



**WAIKATO  
TAINUI**

TE PUURONGO AA TAU A  
**WAIKATO TAINUI**

WAIKATO-TAINUI ANNUAL REPORT 2020



# He Koorero Naa Te Kiingi

## Message from the King

The 2020 Annual Report is based on the following tongikura from Kiingi Tuuheitia:

*“Amohia ake te ora o te iwi, ka puta ki te wheiao.”*

*“To protect the wellbeing of our people is paramount”*

Ka rere tonu aku whakaaro ki te waahi ngaro, ki te Atua i runga rawa. Maana taatou e tauwhiro i ngaa waa katoa. Kei te pai o mahara ngaa roimata aroha moo raatou kua wehe ki te poo. Haere raa koutou, e oki, e moe. Tihei mauri ora ki a taatou te hunga ora.

Our world has been changed by the recent COVID-19 pandemic. We cannot ignore the realities of this situation and its impact on Waikato-Tainui and the Kiingitanga. The pandemic and subsequent raahui that was placed on the motu taught us a lot. There are many lessons for us as we consider the future together.

The annual report of my iwi falls within the context of Kiingitanga. As kaitiaki of the Kiingitanga, our aspirations, values and vision must provide the foundation for a wider context and reality. Our success as an iwi is intimately linked to the Kiingitanga. To be Waikato-Tainui is to be born with the burden, responsibility and joy of being kaitiaki of the Kiingitanga. My tupuna Te Wherowhero summed it well when he proclaimed “whakamohoutia waiho hei raru i a ahau e.” Therefore, the success of my iwi, in its broadest possible sense, is the foundation for moving forward together. It is also the foundation upon which we make our stand as kaitiaki of the Kiingitanga. We must continue to live this reality every day.

As you read the many reports and consider their implications, my abiding request is that we remain united and focused in our primary role as kaitiaki of the Kiingitanga. The unity we find is because of this sacred task. We must not take it for granted. We must continue to press for further kotahitanga and a deeper sense of understanding our role as kaitiaki.

As we navigate our future in a post Covid-19 world I have firm expectations of all my tribal entities. No one is to be left behind; not one single person. I issue that charge because it is my duty as King to care for the people. My tuupuna left me a legacy and responsibility. I pledge my life's service for the benefit of the people.

The financial success of our tribe must be reflected in the wellbeing of my people. It makes no sense to me to have a wealthy tribal entity, but a nation with people who financially struggle. We cannot have institutions of knowledge and struggle to fill our paepae and kitchens. All the success indicators set by Te Whakakitenga must be driven and demonstrated in my people and their everyday life. Ka tuu te Kiingi ki whea? Upon where do I stand, but the success and strength of my people. If you are strong, I am strong. Your success gives rise to a successful Kiingitanga. We cannot separate ourselves from that which our tuupuna forged.

Generations of our people have sacrificed so much for what we see and have today. So too must we continue to make some sacrifice, so that the generations to come will see more. We live by the example of our tuupuna who deeply understood the sacred tikanga of “taawhara kai Atua.” What is our sacred offering given freely from the fruits of our success? We live this tikanga because in giving, we receive.

The Kiingitanga is outward giving, but we all are continually blessed by the motu and the world. We must make sure that our balance internally is right too.

I commend this annual report to you all with my aroha. When you read of its success, know that you are successful. When you read of its challenges, know that you must rise up to each and every one. Waikato-Tainui, you are my people and I am your King - nothing is of greater concern for me than your wellbeing and the wellbeing of all my people across the motu. This is paramount in my mind. We are bound together in aroha, pono and tika. Let us together grow our kotahitanga and unify more deeply for the greater good of the Kiingitanga.

E te iwi nui tonu, whaaia te kotahitanga, paiheretia ki te rangimaarie.

Paimaarire



**Tuuheitia Pootatau Te Wherowhero Te Tuawhitu**

# Ngaa Poupou o Waikato-Tainui

## Chairs and Chief Executives of Waikato-Tainui

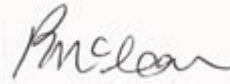
An organisation the size and breadth of Waikato-Tainui requires cohesive, collaborative leadership to drive the change and success that we are seeking on behalf of our people. Ngaa Poupou o Waikato-Tainui is our vehicle to encourage, promote and lead this.

Overseen by the Chair of Te Whakakitenga o Waikato, in FY2020, Ngaa Poupou o Waikato-Tainui comprised the Chief Executives and Chairs of:

- **Te Arataura (Executive Board of Te Whakakitenga o Waikato)**
- **Waikato-Tainui College for Research and Development**
- **Tainui Group Holdings**
- **The Office of the Kiingitanga**
- **Ngaa Marae Toopuu**

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 of Te Whakakitenga o Waikato



**Parekawhia McLean**  
Chair of Te Whakakitenga o Waikato



**Rukumoana Schaafhausen**  
Chair of Te Arataura



**Sir Henry van der Heyden**  
Chair of Tainui Group Holdings



**Brad Totorewa**  
Chair of Ngaa Marae Toopuu



**Donna Flavell**  
Chief Executive of Te Whakakitenga o Waikato



**Chris Joblin**  
Chief Executive of Tainui Group Holdings



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



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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 taangaenga*

*Whakamau whakamau ki Manuaituu*

*Ki Puke-rengarenga*

*Tuutuu 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 2020 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 a new tongikura from Kiingi Tuheitia which emerged during the final month of this financial year as the country plunged into lockdown and reflects how we responded to COVID-19.

***Amohia ake te ora o te Iwi ka puta ki te whei ao – to protect the wellbeing of our people is paramount.***

This approach provides a natural flow from tongikura that have featured in the previous three annual reports:

- *Teera anoo ooku nei hoa kei ngaa toopito o te ao, ko ngaa humeka, ko ngaa kaamura, ko ngaa parakimete, ko ngaa pekarohi (2018-2019)*
- *Maaku anoo e hanga tooku nei whare ko te taahuhu he hiinau ko naa poupou he maahoe, patatee. Me whakatupu ki te hua o te rengarenga, me whakapakari ki te hua o te kawariki (2017- 2018).*
- *Te hangai tuuaapapa mo nga uri whakahere (2016-2017)*



## ONE OFF DISTRIBUTION TO MARAE

There has been the consideration and approval of a one-off \$20m distribution to be paid out to our marae. This reflects a number of things for us. First of all, we recognise that our organisation has discharged their stewardship of our funds in a manner that has placed us in this position.

The funds will be released in the 2021 financial year. When we made the decision to approve the release of that fund, no one foresaw the extent of the COVID-19 lock-down. It is therefore timely that the House reached that decision.

The distribution will be made up of a base amount with a further payment based on the current distribution formula. This payment will be above the normal distribution and not affect any entitlements.

I look forward to marae utilising the grant to further the mana motuhake aspirations of their people.

## TE ARA WHAKATUPURANGA

As Te Whakakitenga Chair one of my priorities is to reflect your expectations by setting the strategic agenda for Te Arataura. This financial year we entered into year one of Te Ara Whakatupuranga - our five year plan. The organisation started off with a clear direction of effort and claimed some very early victories for our people.

We have much to be satisfied with this year. Te Whakakitenga members have all received quarterly reports aligned to the operational business plan. This provides you all with the opportunity to assess progress and to make sure the team is delivering where it said it would. This annual report is a reflection of those achievements and milestones that we can collectively celebrate.

I want to also make special mention of the partnerships, both new and old, that Waikato-Tainui has established and

continues to be part of. These partnerships have resulted in many benefits for our iwi and we will be calling on our partners to work with us to help shape a new future in this post COVID-19 world.

## RESILIENCE AND RECOVERY

As an iwi we can take immense pride in what we have accomplished over the last 12-months. Our performance in year one of Te Ara Whakatupuranga has provided a solid foundation for our iwi to build on. But the journey ahead will not be without its challenges and it will test our resilience. The social, economic and cultural impacts of COVID-19 are now being felt across the globe.

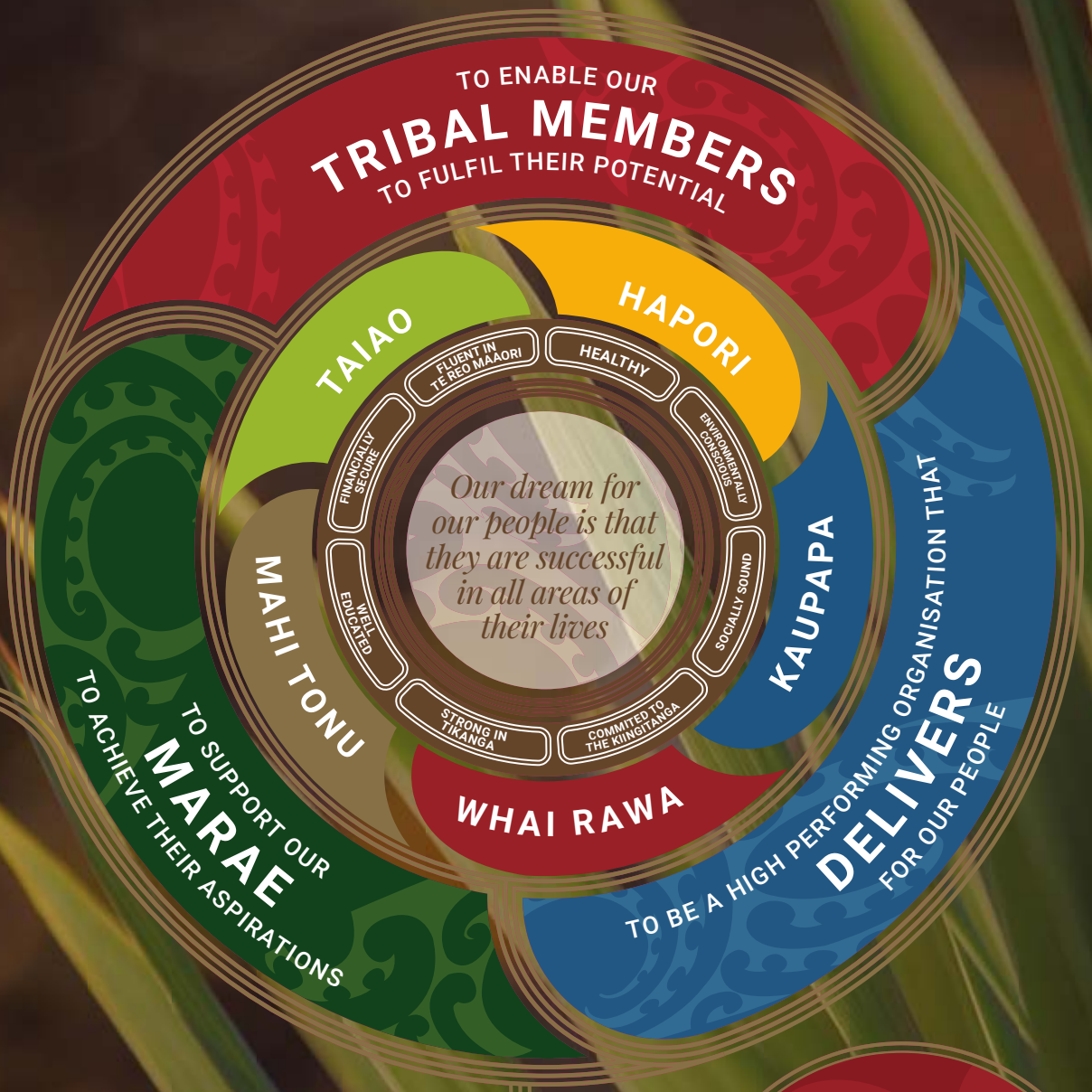
We must balance caution with courage as we navigate the new path ahead. The road to recovery will require an accelerated approach for those areas most affected by the pandemic. It will be imperative for all our tribal entities to leverage opportunities that return maximum benefits for our people and marae.

As I reflect on the history of our iwi and the proud legacy of our Kiingitanga leaders, the uncertainties of today will not diminish the dreams and aspirations we hold for our future generations.

*Mahia te mahi, hei painga mo te iwi*

Parekawhia McLean  
CHAIR OF TE WHAKAKITENGA O WAIKATO





We serve over  
**78,000**  
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

\*as at 31 March 2020

*Rukumoana Schaafhausen*  
Chair of Te Arataura  
Kaahui Ariki Representative

*Donna Flavell*  
Chief Executive of Te Whakakitenga  
o Waikato



# 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.*

*Maa te runga rawā 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 raa.*

*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. Tīrohia  
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.*



## E TE IWI, TEENAA KOUTOU KATOA

It is with pleasure that we present the annual report to Te Whakakitenga o Waikato for the 2020 financial year. COVID-19 will have very little effect on the performance measures for this year however we will provide a much fuller indication of how the organisation will pivot in the 2021 financial year when we release our Business Plan.

The 2020 year represented the organisations first year of operation under Te Ara Whakatupuranga (five year plan). It provided the organisation with a solid framework to set about achieving its goals in a phased and calculated manner. This approach was informed by a wide range of consultation hui with Te Whakakitenga members many of whom were proactive participants in this process.

## FINANCIAL PERFORMANCE

In the year to 31 March 2020, our financial performance enabled us to distribute \$19.8m across a range of priority areas including \$3.0m toward marae dividends.

COVID-19 has impacted the group results significantly, resulting in a total comprehensive loss of \$39.7m.

Total asset value dropped by \$18.2m to \$1.43b largely related as a result of COVID-19. Group total equity is now \$1.20b.

Dividend paid in advance for FY2020 was \$10.8m. This amount was declared as a final dividend subsequent to the financial statements. .

## HIGHLIGHTS AND ACHIEVEMENTS

There have been some significant achievements for our people over the last 12 months. Some of these achievements will be particularly relevant in helping our people to prepare for the challenges in a COVID-19 wary environment.

Puna Pakihi, Te Ahi Koomako and Te Rau Mahi are examples of where we have provided platforms for our people to shape their future aspirations.

Puna Pakihi is our very own business e-directory. It only lists businesses owned by Waikato-Tainui tribal members. We promote these businesses to our networks and use the directory as a tool for purchasing products and services. We have almost 100 of our businesses signed up to this initiative.

We are also one of the foundation partners of Te Ahi Koomako – Centre of Maaori Innovation and Entrepreneurship based at Te Waananga o Aotearoa in Glenview, Hamilton. It is dedicated to supporting Maaori entrepreneurs from the ground up. You'll find a modern co-working space to call your office, business support from those in the know, and a kitted-out innovation hub.

Te Rau Mahi is a vibrant and engaged circle of iwi-based professionals all looking to connect. It provides a platform for our people to identify career opportunities over a wide range of sectors.

From an environmental perspective we have continued to advocate for our position both locally and nationally. We continue to lead the Iwi Chair Forum's water rights group where we can advocate and influence the national policy framework directly with the Crown. On a local level we were heavily invested in discussions across a broad range of stakeholders.



For example, we were actively engaged in a wide range of environmental discussions affecting our people including:

- Healthy Rivers Wairau Plan Change 1
- Waikato Regional Plan Review
- Waikato District Council appointment of Maangai Maori
- Hamilton City Council – Tangata Whenua Working Group for Peacocks Development
- AFFCO / Open Country Resource Consent
- Tata Valley Proposal Resource Consent
- Sleepyhead Development at Ohinewai

### MAATAURANGA AND TAONGA TIAKI

Last year we partnered with key experts from Te Papa Tongarewa and Alexander Turnbull Library to host a Taonga Tiaki waananga. It recognised that our people have a wealth of taonga in their possession and therefore provided them with an opportunity to better understand how to preserve the integrity of their many heirlooms which are often endowed in rich historical narratives.

Over the year we also played an active role in providing opportunities for our people to grow their understanding of Paimaarire and the unique role that it plays in our tribal history. These waananga provided an introduction on the origins of Paimaarire, its three kura and the use of Paimaarire on marae. The intention of these workshops is to increase the number of tribal members who have an introductory understanding of Paimaarire.

### HOUSING DEVELOPMENTS

Our pilot housing initiative Te Kaarearea has begun delivering homes to our tribal members. In the final quarter of this period a number of whaanau started receiving the keys to their brand new whare. We also teamed up with Westpac Bank to offer a shared equity option to help those whaanau who were close to getting over the line. We have had around 30 whaanau in the pipeline to be housed so far. The remaining 20 house and land packages will be offered to registered tribal members first before they are offered to the wider community.

A total of 30 Kaainga Ora homes located in Hamilton have now been tenanted to Waikato-Tainui tribal members, with 12 of these designated for kaumaatua. Situated next to Te Kaarearea in Hamilton East, the kaumaatua flats were completed prior to the COVID-19 lockdown restrictions in March. Kaainga Ora will support kaumaatua moving into these units once they are able to do so safely.

### CONNECTING WITH OUR PEOPLE

Tainui Games 2020 will go down in the history books as the largest tribal gathering of its kind in the country. Between 28,000 and 30,000 Waikato-Tainui tribal members participated in this year's Tainui Games. This kaupapa involved intergenerational participation from across our rohe. The event was held over two consecutive weekends and across three locations ending at Hopuhopu. It was a sight to behold with Tuurangawaewae Marae being declared over all winners. What the Tainui Games achieved is what our people have always envisaged - hauora and wellbeing of whaanau and marae.



Late last year we ran another Tira Hoe for representatives from our marae. 50 registered tribal members participated in this Tira Hoe and for many of them it was a transformational life changing event. Amiria McGarvey was one of the crew captains and she said the journey in its entirety, connected the members to the teachings of old and through it connected to whakapapa. She said their immersion into karakia and tikanga was embraced through a better understanding of the importance of Kiingitanga. She said it also allowed the members to see the impact ignorance has had on the health and wellbeing of our Tupuna Awa.

### DIGITAL HIGHWAY

We invested in a range of digital solutions to keep our members and marae better informed. This approach placed us in a strong position to help support our tribal response to the growing COVID-19 pandemic. In March, we built a COVID dedicated site to provide focused and centralised resources about COVID-19 for tribal members and marae.

The new site featured links to the Government's COVID-19 website, along with tribally produced resources including:

- Our uplifting catalogue of videos that share the unique history, sense of humour and spirit of Waikato-Tainui including Taku Taioretanga, Aue Hei Aue, He Punakai, He Poukai and the popular Hiki Wairua Facebook series.
- Several booklets and publications to support both marae and whaanau during the lockdown period including our Iwi Response Plan which was also shared with other iwi and published on the Te Arawhiti website, Waikato Tangihanga Guidelines to help support and guide whaanau through Alert Level 3 restrictions; and Kia Niwha Te Ngakau which featured an array of activities to keep all members of our whaanau informed and engaged.

### COVID-19 APPROACH

On 11 March 2020, the World Health Organisation declared the novel coronavirus (COVID-19) a global pandemic. Prior to that we had been keeping abreast of the issues and began early planning to provide a response and guidance for our people and marae.

When the lockdown announcements were made, we began to operationalise our plan. The focus was our most valuable tribal members, including kaumaatua and those with underlying health conditions.

Where appropriate we led a collective effort across multiple agencies including our Maaori health providers to identify a wide range of targeted initiatives and approaches to inform, prepare and uplift tribal members. This included establishing marae and community-based infrastructure to support the distribution of kai and care packs, assisting with the setup of Community Based Assessment Centres in Huntly and Ngaaruawaahia, establishing a New Zealand-wide whaanau support service database, supporting Maaori health and social service providers, and strengthening relationships with local and central government agencies.

One of our most significant achievements was being part of a Maaori health provider and DHB initiative that immunised more than 500 of our most valuable kaumaatua in our rural areas. We know that without our advocacy and support it is likely that a significant majority of them would not have presented for vaccination.



**JOURNEY AHEAD**

We are in awe of the efforts of many, in particular our kaimahi who when faced with a crisis like COVID-19, worked together to meet the needs of our tribal members and marae during lockdown. Dedication to the principles of Kiingitanga were thrust to the fore to anchor our sense of purpose. Our staff and management have been resolute in their advocacy and delivery. I just want to thank them all for their collective efforts over the year and in particular how they have conducted themselves over the COVID-19 planning and delivery.

Rukumoana Schaafhausen  
**CHAIR OF TE ARATAURA  
O WAIKATO TAINUI**

Donna Flavell  
**CHIEF EXECUTIVE 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) <sup>1</sup>	11	13	5	6			7	10	6	6		
Patience Te Ao (Deputy Chair)	11	13							3	6		
Hinerangi Raumati-Tu'ua	11	13	6	6			5	10				
Hemi Rau	8	13			6	6					9	11
Hoki-Mai Chong	11	13	6	6								
Aubrey Te Kanawa	11	13	5	6	6	6	7	10				
Linda Te Aho	11	13							5	6	9	11
Tahi Rangiawha	9	13										
Jackie Colliar	13	13			5	6			6	6		
Donald Turner	12	13									7	11
Karen Wilson	11	13	5	6							7	11

Member	Whenua Committee		Appointments Committee		Waikato Regional Council JMA		Waipaa District Council JMA		Waikato District Council JMA		Hamilton City Council JMA	
	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible
Rukumoana Schaafhausen (Chair, Kaahui Ariki Representative)					2	2			2	2	1	1
Patience Te Ao (Deputy Chair)			4	5							1	1
Hinerangi Raumati-Tu'ua												
Hemi Rau					2	2						
Hoki-Mai Chong												
Aubrey Te Kanawa	3	5					1	1			1	1
Linda Te Aho							1	1				
Tahi Rangiawha												
Jackie Colliar	3	5			1	2			2	2		
Donald Turner					2	2			2	2		
Karen Wilson												

<sup>1</sup> In addition to the above, the Chair of Te Arataura represents Te Whakakitenga o Waikato 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.







*Chris Joblin*  
Chief Executive of Tainui Group Holdings

*Sir Henry van der Heyden*  
Chair of Tainui Group Holdings

# Te Puurongo a Tainui Group Holdings

## *Report of Tainui Group Holdings*

The 2020 financial year has included several highlights for Tainui Group Holdings (TGH) and we were looking forward to reporting a very good year.

New projects were realised, current projects have tracked well, and assets and investments were showing promising results. However, as history will show, like many other New Zealand businesses TGH was not immune to the impacts of the COVID-19 outbreak.

So, while we have plenty to be pleased about, we are reporting a result that is mixed.

### **KEY DEVELOPMENTS**

There were a number of exciting new developments this year for TGH, all of which are the result of many months, in some cases years, of graft to bring to fruition. Each of these builds on our strategy to work to our strengths as a large-scale iwi-owned property developer and investor, create positive and enduring partnerships, maximise the potential of our endowment assets and diversify our range of assets.

#### **Ngaa Hooteera - Hotels**

The first of our highlights was the karakia for the Te Arikini Pullman Auckland Airport Hotel held on the birth date of our late Te Arikini Te Atairangikaahu (23 July). It signalled the start of a three-year construction programme and building works have progressed well, albeit with a significant hiatus during the COVID-19 lockdown.

Construction of the 40-room four-story extension to the Novotel Tainui Hamilton Hotel neared completion and, at time of publication, is now finished. The extension is a stunning addition to the hotel and the additional rooms will serve well to meet future market demand.

#### **ACC**

Our successful bid to develop a multi-million-dollar office block for the Accident Compensation Corporation (ACC) in Hamilton is a two-fold win. For the building project itself and for the new relationship we are developing with ACC. Crown entities are our preferred commercial tenants because we know they are highly resilient in distressed times, and this bid is a result of our intention to acquire more of these partnerships.

#### **Go Bus**

Go Bus was purchased six years ago with the intention of adding value to the company to then on-sell for profit. This is now close to being achieved through the sale of Go Bus to Kinetic, a transaction we expect to be confirmed and settled later this year. We acknowledge our investment partner, Ngaai Tahu, and the successful partnership we have created together through this joint iwi investment.

#### **Ruakura Inland Port**

It is 10 years since the idea first emerged to develop an inland port on endowment whenua at Ruakura. Ten years of resource consenting, research, planning, financial modelling, negotiation, partnership, co-operation, and diplomacy. In 2020 we have begun to see the fruits of all this labour and are pleased to report that Ruakura Inland Port is on the way.

We could not be more excited about the progress made this year. Our joint venture partnership with Port of Tauranga, which we announced earlier in the year, provides the expertise to build and operate the port. And the recently announced Government grant of \$16.8m through the Provincial Growth Fund, together with an additional \$5m from Hamilton City Council, provides the pūtea to build the crucial roading to link the port to Waikato Expressway.



Ruakura Inland Port, already described by Government as a project of national significance, is set to be one of our region's most significant economic developments. Road and port construction are scheduled to begin in October.

#### COVID-19

The economic disruption caused by COVID-19 will resonate in our country for many months, and possibly many years. A global event like no other, our priorities through it have been the safety of our kaimahi and the protection of our business.

Our farming and forestry operations and Crown tenancies were unaffected by the crisis; however, other assets did not fare as well. Share market and equity investments initially declined as the impact reverberated on global and local markets, economic uncertainty has led to a \$52.5m drop in value across our portfolio, including properties and equities. Waikato Milking Systems lost contracts due to the shutdown of its manufacturing facility during lockdown and, most significantly, our cash generating assets – The Base and our hotels – saw income stop overnight. Our forecasts show an estimated \$11.3m in lost income from retail lease and hotel operations.

The diversity of our portfolio has ensured that TGH's balance sheet is strong and our company is resilient and well positioned to recover. However, a direct repercussion of the COVID-19 experience has been the advance dividend payment.

#### DIVIDEND

TGH is required to pay the dividend in advance and on a monthly basis, and revenue from hotel operations and rentals at The Base is used to fund these payments. The sudden loss of this income meant that TGH was unable to meet FY2021 dividend as well as debt and operational obligations.

While this is a temporary situation it has required that the TGH Board suspend dividend payments until cashflow reserves return to a sustainable level. Our goal is that dividend payments will resume as soon as possible.

This situation has brought home the importance of a diversified asset portfolio and the need for TGH to invest in other cash generating assets in sectors that can withstand widespread economic instability.

#### NGAA HUA AA-TAHUA - Financial Result

The majority of our assets performed strongly throughout the year and, while our financial result is down, this performance has helped to minimise the overall impact of COVID-19.

Revenue was \$57.7m, up from \$52.5m in FY2019, however, COVID-19 impact is evident across our remaining key financial results with a Net Loss of \$7.6m and Total Comprehensive Loss of \$11.9m. Total Assets are up at \$954.9m, Total Equity is down at \$733.6m, and Total Debt is \$165.5m (up from \$145.3m).

Dividend paid in advance for FY2020 was \$10.8m. This amount was declared as a final dividend subsequent to the financial statements. TGH also provides in-kind support services to Waikato Raupatu Lands Trust valued at \$0.5m.

#### TOO TAATOU IWI – Our Iwi

We strive to provide direct support to our marae and iwi outside of our commercial activities. This year we have distributed 320 mutton and 2690kg of kuutai to marae and identified 1,209 jobs for tribal members that are available through our business partners. We have also continued our project management support role for the Te Kaarearea housing development which is led by the Waikato-Tainui



tribal development arm.

Maintaining alignment with and to our iwi is very important to us. Our annual noho marae took us this year to Maketuu. While our visit was restricted to one day due to the pending announcement of the COVID-19 lockdown, our kaimahi appreciated the benefits these visits always bring. He mihi nui teenei ki te marae o Maketuu.

### WHAKAMIHI - Acknowledgements

Our acknowledgements start by officially welcoming the appointments of Dean Bracewell (Ngaati Maniapoto) as a Director and Mark Petersen as firstly an Advisor and now a Director to the Board. Both bring a wealth of experience in logistics and property, the two sectors at the heart of our business strategy.

We also welcomed to the Board Lee Gray (Waikato, Ngaati Maniapoto, Ngaati Apakura, Ngaati Raukawa) who is the inaugural recipient of Te Ohu Amorangi, our new Future Director development programme.

And we farewelled long-serving director Matthew Cockram whose term ended during the financial year. We acknowledge the huge contribution he has made.

I close this report by acknowledging the leadership of Kiingi Tuheitia Pootatau Te Wherowhero VII, the guidance and direction of Te Whakakitenga o Waikato and Te Arataura, our colleagues at the Waikato Raupatu Lands Trust and the Waikato-Tainui College for Research and Development, our hardworking and committed kaimahi, and our valued

business partners. In particular I want to thank our CEO Chris Joblin and his management team.

2020 has been a challenging year for everyone, including TGH. However, we are confident that TGH will fully recover and that the momentum we are building through current and future projects will see our company continue to grow and succeed, bringing more commercial benefits to our iwi.

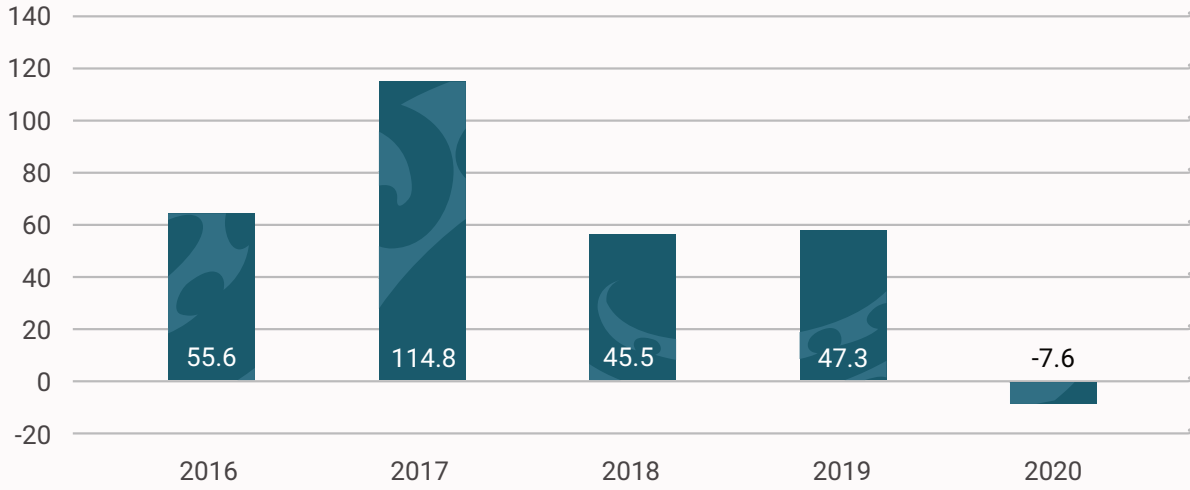
### Mahia te mahi hei painga moo te iwi.

Sir Henry van der Heyden  
**CHAIR**

Chris Joblin  
**CHIEF EXECUTIVE**

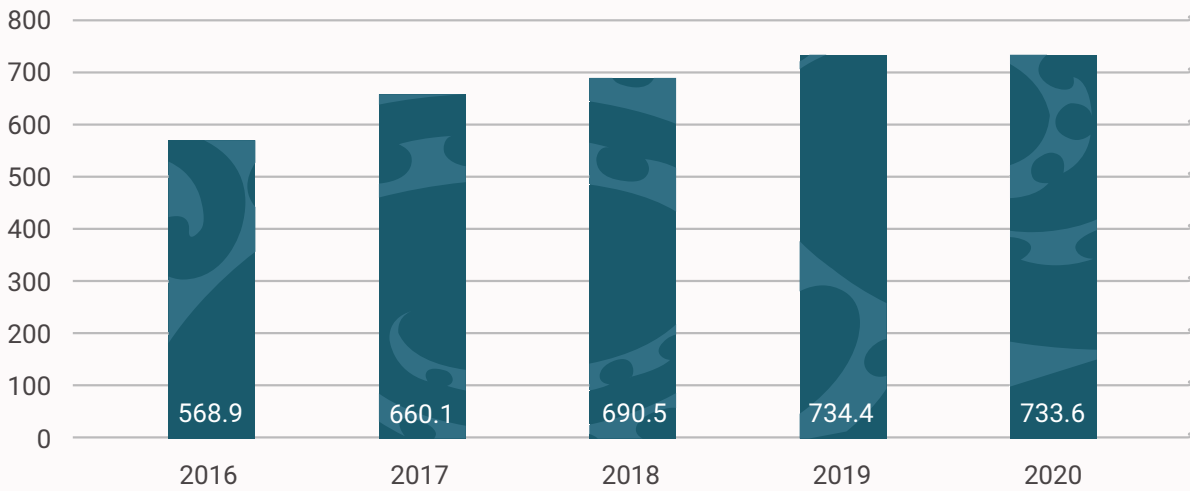
**NET PROFIT/LOSS**  
*Tainui Group Holdings*

**\$M**

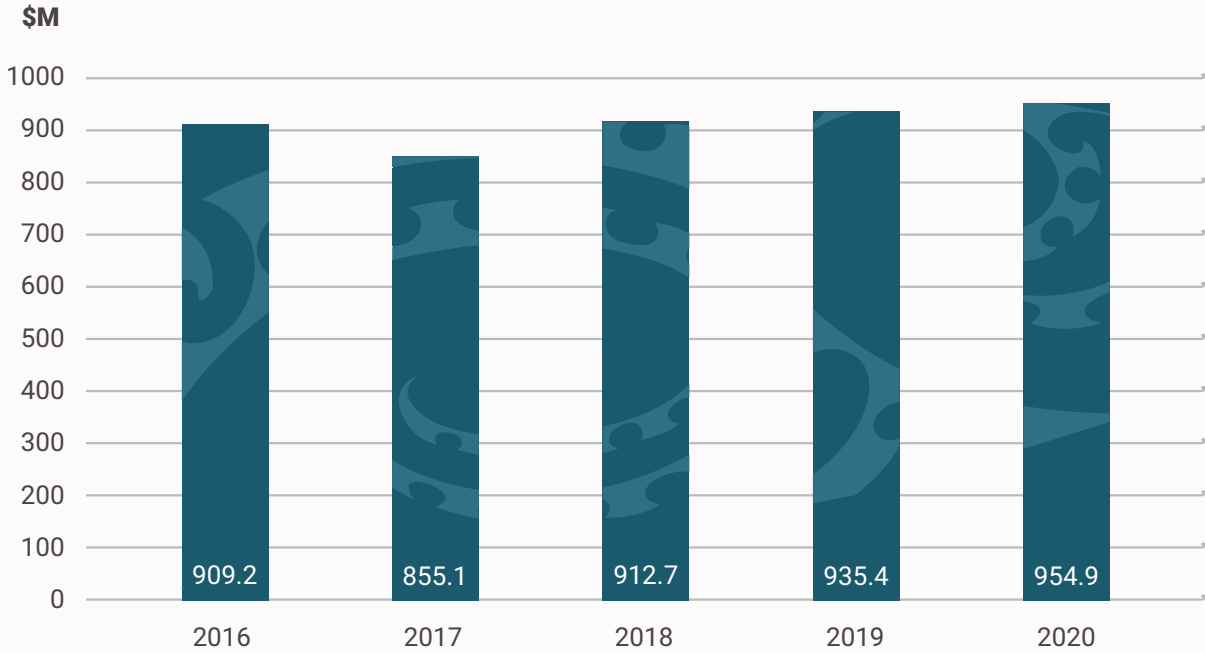


**EQUITY**  
*Tainui Group Holdings*

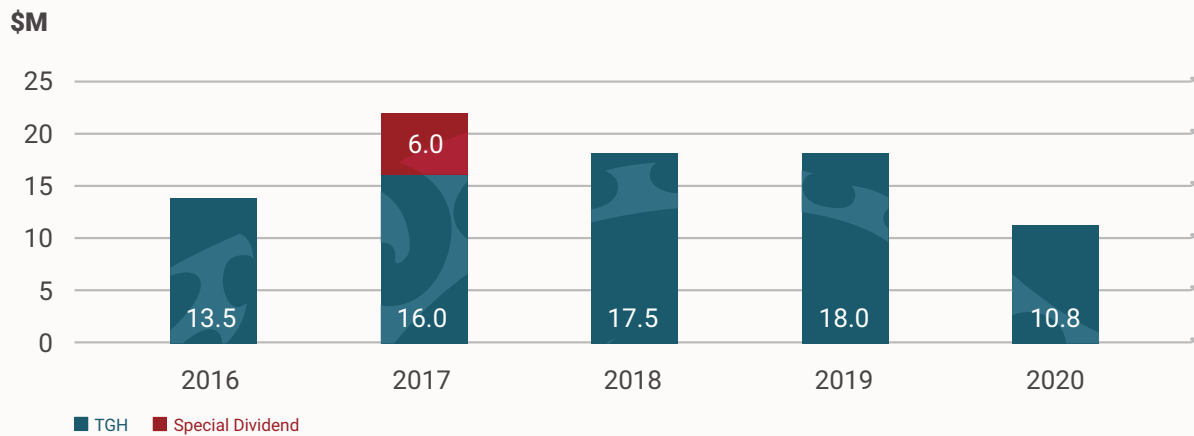
**\$M**



**TOTAL ASSETS**  
*Tainui Group Holdings*



**ANNUAL DIVIDEND**  
*Tainui Group Holdings*





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



*Rukumoana Schaafhausen*  
Interim Chair Waikato-Tainui  
College for Research and  
Development



# Te Puurongo a Waikato-Tainui College for Research and Development

*Report of the Waikato-Tainui College for Research and Development*

## E RAU RANGATIRA MAA, TEENAA KOUTOU KATO

The College was opened by Te Arikinui Dame Te Atairangikaahu and she described it as “the tribe’s gift to the nation.” The College was envisaged by the Founding Fellow and Principal Negotiator for the 1995 Waikato Raupatu Settlement, Sir Robert Te Kotahi Mahuta, as both a memorial to the Raupatu and the “means by which we will be able to produce a continual stream of leadership to take Maaori people through the next century.” This year marked 20 years since its establishment and the significant role the College has carried for the tribe, the nation and indigenous communities in delivering indigenous research and development.

Key highlights and projects over the year include the strengthening of research networks such as Te Kaahu and Te Maatanga, important forums that promote and encourage partnership opportunities on indigenous advancement. Research was also undertaken with a specific focus on topics important to the tribe such as the Waikato River including its biodiversity, the Trap and Transfer Feasibility and Kaitiaki Development, and the study of cultural allocations in water. These Research projects contribute to delivering the vision to be a contemporary whare waananga that draws on maatauranga Maaori and indigenous knowledge systems.

We acknowledge the former trustees for their leadership and support towards achieving the vision of the College – Taari Nicholas, Kaye Turner, Professor Linda Tuhiwai Smith, Che Wilson, Professor Gary Hook, Dr Rawiri Karena, Cadence Kaumoana, and Karaitiana Tamatea.





### Te Kaahu

Te Kaahu was a forum created for Waikato-Tainui Doctoral and Masters graduates to contribute their expertise to iwi on a range of topics including wellbeing, data sovereignty, Treaty Claims, and taurahere and identity. We acknowledge the following who have contributed to this important kaupapa:

- Dr Mike Ross (Victoria University)
- Dr Kahu McClintock (Te Rau Ora)
- Heremaia Samson (Waikato-Tainui )
- Dr Jordon Waiti (University of Waikato)
- Dr Trevor Clarke (Australian College of Physical Education)
- Dr Te Taka Keegan (The University of Waikato)
- Dr Mere Skerrett (Victoria University of Wellington)
- Dr Dione Payne (Lincoln University)
- Donna Flavell (Waikato-Tainui)
- Shane Solomon (MBA graduate & Doctoral Candidate)
- Dr Awanui Te Huia, (Victoria University of Wellington)
- Dr Arama Rata (University of Waikato)

### Waikato-Tainui Doctoral Graduates - Te Maatanga Network

In December 2019, the College celebrated the official launch of the Maatanga Doctoral Network, acknowledging the achievements of tribal members who have completed the requirements of a Doctoral degree. The launch was the culmination of a 12-month research project aimed at identifying and connecting with tribal doctoral graduates. The Maatanga Network has a current membership of 48 Waikato-

Tainui doctoral degree holders across multiple disciplines and organisations throughout New Zealand. The College sees the establishment of the network as an important step towards realising the College's aspiration for Waikato-Tainui research to be led by, for and with Waikato-Tainui.

### Whare Taonga – Archives – He Hokinga Mahara Series

The Library and Archives series 'He Hokinga Mahara' was established to provide opportunities for tribal members to engage with material held in the College archives and to identify people, places and events as part of our indexing and cataloguing work. This includes historical photographs, audio, video, digital footage and documents related to the history of the tribe particularly the 1995 Raupatu Settlement, Tainui Trust Board and the Coal Corp Claim.

Highlights from the reporting period include a Library and Archives collaboration with Kaumaatua from Waahi Paa and the release of digital footage and photographs from the Signing of the Heads of Agreement at Tuurangawaewae, including a presentation by Mamae Takerei about the Tainui Express, the train journey that transported 150 Tainui rangatahi and kaumaatua to Wellington for the third and final reading of the Waikato Raupatu Claim Settlement Bill.



### Whare Pukapuka-Library

Our Library and Archives team with the support of the College Taonga Tuku Iho Advisory Group completed a physical stocktake of all materials in the library and have reconciled this list with our online library catalogue. The archives index has been added to the online library portal to enable tribal members with more knowledge about the kinds of items that are held in our library and archives collections at the College.

### Nga Tohu Matihiko-Microcredentials

The College completed the first micro-credential for the Waikato-Tainui Culture and Heritage Team. This micro-credential recognizes the knowledge and skills of frontline staff in the Grants and Distributions Team. We have also completed the design and online platform preparation for Te Reo Ukaipoo and Te Reo Kaakaha for the Waikato-Tainui Education Team.





## RESEARCH

### Raupatu Settlement Website Launch

The College produced an online multimedia web story of the Waikato-Tainui Raupatu Settlement which coincided with the 25th year of the Raupatu Settlement signed by Te Arikini Te Atairangikaahu on behalf of Waikato-Tainui. The website highlights some of the significant tribal events and activities over the past 25 years, through historic video, images and text and is a resource that was co-designed with tribal members to commemorate the significance of the Raupatu Settlement.

### Trap and Transfer Feasibility and Kaitiaki Development Project

Waikato-Tainui College for Research and Development and the Waikato Regional Council partnered with the Waikato River Authority to undertake the Trap and Transfer Feasibility and Kaitiaki Development Project. This work sits within a broader strategy being developed by the council to provide native fish with safe passage to the sea by reducing mortality through pump stations and reducing other instream barriers associated with flood and drainage infrastructure.

The trap and transfer project aims to understand the feasibility, cost and benefit of implementing trap and transfer (physical capture and movement of fish upstream and downstream of migration barriers) at pump stations so that it can be compared to other options for enabling safe passage of tuna at pump stations. Secondly, the project also provides an opportunity for knowledge transfer and developing the capacity and capability of Waikato-Tainui through Kaitiaki Interns to give effect to our role as kaitiaki of the awa.

This partnership project not only has the potential to redress fish passage issues, but it also provides an opportunity for Waikato-Tainui to design and implement a training programme to train 'kaitiaki experts' who can provide continuity within the iwi by leading and educating other tribal members to undertake river restoration and mitigation work in the future. We acknowledge the two Waikato-Tainui Kaitiaki Interns, Ratapu Kani (Ngaati Whaawhakia) and Taurima Crawford (Ngaati Maahanga) who worked alongside the project team.

### Doctor of Indigenous Development and Advancement (IDA)

The degree of Doctor of Indigenous Development and Advancement inaugural cohort at the College began on 23 October 2019 with 14 scholars selected. Of the 14 student enrolled in the first cohort, 10 are Waikato-Tainui. The program is internationally accredited for indigenous communities from Maui, Hawaii and Tacoma, Seattle and we look forward to the second cohort beginning Semester 1, 2021.

*“Amohia ake te ora o te iwi,  
ka puta ki te wheiao.”*

*“To protect the wellbeing of  
our people is paramount”*



**ACKNOWLEDGEMENTS**

The Waikato-Tainui College for Research and Development acknowledges the pivotal role that research and development will contribute to both Waikato-Tainui and indigenous communities through the next financial year as an opportunity for a reset to consider sustainable solutions in a post-COVID environment. We would like to acknowledge our Patron Kiingi Tuheitia for his ongoing support of the College and more particularly his stewardship and guidance to us all to uphold the Kiingitanga values and principles moving through a Covid-19 pandemic effort and into the future.

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

Rukumoana Schaafhausen  
**INTERIM CHAIR -  
 WAIKATO-TAINUI  
 COLLEGE FOR  
 RESEARCH AND  
 DEVELOPMENT**









*Brad Totorewa*  
Chair of Ngaa Maraē Toopuu



# Te Puurongo a Ngaa Marae Toopuu

## *TAAPARATIA TE MAAHINA HE PUURANGI HE MAANEANEA*

### **Awaken the light within, for its radiance will overcome darkness**

The tongikura above from Kiingi Tuheitia Potatau Te Wherowhero VII best describes the humble achievements of Ngaa Marae Toopuu for 2020. The \$100k budget enabled Ngaa Marae Toopuu to improve our service to the King and Marae within the greater Waikato region and abroad.

Ngaa Marae Toopuu delivered a 12 week night-class course with five learning cohorts. (Kiingitanga, Karanga, Whaikoorero, Paimaarire and Moteatea). The course attracted over 120 expressions of interest from as far as Walkworth and Maketu in the Bay of Plenty. We enrolled 75 and retained a significant amount of whaanau members. The course fees were \$2 per class, and the Kaiako were Ngaa Marae Toopuu Executives and volunteers from within the iwi.

Ngaa Panepane Poukai was a forum established during King Koroki reign. Ngaa Marae Toopuu reinstated this forum to strengthen the Poukai operations of each Marae by drawing on best practice and long-standing experience. Three meetings were held with the last meeting attracting more than 20 Poukai Marae and 140 Poukai Marae representatives. A unanimous decision was made and endorsed by the King to implement the following strategies.

1. Enhanced paepae structure
2. Standard Kaihaakari time of 12:30 pm
3. Private Marae meetings with the King
4. Change of raffle announcement times
5. Mahia te Mahi awards to recognise rangatahi contributions to Poukai
6. Formal announcements by the King
7. Shared access to a new Poukai sound system

A small Kaumaatua delegation was fortunate to travel with King to the Cook Islands which gave rise to an extraordinary opportunity to consider potential avenues to sustain an

enduring relationship between the Kiingitanga and the people of Te Moananui a Kiwa. The King was the third Ariki Maaori to visit Aitutaki the first being Princess Te Puea Herangi in 1947 and Kuini Te Atairangikaahu in 1990. Kaumaatua played a role to gift taonga from the King to both the Rarotonga and Aitutaki people. Each of the taonga were endowed with profound names given by the King; the names reflect ancestral tongikura of King Tawhiao.

The fourth Kaumaatua Christmas luncheon was held on the 13th of December, approximately 220 Kaumaatua registered to attend. Due to capacity restrictions, we could only host a maximum of 180 Kaumaatua. The Christmas luncheon was a success; this event has had a 450% growth rate over the past four years. Several waananga took place to discuss Ngaa Tikanga Kauae Runga. The purpose of the waananga was to design a tikanga based framework that would be used to guide decision making on how we protect the Mana and Tapu of the King for National and International travel. As a result, a framework called Te Tapenakara was produced. The implementation of the structure will occur over the next 12 months.

Ngaa Marae Toopuu has endeavoured to provide cultural leadership across a range of Iwi events including Ihumaatao, the Koroneihana and all 29 Poukai. Our relatively modest budget has allowed Ngaa Marae Toopuu to awaken the light within allowing us to breathe life into significant Kiingitanga gatherings through the leadership and application of tikanga. We pay homage to the extraordinary work by WRLT to support and care for all Waikato tribal members, Kaumaatua, the King and Whare Ariki, taaparatia te maahina, he puurangi he maaneanea paimaarire.



Brad Totorewa  
**CHAIR, NGA A MARAE TOOPUU**

# Investing in our people

Stats from 1 April 2019 – 31 March 2020

## 2020 Top Koha Statement chosen

"Participate at my marae"

### Employment



### Reo

- ▶ 521 tribal members have participated in Reo Waananga programmes
- ▶ 35 in home participants for Reo Uukaipo
- ▶ 3 tribal members trained to roll out programmes to whaanau and Marae
- ▶ 409 Puna Kupu dictionaries sold online (Excl sales at Koroneihana)

### Housing

- ▶ 13 tribal members have received mortgage offers for stage two – shared ownership
- ▶ 30 Kainga ora houses now tenanted to iwi members
- ▶ 12 Kaumaatua flats completed. 7 Kaumaatua have now moved in.
- ▶ 363 tribal members attended home ownership workshops
- ▶ 75 tribal members attended financial literacy.
- ▶ 12 houses sold to tribal members
- ▶ 9/12 tribal members and their whaanau are now residing

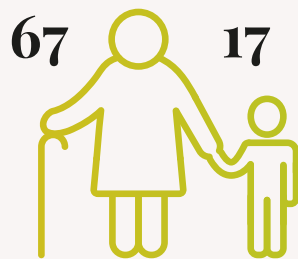
# Top 3

## Qualifications Fields

- 1 Science
- 2 Teaching/Education
- 3 Medicine/Nursing/Dentistry

## Tertiary Providers

- 1 University of Waikato
- 2 Te Waananga o Aotearoa
- 3 Auckland University of Technology



Oldest and Youngest Tairā

# Social Media Engagement

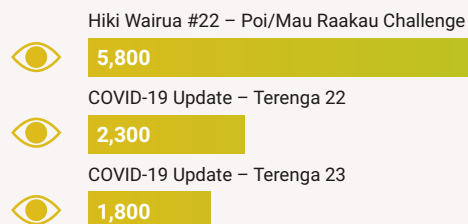


**4,400**

Social media engagement

Follower increase from  
1 April 2019 – 31 March

## Top 3 most viewed videos on social media



# Grants



**864**

Kia Haere Tuu



**9**

Tauraahere



**264**

Sports



**23**

Taiao



**32**

2019 Special Grants



2 Marae Facilities  
40 2019 Annual Marae Dividend  
25 Poukai



**626 Tertiary Grants**

112 Postgraduate study (Levels 8+)  
514 Undergraduate study (Levels 2-7)  
831 Tertiary (incl Doctoral and Partnerships)



31 Tikanga Ora Reo Ora



25 Community Services



2687 Kaumaatua Medical 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 ARA WHAKATUPURANGA INITIATIVES

- ▶ Training and support for our tribal members so that they can lead Taiao initiatives
- ▶ Implement a five-year programme of investment to improve wai (including Kaawhia, Aotea, Whaingaroa and Manukau harbours) and whenua
- ▶ Secure water rights
- ▶ Develop and operationalise Iwi Environmental Standards consistent with Tai Tumu, Tai Pari, Tai Ao
- ▶ Support our whaanau to respond to climate change impacts (and other environmental challenges) on their marae

### Improving wai and whenua through kaitiakitanga

In June 2019, we hosted the biennial Waikato and Waipaa Rivers Restoration Symposium. The one-day symposium featured presentations from iwi and hapuu kaitiaki, along with local and central government agencies including the National Institute of Water and Atmospheric Research (NIWA), Mercury Energy and the Waikato River Authority. We were fortunate to host indigenous keynote speakers from Australia who shared their experiences and the challenges faced by Aboriginal people in protecting their wai and whenua, and the importance of cultural knowledge as a baseline for scientific standards.

In September 2019, we supported the Department of Conservation (DOC) and participated in the Lake Whangape Community Schools Planting Day. Located north-west of Huntly, Lake Whangape is the second largest lake in the lower Waikato river catchment with a surface area of 1,450 hectares. In 2018, Waikato-Tainui along with DOC, Waikato Regional Council (WRC), Ngaa Muka Development Trust and Waahi Whaanui Trust, agreed to a multi-agency project to improve the lake's water quality and natural habitats that adjoin. The five-year initiative included a \$3.5 million investment from DOC, WRC, Waikato-Tainui, the Waikato River Authority and the Ministry for the Environment through the Government's Freshwater Improvement Fund. Approximately 5,000 plants were planted by students from Te Kauwhata Primary School, Ruawaro Combined School, Huntly West Primary School and Te Kauwhata College participating.

Towards the end of last year, kaimahi took steps to address their recycling and waste management practices. Throughout October 2019, para kore practices were implemented across our tribal offices in Hamilton and included the installation of new general waste, paper and plastic recycling stations, and free workshops to help support kaimahi in their learning. Some of our para kore champions visited the Whaingaroa Xtreme Zero Waste centre where they were given a tour of the facilities by well-known Para Kore advocate Jaqui Forbes. Pipiri ki a Papatuaanuku founders, Tamoko and Waimirirangi Ormsby, also facilitated a session on introductory principles to being better kaitiaki, and unpacking common misunderstandings about recycling.

### Responding to climate change

In August and September 2019, Waikato-Tainui hosted several engagement hui with tribal members and marae so that they could help inform the foundations of our climate change strategy. With climate change affecting our marae and people at different levels, a key initiative in our Te Ara Whakatupuranga (Five Year Plan) is to support our whaanau to respond to climate change impacts on their marae.

Key themes identified from the hui included increased advocacy locally and nationally on climate change issues, additional investment in climate-related training and education initiatives for marae and tribal members and ensuring representation in local and central government on climate change matters. Engagement hui were held across the tribal takiwaa including Kaawhia (Maketuu Marae), Te Puuaaha o Waikato (Te Awamaraahi Marae), Hopuhopu and Hamilton. Due to the measles outbreak, scheduled engagement hui in Taamaki were cancelled however we were able to collect additional feedback from whaanau online and at our Hui-aa-Tau in July 2019.



### Taiao Grant helping whaanau realise their dreams

Through the tribe's \$1 million contestable Taiao Grant, a total of 23 projects, led by tribal members or marae, successfully received funding. These projects varied from native nurseries, environmental and cultural impact scoping assessments, sustainable practice and waste reduction education workshops and aquaponics training programmes. Grant recipients from Waipapa Marae, Aotearoa Marae, Mangatoatoa Marae, Raungaiti Marae and Te Kooraha Marae also featured in a series of videos released in March 2020 to help promote the Taiao Grant and encourage more whaanau to apply for it. A total of \$582,000 was distributed in the 2020 financial year to projects through the Taiao Grant.

### Navigating the challenge to water rights

Water rights has been an outstanding and unresolved matter that is the subject of treaty settlement claims by various iwi including Waikato. In August last year, the Waitangi Tribunal released a report urging the Government to recognise Maaori proprietary rights and allocate them water. Over the last 12 months, the Te Roopu Wai Committee with support from our Strategy Team have actively engaged with the Crown to progress the resolution of freshwater rights and interests for Waikato-Tainui. This includes an appropriate acquisition of an allocable quantum of freshwater within the Waikato catchment for use by Waikato-Tainui with a pivot toward infrastructure development.

### Supporting marae through local and regional council engagement

Waikato-Tainui has supported several marae and mana whenua roopuu through the council environmental planning and consent processes. We spent several months working with Tuurangawaewae Marae and other mana whenua roopuu to review the draft district plan for the Waikato District. In November 2019, we presented our submission to the Waikato District Council regarding the Tangata Whenua chapter of its draft district plan. A total of 39 marae within the Waikato district including trustees and kaumaatua from Tuurangawaewae,

Waahi, Taupiri, Waingaro and Waikeri, submitted evidence to ensure that their aspirations for wai and whenua were acknowledged in the final plan. Other key council engagements that Waikato-Tainui managed during this reporting period included:

- ▶ Waipaa District Council wastewater consent application
- ▶ Healthy Rivers Waiora Plan Change 1
- ▶ Waikato Regional Plan Review
- ▶ Waikato District Council appointment of Maangai Maaori
- ▶ Hamilton City Council Tangata Whenua Working Group for Peacocks Development
- ▶ AFFCO / Open Country Resource Consent
- ▶ Tata Valley Proposal Resource Consent
- ▶ Sleepyhead Development at Ohinewai

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***“We know that the whenua we live on is not just water, soil, or ecosystems. We understand our relationship as whakapapa, where our place in the world is guided by the taiao, Papatuuamuku and Ranginui as our tuupuna. Thus, climate change is not just to ensure we have a place to live, land to sustain our bodies, or water to drink from; but rather the taiao is central to Te Ao Maaori.”***

**Nevada Huaki-Foote, Ngaati Mahuta ki Tai, Ngaati Tamaoho**  
Climate Change

# 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

## TE ARA WHAKATUPURANGA INITIATIVES

- ▶ Support the development and growth of commercial and social enterprises for tribal members and marae
- ▶ Creation of opportunities across the housing continuum
- ▶ Creation of home ownership opportunities
- ▶ Creation of papakaainga or communal living opportunities
- ▶ Grow education and career pathway partnerships to improve quality learning
- ▶ Establish Waikato-Tainui wellbeing standards and monitoring unit for hauora and social wellbeing
- ▶ Manage gaps or misalignments with health and wellbeing
- ▶ Supporting tribal members into individual career pathways

## Collective approach drives COVID-19 response

As the World Health Organisation declared the novel coronavirus (COVID-19) a global pandemic on 11 March 2020, Waikato-Tainui worked hard to provide immediate and meaningful support to our most vulnerable tribal members, including kaumaatua and those with underlying health conditions. Through collective efforts across multiple agencies, Waikato-Tainui was involved in a wide range of targeted initiatives and approaches to inform, prepare and uplift tribal members to help prevent the spread of COVID-19.

This included establishing a marae community-based infrastructure to support the distribution of kai and hygiene packs, assisting with the setup of Community Based Assessment Centres in Huntly and Ngaaruawaahia, establishing a New Zealand-wide whaanau support service database, supporting Maaori health and social service providers, and strengthening relationships with local and central government agencies. We were also instrumental in supporting the rollout of mobile flu vaccination clinics for kaumaatua aged 65 and over, hapuu women and anyone with significant underlying health conditions such as respiratory illnesses, who live in remote or isolated communities.

We worked closely with iwi and Maaori health providers including Waikato and Counties-Manukau District Health Boards, to provide this service in their regions. Throughout March and April, 501 people were vaccinated via the Waikato-Tainui mobile flu vaccination unit Te Hiwa o Tainui. The mobile unit visited 12 sites across the Waikato region:

- ▶ Te Iti o Hauaa Marae
- ▶ Maungatautari Hauora
- ▶ Poihaakena Marae
- ▶ Oomaero Paa
- ▶ Horahora Marae
- ▶ Te Puaha o Waikato
- ▶ Tahunakaitoto Marae
- ▶ Ngaa Hau e Wha Marae
- ▶ Mangatangi Marae
- ▶ Puukaki Marae
- ▶ Ngaa Tai e Rua Marae
- ▶ Te Puaa Marae
- ▶ Ngaati Tamaoho Trust

Our Te Hiwa o Tainui mobile vaccination model was also shared with and adopted by Ngaati Raukawa and Ngaati Maniapoto, who were also supporting tribal members to access flu vaccinations.

## Learning from indigenous models of health care

In June 2019, a delegation of Waikato-Tainui representatives visited Alaska to gain insights into the Nuka Health Care System - a globally recognised indigenous health care system. Waikato-Tainui looked at how elements of the Nuka System could support the next phase of the tribe's Koiora Hauora Strategy. Nuka focuses on understanding the unique story and needs of each whaanau, creating a holistic wellbeing plan and tapping into a range of professional services including medical, dental, behavioural, traditional, and cultural. It is regarded as one of the most successful indigenous models of health to date and has been in operation for the past 20 years.





### Connecting with our taonga peepe and whaanau

Under the umbrella of our Koiora Strategy, we partnered with Waikato Plunket and Waikato DHB to create taonga peepe kits for peepe six months and under. Launched at the end of last year, Taonga Peepe is a whaanau-based initiative to help nurture the wellbeing and development of our youngest tribal members. Each kit contained a range of carefully selected items that were made or produced by tribal members, including a memory book to capture the milestones of peepe and a woollen blanket by the Maaori Women's Welfare League. As an initial pilot, 50 Taonga Peepe kits were delivered to the first 50 whaanau to register their peepe by March 2020.

### Forming partnerships for better access to hearing and vision services

Late last year we launched the OPSM - Waikato-Tainui - Triton partnership to provide support and better access to more cost-effective hearing and vision services for kaumaatua. The new agreement aimed to simplify the assessment process for registered tribal members 60-years and over. It also aims to help those delivering the services to be more culturally responsive to the needs of the iwi. As part of our relationship with OPSM, we also experienced first-hand their One Sight programme, an international not-for-profit group that provides access to quality vision care and glasses in underserved communities worldwide. Kaimahi from OPSM visited Te Kura Kaupapa Maaori o Bernard Fergusson in Ngaaruawaahia offering a free assessment to its students. A total of 173 students were tested and 27 were identified as needing glasses. Through the free assessment, these students all received prescriptions for free glasses.

### Moving forward with Mokopuna Ora

Mokopuna Ora started in 2015 is an independent tribal advocacy programme that enables and supports a whaanau-led approach. In 2019 the signing of a strategic partnership also led to the initiation of the Mokopuna Ora Sustainability Project which aims to disrupt the current system within Oranga Tamariki. An implementation roadmap has been created to show how the programme will be implemented over the

next three years starting on 1 July 2020. As Mokopuna Ora progresses, it continues to produce positive outcomes for tamariki and their whaanau. In particular:

- ▶ Worked with 129 whaanau and 357 tamariki, of which 98% care and protection concerns were addressed and led by whaanau who have defined their own care solutions.
- ▶ 83% of these tamariki remained with their parents due to care solutions put in place to protect them.
- ▶ Of the 17% tamariki that were removed from their parents, 85% were supported into care arrangements within their whakapapa. The remaining 15% were in non-kin care placement where our Iwi Support Advisors intensive advocacy continues for parents and whaanau who have addressed all care and protection concerns in order to have their tamariki. This is so that, at a minimum, mokopuna are supported to restore a relationship with their whaanau, and/or are returned to their whaanau.
- ▶ 34% of these whaanau exited the Oranga Tamariki system.
- ▶ This is also an extremely positive outcome given the common reality that whaanau involvement with Oranga Tamariki is often intergenerational.

### Creating opportunities across the housing continuum

We celebrated some major housing milestones during this reporting period, including the first group of whaanau moving into the Te Kaarearea Housing Development in Hamilton. Launched in 2018, 12 houses were sold to tribal members and in March 2020, five of those were completed and handed over to whaanau who were ready to move in. Due to COVID-19, there were some delays in completion and settlement dates for the remaining seven houses. However, these were due to be ready for handover by the end of June 2020.

Whaanau using shared ownership to purchase a house also received support from Waikato-Tainui. Additional funding from the tribe resulted in all sections having a 6% reduction in price, and, as of March 2020, 13 whaanau had received mortgage offers through Westpac. Final negotiations between Tainui Group Holdings and Golden Homes were underway to proceed with the builds. It is anticipated that the first excavations will start on site in June 2020. An additional six sections within Te

Kaarearea were sold to a private developer for the open market. Once these houses are built, marketing will be released to tribal members who may wish to purchase one of these homes. A series of options are still being explored for the remaining sections within Te Kaarearea, including a possible joint-venture with a mixture of house and land packages, rental homes and rent-to-own options.

Through our relationship with Kaainga Ora, we also helped support the development of 30 Kaainga Ora homes in Hamilton, which were all tenanted to Waikato-Tainui tribal members. Situated next to Te Kaarearea, 12 of these homes were designated as kaumaatua flats and were completed prior to the COVID-19 lockdown restrictions in late March. Working with Kaainga Ora on this project meant we were able to assist 30 Waikato-Tainui whaanau into new, warm and healthy affordable homes and support them to reconnect with the iwi, their hapuu and marae.

In December 2019, Waikato-Tainui partnered with Habitat for Humanity, Te Puni Kookiri and Whare Ora to deliver a home maintenance workshop aimed at providing general tips and guidelines on keeping houses in good condition. Toiora Whare, Toiora Whaanau is a pilot programme designed to improve housing conditions for low income whaanau. Open to tribal members who own their own home, participants were able to learn and engage in several mini workshops across four stations including basic plumbing and electrical skills, exterior maintenance upkeep and maara kai.

### Growing education partnerships and improving quality learning

The Ministry of Education, in partnership with Waikato-Tainui, created new funding streams to support iwi and hapuu to collaborate with Kaahui Ako (Communities of Schools). Many benefits and opportunities emerged from our hapuu-Kaahui Ako relationships including the development of hapuu-based curriculum and resources for kura and providing tikanga-based development to kaiako. Waikato-Tainui hapuu, marae and education partners across early childhood, primary, secondary and tertiary levels that participated in this initiative included Ngaati Mahanga, Ngaati Wairere, Ngaati Tamainupo, Ngaati Koroki Kahukura, Ngaati Naho, Waahi Paa and Tuurangawaewae Marae.

At the end of last year, Waikato-Tainui was part of a waananga with other Tainui Waka education representatives to discuss the government's announcement to have New Zealand History in the national curriculum by 2022. The National Curriculum enables schools and kura to decide how New Zealand history is covered. According to the Government, the proposed changes are expected to include first encounters and early colonial history of Aotearoa New Zealand and the New Zealand Wars. The next steps for Waikato-Tainui will be to release our position statement and confirm an action plan to progress forward.

### Empowering rangatahi to succeed

Fifteen tribal members graduated from Pae Aronui, an employment programme designed to help 15 to 24-year olds not in education, employment or training (NEET). The programme was delivered in partnership with Vertical Horizons and Te Puni Kookiri. In order to graduate, rangatahi had to complete 20 days of marae-based waananga between July and September last year. Through Pae Aronui, rangatahi were able to gain a range of work-ready qualifications including first aid. Following the formal graduation ceremony, our Education and Pathways Team hosted an evening for graduates, their whaanau and our industry partners.

In November 2019, nine rangatahi were selected as recipients for Waikato-Tainui's 2019 Partnership Scholarships. Sponsored by our key partners Tainui Group Holdings, Simpson Grierson, the Department of Conservation and the New Zealand Transport Agency (NZTA), each scholarship provided opportunities for recipients to work with these organisations in their recognised areas through internships, as well as financial support towards the recipients' ongoing studies.

The scholarships were:

- ▶ **Tainui Group Holdings Harbour Asset Management Grant \$5000** - Recipient: *Jessie Wharekura*
- ▶ **Department of Conservation Scholarship \$5000 each recipient** - Recipients: *Jyestyce Maniapoto, Robert Walker and Tukaharoa Katipa*
- ▶ **Simpson Grierson Scholarship and Internship \$5000** Recipient: *Danielle Graham*
- ▶ **Waikato-Tainui and NZTA Kaapuia Ngaa Kaakahi Grant - \$4000 each recipient** - Recipients: *Jazz Puriri, Merekara Kara, Sam Pene and Ngarui Manukau*

Waikato-Tainui also hosted the annual Tuuhokairangi awards at The Atrium at Wintec's City Campus. The awards were for Year 12 and Year 13 taiohi who excelled in their studies in both English and Te Reo Maaori. Now in its second year, the awards recognised the achievements of rangatahi who have excelled in the Science Technology Engineering Arts and Mathematics (STEAM) programmes supported by Waikato-Tainui.

### Collective impact brings community and tribe together

Waikato-Tainui partnered with members of Hamilton's Melville community to pilot an initiative that aims to create a collective approach to wellbeing. The Melville Collective Impact brought together different communities including whaanau and mana whenua, as well as education, industry and community partners to understand how they could work together to address wellbeing.

Facilitated by our Education and Pathways and Oranga teams, the project is a long-term initiative. Six hui were held with community members between September 2019 and February 2020, and included the establishment of a whaanau design team that will work closely with Waikato-Tainui to help shape the co-design of this project. Melville community whaanau identified several priorities for their community including a central hub that can be used as a place to gather and network; initiating events and activities that are inclusive of the whole community; and creating a safe environment for tamariki and rangatahi.

### Supporting enterprise and employment opportunities

Waikato-Tainui tribal members who own a business were given the opportunity to promote their services as part of a new and exclusive business directory released in December 2019. Puna Pakihi is an online e-directory that features businesses owned by Waikato-Tainui tribal members. It will be used to promote their businesses across tribal networks and as a tool for everyone to find and purchase products and services. At the initial launch, 43 businesses were listed in Puna Pakihi. By the end of March 2020, 110 businesses were registered. It is expected that this number will continue to grow.

In November 2019, a group of 15 Waikato-Tainui tribal members attended a three-day start-up waananga in Hamilton to learn how to take their idea and turn it into a business. The waananga was hosted in partnership with Te Waananga o Aotearoa's Te Ahikoomako - Centre for Maaori Innovation and Entrepreneurship. Participants spend time working through their business model, demand and market validation and further development of their product. There were presentations from inspiring keynote speakers including the Te Whakakitenga o Waikato Deputy Chair and Waikato regional councillor Tipa Mahuta, who talked about whakapapa and our connection to entrepreneurship.

Participants also received one-to-one sessions with business mentors from Ahikoomako to further develop their business and move into prototyping. They were also able to access Kookiri, a Maaori business programme focused on accelerating early stage Maaori led start-ups. This waananga was the first of a series of business-focused waananga that Waikato-Tainui plans to host for tribal members in the future.

In November Waikato-Tainui also launched Te Rau Mahi - its very own online recruitment and employment portal. A total of 450 members, including organisations and tradies were registered with Te Rau Mahi by the end of March. At the go live date 12 jobs were listed with one successful placement into employment coming directly through the online portal. Ongoing updates and customisation of the tool's functionality are expected to continue in the future. This includes giving users the ability to register for the tribe's employment workshops and apprenticeships and allowing tribal members in business to register their details in Puna Pakihi.

*"We recognise that whakapapa is intrinsic to the wellbeing of whaanau. Having a sense of belonging, knowing who they are and where they come from are important for our peepe. It's our hope that by giving these taonga kits, we are able to reinforce their relationship with the iwi."*

**Johnine Davis, Taupiri Marae**  
Taonga Peepe



# *Ngaa Tohu Kaupapa*

## *Tooku marae, tooke tuuranga*

Our marae are vibrant and self-sufficient

### TE ARA WHAKATUPURANGA INITIATIVES

- ▶ Support marae to develop Oranga Marae Plans (Marae Development Strategy)
- ▶ Development of a strategic approach to maintenance and build projects across 68 marae
- ▶ Deliver Waikato-Tainui reo and tikanga programmes at tribal member, marae, and hapuu level
- ▶ Engage our marae to co-design, develop and deliver systems to connect tribal members to their marae and improve overall marae engagement
- ▶ Support the gathering of maatauranga and safe recording and storage of our taonga, waahi tapu and waahi tuupuna
- ▶ Support marae and whaanau to protect their taonga as kaitiaki of their waahi tapu and waahi tuupuna

### Recognising the contributions of our kaumaatua

Over 100 guests, including Kiingi Tuheitia, Makau Ariki Atawhai and Te Ariki Tamaroa Whatumoana, attended the inaugural Matariki Kaumatua Ball at Hamilton Gardens in June 2019. The event recognised the significant contributions that kaumaatua made to their marae, hapuu, iwi and wider communities. It also formed part of a wider platform to help drive initiatives that will support the tribe's long-term vision to develop a kaumaatua strategy.

### Fostering learning and embracing our reo

The first ever Maaori dictionary specific to Tainui dialect was launched during the annual Koroneihana celebrations in August 2019. He Puna Kupu, He Manawa aa-Whenua, features specific words, phrases and contexts unique to Tainui and was published after months of research from leading te reo Maaori experts within Tainui waka. The dictionary ensures that the unique sounds and vocabulary of Tainui are captured in a resource that could be used by all reo learners now and in the future. Part of the research behind the dictionary included accessing catalogues and archives held at Ngaa Taonga Sound & Vision in Wellington and reviewing speeches and writings of iwi leaders and kaumaatua such as Henare Tuwhangai and Nora Pikia.

In May 2019, one of our taura here roopuu, Waikato ki Roto o Pooneke, held its Tainui Reo Waananga at Pipitea Marae in Wellington. Guided by Waikato reo exponents, Rahui and Pania Papa, the waananga promoted the advancement of Waikato reo and the importance of tribal identity and relationships among its members. Waikato ki Roto o Pooneke intends to hold future reo waananga and is exploring other ways to support its members including attendance at Koroneihana and improved communications.

### Sharing the unique stories and history of our tuupuna

Throughout this reporting period, we hosted several waananga and workshops that would enable marae and tribal members to safely gather maatauranga and protect their taonga.

Three Paimaarire waananga were held at Tauranganui Marae, Makaurau Marae and in Otepoti with our taura here whaanau. A total of 350 participants participated in these workshops. Our fourth workshop was cancelled due to COVID-19.

We also hosted two Tuupuna Times waananga at Taupiri Marae and Oraeroa Marae. Facilitated by Dr Tangiwai Rewi (Te Awamaarahi Marae), the aim of these waananga were to help preserve the narratives of our ruuruhi and koroheke. During the waananga, whaanau were given guidelines for interviewing and the types of questions you can use to initiate koorero, as well as tips on the different ways in which interviews can be recorded.

In December 2019, we hosted our first taonga tuku iho conservation and preservation waananga. Delivered in partnership with Te Papa and Alexander Turnbull Library, the free waananga featured presentations from leading textiles conservator Rangi Te Kanawa and taonga curator Isaac Te Awa. They offered participants an opportunity to learn proper preservation and storage practices for taonga such as toki, whalebone, pounamu, wood, whaariki, old photos and paintings, as well as historical diaries and documents.



### New pou unveiled at Rangiriri

Ten new pou whakairo at Rangiriri Paa were unveiled by Ngaati Naho in November 2019. The pou, which commemorated the New Zealand Wars, were completed by carvers in our Heritage and Identity Team within a three-month timeframe. Four of the pou represented significant taniwha on the awa – Tarakomako, Karutahi, Te Ngeru and Te Iaroa. The remaining six referenced important events or stories of Rangiriri and its surroundings - Hoki Whenua Mai, Te Urutapu Nui a Tu Kai Taua, Manga Paakura, Wai Mana Whenua, Ngaa Muka and Te Paahuatanga o te Karaka. The project received partial funding from Te Puni Kookiri through its Te Puutake o te Riri Fund.

### Creating connections with our marae and tribal members

Waikato-Tainui held many special kaupapa events that were designed to engage and reconnect with our tribal members. The inaugural Te Huinga Taniwha Mana Whenua waananga was held in November last year. Delivered through our Tikanga Ora, Reo Ora (TORO) initiative, approximately 250 tribal members attended the event and participated in different interactive workshops across five waananga roopu - Kiingitanga, Rangiriri, Ngaati Hauaa, Mahuta ki Uta, Mahuta ki Tai: Mahuta ki Uta, Mahuta ki Tai and Te Kei o te Waka.

We also hosted our biennial Tira Hoe in November 2019. Approximately 50 registered tribal members participated in the four-day journey. A unique opportunity to reinforce the relationship of people with our tupuna awa, participants paddled 125kms by awa and 300kms by road, starting at Waikato Iki - the source of the Waikato River and concluding at Te Puuaha o Waikato. Over the years, other river iwi have joined Waikato-Tainui for the tira journey including Ngaati Tahu-Ngaati Whaoa, Tuuwharetoa and Ngaati Rangi. Past participants of the tira have also moved on to develop their own commercial and tourism opportunities.

In February 2020, we again hosted our celebrated Tainui Games. Between 28,000 and 30,000 Waikato-Tainui tribal members participated in what was considered one of the biggest Tainui Games to date. This year's event was held over two consecutive weekends and across three locations - on 15 and 16 February at Manu Bay in Raglan, 16 February at Tuurangawaewae Marae

and Patterson Park in Ngaaruawaahia, and 22 and 23 February at the Hopuhopu Sports Centre in Hopuhopu. The theme for this year's event was 'Mauria te Aroha' or 'Spread the Love'.

Whaanau from 58 of our 68 Te Whakakitenga o Waikato Marae formally competed in 15 different sports and activities. The main weekend at Hopuhopu featured a hauora expo tent, dedicated festival area, food stalls, merchandise hub and a kaumaatua and reo tent. An impressive line-up of entertainers also took to the main stage including popular musicians like the Harmonic Resonators, Te Kaakano and Three Houses Down.

The Games also broadcast live through Radio Tainui and the Waikato-Tainui Facebook page 'Ko Waikato te Iwi, ko Tainui te Waka', which provided over 18-hours of live streaming and stage presentations to whaanau from all around the world. By the end of the event, the Facebook page had received more than 108,000 hits. The overall winners of this year's Tainui Games were Tuurangawaewae Marae followed by Te Kuiti Paa in second and Ngaa Tai e Rua Marae in third.

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***“The journey in its entirety, connects us to the teachings of old and through it, we connect to whakapapa, we are immersed in karakia and tikanga, we embrace the importance of Kiingitanga and we see the impact ignorance has on the health and wellbeing of our Tupuna Awa.”***

**Amiria McGarvey, Te Awamaraahi Marae**  
Tira Hoe

# *Ngaa Tohu Whai Rawa*

## *Ki te kaapuia, e kore e whati*

Maximising our collective strength to achieve our aspirations

### TE ARA WHAKATUPURANGA INITIATIVES

- ▶ Continue to diligently pursue and settle outstanding settlement claims
- ▶ Review and refine Waikato-Tainui's investment management framework, including SIPO and investment parameters
- ▶ Leverage strategic investments (H2A, tourism, cultural) to create investment opportunities
- ▶ Investment in and protection of our 'Waikato-Tainui' brand and identifying marks
- ▶ Establish a collaboration network that connects tribal members to business, innovation and education ecosystems

### Progressing outstanding claims with our hapuu and marae

Waikato-Tainui continued to engage with the Crown to address outstanding claims and ensure the protection of our existing settlements. In May 2019, Te Whakakitenga o Waikato approved the mandate of negotiator Rahui Papa to represent the marae and hapuu of Te Whakakitenga o Waikato to negotiate the settlement of the remaining historical claims including Wai 30. The Wai 30 claim includes the West Coast Harbours (Kaawhia, Aotea, Whaingaroa, Manukau) and several discrete and specific land blocks (Maioro/Waiuku and East Wairoa). Following engagement hui with tribal members and marae, the Waikato-Tainui Remaining Claims Draft Deed of Mandate was developed and published in September last year. Although approval of the Waikato-Tainui Remaining Claims Deed of Mandate was expected by March 2020, this was delayed due to COVID-19.

In August 2019, an agreed communications protocol was signed between Waikato-Tainui, Te Ruunanga o Ngaai Tahu and the Crown in relation to the Relativity Mechanism. The protocol requires the parties to act in good faith in the disclosure of information in relation to the Relativity

Mechanism, disputes, decisions and payments. Central to the protocol is the provision that parties agree to only make public announcements in relation to the arbitration decisions that result in further payments being made, unless agreed otherwise, and sets out how this is to be undertaken, and the content of the public announcement which is to be limited to the amount of the payment, and a high level description of the nature of the payment. Waikato-Tainui and Ngaai Tahu entered into an Arbitration Agreement with the Crown in 2013.

In November 2019, Waikato-Tainui entered into an Oati partnership with Te Patupoo to acknowledge the interests both parties hold in relation to our respective historical Treaty of Waitangi claims including the West Coast Harbours (Kaawhia, Aotea, Whaingaroa, Manukau). The Kawenata will foster and advance opportunities for the tribe and Te Patupoo to work together on our respective claims in accordance with agreed tikanga. The tribe has already signed Oati agreements with Ngaati Mahuta in 2017 and Ngaati Te Wehi in 2018. Through our Oati partnerships, our marae and hapuu will be able to provide advice, guidance and feedback throughout negotiations.

### Kawenata signing with Auckland Council

In April 2019, Waikato-Tainui signed a kawenata with Auckland Council. The kawenata reaffirms the relationship that Waikato-Tainui has as mana whenua within the Taamaki region. It also signaled the start of an ongoing partnership between Waikato-Tainui and Auckland Council, with both entities working together on the 2019 Matariki celebrations across the city. The kawenata is also a platform to continue leading development opportunities for our iwi and marae within the Hamilton to Auckland corridor.

### Committee helps guide tribal investment activities

The Group Investment Committee (GIC) was established in 2019 to support Te Whakakitenga o Waikato Incorporated to fulfil its responsibilities as trustee, in relation to the investment activities of the Waikato Raupatu Lands Trust (WRLT) and Waikato Raupatu River Trust (WRRT).



The priority for the Committee in its first year was to finalise the Investment Governance Framework (Te Puna Whakatupu Tangata) and Statements of Investment Policy and Objectives (SIPO) for the pools of funding from WRLT and WRRT. The committee completed several significant pieces of work during this reporting period including the development of Te Puna Whakatupu Tangata and the review of all existing SIPOs.

### Building on our brand

A new clothing line featuring the Waikato-Tainui mission statement 'Kia Tupu, Kia Hua, Kia Puaawai' was released in February 2020. An extension of our already well-established corporate merchandise brand, the new range of kaakahu featured dresses, hoodies and tees in both kids and adult sizes. It was launched at this year's Tainui Games and proved popular with tribal members, selling out in both the kids and adult hoodies during the two-day event. We have sold or provided promotional, giveaways of stock to the value of approximately \$11,000 by the end of March 2020. Feedback on the design has been very positive, as both young and old take up the opportunity to celebrate tribal pride through fashion.

### Partnering to support excellence in innovation and entrepreneurship

A new innovation and entrepreneurship centre for Maaori opened its doors in July 2019 and will be key in helping tribal members and marae to develop their business aspirations. Ahikoomako is open to all Maaori and non-Maaori business entrepreneurs, innovators and whaanau in the Waikato region. Based at the Te Waaananga o Aotearoa Mangakootukutuku campus in Hamilton, Ahikoomako features modern co-working spaces, business support, training, resources and business connections to help build sustainable business success. It also houses an innovation hub – Te Toiotua – a vibrant, creative space that uses modern technology from 3D printing and movie production to photography, robotics and augmented reality to further advance business ideas.

The \$700,000 project was funded by Te Puni Kookiri and the Provincial Development Fund with support from other organisations including Waikato-Tainui, Te Huumeke – Waikato Maaori Business Network, Hamilton & Waikato Tourism and Te Waka – Waikato Regional Economic Development Agency.

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***“Our oati underpin the engagement processes between ourselves and hapuu. It is intended as a living document that ensures we progress any settlements together whilst building foundations for the future.”***

**Terri Hohneck, Te Koopua Marae**  
Oati Partnerships

# Ngaa Tohu Mahi Tonu

*Mehemea he mahi pai moo te tangata, mahia*

A high performing organisation making an impact

## TE ARA WHAKATUPURANGA INITIATIVES

- ▶ Fast-track the capture of relevant tribal member and marae data
- ▶ Develop and deploy a suite of digital solutions to support the needs of tribal members, marae and our organisations
- ▶ Review current service delivery model and adjust to ensure successful delivery of outcomes
- ▶ Take stock of the current organisational capability and culture
- ▶ Tailor and deploy Waikato-Tainui innovation capability (culture, people systems, processes, partnerships) to our marae and Waikato-Tainui enterprises

## Digital solutions supporting our needs

A series of digital solutions were launched and restructured throughout this financial year to better support the needs of our tribal members, marae and tribal organisations.

In May 2019, we launched Maawhaiwhai – our new intranet for kaimahi. It provides an online repository for key organisational information including policies, templates, publications and a calendar of events. Maawhaiwhai will serve as a platform to build an intranet for marae in the future. We have continued to support marae through Te Puni Kookiri's Marae Digital Connectivity initiative. Approximately 26 Marae registered their interest in participating in the project which aims to help more marae connect and access internet services.

Earlier this year, we implemented new quality control processes to Recollect, our archives system. The changes ensure that all source documents are correctly digitised. We also improved online application facilities for grants and scholarship services through Salesforce, our customer relationship management tool. This function will expediate the capture and validation of applications.

In March 2020, we rebuilt our existing website in response to COVID-19. It provided focused and centralised COVID-19 resources for tribal members and marae. Under the new website, we also progressed the build of an iwi response questionnaire to support our dedicated COVID-19 call centre.

The questionnaire will help inform the development of our tribal census in the new financial year.

## Organisational capability and culture

Engagement and wellbeing were at the forefront of hauora initiatives designed to support our kaimahi. During Quarter One, we launched the Robert Te Kotahi Mahuta Talks - a series of motivational talks to help inspire our kaimahi. The first series featured presentations from Sir Robert's daughter and Minister for Maaori Development, the Hon Nanaia Mahuta, champion surfer Daniel Kereopa, Soldiers Rd Portraits founders Taaniko and Vienna Nordstrom and renowned actor, Antonio Te Maioha. Kaimahi from Waikato-Tainui, Tainui Group Holdings and the Waikato-Tainui College for Research and Development attended the session. There are plans to continue the series in the future and extend invitations to other tribal organisations and business partners.

In August 2019, we established a new customer services support team to better respond to the growing demand of enquires that the organisation receives in-person, over the phone and online. The new team administers incoming calls, supports registry and grant processing online and is the first point of contact for visitors to the main offices in central Hamilton. On average, the organisation receives approximately 246 calls a day. Key improvements included an increase in the response rate from 62% to 94%, and a reduction in unanswered calls from 38% to 17%.

In February 2020, kaimahi completed an engagement survey to understand the extent to which they feel engaged in their jobs. The overall engagement survey result was 83%, which was above the New Zealand average benchmark of 78%. As part of this work, the drafting of a hauora strategy for kaimahi also started in this reporting period. The strategy will help inform the development of hauora priorities and indicators for kaimahi.





### Adjusting our service delivery model to ensure success

Robust and consistent policy across our tribal entities saw 19 of 31 policies approved under our Waikato-Tainui work programme for this reporting period. This included the approval of the Te Reo Maaori Policy, which provides a framework to guide our kaimahi and governors. The policy will be supported by an implementation plan identifying next steps for the revitalisation of Te Reo Maaori among kaimahi and governors.

Workshops to help marae prepare for Te Whakakitenga elections later this year were delivered during the Tainui Games in February. Representatives from approximately 10 marae participated in these workshops and received an information booklet outlining election processes. The Rules of Te Whakakitenga o Waikato Incorporated ('the Rules') provide the opportunity for all marae members 18 years and over to participate in their marae election process. We must ensure that the elections process is compliant with the Rules. According to the Rules, marae representatives are elected for a term of three years. The current term ends in September 2020 but has been extended to 2021 due to the COVID-19 pandemic.

In February this year, findings of a legal review into the Rules were completed and presented to Te Arataura. The review looked at the Rules compliance with current law, accepted modern best practice, solutions for known drafting issues, and the anticipated changes to the Incorporated Societies Act 1908. The Rules review is necessary as Te Arataura is required to review the Rules every three years under Rule 18.3(h), with the intention that the first review should take place in or before 2022. Progress on this work will continue throughout the new financial year.

### Resetting the vision for Hopuhopu

In July 2019, we hosted our annual hui-aa-tau and saw more than 600 whaanau gather at Hopuhopu to celebrate the collective achievements of the tribe. The day featured presentations from the tribal entities. A variety of activities were also on hand including bus tours, an information and expo tent and entertainment zone for tamariki. Whaanau did not leave empty-handed, with 500 giveaway packs handed out to those in attendance.

The Capital Works Committee, along with support from our Property Team, sought input from tribal members on the development of an iwi hub at Hopuhopu. A total of 212 tribal members completed the survey which revealed the following key priority areas:

- ▶ A Hopuhopu sports and recreation centre and development of conferencing, functions and maintenance facilities (39%).
- ▶ A heritage and cultural centre, with participants supporting the creation of a whare taonga, tribal library, waananga space, and arts and crafts facility (33%).
- ▶ Other uses for Hopuhopu including housing and community support (30%), commercial opportunities (25%), industry/trade training (25%) and infrastructure (20%).
- ▶ Results from the survey will inform the development of Hopuhopu and ensures that tribal members are included in this process.

*“The biggest thing we can improve on is being present when our members need us and being willing to listen. We deal with a lot of kaumaatua who just need someone to talk to and that makes them feel happy after they’ve had that initial interaction with us. If we help make things easier for them, then we can get it right for everyone else.”*

**Jayda Te Hira, Poihaakena Marae**  
Customer Services

# Ngāa Puurongo aa-Tahua

*Waikato Raupatu Lands Trust Financial Statements  
for the year ended 31 March 2020*

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**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 Industrial and Commercial Bank of China (New Zealand) Limited (May 2020)
POSTAL ADDRESS	PO Box 648, Hamilton 3240
TELEPHONE	+64 7 858 0430
FACSIMILE	+64 7 858 0431
WEBSITE	<a href="http://www.waikatotainui.com">www.waikatotainui.com</a>



## 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 2020;
- 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 general accounting policies.

### Our opinion

In our opinion, the accompanying consolidated financial statements of Waikato Raupatu Lands Trust (the Trust), including its controlled entities (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2020, 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, tax consulting, tax pooling, tax financing services, real estate advisory, training and executive remuneration benchmarking. The provision of these other services has not impaired our independence as auditor of the Group.

### Emphasis of matter - Material uncertainty related to investment properties, Te Wherowhero title properties and hotels valuation

As discussed in notes 2.1(f), 17, 18 and 19 of the financial statements, the independent registered valuers have included a material valuation uncertainty clause in certain of their valuation reports. This clause highlights that less certainty, and consequently a higher degree of caution, should be attached to the point estimate valuation as a result of the COVID-19 pandemic. This represents an increase in the significant estimation uncertainty in the valuation of investment properties, Te Wherowhero title properties and hotels valuation. Our opinion is not modified in respect of this matter.

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### *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.

### *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.

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

For and on behalf of:

Chartered Accountants  
1 July 2020

Auckland

## Waikato Raupatu Lands Trust

### Consolidated statement of comprehensive revenue and expense

For the year ended 31 March 2020

		2020	2019
	Note	\$'000	\$'000
Revenue from exchange transactions		58,734	51,574
Other operating revenue		2,389	2,464
<b>Total revenue</b>	3	<b>61,123</b>	<b>54,038</b>
Expenses	4	(64,890)	(47,188)
Finance costs - bank loans		(7,092)	(7,123)
Finance revenue		11,315	9,101
Share of profit of investments accounted for using the equity method	27	3,531	3,554
<b>Net operating surplus before other gains and tribal activities</b>		<b>3,987</b>	<b>12,382</b>
Other (losses) / gains - net	5	(22,693)	50,915
<b>Net operating (loss) / surplus before tribal activities</b>		<b>(18,706)</b>	<b>63,297</b>
Other income		4,351	4,829
Social investment	6	(19,833)	(19,552)
<b>(Loss) from tribal activities</b>		<b>(15,482)</b>	<b>(14,723)</b>
<b>Net (loss) / surplus before tax</b>		<b>(34,188)</b>	<b>48,574</b>
Income tax expense	7	(1,298)	-
<b>Net (loss) / surplus after tax</b>		<b>(35,486)</b>	<b>48,574</b>
Attributable to equity holders of Waikato Raupatu Lands Trust		(35,486)	48,574
		<b>(35,486)</b>	<b>48,574</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus:</b>			
(Loss) / gain on revaluation of hotels, farms and owner occupied properties	8,17	(5,365)	25,510
		<b>(5,365)</b>	<b>25,510</b>
<b>Items that may be subsequently reclassified to surplus or loss:</b>			
Share of other comprehensive income / (loss) of investments accounted for using the equity method	8, 27	1,110	(419)
<b>Total other comprehensive (loss)/income</b>		<b>(4,255)</b>	<b>25,091</b>
<b>Total comprehensive (loss)/income</b>		<b>(39,741)</b>	<b>73,665</b>
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of Waikato Raupatu Lands Trust		(39,741)	73,665
		<b>(39,741)</b>	<b>73,665</b>

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 2020

	Note	2020 \$'000	2019 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	195,804	201,522
Trade and other receivables	10	20,421	16,824
Other financial assets	15	227,623	227,337
Inventories	11	10,226	11,837
Biological assets - livestock	12	4,469	4,875
Assets classified as held for sale	13	39,877	4,546
<b>Total current assets</b>		<b>498,420</b>	<b>466,941</b>
<b>Non-current assets</b>			
Other receivables		7,651	8,392
Other financial assets	15	43,559	44,434
Investments in joint ventures	27	54,575	104,539
Intangible assets	16	22,552	22,655
Biological assets - forestry	12	17,154	14,216
Property, plant and equipment	17	176,142	132,896
Investment properties	18	497,022	533,438
Te Wherowhero title properties	19	110,959	118,713
<b>Total non-current assets</b>		<b>929,614</b>	<b>979,283</b>
<b>Total assets</b>		<b>1,428,034</b>	<b>1,446,224</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	22	22,289	19,907
Accrued revenue	25	263	263
Interest bearing liabilities	20	111,948	19,180
Other financial liabilities at fair value through surplus or deficit	21	1,910	1,953
<b>Total current liabilities</b>		<b>136,410</b>	<b>41,303</b>
<b>Non-current liabilities</b>			
Accrued revenue	25	30,188	30,450
Interest bearing liabilities	20	53,550	126,108
Other financial liabilities at fair value through surplus or deficit	21	1,857	2,593
<b>Total non-current liabilities</b>		<b>85,595</b>	<b>159,151</b>
<b>Total liabilities</b>		<b>222,005</b>	<b>200,454</b>
<b>Net assets</b>		<b>1,206,029</b>	<b>1,245,770</b>
<b>EQUITY</b>			
Accumulated comprehensive revenue and expenses	8	1,170,250	1,205,736
Reserves	8	35,779	40,034
		<b>1,206,029</b>	<b>1,245,770</b>
<b>Total equity</b>		<b>1,206,029</b>	<b>1,245,770</b>



**RUKUMOANA SCHAAFHAUSEN**  
Chairperson  
01 July 2020



**HOKI-MAI CHONG**  
Representative of Te Arataura  
01 July 2020

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 2020

#### Attributable to equity holders of the Trust

	Note	Reserves \$000	Accumulated comprehensive revenue and expense \$000	Total equity \$000
<b>Balance as at 1 April 2018</b>		14,943	1,157,162	1,172,105
<b>Comprehensive revenue</b>				
Net surplus for the year		-	48,574	48,574
<b>Other comprehensive revenue and expense</b>				
<b>Items that will not be reclassified to surplus and deficit</b>				
Gain on revaluation of hotels, farms and owner occupied properties	8	25,510	-	25,510
Share of other comprehensive (loss) from investments accounted for using the equity method	27	(419)	-	(419)
<b>Total other comprehensive revenue and expense</b>		25,091	-	25,091
Total comprehensive revenue and expense		25,091	48,574	73,665
<b>Balance as at 31 March 2019</b>		<b>40,034</b>	<b>1,205,736</b>	<b>1,245,770</b>
<b>Balance as at 1 April 2019</b>		40,034	1,205,736	1,245,770
<b>Comprehensive revenue</b>				
Net loss for the year		-	(35,486)	(35,486)
<b>Other comprehensive revenue and expense</b>				
<b>Items that will not be reclassified to surplus and deficit</b>				
Loss on revaluation of hotels, farms and owner occupied properties	8	(5,365)	-	(5,365)
<b>Items that may subsequently be reclassified to surplus and deficit</b>				
Share of other comprehensive gain from investments accounted for using the equity method	27	1,110	-	1,110
<b>Total other comprehensive revenue and expense</b>		(4,255)	-	(4,255)
Total comprehensive revenue and expense		(4,255)	(35,486)	(39,741)
<b>Balance as at 31 March 2020</b>		<b>35,779</b>	<b>1,170,250</b>	<b>1,206,029</b>

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 2020

	Note	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		57,929	47,572
Proceeds from relativity settlement received from the Crown		1,245	16,823
Payments to suppliers and employees		(41,293)	(44,488)
Payments to grant recipients		(20,535)	(19,288)
Interest received		6,603	12,019
Interest paid		(6,916)	(7,123)
<b>Net cash (outflow) / inflow from operating activities</b>		<b>(2,967)</b>	<b>5,515</b>
<b>Cash flows from investing activities</b>			
Payments for other financial assets (investment in listed companies)	15	(1,539)	(1,771)
Payments for other financial assets (investment in unlisted funds)	15	(3,964)	(182,897)
Receipts from sales of other financial assets	15	4,805	10,000
Distributions received from investments in listed companies		2,389	4,130
Distributions received from investments in unlisted companies	15	-	2,816
Payments for contribution/investment in joint venture	27	(15,600)	(1,420)
Receipts from joint venture dividends		15,525	9,714
Payments for advances to joint venture	27	-	(375)
Payments for property, plant and equipment	17	(12,698)	(6,794)
Payments for intangible assets	16	(257)	(61)
Payments for investment properties		(11,622)	(7,807)
<b>Net cash (outflow) from investing activities</b>		<b>(22,961)</b>	<b>(174,465)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		39,390	18,128
Repayment of borrowings		(19,180)	(16,750)
<b>Net cash inflow generated from financing activities</b>		<b>20,210</b>	<b>1,378</b>
<b>Net (decrease) in cash, cash equivalents, and bank overdrafts</b>		<b>(5,718)</b>	<b>(167,572)</b>
Cash and bank overdrafts at the beginning of the year		201,522	369,093
<b>Cash, cash equivalents, and bank overdrafts at the end of the year</b>	9	<b>195,804</b>	<b>201,521</b>

## Waikato Raupatu Lands Trust Consolidated statement of cashflows (continued)

For the year ended 31 March 2020

	Note	2020 \$'000	2019 \$'000
<b>Reconciliation of (loss)/surplus for the year to net cash inflow from operating activities</b>			
Net (loss)/surplus for the year		(35,486)	48,574
<b>Non-cash items:</b>			
Depreciation, amortisation and impairment	4	17,886	3,881
Revaluation of Emission Trading Scheme		-	(252)
Share of total profits of joint ventures		(3,531)	(3,554)
Other gains/(losses) - net	5	22,693	(50,915)
Other movements		1,837	1,269
<b>(Increase)/decrease in current assets:</b>			
Trade and other receivables		(7,567)	9,769
Inventories		1,611	(5,519)
Biological assets		(2,532)	(350)
<b>Increase/(decrease) in current liabilities:</b>			
Trade and other payables and employee entitlements		2,384	2,612
Other financial liabilities		(262)	-
		-	-
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(2,967)</b>	<b>5,515</b>

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

#### 1 General information

##### 1.1 Reporting entity

The Waikato Raupatu Lands Trust (the 'Trust') is the lead iwi organisation for Waikato-Tainui, 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 iwi affairs, implements the iwi 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 direct investments, equities, primary industries, private equity funds, and properties.

Waikato Raupatu River Trust, a controlled entity of the Trust, represents the Trust on matters relating to the Waikato-Tainui Deed of Settlement in relation to the Waikato River.

The Trust is incorporated and domiciled in New Zealand.

These consolidated financial statements have been approved for issue by Te Arataura on 01 July 2020. Te Arataura do not have the power to amend the financial statements once they have been issued.

##### 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 \$170.0m.

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. As a result of arbitration, further amounts were received of \$16.8m in April 2018 and \$1.2m in April 2019. No payments were received during the year ended 31 March 2020. The claims are made five yearly. No settlement is payable after 2045. For further details on accounting policy and treatment for relativity settlement refer to note 2.1(i).

##### 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 \$70.0m plus \$30.0m over a period of 28 years. The Settlement is to be realised as follows:

The Sir Robert Mahuta Endowment (\$20.0m) 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;

The River Initiatives fund (\$50.0m) 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

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 \$3.0m shall be received on settlement date with an annuity of \$1.0m per year for 27 years. In 2014, \$10.0m was advanced, reducing the annuity receipt from 27 years to 17 years. \$21.0m was paid with an annuity payable to the Waikato River Authority of \$7.0m per year for 27 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.

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

## 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 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. 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, unless otherwise stated.

#### (d) Functional and presentation currency

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

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

#### (e) Changes in accounting policies

There have been no changes in accounting policies during the year ended 31 March 2020.

#### (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 2020 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 2020

## 2 Summary of general accounting policies

### (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 2020 and 31 March 2019 using a mixture of market evidence of transactional prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches. For a selection of these asset classes, they are valued triennially and assessed for impairment for out of cycle periods. If the assessment suggests a material movement in the valuation then a revaluation is completed.

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 Onewhero forest is based on the current replacement cost method used for young trees.

Other financial assets that have been designated as held at fair value through surplus or deficit (note 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 consolidated statement of comprehensive revenue and expense and consolidated statement of financial position.

Non-current assets are classified as assets held for sale (note 13) 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.

### (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.

### (iv) COVID-19 pandemic

A global pandemic was declared by the World Health Organisation on 11 March 2020 in relation to the outbreak and spread of COVID-19. Subsequent to this, the New Zealand government raised its Alert Level to 4 on Wednesday 25 March 2020, invoking a full lockdown of non-essential services for an initial 4 week period. The impact that this has had on the economy impacted significantly on some of the Group's asset classes.

An assessment of the impact of COVID-19 on the Group's balance sheet is set out below, based on information available at the time of preparation of these financial statements. Refer to note for additional detail on the more effected items.

Balance Sheet Item	COVID-19 Assessment	Note
Cash and cash equivalents	No impact to the carrying value of cash and cash equivalents.	9
Trade and other receivables	An assessment for bad or doubtful debts was completed at year end with no material impact from COVID-19 being apparent. For areas where the Group is most exposed to a risk of bad debt, such as leased properties, payments are made in advance. Therefore rental receipts for the month of March 2020 had largely been satisfied as at 31 March 2020.	10
Inventories	Inventories are held at the lower of cost and net realisable value. Whilst potential future impacts on net realisable value have been acknowledged, these are not to a level that would require a change in value for inventory.	11
Biological assets	No impact to the carrying value of biological assets.	12
Non-current assets classified as held for sale	No impact on carrying value of non-current assets classified as held for sale.	13

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

#### 2 Summary of general accounting policies

Balance Sheet Item	COVID-19 Assessment	Note
Other financial assets	Other financial assets include investments in listed companies, private equity funds and shares in Aotearoa Fisheries Limited (AFL). The value of shares in listed companies is derived by the active trading price as at balance date. Private equity funds utilise a range of valuation methods dependent on the particular investment within the fund being valued. AFL shares are valued by an independent external valuer at year end.	15
Intangible assets	Quota is valued by an independent external valuer. This was completed post year end to provide the most recent market information and allow for anticipated impacts of COVID-19 at 31 March 2020. Given the immediate and long term benefits of seafood being part of an essential service, an assessment confirmed that there was no impact from COVID-19. NZ Emissions Trading value is derived from the active trading price as at balance date. At balance date there was a minor decrease in trading price in comparison to 31 March 2019 however this is not believed to be due to COVID-19.	16
Property, plant and equipment	Hotels, tribal, farm and owner occupied properties are held at fair value. Independent valuations were completed for farm and owner occupied properties at year end, taking into account active and perceived impacts of COVID-19 on the asset group. Hotels and tribal properties are held at fair value with current accounting policy requiring triennial valuation unless market conditions suggest there may be a material movement from the recorded value. Given the impacts of COVID-19, independent valuations were completed outside of the typical three year cycle for hotels. An assessment of impacts on tribal properties deemed an out of cycle valuation not necessary.  All other property, plant and equipment is held at cost less accumulated depreciation. The Group has not observed any evidence that these amounts have declined in value from COVID-19 which would require recognition of an impairment.	17
Investment properties	Independent valuations were completed for investment properties at year end, using the significant methods and assumptions outlined in the note. Given the restrictions on the economy at COVID-19 levels 2, 3 and 4, there are limited property transactions to draw comparisons from and therefore a larger reliance was placed on other methods of valuation. The valuers have made reference to material valuation uncertainty as a result in their valuations.	18
Te Wherowhero title properties	Independent valuations were completed for Te Wherowhero title properties at year end, using the significant methods and assumptions outlined in the note. Given the restrictions on the economy at COVID-19 levels 2, 3 and 4, there are limited property transactions to draw comparison from and therefore a larger reliance was placed on other methods of valuation. The valuers have made reference to material valuation uncertainty as a result in their valuations.	19
Investments in joint ventures	Investment in joint ventures are equity accounted. Impairment assessments were completed on all investments within the portfolio. Consideration included assessing the current accounting treatment used by the investee entity, the industry impacts of the pandemic and other observable inputs. Where impacts of COVID-19 were observed, an impairment loss has been recognised.	27
Interest bearing liabilities	Bank loans are held at amortised cost. There has been no impact to the carrying value of this amount.	20
Other financial liabilities	Other financial liabilities includes interest rate swaps, held at fair value. COVID-19 has had an indirect impact on the decrease in interest rates. This has adversely affected the liability position held by the Group at balance date.	21
Trade and other payables	The Group has accrued costs in relation to COVID-19.	22

**Waikato Raupatu Lands Trust**  
**Notes to the consolidated financial statements**  
 For the year ended 31 March 2020

▶ **2 Summary of general accounting policies**

**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. 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 consolidated 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 consolidated statement of comprehensive revenue and expense.

**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 loss;
- ii. at amortised cost through surplus or loss;
- iii. loans and receivables whereby 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 or loss**

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

**(b) Financial assets and liabilities measured at amortised cost**

Financial assets and liabilities measured at amortised cost are non-derivative assets or 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.

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

## 2 Summary of general accounting policies

### (c) 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 loss. Trade and other receivables are classified as loans and receivables.

#### Recognition and measurement

A financial asset or liability is recognised if the Group becomes party to the contractual provisions of the asset or liability. Regular 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 loss) 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 loss are initially recognised at fair value and transaction costs are expensed in surplus or loss.

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 loss.

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 loss 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 Group 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.

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, high 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 consolidated statement of comprehensive revenue and expense.

### 2.7 Non-current assets held for sale

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.

### 2.8 Accrued revenue

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



## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

## 2 Summary of general accounting policies

### 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

The surplus and loss component of the consolidated statement of comprehensive revenue and expense has been prepared so that all components are stated exclusive of GST. All items in the consolidated 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.

#### (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 loss. The Group assesses non-financial cash generating assets at each reporting date whether there is any indication that an asset may be impaired or not. 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 loss.

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 loss. 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.

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

## 2 Summary of general accounting policies

### (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 is recognised immediately in surplus or loss.

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.

### 2.13 Accounting standards issued not yet effective

The following are new, revised, or amended standards that are applicable to the Group which are in issue but are not yet required to be adopted for the year ended 31 March 2020:

#### (a) PBE IPSAS 40 PBE Combination

PBE IPSAS 40 improves the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about a public benefit entity combination and its effects.

This standard supersedes PBE IFRS 3 Business Combinations which remains applicable until PBE IPSAS40 is applied or becomes effective, whichever is earlier. A public benefit entity shall apply this standard for annual financial statements covering periods beginning on or after 1 January 2021.

#### (b) PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 establishes requirements for the recognition and measurement of financial instruments by Tier 1 and Tier 2 public benefit entities. When applied, PBE IPSAS 41 supersedes most of PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IPSAS 41 also supersedes PBE IFRS 9 Financial Instruments, had an entity previously applied PBE IFRS 9.

This standard is effective for reporting periods beginning on or after 1 January 2022.

PBE IFRS 9 is an interim standard, which introduced a number of changes to the recognition and measurement of financial instruments, including new classification and measurement requirements for financial assets, new hedging requirements and a new impairment model for financial assets. New Zealand Accounting Standards Board (NZASB) decided to develop PBE IPSAS 41 and withdraw PBE IFRS 9 to align the requirements in PBE standards with most recent IPSAS, equivalent NZ IFRS and allow entities to adopt an updated hedge account requirement which are closely aligned with entity/risk management practices. PBE IPSAS 41 is substantially converged with PBE IFRS 9 except for specific modifications made by NZASB. In case of disclosure requirements, NZASB has added to PBE IPSAS 30 Financial Instruments: Disclosures the disclosure concessions for Tier 2 entities which is aligned to the equivalent requirements in NZ IFRS.

#### (c) PBE FRS 48 Service Performance Reporting

This standard establishes requirements for Tier 1 and Tier 2 public benefit entities to select and present service performance information that is useful for accountability and decision-making purposes in general purpose financial report. Presentation of service performance information together with financial statements enables users to make assessments of the entity's performance.

This standard is effective for annual periods beginning on or after 1 January 2021. As a Tier 1 not-for profit entity, the Group will be required to present service performance information for the first time in its financial statements for the year ending 31 March 2022.

**Waikato Raupatu Lands Trust**  
Notes to the consolidated financial statements  
For the year ended 31 March 2020

### 3 Revenue

	Consolidated	
	2020 \$'000	2019 \$'000
<b>Revenue from exchange transactions</b>		
Rental revenue	28,240	24,231
Amortisation of capitalised lease incentives	(462)	(383)
Hotel revenue	19,129	18,509
Fishing revenue	2,113	1,328
Dairy and livestock revenue	4,637	3,861
Other revenue	956	4,028
Sale of sections	4,121	-
<b>Total revenue from exchange transactions</b>	<b>58,734</b>	<b>51,574</b>
<b>Other operating revenue</b>		
Distributions from unlisted investments	618	473
Distributions from listed investments	1,771	1,991
<b>Total other operating revenue</b>	<b>2,389</b>	<b>2,464</b>
<b>Total revenue</b>	<b>61,123</b>	<b>54,038</b>

### Recognition and measurement

#### Revenue from exchange transactions

Revenue from exchange transactions 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. The Group did not recognise any non- exchange revenue during the current year (2019: nil). Exchange revenue is recognised as follows:

#### (a) Rental revenue

Rental revenue from investment properties is recognised on a straight-line basis over the lease term. Where a lease provides for fixed rental increases over the term of the lease, they are amortised on a straight-line basis over the non-cancellable portion of the lease to which they relate.

#### (b) Hotel revenue

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

#### (c) Fishing revenue

The Group leases fishing quota. Revenue is recognised when control over the assets has been transferred to the customer. The revenue is measured at the transaction price agreed under the contract.

#### (d) Dairy and livestock revenue

The Group generates revenue from sale of dairy and livestock. 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.

## Waikato Raupatu Lands Trust Notes to the consolidated financial statements

For the year ended 31 March 2020

### 3 Revenue

#### (f) Dividend and distribution revenue

The Group has shares in listed and unlisted companies, in which revenue is generated through dividend and distribution income. Revenue is recognised when the right to receive payment is established. The revenue is measured at the transaction price agreed under the contract.

### 4 Expenses

	Note	Consolidated	
		2020 \$'000	2019 \$'000
Amortisation	16	360	368
Audit fees paid to trust auditors		296	235
Other fees paid to auditor		221	198
Bad debt written off		15	3
Consultancy fees		1,887	2,205
Depreciation	17	3,956	3,513
Direct costs from hotel operations		6,801	6,506
Doubtful debt provision		(1,019)	882
Director and trustee fees		1,253	1,178
Employee benefits		18,706	17,493
Impairment/(reversal)		13,570	(252)
Rates		2,857	2,433
Repairs and maintenance		2,864	3,063

PwC carries out other services for the Group in the areas of tax compliance and tax consulting (\$21.3k), tax pooling and tax financing services (\$85.2k), real estate advisory services of \$90.7k and other services of \$24.3k related to remuneration benchmarking and training. In the prior year, PwC carried out other services for the Group in the areas of tax compliance (\$75.8k); advisory services (\$98.5k) related to remuneration benchmarking, agreed procedures over feasibility models and real estate advisory services; and other services of \$23.4k for 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.

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

#### 5 Other (losses)/gains -net

		Consolidated	
	Note	2020 \$'000	2019 \$'000
Investment property - fair value (losses) / gains	18	(12,714)	39,364
Investment properties realised gains	18	-	76
Te Wherowhero title properties - fair value (losses) / gains	19	(7,754)	316
Interest rate swaps - fair value gains		779	343
Forestry assets - fair value gains	12	2,791	2,156
Livestock - fair value losses	12	(406)	(201)
Shares in listed companies - fair value (losses) / gains	15	(4,240)	4,002
Property, plant and equipment losses on disposal		(89)	(43)
Investment in private equity funds - fair value (losses) / gains	15	(221)	4,175
Shares in unlisted company AFL - fair value losses	15	(1,100)	-
Co-management fund - fair value gains		261	727
<b>Total (losses) / gains</b>		<b>(22,693)</b>	<b>50,915</b>

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

#### 6 Social investment

##### Social investment during the year comprised of the following:

##### Ngaa Tohu Kaupapa

- Marae Asset Development
- Marae Connection
- Tribal Engagement
- Mahi Tupuna
- Iwi Taonga
- Te Reo and Tikanga
- Heritage and Identity Grants
- College

##### Ngaa Tohu Hapori

- Tribal Member Wellbeing
- Education
- Claims and Settlements
- Employment and Pathways
- Housing
- Tertiary Education Grants
- Kaumaatua Medical Grants
- Kaumaatua Travel Grants

##### Ngaa Tohu Taiao

- Improve Wai and Whenua
- Mana Whakahaere
- Claims and Settlements
- Taiao Grant

##### Ngaa Tohu Whai Rawa

- Tribal Member Wealth
- Strategic Procurement
- Annual Marae Dividends
- Branding and Identity
- Claims and Settlements
- Group Investment

##### Mahi Tonu

- Tribal Centre
- Kiingitanga Grant
- Tribal Engagement
- Digital Systems and Tools
- Governance and Administration
- Claims and Settlements

Consolidated	
2020 \$'000	2019 \$'000
2,209	1,397
-	101
692	-
522	462
-	169
1,070	1,190
484	844
720	360
130	106
689	440
388	-
197	461
162	71
1,125	1,407
1,312	882
277	313
351	456
123	530
50	-
722	847
157	465
18	147
3,000	3,750
71	-
738	-
185	185
307	380
2,500	2,000
49	914
771	733
814	-
-	942
<b>19,833</b>	<b>19,552</b>

**Waikato Raupatu Lands Trust**  
**Notes to the consolidated financial statements**  
For the year ended 31 March 2020

## 6 Social investment

### Recognition and measurement

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

## 7 Income tax expense

Due to the charitable status of entities within the Group the surplus subject to income tax is lower than profit before tax in the consolidated statement of comprehensive revenue and expense. The taxable members of the Group have a tax expense of \$1.3m for the year ended 31 March 2020 (2019: nil).

The taxable members of the group have losses of \$0.9m (2019: \$1.0m) to carry forward to meet any potential income tax liability. No deferred tax asset has been recognised for these unused tax losses. They can be carried forward indefinitely.

## 8 Reserves and retained earnings

### (a) Reserves

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

Consolidated	
2020 \$'000	2019 \$'000
35,779	39,756
-	278
<b>35,779</b>	<b>40,034</b>

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

Balance at beginning of year  
Transfer to other reserves  
Revaluation (loss) / gain during the year

#### Balance at end of year

		Consolidated	
Note	2020 \$'000	2019 \$'000	
	39,756	14,246	
	1,388	-	
17	(5,365)	25,510	
	<b>35,779</b>	<b>39,756</b>	
	278	697	
	(1,388)	-	
27	1,110	(419)	
	<b>-</b>	<b>278</b>	

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

Balance at beginning of year  
Transfer from hotels, farm and owner occupied properties  
Other comprehensive income / (loss) from joint ventures

#### Balance at end of year

### (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 consolidated statement of comprehensive revenue and expense when the associated hedged transactions affect profit or loss.

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

#### 8 Reserves and retained earnings

##### (b) Retained earnings

Movements in retained earnings were as follows:

	Consolidated	
	2020 \$'000	2019 \$'000
Balance at beginning of year	1,205,736	1,157,162
Net (loss)/ surplus for the year	(35,486)	48,574
<b>Balance at end of year</b>	<b>1,170,250</b>	<b>1,205,736</b>

#### 9 Cash and cash equivalents

	Consolidated	
	2020 \$'000	2019 \$'000
Cash at bank and in hand	2,782	2,380
Deposits at call	7,122	6,492
Term deposits	185,900	192,650
<b>Total cash and cash equivalents</b>	<b>195,804</b>	<b>201,522</b>

As at 31 March 2020, no cash or cash equivalents are pledged as security or restricted (2019: nil).

#### 10 Trade and other receivables

	Consolidated	
	2020 \$'000	2019 \$'000
Trade and other receivables	20,084	16,066
Less provision for doubtful receivables	(422)	(1,532)
Prepayments	759	2,290
<b>Total trade and other receivables</b>	<b>20,421</b>	<b>16,824</b>

##### 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 consolidated statement of comprehensive revenue and expense.



**Waikato Raupatu Lands Trust**  
Notes to the consolidated financial statements  
For the year ended 31 March 2020

▶ **11 Inventories**

	Consolidated	
	2020 \$'000	2019 \$'000
Land	10,002	11,563
Other inventories	224	274
<b>Total inventory</b>	<b>10,226</b>	<b>11,837</b>

**Recognition and measurement**

Inventories are stated at the lower of cost and net realisable value. Cost of inventory is comprised of land 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.

▶ **12 Biological assets**

	Note	Consolidated	
		2020 \$'000	2019 \$'000
<b>Current - livestock</b>			
Balance at beginning of year		4,875	5,075
Additions		189	537
Decreases due to sales		(189)	(536)
Changes in fair value	5	(406)	(201)
<b>Balance at the end of the year</b>		<b>4,469</b>	<b>4,875</b>
<b>Non-current - forestry assets</b>			
Balance at beginning of year		14,216	11,711
Additions		147	349
Changes in fair value	5	2,791	2,156
<b>Balance at the end of the year</b>		<b>17,154</b>	<b>14,216</b>

As at 31 March 2020, livestock comprised of 3,588 cattle and 4,286 sheep (2019: 3,785 cattle and 3,948 sheep) which are held for dairy and drystock farming. M Gaustad from NZ Farmers Livestock determined the fair value of sheep and cattle at 31 March 2020 and 31 March 2019.

The livestock valuation is based on market comparison, specifically current market prices less point-of-sale costs. Market prices include assumptions of livestock of similar age, breed and genetic merit.

As at 31 March 2020, forestry assets 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 2012. It is expected that the rotation age for the Pinus Radiata crop will be 27 years and Californian Coast Redwoods, 35 years, at which time the crop will be harvested. All non-current biological assets were valued by K Reardon from Forme Consulting Group as at 31 March 2020 and 31 March 2019.

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

#### 12 Biological assets

The trees are valued using the Crop Expectation Value (CEV) method except for Onewhero forest which uses Current Replacement Cost (CRC) as it was established between 2013 and 2018. The CEV method is based on estimated recoverable yields by log grade at time of harvest and log price trends. Estimated harvesting costs including logging, roading and log cartage are then subtracted to derive net revenue value. The CRC method is the sum of direct costs compounded forward from the time of occurrence to the present day. The non-current biological assets are held for investment.

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 initially measured at cost and subsequently measured at fair value less estimated point of sale costs, with any change therein recognised in the consolidated statement of comprehensive revenue and expense.

#### 13 Assets classified as held for sale

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.

In March 2019 the directors of TGH decided to sell a parcel of land. The sale was expected to be completed during the 2020 financial year however was subsequently derecognised as an asset held for sale and reclassified to investment property as at 31 March 2020.

In February 2020 the directors resolved to sell shareholdings in a directly owned investment in a joint venture. The sale is expected to be completed within the next 12 months, subject to regulatory approval. The investment is held at carrying amount as at 31 March 2020.

	Note	Consolidated	
		2020 \$'000	2019 \$'000
Directly owned investment in a joint venture	27	39,877	-
Land	18	-	4,546
<b>Total assets held for sale</b>		<b>39,877</b>	<b>4,546</b>

**Waikato Raupatu Lands Trust**  
Notes to the consolidated financial statements  
For the year ended 31 March 2020

▶ **14** Related party transactions

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Key management personnel compensation</b>		
<b><u>Class 1 key management personnel – senior management</u></b>		
Total remuneration	3,773	3,606
<b><u>Class 2 key management personnel – directors and representatives</u></b>		
<b>Tainui Group Holdings Limited:</b>		
H van der Heyden (Chair)	100	100
M Allen	113	113
M Cockram (retired August 2019)	21	50
T J R Simpson	50	50
H Raumati-Tu'ua*	50	50
L Te Aho*	50	50
D Bracewell (appointed August 2019)	47	-
<b>Te Arataura:</b>		
R Schaafhausen (Chair)	115	110
P Te Ao (Deputy Chair)	70	55
H W Rau	45	40
H Chong	45	40
T H Rangiawha	44	40
A Te Kanawa	45	40
D Turner	44	40
H Raumati-Tu'ua*	44	40
J Colliar	45	40
K Wilson	44	40
L Te Aho*	44	40
G Carter**	38	-
M Butcher**	75	-
B Takiari-Brame**	8	-
T Nicholas**	41	-
<b>Te Whakakitenga o Waikato Officers</b>		
P McLean (Chair)	55	50
T T A S Mahuta (Deputy Chair)	35	30

\* Directors and trustees who are represented on both TGH and Te Whakakitenga O Waikato Incorporated.

\*\* Independent sub-committee members

## Waikato Raupatu Lands Trust Notes to the consolidated financial statements

For the year ended 31 March 2020

### 14 Related party transactions

#### (a) Key management personnel compensation (continued)

##### Te Whakakitenga O Waikato Inc representatives

##### Wahaanau members of key management personnel

Total remuneration

##### Total key management personnel and close family members compensation

Kaahui Ariki Representative: R Schaafhausen

Negotiator: R Papa

##### Number of persons recognised as:

Class 1 - Senior management

Class 2 - Directors and representatives

	174	151
	395	433
	<b>5,610</b>	<b>5,208</b>
	15	14
	137	133

\* Directors and trustees who are represented on both TGH and Te Whakakitenga O Waikato Incorporated.

\*\* Independent sub-committee members

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

#### b) Related parties transactions

The Waikato Raupatu Lands Trust is the controlling entity. Te Whakakitenga o Waikato Incorporated is the ultimate controlling party.

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

	Purchases from related parties \$'000	Sale of services to related parties \$'000	Amounts owed to related parties \$'000	Amounts owed by related parties \$'000
<b>Joint ventures</b>				
2020	91	3,150	-	-
2019	83	3,087	-	10,726

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).

**Waikato Raupatu Lands Trust**  
Notes to the consolidated financial statements  
For the year ended 31 March 2020

▶ **15 Other financial assets**

	Note	Listed companies \$'000	Investment in funds \$'000	Unlisted company AFL income shares \$'000	Advances – joint Ventures \$'000	Total \$'000
<b>Opening net book amount 1 April 2018</b>		58,881	22,227	12,300	9,357	102,765
Gains recognised in comprehensive revenue and expenses	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)
<b>Closing net book amount 31 March 2019</b>		<b>52,988</b>	<b>206,483</b>	<b>12,300</b>	<b>-</b>	<b>271,771</b>
<b>Opening net book amount 1 April 2019</b>		52,988	206,483	12,300	-	271,771
Gains recognised in the profit and loss statement		-	5,496	-	-	5,496
Gains or losses recognised in comprehensive revenue and expenses	5	(4,240)	(221)	(1,100)	-	(5,561)
Purchases		2,022	3,965	-	-	5,987
Sales		-	(4,805)	-	-	(4,805)
Dividends		(1,704)	-	-	-	(1,704)
<b>Closing net book amount 31 March 2020</b>		<b>49,066</b>	<b>210,918</b>	<b>11,200</b>	<b>-</b>	<b>271,184</b>

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.

Current and non-current allocation of other financial assets are as follows:

	Consolidated	
	2020 \$'000	2019 \$'000
<b>Current other financial assets</b>		
Listed companies	46,668	50,380
Investments in funds	180,955	176,957
<b>Total current other financial assets</b>	<b>227,623</b>	<b>227,337</b>
<b>Non-current other financial assets</b>		
Listed companies	2,398	2,606
Investments in funds	29,961	29,528
Unlisted company AFL income shares	11,200	12,300
<b>Total non-current other financial assets</b>	<b>43,559</b>	<b>44,434</b>

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

#### 15 Other financial assets

##### (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 loss for fair value recorded through the consolidated statement of comprehensive revenue and expense for listed companies was \$4.2m (2019: gain \$4.0m).

##### (b) Investment in equity 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 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 LP 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 based on the underlying value of the investments held by the fund, as determined by the fund's administrators. The loss for fair value for investment in funds, recorded through the statement of comprehensive revenue and expense, was \$0.2m (2019: \$4.2m).

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

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

##### (d) Advances - joint ventures

In the prior year, the advance to Waikato Milking Systems Limited Partnership (WMS) was transferred to investment in joint venture.

#### COVID-19

As at balance date, certain asset groups held within the other financial assets class have been affected by significant changes in general market composition as well as overall market uncertainty. The gradual increase in COVID-19 awareness globally created a significantly different landscape for the listed companies, investments in private equity funds and unlisted companies. The market uncertainty affected key observable inputs relative to the valuation of the assets as at balance date.

##### (a) Listed companies

The general fear from a global perspective in relation to COVID-19 and investments, caused a number of investors to dilute their shareholdings in favour of holding a more liquid investment. This caused a general downturn in share price on global markets. Investments in listed companies are valued at the market close price at balance date. The decrease in share price in the last quarter of the financial year caused a fair value loss of \$4.2m for the year ended 31 March 2020. With the Group's long term outlook, there is confidence that the decrease in value of these investments will be recovered over time.

##### (b) Investment in equity funds

Investment in private equity funds includes a small range of investments in companies and covers a cross section of industries including agriculture, lifestyle product and information technology. It also includes investment in short term fixed interest instruments. The impact of COVID-19 on these investments has been assessed individually with a varied level of impacts noticed throughout the portfolio. For private equity funds the Group has been active with the fund managers in understanding the fair value assessment for the portfolio's as at 31 March 2020 and note the general decrease in global gross domestic product and restrictions on trade have adversely impacted the valuations. Fund managers have furthermore been comprehensive in their approach to valuation and where appropriate have modified methods to better reflect the market uncertainty as at reporting date. For short term fixed interest investments, the Group noted a minor impact on the valuation at 31 March 2020 given a decrease in the exit price valuation of the funds. The Group acknowledges that the decrease in exit price, in comparison to the base price, is temporary given an increase in the liquidation of investments in line with the COVID-19 pandemic.

**Waikato Raupatu Lands Trust**  
Notes to the consolidated financial statements  
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▶ **15 Other financial assets**

**(c) Aotearoa Fisheries Limited (AFL)**

The impact of COVID-19 on the Group's shareholding in AFL was seen prior to the World Health Organisation's announcement of a global pandemic. A significant portion of the New Zealand fisheries market share comes from Asian countries. With China effectively being the first country to limit imports, the demand for AFL products began to decrease. This created an uncertainty within the market with regard to future cashflow and revenue generation. This uncertainty as well as the immediately recent performance of the assets, caused a fair value loss of \$1.1m for the year ended 31 March 2020.

▶ **16 Intangible assets**

	Note	Computer software \$'000	Quota \$'000	NZ Units ETS \$'000	Total \$'000
<b>Consolidated</b>					
<b>Year ended 31 March 2019</b>					
<b>Opening net book amount</b>		1,246	20,340	1,124	22,710
Additions		61	-	-	61
Revaluation		-	-	252	252
Amortisation and impairment	4	(368)	-	-	(368)
<b>Closing net book amount</b>		<b>939</b>	<b>20,340</b>	<b>1,376</b>	<b>22,655</b>
<b>At 31 March 2019</b>					
Cost		3,436	20,340	1,376	25,152
Accumulated amortisation and impairment		(2,497)	-	-	(2,497)
<b>Net book amount</b>		<b>939</b>	<b>20,340</b>	<b>1,376</b>	<b>22,655</b>
<b>Year ended 31 March 2020</b>					
<b>Opening net book amount</b>		939	20,340	1,376	22,655
Additions		261	-	-	261
Disposals		(4)	-	-	(4)
Amortisation and impairment	4	(259)	-	(101)	(360)
<b>Closing net book amount</b>		<b>937</b>	<b>20,340</b>	<b>1,275</b>	<b>22,552</b>
<b>At 31 March 2020</b>					
Cost		3,693	20,340	1,376	25,409
Accumulated amortisation and impairment		(2,756)	-	(101)	(2,857)
<b>Net book amount</b>		<b>937</b>	<b>20,340</b>	<b>1,275</b>	<b>22,552</b>

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

#### 16 Intangible assets

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 2020 and 2019 relate to 53,702 units that were allocated by the Ministry for the Environment. The units were valued in 2020 at \$23.75 per unit (2019: \$25.65) resulting in an impairment of \$0.1m (2019: impairment reversal of \$0.3m).

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 therefore is recorded as non-current. 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. Carbon credits are initially recognised at fair value at the date of acquisition. Following initial recognition, they are carried at their initial fair value, or deemed cost less any accumulated impairment losses.

The 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. The 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 2020

17 Property, plant and equipment

Consolidated	Note	Farm and owner-occupied properties	Tribal properties	Plant and equipment	Motor vehicles	Computer, office equipment, furniture and fittings	Land and buildings (hotels)	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 31 March 2019</b>								
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		1,063	(2,027)	-	-	964	-	-
<b>Closing net book value</b>		<b>51,974</b>	<b>11,738</b>	<b>512</b>	<b>1,348</b>	<b>12,742</b>	<b>54,582</b>	<b>132,896</b>
<b>At 31 March 2019</b>								
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)
<b>Closing net book value</b>		<b>51,974</b>	<b>11,738</b>	<b>512</b>	<b>1,348</b>	<b>12,742</b>	<b>54,582</b>	<b>132,896</b>
<b>Year ended 31 March 2020</b>								
Opening net book value		51,974	11,738	512	1,348	12,742	54,582	132,896
Additions		831	1,071	128	83	1,094	9,530	12,737
Disposals		(198)	(14)	-	(411)	(135)	-	(758)
Net revaluation	8	(1,916)	-	-	-	-	(3,449)	(5,365)
Transfer from investment properties	18	-	39,868	-	-	-	-	39,868
Depreciation	4	(294)	(417)	(52)	(303)	(1,909)	(981)	(3,956)
Reclassification of assets		288	(2)	(2)	409	(163)	190	720
<b>Closing net book value</b>		<b>50,685</b>	<b>52,244</b>	<b>586</b>	<b>1,126</b>	<b>11,629</b>	<b>59,872</b>	<b>176,142</b>
<b>At 31 March 2020</b>								
Cost and revaluation reserve		50,979	61,149	1,407	2,460	24,211	60,853	201,059
Accumulated depreciation		(294)	(8,905)	(821)	(1,334)	(12,582)	(981)	(24,917)
<b>Closing net book value</b>		<b>50,685</b>	<b>52,244</b>	<b>586</b>	<b>1,126</b>	<b>11,629</b>	<b>59,872</b>	<b>176,142</b>

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

#### 17 Property, plant and equipment

##### Valuation of hotel, farm and owner occupied properties

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.

Significant Input	Description	Fair value measurement sensitivity to significant:		Valuation Method
		Increase in input	Decrease in input	
Discount rate	The discount rate is applied to future cash flows of a hotel to provide a net present value equivalent. The discount rate adopted takes into account recent comparable market transactions, prospective rates of return for alternative investments and apparent risk.	Decrease in property values	Increase in property values	Discounted cash flow
Average daily rate	The average charge paid by hotel guests on a per room per night basis. It is expressed net of GST and other direct taxes and is calculated by dividing the total rooms revenue by the rooms occupied over a given period.	Increase in property values	Decrease in property values	Discounted cash flow
Occupancy rate	Ratio of rooms occupied to rooms available over a given period.	Increase in property values	Decrease in property values	Discounted cash flow

<b>As at 31 March 2020</b>	<b>Discount rate</b>	<b>Average daily rate</b>	<b>Occupancy rate</b>
Hotels	11.50% - 15.00%	\$189.72	76.6%
<b>As at 31 March 2019</b>	<b>Discount rate</b>	<b>Average daily rate</b>	<b>Occupancy rate</b>
Hotels	11.75% - 15.00%	\$193.78	79.9%

The total value of hotels valued by CBRE Limited at 31 March 2020 for the Group is \$72.3m (2019: \$62.0m) and is spread across furniture and fittings (\$13.9m) and land and buildings (\$58.4m).

The total value of farm properties valued by Telfer Young (Waikato) Limited at 31 March 2020 for the Group is \$16.2m (2019: \$15.9m) and by Curnow Tizard for the Group at 31 March 2020 is \$25.4m (2019: \$27.1m).

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

#### 17 Property, plant and equipment

The total value of owner occupied properties valued by Silverton Alexander Limited for the Group at 31 March 2020 is \$9.2m (2019: \$9.2m).

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.

In the current year, the Directors have opted to change the classification of some of its holding from investment property to property, plant and equipment. This is on the basis that the property is not held for commercial use and has cultural significance to Waikato-Tainui. These properties will be independently valued triennially but tested annually for impairment.

##### 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. Hotels are valued by an external independent valuer and are shown at fair value less subsequent depreciation. Current accounting policy requires this to occur on a triennial basis with a valuation being completed for the year ended 31 March 2019. Due to impacts of COVID-19, an external valuer was engaged in the current year to ensure the value presented in these financial statements reflects the current environment.

Farm and owner occupied properties are comprised of land, buildings and plant held on the farms as well as buildings occupied by the Trust and TGH. These 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.

As at 31 March 2020 the Group has opted to transfer class of some of its holding from investment property to tribal properties within property, plant and equipment. This is on the basis that those assets are not held for commercial use and have cultural significance to Waikato-Tainui. Assets totalling \$39.9m as at 31 March 2019 have been reclassified from investment property to property, plant and equipment as at 31 March 2020. These properties will be revalued every 3 years but tested annually for impairment. Impairment losses are included in the consolidated statement of comprehensive revenue and expense.

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated 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 consolidated statement of comprehensive revenue and expense, the increase is first recognised in the consolidated 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 consolidated 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:

## Waikato Raupatu Lands Trust Notes to the consolidated financial statements

For the year ended 31 March 2020

### 17 Property, plant and equipment

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.

#### COVID-19 - Land and buildings (Hotels)

As at balance date, certain asset groups held within the property, plant and equipment asset class have been affected by significant changes in general market composition as well as overall market uncertainty. The effective closing of the border on 19 March 2020, followed by movement to Alert Level 4 on 25 March 2020 created a significantly different landscape for the hotels portfolio. The market uncertainty affected key inputs and assumptions used in the valuation of the Groups' hotels; specifically in relation to estimating net income that a hotel is likely to derive.

##### (i) Demand

The announcement by government to close the borders fundamentally impacted the Groups' hotels whom place a particular reliance on international tourism. With the re-opening of the borders remaining uncertain at the time of publication of this report, it therefore remains uncertain the period of time whereby a full reliance is required on New Zealand's domestic tourism market.

In addition to the rooms made available, the hotels house a number of conference rooms. This function was unable to operate at all through Alert Levels 3 and 4 given the social restrictions put into place. Whilst signs appear promising in the early stages of Alert Level 2, the Group is aware that the shift in behaviours ultimately comes down to the organisers of conferences and the comfort levels with regard to large crowds.

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

#### 17 Property, plant and equipment

##### (ii) Domestic tourism

The Group notes specifically in relation to the closure of the borders, competition for the domestic market may become a bit more aggressive with cuts in prices and additional offerings being made available. The extent of this possibility remains uncertain.

##### (iii) Material valuation uncertainty

As a result of these uncertainties, the Group's valuers noted the difficulty in undertaking valuations at this time and, in the absence of relevant market evidence, they have adjusted valuation inputs and estimates to best reflect the known and perceived impact of the pandemic on values. For some properties, emphasis has been placed on the discounted cash flow approach given it allows the valuers to more freely model assumptions regarding impacts of the pandemic.

These estimates have been formed by the valuers after careful deliberation and consultation with a range of reliable sources. It must be recognised however that COVID-19 created a rapidly evolving economic environment which continues to be the case at the time of publishing these financial statements. The full impact therefore remains unknown, however the best available estimate has been provided as at balance date.

##### *Impact on values at 31 March 2020*

The Group notes in prior year, a change in accounting policy was made for hotels to only be revalued triennially with the 2019 year being a valuation year. Given market conditions existed that suggested a material movement from the 2019 value may have taken place, the Group opted to again revalue in the current year. To reflect the impact of the COVID-19 pandemic on hotels, the valuers have generally adopted softer valuation inputs including:

- expanded capitalisation and discount rates;
- lower occupancy rate; and
- lower fees.

These estimates and assumptions have a material impact on the value of the Group's hotels portfolio. For the year ended 31 March 2020, the Group has reported a fair value loss of \$3.4m.

#### **COVID-19 - Farms and owner occupied properties**

Under Government Alert Level 4 guidelines, dairy farming operations were considered an essential service and were therefore allowed to continue operations. Principally, this is driven by the notion that our farming assets contribute to the health and well-being of our people. In contrast to the impact of COVID-19 on other asset groupings, there was no immediate or perceived impact by the pandemic on key valuation inputs of farming assets.

#### **COVID-19 - Tribal properties**

Current accounting policy is for tribal properties to be revalued triennially and assessed for impairment in other years. The Group conducted a comprehensive impairment assessment acknowledging possible impacts on the balance from COVID-19. This assessment included noting:

- recognition of the cultural significance of some sites;
- properties are non-revenue earning;
- a large portion is vacant and/or used for grazing by neighbouring farms of the Group.

Acknowledgement of the above key areas, in conjunction with our assessment of fair value movements across the commercial portfolio of land, cause the Group to believe the tribal assets are not currently impaired. The contrast to other assets of the Group where revaluation reversal has been observed is notable given differences in the key valuation inputs of the assets.

## Waikato Raupatu Lands Trust Notes to the consolidated financial statements

For the year ended 31 March 2020

### 18 Investment properties

	Note	Consolidated	
		2020 \$'000	2019 \$'000
Balance at beginning of year		533,438	484,032
Development		8,862	5,755
Net realised gain	5	-	76
Net (loss)/gain from fair value adjustment	5	(12,714)	39,364
Transfer (to) / from held for sale	13	4,546	(4,546)
Transfer (to) / from property, plant and equipment	17	(39,868)	6,705
Additions		2,758	2,052
<b>Balance at end of year</b>		<b>497,022</b>	<b>533,438</b>

#### (a) Recognition and measurement

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

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

#### Amounts recognised in surplus or loss

During 2020, investment property expenses from income-generating property were \$0.8m and \$0.1m from vacant property.

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.

**Waikato Raupatu Lands Trust**  
**Notes to the consolidated financial statements**  
For the year ended 31 March 2020

▶ **18 Investment properties**

The key inputs used to measure fair value of investment properties and Te Wherowhero title properties (note 19), along with their sensitivity to significant increase or decrease are as follows:

Significant Input	Description	Fair value measurement sensitivity to significant:		Valuation Method
		Increase in input	Decrease in input	
Market capitalisation rate	The capitalisation rate applied to the market income to assess an investment property's value. The capitalisation rate is derived from detailed analysis of factors such as comparable sales evidence and leasing transactions in the open market taking into account location, tenant covenants – lease term and conditions, size and quality of the investment property.	Decrease in property values	Increase in property values	Capitalisation
Discount rate	The discount rate is applied to future cash flows of an investment property to provide a net present value equivalent. The discount rate adopted takes into account recent comparable market transactions, prospective rates of return for alternative investments and apparent risk.	Decrease in property values	Increase in property values	Discounted cash flow
Price per square metre	The price applied to site area for comparable sales. This enables comparison with comparable sales in the open market.	Increase in property values	Decrease in property values	Market Comparison

As at 31 March 2019	Market capitalisation rate	Discount rate	Price per square metre
Investment and Te Wherowhero title properties	3.90%- 6.50%	4.00% - 9.36%	\$100 to \$7,500
As at 31 March 2020	Market capitalisation rate	Discount rate	Price per square metre
Investment and Te Wherowhero title properties	3.90%- 6.50%	4.00% - 8.10%	\$100 to \$7,500

Investment property valuations were completed as follows:

D.J. Saunders from Telfer Young (Waikato) Limited valued properties at fair value of \$97.8m on 31 March 2020 (31 March 2019: \$117.8m) 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 \$27.4m on 31 March 2020 (31 March 2019: \$27.0m) using a mixture of market evidence of transaction prices for similar properties, direct comparison, capitalisation and discounted cash flows approaches.

M Silverton and J Alexander from Silverton Alexander Limited valued properties at fair value of \$26.7m on 31 March 2020 (31 March 2019: \$39.0m) using a mixture of market evidence of transaction prices for similar properties, capitalisation and discounted cash flow approaches.

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

#### 18 Investment properties

P.A. Curnow from Curnow Tizard Limited valued properties at fair value of \$39.4m on 31 March 2020 (31 March 2019: \$36.5m) using a mixture of market evidence of transaction prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches.

Scott Millar and Jamahl Williams from CBRE Limited valued properties at fair value of \$146.4m (2019: nil) 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 nil in 31 March 2020 (31 March 2019: \$139.1m being Ruakura 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 nil in 31 March 2020 (2019: \$31.2m), 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.

In the current year, the Directors have opted to transfer some of its holding from investment property to property, plant and equipment. This is on the basis that those assets are not held for commercial use and have cultural significance to Waikato-Tainui. These properties will be independently valued triennially but tested annually for impairment.

#### COVID-19

As at balance date, the real estate markets in which the Group holds investment property were impacted by significant market uncertainty caused by the COVID-19 pandemic. The landscape and market conditions around this continued to change in the months following, as the country moved down from Alert Level 4 and general circumstances began to normalise.

The market uncertainty affected key inputs, assumptions and processes used in the valuation of the Group's investment properties being:

- estimating the net income that a property is likely to produce; and
- converting that income to value by applying investment rates of return which are derived from analysis or recent market transactions.

##### (i) *Income uncertainty*

The impact of the pandemic on the income earning potential of the Group's properties is uncertain. The restrictions imposed by the government through Alert Level 4 prevented non-essential businesses from physically accessing their premises and therefore limited their options for short term revenue generation. In response, the Group has provided rental relief. The rental relief and amounts provided is subject to the circumstances and discussions with each individual tenant. This will have a negative impact on the Group's income for the year ending 31 March 2021.

The Group notes also that future income may be impacted with:

- the restrictions imposed by the government have prevented the general population from accessing goods and services made available by the tenants. This has impacted the underlying profitability of the tenants;
- border restrictions into New Zealand will particularly have a negative impact on tenants that rely on travel and tourism; and
- the pandemic is expected to increase unemployment levels. This will affect the spending power of the general consumer with the profitability of businesses/tenants affected.

From a longer term outlook, the Group's income may be impacted by perceived structural changes to the retail markets resulting from changed behaviours during the COVID-19 Alert Level 3 and 4 restrictions. It has been suggested that perhaps a step-change towards higher acceptance levels of online retailing may have occurred.



## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

#### 18 Investment properties

##### (ii) Investment uncertainty

Given the timing of balance date being in line with the earlier stages of Alert Level 4, valuation uncertainty has arose through inactivity within the investment market. Participants within the investment market have not been able to conduct normal business activities during Alert Levels 3 and 4. In addition, many large investors are domiciled offshore. Travel restrictions have prevented these investors from physically inspecting assets and undertaking appropriate levels of due diligence. The inactive market leads to an insufficient amount of comparable market data being available at balance date. Given the lack of available data, the only metrics available to reliably estimate fair value are transactions that occurred prior to restrictions being in place.

##### (iii) Material valuation uncertainty

As a result of these income and investment uncertainties, the Group's valuers noted the difficulty in undertaking valuations at this time and, in the absence of relevant market evidence, they have adjusted valuation inputs and estimates to best reflect the known and perceived impact of the pandemic on values. For some properties emphasis has been placed on the discounted cash flow approach given it allows the valuers to more freely model assumptions regarding impacts of the pandemic.

These estimates have been formed by the valuers after careful deliberation and consultation with a range of reliable sources. It must be recognised however that COVID-19 created a rapidly evolving economic environment which continues to be the case at the time of publishing these financial statements. The full impact therefore remains unknown however the best available estimate has been provided as at balance date.

##### *Impact on values at 31 March 2020*

To reflect the impact of the pandemic on the investment property portfolio, the valuers have generally adopted softer valuation inputs. This includes:

- expanded capitalisation and discount rates;
- lower growth rate across the near term;
- lower market rentals; and
- increased vacancy rates.

These estimates and assumptions have had a material impact on the value of the Groups' investment property resulting in a fair value loss of \$17.2m for the year ended 31 March 2020.

## Waikato Raupatu Lands Trust Notes to the consolidated financial statements

For the year ended 31 March 2020

### 19 Te Wherowhero title properties

	Note	Consolidated	
		2020 \$'000	2019 \$'000
Balance at beginning of the year		118,713	118,397
Net (loss) / gain from fair value adjustments	5	(7,754)	316
<b>Balance at end of year</b>		<b>110,959</b>	<b>118,713</b>

#### (a) 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 are carried at fair value, representing open market value determined by external valuers. Changes in fair value are recorded in the consolidated statement of comprehensive revenue and expense.

Te Wherowhero property that is not investment land is not leased and is recorded at historical cost as at 31 March 2020 of \$1.7m (2019: \$1.7m).

As at 31 March 2020 and 31 March 2019, 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.

#### (b) 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 \$111.0m (2019: \$118.7m).

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.

**Waikato Raupatu Lands Trust**  
**Notes to the consolidated financial statements**  
For the year ended 31 March 2020

▶ **19** Te Wherowhero title properties

The key inputs used to measure fair value of investment properties (note 18) and Te Wherowhero title properties, along with their sensitivity to significant increase or decrease, are as follows:

Significant Input	Description	Fair value measurement sensitivity to significant:		Valuation Method
		Increase in input	Decrease in input	
Market capitalisation rate	The capitalisation rate is applied to the market income to assess an investment property's value. The capitalisation rate is derived from detailed analysis of factors such as comparable sales evidence and leasing transactions in the open market taking into account location, tenant covenants - lease term and conditions, size and quality of the investment property.	Decrease in property values	Increase in property values	Capitalisation
Discount rate	The discount rate is applied to future cash flows of an investment property to provide a net present value equivalent. The discount rate adopted takes into account recent comparable market transactions, prospective rates of return for alternative investments and apparent risk.	Decrease in property values	Increase in property values	Discounted cash flow
Price per square metre	The price applied to site area for comparable sales. This enables comparison with comparable sales in the open market.	Increase in property values	Decrease in property values	Market comparison

As at 31 March 2020	Market capitalisation rate	Discount rate	Price per square metre
Investment and Te Wherowhero title properties	3.90%- 6.50%	4.00% - 9.36%	\$100 to \$7,500
As at 31 March 2019	Market capitalisation rate	Discount rate	Price per square metre
Investment and Te Wherowhero title properties	3.90%- 6.50%	4.00% - 8.10%	\$100 to \$7,500

Te Wherowhero title properties valuations were completed as follows:

D.J. Saunders from Telfer Young (Waikato) Limited valued properties at fair value of \$37.1m as at 31 March 2020 (31 March 2019: \$50.4m) using a mixture of market evidence of transaction prices for similar properties, direct comparison, capitalisation and discounted cash flow approaches.

M Silvertown and J Alexander from Silvertown Alexander Limited valued properties at fair value of \$2.4m on 31 March 2020 (31 March 2019: \$2.7m) using a mixture of market evidence of transaction prices for similar properties, capitalisation and discounted cash flow approaches.

T Arnott and A Segar from CBRE Limited valued properties related to The Base at fair value of \$396.0m on 31 March 2020, \$198.0m being 50% group share (CBRE 31 March 2019: \$217.5m) using a mixture of market evidence of transaction prices for similar properties, capitalisation and discounted cash flow approaches.

## Waikato Raupatu Lands Trust Notes to the consolidated financial statements

For the year ended 31 March 2020

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### 19 Te Wherowhero title properties

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.

#### COVID-19

As at balance date, the comparable market data that applies to Te Wherowhero title properties showed a significant market uncertainty due to the COVID-19 pandemic. The landscape and market conditions around this continued to change in the months following, as the country moved down from Alert Level 4 and general circumstances began to normalise. This uncertainty had a material impact on the value of Te Wherowhero title properties.

The market uncertainty caused valuers to disclose a material valuation uncertainty, and affected key inputs, assumptions and processes used in the valuation of the Group's investment properties being:

- estimating the net income that a property is likely to produce; and
- converting that income to value by applying investment rates of return which are derived from analysis or recent market transactions.

The Group notes and refers to the current policy in relation to Te Wherowhero title properties. Whilst economic activity has created a decrease in commercial value for the properties within this grouping, the Group is confident that the value, within a long term outlook, will recover.

**Waikato Raupatu Lands Trust**  
Notes to the consolidated financial statements  
For the year ended 31 March 2020

20 Interest bearing liabilities

	Consolidated	
	2020 \$'000	2019 \$'000
<b>Secured</b>		
Bank loans	111,948	19,180
<b>Total secured current interest bearing borrowings</b>	<b>111,948</b>	<b>19,180</b>
<b>Secured</b>		
Bank loans	53,550	126,108
<b>Total non-current interest bearing liabilities</b>	<b>53,550</b>	<b>126,108</b>
<b>Total interest bearing liabilities</b>	<b>165,498</b>	<b>145,288</b>

The Group has a multi option credit facility agreement with Westpac New Zealand for \$50.0m which matures on 31 March 2023. \$30.3m (2019: \$19.2m) 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 (2019: \$100.0m). The facilities include a multi option credit line facility agreement with Westpac New Zealand for \$50.0m (2019: \$50.0m), and a committed cash advance facility with Bank of New Zealand for \$50.0m (2019: \$50.0m). All facilities mature on 31 May 2020. Borrowings of \$100.0m of the available facilities had been drawn at balance date (2019: \$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 2020 (2019: Bank of New Zealand and Westpac).

Hamilton Riverview Hotel Limited has debt facilities of \$45.5m (2019: \$45.5m). The facilities include a term loan with the Bank of New Zealand for \$29.0m (2019: \$29.0m) which matures on 30 November 2023, and a committed cash advance facility with Bank of New Zealand for \$16.5m (2019: \$16.5m) which matures on 30 November 2020. Borrowings of \$35.2m of the available facilities had been drawn at balance date (2019: \$26.1m). 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 consolidated 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.

#### Event occurring after balance date

During May 2020, new facility agreements were agreed upon of \$100.0m in relation to finance for The Base. This effectively renews a majority of the facilities recognised in these financial statements under current interest bearing liabilities, albeit under a new structure. The newly imposed finance structure decreases the finance from Westpac Bank and Bank of New Zealand from \$50.0m each to \$35.0m. It introduces a third bank, Industrial and Commercial Bank of China with a facility of \$30.0m. The maturity of these facilities is currently May 2021.

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

#### 21 Other financial liabilities

	Consolidated	
	2020 \$'000	2019 \$'000
<b>Categorised as at fair value through surplus or deficit</b>		
Interest rate swaps	1,910	1,953
<b>Total current other financial liabilities</b>	<b>1,910</b>	<b>1,953</b>
Interest rate swaps	1,857	2,593
<b>Total non-current other financial liabilities</b>	<b>1,857</b>	<b>2,593</b>
	<b>3,767</b>	<b>4,546</b>

The notional amount of interest rate swaps is \$65.0m with maturity dates that range from 1-4 years, (2019: \$74.0m, maturing between 1-5 years).

#### 22 Trade and other payables

	Consolidated	
	2020 \$'000	2019 \$'000
Trade payables	1,070	1,802
Income received in advance	1,476	558
Accrued expenses	12,345	9,869
Grants payable	6,458	7,160
Employee entitlements	953	677
Other payables	80	89
GST payable	(93)	(248)
<b>Total creditors and other payables</b>	<b>22,289</b>	<b>19,907</b>

#### Recognition and measurement

Trade 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. Trade and other payables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method.

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

## 23 Contingencies

### 23.1 Contingent liabilities

#### Guarantees

(i) The Trust had contingent liabilities at 31 March 2020 and 31 March 2019 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.

## 24 Capital commitments

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

	Consolidated	
	2020 \$'000	2019 \$'000
Construction contracts	4,826	5,075
Other	13,290	32,974
<b>Total capital commitments</b>	<b>18,116</b>	<b>38,049</b>

Other commitments include the capital call commitment for investment in Pioneer Capital for \$7.4m (2019: \$10.8m), Waterman Fund \$3.4m (2019: \$4.1m) and a commitment to contribute capital to the joint venture Tainui Auckland Airport Hotel 2 LP of \$2.5m (2019: \$18.1m) upon a capital call notice.

## 25 Leases

### (a) Accrued revenue

	Consolidated	
	2020 \$'000	2019 \$'000
Within one year	263	263
Later than one year	30,188	30,450
	<b>30,451</b>	<b>30,713</b>

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

## Waikato Raupatu Lands Trust Notes to the consolidated financial statements

For the year ended 31 March 2020

### 25 Leases

#### (b) Operating leases as lessee

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

	Consolidated	
	2020 \$'000	2019 \$'000
Within one year	291	225
Later than one year but not later than five years	201	316
<b>Total non-cancellable operating leases</b>	<b>492</b>	<b>541</b>

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.

#### (c) Group as lessor

The Group enters into property leases with tenants on its investment properties, including The Base and University of Waikato. The Group has determined that it retains all significant risks and rewards of ownership of these properties and has therefore classified the leases as operating leases.

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

	Consolidated	
	2020 \$'000	2019 \$'000
Within one year	27,644	26,760
Between one and five years	74,118	76,669
Later than five years	84,712	85,026
<b>Total non-cancellable operating leases</b>	<b>186,474</b>	<b>188,455</b>

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 2020, the Group disposed of \$0.8m within the asset class of property, plant and equipment (2019: \$1.0m).



**Waikato Raupatu Lands Trust**  
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For the year ended 31 March 2020

27 Trust structure

(a) Controlled entities:	Charitable status	Principal activity	Control and voting interest	
The Trust controls the following entities, which form the Economic entity. All controlled entities have a March balance date.				
			<b>2020</b>	<b>2019</b>
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 Koiiora Collective LP	No	Investment	100%	100 %
Waikato-Tainui Koiiora 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

Controlled entities 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. Controlled entities 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 controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Trust.

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

#### 27 Trust structure

##### (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	
		2020	2019
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	
	2020 \$'000	2019 \$'000
<b>Statement of financial position</b>		
Current assets	514	875
Non-current assets	198,000	217,500
<b>Total assets</b>	<b>198,514</b>	<b>218,375</b>
Current liabilities	1,440	1,586
<b>Total liabilities</b>	<b>1,440</b>	<b>1,586</b>
<b>Net assets</b>	<b>197,074</b>	<b>216,789</b>

	Consolidated	
	2020 \$'000	2019 \$'000
<b>Statement of comprehensive revenue and expense</b>		
Revenue	17,256	16,449
Fair value gain on investment property	(22,208)	12,988
Expenses	(5,034)	(4,832)
<b>Profit before income tax</b>	<b>(9,986)</b>	<b>24,605</b>

**Waikato Raupatu Lands Trust**  
Notes to the consolidated financial statements  
For the year ended 31 March 2020

27 Trust structure

**(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.

		2020	2019	2020	2019
Ngai Tahu Tainui Go Bus Holdings Limited*	Direct investment	33%	33%	-	39,115
Raukura Moana Sealord Limited Partnership	Primary Industries	50%	50%	-	869
Rotokauri Development Limited	Property	70%	70%	10,625	13,411
Waikato Milking Systems Limited Partnership	Direct investment	32%	32%	-	13,589
Tainui Auckland Airport Hotel LP	Hotel	50%	50%	23,930	33,135
Tainui Auckland Airport Hotel 2 LP	Hotel	50%	50%	20,020	4,420
				<b>54,575</b>	<b>104,539</b>

\*Held for sale at 31 March 2020

		Consolidated	
Note		2020 \$'000	2019 \$'000
<b>Movements in carrying amounts</b>			
	Carrying value at the beginning of the year	104,539	99,967
	Share of surplus after income tax	3,531	3,554
	Elimination of profits on transactions with joint ventures	86	-
8	Share of other comprehensive income / (loss)	1,110	(419)
	Reclassification of other financial assets	-	9,731
13	Reclassification to non-current assets held for sale	(39,877)	-
	Disposal	(635)	(14)
	Contribution	15,600	1,420
	Impairment	(14,254)	(9,700)
	Dividends received	(15,525)	-
	<b>Carrying amount at the end of the financial year</b>	<b>54,575</b>	<b>104,539</b>

	Consolidated	
	2020 \$'000	2019 \$'000
<b>Statement of financial position</b>		
Current assets	20,607	62,379
Non-current assets	79,687	158,518
<b>Total assets</b>	<b>100,294</b>	<b>220,897</b>
Current liabilities	10,793	44,722
Non-current liabilities	34,926	71,636
<b>Total liabilities</b>	<b>45,719</b>	<b>116,358</b>
<b>Net assets</b>	<b>54,575</b>	<b>104,539</b>

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

For the year ended 31 March 2020

#### 27 Trust structure

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

	Consolidated	
	2020 \$'000	2019 \$'000
<b>Statement of comprehensive revenue and expense</b>		
Revenues	96,172	97,333
Expenses	(92,296)	(93,779)
<b>Profit before income tax</b>	<b>3,876</b>	<b>3,554</b>

#### Recognition and measurement

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

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

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

#### COVID-19

Investments in joint ventures at balance date consists of ventures within property development, tourism/hotel and manufacturing industries. The Group notes the suggested impacts of COVID-19 on the industries and accordingly completed assessments for impairment on each joint venture investment at balance date. Assessments included consideration of the investee accounting policies, immediate impacts of the pandemic as well as perceived medium term impacts. Two of the investments reported on at balance date are held at cost within the investee accounting policies. The Group noted potential impacts within the short term outlook however notes that given the current investee accounting policies, any impacts would not be to a level whereby an impairment of the valuation recorded by the Group would be necessary. An impairment was recognised for investments where forecasted output suggested the carrying amount as too high.

**Waikato Raupatu Lands Trust**  
**Notes to the consolidated financial statements**  
 For the year ended 31 March 2020

## 28 Financial instruments

### 28.1 Financial risk factors

Exposure to credit, market (currency, price and interest) and liquidity risks arise in the normal due course of the Group's business. The Group 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 Group, causing the Group to incur a loss. The Group 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 Group 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 Group has appropriate security and guarantees. The Group further minimises credit exposure by limiting the amount of surplus funds placed with any one financial institution. The cash and cash equivalents of \$195.8m (2019: \$201.5m) are held with bank and financial institution counterparties, which are rated AA- to A+, based on Standards and Poor ratings. The Group does not expect non-performance of any obligations at balance date. There are no material financial assets held by the Group 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 Group is exposed to equity securities price risk. This arises from investments held by the Group that are classified at fair value through profit or loss.

#### Sensitivity analysis

As at 31 March 2020, if the market close prices on quoted investments had been 10% higher/(lower), with all other variables held constant, the Group's surplus/(deficit) for the year and the equity would have been \$4.9m (2019: \$5.3m) higher/(lower).

As at 31 March 2020, if the net assets of the unlisted investments had been 10% higher/(lower), with all other variables held constant, the Group's surplus/(deficit) for the year and the equity would have been \$21.1m (2019: \$20.6m) 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 \$1.1m (2019: \$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 \$1.2m (2019: \$1.4m).

##### (iii) Interest rate risk

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

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

Under interest rate swap contracts, the Group 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 Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows at reporting date and the credit risk inherent in the contract and are disclosed below. The average interest rate is based on the outstanding balances at the start of the financial year.

## Waikato Raupatu Lands Trust Notes to the consolidated financial statements

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### 28 Financial instruments

#### (b) Market risk

##### Sensitivity analysis

As at 31 March 2020, if the 90-day bank bill rate had been 50 basis points higher/(lower), with all other variables held constant, the Trust's surplus/(deficit) for the year and the equity would have been \$0.5m (2019: \$0.7m) higher or lower. This movement is attributable to the increase of outstanding loans from \$145.3m to \$165.5m and greater exposure to floating interest rates via term deposits.

#### (c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. The Group 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 Group'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 Group'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 2019

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	12,317	-	-	-	12,317	12,317
Borrowings	4,665	23,112	129,590	-	157,367	145,288
<b>Total non-derivatives</b>	<b>16,982</b>	<b>23,112</b>	<b>129,590</b>	<b>-</b>	<b>169,684</b>	<b>157,605</b>
Derivative financial instruments (outflows)	2,113	1,554	1,727	50	5,444	4,546
<b>Total derivatives</b>	<b>2,113</b>	<b>1,554</b>	<b>1,727</b>	<b>50</b>	<b>5,444</b>	<b>4,546</b>

##### Consolidated at 31 March 2020

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	14,972	-	-	-	14,972	14,972
Borrowings	115,050	2,906	56,923	-	174,879	165,498
<b>Total non-derivatives</b>	<b>130,022</b>	<b>2,906</b>	<b>56,923</b>	<b>-</b>	<b>189,851</b>	<b>180,470</b>
Derivative financial instruments (outflows)	1,910	1,237	620	-	3,767	3,767
<b>Total derivatives</b>	<b>1,910</b>	<b>1,237</b>	<b>620</b>	<b>-</b>	<b>3,767</b>	<b>3,767</b>

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## 28 Financial instruments

### (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 Group 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 2019	Level 1	Level 2	Level 3	Total balance
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
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
<b>Total financial assets</b>	<b>52,988</b>	<b>176,597</b>	<b>42,186</b>	<b>271,771</b>
<b>Financial liabilities</b>				
- Interest rate swaps	-	(4,546)	-	(4,546)
<b>Net financial assets (liabilities)</b>	<b>52,988</b>	<b>172,051</b>	<b>42,186</b>	<b>267,225</b>

Consolidated as at March 2020	Level 1	Level 2	Level 3	Total balance
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Financial assets at fair value through surplus or deficit				
- Investments in listed companies	49,066	-	-	49,066
- Investments in investment equity funds	-	-	29,960	29,960
- Investment in fixed interest fund (AMP)	-	180,958	-	180,958
- Investments in unlisted company (AFL income shares)	-	-	11,200	11,200
<b>Total financial assets</b>	<b>49,066</b>	<b>180,958</b>	<b>41,160</b>	<b>271,184</b>
<b>Financial liabilities</b>				
- Interest rate swaps	-	(3,767)	-	(3,767)
<b>Net financial assets / (liabilities)</b>	<b>49,066</b>	<b>177,191</b>	<b>41,160</b>	<b>267,417</b>
<b>Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period</b>	<b>(4,240)</b>	<b>(221)</b>	<b>(1,100)</b>	<b>(5,561)</b>

## Waikato Raupatu Lands Trust

### Notes to the consolidated financial statements

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#### 28 Financial instruments

##### (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
<b>Consolidated</b>			
<b>At 31 March 2019</b>			
Investment 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
	<b>271,771</b>	<b>224,464</b>	<b>496,235</b>
<b>At 31 March 2020</b>			
Investment in listed equities and unlisted investment funds	271,184	-	271,184
Trade and other receivables	-	20,084	20,084
Cash and cash equivalents	-	195,804	195,804
	<b>271,184</b>	<b>215,888</b>	<b>487,072</b>

##### Reconciliation of level 3 fair values

The tables below show a reconciliation between the opening to closing balances of level 3 financial instruments

##### (i) Private equity funds

	Consolidated	
	2020 \$'000	2019 \$'000
Balance at the beginning of the year	26,985	18,450
Purchases	3,964	7,906
Disposals	(3,127)	(90)
Gains and losses recognised in other comprehensive revenue and expense	1,856	719
	<b>29,678</b>	<b>26,985</b>

##### (ii) AFL income shares

	Consolidated	
	2020 \$'000	2019 \$'000
Balance at the beginning of the year	12,300	12,300
Gains and losses recognised in other comprehensive revenue and expense	(1,100)	-
	<b>11,200</b>	<b>12,300</b>



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28 Financial instruments

(e) Financial instruments by category (continued)

Financial liabilities as per consolidated statement of financial position	Liabilities at fair value through surplus or deficit \$'000	Liabilities at amortised cost \$'000	Total \$'000
<b>Consolidated</b>			
<b>At 31 March 2019</b>			
Borrowings	-	145,288	145,288
Derivative financial instruments	4,546	-	4,546
Trade and other payables	-	12,317	12,317
	<b>4,546</b>	<b>157,605</b>	<b>162,151</b>
<b>At 31 March 2020</b>			
Borrowings	-	165,498	165,498
Derivative financial instruments	3,767	-	3,767
Trade and other payables	-	14,972	14,972
	<b>3,767</b>	<b>180,470</b>	<b>184,237</b>

(f) Capital risk management

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

The Group has not breached any bank covenants as required by the Bank of New Zealand and Westpac New Zealand Limited during the reporting period (see note 20) (2019: no breach). There are no externally imposed capital requirements at balance date (2019: nil).

	Consolidated	
	2020 \$'000	2019 \$'000
Total borrowings	165,498	145,288
Less: cash and cash equivalents	(195,804)	(201,521)
Net debt	(30,306)	(56,233)
Total equity	1,206,029	1,245,770
Total capital	<b>1,175,723</b>	<b>1,189,538</b>
<b>Net debt to equity ratio</b>	<b>(2)%</b>	<b>(5)%</b>

## Waikato Raupatu Lands Trust

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#### 29 Events occurring after the balance date

##### **COVID-19 - Rent relief**

Following balance date, the Group has been working with tenants that need some limited assistance to counter the impact of restrictions placed within government Alert Levels 3 and 4. Tenants are receiving assistance primarily via deferrals or rent abatements.

##### **Loan renegotiation**

During May 2020, new facility agreements were agreed upon of \$100.0m in relation to finance for The Base. This effectively renews the majority of the facilities recognised in these financial statements under current interest bearing liabilities, albeit under a new structure. The newly imposed finance structure decreases the finance from Westpac Bank and Bank of New Zealand from \$50.0m each to \$35.0m. It introduces a third bank, Industrial and Commercial Bank of China with a facility of \$30.0m. The maturity of these facilities is currently May 2021.

##### **Provincial Growth Fund**

On 9 June 2020, a co-funding agreement was announced between the Government, TGH and Hamilton City Council (HCC) as part of the Provincial Growth Fund. The agreement commits a \$16.8m grant from the Government to be matched by TGH and includes a \$5m contribution from the HCC. The investment will collectively fund infrastructure that will connect the Ruakura Inland Port, currently in development, to the new Waikato Expressway.



