

2019 TE
PUURONGO
AA TAU A
WAIKATO
TAINUI

WAIKATO-TAINUI ANNUAL REPORT



*"...ko nga humeka, ko nga kaamura,
ko nga parakimete, ko nga pekarohi"*



Message from
the King

He Koorero Naa Te Kiingi

The 2019 Annual Report is based on the following tongikura from Kiingi Taawhiaio:

*Teeraa anoo ooku nei hoa kei ngaa
toopito o te ao, ko ngaa humeka,
ko ngaa kaamura, ko ngaa
parakimete, ko ngaa pekarohi'*

My friends hail from the four corners of the world, they are the shoemakers, the carpenters, the black smiths, and the bakers.

I see my tupuna's tongikura as a metaphor for unification through the deployment and utilisation of diverse talents. The key to bringing all these diverse elements together is unanimity of purpose - a significant element for achieving the best performance possible.

The Annual Plan for the tribe sits within and not separate from the overall context of the Kiingitanga. Its purpose therefore is to give operational effect and provide resourcing for the broader goals and aspirations of the Kiingitanga.

The annual income that is derived from dividend streams from the economic activities of the tribe and other sources such as the relativity clause are an important element in determining the effectiveness of the achievement of annual goals.

In terms of the successful achievement of KPIs for each of the entities, it has been a solid year. However, the continued growth and performance into the future relies on constant vigilance, accountability, regular review, refreshed leadership and, if necessary, structural reconfiguration.

We live in a challenging and fast-changing world, and I expect our governance and management to be adept and attuned to change and have the ability and capacity to be fleet of foot when necessary to make the appropriate decisions.

From time to time at poukai, I have made public comment on the need to improve communications between the various entities - governance and management matters as well as aspects of the economic vision of Tainui Group Holdings. My observations derive from official briefings, discussions with many members of our tribe and my own sense of what is right and wrong.

Last year, I set out my vision for future proofing the Kiingitanga for the next 160 years, which included stabilising the Waikato-Tainui platform. From such a solid base we can both grow the income and achieve more for the tribe and at the same time invest in future proofing the Kiingitanga for the next 160 years.

An integral element of this future proofing is to utilise more effectively existing mechanisms such as Te Kaumarua. I also saw the need to strengthen our relationships in the Pacific and reach out to better inform other New Zealanders about the Kiingitanga.

I want to thank all of those responsible for guiding and providing leadership for our cultural, social and economic assets.

Yours is not an easy task, and there will be critics at every step of the journey, but once you have been appointed or elected to these roles, I expect you to do no less than your best.

Paimaarire



Tuuheitia Pootatau Te Wherowhero Te Tuawhito

Teeraa anoo ooku nei hoa kei ngaa toopito o te ao, ko ngaa humeka, ko ngaa kaamura, ko ngaa parakimete, ko ngaa pekarohi



Kiingi Taawhiao's famous tongikura is the theme for a special 70th edition of Te Hookioi and the 2019 Annual Report.

If this tongikura could be embodied in a series of images, capturing the essence of Kiingi Taawhiao's vision for his people to live a life of purpose and passion, leveraging relationships, making connections, stepping out in innovation and entrepreneurialism, these are the photos, some of our tribal people and the koorero that bring this tongikura to life.

Friends with the world...

"The visit with the Pope is significant. It is a part of the vision he set out at his Koroneihana to commemorate the 160th anniversary of the Kiingitanga. That vision was to see the Kiingitanga become an important instrument both domestically and internationally in reaching out to the world. The visit to the Pope was an aspect of this. We already have close relationships with the Pacific, we have plans to visit the Queen of England as it was her grandmother who instigated the establishment of the Kiingitanga."

Tāa Wira Gardiner
Advisor to the King's Office

The shoemaker (high' end fashion designer and company director for AKANA Designs)

"I never thought I'd be showcasing my designs on a catwalk in London, I never thought I'd have my own fashion label, I just knew I wanted to make waahine feel and look beautiful. I wanted an ethical business that made our people look as beautiful on the outside, as they are on the inside."

Alecia Kana
(Maketuu, Te Aaruka, Te Kooraha Marae)

My friends hail from the four corners of the world, they are the shoemakers, the carpenters, the blacksmiths, and the bakers



*The carpenters
(the aunties studying at
Wintec to build their own
papakaainga)*

"We realised to get our whaanau back on the land, we needed accommodation to live or stay short term. The plan to build simple cabins on our ancestral land made sense, but who was going to build them? We were both at home, so I thought about going back to school and learning to build and I dragged Miriama along with me."

*Ataneta Barakat
(Tuurangawaewae and Maurea Mara)*



*The blacksmith
(the engineer and
steel sculptor)*

"My wife and I set up a company with little more than a toolbox, a welder and some good trade skills. 27 years on, our stainless-steel fabrication business has rapidly grown, but our values of courage, respect and wholeheartedness have stayed the same – Longveld is a values-based business, and that's where our strength lies."

*Les Roa
(Puurekireki Mara)*



*The baker (the business
owner, cookbook writer
and creative food genius)*

"When the alarm sounds at an ungodly time in the morning prompting the beginning of the day, there has to be an unparalleled love of our craft. Working in the kitchen at Poohara Paa has instilled in me a work ethic nowhere else could have readied me for in the industry. I think Gordon Ramsay would've been running from some of those aunties."

*Tāss Tāurua
(Poohara Mara)*

Ngaa Poupou o Waikato-Tainui

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 Poupou o Waikato-Tainui is our vehicle to encourage, promote and lead this.

Overseen by the Chair of Te Whakakitenga o Waikato, in FY2019, Ngaa Poupou o Waikato-Tainui included the Chairs of:

- **Te Arataura (Executive Board of Te Whakakitenga o Waikato)**
- **Waikato-Tainui College for Research & Development**
- **Tainui Group Holdings**
- **The Kings Office**
- **Ngaa Marae Toopu**

Ngaa Poupou 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



Rukumoana Schaaflhausen
Chair of Te Arataura



Sir Henry van der Heyden
Chair of Tainui Group Holdings



Taari Nicholas
Acting Chair of Waikato-Tainui College for Research and Development



Donna Flavell
CEO of Te Whakakitenga o Waikato



Chris Joblin
CEO of Tainui Group Holdings



Dr Cheryl Stephens
Chief Executive of Waikato-Tainui College for Research and Development



Brad Totoreza
Chair of Ngaa Marae Toopu

Raarangi Kaupapa

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Parekawhia McLean
Chair of Te Whakakitenga o Waikato

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*

Ahakoia he iti taku ngohi

He rei kei roto!

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

Paimaarire ki a taatou katoa!

It is with pleasure that I receive the 2019 Annual Report on behalf of Te Whakakitenga o Waikato and present it to our people for their consideration.

The thematic approach for this year's report is based on another tongikura from Kiingi Taawhiao

*Tēeraa anoo ooku nei hoa kei ngaa toopito o te ao, ko ngaa humeka,
ko ngaa kaamura, ko ngaa parakimete, ko ngaa pekarohi.
(My friends hail from the four corners of the world, they are the
shoemakers, the carpenters, the black smiths, and the bakers.)*

This approach provides a natural flow from tongikura that have featured in the previous two annual reports – *Te hangai tuuaapapa mo ngaa uri whakahere (2017)* and *Maaku anoo e hanga tooku nei whare. Ko te taahuhu he hiinau ko ngaa poupou he maahoe, patatee. Me whakatupu ki te hua o te rengarenga, me whakapakari ki te hua o te kawariki (2018)*.

The first of the tongi references the creation of a platform for our future generations. The second goes further by identifying key attributes that are required to build a structure for our people.

From a contemporary sense, this tongi acknowledges that we cannot achieve everything ourselves and urges us to identify and maintain strategic partnerships to reach our potential, which, is captured in Whakatupuranga 2050.



FIVE YEAR PLAN

As Te Whakakitenga Chair, one of my priorities is to reflect your expectations by setting the strategic agenda for Te Arataura. This year, we were asked to consider applying a medium-term lens by adopting a high-level five-year plan, and at its March hui, Te Whakakitenga gave the plan the green light.

I am pleased that the organisation has worked fastidiously over the past year to get us to this point. The process began in 2017 with Te Whakakitenga members taking part in a series of workshops to assist management to populate the plan. It was critical that members were involved in the planning because it needed to reflect the wishes of their marae and their people.

Since 2017, Te Whakakitenga received regular iterations from management who further streamlined the plan so that, by March, they were able to present a well-constructed plan to the house.

The house will still approve an annual budget. However, this plan allows us to track our medium-term progress for the first time.

LOCAL GOVERNMENT REPRESENTATION

Last year, we were successful in advocating for representation on Hamilton City Council. Five maangai Maaori were appointed to council committees to represent the views of Maaori and Waikato-Tainui. This was a watershed moment for local government and presented an innovative way to ensure our voice was being represented at the table.

They have all played a significant role providing key insights to the members of the various committees they sit on in the Council. The representatives are Norman Hill, Bella Takiari-Brame, Te Pora Thompson, Oliver Te Ua and James Whetu.

RELATIVITY MECHANISM

Last year, I touched on the relativity mechanism that forms an important part of our settlement package with the Crown. There were outstanding matters relating to the two payments last year, which has meant we remain fully engaged in a further arbitration process with the Crown.

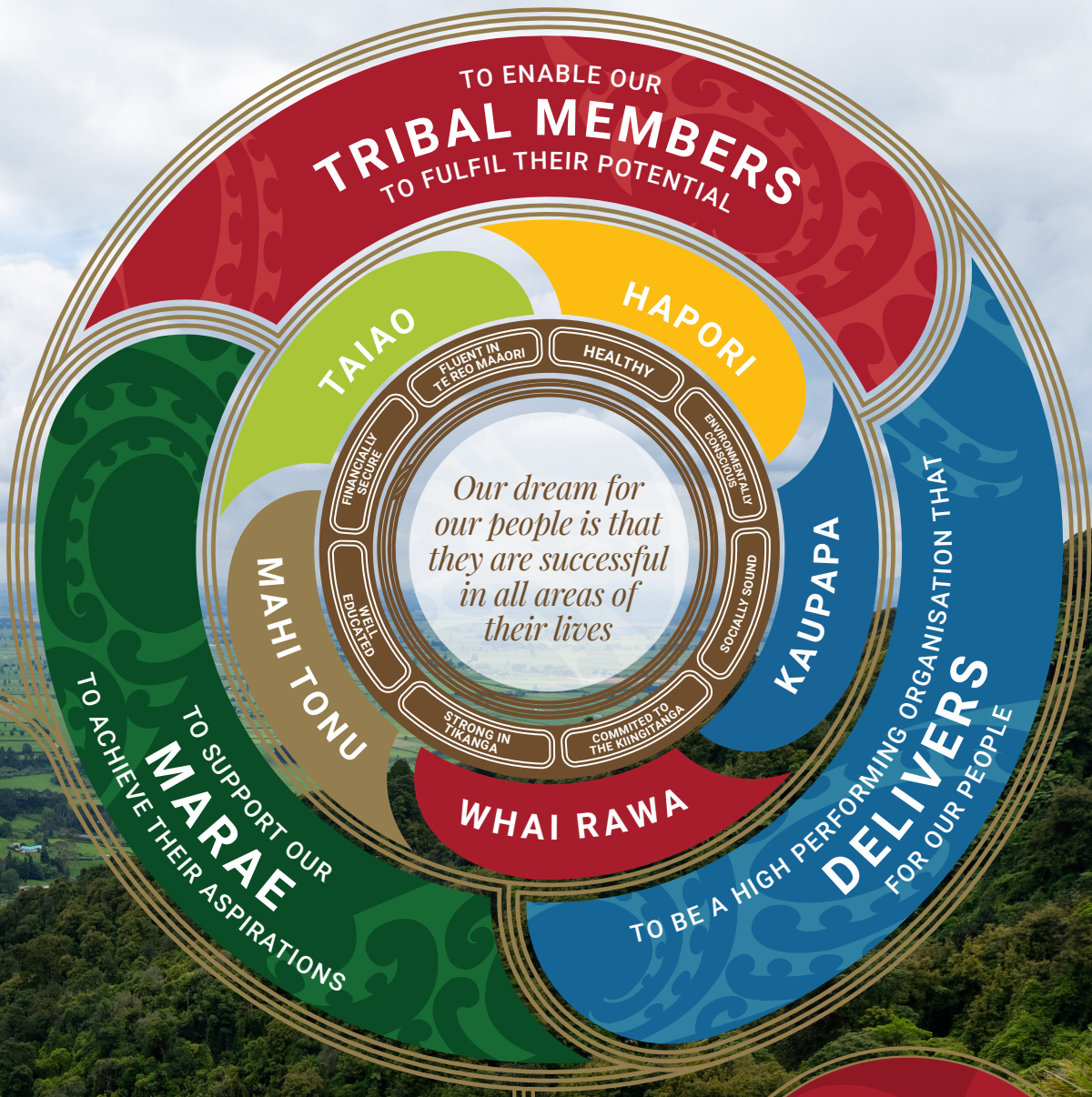
We have been fully engaged with the Crown, which eventuated in a formal arbitration process. The result of that process will be reported back in the 2019/20 financial year.

ACKNOWLEDGEMENTS

In closing, I acknowledge all my governance counterparts for your leadership across the Waikato-Tainui group and iwi. I am grateful for your selfless dedication. It would also not be possible to do our mahi, without the support of our Chief Executives, Senior Management and staff. Last but not least is the commitment and focus by the members of Te Whakakitenga o Waikato who represent the interests of their marae. I thank you all for your guidance, wise counsel and determination to support our people and marae to grow and prosper now and into the future. Nei raa te mihi aroha ki a koutou katoa.

Mahia te mahi, hei painga mo te iwi

Parekawhia McLean
CHAIR OF TE WHAKAKITENGA O WAIKATO



We serve over
76,000
iwi members, connected to **68 marae**
and **33 hapuu**. It is our responsibility
to ensure we are taking full advantage
of our strengths and resources
to realise our Whakatupuranga
2050 vision



Donna Flavell
CEO of Te Whakakitenga o Waikato

Rukumoana Schaafhausen
Chair of Te Arataura
Kahui Ariki Representative

Te Puurongo a Te Arataura

Report of Te Arataura

*Tuia te kawā, tairanga te kawā.
Ko te kawā noo runga, ko te kawā noo raro.
Ko te kawā whakahikohiko, ko te kawā
whakaitaita.
Nau mai te kawā ki a au mau ai.*

*Whakamoemititia te Atua i toona wāahi
tapu, i te toi o ngāa rangi. Whakamoemititia
i te nui o te manaaki ki te Iwi me ngāa
taangata katoa.*

*Mā te runga rāwā too taatou Kiingi hei
manaaki, hei tiaki. Koia te pou herenga
waka, te pou herenga taangata ki te ao
tuuroa.*

*Aue te nui o te mate kua riro i roto i
ngāa marama, i roto i ngāa wiki. E tangi
tiikapakapa ana te ngaakau ki a koutou kua
tiiraha ki ngāa mahaurangi. Moe mai rāa.*

*Teeraa ooku nei hoa noo ngāa toopito o te
ao! Kua tuia e te Kingi he here tuupuna
ki Roma, ki a Poopaa Werahiko. Kua
kootuia he here ariki ki Tonga. Tirohia
ngāa ranga o te ao. kapohia ki te kapu o
ngoo ringaringa. Whoatu ki te ao, tooia
mai te ao me oona hua, me oona tohu.
Paiheretia ki te rangimaarie, ki te aroha
hei painga moo ngāa taangata katoa.*

*Kei teenaa, kei teenaa o taatou te huarahi
ahu whakamua. Kimihia rangahaua te
pitomata. tukua mai kia piri, tukua mai
kia tata, tukua mai ki te ora o te tangata e.*



We are pleased to present the annual report to Te Whakakitenga o Waikato for the year ending 31 March 2019. It has been a significant year for our constituent marae as we have reflected on the last 160 years of Kiingitanga and the critical role the institution has played in our collective consciousness. It is one of the country's most enduring political institutions which began in 1858 with the aim of uniting Iwi to protect our lands and way of life. We have seen marked achievements and advancements over the year. We are particularly proud of the co-design of the Five Year plan and the increase in the uptake of tribal services as follows:

FIVE YEAR PLAN MAHITAHĪ | FIVE YEAR PLAN CO-DESIGN

Workshops were held with Te Whakakitenga and tribal members to better understand what our tribal priorities are over the next five years. It is the voice of our tribal members that must guide our decisions and it is from this we identified priorities like Hauora, development of our own environmental and education standards, water rights, and marae oranga.

NGAA POU HERENGA | TRIBAL SERVICES

Significant achievement has been the uptake in tribal services and programs to enable tribal aspirations including:

- the launch of our Te Karearea home ownership scheme
- the Taiao Project Fund that supported 23 initiatives
- over 1000 tribal members attending home ownership workshops
- the Business Facilitation services supporting 60 tribal members
- over 20,000 tribal members and 53 marae attending the Waikato Tainui Games
- the Maaori Tech Showcase attracting over 400 tribal members from across the motu Further highlights and details can be found at page 32.

NGAA HUA AA-TAHUA – FINANCIAL RESULT 2019

In the year to 31 March 2019, our financial performance enabled us to distribute \$19.6m across our priorities including \$3.8m of funds directly towards marae dividends to better enable marae aspirations.



WHAKAMIHI - ACKNOWLEDGEMENTS

It is a privilege to serve the collective vision of our marae and tribal members, building on what has been established, strengthening the house, for the future of Waikato Tainui and people of the Kiingitanga. We recognise that to build and strengthen we must ensure we are representing the voice of the Iwi.

As we continue to work towards our Five Year Plan milestones and Whakatupuranga 2050, we will ensure we remain agile and work better across our Waikato Tainui entities to enable greater benefits to our Marae and tribal members. Our dream for our people remains unchanged, supporting our people to be successful in all areas of their lives - committed to Kiingitanga, fluent in te reo Maaori, strong in tikanga, healthy, well-educated, financially secure, environmentally conscious and socially sound.

We want to acknowledge the collective efforts of the Waikato Tainui group entities to deliver these results, in particular Te Whakakitenga for providing the strategic oversight

and staff who are dedicated and invested in our people. Whakatupuranga 2050 is ingrained in everything they do because they have an understanding of our shared vision – kia tupu, kia hua, kia puaawai.

We look forward to outworking this through the Five Year Plan over 2019-2020.

Rukumoana Schaafhausen
KAIHAUTUU / CHAIR OF TE ARATAURA O WAIKATO TAINUI

Donna Flavell
CEO OF TE WHAKAKITENGA O WAIKATO

TE ARATAURA

BOARD MEETINGS, SUBCOMMITTEES AND JOINT MANAGEMENT AGREEMENTS (JMA) WITH COUNCILS

Member	Board meetings		Group Audit and Risk		Capital Works		Group Investment		Te Roopu Wai		Distributions	
	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible
Rukumoana Schaafhausen (Chair, Kaahui Ariki Representative) ¹	11	11	3				3	3	4	5		
Patience Te Ao (Deputy Chair)	10	11							3	5		
Hinerangi Raumati-Tu'ua	8	11	4				2	3				
Hemi Rau	9	11			1	3					8	11
Hoki-Mai Chong	9	11	5	5								
Aubrey Te Kanawa	10	11	3	5	3	3	1	3				
Linda Te Aho	10	11							4	5	9	11
Tahi Rangiwaha	9	11										
Jackie Colliar	10	11	3	5	3	3			5	5		
Donald Turner	10	11									11	11
Karen Wilson	11	11	3	5							11	11

Member	People and Culture		Waipaa District Council JMA		Waikato District Council JMA		Hamilton City Council JMA		Waikato Regional Council JMA		Hohou Te Rongo	
	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible
Rukumoana Schaafhausen (Chair, Kaahui Ariki Representative)	3	3	2	3	1	1	2	2	3	3		
Patience Te Ao (Deputy Chair)	3	3			1	1			1	3	1	1
Hinerangi Raumati-Tu'ua	1	3			1	1			1	3		
Hemi Rau	2	3					1	2				
Hoki-Mai Chong												
Aubrey Te Kanawa			3	3								
Linda Te Aho			3	3								
Tahi Rangiwaha												
Jackie Colliar			3	3					2	3		
Donald Turner									2	3		
Karen Wilson												

¹ In addition to the above, the Chair of Te Arataura represents TWOW on the following Committees - Co-Chair Waikato Plan Leadership Group, Chair Waikato District Council Waters Governance Board, Chair National Iwi Chairs Forum Freshwater Iwi Leaders Group, Wai Ora Healthy Rivers.





Sir Henry van der Heyden
Chair of Tainui Group Holdings

Chris Joblin
CEO of Tainui Group Holdings

Te Puurongo a Tainui Group Holdings

Report of Tainui Group Holdings

PROGRESS ON MANY FRONTS

In 2018, Tainui Group Holdings (TGH) marked 15 years since our first full year of operation as the newly structured commercial entity for Waikato-Tainui.

We have seen substantial growth in the company in that time, progressing from an asset base of \$179.7 million to this year's milestone of \$968.2 million. Over 15 years, we have generated total revenues of \$707.4 million for a total net profit of \$648.5 million and net operating profit of \$297.8 million.

The financial results are significant, as is the stable of assets built from our original Raupatu settlement to now include The Base, hotels, residential property developments, equity and financial investments, the emerging Ruakura development and more farms.



Artist impression of Te Arikinui hotel to be built at Auckland International Airport

Many people are responsible for this performance, and I acknowledge them and the expertise, commitment and dedication they gave so that TGH could benefit. Maa pango, maa where, ka oti te mahi.

During 2018, we were saddened by the loss of one of those people. Hon. Dr Koro Wetere was a founding director of TGH and a key driver of the vision held for this company. His aspirations for TGH remain, and we will not lose sight of the legacy he leaves. Takoto mai, moe mai raa e te rangatira.

In 2012, as the incoming Chairman, I acknowledged our responsibility to protect and grow the tribe's commercial assets. I wrote of our goal to increase annual dividend because that is what enables tribal development and social investment in our people and environment. It is why this company exists.

So, as we reflect on the past 15 years, we acknowledge the effort that has gone into achieving total dividend returns of \$184.5 million. Of this, dividends returned since 2012 total \$119.9 million, and I want to thank our staff for that result.

NGAA HOURUA – PARTNERSHIPS

The theme of this Annual Report is partnerships. We consider partnerships to be part of our DNA - a trait that we inherited from the Tainui Maaori Trust Board. The Novotel Tainui Hamilton hotel, which opened in 1999, was developed through a partnership approach led by the Trust Board. That hotel was followed by The Base, then the Ibis Tainui Hamilton hotel and the Novotel Tainui Auckland Airport hotel, all of which included strategic partnerships.

Those partners included the Perry Group, Hamilton City Council, Accor Hotels, The Warehouse and Auckland Airport Ltd as well as design, construction and project management suppliers and banking partners. Successful strategic partnerships are built on trust, respect and mutual benefit, and we continue to work in this way to advance the interests of TGH on behalf of our iwi.



The new look Novotel Tainui Hamilton



Like our tribal members here, TGH has also been building the future.

NGAA KAUPAPA ARUMONI – COMMERCIAL PROGRESS

Following a heavy weighting on property in its earlier years, TGH remains on a path to diversify its investments in order to balance risk. In line with this, our ongoing development of the Ruakura Inland Port over the past year gives us a stake in a significant infrastructure asset for the region.

Meanwhile, the extension of the Novotel Tainui Hamilton hotel and the plan to build a new 5-star luxury hotel, named Te Arikini, at Auckland International Airport will add further strength to our hotel operations, which are significant cash earners for our business. A third key strand of our investment strategy is refreshing our fixed-income portfolio by entering long-term lease agreements with Crown agencies, which provide secure medium-term and long-term income.

NGAA HUA AA-TAHUA – FINANCIAL RESULT 2019

Our hotels have led the way in earnings, followed by commercial leases, residential development, share market investment income, The Base, fishing quota and farms. Revenue is in line with prior year, other income saw a drop from \$6.8 million to \$2.0 million based on one-off sales that occurred in FY2018. Direct investments saw some improvements during the year and Net Profit landed at \$47.3 million, up from \$45.5 million.

Comprehensive income is \$72.2 million, up from \$44.0 million, and includes a \$23.6 million uplift in valuation of our Hamilton hotels. Total liabilities sit at \$233.8 million, and TGH is conservatively debt leveraged at 15 percent of total assets. Return on investment is 6.9 percent.

Total equity is \$734.4 million, an increase of \$43.9 million on 2018, and at balance date Total Debt was \$145.3 million.

Importantly, dividend to our iwi shareholder has increased to \$18.0 million, up by \$0.5 million. This does not include services valued at \$1.0 million, which are provided in kind to our tribal development arm. Our policy is to return a minimum of 60 percent of cash earnings as dividend annually to our iwi.

TOO TAATOU IWI - OUR IWI

Paataka Kai, jobs, asset tours, tribal kaupapa and furthering our cultural knowledge help sustain our connection to our iwi.

This year, we distributed 365 mutton and 2,280kg of mussels to 49 marae, identified 1,336 jobs for tribal members, held four asset tours, attended poukai and events and immersed staff into our culture at a Waahi Paa noho marae. Karakia and waiata practice are held three times per week, and next year, we will introduce te reo Maaori lessons for staff.

We also supported the Waikato Raupatu Lands Trust by heading contract negotiation and project managing civil works for the Te Kaarearea housing development. Led by the Lands Trust, this initiative will provide 50 houses for iwi members purchasing their first home.

These kaupapa ensure we are aligned to our values as iwi as we go about the important business of growing puutea for now and future generations.

WHAKAMIHI - ACKNOWLEDGEMENTS

The team at TGH is hardworking and committed. I thank my fellow board members for their diligence, and I thank management and staff for their focus on achieving our goals.

On behalf of the board of TGH, I also sincerely acknowledge the people of Waikato-Tainui, iwi leaders, tribal management and staff, business partners and the many stakeholders who continue to support our mahi. Thank you for working with us to make a difference.

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



Sir Henry van der Heyden
CHAIR OF TAINUI GROUP HOLDINGS



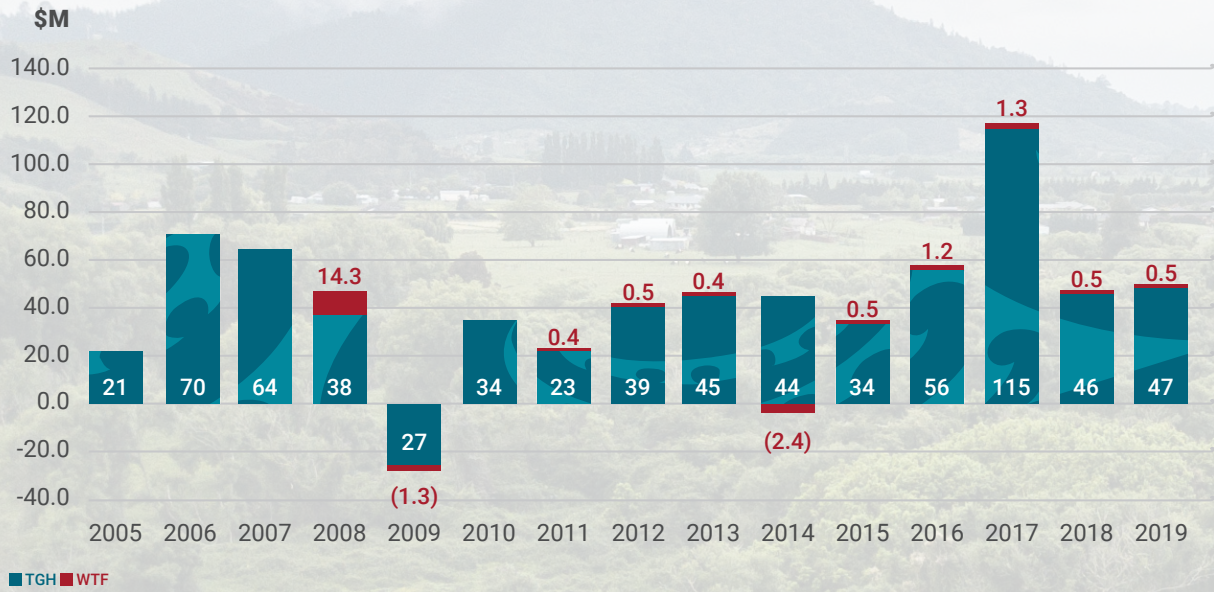
Chris Joblin
CEO OF TAINUI GROUP HOLDINGS



TGH staff noho marae, Waahi Paa, 2018

NET PROFIT/LOSS

Tainui Group Holdings and Waikato-Tainui Fisheries



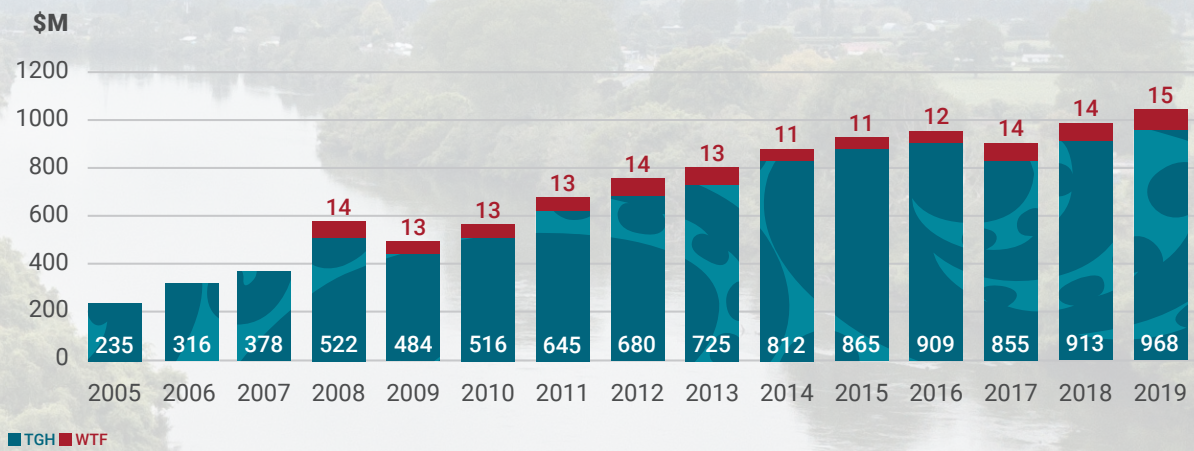
EQUITY

Tainui Group Holdings and Waikato-Tainui Fisheries

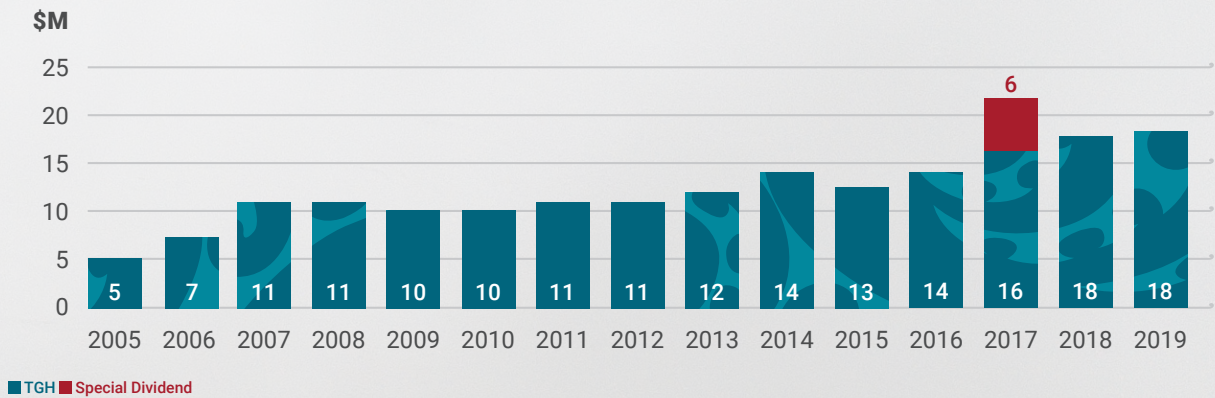


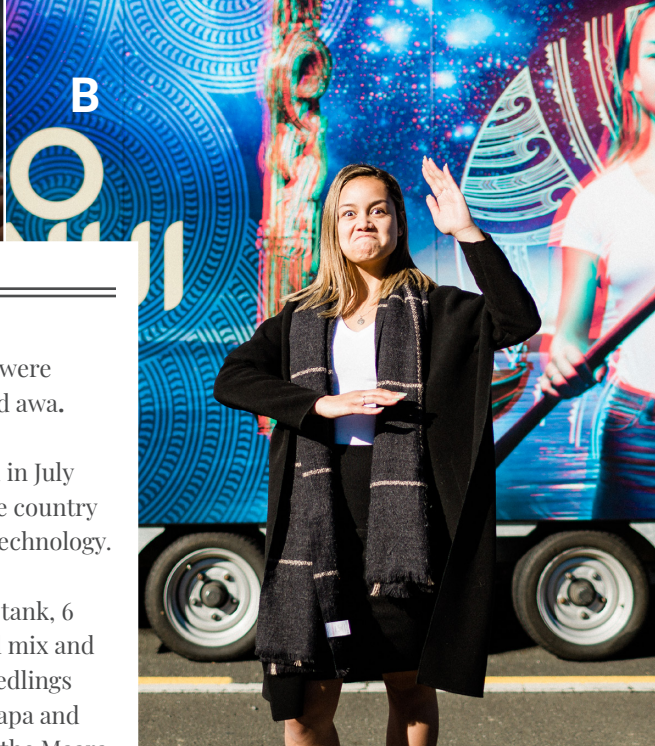
TOTAL ASSETS

Tainui Group Holdings and Waikato-Tainui Fisheries



ANNUAL DIVIDEND TO WAIKATO TAINUI





A. Taiao Project Fund – 23 projects were funded to protect our whenua and awa.

B. Te Hiwa o Tainui – was launched in July 2018. It's the first of its kind in the country & will house our brand-new VR technology.

C. Maara Kai – A 30,000 litre water tank, 6 wooden kit set planter boxes, soil mix and the first selection of vegetable seedlings have been provided to both Waipapa and Mookai Kaainga Marae as part of the Maara Kai initiative being delivered through the Taiao team.

D. Mokopuna Ora – Since the programme started, Waikato-Tainui have prevented 236 of our Mokopuna from going into state care.

E. Investing in Marae – in the financial year \$3.75m was distributed to enable marae aspirations.

F. Tainui Games – over 20,000 people and 53 marae participated in our 2018 games.

G. He Puna Kupu – Many kaumaatua, reo exponents, taiohi interns, whare Ariki, kaahuri ariki as well as many others have helped build an inaugural Waikato-Tainui Dialect Te Reo Dictionary which we are aiming to launch at the Koroneihana in 2019.





On 2 May 2018, a series of commemorative events to celebrate the 160th Anniversary of the Kiingitanga was kicked off with a karakia at the Kiingitanga Reserve to open our tribal festival celebrating the kaupapa of the Kiingitanga. The closing ceremony for the Kiingitanga 160 year events was held on 18 November 2018 in Puukawa on the shores of Lake Taupoo, in memory of this time. Tuuwharetoa hosted the event to celebrate with the motu.





Dr Cheryl Stephens
Chief Executive

Taari Nicholas
Acting Chair

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 KATO

Whaia ko te Mana Motuhake - Ake! Ake! Ake!

The College mission “Whaia ko te Mana Motuhake” encourages the pursuit of Maaori self-determination in the context of higher learning, education and leadership development. Our mission is inspired by the tongikura of Kiingi Taawhiao: “Maaku anoo hei hanga i tooku nei whare.” Our vision comes from the words of the renowned chief of Ngaati Maniapoto, Rewi Maniapoto. When asked to surrender at Oraakau in 1864, he uttered, “Ka whawhai tonu maatou, Ake! Ake! Ake! We will fight on for ever and ever!”

Ake, Ake, Ake is the College motto. It is intended to inspire the relentless pursuit of knowledge to sustain the tribe. The motto also symbolises the enduring commitment of Waikato-Tainui to education, as evidenced through the establishment of the College as a vehicle to advance tribal leadership and development.

The College acknowledges the vision and foresight of Sir Robert Te Kotahi Mahuta and stands firm in its belief that “the tribe’s wealth is between its ears”. We must continue to challenge the status quo to provide positive outcomes for Waikato-Tainui marae, hapuu and iwi, for Maaori and for indigenous communities throughout the world.

In 2018, the College underwent an organisational review, which resulted in the appointment of a new fit-for-purpose’ executive leadership team. One of the first tasks set for the newly formed senior leadership team and the Waikato Endowed Colleges Trust Board was the development of a five year strategic plan aligned to Whakatupuranga Waikato-Tainui 2050. This plan was completed and approved by the WECT Board at the end of 2018.



STRATEGIC RELATIONSHIPS

In line with the newly developed five year strategic plan, the College embarked on building and enhancing strategic relationships across various research and development areas;

Te Whare Waananga o Awanuiarangi

- A kawenata signed with Te Whare Waananga o Awanuiarangi on 19 March 2019.

Auckland University of Technology (AUT)

- A tripartite kawenata signed with AUT-Te Ipukarea National Maaori Language Institute, Waikato-Tainui and the College, on 28 February 2019.

Queenstown Resort College

- Career opportunities for Waikato-Tainui students who wish to enrol in the Paihia-based Diploma of Hospitality Management programme, with the aim of these students becoming future managers of our tribally owned hotels in Hamilton and Auckland.

University of Auckland

- Iwi focused research collaborations with the Schools of Engineering and Architecture and the James Henare Maāori Research Centre.
- Ngaa Pae o Te Maaramatanga – Maaori Centre of Research Excellence. The College is a member entity.

University of Waikato

- The College is an ex-officio member of the iwi representative group Te Roopu Manukura.

Government and other agencies

- Te Puni Kookiri, Ministry of Education, Tertiary Education Commission, Education Council, New Zealand Qualifications Authority, Ministry for Culture and Heritage, Ministry of Business, Innovation and Employment, Ministry of Social Development and the New Zealand Royal Society.

TRIBAL ENGAGEMENTS

The College recognises its responsibility to actively participate and contribute to events where our people are. We continue to attend and support a number of significant tribal events:

- Poukai at these marae: Kokohinau, Hukanui, Paaraawera, Raawhitiroa, Huria, Tauranganui, Waahi, Te Awamaarahi and Tuurangawaewae,
- Koroneihana, Regatta and the 160 years of Kiingitanga events and activities.

KEY PROJECTS COMPLETED

Water Allocation and Modelling

The examination of water allocation to identify potential improvements and models to enhance the future management of our surface water and groundwater resources from a Waikato-Tainui perspective.

Claims and Settlement Review

Commentary on the intentions of the 1995 Deed of Settlement (Raupatu) and 2008 Deed of Settlement (Waikato River) from primary sources. Analysis of the legality of the full and final provisions, strategies and instruments to be established to ensure the integrity of settlements is preserved.



Tākituu Tribal Governance and Leadership eBook

Creation of a high-quality practical and relevant indigenous governance book to assist tribal governors and leaders.

Library, Curation and Archiving

Granting tribal members greater access via the web to the library catalogue and selected archival information including a digital images portal.

Tē Taarere aa Tāāwhaki Doctoral/MBA Seminar Series

Review of the structure of seminar series with a view to bring current PhD recipients and MBA alumni together to connect to/ with iwi, an electronic Waikato-Tainui doctoral database and a spreadsheet of MBA students from the Waikato cohorts.

PROGRAMMES AND OUTCOMES 2018/19

Master of Business Administration

The fourth cohort of the MBA programme graduated on 10 November 2018. The programme is being reviewed by the College.

Waikato-Tainui Summer Internship Programme

An opportunity for tribal tertiary students currently enrolled in undergraduate study to develop and apply their skills to existing work across the tribe. Supervision and mentorship was provided by the College, Tainui Group Holdings and Waikato-Tainui Raupatu Lands Trust staff over summer (November 2018 to February 2019).

ACKNOWLEDGEMENTS

The Waikato-Tainui College for Research and Development and the Waikato Endowed Colleges Trust wish to thank our Patron Kiingi Tuuheitia Pootatau Te Wherowhero Te Tuawhиту for his on going continual support.

We also wish to acknowledge Barna Heremia, Nanaia Mahuta and Shane Solomon for their long-term service and contribution to the Waikato Endowed Colleges Trust and, more broadly their continued support of the College’s goals, aspirations and activities.

Taari Nicholas
ACTING CHAIR OF WAIKATO-TAINUI COLLEGE
FOR RESEARCH AND DEVELOPMENT

Dr Cheryl Stephens
CHIEF EXECUTIVE - WAIKATO-TAINUI
COLLEGE FOR RESEARCH AND DEVELOPMENT



Brad Totorewa
Chair of Ngaa Marae Toopuu

Te Puurongo a Ngaa Marae Toopuu

Report of the Chair of Ngaa Marae Toopuu

Korekore te maarama, kua mimiti ngaa tai

E ngaro haere ana ngaa Koroheke

E ngaro haere ana ngaa Ruruhi

AS THE MOONLIGHT FADES, AND THE OCEAN STANDS STILL OUR KOROHEKE AND RURUHI ARE QUICKLY PASSING

Ngaa Marae Toopuu are honoured to make a small contribution to the Waikato-Tainui Annual Report 2019. While Ngaa Marae Toopuu may not contribute directly to economic development, we are clear that our role is to develop and sustain the cultural value or sometimes referred to as cultural capital. With the passing of so many koroheke and ruruhi our cultural capital is diminishing exponentially.

While the fundamental principle of the overarching tongikura for this year's annual report centres on galvanising relationships on a global scale, we must recognise that it also provides strategic direction in the context of cultural capital. Cultural capital encompasses what some may call intangible items or taonga tuku iho such as: karanga, whaikoorero, paimarire, tikanga, whakapono, ture, and aroha to name but a few. Taonga tuku iho have a profound impact on our decision making as kaitiaki of the Kiingitanga. Taonga tuku iho is enabled by human capital, the shoemakers, builders and blacksmiths of our Marae Aatea, the paepae. Our kaikoorero, kaikaranga, kaiwaiata, our haapai oo ki muri.

Informal statistics suggest that we have less than 0.5% of our entire tribal beneficiary role who are active practitioners of taonga tuku iho within the Kiingitanga who contribute to increasing the overall value of our cultural capital. These are the people and Marae that hold Poukai, the koroheke and ruruhi who religiously attend all Poukai. The Marae who contribute and lead out the Koroneihana and attend tangihanga and functions with Kiingi Tuheitia. More often than not they are our

koroheke and ruruhi, we are witnessing the advent of a human spring tide – kua mimiti ngaa tai.

By investing in cultural capital, we enable the human capital and transform social capital – each are intrinsically inseparable. Ngaa Marae Toopuu have sustained their obligations as guardians of Kiingitanga tikanga for 43 years. During the early years Ngaa Marae Toopuu was funded through annual Marae contributions that reached its peak of \$200 per marae per annum. For more than ten years Ngaa Marae Toopuu has operated on an annual grant of \$30,000 from the Waikato Raupatu Lands Trust.

Of all the entities that exist within the broader tribal infrastructure, Ngaa Marae Toopuu is the only non-constituted organisation, our operating philosophy is governed by the values of Kiingitanga which is reflective of its purpose to grow our cultural capital. We were successful in a \$14.5k Te Maatawai grant, which helped cater for the increase in participation at Puu Koorero and Waananga tikanga.

Less we forget, we are the shoemakers, builders and blacksmiths, Te Whakakitenga, TGH, WRLT and Ngaa Marae Toopuu, it is incumbent on us to care for our taonga tuku iho and live a life of purpose and passion, leveraging relationships with one another, enabling hapuu innovation and marae entrepreneurialism. We thank Te Whakakitenga for approving a new budget of \$100k for the 2019 – 2020 financial year.

Ko te Atua taku piringa ka puta ka ora



Brad Totorewa
CHAIR OF NGAA MARAE TOOPUU

Ngaa Tohu Kaupapa

Tooku marae, tooku tuurangawaewae

Our marae are vibrant and self-sufficient

TAINUI WAKA KAPA HAKA – PERFORMING ARTS

During this reporting period, there were a number of significant events showcasing our talented tribal members in our performing arts.

In April 2018, we got to witness a showcase of talented kapa haka performances at the Tainui Waka Kapa Haka Festival. In total, 17 groups with over 500 performers fought it out in Kirikiriroa in front of crowds of people for a place to represent our region at Te Matatini 2019 (held in Whanganui a Tara). The iwi had a strong presence supporting the event with information booths as well as providing support behind the scenes.

TE MATATINI

Ngaa mihi nui ki a koutou ngaa roopuu kapahaka o Te Matatini. A huge congratulations to all of our roopuu who represented Tainui waka including the winners Ngaa Tuumanako who also have a strong link to Tainui waka.

Congratulations to all the teams who participated as well as the four teams who represented Tainui Waka in Wellington in February 2019: Te Pou o Mangataawhiri, Mootai Tangata Rau, Te Iti Kahurangi and Ngaa Pou o Taniwharau. We were fortunate to have three of our roopuu stand in the final pool – Te Maatangirua.

Waikato-Tainui supported each group who stood at the Tainui Waka Cultural Trust Kapa Haka Festival with a \$10,000.00 grant to support their endeavours to travel down to Te Matatini 2019 in Wellington.

Te Reo: Waikato-Tainui Reo And Tikanga Programmes

Tikanga Ora, Reo Ora (TORO) is our tribal strategy to lift our fluency in the language and cultural practices of Waikato-Tainui. Our identity, history and continuity as a tribe are captured within our reo, tikanga and places of special significance to Waikato-Tainui. This includes a focus on

lifting fluency in te reo o Waikato-Tainui for tribal members from 34% in 2015 to over 80% by 2050. In the past year we have worked hard to achieve these ambitious goals.

The demand for our Waikato centric Te Reo Maaori programmes continues to outstrip demand. This is seen in the registration process for all the programmes that we offer, from beginners to advanced speakers.

TE PAE KAAKAA

Te Pae Kaakaa was launched in 2018 and is an advanced reo and tikanga programme that aims to build capacity and capability for our Marae-aatea and paepae moving into the future.

‘Kia hoihoi anoo ngaa pae i te ketekete o te kaakaa’

Twenty-five whaanau were identified as active paepae members of their Marae to participate in this inaugural programme to grow their kete waananga with koorero tuku iho noo teenaa whenua tuutohu, noo teenaa whenua tuutohu.

Ten waananga in total were introduced and facilitated by our own nationally recognised and leading tribal reo experts – Rahui and Pania Papa with the inclusion of well-known historians and te reo and tikanga exponents at each waananga.

In early 2019, 16 participants shared their presentations representing their journey within Te Pae Kaakaa in front of an audience which included Kiingi Tuuheitia me toona whare Aariki and whaanau members of each participant of the programme at Poohara Marae.

Presentations included tito mooteatea, Hapuu and/or Marae reo strategies, hononga whakapapa, he hokinga mahara among others. Whaanau participants represented ngaa pou whenua o Tainui waka me ngaa marae/hapuu maha o Waikato-Tainui. Congratulations to all our Te Pae Kaakaa graduates for 2018/2019. [names to be included]

TE PAE KAAKAA CELEBRATION, POOHARA MARAE

Te Reo Uukaipoo

Te Reo Uukaipoo is a home-based programme that introduces whaanau members to everyday language structures in their homes and beyond. There are ten reo programmes that whaanau members spend up to one month on each programme. The context of each of the programmes range from:

- home chores;
- whakapapa;
- growing kai;
- sporting events; and
- entertainment.

We have whaanau members from te papa kaainga o te marae o Te Iti o Hauaa currently running the programme. A special mention to Kay Te Aho, a devoted partner and mother of five who is leading the Te Iti o Hauaa whaanau. She is a well-respected uri among her whaanau with active roles at the marae, marae koohanganga reo, Te Kura o Ngaati Hauaa and staunch advocate of Te Reo Maori.

Kay has 64 whaanau members from Te Iti o Hauaa Marae participating in this programme. 30 Adults (Parents) and 34 tamariki/mokopuna from 14 households. 28/64 indicated having little to no reo with the remaining indicating beginner-intermediate reo proficiency. The whanau involved are currently working through the various reo packages. We look forward to sharing their stories in our next annual report.

HE PUNA KUPU – HE MANAWA AA WHENUA

In this financial year, we have spent a lot of time developing the inaugural Waikato-Tainui Papa Kupu (Waikato-Tainui Dialect Te Reo Dictionary) which we are aiming to launch at the Koroneihana in 2019.

There have been many tribal members who have contributed to the Puna Kupu project including Kaumaatua, Reo Exponents, Taiohi interns, Whare Aariki, Kaahui Aariki as well as many others.

The name Puna Kupu derives from Te Whare Aariki o Pootatau Te Wherowhero:

He puna kupu, he manawa aa-whenua, e kore e mimiti.

He Puna Kupu refers originally to a spring near Kaawhia that is underground and that will never run dry. The cover is designed by Korotangi Paki and it represents the naming of the Puna Kupu.

The Puna Kupu will provide a range of words/kupu collated from the Waikato Tainui rohe the origins of the kupu, an explanation of its meaning and also similar kupu used across Aotearoa.

Oranga Marae: Marae Development

There have been a range of initiatives that we have undertaken this last financial year that are focused on our Marae, particularly our investment in infrastructure and assets. In summary, some of the initiatives include

Marae Assets Programme

It is our vision that all marae has sufficient assets that meet Industry standards to meet the needs of their whaanau. Following a recent review of the Marae Assets Programme, a new programme was introduced this financial year to deliver the best outcomes for our marae who have started their maintenance works. The 2018/19 marae asset management programme for this year included a budget of \$3M and the completed targets included:

- Marae insurance renewal for 62 (full replacement cover);
- Maintenance assessments for 7 Taamaki Marae;
- Assessments and re-work required on the 12 Marae that have already been through the Marae Assets Maintenance programme;
- Scoping and capital works for the refurbishment of Hiiona Marae, Mookai Kainga, Te Akau and Waikare Marae; and
- Contracts with Watershed and PCM Consulting Ltd for project management of capital works.

MARAE CAPACITY

Database and information system development for marae has been a big focus over the past year. Our marae have expressed a desire to be able to profile their members and approach them according to both how the marae can serve their needs and how the member can contribute to the vision of the marae.

This year, we have worked hard to find ways to extend the tribal register to be used as a strategic resource and connection tool by marae. Currently demographic information is available for Marae to access.

MARAE CONNECTION

It is also our vision that all tribal members are connected to their marae and know their pepeha and whakapapa. We have continued to build on the online marae profiles this year by increasing the number of our marae being connected and promoting greater access to these profiles by incorporating them into mana whenua resources and sharing these in schools across the rohe.

We have completed 13 Waikato-Tainui Marae profiles by the end of this financial year and eight of these marae can be viewed via the Marae Online Profile application (which can be downloaded from Google Play Store or Apple Store). The eight marae include:

- Kaitumutumu Marae;
- Te Papa Oo Rotu Marae;
- Kai a Te Mata Marae
- Oomaero Paa;
- Aramiro Paa;
- Ookapu Marae;
- Puurekireki Marae; and
- Te Kotahitanga Marae.

Other marae involved but application yet to be loaded include:

- Maungatautari Marae;
- Te Puea Marae;
- Tauranganui Marae;
- Waingarō Marae; and
- Poohara Marae.

Ngaa Tohu Hapori

*Kia tupu ki te hua o te rengarenga,
kia pakari ki te hua o te kawariki*

To grow a prosperous, healthy, vibrant, innovative and culturally strong iwi

HAUORA: HEALTH AND WELLBEING

Kohikohia: Waikato-Tainui Games

The Tainui Games are one of the biggest biennial events held by Waikato-Tainui. The Games attracted over 20,000 people representing 53 of our marae to enjoy a healthy weekend of fun in a smoke-free and an alcohol-free environment during 10-11 November 2018. Most sporting codes were played during this weekend with the exception of Surfing which was held on 27&28 October 2018 and Indoor Bowls/Chess which was held at Turangawaewae Marae on Friday 9 November 2019. This was to ensure there was enough room for the sports and so everyone could be at Hopuhopu during the main days.

The event had in 13 sporting events that were played and some new games added (such as Euchre). The other games such as Tennis, Waka Ama and Ki-o-rahi will be back at the next Games.

Koiora: Health Strategy

In the last 12 months we have dedicated significant effort into developing our own Waikato-Tainui Koiora (Health) Strategy. The strategy has been developed following extensive engagement with Te Whakakitenga, tribal members, and broader community members. Eleven engagement hui and two surveys have been conducted, with a total of over 1700 Waikato whaanau participating in the engagement process. We were overwhelmed with our online survey which attracted 1000 plus responses. This provided us with significant baseline data to inform how we build our capacity in the hauora space. Look out over the coming year for the implementation of the strategies and related initiatives.

TE MANA MATAURANGA: EDUCATION AND CAREER PATHWAY PARTNERSHIPS

Hapuu Partnering with Kaahui Ako

Through our relationship with the Ministry for Education and other iwi partners from Tainui waka, MoE have created new funding streams to support iwi and hapuu to collaborate with Kaahui Ako (Communities of Schools).

The focus is to create genuine partnerships with mana whenua which lead to improved outcomes for Maaori and Waikato-Tainui learners.

Kawenata Schools

The Kawenata Schools initiative is focused on working collaboratively with English-medium schools to raise Maaori student achievement by exploring, developing and incorporating the key success factors observed in Maaori-medium settings, such as a focus on language, culture and identity and whaanau-centric models of engagement.

The model of partnership with schools would need to include an ongoing commitment from schools to realise the aspirations of Whakatapuranga 2050, and active participation in a meaningful and reciprocal model of engagement.

According to Ministry of Education data, 27,600 students in mainstream secondary schools around New Zealand identified as Waikato-Tainui; with 12,419 of those living within our rohe. Of those Waikato-Tainui students living within our rohe, 87% were in English-medium schools and 13% in Maaori-medium schools.

He Herenga Tangata: Victoria University of Wellington

In December 2018, Waikato-Tainui signed a relationship document called He Herenga Tangata with Victoria University of Wellington. Some of the key developments and initiatives that Waikato-Tainui and Victoria University have committed to and implemented this year include: the setting up of internships for Waikato-Tainui students in Treasury, Ministry for Business Innovation and Enterprise and the Ministry of Education. As well as, dollar-for-dollar matching of grants we give to Waikato-Tainui tribal members attending Victoria University.

Tamariki Pathway programmes

Waikato-Tainui undertake a range of initiatives that focus on introducing our tamariki and taiohi to the STEM (Science, Technology, Engineering, Mathematics) skills sets. In the past year, we have more than 300 tribal members participating in the following programmes: Accounting; Young engineers; Waikato-Tainui Organisation pathways; Y9 – 10 Robotics; Electrical engineering; and Digital Media.

Taiohi/Pakeke Career Pathway Programmes

In the last financial year, Waikato-Tainui introduced the House of Science programme in Maaori Medium or Bilingual kura around the rohe. To date, the programme has 213 participants and it has been so successful this year that it will be progressively increased across our tribal rohe next year.

This year, Waikato-Tainui also teamed up with Industry and employment partners to host an employment and careers expo at Rakaumangamanga kura. This initiative attracted more than 200 students and helped expand the employment options for many of those students.

TOOKU NEI WHARE: HOUSING

In the housing space, we know that secure tenancy and home ownership is fundamental to well-being to enable whaanau to grow and prosper. Tooku nei whare is the name of our Waikato-Tainui housing programme that is focused on supporting whaanau to transition from renting to home ownership.

Te Kaarearea: Housing Development

Te Kaarearea is the name of our exciting property development which is being offered first and foremost to our people. The purpose of this project is to help first time Waikato-Tainui buyers onto the housing ladder with the potential to add immediate value. This is the first pilot of this kind in Kirikiriroa where 80 homes will be built in Hamilton East, a joint project between HNZ and Waikato-Tainui; creating a mixed tenure of social housing (30) and affordable home and land packages for first home buyers (50). All homes will be for Waikato-Tainui tribal members.

Some key facts:

- More than 250 applications received for Te Kaarearea
- More than 1000 tribal members have attended the Home ownership workshop
- 253 (of 200 planned) tribal members been through the financial literacy workshop
- In November 2018 we co-hosted the National Maori Housing conference and provided the opportunity for a member from each of our marae to join the 350 attendees.

MOKOPUNA ORA

There has been much recent attention about our tamariki in care and Waikato-Tainui have been involved in a strategic partnership with Oranga Tamariki (formerly CYFS) since 2015. The partnership is driven by the tribe's belief that a collaborative approach is best placed to deliver positive outcomes for mokopuna and address the high number of iwi Maaori mokopuna in care.

Mokopuna Ora is a kaupapa Maaori service based on a whaanau led approach, that supports whaanau and mokopuna to navigate New Zealand's complex child care and protection system (the system) to deliver positive outcomes for Waikato-Tainui whaanau and mokopuna.

The results of their work have been outstanding and the tribes involvement is making a difference to our mokopuna and whanau. Since the programme started, Waikato-Tainui have prevented 236 of our Mokopuna from going into state care.

Investing in our people

Employment & Housing

Tribal members by age*

Age	Count
0 - 9	2,864
10 - 19	9,623
20 - 34	24,325
35 - 49	18,378
50 - 64	13,350
65+	7,562
Total	76,102

* As at 2 April 2019

1017

tribal members attended home ownership workshops

253

tribal members completed financial literacy courses

50

brand new homes offered to tribal members following the launch of Te Kaarearea

322

tribal members participated in STEM courses

122

tribal members received pastoral care support in their jobs

69

tribal members secured apprenticeships in carpentry, youth work and electrical trades

214

tribal members in total supported into work

All statistics represented here relate to achievements from the FY19 financial year

Investing in our people

Medical, Kaumaatua, Taiao and Education

\$ 1,704
total grants paid out compared to **781** in FY18

The oldest applicant was **88**

Increasing age related issues were **Blood pressure & Arthritis**

642 were male **1,061** were female

The top 3 uses were for **Eyes Ears Dental**

KAUMAATUA MEDICAL GRANTS

Initiative themes

Waingaro
Port Waikato
Western Coastline
Ngaati Korokii
Huntly
Ngaati Hauaa
Taharoa



Locations of initiatives

River Restoration

Maara Kai



Maatauranga



Taonga Species

85% of first year funds distributed



23 applications approved

TAIAO GRANTS

951 applications received

734 recommended for approval

Arts Top 3 Qualifications:
Medicine/Surgery Nursing

77% at Degree level **14%** at Masters or Postgraduate level

Top Koha Statement: Volunteer at an environmental initiative

Top 5 Institutions:
Waikato University, Auckland University, Otago University, WINTEC, TWOA

TERTIARY GRANTS

Ngaa Tohu Taiao

*Ka whakamiri noa i toona aratau,
e tia nei he tupu pua hou*

*Working towards the restoration and enhancement of our wai
and whenua to the state in Kiingi Taawhiao's maimai aroha*

TE AWA O WAIKATO: WAIKATO RIVER SETTLEMENT TEN YEAR ANNIVERSARY

On 22 August 2018, we celebrated ten years of the Waikato River Settlement, which represented a significant milestone in our settlement journey.

The historical grievances relating to the Waikato River relate primarily to the Crown's raupatu (invasion and war by land and by the Waikato River, and subsequent confiscation of Waikato lands) in the 1860s, the failure of the Crown to respect, provide for and protect the special relationship Waikato-Tainui have with the river and the degradation of the river.

An account of the historical background agreed between the Crown and Waikato-Tainui in relation to the Waikato River is included in the Deed of Settlement, along with acknowledgments of Crown breaches of the Treaty of Waitangi.

As part of the event, we held a small celebration dinner to acknowledge the milestone. We also took the opportunity to work with the Waikato District Council to dedicate a land reserve on the banks of the river in Ngaruawahia in memory of the late Lady Raiha Mahuta who was one of the architects of the agreement.

MANA O TE AWA

Healthy Rivers Plan Change Process

Over many years, Waikato-Tainui has advocated and consistently identified water quality as the top issue for our region. Through the Waikato River Settlement, Te Ture Whaimana o Te Awa o Waikato (The Vision and Strategy) was a mechanism to bring this priority to the whole community and indeed the nation.

The Waikato Regional Council is implementing this through the Healthy Rivers/Wai Ora: Proposed Waikato Regional Plan Change One process and is an opportunity to protect the environment and ensure that what we value as an iwi is also shared by the community, so that our awa is protected for future generations.

The proposed plan change is one of the largest plan changes of its kind in New Zealand, applying to approximately 10,000 properties and covering a land area of 1.1M hectares within the Waikato and Waipaa river catchments.

The proposed plan seeks to reduce the number of contaminants entering into the Waikato and Waipaa catchments to achieve our Te Ture Whaimana o Te Awa o Waikato of making the river swimmable and viable for food collection along the entire length of the river.

Waikato-Tainui along with other iwi presented in the first stage of the hearing process, prepared legal submissions and evidence focused on the Plan Change 1 (PC1) outcomes that are necessary to respond to the statutory imperative to achieve the purpose of the Waikato River Settlement including the obligation to give effect to Te Ture Whaimana.

Waikato-Tainui will continue to advocate and do all that is necessary to protect our wai, moana and whenua.

Review of Settlement

On 7 November 2018, a hui was held with the Waikato and Waipaa River Iwi (River Iwi) Chief Executives, Secretary for the Environment and Waikato River Authority (the Authority) Chief Executive as a part of the 10-year review of our Settlement mechanisms. Following the hui, it was agreed to develop a draft work programme that could direct and guide the on-going work of the Waikato River Authority to ensure it remains on task to achieve the intent of the Waikato River Settlement.

Waikato-Tainui has worked closely with other River Iwi, the Waikato River Authority and the Government to develop a work programme that focuses on the operational effectiveness (of the Authority) to future proof decision-making and improve the two-way flow of information/communication – and Authority-led and national, regional and local-level processes to map out and plan for the effective engagement in processes (whether jointly and/or individually). This engagement is on-going.



MANA WHAKAHAERE

Taiao Grant

In 2018, we introduced a \$1 million contestable fund to support the delivery of taiao projects led by our marae and tribal members. The fund enables our tribal members to build environmental protection projects that have positive flow on effects to the environment in particular, our whenua, our moana and our awa. We launched the fund utilising our social media livestream platform which attracted an audience of over 13,000 members.

Some of the environmental initiatives that have been supported this year have included:

- Educational and Capacity Building Waananga
- Marae engagement with environmental initiatives
- Tribal members increase their own understanding of Resource Consent process
- Educational Resources specific to Taiao created
- Feasibility studies and analysis specific to Taiao initiatives
- Formula/Processes created to support pest eradication
- Native nurseries established
- Restoration/Clean Up projects
- Scholarships or Cadetships
- Traditional knowledge of environmental sites increased
- Research projects
- Virtual Waananga/Podcasts for mass access
- Co-Funded projects focused on restoration of significant sites

Maara Kai initiative

A 30,000 litre water tank, 6 wooden kit set planter boxes, 29m³ of soil mix, and the first selection of vegetable seedlings have been provided to both Waipapa and Mookai Kaainga Marae as part of the Maara Kai initiative being delivered through the Taiao team.

The aim of this initiative is to reconnect whaanau with planting, harvesting and providing sustainable food sources for marae events, as a way to create and educate tribal members about kai sustainability. This is an initiative that will be on-going in the next financial year.

For more information about this initiative contact taiao@tainui.co.nz

Waikato-Tainui Hapuu	# Received	# Approved	Amount Approved
Maatauranga	3	3	\$40,000.00
Resource Consents	5	5	\$57,500.00
Kai-tiaki Support	2	2	\$194,414.40
Research, Innovation, Technology	4	4	\$374,500.00
River Restoration	3	3	\$150,886.00
Taonga Species	2	2	\$106,000.00
Fresh Water	2	2	\$169,500.00
Maara Kai	2	1	\$68,600.00
Koi Carp Eradication	1	-	
Scholarships/ Cadetships	1	1	\$1,500.00
	25	23	\$1,162,900.40

Ngaa Tohu Whai Rawa

Ki te kaapuia, e kore e whati

Maximising our collective strength to achieve our aspirations

BUSINESS ENTERPRISE

The Oranga team have been busy supporting tribal member aspirations to facilitate business and programmes into business. In total 400 members have attended business support initiatives, exceeding the goal of 100 members attending initiatives by 31 March 2019.

In a similar trend 33 tribal members have attended and been supported by the Pakihi business programme, exceeding the goal of 20 members attending initiatives by 31 March 2019.

Some of these initiatives have included:

Pakihi Events – Pakihi Talks

These are a series of engaging business events that were held for over a second consecutive year. These events were created in collaboration with Innovation Park (now Te Waka) as a result of Iwi Members telling us some of their biggest pain points in business. So, we created Pakihi Talk events to up-skill in business skills and provide networking opportunities with Maori in business. Some of the highlights this year included:

- Maori Tech Showcase held in May 2018 : Working in collaboration across our teams the Inaugural Maori Tech Showcase was held in May 2018. The event attracted 400 attendees with an estimated 61% attendees of Waikato-Tainui descent. The event was a celebration of Maori in Tech and an opportunity for our Iwi Members in business to showcase their tech business

or explore ways of incorporating tech innovations into the business journey. Key speaker was a talented 12 year old presenting his concept of Marae B&B and the inspirational wahine Maru Nihoniho sharing how her games are now on the playstation platform.

- Tax Talk held in August 2018: Where whanau had an opportunity to ask any questions and connect with professionals that can support you to understand tax obligations for business. Our speakers covered the accounting perspective, the IRD perspective and the Small to Medium Enterprise (SME) perspective.
- Passion into Business event in November 2018: Sharing tips and hacks into a whaanau business Nichola Te Kiri and Chloe Mansfield from IC Scaffolding. Shared their insights into taking your passion and turning it into what you do every day while also taking your whaanau on the journey.
- Business Journeys event held in December 2018 in Huntly. A full house had the privilege of hearing from Kawana Wallace and James Whetu some of our own sharing their learnings from their own real life business journeys.
- Product Development event in March 2019 focusing on the complexities from product development to branding and Intellectual Property.

Support has been provided to scoping a native nursery (Tauhei Marae), a honey extraction initiative (Ngaati Korokii-Kahukura), and a tourism development venture (Ngaati Naho).

Enterprise Partnerships – Business Services and Incubation

Our aim is to support our whanau to connect with existing Waikato-Tainui Business owners and therefore, utilise and work in collaboration with the Maori Business Eco-system. As a result, a number of key highlights include:

- Waikato-Tainui iwi members were the first to access the National Maori Business programme Pakihi. Hosted at Waikato-Tainui College for Research and Development, 30 Iwi Members businesses embarked on their journey to upskill and/or further develop their current business. Over 100 (approximately) Iwi Member businesses have now engaged with and participated in the Pakihi programme.
- Our team have been working in collaboration with Maaori business support providers and Te Wananga o Aotearoa who are leading the establishment of a Maori Business & Innovation Hub in Hamilton. Funding from PGF was confirmed for the hub this quarter which is scheduled to launch in July. Our team are close to finalising with TWOA the entrepreneurship talent pipeline initiatives for Waikato-Tainui iwi members which will include the Kokiri accelerator and Business Start-up/Incubation.
- Tourism Symposium – We were proud to support Tainui Waka Tourism to deliver their first Regional Tourism symposium and also provide the opportunity to our own tourism operators to showcase their businesses to a diverse audience.

- One of the Highlights this year is the support to one of the SME Business Enterprises: UTUT. UTUT are an edutec (technology business focused on education) business from Rahui Pokeka, founder Eddie Berryman attended the tribal business initiative Tu Ake two years ago while in his early stages of business development. Eddie has stayed engaged with our programmes since then and how has a full suite of product offerings, he is also collaborating with Maru Nihoniho who was the key note speaker from the Maori Tech Showcase with the ambition to also publish games to PlayStation.

TAINUI WAKA SYMPOSIUM

The He Piko, He Taniwha: Realising the cultural tourism potential of the Waikato was held on 5 March 2019. Waikato-Tainui supported the multi-agency initiative to support tribal members to attend to learn first-hand from the speakers about initiatives and developments within the cultural tourism sector and potential opportunities that are available to pursue.

Speakers including well known Maaori tourism operators such as Whale Watch Kaikoura. Over 300 people attended.

Ngaa Tohu Mahi Tonu

*Mehemea he mahi pai moo
te tangata, mahia*

A high performing organisation making an impact

COMMUNICATIONS AND ENGAGEMENT

Te Hiwa o Tainui

This last financial year we launched Te Hiwa o Tainui. It has been a valuable resource to be able to connect with our whaanau, particularly our rangatahi. The Communications and Engagement team are in the process of developing virtual reality games that will be held in Te Hiwa o Tainui. This was made possible with the assistance of Te Puni Kokiri through Ka Hao: Maaori Digital Technology Development Fund.

The games will reflect the rich culture that embodies Waikato-Tainui and be a way to connect with our rangatahi and taiohi through using technology. These virtual reality games will be hosted and showcased through Te Hiwa o Tainui throughout the year, so look out for the trailer at all our events.

Website

Our website www.waikatotainui.com was updated throughout this financial year and includes a few new features:

- an event calendar where people can see what events are happening within Waikato-Tainui;
- the website firstly promotes our programmes and offerings available to tribal members;
- we have used familiar messaging which is consistent with, and aligns with Whakatupuranga 2050;
- the social feature at the end of the site connects and features our members to ensure they are featured on the website by using a hashtag and is linked to the tribal Instagram account;
- there is a section which Te Hookioi articles are featured and will have all the past editions on the site. This is a platform that people can come to be informed and educated about the activities and initiatives being led by Waikato-Tainui;
- merchandise function.

The development was tested with over 300 tribal members to ensure that the design and build leads to a website that is intuitive and easy to follow; the testing involved koroheke, ruuruhi, adults and rangatahi.

There will be two more rollouts that will happen next year with the last in by end of 2019, which is intended to serve as an information portal for our marae.

CLAIMS

Waikato-Tainui Remaining Claims

Rights and Interests team have been extremely busy in the past financial year working with our mana whenua and hapuu to ensure the remaining claims of Waikato-Tainui are being advanced in a collaborative way.

In December 2018, the Rights and Interested team received Ministerial endorsement of the mandate process which means now moving onto the next stage to hold mandate information hui with key stakeholders. Over eighty hui were held over the past year and were an opportunity to provide tribal members with important information about the mandate process and how they can be involved in the process.

A Claims Strategy was developed and outlined the scope of the mandate being sought by the Negotiator and Te Whakakitenga. The strategy also shows which Wai claims are included and excluded by the proposed mandate, how representation in the process will be provided and how claimants can choose to withdrawal and/or include claims.

The submission process closed on 22 February 2019. We are hoping to conclude the mandate process by August 2019.

Relativity Mechanism

The relativity mechanism was negotiated as part of the 1995 Raupatu Settlement. As a result of being one of the first Iwi to settle a Treaty of Waitangi Claim, the former Principal Negotiator Sir Robert Te Kotahi Mahuta needed

assurances that the value of the redress given to Waikato-Tainui would be protected against any future settlements and that there must be relativity between claims if claims are to be durable.

A key feature of relativity is that once treaty settlements exceeded \$1 billion it would then trigger the relativity provision and provide to Waikato-Tainui relativity with other treaty settlements both present and future. This was triggered on October 2012. Following this date, Waikato-Tainui every 5-years thereafter until 2044 is entitled to further payments subject to settlements settled during this period.

To assist with this Waikato-Tainui, Ngai Tahu and the Crown have entered into an arbitration process to help provide clarity on items to be included with the scope of the relativity. There have been four stages of Arbitration to date since 2012, with the most recent stage being held in Wellington on 19 February to 1 March 2019.

As a reminder, the Arbitration process came about because of a disagreement between Waikato-Tainui, Ngai Tahu and the Crown as to what items of Treaty redress/payments should or should not be included in the annual Crown financial statements for relativity mechanism purposes.

To resolve these disagreements, iwi (Waikato-Tainui & Ngai Tahu) entered into an 'Arbitration Agreement' with the Crown in 2013 with the purpose of:

- Challenging Crown decisions to exclude certain items of redress from Relativity calculations, and where successful, secure additional payments for Waikato-Tainui and Ngai Tahu; and
- To seek clarity regarding the interpretation of certain provisions within the mechanism in order to assist parties to better understand the mechanism and for future application.

In the fourth stage the tribe was successful on two matters that now entitles it to two additional payments of approximately \$1.3m.

Resource Book/Poukai Rounds

A resource book was developed to help inform our marae/hapuu on the origins and nature of the Wai 30 claim. It was presented to Kiingi Tuuheitia at Parawera Poukai and 500 copies have been distributed to our marae at Maketuu, Okapuu and Turangawaewae Poukai.

Feedback since the release of the booklet has been very positive and the poukai have been an important vehicle for the team to talk and listen to the views on claim related issues.

GROUP INVESTMENT COMMITTEE

In the past financial year, the members of the Group Investment Committee (GIC) were appointed with Mark Butcher as an Independent Chair. The purpose of the Committee is to support Te Whakakitenga as trustee of the Trusts in fulfilling its fiduciary responsibilities with respect to the investment activities of the Trusts including overseeing all aspects of investment-related operations.

This is an important role and the GIC have been working hard to deliver and create an Investment Management Framework ("Puna Whakatupu Tangata").

Te Puna Whakatupu Tangata is intended to provide an overarching korowai for all trusts to implement the Statement of Investment Policy (SIPO) but allows the individual trusts to have independence. The current work completed to date includes reviewing all existing SIPO's for four trusts, previous work of external entities and TGH commissioned work and met with Te Arataura, WECT, Whenua Committee, TGH management and TGH Chair.

Over the next financial year, the Group Investment Committee is planning to finalise Te Puna Whakatupu Tangata, review and draft any changes to the existing SIPO's of the four trusts and engage with stakeholders and implement the investment under the parameters set out in the SIPO.

Ngaa Puurongo aa-Tahua

*Waikato Raupatu Lands Trust Financial Statements
for the year ended 31 March 2019*

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Waikato Raupatu Lands Trust Directory

as at 31 March 2019

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 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



Independent auditor's report

To the Trustees of Waikato Raupatu Lands Trust

We have audited the consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 March 2019;
- the consolidated statement of comprehensive revenue and expense for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the accompanying consolidated financial statements of Waikato Raupatu Lands Trust (the Trust), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2019, 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 compliance, executive and staff remuneration benchmarking, agreed procedures over feasibility models, real estate advisory services and a process review. The provision of these other services has not impaired our independence as auditor of the Group.

Responsibilities of the Trustees for the consolidated financial statements

The Trustees are responsible, on behalf of the 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.

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



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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) 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/assurance-standards/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
28 June 2019

Auckland

Waikato Raupatu Lands Trust

Consolidated statement of comprehensive revenue and expense

for the year ended 31 March 2019

	Note	2019 \$000	2018 \$000
Revenue from operating activities		51,574	49,681
Other operating revenue		2,464	2,702
Total revenue	3	54,038	52,383
Expenses	4	(47,188)	(40,971)
Finance costs - bank loans		(7,123)	(7,152)
Finance revenue		9,101	8,276
Share of profit / (loss) of investments accounted for using the equity method	27	3,554	(2,491)
Net operating surplus before other gains and tribal activities		12,382	10,045
Other gains - net	5	50,915	37,505
Net operating surplus before tribal activities		63,297	47,550
Other income		4,829	80,268
Social investment	6	(19,552)	(21,296)
(Loss) / surplus from tribal activities		(14,723)	58,972
Net surplus before tax		48,574	106,522
Income tax expense		-	(580)
Surplus after tax		48,574	105,942
Equity holders of Waikato Raupatu Lands Trust		48,574	105,942
		48,574	105,942
Other comprehensive income			
Items that will not be reclassified to surplus:			
Gain / (loss) on revaluation of hotels, farms and owner occupied properties	8,17	25,510	(2,901)
		25,510	(2,901)
Items that may be subsequently reclassified to surplus or loss:			
Share of other comprehensive (loss) / income of investments accounted for using the equity method	8,27	(419)	1,387
Total other comprehensive income / (loss) for the year		25,091	(1,514)
Total comprehensive income for the year		73,665	104,428
Total comprehensive income attributable to:			
Equity holders of Waikato Raupatu Lands Trust		73,665	104,428
		73,665	104,428

This consolidated statement of comprehensive revenue and expense should be read in conjunction with the accompanying notes.

Waikato Raupatu Lands Trust

Consolidated statement of financial position

as at 31 March 2019

	Note	2019 \$000	2018 \$000
ASSETS			
Current assets			
Cash and cash equivalents	9	201,521	369,092
Trade and other receivables	10	16,825	29,766
Other financial assets	15	227,337	55,404
Inventories	11	11,837	6,318
Biological assets – livestock	12	4,875	5,075
Non-current assets classified as held for sale	13	4,546	-
Total current assets		466,941	465,655
Non-current assets			
Other receivables		8,392	8,664
Other financial assets	15	44,434	47,361
Investments in joint ventures	27	104,539	99,967
Intangible assets	16	22,655	22,710
Biological assets – forestry	12	14,216	11,711
Property, plant and equipment	17	132,896	110,810
Investment properties	18	533,438	484,032
Te Wherowhero title properties	19	118,713	118,397
Total non-current assets		979,283	903,652
Total assets		1,446,224	1,369,307
LIABILITIES			
Current liabilities			
Trade and other payables	22	19,907	17,337
Accrued revenue	25	263	91
Interest bearing liabilities	20	19,180	-
Other financial liabilities at fair value through surplus or deficit	21	1,953	1,550
Total current liabilities		41,303	18,978
Non-current liabilities			
Accrued revenue	25	30,450	30,975
Interest-bearing liabilities	20	126,108	143,910
Other financial liabilities at fair value through surplus or deficit	21	2,593	3,339
Total non-current liabilities		159,151	178,224
Total liabilities		200,454	197,202
Net assets		1,245,770	1,172,105
EQUITY			
Accumulated comprehensive revenue and expenses	8	1,205,736	1,157,162
Reserves	8	40,034	14,943
Total equity		1,245,770	1,172,105



RUKUMOANA SCHAAFHAUSEN
Chairperson
28 June 2019



HOKI-MAI CHONG
Representative of Te Arataura
28 June 2019

This consolidated statement of financial position should be read in conjunction with the accompanying notes.

Waikato Raupatu Lands Trust

Consolidated statement of changes in equity

for the year ended 31 March 2019

Attributable to equity holders of the Trust			
	Reserves	Accumulated comprehensive revenue and expense	Total equity
Note	\$000	\$000	\$000
Balance as at 1 April 2017	16,457	1,051,220	1,067,677
Comprehensive revenue			
Net surplus for the year	-	105,942	105,942
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)
Items that may subsequently be reclassified to surplus and deficit			
Share of other comprehensive income from investments accounted for using the equity method	27 1,387	-	1,387
Total other comprehensive revenue and expense	(1,514)	-	(1,514)
Total comprehensive revenue and expense	(1,514)	105,942	104,428
Balance as at 31 March 2018	14,943	1,157,162	1,172,105
Balance as at 1 April 2018	14,943	1,157,162	1,172,105
Comprehensive revenue			
Net surplus for the year	-	48,574	48,574
Other comprehensive revenue and expense			
Items that will not be reclassified to surplus and deficit			
Gain on revaluation of hotels, farms and owner occupied properties	8 25,510	-	25,510
Items that may subsequently be reclassified to surplus and deficit			
Share of other comprehensive (loss) from investments accounted for using the equity method	27 (419)	-	(419)
Total other comprehensive revenue and expense	25,091	-	25,091
Total comprehensive revenue and expense	25,091	48,574	73,665
Balance as at 31 March 2019	40,034	1,205,736	1,245,770

This consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Waikato Raupatu Lands Trust
Consolidated statement of cash flows
for the year ended 31 March 2019

	Note	2019 \$000	2018 \$000
Cash flows from operating activities			
Receipts from customers		47,572	58,337
Proceeds from relativity settlement received from the Crown		16,823	189,627
Payments to suppliers and employees		(44,488)	(39,741)
Payments to grant recipients		(19,288)	(21,296)
Interest received		12,019	7,653
Interest paid		(7,123)	(7,152)
Net cash generated from operating activities		5,515	187,428
Cash flows from investing activities			
Payments for other financial assets (investment in listed companies)	15	(1,771)	(2,896)
Payments for other financial assets (investment in unlisted funds)	15	(182,897)	(5,367)
Receipts from sales of other financial assets	15	10,000	-
Distributions received from investments in listed companies		4,130	3,130
Distributions received from investments in unlisted companies	15	2,816	-
Payments for contribution/investment in joint venture	27	(1,420)	(5,538)
Receipts from joint venture dividends		9,714	5,814
Payments for advances to joint venture	27	(375)	(2,500)
Payments for property, plant and equipment	16	(6,794)	(10,515)
Payments for intangible assets	16	(61)	(299)
Payments for investment properties		(7,807)	(22,905)
Proceeds from sale of investment properties		-	(10)
Proceeds from sale of land		-	4,094
Net cash flow used in investing activities		(174,465)	(36,992)
Cash flows from financing activities			
Proceeds from borrowings		18,128	20,610
Repayment of borrowings		(16,750)	-
Net cash flow generated from financing activities		1,378	20,610
Net increase / (decrease) in cash, cash equivalents, and bank overdrafts		(167,572)	171,046
Cash and bank overdrafts at the beginning of the year		369,093	198,046
Cash, cash equivalents and bank overdrafts at the end of the year	9	201,521	369,092

This consolidated statement of cash flow should be read in conjunction with the accompanying notes

Waikato Raupatu Lands Trust

Consolidated statement of cash flows

for the year ended 31 March 2019

	Note	2019 \$000	2018 \$000
Reconciliation of surplus for the year to net cash inflow from operating activities			
Net surplus for the year		48,574	105,942
Non-cash items:			
Depreciation, amortisation and impairment	4	3,881	3,366
Revaluation of ETS		(252)	(198)
Share of total (loss)/profits of joint ventures		(3,554)	1,868
Other gains - net	5	(50,915)	(37,505)
Other movements		1,269	118
(Increase)/decrease in current assets:			
Trade and other receivables		9,769	115,858
Trade and other receivables - non cash fair value (loss)		-	(546)
Inventories		(5,519)	213
Biological assets		(350)	(2,527)
Increase/(decrease) in current liabilities:			
Trade and other payables and employee entitlements		2,612	1,197
Other			
Dividends received from investments in other financial assets		-	(358)
Net cash inflow/(outflow) from operating activities		5,515	187,428

This consolidated statement of cash flow should be read in conjunction with the accompanying notes.

Waikato Raupatu Lands Trust

Notes to the consolidated financial statements

for the year ended 31 March 2019

1 General information

1.1 Reporting entity

The Waikato Raupatu Lands Trust (the 'Trust') is the lead tribal organisation responsible for developing and implementing initiatives which improve iwi outcomes in the areas of education and training, employment, tribal preservation, marae development, health and 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 ('TGH'), 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 28 June 2019.

a) 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 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 which allows for further settlement redress. The payment of further settlement from the Crown was triggered in the financial year ended 31 March 2013, when all Treaty settlements since 1994 exceeded \$1.0b. The amount of \$70.0m 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 which 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 and \$1.2m in April 2019 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 refer to note 2.1(e).

b) Waikato Raupatu River Settlement

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

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

(i) The Sir Robert Mahuta Endowment (\$20m) is to be applied to support the vision of Sir Robert Mahuta for the Waikato-Tainui 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;

(ii) The River Initiatives fund (\$50m) is to be applied for the purposes of cultural and environmental development projects related to the Waikato River, enhancing the restoration and protection of the relationship of Waikato-Tainui with the Waikato River and protecting and enhancing sites of significance, fisheries, flora and fauna; and

(iii) Co-management Fund shall be received for the purpose of assisting Waikato-Tainui engage in new co management arrangements under the Settlement. The co-management funding of \$3m shall be received on settlement date with an annuity of \$1m per year for 27 years. In 2014, \$10m was advanced, reducing the annuity receipt from 27 years to 17 years.

Included in the 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 consolidated financial statements

for the year ended 31 March 2019

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

The principle 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, except for hotel revaluation.

(d) Functional and presentation currency

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

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

(e) Changes in accounting policies

Hotel revaluation

In the current year, the Directors have changed the Group's accounting policy in respect of accounting for its hotels. In prior years hotels were accounted for using the cost model. In the current year the Directors have adopted the revaluation model. The revaluation model better reflects how the Group's assets are managed and monitored and is consistent with the fair value basis adopted for the Group's other significant investments, on this basis the Directors believe the revaluation model provides more relevant information to users of the financial statements. Under the revaluation model, the hotels will be independently valued triennially.

(f) 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 judgment and estimation. The Trust uses its judgment to determine the value of the undisputed portion of all Treaty settlements and makes assumptions based on information available such as Crown's statements, individual Treaty Settlement Deeds and other financial information. For the year ended 31 March 2019 the Trust has determined those undisputed and reliably measurable 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 consolidated financial statements

for the year ended 31 March 2019

(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:

Hotels, farms and owner occupied properties (note 17), investment properties (note 18) and Te Wherowhero title properties (note 19) are stated at fair value. The fair values have been determined by independent valuers as at 31 March 2019 and 31 March 2018 (excluding hotels) using a mixture of market evidence of transactional prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches.

Biological assets (note 12) comprise of livestock and forests. Both are held at fair value and 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 Onewhere 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 15) include shares in listed companies, unlisted equity funds and fixed interest investment funds held at fair value. The fair value of shares in unlisted companies, in the absence of quoted prices, has been determined using valuation techniques. The fair value of fixed interest investment funds is determined using redemption price as determined by the Fund's administrator.

Interest rate swaps (note 21) are valued using discounted cash flow techniques.

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

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell (note 13).

(iii) Impairment testing

Intangible assets with indefinite useful lives (note 16) are required to be tested for impairment at least annually. This requires an estimation of the recoverable amount of the quota based on the higher of value in use or fair value less costs to sell. The determination of the recoverable amount of the quota requires significant estimation and judgement.

2.2 Borrowing costs

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

2.3 Current and deferred income tax

The Inland Revenue Department 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 and accordingly, no tax is payable by the Trust. See note 27 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 which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2.5 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 consolidated financial statements

for the year ended 31 March 2019

2.6 Financial assets and liabilities

Financial assets and liabilities are classified on initial recognition into the following categories:

- (i) at fair value through surplus or deficit;
- (ii) at amortised cost through surplus or deficit;
- (iii) loans and receivables 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. Trade and other receivables are classified as loans and receivables.

(c) Financial liabilities measured at amortised cost

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

Recognition and measurement

A financial asset or liability is recognised if the Trust becomes party to the contractual provisions of the asset or liability. Regular way purchases and sales of financial 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 are 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 the 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 the changes in the fair value of financial assets and liabilities held at fair value through surplus or deficit are included in the surplus or deficit of the period in which they arise.

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

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

Impairment of financial assets carried at amortised cost

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

Waikato Raupatu Lands Trust

Notes to the consolidated financial statements

for the year ended 31 March 2019

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 measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

2.7 Non-current assets held for sale

Non-current assets held for sale are measured at the lower of their carrying amount on classification as held for sale and fair value less costs to sell.

2.8 Accrued revenue

Accrued revenue comprises of The Base lease revenue received in advance, which is amortised over 120 year term using straight line basis.

2.9 Provisions

Provisions are recognised when the Group 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 Group and those activities relating to the cost of servicing the Group'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 consolidated financial statements

for the year ended 31 March 2019

(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 Group 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 Group estimates 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 Group performs an assessment of the recoverable amount of that asset. If the Group determines that there has been a change in the estimates used to determine the assets recoverable amount, the assets carrying amount shall be increased to its recoverable amount and the reversal of the impairment loss recorded directly in surplus or deficit. The reversal is limited so that the carrying amount net of depreciation, does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, had no impairment loss been recognised for the asset in prior years.

(c) Non-cash-generating assets

The group assesses non-financial non-cash generating assets at each reporting date whether there is any indication that an asset may be impaired, except for those that are measured under the revaluation model or those measured at fair value through profit or loss. If any such indication exists, the Group estimates 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 Group will perform an assessment of the recoverable service amount of that asset. If the Group determines that there has been a change in the estimates used to determine the assets recoverable service amount, the assets carrying amount is 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, net of depreciation that would have been determined, had no impairment loss been recognised for the asset in prior years.

3 Total revenue

	Consolidated	
	2019 \$000	2018 \$000
Revenue from operating activities		
Rental revenue	24,231	23,505
Amortisation of capitalised lease incentives	(383)	(64)
Hotel revenue	18,509	18,478
Fishing revenue	1,328	1,135
Dairy and livestock revenue	3,861	3,754
Other revenue	4,028	2,873
Revenue from operating activities	51,574	49,681
Other operating revenue		
Distributions from unlisted investments	473	529
Distributions from listed investments	1,991	2,173
Other total operating revenue	2,464	2,702
Total revenue	54,038	52,383

Waikato Raupatu Lands Trust
Notes to the consolidated financial statements
 for the year ended 31 March 2019

Recognition and measurement

Revenue from operating activities

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

(a) Rental revenue

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

(b) Hotel and other income

(i) Accommodation

Revenue relates to customer purchases for accommodation in hotel guest rooms. Performance obligations are satisfied over time as benefits are simultaneously received and consumed. For deposits paid in advance revenue is deferred in the balance sheet and released as benefits are consumed, otherwise consideration is due on completion of the service. The Partnership has standard rates and accommodation packages that are used to set prices which are fixed on customer booking. Standard refund policies are in place in case of cancellation of accommodation and revenue is only recognised to the extent it is entitled per the contract or agreement at the time of booking.

Other hotel income

Revenue relates to customer purchases for food and beverages and hire of hotel conferences rooms. Performance obligations are satisfied over time as benefits are simultaneously received and consumed. For deposits paid in advance revenue is deferred in the balance sheet and released as benefits are consumed, otherwise consideration is due on completion of the service. The Group has standard prices and rates that are used to set prices which are fixed at the point of purchase and on customer booking. Standard refund policies are in place in case of cancellation and revenue is only recognised to the extent it is entitled per the contract or agreement at the time of booking.

(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 Group has transferred the significant risks and rewards of ownership of the goods sold.

(e) Other revenue

Other revenue is recognised when the Group has transferred the significant risks and rewards of ownership of the goods sold or when services have been rendered. For sale of sections of land, recognition is on the sale contract becoming unconditional. 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 consolidated financial statements

for the year ended 31 March 2019

4 Expenses

	Note	Consolidated	
		2019 \$000	2018 \$000
Amortisation	16	368	357
Audit fees paid to trust auditors		235	261
Other fees paid to auditor		198	120
Bad debt written off		3	(69)
Consultancy fees		2,205	1,870
Depreciation		3,513	3,009
Direct costs from hotel operations		6,506	5,717
Doubtful debts and movement in provision		882	187
Director and trustee fees		1,178	1,258
Employee benefits		17,493	17,099
Rates		2,433	1,933
Repairs and maintenance		3,063	3,102

PwC carries out other services for the Group in the areas of tax compliance of \$75.8k, advisory services of \$98.5k (remuneration benchmarking, agreed procedures over feasibility models and real estate advisory services) and other services of \$23.4k (process review work).

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 Group 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 Group recognises a provision where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

5 Other gains – net

	Note	Consolidated	
		2019 \$000	2018 \$000
Investment property - fair value gains	18	39,364	32,242
Investment properties realised gain / (losses)	18	76	-
Te Wherowhero title properties - fair value gains	19	316	(1,976)
Interest rate swaps - fair value gains		343	597
Biological assets - fair value gains	12	2,156	1,754
Livestock - fair value losses	12	(201)	(250)
Shares in listed companies - fair value gains	15	4,002	4,923
Property, plant and equipment (losses) on disposal		(43)	(140)
Investment in equity funds - fair value gains/(losses)	15	4,175	(135)
Other losses		-	(30)
Co-management fund - fair value gains		727	520
Total gains		50,915	37,505

Waikato Raupatu Lands Trust
Notes to the consolidated financial statements
for the year ended 31 March 2019

6 Social investment

	Consolidated	
	2019 \$000	2018 \$000
Social investment during the year comprised of the following:		
Ngaa Tohu Kaupapa		
- Marae Asset Development	1,397	3,358
- Marae Connection	101	258
- Mahi Tupuna	462	209
- Iwi Taonga	169	71
- Te Reo and Tikanga	1,190	794
- Heritage and Identity Grants	844	860
- College	360	-
Ngaa Tohu Hapori		
- Tribal Member Wellbeing	106	852
- Education	440	473
- Employment and Pathways	461	126
- Housing	71	551
- Tertiary Education Grants	1,407	853
- Kaumaatua Medical Grants	882	513
- Kaumaatua Travel Grants	313	294
Ngaa Tohu Taiao		
- Mana o te Wai	46	41
- Mana o te Whenua	410	246
- Mana Whakahaere	530	512
- Taiao Grant	847	-
Ngaa Tohu Whai Rawa		
- Tribal Member Wealth	465	238
- Procurement Strategy	147	-
- Annual Marae Dividends	3,750	8,000
- Distribution Model Review	185	-
Mahi Tonu		
- Tribal Centre	380	364
- Kiingitanga Grant	2,000	1,660
- Tribal Engagement	914	314
- Governance and Administration	733	267
- Claims and Settlements	942	442
	19,552	21,296

Recognition and measurement

Social investment includes grant expenses provided by the Trust and are recognised in revenue and expenses immediately once approved. Grants are measured at the amount paid or expected to be paid.

Waikato Raupatu Lands Trust

Notes to the consolidated financial statements

for the year ended 31 March 2019

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.

8 Reserves and retained earnings

(a) Reserves

Hotel, farm and owner occupied properties revaluation reserve
Other comprehensive income from joint ventures

		Consolidated	
Note	2019 \$000	2018 \$000	
	39,756	14,246	
	278	697	
	40,034	14,943	

(i) Hotel, farm and owner occupied properties revaluation reserve

Balance at beginning of year
Revaluation gain/(loss) during the year

Balance at end of year

	14,246	17,147	
17	25,510	(2,901)	
	39,756	14,246	

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

Balance at beginning of year
Other comprehensive (loss)/income from joint ventures

Balance at end of year

	697	(690)	
27	(419)	1,387	
	278	697	

(i) Revaluation reserve (hotel, farm and other owner occupied properties)

Hotel, 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 income / (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	
	2019 \$000	2018 \$000	
Balance at beginning of year	1,157,162	1,051,220	
Net surplus for the year	48,574	105,942	
Balance at end of year	1,205,736	1,157,162	

Waikato Raupatu Lands Trust
Notes to the consolidated financial statements
for the year ended 31 March 2019

9 Cash and cash equivalents

	Consolidated	
	2019 \$000	2018 \$000
Cash at bank and in hand	2,379	3,339
Deposits at call	6,492	2,275
Term deposits	192,650	363,478
Total cash and cash equivalents	201,521	369,092

As at 31 March 2019, no cash or cash equivalents are pledged as security or restricted (2018: nil).

10 Trade and other receivables

	Consolidated	
	2019 \$000	2018 \$000
(a) Current - Trade and other receivables		
Trade and other receivables	16,067	29,507
Less provision for doubtful receivables	(1,532)	(665)
Prepayments	2,290	924
	16,825	29,766

Recognition and measurement

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 revenue and expense.

11 Inventories

	Consolidated	
	2019 \$000	2018 \$000
Land	11,563	4,913
Other inventories	274	1,405
Total inventory	11,837	6,318

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 consolidated financial statements

for the year ended 31 March 2019

12 Biological assets

	Note	Consolidated	
		2019 \$000	2018 \$000
Current – livestock			
Balance at beginning of year		5,075	4,162
Additions		537	1,596
Decreases due to sales		(536)	(433)
Changes in fair value	5	(201)	(250)
Balance at the end of the year		4,875	5,075
Non-current – forestry assets			
Balance at beginning of year		11,711	8,593
Additions		349	1,364
Changes in fair value	5	2,156	1,754
Balance at the end of the year		14,216	11,711

The 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 2019 and 31 March 2018. 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 for the Pinus Radiata crop will be 27 years 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 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 2019 and 31 March 2018.

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.

- (i) non-financial measures of quantities of agricultural assets;
- (ii) significant assumptions applied in determining fair value;
- (iii) fair value of produce harvested during the period.

Waikato Raupatu Lands Trust
Notes to the consolidated financial statements
for the year ended 31 March 2019

▶ **13** 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.

In March 2019 the directors of TGH decided to sell a parcel of land. The sale is expected to be completed in the next 12 months and the land is held at its book value as at 31 March 2019 (2018: Nil).

	Consolidated	
	2019 \$000	2018 \$000
Land	4,546	-
Total non-current assets held for sale	4,546	-

▶ **14** 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*

L Te Aho*

T B Morgan* retired 7 November 2017

H W Rau* retired 7 November 2017

Te Arataura

R Schaafhausen Chair

P Te Ao Deputy Chair

H W Rau*

H Chong

T H Rangiawha

A Te Kanawa

D Turner

H Raumati-Tu'ua*

J Colliar

K Wilson

L Te Aho*

R Papa retired 16 September 2017

T Roa retired 16 September 2017

	Consolidated	
	2019 \$000	2018 \$000
Total remuneration	3,606	3,557
H van der Heyden Chair	100	100
M Allen	113	139
M Cockram	50	50
T J R Simpson	50	50
H Raumati-Tu'ua*	50	20
L Te Aho*	50	20
T B Morgan* retired 7 November 2017	-	30
H W Rau* retired 7 November 2017	-	30
Te Arataura		
R Schaafhausen Chair	110	83
P Te Ao Deputy Chair	55	47
H W Rau*	40	40
H Chong	40	40
T H Rangiawha	40	40
A Te Kanawa	40	18
D Turner	40	18
H Raumati-Tu'ua*	40	18
J Colliar	40	18
K Wilson	40	18
L Te Aho*	40	18
R Papa retired 16 September 2017	-	46
T Roa retired 16 September 2017	-	28

Waikato Raupatu Lands Trust

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for the year ended 31 March 2019

T B Morgan* retired 16 September 2017	-	24
T P T M Tukere retired 16 September 2017	-	23
T T A S Mahuta retired 16 September 2017	-	22
P Rawiri retired 16 September 2017	-	22
Te Whakakitenga o Waikato Incorporated officers		
P McLean Chair	50	23
T T A S Mahuta Deputy Chair	30	13
M Moana Tuwhangai retired 16 September 2017	-	28
W Rapana retired 16 September 2017	-	16
Te Whakakitenga o Waikato Incorporated representatives	151	196
Wahaanau members of key management personnel		
Total remuneration	433	307
Total key management personnel and close family members compensation	5,208	5,102

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

Kaahui Ariki representative: R Schaafhausen

Negotiator: R Papa

Number of persons recognised as:

Class 1 - senior management	14	15
Class 2 - directors and representatives	133	133

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	Sale of services to related parties	Amounts owed to related parties	Amounts owed by related parties
	\$000	\$000	\$000	\$000
Joint ventures				
2019	83	3,087	-	10,726
2018	84	1,481	-	9,356

In 2014 the Trust moved into the premises located at 4 Bryce Street, Hamilton, and in 2019 the Trust extended its office space and moved into the premises located at 2 Bryce Street, Hamilton. These properties are classified as property plant and equipment (see note 17).

Included in the amounts owed by related parties are the related parties receivables and the joint venture loan to Waikato Milking Systems of \$10.7m. This amount includes an interest accrual of 10%.

Waikato Raupatu Lands Trust
Notes to the consolidated financial statements
for the year ended 31 March 2019

15 Other financial assets

	Listed companies	Investment in funds	Unlisted company – AFL income shares	Advances – joint ventures	Total
	\$000	\$000	\$000	\$000	\$000
Opening net book amount 1 April 2017	52,655	18,535	12,300	6,232	89,722
Gains recognised in comprehensive revenue and expenses	5 4,923	(135)	-	-	4,788
Purchases	2,895	3,827	-	-	6,722
Dividends	(1,592)	-	-	-	(1,592)
Settlements	-	-	-	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 2018	58,881	22,227	12,300	9,357	102,765
Gains recognised in comprehensive revenue and expense	5 4,002	4,175	-	-	8,177
Purchases	1,771	182,897	-	-	184,668
Sales	(10,000)	(2,816)	-	-	(12,816)
Dividends	(1,666)	-	-	-	(1,666)
Transfer to investment in joint venture	-	-	-	(9,357)	(9,357)
Closing net book amount 31 March 2019	52,988	206,483	12,300	-	271,771

These investments are financial assets designated at fair value through surplus or deficit at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Trust's documented investment strategy.

(a) Listed companies

The shares in listed companies comprise of investment portfolios managed by Salt Funds Management, 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 \$4.0m (2018: gain \$4.2m).

(b) Investment in funds

The fair value of investment in funds is represented by the investment in Pioneer Capital Partners LP, Waterman Fund 3 LP and AMP NZ Short Duration Fund. The valuation of the investment is based on the Group's share of the net assets in Pioneer Capital Partners LP and Waterman Fund 3 LP. The valuation of the investment fund in AMP NZ Short Duration Fund is based on the redemption price provided by Manager of the Fund. The fair value of the Group's investment in Pioneer Capital Partners LT and Waterman Fund 3 LP 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 fair value of the Group's investment in AMP NZ Short Duration Fund is determined using the latest available redemption price of such units for each other fund investment, as determined by the fund's administrators. The gain for fair value recorded through surplus or deficit for investment in funds was \$4.2m (2018: \$0.1m).

(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 Group 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) has now been transferred to investment in joint venture.

Waikato Raupatu Lands Trust

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for the year ended 31 March 2019

16 Intangible assets

	Note	Computer software \$000	Quota \$000	NZ Units ETS \$000	Total \$000
Consolidated					
Year ended 31 March 2018					
Opening net book amount		1,304	20,340	926	22,570
Additions		299	-	-	299
Revaluation		-	-	198	198
Amortisation and impairment	4	(357)	-	-	(357)
Closing net book amount		1,246	20,340	1,124	22,710
At 31 March 2018					
Cost		3,375	20,340	1,124	24,839
Accumulated amortisation and impairment		(2,129)	-	-	(2,129)
Net book amount		1,246	20,340	1,124	22,710
Year ended 31 March 2019					
Opening net book amount		1,246	20,340	1,124	22,710
Additions		61	-	-	61
Revaluation		-	-	252	252
Amortisation and impairment	4	(368)	-	-	(368)
Closing net book amount		939	20,340	1,376	22,655
At 31 March 2019					
Cost		3,436	20,340	1,376	25,152
Accumulated amortisation and impairment		(2,497)	-	-	(2,497)
Net book amount		939	20,340	1,376	22,655

Waikato Raupatu Lands Trust

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for the year ended 31 March 2019

The Group is deemed a participant in the New Zealand Emission Trading Scheme (ETS) as it is an owner of fishing quota and forestry land. NZ Units (NZU's) for 2019 and 2018 relate to 53,702 units that were allocated by the Ministry for the Environment. The units were valued in 2019 at \$25.65 per unit (2018: \$20.95) resulting in an impairment reversal of \$0.3m (2018: impairment reversal of \$0.2m).

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

Recognition and measurement

(a) Computer software

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

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

(b) Quota

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

(c) Carbon credits

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

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

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

Waikato Raupatu Lands Trust

Notes to the consolidated financial statements

for the year ended 31 March 2019

17 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 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 from investment properties	18	(490)	-	-	-	-	-	(490)
Depreciation	4	(170)	(305)	(46)	(240)	(1,811)	(437)	(3,009)
Reclassification		(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 and revaluation reserve		55,213	21,649	1,309	2,927	16,983	34,305	132,386
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
Year ended 31 March 2019								
Opening net book value		55,043	12,606	543	1,607	9,277	31,734	110,810
Additions		1,109	1,779	127	212	4,438	89	7,754
Disposals		(128)	(285)	(116)	(180)	-	(251)	(960)
Net revaluation	8	1,850	-	-	-	73	23,587	25,510
Transfer to investment properties	18	(6,705)	-	-	-	-	-	(6,705)
Depreciation	4	(258)	(335)	(42)	(291)	(2,010)	(577)	(3,513)
Reclassification of assets		1,063	(2,027)	-	-	964	-	-
Closing net book value		51,974	11,738	512	1,348	12,742	54,582	132,896
At 31 March 2019								
Cost and revaluation reserve		52,232	21,116	1,320	2,959	22,458	55,159	155,244
Accumulated depreciation		(258)	(9,378)	(808)	(1,611)	(9,716)	(577)	(22,348)
Closing net book value		51,974	11,738	512	1,348	12,742	54,582	132,896

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for the year ended 31 March 2019

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

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

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

The total value of hotels valued by CBRE Limited at 31 March 2019 for the Group is \$62.0m (2018:nil) and is spread across furniture and fittings (\$7.5m) and land and buildings (\$54.5m).

The total value of farm properties valued by Telfer Young (Waikato) Limited at 31 March 2019 for the Group is \$15.9m (2018: \$41.0m) and by Curnow Tizard for the Group at 31 March 2019 is \$27.1m (2018: nil).

The total value of owner occupied properties valued by Silverton Alexander Limited for the Group at 31 March 2019 is \$9.2m (2018: \$5.8m).

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

Tribal properties

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

Land and buildings (hotels) pledged as security

The Bank of New Zealand has security agreements over the assets owned by the Hamilton Riverview Hotel Limited, refer to note 20.

Recognition and measurement

Hotels are comprised of land, buildings and plant held at the hotels. In prior years the hotels have been stated at historical cost less depreciation and impairment. This financial year the hotels have been valued by an external independent valuer and are shown at fair value less subsequent depreciation. This is the first year it has been revalued since full ownership has been acquired and going forward will be valued on a triennial basis

Farm and owner occupied properties comprise of land, buildings and plant held on the farms as well as buildings occupied by the Trust and TGH. These properties are shown at fair value, based on periodic 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.

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

Waikato Raupatu Lands Trust Notes to the consolidated financial statements

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

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.

18 Investment properties

	Note	Consolidated	
		2019 \$000	2018 \$000
Balance at beginning of year		484,032	429,591
Development		5,755	12,972
Net realised gain	5	76	-
Net gain from fair value adjustment	5	39,364	32,242
Transfer to inventory		-	(1,176)
Transfer to held for sale	13	(4,546)	-
Transfer from property, plant and equipment	17	6,705	490
Additions		2,052	9,913
Balance at end of year		533,438	484,032

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(a) Recognition and measurement

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

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

(b) Valuation of investment properties

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

- the direct comparison approach (based on analysis of sales of vacant property. This analysis includes determination of land value, other improvements and residual value for principal improvements);
- the traditional capitalisation approach (focusing on the net maintainable revenue and the level of investment return);
- the discounted cash flow approach (based on establishing a cash flow budget for the property having particular regard to the length of lease term and nature of the leasehold interest and the following factors; discount rate, land inflation and rental rates);
- comparing market evidence of transaction prices for similar properties.
- market capitalisation and discount rates;
- market rental yields and lease terms;
- market growth rates and assumptions;
- the timing of any development and sell down periods; and
- changes in local and central regulatory and legislative regimes.

Investment property valuations were completed as follows:

- D.J. Saunders from Telfer Young (Waikato) Limited valued properties at fair value of \$117.8m on 31 March 2019 (31 March 2018: \$114.0m) 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 \$27.0m on 31 March 2019 (31 March 2018: \$143.1m) using a mixture of market evidence of transaction prices for similar properties, direct comparison, capitalisation and discounted cash flows approaches.
- Matt Silverton and Jeff Alexander from Silverton Alexander Limited valued properties at fair value of \$39.0m on 31 March 2019 (31 March 2018: \$20.6m) using a mixture of market evidence of transaction prices for similar properties, capitalisation and discounted cash flow approaches.
- P.A. Curnow from Curnow Tizard Limited valued properties at fair value of \$36.5m on 31 March 2019 (31 March 2018: \$71.7m) using a mixture of market evidence of transaction prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches.
- D Winefield from Jones Lang LaSalle valued properties at fair value of \$139.1m on 31 March 2019 (31 March 2018: \$202.5m being The Base Valuation) using a mixture of market evidence of transaction prices for similar properties, capitalisation and discounted cash flow approaches.
- Chris Coakley from Quotable Value Limited valued properties at fair value of \$31.2m on 31 March 2019 (2018: nil), 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 consolidated financial statements

for the year ended 31 March 2019

▶ 19 Te Wherowhero title properties

		Consolidated	
		2019	2018
Note		\$000	\$000
	Balance at beginning of the year	118,397	120,373
5	Net gain / (loss) from fair value adjustments	316	(1,976)
	Closing balance	118,713	118,397

(a) Valuation of Te Wherowhero title properties

Te Wherowhero title properties comprise of properties located at Kawhia, Onewhero, 192 The Terrace in Wellington, Hopuhopu, The Base and the University of Waikato, Hamilton. Te Wherowhero investment properties are held at fair value amounting to \$118.7m (2018: \$118.4m).

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 and the following factors; discount rate, land inflation and rental rates);
- comparing market evidence of transaction prices for similar properties;
- market capitalisation and discount rates;
- market rental yields and lease terms;
- market growth rates and assumptions;
- the timing of any development and sell down periods; and
- changes in local and central regulatory and legislative regimes.

D.J. Saunders from Telfer Young (Waikato) Limited valued properties at fair value of \$50.4m as at 31 March 2019 (31 March 2018: \$51.0m) using a mixture of market evidence of transaction prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches.

Matt Silverton and Jeff Alexander from Silverton Alexander Limited valued properties at fair value of \$2.7m on 31 March 2019 (31 March 2018: nil) using a mixture of market evidence of transaction prices for similar properties, capitalisation and discounted cash flow approaches.

P.A. Curnow from Curnow Tizard Limited valued properties at fair value of nil on 31 March 2019 (31 March 2018: \$7.5m) using a mixture of market evidence of transaction prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches.

Timothy Arnott and Anisha Segar from CBRE Limited valued properties related to The Base at fair value of \$435.0m on 31 March 2019, \$217.5m being 50% group share (Jones Lang LaSalle 31 March 2018: \$202.5m) 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.

Te Wherowhero land titles located at The Base and the University of Waikato are subject to operating leases with TGH.

Waikato Raupatu Lands Trust

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(b) Recognition and measurement

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

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

Te Wherowhero property that is not investment land is not leased and is recorded at historical cost as at 31 March 2019 at \$1.7m (2018:\$1.7m).

As at 31 March 2019 and 31 March 2018, the title is protected by the Custodial Trustee Kiingi Tuheitia.

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

20 Interest bearing liabilities

	Consolidated	
	2019	2018
	\$000	\$000
Secured		
Bank loans	19,180	-
Total secured current interest bearing borrowings	19,180	-
Secured		
Bank loans	126,108	143,910
Total non-current interest bearing liabilities	126,108	143,910
Total interest bearing liabilities	145,288	143,910

The Group has a multi option credit facility agreement with Westpac New Zealand for \$50.0m which matures on 31 March 2020. \$19.2m (2018: \$20.6m) 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 (2018: \$100.0m). The facilities include a multi option credit line facility agreement with Westpac New Zealand for \$50.0m (2018: \$50.0m), and a committed cash advance facility with Bank of New Zealand for \$50.0m (2018: \$50.0m). All facilities mature on 31 May 2020. Borrowings of \$100.0m of the available facilities had been drawn at balance date (2018: \$100.0m). The Bank of New Zealand and Westpac New Zealand have an equal charge over the present and future acquired assets of The Base Limited as security for the finance facilities in 2019 (2018: Bank of New Zealand and Westpac).

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Hamilton Riverview Hotel Limited has debt facilities of \$45.5m (2018: \$24.0m). The facilities include a term loan with the Bank of New Zealand for \$29.0m (2018: \$24.0m) which matures on 30 November 2023, and a committed cash advance facility with Bank of New Zealand for \$16.5m (2018: nil) which matures on 30 November 2020. Borrowings of \$26.1m of the available facilities had been drawn at balance date (2018: \$23.3m). The Bank of New Zealand holds a first and preferential security interest over all property owned by Hamilton Riverview Hotel Limited.

Recognition and measurement

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

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

21 Other financial liabilities

	Consolidated	
	2019 \$000	2018 \$000
Categorised as at fair value through surplus or deficit		
Interest rate swaps	1,953	1,550
Total current other financial liabilities	1,953	1,550
Interest rate swaps	2,593	3,339
Total non-current other financial liabilities	2,593	3,339
	4,546	4,889

The notional amount of interest rate swaps is \$74.0m with maturity dates that range from 1-5 years, (2018: \$75.0m, maturing between 1-6 years).

Waikato Raupatu Lands Trust
Notes to the consolidated financial statements
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22 Trade and other payables

	Consolidated	
	2019 \$000	2018 \$000
Trade payables	1,802	3,327
Income received in advance	558	434
Accrued expenses	9,869	6,392
Grants payable	7,160	6,221
Employee entitlements	677	926
Other payables	89	92
GST payable	(248)	(55)
Total creditors and other payables	19,907	17,337

Recognition and measurement

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

23 Contingencies

23.1 Contingent liabilities

Guarantees

- (i) The Trust had contingent liabilities at 31 March 2019 and 31 March 2018 in respect of:
- (ii) Raukura Whare Limited has agreed to underwrite certain Housing Corporation of New Zealand mortgages. Raukura Whare Limited is liable for any mortgages which default if total claims exceed \$23.3m. The life of the loan is 20 years. Te Arataura believe that the expectation of defaulting mortgages exceeding \$23.3m is remote.

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

23.2 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 \$70.0m was received in December 2013 upon the first claim being made under the relativity clause. Further to this in the year ended 31 March 2015 an amount of \$12.5m was received as a result of the arbitration process which followed the first claim.

The second relativity settlement claim was received in December 2017 for \$189.6m and as a result of the arbitration process \$16.8m followed in April 2018, both were recognised 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 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.

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24 Capital commitments

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

	Consolidated	
	2019 \$000	2018 \$000
Construction contract	5,075	2,296
	5,075	2,296
Other	32,974	51,685
	32,974	51,685
Total capital commitments	38,049	53,981

Other commitments include the capital call commitment for investment in Pioneer Capital for \$10.8m, Waterman Fund \$4.1m and a commitment to contribute capital to the joint venture Tainui Auckland Airport Hotel 2 LP of \$18.1m upon a capital call notice (2018: Pioneer Capital \$19.3m, Waterman Fund \$7.8m and Tainui Auckland Airport Hotel 2 LP \$24.5m).

25 Operating leases

(a) Accrued revenue

	Consolidated	
	2019 \$000	2018 \$000
Within one year	263	91
Later than one year	30,450	30,975
	30,713	31,066

Revenue was received in advance in 2017 for the operating lease that exists between the Trust and TGH for land owned by the Trust for The Base and is amortised over 120 year term using the straight line method.

(b) Operating leases as lessee

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

	Consolidated	
	2019 \$000	2018 \$000
Within one year	225	213
Later than one year but not later than five years	316	381
Total non-cancellable operating leases	541	594

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

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

Waikato Raupatu Lands Trust
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(c) Group as lessor

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

	Consolidated	
	2019 \$000	2018 \$000
Within one year	26,760	25,472
Later than one year and not later than five years	76,669	71,793
Later than five years	85,026	86,310
Total non-cancellable operating leases	188,455	183,575

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.

26 Disposals

As at 31 March 2019, the Group disposed of \$1.0m within the asset class of property, plant and equipment (2018: \$1.9m).

Waikato Raupatu Lands Trust

Notes to the consolidated financial statements

for the year ended 31 March 2019

27 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	
			2019	2018
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	Hotels	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%

Recognition and measurement

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the 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.

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(b) Joint operation

The Group has entered into a joint operation called The Base Te Awa Limited. The Group 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	Ownership and voting interest	
		2019	2018
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 entities are accounted for using proportionate consolidation.

The jointly controlled entities assets and liabilities accounted for using proportionate consolidation was:

	Consolidated	
	2019 \$000	2018 \$000
Statement of financial position		
Current assets	875	1,177
Non-current assets	217,500	202,548
Total assets	218,375	203,725
Current liabilities	1,586	2,190
Total liabilities	1,586	2,190
Net assets	216,789	201,535

The jointly controlled entities revenue and expense accounted for using proportionate consolidation was:

	Consolidated	
	2019 \$000	2018 \$000
Statement of comprehensive revenue and expense		
Revenue	16,449	15,414
Fair value gain on investment property	12,988	5,794
Expenses	(4,832)	(4,311)
Profit before income tax	24,605	16,897

Waikato Raupatu Lands Trust

Notes to the consolidated financial statements

for the year ended 31 March 2019

(c) Joint venture partnership (investment accounted for using the equity method)

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

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

		2019	2018	2019	2018
				\$000	\$000
Ngai Tahu Tainui Go Bus Holdings Limited	Direct investment	33%	33%	39,115	38,853
Raukura Moana Sealord Limited Partnership	Primary Industries	50%	50%	869	486
Rotokauri Development Limited	Property	70%	70%	13,411	15,182
Waikato Milking Systems Limited Partnership	Direct investment	32%	32%	13,589	4,167
Tainui Auckland Airport Hotel LP	Hotel	50%	50%	33,135	38,279
Tainui Auckland Airport Hotel 2 LP	Hotel	50%	50%	4,420	3,000
				104,539	99,967

		Consolidated	
	Note	2019	2018
		\$000	\$000
Movements in carrying amounts			
Carrying value at the beginning of the year		99,967	100,866
Share of surplus/(deficit) after income tax		3,554	(2,491)
Elimination of profits on transactions with joint ventures		-	2,053
Share of other comprehensive income	8	(419)	1,387
Reclassification of other financial assets		9,731	-
Disposal		(14)	(553)
Contribution		1,420	5,000
Dividends received		(9,700)	(6,295)
Carrying amount at the end of the financial year		104,539	99,967

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Notes to the consolidated financial statements
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	Consolidated	
	2019	2018
	\$000	\$000
Statement of financial position		
Current assets	62,379	46,392
Non-current assets	158,518	154,392
Total assets	220,897	200,784
Current liabilities	44,722	24,363
Non-current liabilities	71,636	76,454
Total liabilities	116,358	100,817
Net assets	104,539	99,967

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

	Consolidated	
	2019	2018
	\$000	\$000
Statement of comprehensive revenue and expense		
Revenue	97,333	104,145
Expenses	(93,779)	(106,636)
Profit before income tax	3,554	(2,491)

Recognition and measurement

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

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

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

Waikato Raupatu Lands Trust

Notes to the consolidated financial statements

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28 Financial instruments

27.1 Financial risk factors

Exposure to credit, market (currency, price and interest) and liquidity risks arise in the normal due 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 \$202m (2018: \$369m) are held with bank and financial institution counterparties, which are rated AA- to A+, based on Standards and Poors ratings. The Trust does not expect non-performance of any obligations at balance date. There are no material financial assets held by the Trust at balance date which are past due but not impaired.

(b) Market risk

(i) Currency

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

(ii) Price risk

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

Sensitivity analysis

As at 31 March 2019, 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 \$5.3m (2018: \$5.9m) higher/(lower).

As at 31 March 2019, 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 \$20.6m (2018: \$2.2m) 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 Groups equity interest in AFL income shares of \$1.2m (2018: \$1.2m) and a movement in the EBIT multiple of 1.0 would result in a surplus/(deficit) in the Groups equity interest in AFL income shares of \$1.4m (2018: \$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 rate expose the Trust to fair value interest rate risk.

The Trust adopts a policy of ensuring that between 40 and 90 per cent 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.

Waikato Raupatu Lands Trust

Notes to the consolidated financial statements

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(b) Market risk

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

Sensitivity analysis

As at 31 March 2019, 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 \$0.7m (2018: \$1.5m) higher or lower. This movement is attributable to the increase of outstanding loans from \$143.9m to \$145.3m 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

	Note	Less than 1 year \$000	Between 1 and 2 years \$000	Between 2 and 5 years \$000	Over 5 years \$000	Total contractual cash flows \$000	Carrying amount liabilities \$000
Trade and other payables		10,245	-	-	-	10,245	10,245
Borrowings	20	4,409	4,409	148,107	-	156,925	143,910
Total non-derivatives		14,654	4,409	148,107	-	167,170	154,155
Derivative financial instruments (outflows)		1,698	1,554	1,727	50	5,029	4,889
Total derivatives	21	1,698	1,554	1,727	50	5,029	4,889

Consolidated at 31 March 2019

Trade and other payables		12,317	-	-	-	12,317	12,317
Borrowings	20	4,665	23,112	129,590	-	157,367	145,288
Total non-derivatives		16,982	23,112	129,590	-	169,684	157,605
Derivative financial instruments (outflows)		2,113	1,554	1,727	50	5,444	4,546
Total derivatives	21	2,113	1,554	1,727	50	5,444	4,546

Waikato Raupatu Lands Trust

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(d) Fair value estimation

The fair value of financial assets traded in active markets is based on quoted market close prices at balance date.

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

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

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

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

Consolidated - as at March 2018	Level 1	Level 2	Level 3	Total balance
	\$000	\$000	\$000	\$000
Financial assets				
Financial assets at fair value through surplus or deficit				
- Investments in listed companies	58,881	-	-	58,881
- Investments in investment equity funds	-	-	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 2019

Financial assets

Financial assets at fair value through surplus or deficit

- Investments in listed companies	52,988	-	-	52,988
- Investments in investment equity funds	-	-	29,886	29,886
- Investment in fixed interest fund (AMP)	-	176,597	-	176,597
- Investments in unlisted company (AFL income shares)	-	-	12,300	12,300

Total financial assets	52,988	176,597	42,186	271,771
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Financial liabilities

- Interest rate swaps	-	(4,546)	-	(4,546)
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Total financial liabilities	-	4,546	-	4,546
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Net financial assets / (liabilities)	52,988	172,051	42,186	267,225
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Waikato Raupatu Lands Trust
Notes to the consolidated financial statements
for the year ended 31 March 2019

(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			
Investments in listed equities and unlisted investment funds	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 2019			
Investments in listed equities and unlisted investment funds	271,771	-	271,771
Trade and other receivables	-	22,943	22,943
Cash and cash equivalents	-	201,521	201,521
	271,771	224,464	496,235

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	-	10,245	10,245
	4,889	154,155	159,044
At 31 March 2019			
Borrowings	-	145,288	145,288
Derivative financial instruments	4,546	-	4,546
Trade and other payables	-	12,317	12,317
	4,546	157,605	162,151

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(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 by product of managing revenues, expenses, assets, liabilities, investments and general financial dealings. The objective of managing the Trust's equity is to ensure the Trust effectively achieves its objectives and purpose, whilst remaining a going concern in order to provide returns for the Waikato Raupatu Lands Trust and to maintain an optimal capital structure to reduce the cost of capital.

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 20) (2018: no breach). There are no externally imposed capital requirements at balance date (2018: nil).

	Consolidated	
	2019 \$000	2018 \$000
Total borrowings	145,288	143,910
Less: cash and cash equivalents	(201,521)	(369,093)
Net debt	(56,233)	(224,185)
Total equity	1,245,771	1,172,106
Total capital	1,189,538	947,921
Net debt to equity ratio	(5)%	(24)%

29 Events occurring after the balance date

There are no events occurring after the balance date as at 31 March 2019.









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