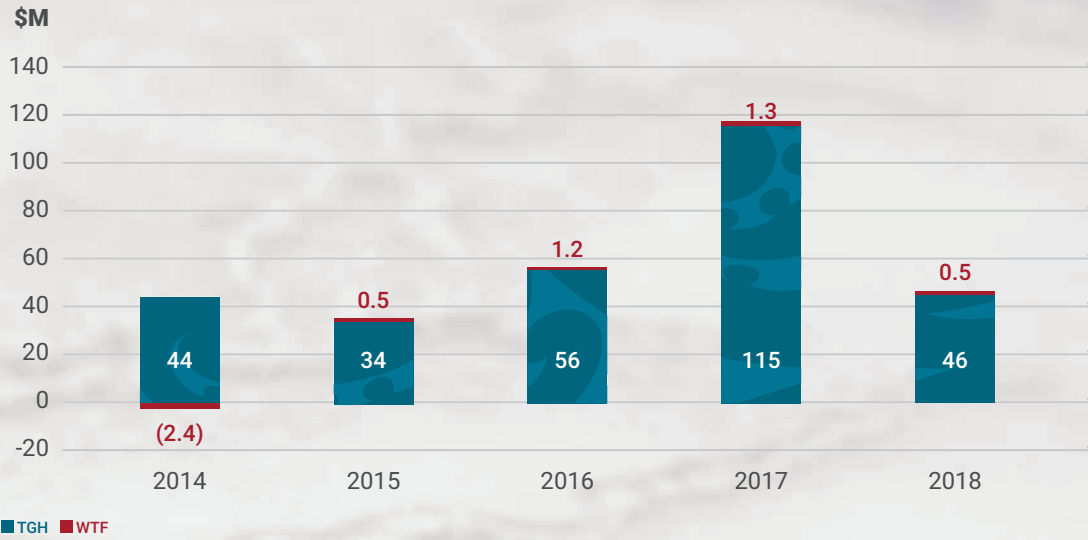


Image credit: Petr Vysohlid



**John
Rangiteremaui
Heremia**

Chair of Waikato-
Tainui College
for Research and
Development



Dr Cheryl Stevens
College Director

Rengarenga

"... Raise the people with the
fruit of the rengarenga ..."

*Rengarenga artwork includes elements adapted from various images sourced from www.inaturalist.org. Contributors: Brett Payne, Phil Bendle, tangatawhenua.

Te Puurongo a Waikato-Tainui College for Research and Development

Report of Waikato-Tainui College for Research and Development

E RAU RANGATIRA MAA, TEENAA KOUTOU KATOA

The Waikato-Tainui College draws on three inspirational tribal leaders of Aotearoa New Zealand to guide our research and development focus – Te Paea Herangi, Te Arikini Dame Te Atairangikaahu and Sir Robert Mahuta. These leaders reinforce for us the importance of upholding the values of Kiingitanga and a pride in being Waikato-Tainui. Their collective achievements and individual contributions demonstrate how each of us are able to contribute to the advancement of our people. They are part of the Waikato-Tainui College for Research and Development not only because of their leadership in the tribe's longstanding search for redress of the raupatu but also because they are seen as our own exemplars of tribal excellence.

These prestigious history-changers serve as a constant reminder to us to continually lift our performance and to take up our own higher challenges. Their legacy provokes us to seek better ways of doing our work. It inspires us to continue producing high-calibre future leaders, whilst upholding the values of Kiingitanga, our reo and tikanga, articulated in our long-term tribal strategy Whakatupuranga 2050.

During the 2017 financial year, following the redesign of Whakatupuranga 2050, the College took the opportunity to review and realign its business plans and delivery outcomes to the five signposts – Ngaa Tohu Kaupapa (Cultural), Ngaa Tohu Hapori (Social), Ngaa Tohu Taiao (Environmental), Ngaa Tohu Whai Rawa (Wealth), Ngaa Tohu Mahi Tonu (Ongoing Work).

The appointment of our new College Director Dr Cheryl Stephens in February 2018 has provided strategic and timely opportunities for the College to fulfil its role to lead and deliver the tribe's action research agenda, to develop more exceptional and relevant leadership programmes, to work with international indigenous communities for mutual learning and development opportunities, to take the next step up from its MBA programme to develop a doctoral programme and to access education and research funding opportunities. The College's mandate is to develop a national and international community of leading indigenous scholars with the focus on growing our future leaders. We undertake research on the environment, health and wellbeing of people and our awa, the Waikato River, fostering indigenous knowledge and development, which is transformational for the communities we serve.



RESEARCH AND DEVELOPMENT PROJECTS 2017/18

Manaaki Tuna

This is a collaboration between the College, Waikato Raupatu River Trust and National Institute of Water and Atmospheric Research Limited to enhance the tuna fishery of the Waikato River by:

- developing a tuna restoration plan for the Waikato River – a best-practice guide that identifies and prioritises actions for restoration
- supporting Waikato-Tainui in the collation of maatauranga o te tuna and development of a community tuna monitoring framework
- supporting the implementation and monitoring of the Waikato River fisheries bylaws whose purpose is to ensure the sustainability of fisheries resources and recognise the cultural and traditional practices of Waikato-Tainui.

Té Wai Project – Marae Waterways Project (Phase Three)

The objectives of Phase Three are to:

- continue to collect the remaining data from rangatahi researchers and students of the Té Wai Project
- enter the remaining data into a centralised tribal database that is accessible to all tribal marae
- produce an engaging booklet that showcases the Té Wai Project, including its outcomes
- promote the project, including the booklet, to tribal members, including marae representatives.

Iwi Priorities Project

The Waikato River and Waipaa River Restoration strategy is being developed by the Waikato River Authority in partnership

with DairyNZ, the Waikato River Authority and Waikato Regional Council and will provide a framework for all organisations involved in Waikato and Waipaa River catchment restoration activities. Its purpose is to guide tangible restoration work through specific, achievable and prioritised activities that have been developed in consultation with catchment stakeholders. The Iwi Priorities Project sits under the strategy and is being led by the College in partnership with the University of Waikato. The project provides support to the five river iwi to develop their own priorities as co-management partners. The final set of priorities will be endorsed by the five river iwi and will be presented to the Waikato River Restoration Forum.

Haunui, Haurua, Hauora

This is an investigation of Waikato-Tainui rangatahi wellbeing because of participation in a developmental voyaging programme that utilises traditional navigation and tikanga values and processes.

Takituu Tribal Governance and Leadership Book

The intent is to create a high-quality, practical and relevant indigenous governance and leadership book to assist tribal governors and leaders, especially students of the Takituu and Whakatupu Marae programmes.

Literature review on Maaori language dialect and regional/iwi variation

The literature review collates and summarises existing literature on the prevalence, distinctions and active use/visibility of Maaori language dialect and/or regional/iwi variations today. qwvlt also makes key observations as to the relevance or otherwise of these in Maaori language revitalisation.



Image credit: Te Rawhitiroa Bosch

PROGRAMMES 2017/18

Master of Business Administration

The MBA programme welcomed its first cohort in 2011. The fourth cohort of students will graduate in 2018. The programme is being reviewed by the College and the University of Waikato, working with the graduates/alumni of the Waikato-Tainui MBA programme, as a body of experts and leaders that have the skills to lead tribal, cultural, social, political, environmental and commercial development imperatives whilst also being underpinned by Maaori values and principles.

Waikato-Tainui PhD Scholarships

The College provides mentorship, stewardship and manaaki for our tribal doctoral scholars to present their research to their marae, iwi and hapuu, to publish works from their thesis in a variety of forms and to encourage presentations through a series of seminars, conferences, 'think tanks' and waananga.

Waikato-Tainui Summer Internship Programme

This is an opportunity for tertiary students currently enrolled in undergraduate study to develop and apply their skills to existing work across the tribe. Supervision and mentorship is provided by Waikato-Tainui Group staff over summer (November-February).

Whakatupu Marae Programme

The aim is to equip Waikato-Tainui marae trustees and committee members with the fundamental tools to grow Waikato-Tainui marae and enhance the leadership and governance capacity in Waikato-Tainui.

Takituu Governance, Sustainability and Indigenous Development Programme

This is an indigenous governance programme designed to assist leaders of iwi, Maaori organisations and communities to further extend their understanding of governance as it applies in indigenous and tribal contexts.

ACKNOWLEDGEMENTS

The Waikato-Tainui College for Research and Development and the Waikato Endowed College Trust wish to thank our Patron Kiingi Tuuheitia for his ongoing support.

We also wish to acknowledge Tuti Cooper for her stewardship and leadership of the College from 2017 to February 2018 and also Bentham Ohia for service and contribution to the College's goals and aspirations over the past eight years.

John Rangiteremauri Heremia
CHAIR OF WAIKATO-TAINUI COLLEGE

Dr Cheryl Stevens
COLLEGE DIRECTOR - WAIKATO-TAINUI
COLLEGE FOR RESEARCH AND DEVELOPMENT



Brad Toretawa

Chair of Ngāa
Marae Toopuu

Kawariki

"... strengthen them
with the fruits of
the kawariki."

*Kawariki artwork includes elements adapted from various images sourced from www.inaturalist.org. Contributors: c-darrah, d_kluza, jacqui-nz

Te Puurongo a Ngaa Marae Toopuu

Report of The Marae Collective

Me whakapakari ki te hua o te kawariki

**STRENGTHEN THEM WITH
THE FRUITS OF THE KAWARIKI**

Of all the native plants named in this aphorism of King Taawhiao, the fruit of the kawariki provides the necessary sustenance to traverse future landscapes the world has to offer. This metaphorical saying is profound and can be analysed in a number of ways. Rather than focus on its medicinal properties, we offer an alternative view point. Kawariki or kawa ariki can be defined as the application of ancestral protocol, and so “Me whakapakari ki te hua o te kawariki” can simply mean to be strengthened by our tikanga.

Therefore, tikanga is integral to the future development of Waikato-Tainui. As the tribe evolves, we must hold fast to our tikanga and kawa. Ngaa Marae Toopuu is the kaitiaki of tikanga for the Kiingitanga.

The origins of Ngaa Marae Toopuu stem back to 5 November 1976. It was on this day that a large gathering was convened on Tuurangawaewae Marae to decide the formation of a Confederation of Marae derived from the subtribes of the Tainui people and became an integral part of Tainui Waka.

The Waikato Raupatu Deed of Settlement signed in 1995 by Te Arikinui Te Atairangikaahu, Te Kotahi Mahuta, the Tainui Maori Trust Board and Ngaa Marae Toopuu provides us with an example of the role Ngaa Marae Toopuu played not only within our tribal landscape but the nation's politics. Of all the co-signatories of the time, only our King and Ngaa Marae Toopuu exist in their original form today.

Crucial to its success is the ability of Ngaa Marae Toopuu to unify our marae in a manner that supports Kiingi Tuuheitia in his future endeavours to assist the generations to come to lead affluent lives through solid marae foundations and strong Kiingitanga teachings.

Steps have been taken to reinvigorate Ngaa Marae Toopuu to be empowered to sustain the responsibility of being the backbone of our King and the Kiingitanga at large. To the best of our ability, we have endeavoured to align our purpose, function and form to:

- the Tutohinga a Kiingi Tuuheitia (Charter of the King)
- Whakatupuranga 2050
- Ngaa Tohu.

Ngaa Marae Toopuu continues to play a central role in ensuring widespread understanding of and support for the kaupapa of the Kiingitanga amongst the marae of Tainui and throughout the motu. It is the repository of much of the knowledge and wisdom of Kiingitanga and is responsible for many of the practices and procedures.



BUSINESS AS USUAL

Ngaa Marae Toopuu has approximately 52 planned meetings as indicated in the following table:

Tribal waananga	3
Kiingitanga tikanga waananga	4
General meetings	6
Puukoorero waananga	6
Executive meetings	8
Poukai	29
Total	56

POUKAI

“Kua whakaturia e hau teenei taaonga hei awhina i te pani, i te pouaru, i te rawakore. He kuaha whaanui kua puare ki te puna tangata me te punakai.”

“I have instituted this gathering to feed the widowed, the bereaved and the destitute, it is a doorway that has been opened to the multitudes of people and the bounty of food.”
Naa Kiingi Taawhiaio.

The poukai has sustained itself for 133 years and will continue to do so as long as the Kiingitanga continues to exist in years to come. The role of Ngaa Marae Toopuu at poukai is to ensure that the tikanga of the paepae whakaeke is upheld, and secondly, we are there as a supporting backbone to our King. Issues that are raised during the poukai and that are a part of our core responsibilities are discussed and remedied by our Ngaa Marae Toopuu kaumaatua and marae representatives at a general meeting.

TRIBAL WAANANGA AND PUKOORERO

It is through Ngaa Marae Toopuu’s active involvement with marae, poukai and key Kiingitanga events that the need for puukoorero, tribal waananga and Kiingitanga tikanga waananga arose. In particular, there is a notable gap and lack of taane that Tainui and the Kiingitanga can draw upon for high-quality whaikoorero and mihimihi. Further to this, it has also been identified that the intergenerational passing on of knowledge, koorero tuku iho, and the preservation of our identity, tikanga, way of life, culture and language remains critically under threat.

Ngaa Marae Toopuu is seeking to train and equip kaumaatua and pakeke to be experts in the art of whaikoorero, karanga, waiata, te hiitori o te Kiingitanga, ngaa tikanga o te Kiingitanga



Image credit: Erica Sinclair

and koorero tuku iho. The waananga we hold are critical to the sustainability of fundamental Kiingitanga kaupapa.

KAUMAATUA HEALTH RETREAT

The decline of our kaumaatua is a wake-up call for our tribe. Travelling and representing the Kiingitanga brings kudos and mana to the tribe. However, as a result, their personal health is impacted upon by fatigue.

Nгаа Marae Toopuu, supported by the tribe, initiated a health retreat under the principles of tikanga and whaanau aroha. Kaumaatua are the repository of historical knowledge. Their value is immeasurable. Holding retreats that provide respite for our kaumaatua is one way we are able to enhance their lives as they continue to uphold their responsibilities as kaitiaki of the Kiingitanga. It is proposed that three health retreats per year are scheduled into the Kiingitanga calendar.

FINANCES

Nгаа Marae Toopuu has an annual operating budget of \$30,000. Last year, we were successful in a grant application to Te Maataawai for funding of programmes and received \$14,500 in total. This money has been tagged to deliver the following programmes: Puukoorero, Tikanga Hui, Hui Kaumaatua and Koroneihana preparation.

CONCLUSION

Having been established by the head of Kiingitanga, Nгаа Marae Toopuu is the manifestation of the following saying

*Ka noho te Kiingi ki whea?
Ka noho i runga i te iwi
Ka noho te iwi ki whea?
Ka noho i runga i ngaa marae*

We will remain a pivotal stakeholder within the tribal infrastructure, and we look forward to working with other Waikato-Tainui tribal entities to galvanise our unwavering support to Kiingi Tuuheita Pootatau Te Wherowhero te Tuawhitu

Brad Totorewa
CHAIR OF NГAA MARAE TOOPUU

Nga Tohu Kaupapa

Cultural Signposts



WORKSTREAM: *Tribal Member Connection*

Allocated: \$110,000

PROJECTS:

TRIBAL MEMBER CONNECTION PLAN	Completed. To be advanced in FY19.
ENHANCED ONLINE WHAKAPAPA DATABASES	Database completed. Online functionality pending launch of new website in FY19.
ONLINE MARAE PROFILES	15/15 completed. 68 Marae Hubs scoped in new Tribal Register platform.
WAIKATO-TAINUI RANGATAHI STRATEGY	Recommendations received. To be advanced in FY19.
WAIKATO-TAINUI RANGATAHI SUMMIT AND REPORT	Completed. Recommendations to be advanced in FY19.
KAWENATA SCHOOLS	Awaiting data to demonstrate how many students are connected to their marae.
TAURAREHERE GRANTS	8 grants allocated. 3/8 grants collected.

to 31 March 2018 spend: \$247,226

WORKSTREAM: *Marae Assets*

Allocated: \$3,390,000

PROJECTS:

MARAE ASSETS SURVEY AND PLAN	Strategic Asset Management Plan V1 completed.
MARAE ASSETS MAINTENANCE PROGRAMME	12/16 marae programmes progressed. Works currently under review.
MARAE INSURANCE	63 valuations completed. 61 marae signed into the package.
HEALTH AND SAFETY TRAINING	8 marae programmes completed.
FIRE SAFETY TRAINING	15 marae programmes completed.
ENERGY EFFICIENCIES	8 marae with access to affordable, renewable energy sources.

to 31 March 2018 spend: \$3,357,818

WORKSTREAM: *Te Reo*

Allocated: \$ Relativity up to \$1m (pre-approved)

PROJECTS:

LANGUAGE SURVEY AND REO STRATEGY REVIEW	Completed. To be advanced in FY19.
TE REO KAAKAHO WAANANGA	5/5 completed.
TAIOHI KAAKAHO PROGRAMME	Completed.
TE REO UUKAIPO PILOT	Completed.
TE REO ARATAU	4/4 completed.
TE PAE KAAKAA	To be advanced in FY19.
TE REO KAAPUIA	2/3 completed.
12-MONTH WT GROUP STAFF REO PROGRAMME	Commenced in February 2018.
ONLINE RESOURCES	Engagement exceeded via social media. Portal to be in FY19.
STAKEHOLDER ENGAGEMENT PLAN FOR KURA	To be advanced in FY19.

to 31 March 2018 spend: \$780,360**WORKSTREAM: *Tikanga and Kawa***

Allocated: \$30,000

PROJECTS:

TIKANGA AND KAWA STRATEGY	To be advanced in FY19.
\$30K NGAA MARAE TOOPU GRANT	Grant allocated. New committee established January 2018.

to 31 March 2018 spend: \$14,086**WORKSTREAM: *Mahi Tupuna***

Allocated: \$250,000

PROJECTS:

MARAE TRADITIONAL ROLES	20/68 marae attended training. Moko Whakatehe waananga completed. Rangatahi Mana Motuhake Kaupapa Facility implemented.
WHAKATUPU GOVERNANCE TRAINING	To be advanced in FY19.

to 31 March 2018 spend: \$223,533

Image credit: Te Rawhitiroa Bosch

Ngaa Tohu Hapori

Social Signposts



WORKSTREAM: Education		Allocated: \$1,550,000
PROJECTS:		
ACCORD AND ENHANCE KAWENATA PROGRAMME	Completed. To be advanced in FY19.	
PATHWAY PROGRAMMES	500 tribal members have participated since April 2016.	
PATHWAYS COACHING	240 tribal members have participated since April 2016.	
EDUCATION GRANTS	New online grants kiosk launched. \$1m allocated to tertiary grants.	
to 31 March 2018 spend: \$1,310,489		

WORKSTREAM: Housing		Allocated: \$270,000
PROJECTS:		
HOME OWNERSHIP WORKSHOPS	806/950 tribal members attended since April 2016.	
KAINGA ACTION PLANS	150/150 have completed plans and accessed case management support.	
ASSISTANCE PROGRAMME	135/130 assisted into home ownership and using preferred suppliers.	
HOUSE PURCHASES AND SALES – RFR	27/65 RFR new home owners since April 2016. Huge decline in RFR offers.	
ESSENTIAL REPAIRS	Project abandoned. Strategy under review.	
HOPUHOPU HOUSING	Project abandoned. Strategy under review.	
TRIBAL HOUSING DEVELOPMENT	Jebson Place Project (Te Kaarearea) transferred to TGH.	
to 31 March 2018 spend: \$316,108		

WORKSTREAM: Tribal Member Wellbeing

Allocated: \$830,000

PROJECTS:

HEALTH AND WELLBEING BUSINESS CASE	To be advanced in FY19.
WHAANAU ORA FEASIBILITY STUDY	Business case completed for hauora centre.
KAUMAATUA MEDICAL	\$600k allocated for grants.
KAUMAATUA TRAVEL	\$200k allocated to support travel to tribal engagements.

to 31 March 2018 spend: \$848,735**WORKSTREAM: Employment**

Allocated: \$130,000

PROJECTS:

CAREERS HUB	Supported 126 tribal members into employment since 2017.
INDUSTRY PARTNERS AND TRIBAL ASSETS	31 tribal members supported. Pastoral care programme developed.
APPRENTICESHIP SCHEME	32/30 tribal members supported into apprenticeships.
PRE-TRADES PROGRAMME	160/120 tribal members completed programme and transitioning to employment.

to 31 March 2018 spend: \$125,525

Image credit: Te Rawhitiroa Bosch

Ngaa Tohu Taiao

Environmental Signposts



WORKSTREAM: *Mana o Te Wai*

Allocated: \$150,000

PROJECTS:

ENVIRONMENTAL PLAN	Ongoing. Target(s) refined in FY19.
JMAS/ACCORDS	Ongoing. Target(s) refined in FY19.
NON-JMA COUNCILS	Auckland Council arrangements drafted. To be advanced in FY19.
RELATIONSHIPS AND ENVIRONMENTAL INITIATIVES	10/10 initiatives established.
WEST COAST HARBOURS REPORT CARD	Four values-based report cards for completion in April 2018.

to 31 March 2018 spend: \$41,245

WORKSTREAM: *Mana o Te Whenua*

Allocated: \$240,000

PROJECTS:

GIS DATABASE INCL. RIGHT OF FIRST REFUSAL LANDS	Database updated.
SITES OF SIGNIFICANCE	Database refined to provide current data on catchments, boundaries, land use and ownership. Two Rangiriri sites (x4 parcels) returned.
LAND ACQUISITION, MANAGEMENT AND USE	Whenua Rautaki Strategy completed. Policy under review.
TAUPIRI MAUNGA	\$150k grant allocated to support Urupaa Komiti.

to 31 March 2018 spend: \$247,682

WORKSTREAM: *Mana Whakahaere*

Allocated: \$810,000

PROJECTS:

CO-MANAGEMENT – UTILISING ACCORDS AND JMAS	Support to Lake Whangape, Lake Waikare and Matahuru Wetland. MFE Review completed. Cultural Materials Plan completed. Marae Kaitiaki Training under way. Kiingitanga Accord Annual Forum and recommendations 10/10 marae projects supported.
KAITIAKITANGA	5/5 marae successfully completed environmental initiatives. 5/5 marae received resources and training opportunities.
PARTNER SECTOR PARTNERSHIPS	3/3 marae supported by a private sector partnership.
TRIBAL-LED INITIATIVES	1/1 business successfully established. 2/2 environmental initiatives successfully established.

to 31 March 2018 spend: \$511,715

Image credit: Te Rawhitiroa Bosch

Ngaa Tohu Whai Rawa

Wealth Signposts



WORKSTREAM: Tribal Cash Distribution

Allocated: \$8,000,000

PROJECTS:

MARAE DIVIDEND	\$2m distributed and special \$6m.
----------------	------------------------------------

to 31 March 2018 spend: \$8,000,000

WORKSTREAM: Tribal Wealth

Allocated: \$750,000

PROJECTS:

REGIONAL ECONOMIC DEVELOPMENT	Strategy and plan completed.
BUSINESS ACCELERATOR DEVELOPMENT	94 Koropupuu business start-ups. 20 new business ventures. 150 tribal members registered for ongoing business support.
TOURISM	Plan, investment and framework completed. To be advanced in FY19.
IWI SAVER	Proposal completed.
OTHER INCL. KOHA AND SPONSORSHIP	Requests prioritised and progressed by CEO and Distributions Committee.

to 31 March 2018 spend: \$605,522

*He tau ariki te tau
He tau whaangai te tau
He tau pai te tau
He tau whakaahuru te tau
He tau Iraaia te tau
He tau ngehe te tau*

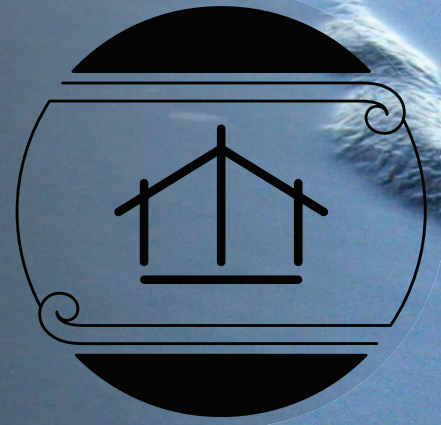
*It will be a great year
A prosperous year
A good year
A warm year
A fallow year
A year of achievement*

Prophetic declaration – Kīingi Taawhiao

Image credit: Te Rawhitiroa Bosch

Nga Tohu Mahi Tonu

Ongoing Work Signposts



WORKSTREAM: *Claims and Settlement Protection*

Allocated: \$750,000

PROJECTS:

TAAMAKI CLAIM INCL. MAIORO AND WAIROA	Negotiator appointed. Mandate March 2018.
WEST COAST HARBOURS CLAIM	Negotiator appointed. Mandate March 2018.
HAPUU CLAIMS AND SETTLEMENT PROTECTION	Monitoring ongoing.
RELATIVITY MECHANISM	Second tranche received.

to 31 March 2018 spend: \$439,968

WORKSTREAM: *Governance Administration*

Allocated: \$180,000

PROJECTS:

TE WHAKAKITENGA RULES	Appointment process under way.
FIT FOR PURPOSE REVIEW	Completed and recommendations implemented.
HOHOU TE RONGO	Process completed and implemented.
GROUP POLICY FRAMEWORK AND COMPLIANCE	To be advanced in FY19.

to 31 March 2018 spend: \$156,601

WORKSTREAM: *Office of the CEO*

Allocated: \$1,100,000

PROJECTS:

SPECIAL PROJECTS	Includes Fit for Purpose.
IWI TAAONGA	Tribal archives sorted, catalogued and housed pest free, for digitisation in FY19.
INTERNAL AND EXTERNAL COMMUNICATIONS	Strategy developed for advancement following Fit for Purpose.
ENGAGEMENT STRATEGY	To be advanced in FY19.
WEBSITE REBUILD	To be launched in April 2018.
SYSTEM ENHANCEMENTS AND INTEGRATIONS	Takiwaa Tool completed. System health check completed.
REGATTA	Grant allocated.
TRIBAL REGISTER	System health check completed. Whakapapa component compliant. Resourcing and maintenance plan implemented. Reporting functionality built.

to 31 March 2018 spend: \$1,099,821**WORKSTREAM: *Tribal Centre***

Allocated: \$440,000

PROJECTS:

MASTER PLAN	Hopuhopu Emergency Works Stage 1 completed. Stage 2 to be advanced in FY19.
WECT OCCUPANCY GRANT	Grant allocated.

to 31 March 2018 spend: \$363,976**WORKSTREAM: *Kiingitanga***

Allocated: \$1,960,000

PROJECTS:

MARAE POUKAI	29 grants provisioned.
URURANGI LIMITED	\$1.66m grant provisioned.
KORONEIHANA	\$150k provisioned.

to 31 March 2018 spend: \$1,970,692

Image credit: Te Rawhitiroa Bosch

Ngaa Puurongo aa-Tahua

*Waikato Raupatu Lands Trust Financial Statements
for the year ended 31 March 2018*



Directory	37
Independent auditor's report	38
Financial statements	40
Statement of comprehensive revenue and expense	40
Statement of financial position	41
Statement of changes in equity	42
Statement of cash flows	43
Notes to the financial statements	45

DIRECTORY

DATE OF ESTABLISHMENT	10 November 1995
TRUSTEE	Te Whakakitenga o Waikato Incorporated
AUDITOR	PricewaterhouseCoopers Private Bag 92162, Auckland 1142
BANKERS	Bank of New Zealand Westpac Banking Corporation ANZ Bank New Zealand Limited Kiwibank Limited ASB Bank Limited Bank of Tokyo Mitsubishi Australia
POSTAL ADDRESS	PO Box 648, Hamilton 3240
TELEPHONE	+64 7 858 0430
FACSIMILE	+64 7 858 0431
WEBSITE	waikatotainui.com

Image credit: Petr Vysohlid



Independent auditor's report

To the Trustees of Waikato Raupatu Lands Trust

Waikato Raupatu Lands Trust's consolidated financial statements comprise:

- the statement of financial position as at 31 March 2018
- the statement of comprehensive revenue and expense for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements of Waikato Raupatu Lands Trust (the Trust), including its subsidiaries (together 'the Group'), present fairly, in all material respects, the financial position of the Group as at 31 March 2018, its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of tax advice, compliance, real estate and leasing advice and executive remuneration benchmarking. The provision of these other services has not impaired our independence as auditor of the Group.

Information other than the financial statements and auditor's report

The Trustees are responsible for the annual report. Our opinion on the consolidated financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

PricewaterhouseCoopers, 188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
T: +64 9 355 8000, F: +64 9 355 8001, pwc.co.nz



Responsibilities of the Trustees for the consolidated financial statements

The Trustees are responsible, on behalf of the Waikato Raupatu Lands Trust, for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Standards, and for such internal control as the Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Trustees are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/>

This description forms part of our auditor's report.

Who we report to

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

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

For and on behalf of:

Chartered Accountants
29 June 2018

Auckland

PwC

Waikato Raupatu Lands Trust

Statement of comprehensive revenue and expense

for the year ended 31 March 2018

	Note	Consolidated	
		2018 \$000	2017 \$000
Revenue from operating activities		49,681	71,895
Other operating revenue		2,702	3,103
Total revenue	3	52,383	74,998
Expenses	4	(40,970)	(59,600)
Finance costs bank loans		(7,152)	(9,315)
Finance revenue		8,276	6,460
Share of (loss)/profit of investments accounted for using the equity method	26	(2,491)	2,194
Net operating surplus before other gains and tribal activities		10,046	14,737
Other gains net	5	37,505	105,988
Net operating surplus before tribal activities		47,551	120,725
Other income		80,268	48,130
Social investment	6	(21,296)	(31,060)
Surplus from tribal activities		58,972	17,070
Net surplus before tax		106,523	137,795
Income tax (expense)		(580)	-
Surplus after tax		105,943	137,795
Surplus attributable to:			
Equity holders of Waikato Raupatu Lands Trust		105,943	135,608
Non-controlling interest		-	2,187
		105,943	137,795
Other comprehensive income			
Items that will not be reclassified to surplus:			
(Loss)/Gain on revaluation of farms and owner occupied properties	8,16	(2,901)	2,531
		(2,901)	2,531
Items that may be subsequently reclassified to profit of loss:			
Share of other comprehensive income/(loss) of investments accounted for using the equity method	26	1,387	(690)
Total other comprehensive (loss)/income		(1,514)	1,841
Total comprehensive income		104,429	139,636
Total comprehensive income attributable to:			
Equity holders of Waikato Raupatu Lands Trust		104,429	137,449
		-	2,187
		104,429	139,636

These financial statements should be read in conjunction with the accompanying notes.

Waikato Raupatu Lands Trust

Statement of financial position

as at 31 March 2018

	Note	Consolidated	
		2018 \$000	2017 \$000
ASSETS			
Current assets			
Cash and cash equivalents	9	369,093	198,046
Trade and other receivables		29,766	149,797
Other financial assets	14	55,404	50,241
Inventories	10	6,318	5,355
Biological assets – livestock	11	5,075	4,162
Non-current assets classified as held for sale	12	-	3,225
Total current assets		465,656	410,826
Non-current assets			
Other receivables		8,664	8,118
Other financial assets	14	47,361	39,481
Investments in joint ventures	26	99,967	100,866
Intangible assets	15	22,710	22,570
Biological assets – forestry	11	11,711	8,593
Property, plant and equipment	16	110,810	103,610
Investment properties	17	484,032	429,591
Te Wherowhero title properties	18	118,397	120,373
Total non-current assets		903,652	833,202
Total assets		1,369,308	1,244,028
LIABILITIES			
Current liabilities			
Trade and other payables	21	17,337	16,140
Accrued revenue	24	91	92
Other financial liabilities at fair value through surplus or deficit	20	1,550	1,486
Total current liabilities		18,978	17,718
Non-current liabilities			
Accrued revenue	24	30,975	31,332
Interest-bearing liabilities	19	143,910	123,300
Other financial liabilities at fair value through surplus or deficit	20	3,339	4,001
Total non-current liabilities		178,224	158,633
Total liabilities		197,202	176,351
Net assets		1,172,106	1,067,677
EQUITY			
Accumulated comprehensive revenue and expense	8	1,157,163	1,051,220
Reserves	8	14,943	16,457
Total equity		1,172,106	1,067,677



RUKUMOANA SCHAAFHAUSEN
Chairperson
29 June 2018



HOKI-MAI CHONG
Representative of Te Arataura
29 June 2018

These financial statements should be read in conjunction with the accompanying notes.

Waikato Raupatu Lands Trust

Statement of changes in equity

for the year ended 31 March 2018

Attributable to equity holders of the Trust						
Consolidated	Note	Reserves \$000	Accumulated comprehensive revenue and expense \$000	Total \$000	Non- controlling interest \$000	Total equity \$000
Balance as at 1 April 2016		15,580	914,648	930,228	9,655	939,883
Comprehensive revenue						
Net surplus for the year		-	135,608	135,608	2,187	137,795
Other comprehensive revenue and expense						
Items that will not be reclassified to surplus and deficit						
Gain on revaluation of farms and owner-occupied properties	8	2,531	-	2,531	-	2,531
Revaluation transfer		(964)	964	-	-	-
Share of other comprehensive income/(loss) from investments accounted for using the equity method	26	(690)	-	(690)	-	(690)
Total other comprehensive revenue and expense		877	964	1,841	-	1,841
Total comprehensive revenue and expense		877	136,572	137,449	2,187	139,636
Tainui Auckland Airport Hotel distribution		-	-	-	(2,385)	(2,385)
Disposal of subsidiary	25,26	-	-	-	(9,457)	(9,457)
Balance as at 31 March 2017		16,457	1,051,220	1,067,677	-	1,067,677
Balance as at 1 April 2017		16,457	1,051,220	1,067,677	-	1,067,677
Comprehensive revenue						
Net surplus for the year		-	105,943	105,943	-	105,943
Other comprehensive revenue and expense						
Items that will not be reclassified to surplus and deficit						
Loss on revaluation of farms and owner-occupied properties	8	(2,901)	-	(2,901)	-	(2,901)
Items that may subsequently be reclassified to profit or loss						
Share of other comprehensive income/(loss) from investments accounted for using the equity method	26	1,387	-	1,387	-	1,387
Total other comprehensive revenue and expense		(1,514)	-	(1,514)	-	(1,514)
Total comprehensive revenue and expense		(1,514)	105,943	104,429	-	104,429
Balance as at 31 March 2018		14,943	1,157,163	1,172,106	-	1,172,106

These financial statements should be read in conjunction with the accompanying notes.

Waikato Raupatu Lands Trust
Statement of cash flows
for the year ended 31 March 2018

		Consolidated	
Note	2018 \$000	2017 \$000	
Cash flows from operating activities			
	58,337	76,574	
	189,627	-	
	(39,740)	(64,233)	
6	(21,296)	(30,501)	
	7,653	6,069	
	(7,152)	(9,315)	
	187,429	(21,406)	
Cash flows from investing activities			
	(2,896)	(38,000)	
	(5,367)	(5,884)	
	3,130	706	
	(5,538)	(9,699)	
	5,814	848	
	-	(5,838)	
	(2,500)	-	
	(10,515)	(10,372)	
15	(299)	(352)	
	(22,905)	(5,542)	
	(10)	18,775	
	-	205,236	
	4,094	-	
	(36,992)	149,878	
Cash flows from financing activities			
	20,610	-	
	-	(109,052)	
	-	(2,385)	
	20,610	(111,437)	
Net increase in cash, cash equivalents, and bank overdrafts			
	171,047	17,035	
	198,046	181,011	
9	369,093	198,046	

These financial statements should be read in conjunction with the accompanying notes.

Waikato Raupatu Lands Trust

Statement of cash flows

for the year ended 31 March 2018

	Note	Consolidated	
		2018 \$000	2017 \$000
Reconciliation of surplus for the year to net cash inflow from operating activities			
Net surplus for the year		105,943	137,795
Non-cash items:			
Depreciation, amortisation and impairment	4	3,168	4,256
Bad debts written off	4	(69)	95
Movement in doubtful debt provision		187	(57)
Amortisation of capitalised lease incentives		-	621
Share of total profits/(loss) of joint ventures			
Other gains net	5	(37,505)	(105,990)
Other non-cash items in relation to investing and financing activities		-	(48,130)
(Increase)/decrease in current assets:			
Trade and other receivables		115,858	2,623
Trade and other receivables non-cash fair value (loss)/gain		(546)	1,000
Inventories		213	(61)
Biological assets		(2,527)	(489)
Transaction cost related to partial sale of subsidiaries		-	(3,748)
Increase/(decrease) in current liabilities:			
Trade and other payables and employee entitlements		1,197	(4,483)
Other financial liabilities		-	(700)
Other			
Dividends received from investments in other financial assets		(358)	(1,944)
Net cash inflow/(outflow) from operating activities		187,429	(21,406)

These financial statements should be read in conjunction with the accompanying notes.

Waikato Raupatu Lands Trust

Notes to the financial statements

for the year ended 31 March 2018

▶ 1 General information

1.1 Reporting entity

The Waikato Raupatu Lands Trust is the leading tribal organisation responsible for developing and implementing initiatives that improve iwi outcomes in the areas of education and training, employment, tribal preservation, marae development, health and wellbeing, 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 29 June 2018.

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 \$170m.

As part of the Deed of Settlement, a relativity clause is provided that 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 \$70m was received in December 2012 upon first claim under the relativity clause. Further to this, in December 2014, an amount of \$12.5m was received as a result of the arbitration process that followed the first claim. The second claim was made in December 2017 with an amount of \$189.6m paid and a further \$16.8m in April 2018 as a result of arbitration. The claims are made five-yearly thereafter. No settlement is payable after 2045. For further details on accounting policy and treatment for relativity settlement, see note 2.1(e)(i).

Waikato Raupatu River Settlement

On 17 December 2009, a Deed of 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 wellbeing 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.
- (c) The Co-management Fund shall be received for the purpose of assisting Waikato-Tainui to 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.

Waikato Raupatu Lands Trust

Notes to the financial statements

for the year ended 31 March 2018

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 Entities 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 \$30m. The Trust complies with these PBE standards and authoritative notices that are applicable to entities that apply 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 Group's 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 any further settlement with the Crown 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 judgement and estimation. The Trust uses its judgement to determine the value of the undisputed portion of all Treaty settlements and makes assumptions based on information available such as Crown statements, individual Treaty Deeds of Settlement and other financial information. For the year ended 31 March 2018, 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 2018

(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 2018 and 31 March 2017 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 crop expectation value method less point-of-sale costs (forests). The valuation of Onewhero forest is based on the current replacement cost method used for young trees.

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 has a material impact on the statement of comprehensive revenue and expense and statement of financial position.

There were no non-current assets held for sale during 2018 (note 12). The comparative non-current assets held for sale relates to the sale of Otutira farm, and this asset was valued as at 31 March 2017 using the sale price as the basis of valuation. Settlement occurred on 1 June 2017. The fair value was 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

Inland Revenue has 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.

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 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 Trade and other receivables

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

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 income.

Waikato Raupatu Lands Trust

Notes to the financial statements

for the year ended 31 March 2018

2.6 Financial assets and liabilities

Financial assets and liabilities are classified on initial recognition into the following categories: at fair value through surplus or deficit 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. Advances to joint ventures are classified as other financial assets.

(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 assets 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 rate method.

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

Realised and unrealised gains and losses arising from 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 values of financial assets held that are quoted in an active market are based on current bid prices, and the fair values 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 derecognised 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 derecognised if the Trust's obligations specified in the contract expire or are discharged or cancelled.

Impairment of financial assets carried at amortised cost

At the end of each reporting period, the Trust assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or 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.

Evidence of impairment may include indication that the debtor 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.

Waikato Raupatu Lands Trust

Notes to the financial statements

for the year ended 31 March 2018

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.

2.7 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.

2.8 Accrued revenue

Accrued revenue comprises of The Base lease revenue received in advance. This is amortised over a 120-year term using the effective interest rate method.

2.9 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.

2.10 Goods and services tax (GST)

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.

2.11 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.

2.12 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.

Waikato Raupatu Lands Trust

Notes to the financial statements

for the year ended 31 March 2018

(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 asset's 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 asset's 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.

Waikato Raupatu Lands Trust
Notes to the financial statements
for the year ended 31 March 2018

3 Total revenue

	Consolidated	
	2018 \$000	2017 \$000
Revenue from operating activities		
Rental revenue	23,505	25,079
Amortisation of capitalised lease incentives	(64)	(621)
Hotel revenue	18,478	42,460
Fishing revenue	1,135	1,586
Dairy and livestock revenue	3,754	1,513
Other revenue	2,873	1,878
Revenue from operating activities	49,681	71,895
Other operating revenue		
Distributions from unlisted investments	529	453
Distributions from listed investments	2,173	2,650
Other total operating revenue	2,702	3,103
Total revenue	52,383	74,998

In 2017, the Group sold 20% of Tainui Auckland Airport Hotel LP to Auckland International Airport Limited and now holds 50% of equity share capital in Tainui Auckland Airport Hotel LP. The Group now reports this as equity accounted investments in joint ventures (see note 26) rather than within the consolidation, hence the large movement in hotel revenue between 2017 and 2018.

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 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.

(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 and livestock revenue

Dairy and livestock 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) Dividend and distribution revenue

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

Waikato Raupatu Lands Trust Notes to the financial statements

for the year ended 31 March 2018

4 Expenses

Note	Consolidated	
	2018 \$000	2017 \$000
Expenses, excluding finance costs, included in the statement of comprehensive revenue and expense		
	17,099	22,398
	3,009	4,318
13	1,258	1,141
	120	352
	261	180
	357	265
	(69)	95
	187	(57)
15	(198)	(327)

PricewaterhouseCoopers carries out other services for the Group in the areas of tax advice, compliance, real estate and leasing advice and executive remuneration benchmarking.

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 Trust recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

5 Other gains – net

Note	Consolidated	
	2018 \$000	2017 \$000
17	32,242	33,829
	-	23,152
	-	14,506
	-	10,924
18	(1,976)	18,185
	597	3,569
11	1,754	2,033
11	(250)	1,306
	4,923	341
	(140)	(85)
	(135)	(445)
	(30)	(1,327)
	520	-
Total gains	37,505	105,988

Waikato Raupatu Lands Trust
Notes to the financial statements
for the year ended 31 March 2018

6 Social investment

	Consolidated	
	2018 \$000	2017 \$000
Social investment during the year comprised of the following:		
Ngaa Tohu Kaupapa		
Tribal member connection	258	108
Marae assets	3,358	942
Mahi tuupuna	209	64
Te reo	780	261
Tikanga and kawa	14	-
Ngaa Tohu Hapori		
Education	1,326	1,574
Housing	551	158
Tribal member wellbeing	852	780
Employment	126	40
Ngaa Tohu Taiao		
Mana Whakahaere	512	339
Mana o te Wai	41	-
Mana o te Whenua	246	-
Ngaa Tohu Whai Rawa		
Tribal cash distribution	7,957	2,328
College	-	21,130
Other/sponsorships	1,399	-
Tribal wealth	238	-
Mahi Tonu		
Claims and settlement protection	442	349
Sites of significance	-	311
Governance and administration	157	-
Tribal and tribal member engagement	314	122
Iwi taonga	71	-
Tribal register	110	215
Tribal centre WECT	364	302
Kiingitanga	1,971	2,037
	21,296	31,060

Recognition and measurement

Social investment includes grant expenses provided by the Trust and that are recognised in surplus and deficit immediately once approved if no conditions are attached to the grant. Grants are measured at the amount paid or expected to be paid.

Waikato Raupatu Lands Trust Notes to the financial statements

for the year ended 31 March 2018

7 Income tax expense

Due to the charitable status of the entities within the Trust, the surplus subject to income tax is lower than profit before tax in the 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.

8 Reserves and retained earnings

		Consolidated	
Note	2018 \$000	2017 \$000	
(a) Reserves			
	Farm and owner-occupied properties	14,246	17,147
	Other comprehensive income/(loss) from joint ventures	697	(690)
		14,943	16,457
(i) Farm and owner-occupied properties			
	Balance at beginning of year	17,147	15,580
16	Revaluation (loss)/gain during the year	(2,901)	2,531
	Transfer of revaluation	-	(964)
	Balance at end of year	14,246	17,147
(ii) Other reserves			
	Balance at beginning of year	(609)	-
	Other comprehensive income/(loss) from joint ventures	1,387	(690)
	Balance at end of year	697	(690)

(i) Revaluation reserve (farm and other owner-occupied properties)

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

(ii) Other comprehensive income/(loss) from joint ventures

Other comprehensive loss from joint ventures includes the fair value of hedging reserves. The amounts are recognised in the profit and loss component of the statement of comprehensive income when the associated hedged transactions affect profit or loss.

(b) Retained earnings

Movements in retained earnings were as follows:

		Consolidated	
	2018 \$000	2017 \$000	
	Balance at beginning of year	1,051,220	914,648
	Net surplus for the year	105,943	135,608
	Transfer of revaluation	-	964
	Balance at end of year	1,157,163	1,051,220

Waikato Raupatu Lands Trust
Notes to the financial statements
for the year ended 31 March 2018

9 Cash and cash equivalents

	Consolidated	
	2018 \$000	2017 \$000
Cash at bank and in hand	3,340	4,026
Deposits at call	2,275	10,604
Term deposits	363,478	183,416
Total cash and cash equivalents	369,093	198,046

As at 31 March 2018, no cash or cash equivalents are pledged as security or restricted (2017: nil).

10 Inventories

	Consolidated	
	2018 \$000	2017 \$000
Land – sections for sale	4,913	4,783
Other inventories	1,405	572
Total inventory	6,318	5,355

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.

Waikato Raupatu Lands Trust Notes to the financial statements

for the year ended 31 March 2018

11 Biological assets

		Consolidated	
Note	2018 \$000	2017 \$000	
Current – livestock			
	4,162	3,543	
	1,596	455	
	(433)	(1,142)	
5	(250)	1,306	
	5,075	4,162	
Non-current – forestry assets			
	8,593	6,362	
	1,364	198	
5	1,754	2,033	
	11,711	8,593	

Livestock consists of mixed-age sheep, cattle and cows, which are held for dairy and dry stock farming. M Gaustad from NZ Farmers Livestock determined the fair value of sheep, cattle and cows at 31 March 2018 and 31 March 2017. 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, *Pinus radiata* forest planted from 2001 to 2002 and Californian coast redwoods planted from 2005 to 2007. It is expected that the rotation age will be 27 years for the *Pinus radiata* crop and 35 years for the Californian coast redwoods, at which time the crop will be harvested. The trees are valued using the crop expectation value method with the exception of Onewhero forest, which uses current replacement cost. The non-current biological assets are held for investment. All non-current biological assets were valued by K Reardon from Forme Consulting Group as at 31 March 2018 and P Silcock from NZ Forestry Limited as at 31 March 2017.

All valuers are independent registered valuers not related to the Group. 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.

12 Non-current assets classified as held for sale

An asset is held for sale if its carrying amount will be recovered principally through a sale transaction rather than continuing use. On classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are included in the statement of comprehensive revenue and expense.

The Otutira farm was held for sale as at 31 March 2017. Otutira was settled on 1 June 2017. Non-current assets classified as held for sale include land value. The assets have been valued using the sale price as the key input to the valuation.

	Consolidated	
	2018 \$000	2017 \$000
Farm	-	3,225
Total non-current assets held for sale	-	3,225

Waikato Raupatu Lands Trust
Notes to the financial statements
for the year ended 31 March 2018

▶ **13** Related-party transactions

(a) Key management personnel compensation

Class 1 key management personnel – senior management

Total remuneration

**Class 2 key management personnel – directors and representatives
Tainui Group Holdings Limited**

H van der Heyden Chair

M Allen

M Cockram

T J R Simpson

H Raumati-Tu'ua* appointed 7 November 2017

L Te Aho* appointed 7 November 2017

T B Morgan* retired 7 November 2017

H W Rau* retired 7 November 2017

Te Arataura

R Schaafhausen Chair appointed 16 September 2017

P Te Ao Deputy Chair appointed 16 September 2017

H W Rau*

H Chong

T H Rangiawha

A Te Kanawa appointed 16 September 2017

D Turner appointed 16 September 2017

H Raumati-Tu'ua* appointed 16 September 2017

J Colliar appointed 16 September 2017

K Wilson appointed 16 September 2017

L Te Aho* appointed 16 September 2017

R Papa retired 16 September 2017

T Roa retired 16 September 2017

T B Morgan* retired 16 September 2017

T P T M Tukere retired 16 September 2017

T T A S Mahuta retired 16 September 2017

P Rawiri retired 16 September 2017

Te Whakakitenga o Waikato Incorporated officers

P McLean Chair appointed 16 September 2017

T T A S Mahuta Deputy Chair appointed 16 September 2017

M Moana Tuwhangai retired 16 September 2017

W Rapana retired 16 September 2017

Te Whakakitenga o Waikato Incorporated representatives

Whaanau members of key management personnel

Total remuneration

Total key management personnel and close family members compensation

	Consolidated	
	2018 \$000	2017 \$000
Total remuneration	3,557	4,017
Class 2 key management personnel – directors and representatives Tainui Group Holdings Limited		
H van der Heyden Chair	100	94
M Allen	139	61
M Cockram	50	47
T J R Simpson	50	47
H Raumati-Tu'ua* appointed 7 November 2017	20	-
L Te Aho* appointed 7 November 2017	20	-
T B Morgan* retired 7 November 2017	30	47
H W Rau* retired 7 November 2017	30	47
Te Arataura		
R Schaafhausen Chair appointed 16 September 2017	83	55
P Te Ao Deputy Chair appointed 16 September 2017	47	42
H W Rau*	40	40
H Chong	40	40
T H Rangiawha	40	40
A Te Kanawa appointed 16 September 2017	18	-
D Turner appointed 16 September 2017	18	-
H Raumati-Tu'ua* appointed 16 September 2017	18	-
J Colliar appointed 16 September 2017	18	-
K Wilson appointed 16 September 2017	18	-
L Te Aho* appointed 16 September 2017	18	-
R Papa retired 16 September 2017	46	65
T Roa retired 16 September 2017	28	87
T B Morgan* retired 16 September 2017	24	45
T P T M Tukere retired 16 September 2017	23	40
T T A S Mahuta retired 16 September 2017	22	40
P Rawiri retired 16 September 2017	22	40
Te Whakakitenga o Waikato Incorporated officers		
P McLean Chair appointed 16 September 2017	23	-
T T A S Mahuta Deputy Chair appointed 16 September 2017	13	-
M Moana Tuwhangai retired 16 September 2017	28	50
W Rapana retired 16 September 2017	16	30
Te Whakakitenga o Waikato Incorporated representatives	196	184
Whaanau members of key management personnel		
Total remuneration	307	71
Total key management personnel and close family members compensation	5,102	5,229

Kaahui Ariki representative: R Schaafhausen Negotiator: R Papa

Number of persons recognised as:

Class 1 senior management

Class 2 directors and representatives

Class 1 senior management	15	11
Class 2 directors and representatives	133	217

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

Waikato Raupatu Lands Trust Notes to the financial statements

for the year ended 31 March 2018

Te Whakakitenga o Waikato Incorporated representatives are made up of two elected members from 66 marae. Te Whakakitenga o Waikato Incorporated is the tribal authority that represents the people of Waikato-Tainui.

b) Related-party transactions

The Waikato Raupatu Lands Trust is the controlling entity. Te Whakakitenga o Waikato Incorporated is the ultimate controlling party. All members of Te Whakakitenga o Waikato Incorporated 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 \$000	Sale of services to related parties \$000	Amounts owed to related parties \$000	Amounts owed by related parties \$000
Joint ventures				
2018	84	1,481	-	9,356
2017	44	1,289	-	10,341
Key management personnel				
2018	-	-	-	-
2017	126	-	55	-

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 occupies 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.

Included in the amounts owed by related parties are the related parties receivables and the joint venture loan to Waikato Milking Systems of \$9.4m. This amount includes an interest accrual of 10%

Waikato Raupatu Lands Trust
Notes to the financial statements
for the year ended 31 March 2018

14 Other financial assets

	Consolidated				
	Listed companies \$000	Investment in equity funds \$000	Unlisted company – AFL income shares \$000	Advances – joint ventures \$000	Total \$000
Opening net book amount 1 April 2017	52,655	18,535	12,300	6,232	89,722
Gains or losses recognised in comprehensive revenue and expense	6,680	(135)	-	-	6,545
Purchases	1,138	3,827	-	-	4,965
Dividends	(1,592)	-	-	-	(1,592)
Loan issued	-	-	-	3,125	3,125
Closing net book amount 31 March 2018	58,881	22,227	12,300	9,357	102,765
Opening net book amount 1 April 2016	12,370	14,327	11,400	-	38,097
Gains or losses recognised in comprehensive revenue and expense	2,285	(1,675)	900	-	1,510
Purchases	48,159	5,883	-	-	54,042
Dividends	(10,159)	-	-	-	(10,159)
Loan issued	-	-	-	6,232	6,232
Closing net book amount 31 March 2017	52,655	18,535	12,300	6,232	89,722

(a) Listed companies

Shares in listed companies comprise of investment portfolios managed by Salt Funds Management and Harbour Asset Management and other investments. The fair value is based on the market close prices at reporting date. The gain for fair value recorded through the profit and loss for listed companies was \$0.1m (2017: gain \$0.3m).

(b) Investment in equity funds

The fair value of investment in equity funds is represented by the investment in Pioneer Capital Partners LP and Waterman Fund 3 LP. The valuation of the investment is based on the Trust's share of the net assets in Pioneer Capital Partners LP and Waterman Fund 3 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. The loss for fair value recorded through profit and loss for investment in equity funds was \$0.1m (2017: \$1.3m).

(c) Unlisted company – 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.

(d) Advances – joint ventures

The advance to Waikato Milking Systems Limited Partnership (WMS) of \$9.4m (2017: \$6.2m) is subordinated to the WMS bank loan and cannot be repaid before the WMS bank loan is repaid. This amount includes an interest accrual at 10%.

Waikato Raupatu Lands Trust Notes to the financial statements

for the year ended 31 March 2018

15 Intangible assets

	Note	Computer software \$000	Quota \$000	NZ Units ETS \$000	Total \$000
Consolidated					
Year ended 31 March 2017					
Opening net book amount		1,217	20,340	599	22,156
Additions		352	-	-	352
Amortisation and impairment	4	(265)	-	327	62
Closing net book amount		1,304	20,340	926	22,570
At 31 March 2017					
Cost		3,076	20,340	657	24,073
Accumulated amortisation and impairment		(1,772)	-	269	(1,503)
Net book amount		1,304	20,340	926	22,570
Year ended 31 March 2018					
Opening net book amount		1,304	20,340	926	22,570
Additions		299	-	-	299
Amortisation and impairment	4	(357)	-	198	(159)
Closing net book amount		1,246	20,340	1,124	22,710
At 31 March 2018					
Cost		3,375	20,340	657	24,372
Accumulated amortisation and impairment		(2,129)	-	467	(1,662)
Net book amount		1,246	20,340	1,124	22,710

Waikato Raupatu Lands Trust

Notes to the financial statements

for the year ended 31 March 2018

The Trust is deemed a participant in the New Zealand Emissions Trading Scheme (ETS) as it is an owner of fishing quota and forestry land. NZ Units (NZUs) for 2018 and 2017 relate to 53,702 units that were allocated by the Ministry for the Environment. The units were valued at \$20.95 per unit (2017: \$17.27) resulting in an impairment reversal of \$0.2m (2017: impairment reversal of \$0.3m).

Quota Management Systems Limited was 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 Ministry of Fisheries Quota Monitoring System reports.

Recognition and measurement

(a) Computer software

Separately acquired computer software and licences 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 10 years.

Costs associated with maintaining computer software programs 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 NZUs within the carbon register or trade the NZUs in domestic and international carbon markets.

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

Waikato Raupatu Lands Trust Notes to the financial statements

for the year ended 31 March 2018

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 and fittings \$000	Land and buildings (hotels) \$000	Total \$000
Year ended 31 March 2017								
Opening net book value		43,252	10,834	492	1,100	18,566	74,161	148,405
Additions		8,734	-	131	386	167	138	9,556
Disposals		(7)	(6)	(12)	(29)	(5,380)	(44,624)	(50,058)
Net revaluation	8	2,471	60	-	-	-	-	2,531
Transfer from investment properties	17	719	-	-	-	-	-	719
Depreciation	4	(224)	(320)	(37)	(186)	(2,511)	(1,040)	(4,318)
Reclassification		(3,225)	-	-	-	-	-	(3,225)
Closing net book value		51,720	10,568	574	1,271	10,842	28,635	103,610
At 31 March 2017								
Cost		18,787	19,246	1,294	2,351	16,737	30,769	89,184
Valuation		33,169	60	-	-	-	-	33,229
Accumulated depreciation		(236)	(8,738)	(720)	(1,080)	(5,895)	(2,134)	(18,803)
Closing net book value		51,720	10,568	574	1,271	10,842	28,635	103,610
Year ended 31 March 2018								
Opening net book value		51,720	10,568	574	1,271	10,842	28,635	103,610
Additions		8,042	612	114	706	912	3,511	13,897
Disposals		-	-	-	(130)	(1,785)	-	(1,915)
Net revaluation	8	(2,901)	-	-	-	-	-	(2,901)
Transfer to investment properties	17	(490)	-	-	-	-	-	(490)
Depreciation	4	(170)	(305)	(46)	(240)	(1,811)	(437)	(3,009)
Other		(1,158)	1,731	(99)	-	1,119	25	1,618
Closing net book value		55,043	12,606	543	1,607	9,277	31,734	110,810
At 31 March 2018								
Cost		25,181	21,589	1,309	2,927	16,983	34,305	102,294
Valuation		30,032	60	-	-	-	-	30,092
Accumulated depreciation		(170)	(9,043)	(766)	(1,320)	(7,706)	(2,571)	(21,576)
Closing net book value		55,043	12,606	543	1,607	9,277	31,734	110,810

Waikato Raupatu Lands Trust

Notes to the financial statements

for the year ended 31 March 2018

Telfer Young (Waikato) Limited and Silverton Alexander 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 as well as discount rate, land inflation and rental rates
- comparing market evidence of transaction prices for similar properties.

The total value of farm properties valued by Telfer Young (Waikato) Limited at 31 March 2018 for the Group is \$41.0m (2017: \$36.8m). The total value of owner-occupied properties valued by Silverton Alexander Limited for the Group at 31 March 2018 is \$5.8m (2017: Curnow Tizard Limited \$5.5m).

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 and 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 Puukawa.

Land and buildings (hotels) pledged as security

Bank of New Zealand has security agreements over the assets owned by the Hamilton Riverview Hotel Limited (see note 19).

Recognition and measurement

Farm and owner-occupied properties are comprised of land, buildings and plant held on 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 Puukawa.

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 the 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 2018

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.

Waikato Raupatu Lands Trust
Notes to the financial statements
for the year ended 31 March 2018

▶ **17 Investment properties**

	Note	Consolidated	
		2018 \$000	2017 \$000
Balance at beginning of year		429,591	403,289
Development		12,972	2,082
Net gain from fair value adjustment	5	32,242	33,829
Transfer to inventory		(1,176)	(4,499)
Transfer from/(to) property, plant and equipment	16	490	(719)
Additions		9,913	3,460
Disposals		-	(7,851)
Balance at end of year		484,032	429,591

(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 as well as discount rate, land inflation and rental rates
- 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 \$114.0m on 31 March 2018 (31 March 2017: \$73.0m) using a mixture of market evidence of transaction prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches.
- K Sweetman and M Snelgrove from Colliers International NZ Limited valued properties at fair value of \$143.1m on 31 March 2018 (31 March 2017: \$99m) 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 \$71.7m on 31 March 2018 (31 March 2017: \$119.0m) using a mixture of market evidence of transaction prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches.
- M Silvertown and J Alexander from Silvertown Alexander Limited valued properties at fair value of \$20.6m (31 March 2017: nil) using a mixture of market evidence of transaction prices for similar properties, capitalisation and discounted cash flow approaches.
- D Winefield from Jones Lang LaSalle valued properties related to The Base at fair value of \$405.0m on 31 March 2018, \$202.5m being 50% group share (31 March 2017: \$195.0m) using a mixture of market evidence of transaction prices for similar properties, 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.

Waikato Raupatu Lands Trust Notes to the financial statements

for the year ended 31 March 2018

▶ 18 Te Wherowhero title properties

		Consolidated	
		2018	2017
Note		\$000	\$000
	Balance at beginning of the year	120,373	100,472
	Net (loss)/gain from fair value adjustments	(1,976)	18,185
		118,397	118,657
	Other land		
	At cost	-	1,716
	Closing balance	118,397	120,373

In 2017, a decision was made to enhance the presentation of the consolidated financial statements and reclassify the sublessor interest for The Base and University of Waikato from investment properties to Te Wherowhero title properties to show the full fair value of this land. Comparative information has been appropriately adjusted to allow comparability.

(a) Valuation of Te Wherowhero title properties

Te Wherowhero title properties comprise of properties located at Kaawhia, 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 \$118.4m (2017: \$120.4m).

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 as well as discount rate, land inflation and rental rates
- comparing market evidence of transaction prices for similar properties.

Te Wherowhero title property valuations were completed as follows:

- D J Saunders from Telfer Young (Waikato) Limited valued properties at fair value of \$51.0m as at 31 March 2018 (31 March 2017: \$26.0m) 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 \$7.5m on 31 March 2018 (31 March 2017: nil) 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 of Waikato are subject to operating leases with Tainui Group Holdings Limited. The sublessor's interest is held within investment properties (see note 17).

Waikato Raupatu Lands Trust

Notes to the financial statements

for the year ended 31 March 2018

(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 Kaawhia, 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 statement 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 2018 at \$1.7m (2017: \$1.7m).

As at 31 March 2018 (and 31 March 2017), the title is protected by the Custodial Trustee Kiingi Tuuheitia.

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	
	2018	2017
	\$000	\$000
Secured		
Bank loans	-	-
Total secured current interest bearing borrowings	-	-
Secured		
Bank loans	143,910	123,300
Total non-current interest bearing liabilities	143,910	123,300
Total interest-bearing liabilities	143,910	123,300

The Group has a multi-option credit facility agreement with Westpac New Zealand for \$50.0m that matures on 31 March 2020. \$20.6m (2017: nil) had been drawn down at balance date. As part of the facility arrangement, the Group has agreed to a negative pledge with Westpac New Zealand. In essence, this means the Group will not enter into any transaction or agreement that will increase the Group's indebtedness without Westpac New Zealand's prior consent.

The Base Limited has debt facilities of \$100.0m (2017: \$100.0m). The facilities include a multi-option credit line facility agreement with Westpac New Zealand for \$50.0m (2017: \$50.0m) and a committed cash advance facility with Bank of New Zealand for \$50.0m (2017: \$50.0m). All facilities mature on 31 May 2020. Borrowings of \$100.0m of the available facilities had been drawn at balance date (2017: \$100.0m). 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 2018 (2017: Bank of New Zealand and Westpac New Zealand).

Waikato Raupatu Lands Trust Notes to the financial statements

for the year ended 31 March 2018

Hamilton Riverview Hotel Limited holds a term loan with Bank of New Zealand for \$24m that matures 27 May 2019. Borrowings of \$23.3m (2017: \$23.3m) of the available facility had been drawn at balance date. 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 rate 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

Categorised as at fair value through surplus or deficit

Interest rate swaps

Total current other financial liabilities

Interest rate swaps

Total non-current other financial liabilities

Total other financial liabilities

Consolidated	
2018 \$000	2017 \$000
1,550	1,486
1,550	1,486
3,339	4,001
3,339	4,001
4,889	5,487

The notional amount of interest rate swaps is \$75.0m with maturity dates ranging from 1–6 years (2017: \$88.0m with maturity dates ranging from 1–7 years).

Waikato Raupatu Lands Trust

Notes to the financial statements

for the year ended 31 March 2018

21 Trade and other payables

	Consolidated	
	2018 \$000	2017 \$000
Trade payables	3,327	1,468
Income received in advance	434	542
Accrued expenses	6,392	6,860
Grants payable	6,221	5,382
Employee entitlements	926	1,540
Other payables	92	146
GST payable	(55)	202
Total creditors and other payables	17,337	16,140

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 rate method.

22 Contingencies

22.1 Contingent liabilities

Guarantees

The Trust had contingent liabilities at 31 March 2018 (and 31 March 2017) in respect of the following:

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

Te Arataura believes 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 an 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 that followed the first claim.

The second relativity settlement claim was received in December 2017 for \$189.6m. Further to this, as a result of the arbitration process that followed the relativity settlement received in December 2017, an amount of \$16.8m was received in April 2018, which has been recognised as income in the year ended 31 March 2018.

The Trust is still in an ongoing dispute in relation to the first relativity claim made in 2012. The dispute relates to interpretations of specific clauses in the 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.

Waikato Raupatu Lands Trust Notes to the financial statements

for the year ended 31 March 2018

23 Capital commitments

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

	Consolidated	
	2018 \$000	2017 \$000
Intangible assets	-	7,312
Investment property	2,296	8,947
	2,296	16,259
Other	51,685	54,602
	51,685	54,602
Total capital commitments	53,981	70,861

Other commitments are for Tainui Group Holdings Limited and include capital call commitments for investment in Pioneer Capital for \$19.3m and Waterman Fund \$7.8m and a commitment to contribute capital to the joint venture Tainui Auckland Airport Hotel LP 2 of \$24.5m upon a capital call notice (2017: Pioneer Capital \$18.3m, Waterman Fund \$11.8m and Tainui Auckland Airport Hotel LP 2 \$24.5m).

24 Operating leases

(a) Accrued revenue

	Consolidated	
	2018 \$000	2017 \$000
Within one year	91	92
Later than one year	30,975	31,332
	31,066	31,424

For the operating lease that exists between the Trust and Tainui Group Holdings Limited for land owned by the Trust for The Base, revenue was received in advance in 2017 and is amortised over a 120-year term using the effective interest rate method.

(b) Operating leases as lessee

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

	Consolidated	
	2018 \$000	2017 \$000
Within one year	213	111
Later than one year but not later than five years	381	249
Later than five years	-	156
Total non-cancellable operating leases	594	516

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

The operating lease that exists between the Trust and Tainui Group Holdings Limited for land owned by the Trust for University of Waikato is rent free until the first rent review date in 2022.

Waikato Raupatu Lands Trust
Notes to the financial statements
for the year ended 31 March 2018

(c) Economic entity as lessor

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

	Consolidated	
	2018 \$000	2017 \$000
Within one year	25,472	25,432
Later than one year and not later than five years	71,793	64,140
Later than five years	86,310	70,862
Total non-cancellable operating leases	183,575	160,434

The majority of lease agreements are renewable at the end of the lease period at market rates. There are no options to purchase attached to any lease agreements.

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.

25 Disposals

In February 2017, the Group sold 20% of Tainui Auckland Airport Hotel LP to Auckland International Airport Limited for \$15.6m. The Group now holds 50% of equity share capital in Tainui Auckland Airport Hotel LP. The Group now reports this as investments in joint ventures (refer to note 26).

Waikato Raupatu Lands Trust Notes to the financial statements

for the year ended 31 March 2018

26 Trust structure

(a) Subsidiaries

The Trust owns the following subsidiaries, which form the economic entity. All subsidiaries have a March balance date.

	Charitable status	Principal activity	Ownership and voting interest	
			2018	2017
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 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%	60%

In 2017, the Group sold 20% of Tainui Auckland Airport Hotel LP to Auckland International Airport Limited for \$15.6m, and the Group now reports this as investments in joint ventures.

Recognition and measurement

Subsidiaries are all entities (including special-purpose entities) over which the Group has the power to govern 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 Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated 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.

Waikato Raupatu Lands Trust

Notes to the financial statements

for the year ended 31 March 2018

(b) Joint operation

The company has entered into a joint operation called The Base Te Awa Limited. The company has a 50% participating interest in this joint operation. The Group's interests in the assets employed in the joint operation are included in the balance sheet in accordance with the accounting policy described in note 2 under the following classifications:

Name	Principal activity	Fair value carrying value	
		2018	2017
The Base Te Awa Limited	Property	50%	50%

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 operations entities are accounted for using proportionate consolidation.

Jointly controlled operations entities' assets and liabilities accounted for using proportionate consolidation were:

	Consolidated	
	2018 \$000	2017 \$000
Statement of financial position		
Current assets	1,177	1,605
Non-current assets	202,548	195,048
Total assets	203,725	196,653
Current liabilities	2,190	1,443
Total liabilities	2,190	1,443
Net assets	201,535	195,210

Jointly controlled operations entities' revenue and expense accounted for using proportionate consolidation were:

	Consolidated	
	2018 \$000	2017 \$000
Statement of comprehensive revenue and expense		
Revenue	15,204	12,145
Expenses	(4,109)	(1,185)
Profit before income tax	11,095	10,960

Waikato Raupatu Lands Trust Notes to the financial statements

for the year ended 31 March 2018

(c) 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 the equity method of accounting. Information and the effect the joint venture interest had on the Trust's financial statements are set out below.

		2018	2017	2018	2017
				\$000	\$000
Ngai Tahu Tainui Go Bus Holdings Limited	Direct investment	33%	33%	38,853	32,859
Raukura Moana Sealord Limited Partnership	Primary industries	50%	50%	486	512
Rotokauri Development Limited	Property	70%	70%	15,182	8,344
TAG Forestry Joint Venture	Primary industries	0%	50%	-	553
Waikato Milking Systems Limited Partnership	Direct investment	32%	32%	4,167	16,153
Tainui Auckland Airport Hotel LP	Hotel	50%	50%	38,279	39,445
Tainui Auckland Airport Hotel LP 2	Hotel	50%	50%	3,000	3,000
Tainui Auckland Airport Hotel GP Limited	Hotel	50%	50%	-	-
Tainui Auckland Airport Hotel GP (No.2) Limited	Hotel	50%	50%	-	-
				99,967	100,866

On 30 June 2017, TGH Farms and Forestry acquired the remaining 50% share in TAG Forestry Joint Venture for \$0.6m, and it was subsequently amalgamated into TGH Farms and Forestry Limited.

In 2017, the Group sold 20% of Tainui Auckland Airport LP to Auckland International Airport LP for \$15.6m, and the Group now reports this as investments in joint ventures. On the sale of Tainui Auckland Airport Hotel LP, the Group agreed to a 50% interest in a new joint venture for the construction of a new hotel. There has been no further contribution by the Group into Tainui Auckland Airport Hotel LP 2 in 2018 (2017: \$3m).

	Consolidated	
	2018	2017
	\$000	\$000
Movements in carrying amounts		
Carrying value at the beginning of the year	100,866	51,273
Share of (deficit)/surplus after income tax	(2,491)	2,194
Elimination of profits on transactions with joint ventures	2,053	324
Share of other comprehensive income	1,387	(690)
New investments	-	41,913
Disposal of TAG Forestry Joint Venture	(553)	-
Contribution	5,000	6,699
Dividends received	(6,295)	(847)
Carrying amount at the end of the financial year	99,967	100,866

Waikato Raupatu Lands Trust
Notes to the financial statements
for the year ended 31 March 2018

	Consolidated	
	2018	2017
	\$000	\$000
Statement of financial position		
Current assets	46,392	29,183
Non-current assets	154,392	146,879
Total assets	200,784	176,062
Current liabilities	24,363	13,280
Non-current liabilities	76,454	61,916
Total liabilities	100,817	75,196
Net assets	99,967	100,866

Jointly controlled entities' revenue and expense accounted for using equity accounting were:

	Consolidated	
	2018	2017
	\$000	\$000
Statement of comprehensive revenue and expense		
Revenue	104,145	65,635
Expenses	(106,636)	(63,171)
Loss/(profit) before income tax	(2,491)	2,194

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 partnership entities are accounted for using the equity method.

Under the 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.

Waikato Raupatu Lands Trust

Notes to the financial statements

for the year ended 31 March 2018

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 \$369m (2017: \$198m) are held with bank and financial institution counterparties that are rated AA- to A+ based on Standard & Poor's 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 that 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

As at 31 March 2018, if the market close prices on quoted investments had been 10% higher/(lower), with all other variables held constant, the Trust's surplus/(deficit) for the year and the equity would have been \$5.9m (2017: \$5.3m) higher/(lower).

As at 31 March 2018, if the net assets of the unlisted investments had been 10% higher/(lower), with all other variables held constant, the Trust's surplus/(deficit) for the year and the equity would have been \$2.2m (2017: \$1.9m) higher/(lower).

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

A movement in the enterprise value of 10% would result in a surplus/(deficit) in the Group's equity interest in AFL income shares of \$1.2m (2017: \$1.2m), and a movement in the EBIT multiple of 1.0 would result in a surplus/(deficit) in the Group's equity interest in AFL income shares of \$1.4m (2017: \$1.4m).

(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 rates expose the Trust to fair value interest rate risk.

The Trust adopts a policy of ensuring that 40–90% 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 rate 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.

Waikato Raupatu Lands Trust

Notes to the financial statements

for the year ended 31 March 2018

(b) Sensitivity analysis

As at 31 March 2018, 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 \$1.5m (2017: \$0.8m) higher or lower. This movement is attributable to the increase of outstanding loans from \$123.3m to \$143.9m and greater exposure to floating interest rates via term deposits.

(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 2018

		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
Note		\$000	\$000	\$000	\$000	\$000	\$000
	Trade and other payables	16,072	-	-	-	16,072	16,072
	Borrowings	3,762	3,762	126,850	-	134,374	143,910
	Total non-derivatives	19,834	3,762	126,850	-	150,446	159,982
	Derivative financial instruments (outflows)	1,698	1,554	1,727	50	5,029	4,889
	Total derivatives	1,698	1,554	1,727	50	5,029	4,889

Consolidated at 31 March 2017

	Trade and other payables	13,856	-	-	-	13,856	13,856
	Borrowings	3,762	3,762	126,850	-	134,374	123,300
	Total non-derivatives	17,618	3,762	126,850	-	148,230	137,156
	Derivative financial instruments (outflows)	1,663	1,375	2,409	216	5,663	5,486
	Total derivatives	1,663	1,375	2,409	216	5,663	5,486

Waikato Raupatu Lands Trust Notes to the financial statements

for the year ended 31 March 2018

(d) Fair value estimation

The fair value of financial assets traded in active markets is based on quoted market close prices at balance date. Advances to joint ventures are not quoted on an active market, and its current value approximates fair value.

Investments in 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 approximates 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.

Consolidated as at March 2018	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total balance \$000
Financial assets				
Financial assets at fair value through surplus or deficit				
- Investments in listed companies	58,881	-	-	58,881
- Investments in unlisted companies	-	-	22,227	22,227
- Investments in unlisted company (AFL income shares)	-	-	12,300	12,300
Total financial assets	58,881	-	34,527	93,408
Financial liabilities				
- Interest rate swaps	-	4,889	-	4,889
Total financial liabilities	-	4,889	-	4,889
Net financial assets (liabilities)	58,881	(4,889)	34,527	88,519

Consolidated as at March 2017

Financial assets				
Financial assets at fair value through surplus or deficit				
- Investments in listed companies	52,655	-	-	52,655
- Investments in unlisted companies	-	-	18,535	18,535
- Investments in unlisted company (AFL income shares)	-	-	12,300	12,300
Total financial assets	52,655	-	30,835	83,490
Financial liabilities				
Interest rate swaps	-	(5,487)	-	(5,487)
Total financial liabilities	-	5,487	-	5,487
Net financial assets/(liabilities)	52,655	(5,487)	30,835	78,003

Waikato Raupatu Lands Trust
Notes to the financial statements
for the year ended 31 March 2018

(e) Financial instrument by category

Financial assets as per consolidated statement of financial position	Assets at fair value through surplus or deficit \$000	Assets at amortised cost \$000	Total balance \$000
Consolidated			
At 31 March 2018			
Shares in listed and unlisted companies	93,408	-	93,408
Trade and other receivables	-	37,526	37,526
Advances – joint ventures	-	9,357	9,357
Cash and cash equivalents	-	368,093	368,093
	93,408	414,976	508,384
At 31 March 2017			
Shares in listed and unlisted companies	83,490	-	83,490
Trade and other receivables	-	155,229	155,229
Advances – joint ventures	-	6,232	6,232
Cash and cash equivalents	-	198,046	198,046
	83,490	359,507	442,997

Financial liabilities as per consolidated statement of financial position	Liabilities at fair value through surplus or deficit \$000	Liabilities at amortised cost \$000	Total balance \$000
Consolidated			
At 31 March 2018			
Borrowings	-	143,910	143,910
Derivative financial instruments	4,889	-	4,889
Trade and other payables	-	16,072	16,072
	4,889	159,982	164,871
At 31 March 2017			
Borrowings	-	123,300	123,300
Derivative financial instruments	5,487	-	5,487
Trade and other payables	-	13,856	13,856
	5,487	137,156	142,643

Waikato Raupatu Lands Trust Notes to the financial statements

for the year ended 31 March 2018

(f) Capital risk management

The Trust's capital is its equity (comprised of 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 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 byproduct 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.

The Trust has not breached any bank covenants as required by Bank of New Zealand and Westpac New Zealand during the reporting period (see note 19) (2017: no breach). There are no externally imposed capital requirements at balance date (2017: nil).

	Consolidated	
	2018 \$000	2017 \$000
Total borrowings	143,910	123,300
Less: cash and cash equivalents	(369,093)	(198,046)
Net debt	(224,185)	(74,746)
Total equity	1,172,106	1,067,677
Total capital	947,921	992,931
Net debt to equity ratio	(24)%	(7)%

28 Events occurring after the balance date

On 6 April 2018, a payment of \$16.8m was received as a result of the arbitration process that followed the relativity settlement received in December 2017 and was recognised as receivable and revenue in the year ended 31 March 2018 (refer to note 22.2).

On 15 June 2018, TGH agreed to provide underwriting for Waikato Milking Systems Limited Partnership (WMS) in relation to a Hi Tech Limited claim. Hi Tech Limited issued a claim that its rights to the earn-out payment (in place from the acquisition of the business of Hi Tech Limited by WMS) had been triggered on the basis that the decision by WMS to contract out servicing to dealers and cease to sell parts direct to customers amounted to WMS transferring or disposing of part of the business purchased from Hi Tech. The WMS Board has yet to determine next steps in defending the claim. However, should the claim be successful, the maximum liability would be up to 33% of \$1.5m (TGH share is \$500k).





WWW.WAIKATOTAINUI.COM
4 BRYCE STREET,
PO BOX 648,
HAMILTON 3240