

Ngati Mutunga o Wharekauri Iwi Trust

ANNUAL REPORT 2016

Wharekauri te moutere
Noninga remu Taiko e
He pā akeake
Ngana hau au e

Puhia ra e te hau
Uaina e te ua e
Ko Matipo, ko Kopi
Whakamāurutanga e

Korihi te Tui korari
Koē te Weka one e
Ngā mihi whakatau
Maioha e

Whakatau mai ki Te One
Te iti, te rahi e
Ki te takapou whāriki
Whakamaharatanga e

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NA TE KAIWHAKAHAERE – ANNUAL REPORT 2015-16

*E ngā mana, e ngā reo, e ngā huihuinga o Ngāti Mutunga o Wharekauri
Nei rā te mihi ki a tātou nei ngā uri ō ngā mātua tūpuna o Wharekauri
nā rātou i waihotia e ngā taonga mo tātou katoa
Tihe mouri ora.*

On behalf of the Board of Trustees it is a pleasure to introduce the 2015 – 2016 Annual Report of Ngāti Mutunga o Wharekauri Iwi Trust.

The year in review has been an eventful and challenging one for the Trust. In April Ngāti Mutunga o Wharekauri Iwi Trust Trustees and staff alongside Management, Trustees and staff from Ha O Te Ora O Wharekauri Trust participated in a team building wānanga under the guidance of Eraia Kiel from Team One Ltd. Eraia was accompanied by Wiremu (Lee) Edmonds who gave an inspiring kōrero on how to 'Stand in the Gap' during times of need. An open hui was held for the island which was greatly attended and participants left enriched and unified.

Mid-year NMOW Iwi Trust and the Settlement Governance Group (SGG) held hui on and off-island asking for interest from our Iwi to be part of the SGG and requesting nominations for Negotiators for our Treaty Settlement with the Crown. I would like to acknowledge those whānau who attended and engaged as your kōrero was extremely important. We concluded with a Hui-A-Iwi on Wharekauri with the Honourable Minister Chris Finlayson and Crown Negotiator Fran Wilde. This was an open forum hui for our whānau to question the Crown on Treaty matters.

The Contract for Services with Trust Secretary Ward Kamo ended in June. This was an opportunity for Trustees to look at the management needs of the organisation to take us forward. Ward's enthusiasm for our Settlement process led the Iwi Trust to have official recognition of Mandate. During his role as Trust Secretary, Ward provided professional management services to the Board and engaged endlessly with whānau through hui and individually. We are grateful for the years Ward spent with the Iwi Trust both as a member and part of the management team. *'ka nui te mihi e te rangatira'*

Distribution Activities

The direct distribution funding made by the Iwi Trust during the year was as follows:

Koha	\$876
Mau Rākau	\$16,424
Pūtea Whanaungatanga (incl Kaumātua)	\$14,765
Website, Pānui and Annual Report	\$7,877

In addition, the Iwi Trust expended the following on distribution activities through its funding arrangements with the Social Housing Unit (MBIE), Ministry of Education and Te Taura Whiri i te Reo Māori:

Education Strategy	\$7,866
Te Reo Māori Project	\$12,323
Housing Development	\$111,457

Housing Development

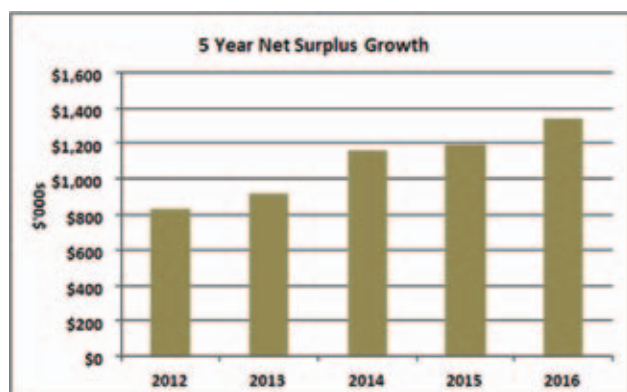
Since the start of 2015, the Iwi Trust has been leading a project for the Crown to create a new housing entity for the Chatham Islands. This entity, provisionally known as the Chatham Islands Housing Partnership, will look to bring together the Iwi Trust alongside Hokotehi Moriori Trust, the Chatham Islands Council and the Chatham Islands Enterprise Trust in the management of a \$2m pūtea from the Crown. These funds will be used to help people get into first homes or undertake major repairs to existing homes. The Iwi Trust is now helping to manage the establishment process, and it is hoped to have the Partnership up and running soon after the start of the new financial year. More details on its operations will be published to the community at that time.

The Iwi Trust continued to manage the \$400k pūtea provided by the Prime Minister in 2012 on behalf of the community. Significant progress with the repair and regeneration of the Mitai Tini flats has been made through the year. New decks and paths have been constructed, double glazed doors and windows fitted in each unit with full external painting. The next phase will focus on the internal works, in particular the kitchens and bathrooms. We look forward to completing this project in 2016 with renovated, warm, comfortable homes for our community kaumātua.

Financial Report

New financial reporting standards introduced this year have resulted in a more simplified Statement of Financial Performance and Statement of Financial Position recorded in this Annual Report than in prior years. The consolidated Group Net Surplus for the year ended 31 March 2016 was \$1.34m, a pleasing 12.5% increase against last year's \$1.19m. This improved performance generated a Group Return on Equity of 5.5%, up from 5.2% in 2014-15.

Our year on year Group Net Surplus and Equity continues to show impressive growth. The tables below illustrate this growth over the last 5 years with Group Net Surplus increasing \$510k / 60% from \$833k to \$1.34m and Group Equity increasing \$4.59m / 22% from \$20.41m to \$25.00m.



The 2012 Net Surplus is normalised and excludes the one-off \$653k funds received from the liquidation of the old Ngāti Mutunga o Wharekauri Trust

These increasing financial performance metrics continue to be generated on the back of robust and prudent investment policies we have with our Asset Holding Company; the arms-length governance arrangements we oversee; our continued Iwi Trust presence on the Asset Holding Company Board; and the competent performance of the Asset Holding Company managers Koau Capital Partners Limited employed by the AHC board.

Each of the Iwi Trust and AHC report in greater detail on their respective financial and operating performance for 2015-16 separately within this Annual Report.

Settlement Negotiations with the Crown

After extensive consultation and hui in 2014 followed by a voting process within Ngāti Mutunga o Wharekauri, the Crown recognised the mandate of the Trust to enter into negotiations to settle all outstanding Treaty claims in March. In the 2015/16 period, the Trust has sought and obtained Crown funding as well as establishing the structures, processes and engaging personnel necessary to commence negotiations with the Crown in April 2016.

The Trust called for nominations from Ngāti Mutunga o Wharekauri members and subsequently established a Settlement Governance Group (SGG). The SGG is to provide advice to the Trust on claim matters including general and special factors that should be advanced in the claim, settlement aspirations, selection of negotiators and other Treaty issues that may arise in the course of negotiations. The SGG is also expected to provide advice and recommendations to the Trust on:

- The terms of reference for any working parties and the appointment of personnel to any such working parties;
- The adoption of a negotiations plan;
- The adoption of a comprehensive negotiations strategy;
- The adoption of a communications strategy;
- Options for the post settlement governance entity
- Adoption of an Agreement in Principle;
- Adoption of a Deed of Settlement.

Current members of the SGG include Phil Seymour (Chair), Paula Page, John Kamo, Nic Cameron, Tony Tumoana, and Miriama Patuwai.

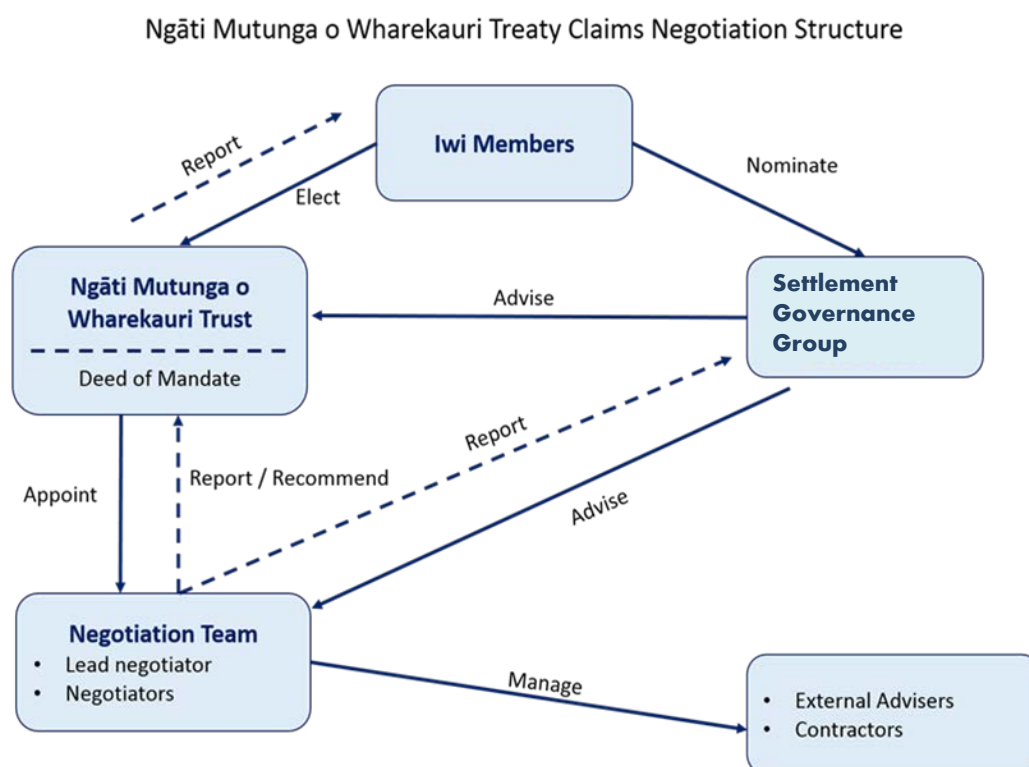
After consultation with the SGG, the Trust has appointed a team of three claim negotiators, being Tom McClurg

(Lead), Hariroa Daymond and Geoff Mullen. The negotiation team is appointed by the Trust but is expected to liaise with and provide reports to both the Trust and the SGG.

The negotiation team is to have day to day responsibility for the management of the negotiation program with the Crown on behalf of NMOW. It is responsible for the refinement and execution of the overall negotiation strategy as approved by the SGG and the Trust. That execution will include the identification of information, resources and external advice and support necessary to support the Ngāti Mutunga o Wharekauri side of the claim process and management of advisers and service providers.

The overall objective of the negotiation team is to influence the development of an Agreement in Principle document for approval by SGG, the Trust and the Minister of Treaty Negotiations that reflects the Settlement aspirations of Ngāti Mutunga o Wharekauri to the greatest extent feasible given the many constraints of the Treaty Settlement Process and framework.

The following provides a diagrammatic illustration of the structure described above.



Tribal Footprint

We enhanced our tribal footprint in the following ways:

Taiaha Wānanga

We held two Taiaha wānanga during the year of reporting. These are always well attended by our tamariki and whānau. Matua Eraia Kiel and Matua Patrick Mohi provide excellent leadership and are role models for our future generation under the Mau Rākau kaupapa.

Te Reo Wānanga

Te Reo Māori whānau had the opportunity to attend five wānanga both on and off the island. We acknowledge the attendees for their commitment to the kaupapa, and continue to see their growth. The positive outcome has led to participation from Kaingaroa Kura alongside the Te Reo whānau joining together for weekly Kapa Haka at Whakamaharatanga Marae.

Te Rā o Tā Maui Pomare

Whanau attended Te Rā o Tā Maui Pomare celebrations at Waitara, Taranaki, in June 2015. Māui Pōmare Day occurs on the closest Saturday to 27 June (the day Māui passed away in 1930) each year is recognised as Te Rā o Maui Pomare.

Sir Maui Pomare KBE, CMG (1875–1930), of Ngāti Mutunga and Ngāti Toa, health reformer and our first Maori medical doctor, was known for his efforts to improve Maori health and living conditions. He was also a formidable politician and member of the Young Maori Party and the instigator of investigations into Taranaki land confiscations. This occasion is a time to remember and acknowledge those who had passed away the previous year and to bring our 'mate' of the year together to acknowledge them appropriately in the process of 'hari mate'.

This event has provided an opportunity for our people to connect and reconnect with our whanaunga of Ngāti Mutunga ki Urenui and Taranaki whānui.

Taranaki Tū Mai

Taranaki Tū Mai is a biennial event where iwi of Taranaki come together to celebrate Taranakitanga, Whanaungatanga and Whakapapa through Hākinakina (sport), Kapa Haka (cultural performances) and Wānanga (learning forums). In November, NMOW whānau members attended Taranaki Tū Mai and participated in the Touch and Netball tournaments.

The aim of Taranaki Tū Mai is to promote and celebrate Māori unity in Taranaki. Taranaki Tū Mai offers something for everyone, from our mokopuna to our kaumātua. It allows for whanaungatanga to be practised, valued and experienced inter-generationally, and with other whānau, hapū and iwi. In this respect, it helps us to foster our Ngāti Mutunga connections with other iwi of Taranaki.

We mihi to Auntie Raana Tuuta and Auntie Elanor Amaru who travelled with us to support this amazing event. The Netball team achieved third place in the competition.

Submissions

During the 2015/16 year, the Iwi Trust offered submissions on the following -

- Te One Refuge Centre
- Waitangi Wharf Upgrade
- Pitt Island Wharf
- Te Ture Whenua Māori Act
- Hokotehi Moriori Trust Mandate Reconfirmation

AFL Opening

On Tuesday 8 December 2015, the new Aotearoa Fisheries Ltd factory was opened on the Chatham Islands by the Minister for Primary Industries, Hon Nathan Guy, in a celebratory ceremony that recognised the boost it would give the local economy. With the new factory's export capability, it will provide ongoing and increased employment in the long term, have a positive spin off for other industries such as shipping and aviation, and enable premium seafood such as blue cod, crayfish and pāua to be showcased in global markets.

We welcomed the manuhiri onto the marae with a pōwhiri. We thank all those who participated in uplifting the mana of Ngāti Mutunga o Wharekauri. The celebration included our Taiaha warriors who gave an exceptional performance and also the Kapa Haka group whose waiata was exceptional.



Registrations

The board are proud of the rise in registrations that have occurred in the year in review. Registration numbers have increased as a result of the Settlement wānanga and advertising. We expect the increase in numbers to continue through 2016/17 and currently have a register of 1148 people.

Kaumātua

We celebrate, honour and acknowledge the very important roles our kaumātua play within our Iwi. Kaumātua are important people who provide legacies and platforms for our future generations to follow.

In December, the Iwi Trust hosted a Christmas lunch for our kaumātua at Whakamaharatanga Marae. This was a well-attended occasion and a privilege to have so many of our kaumātua all together to celebrate the festive season.

Summary

I take the opportunity to mihi the Asset Holding Company Directors and Management, and equally to Iwi Trust Management. Our AHC Directors and Management have, once again, delivered on the financial and strategic promises outlined in the Statement of Financial Policies and Objectives. The Iwi Trust Board takes pride in the AHC's capacity to continue to deliver strong results for our Iwi. During the year we farewelled Robin Page from the AHC Board. I sincerely thank Robin for his outstanding contribution, passion and commitment he gave during his years to the AHC Board, and wish him well in his future endeavours.

I acknowledge also my fellow Trustees for their dedication and loyalty regarding all kaupapa shared within our Iwi. In our Trustee elections in September the Board gained two new Trustees; Iwiroa Wairua and Mahara Gilsenan. We were fortunate to retain John Kamo (Deputy Chair) but we did however lose Gail Amaru from our team. Gail was a valued and enthusiastic Trustee.

Whanau, we look forward to engaging with you through wānanga as part of our Settlement kaupapa, to gather your kōrero and aspirations for a successful Treaty claim.

I have no doubt the 2016/17 year will be equally successful and look forward to updating you on progress at the Annual General Meeting on 17 September 2016.

Mā te kotahi o te waihoe ka tae to tātou waka ki uta.



Paula Page
Chair





Reo Wananga – Urenui – June 2015

IWI TRUST REPORT – 2015/16

1. OVERVIEW

The Iwi Trust made good progress during the course of the 2015/16 financial year in achieving the objectives it set for itself at the beginning of the financial year.

During the 2015/2016 year the Crown formally recognised the mandate of the Iwi Trust to enter into negotiations to settle all outstanding Treaty claims. The Negotiators and Settlement Governance Group have established structures and processes to commence negotiations with the Crown.

The Iwi Trust has been able to show continued growth in its asset base which provides certainty in the Trust's ability to then deliver on its programme of distributions. The returns from the investment in the Port Nicholson Fisheries have been a major factor in achieving the increased profit margins. The Iwi Trust maintains a close and informed working relationship with its AHC Directors.

2. FINANCIAL PERFORMANCE

The Iwi Trust group recorded a surplus of \$1,343,303 in the 2015/16 year, representing an improvement of \$149,456 over last year's results of \$1,193,847.

The improved financial performance was achieved mainly on the back of improved core seafood revenues by the Iwi Trust's subsidiary AHC, and continuing efficiencies in the Iwi Trust's cost management.

Revenue from ACE sales increased by \$126,149 over last year to \$1,929,434. Other income did reduce from \$765,894 to \$436,401, as last year included a number of one-off items including additional Reo Project grants and other settlements.

Total expenditure of the group reduced by \$352,801 from last year to \$1,022,532 this year. The main area of reduction related to the Iwi Trust operating expenses, which decreased from \$554,839 last year to \$309,203 this year.

3. FINANCIAL POSITION

The strong performance of the Iwi Trust Group has further strengthened the Group's financial position, with its net assets increasing from \$23,657,829 last year to \$25,001,132.

Equity, as a percentage of total assets of the Group has increased to 98% up from 97% last year.

4. PERFORMANCE AGAINST ANNUAL OBJECTIVES

Ngāti Mutunga o Wharekauri Kaupapa

Kei te tipu me tiaki te Ahua, Mana, Tino Rangatiratanga, Mutungatanga, me ngā Taonga Tuku Iho, o Ngāti Mutunga o Wharekauri

Represent the Iwi	Manage the Assets	Distribute Benefits
To represent the collective interest of Ngāti Mutunga o Wharekauri	To hold and manage the assets of the Trust as Kaitiaki of Ngāti Mutunga o Wharekauri for the benefit of all members via the Asset Holding Company (AHC)	To distribute benefits directly or indirectly to Ngāti Mutunga o Wharekauri Iwi

Key Objective	Achievements
Treaty Settlement: <ul style="list-style-type: none">Work with Ngāti Mutunga o Wharekauri whānau to conclude Treaty Settlement negotiations with the Crown.	<ul style="list-style-type: none">✓ Negotiators appointed✓ Additional members to Settlement Governance Group✓ Ongoing hui with OTS officials, Negotiators and Settlement Governance Group to progress settlement✓ Ongoing hui with Ministers of Treaty Settlements and Maori Development to progress claim

<p>Effective Governance:</p> <ul style="list-style-type: none"> Assist Board to increase capacity by developing and implementing an effective governance programme. 	<ul style="list-style-type: none"> ✓ Induction of new trustees undertaken ✓ Governance training for Trustees
<p>Identity of Ngāti Mutunga o Wharekauri:</p> <ul style="list-style-type: none"> Ensure the mana and tikanga of Ngāti Mutunga o Wharekauri is maintained and interwoven into the fabric of Wharekauri life. 	<ul style="list-style-type: none"> ✓ Ruia Kākano <ul style="list-style-type: none"> • 5x Reo Wānanga • 2 x Taiaha wānanga / Kapa Haka ✓ Weekly cultural day at Whakamaharatanga marae ✓ Hui with Kaunihera Kaumātua ✓ Ngāti Mutunga o Wharekauri ope attends Maui Pomare Day at Waitara ✓ Presence at Te Ra Tumeke Day ✓ Ope attends Taranaki Tu Mai ✓ Christmas lunch with Kaumātua and Kaingaroa Kura ✓ 7 x Putea Whanaungatanga applications approved
<p>Ngāti Mutunga o Wharekauri Marae</p> <ul style="list-style-type: none"> Progress action on the development of a suitable wharenui and marae for Ngāti Mutunga o Wharekauri. 	<ul style="list-style-type: none"> ✓ Strengthening relationships with Wharekauri Maori Committee ✓ Informal discussions with whanau
<p>Effective Communications</p> <ul style="list-style-type: none"> Continue to improve quality and effectiveness of engagement with Iwi Members. 	<ul style="list-style-type: none"> ✓ 2 x pānui ✓ 1 x annual report ✓ Communications via Iwi Trust 'MailChimp' e-mail list ✓ Ongoing communications through Facebook ✓ Hui on and off-island
<p>Representation</p> <ul style="list-style-type: none"> Continue to engage local and Crown agencies. 	<ul style="list-style-type: none"> ✓ Submissions on following: <ul style="list-style-type: none"> • Waitangi Wharf submission • Waitangi Wharf Hearing • CIC – Waste Management Plan submission • CIC – Sludge Treatment Facility submission • Cultural Impact Report for Te One Refuge Centre • Submission on Te Ture Whenua Maori Act
<p>Tribal Footprint</p> <ul style="list-style-type: none"> Ensure Ngāti Mutunga o Wharekauri Influence as an Iwi is reflected at Crown and Iwi To Iwi level. 	<ul style="list-style-type: none"> ✓ Port Nicholson Fisheries now includes 25 iwi of the 57 iwi nationally as partners within the business. ✓ Collective investment opportunities being considered alongside our Taranaki whanaunga ✓ AHC presence on collective Iwi Deep Water Working Group to assess long term commercial relationship between iwi and Sealord ✓ The Settlement process has strengthened connection with Ngāti Mutunga o Wharekauri Iwi ✓ Leading Chatham Islands Housing Solution kaupapa alongside key organisations
<p>Asset Management</p> <ul style="list-style-type: none"> Continue to work closely with the AHC on growing an on-island economic base. 	<ul style="list-style-type: none"> ✓ Regeneration in progress on Mitai Tini Flats. ✓ Continue to work with the AHC to identify on-island investment opportunities

In addition to the above annual objectives, the Iwi Trust remained focused on increasing Iwi registrations. The registration process increased from the 2014/15 financial year (figures in brackets). The previous financial year saw an unprecedented increase in registrations as a result of the process of treaty mandate recognition. It is likely the numbers in 2016/17 will see a significant jump again as the settlement process begins in earnest. That said, the total registrations of 1148 against a total Ngāti Mutunga o Wharekauri identified population base of 1,641 (2013 Census) is very pleasing.

The registration process has been streamlined with Iwi members now able to utilise an online form to register as beneficiaries. This can be accessed on www.nmow.iwi.nz/register/form. Total registrations for 2015/16 are detailed in the tables below:

Total New Registrations to 31 March 2016 (2014-15 figures in brackets)			
TOTAL	Tane	Wahine	Rangatahi (u18)
41 (30)	13 (7)	14 (14)	14 (9)

2015 New Registrations by Wahi			
Wharekauri	Te Waipounamu	Te Ika-a-Maui	Whēnua Moemoea
5 (2)	3 (15)	29 (8)	4 (5)

All Registrations			
TOTAL Registered	Tane	Wahine	Undeclared
1148 (1107)	569 (559)	574 (543)	5 (5)

All Registrations by Wahi				
Wharekauri	Te Waipounamu	Te Ika-a-Maui	Whēnua Moemoea	Tawahi
282 (271)	284 (268)	505 (491)	75 (74)	2 (3)

Registration Demographics		
Adult	Over 18 not registered	Tamariki (under 18)
693 (667)	244 (242)	211 (198)

5. STATUTORY / CONSTITUTIONAL COMPLIANCE REPORT

Constitutional Amendments

No amendments were made in 2015-16.

Proposed Amendments to Constitution for the 2016-2017 Financial Year

No amendments are proposed for the 2016-17 financial year.

Iwi Trust Group Annual Report

This Annual Report will be available to beneficiaries in August 2016. The annual general meeting is scheduled for 17 September, 2016. Accordingly, the provision of this Annual Report is to ensure that the Trust remains accountable and transparent to its beneficiaries.

This Annual Report includes all information required pursuant to Section 13 of the Iwi Trust Deed for both the Iwi Trust and the AHC.

Benefit Distribution Policy

Prior to the start of the 2015-16 financial year the Trust Board considered the Strategic Direction which included:

- priorities for funding;
- policies in respect to the method of distribution of benefits
- policies on how Beneficiaries who live outside Wharekauri may reasonably access to the benefits of the Trust.

Iwi Trust Annual Plan

The Annual Plan for the 2016-17 year has been prepared and approved in principle by the Trustees. This will be made available on our website once final edits completed.

Policy Development

The Iwi Trust and its subsidiaries maintained and where required established appropriate and transparent policies and procedures for its Trustees, Directors, Employees, and advisors during its various recruitment, engagement, and appointment processes to support:

- Management systems
- Administration policies
- Financial accountability
- Reporting systems
- Code of conduct.

5 Year Commercial Plan

The Iwi Trust is required to establish a 5-year medium term plan of its commercial activities which shall include:

- Core commercial activities of the Trust, the AHC, and any other Corporate Entities;
- A Dividend policy in respect of the level of distribution or re-investment of income;
- A policy in respect of the acceptable Debt/equity ratios of its investments;
- A policy in respect of restrictions on alienation of assets.

The Trust Deed requires a full review of this 5-year plan every two years. A Statement of Investment Strategy and Policy (SIPO) to support the 3 year Strategic Direction was established in June 2010 for the AHC and to ensure guidelines were in place for the AHC board. The SIPO was subsequently updated for the 2015-16 and for the 2016-17 financial years. A full review of the SIPO is to be completed during the 2016 year prior to the commencement of the 2017-18 financial year.



Sunset from Te Whanga Lagoon courtesy of Teresa-Ann Goomes

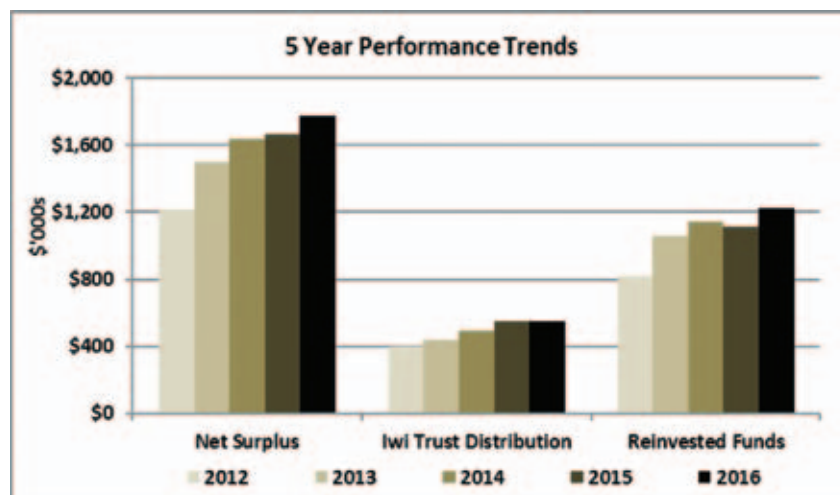
NGATI MUTUNGA O WHAREKAURI ASSET HOLDING COMPANY LIMITED “AHC” ANNUAL REPORT SECTION 2015-16

1. SUMMARY OF YEAR IN REVIEW

Financial Summary

The AHC Board is pleased to report an Operating Net Surplus before distributions to the NMOW Iwi Trust (NMOWIT) of \$1.78m for the 2015-16 financial year, a \$115k (7%) increase against last year's \$1.66m. This resulted in a pre-distribution Return on Equity of 7.3% compared to 7.2% last year. After accounting for distributions to the NMOWIT of \$550k, AHC's equity increased by \$1.22m (5.2%).

AHC's performance improvement trend over the last five years is illustrated in the tables below, the first showing the growth in AHC Net Surplus, the change in Distributions to the Iwi Trust and the residual funds available for reinvestment.



AHC's Net Surplus has increased approximately \$600k from just over \$1.2m in 2011-12 to nearly \$1.8m in 2015-16. Over the same period, distributions to NMOWIT have risen \$150k from \$400k to the current \$550k. Importantly, the combination of these metrics has generated continued growth of funds available for reinvestment back into the AHC business which is currently in the region of \$400k, 50% higher than it was 5 years ago. A return to solid year on year growth of AHC's Net Surplus and Reinvested Funds through 2015-16 is a positive change after flat lining between 2013-14 and 2014-15, primarily due to the weakened paua market.

The second graph illustrates AHC's equity growth.



The ongoing Net Surplus improvement has similarly resulted in consistent equity growth. AHC's equity is closing in on \$25m, an increase of approximately 26% from \$19.6m in 2011-12.

The AHC business model has developed to the point where it has now generated strong and consistent cash flows year on year since 2010-11. Its Balance Sheet is sound with minimal debt (being the balance of the 10 year interest free loan from Housing NZ against Te One housing development), a valuable and low risk asset base and significant cash reserves to take advantage of core investment opportunities as they arise. This financial foundation has been built on the back of robust commercial and investment strategies and disciplines over the last 6-7 years with AHC now well positioned for its next phase of growth.

Sector Summary

Once again, AHC's Port Nicholson Fisheries (PNF) investment delivered excellent returns against its crayfish assets. Total earnings for the 2015-16 year from both the sale of ACE and share of PNF profits totalled \$1.14m, generating an operating return against the value of AHC's crayfish assets of approximately 9%. Note, this return is calculated against the market value of AHC's CRA6 quota (plus the cost of the PNF investment) of \$10.8m which is significantly higher than the historic Balance Sheet value held at cost of \$4.2m. The operating return increases to approximately 18% when applied against this historic cost value.

AHC commends the performance of Grant Absalom (PNF General Manager) and his team for their skilled management of the PNF business and continued delivery of these outstanding results.

As reported last year, Aotearoa Fisheries Limited (AFL) committed to taking up a partnership interest in PNF from 1 April 2016. This was a significant decision for AFL, essentially giving up full control of its crayfish business to PNF, coupled with a marked increase in the size and operating structure for PNF. The implementation and integration of the AFL crayfish operations into PNF is now complete and has been a relatively seamless process.

Under the new PNF business model, the Wharekauri crayfish fishery (CRA6) is now a critical supply base. Approximately 50% of the crayfish from CRA6 will be supplied to PNF equating to around one third of PNF's total supply base. As a result, PNF plan to increase its infrastructure support and service to its Wharekauri fishers with the first step being to increase the on-shore holding tank capacity in Waitangi.

Following last year's significant paua market decline which saw ACE prices halve from levels achieved in 2013-14, there was a better than expected rebound through 2015-16 back to approximately 85% of pre-market decline levels. Whilst there was some improvement in market demand / price, the weakened NZD-USD cross rate was the key contributor to the ACE price improvement.

As an intergenerational participant in the Wharekauri paua industry, AHC takes a long term view of the sector which it continues to have confidence in. There is certainly the need for the industry to actively manage the fishery to ensure sustainability, invest further in the market, market diversification and alternative product forms which is being progressed currently by the key marketing entities. However, the key metrics remain sound; i.e. – it is a high value / premium seafood product, limited and falling global supply of wild paua, the economies and consumer wealth of the key markets of China and South East Asia are improving; all of which points to improving value ahead for the sector if the right marketing strategies are developed and implemented.

Blue cod and kina ACE returns remained steady with previous years.

A total of 26 NMOW fishers were allocated the four key Wharekauri inshore ACE fishstocks to catch through 2015-16, being 23mt of crayfish ACE, 35mt of blue cod ACE, 18mt of paua ACE and 61mt of kina ACE. The market value of the quota from which this ACE is derived is approximately \$18m - 75% of AHC's total quota valuation. In addition, AHC secured a further 25mt of crayfish ACE and 18mt of paua ACE from its partnership agreements for NMOW fishers to also catch.

AHC sold its deep water trawl ACE to AFL / Sealord. Earnings fell 6% on last year, primarily on the back of weakening hoki ACE demand resulting from the continued reduction of deep water catch capacity, particularly foreign charter vessels. An additional benefit negotiated this year is for AFL / Sealord to land half the orange roughy derived from AHC ACE back to Wharekauri for further processing.

The reducing deep water catch capacity highlighted above remains a real threat to iwi being able to continue to generate fair returns from their deep water ACE portfolios. This concern led to the formation of an iwi collective comprising NMOW, Ngai Tahu, Ngati Porou, Hauraki, Ngapuhi, Ngati Kahunugunu and iwi of the Iwi Collective Partnership to work with AFL and Sealord to develop long term, sustainable options for these iwi deep water ACE parcels. This initiative is to be progressed through 2016-17 with AHC participating in the working group sub-committee.

AHC's longline ACE was again sold to Waitangi Seafood and Chatham Island Food Company through 2015-16. Earnings remained on par with the previous financial year.

The year ahead for AHC will continue to focus on delivering its investment strategies. For seafood / fishing based assets, these will focus on developing opportunities for AHC to participate through the full value chain with priority given to blue cod (and other Wharekauri based finfish stocks) and paua. As it continues to achieve with PNF and

crayfish, any such opportunities pursued must be have the objective of lifting returns to all sectors, i.e. – quota owners, fishers, production and marketing, as its core strategy.

For its non-fishing based sectors, AHC will continue to assess and complete further research and analyses around opportunities identified both on and off Island. In addition, and following the recent development of the Wharekauri housing strategy, AHC will continue to support NMOWIT with its housing development objectives.

AHC Directors

Robin Page resigned as an AHC director during the year and the AHC Board would like to thank Robin for his valuable contribution to the AHC business during his 6 year tenure and more recently as AHC's representative on the PNF Board. AHC is a much improved business today than it was when Robin took up the challenge and accepted the AHC directorship becoming a key member of the board in developing the strategies, initiatives and investments that have resulting in the strong and consistent returns being generated today.

With Robin's departure, the opportunity arose to introduce a young NMOW member to the AHC business. The AHC Board is pleased to announce the appointment of Nic Cameron as the new ahi kā director. Nic runs his own dive operation on Wharekauri and is a committee member on PAUAMAC4 (the Wharekauri paua industry stakeholder entity) and Chatham Island Finfish Association (the Wharekauri finfish industry stakeholder entity). Nic has also been involved in NMOW's settlement claim mandating process highlighting the passion he has for NMOW.

2. FINANCIAL PERFORMANCE

The following table summarises AHC's financial performance for the 2015-16 financial year against the previous four years.

	2015-16	2014-15	2013-14	2012-13	2011-12
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Seafood Income	\$1,803	\$1,663	\$1,707	\$1,601	\$1,230
Investment Income	\$151	\$171	\$125	\$81	\$187
Property Income	\$45	\$50	\$55	\$33	\$19
AHC Gross Income	\$1,999	\$1,885	\$1,888	\$1,714	\$1,436
Less AHC Overheads	\$210	\$209	\$234	\$197	\$203
Less Depreciation	\$14	\$14	\$16	\$17	\$18
AHC Net Income	\$1,776	\$1,661	\$1,639	\$1,500	\$1,215

The key points in relation to the financial performance are set out in the sections below.

Fisheries Investments

Annual earnings from AHC's seafood/fisheries based investments through 2015-16 increased \$140k (8.4%) on last year to \$1,803k, a record level for the company. Seafood/fisheries based earnings have now increased \$573k over the last 5 years at an average 10% pa growth rate.

The following summary highlights the key year on year comparatives:

- Crayfish ACE income remained unchanged however AHC's share of the Port Nicholson Fisheries profit fell marginally (\$17k).
- Paua ACE returns increased \$180k on the back of the market recovery and weaker NZD-USD cross rate.
- Blue cod and kina ACE continued to be sold to, and caught by, NMOW fishers (in addition to the crayfish and paua) with no material change to the income derived from these species, although \$13k revenue will be generated in the 2016-17 financial year rather than 2015-16.
- Wetfish ACE returns decreased \$22k, principally the result of weakened demand for deep water trawl ACE, in particular hoki.
- Dividend received from AFL was \$3k lower than 2014-15.
- Direct seafood/fisheries related costs fell \$20k against last year.

Cash Investments

Earnings from cash investments decreased \$20k (11.6%) on last year. This was due to both reduced average term deposit portfolio balance across the year, with funds being used for the crayfish and paua quota acquisitions, and a lower macro interest rate environment on the back of a reducing Official Cash Rate. AHC's term deposit portfolio balance increased during the latter months closing the year at \$4.6m, an increase of \$300k over 2014-15.

Property Investments

Earnings from property investments fell \$5k (10%) on last year to \$45k. A short term vacancy period with one of the Te One 1 bedroom flats together with higher than anticipated R&M cost (\$15k versus last year \$3k) contributed to this decrease in earnings. All AHC properties are now fully tenanted.

Overheads

AHC's overheads remained largely unchanged on 2014-15 with the overhead to gross income rate falling from 12% last year to 11% in 2015-16. Over the last 5 years, AHC earnings have grown 45% whilst overhead costs have remained largely unchanged, resulting in the overhead to gross income rate dropping from 15% in 2011-12 to this year's 11%.

	2015-16	2014-15	2013-14	2012-13	2011-12
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Gross Income	\$1,999	\$1,885	\$1,888	\$1,714	\$1,436
Overheads	\$223	\$224	\$249	\$214	\$221
Overheads to Gross Income Rate	11%	12%	13%	12%	15%

Financial Performance compared to Budget

The 2015-16 Annual Plan budgeted an AHC pre-distribution Net Surplus for the year of \$1,583k. The final pre-distribution Net Surplus for the year of \$1,776k is therefore a \$193k (12%) improvement on budget.

3. FINANCIAL POSITION

The following table summarises AHC's financial position as at 31 March 2016 year end.

	2015-16	2014-15	Movement
	\$'000s	\$'000s	\$'000s
Working Capital	-\$103	\$339	-\$442
Seafood Quota	\$16,295	\$15,020	\$1,275
Port Nicholson Fisheries Investment	\$2,117	\$2,052	\$65
AFL Shares	\$414	\$414	\$0
Cash Investments	\$4,614	\$4,294	\$320
Property	\$1,796	\$1,806	-\$10
Housing NZ Loan	-\$352	-\$369	\$17
AHC Equity (Net Assets)	\$24,782	\$23,556	\$1,226

AHC equity increased \$1,226k (5.2%) through the 2015-16 financial year, equating to the AHC Net Surplus after NMOWIT distributions.

Of the \$24.8m Net Assets, \$16.3m (66%) are held within Seafood Quota. This quota is held at cost in the financial statements however an independent broker provided a market valuation of \$24.0m as at 31 March 2016, \$7.7m (47%) greater than the \$16.3m quota cost. This market valuation is also an increase of \$1.7m on last year however it includes the crayfish and of paua quota purchased through the year for \$1.3m. Hence, the net market value increase was \$0.4m (2%).

The historic quota cost is detailed in the table below split between Settlement and Non-Settlement quota.

	Settlement Quota	Non-Settlement Quota	Total Quota
	\$'000s	\$'000s	\$'000s
Blue Cod	\$155		\$155
Crayfish	\$2,076	\$2,080	\$4,156
Kina	\$93	\$592	\$685
Paua	\$4,112	\$1,110	\$5,222
Other	\$6,077		\$6,077
Total	\$12,513	\$3,782	\$16,295

4. COMPARATIVE PERFORMANCE METRICS AND BENCHMARKING

Comparative Performance Metrics

The key AHC financial returns are highlighted in the table below with comparisons shown against the last four years:

	2015-16	2014-15	2013-14	2012-13	2011-12
Seafood/Fisheries Assets Return on Investment	9.9%	9.5%	9.9%	9.8%	9.1%
Cash Deposits Return on Investment	3.8%	4.1%	3.8%	4.7%	4.4%
Property Return on Investment	2.5%	2.8%	3.1%	1.9%	3.4%
Total Return on AHC Equity	7.3%	7.2%	7.6%	7.4%	6.3%
Increase in AHC Equity	5.2%	4.9%	5.5%	5.4%	4.4%
Trust Distribution to AHC Net Income	31.0%	33.1%	30.2%	29.3%	32.5%

AHC continued to perform strongly with all key performance indicators showing good improvement on last year. The last 4 years, in particular, have delivered very consistent returns with Return on Equity averaging circa 7.4% pa, Equity increased by an average circa 5.2% pa and the NMOWIT Distribution at circa 31% of the AHC Net Income. These metrics would rate at the upper end of comparative commercial iwi asset portfolio return profiles.

Benchmarking

(i) Fisheries Investments

The table below compares the income generated from AHC's Fisheries based investments to two industry benchmarks:

- The FishServe database which provides the average industry ACE trade values for all fishstocks across the applicable fishing year; and
- An independent quota broker's assessed ACE values based on the broker's knowledge of the market and what arms-length buyers were willing to pay for the ACE.

For a variety of reasons (e.g. – inter-company ACE trades, ACE 'swaps', deemed value drivers, etc.), the Blue Book values can be distorted. The broker values are therefore considered to be a more accurate reflection of true market ACE values.

	AHC Result	Broker bk Value	Broker Value	Variance AHC to Blue Bk		Variance AHC to Broker	
	(\$'000s)	(\$'000s)	(\$'000s)	(\$'000s)	(%)	(\$'000s)	(%)
ACE Trading	\$1,934	\$1,411	\$1,553	\$523	37.1%	\$381	24.5%

AHC's earnings from its Fisheries based assets significantly outperformed the ACE trade market within a range of 25-40%.

(ii) Cash Investments

The table below compares AHC's Cash Investment performance to the weighted average 6 month Term Deposit rates through the period 1 April 2015 to 31 March 2016 as supplied by the Reserve Bank of New Zealand. Given the average term of AHC's cash investments is around 6 months, the 6 month RBNZ interest rate index is the appropriate benchmark.

AHC's Cash Investment performance outperformed the market benchmark.

(iii) Property

There is almost no relevant information available against which to meaningfully assess the performance of AHC's Wharekauri based property portfolio. The metrics which drive property investment returns are unique and quite different on Wharekauri to that of mainland NZ, e.g. – initial investment/build cost, demand, alternative supply options, etc. and hence it is difficult to draw accurate comparisons.

5. PROGRESS TOWARD OTHER OBJECTIVES

The following table summarises the key objectives for AHC for the 2015-16 financial year and AHC's performance and progress against each of these.

ANNUAL OBJECTIVE	PROGRESS UPDATE
Actively participate as influential leaders on the key Wharekauri based Commercial Stakeholder Organisations.	Ongoing Objective AHC representative for PAUAMAC4. AHC reserved representative position on the newly formed Chatham Islands Finfish Association PNF GM as alternate to AFL representative on CRAMAC6
Lead and influence the BNS3 project in relation to pursuing a separate BNS4 fishery alongside the CIET and the Hokotehi Moriori Trust.	Progressing Management Plan completed and supported by AFL, TOKM and Ngai Tahu. Chatham Island Finfish Association to assume leadership of this BNS matter.
Monitor and pursue the development of new commercial fisheries resources around Wharekauri in a sustainable manner and position Ngati Mutunga for maximum benefit.	Ongoing Objective Glass eel Special Permit applied for together with CIET and Moriori to complete an investigation/research of the resource.
Implement long term (3 year) ACE allocations with current performing Ngati Mutunga fishers in accordance with the NMOW Fisher ACE Allocation Policy.	Ongoing Objective ACE allocations have been rolled over to largely the same NMOW fishers for the last 3 years.
Assess and promote a collaborative blue cod and longline finfish initiative with AFL, Hokotehi Moriori Trust (HMT) and other interested Island parties, positioning AHC to share in the full value chain returns.	Progressing AFL's new wetfish processing factory complete. Agreement in principle reached between AHC, AFL, HMT and other Island processors/exporters.
Continue to develop and enhance the Port Nicholson Fisheries investment and pursue further CRA6 quota acquisitions and/or ACE partnerships.	Ongoing Objective AFL taking up limited partnership from 1 April 2016. 1mt of CRA6 acquired during the year.
Investigate further value add options for paua including live export and a longer term value share model with AFL to access returns further along the value chain through to market.	Progressing Pursing option with AFL.
Identify, investigate and pursue the acquisition of other high value Wharekauri based quota subject to the market providing attractive opportunities.	Ongoing Objective 1mt of CRA6 and 3mt of PAU4 quota acquired during the year.

Assess and pursue opportunities for longer term deep water ACE transactions with profit sharing options.	Progressing Meetings with ICP, Ngai Tahu, Ngapuhi, Ngati Kahungunu, Hauraki and AFL to determine the longer term arrangement with Sealord. AHC representative appointed to working group to assess/analyse JV options with Sealord.
Complete further analyses in relation to Wharekauri dairying opportunities, in particular sheep dairying, to determine whether to progress to developing a comprehensive Business Plan.	Ongoing Objective MPI settlement protocol includes agriculture.
Subject to the outcomes of the further sheep dairying analyses, complete a Business Plan for a sheep dairying operation on Wharekauri including the identification of potential investment partners and development of a robust implementation plan	Ongoing Objective
Expanding networks, resource and reach to ensure AHC builds its position as a key investment body and force in Wharekauri	Ongoing Objective
With prudent investment opportunities likely to be realised over the next 12-18 months, AHC will continue to manage its surplus funds within the term deposit investment strategy ensuring interest rates and the balance between On-Call and 15 Month (maximum) investment terms are optimised.	Ongoing Objective \$4.6m on short term (3-12 month) term deposits at a weighted average interest rate of 3.6%.
Ensure effective property and tenancy management.	Ongoing Objective
Provide commercial support and leadership to the Wharekauri Housing Strategy project.	Progressing Social Housing Unit grant applied for and secured for \$140k to complete an Island wide housing analysis. Wharekauri wide housing strategy document has been prepared for consideration by CIET, CIC, Moriori and the NMOWIT. Regeneration of Mitai Tini kaumatua flats being completed.
Continue to work alongside the Iwi Trust Board to develop closer relationships with CIET and CIC with a view to putting collective Wharekauri weight behind community infrastructure solution negotiations.	Ongoing Objective

6. STATUTORY COMPLIANCE

There have been no sales or exchanges of quota. Note - no sales or exchanges are allowed under the Maori Fisheries Act 2004 until a period of two years from recognition (28 September 2005) had passed. These restrictions ceased to apply from 29 September 2007.

No Settlement Quota interests have been registered against the quota shares or income shares, nor has there been any registered interest by way of caveat or mortgage raised against the settlement quota shares or income shares. The Directors have overseen the governance of the fisheries activities of AHC. There have been general discussions with other Mandated Iwi Organisations regarding opportunities to work together in a manner that benefits all parties, key outcomes being the Port Nicholson Fisheries acquisition and current iwi deep water initiative with Sealord. Other initiatives will be pursued in the future, particularly with regards paua and finfish.

AHC continue to comply with all internal policies as ratified by the NMOWIT, including the NMOW Fisher ACE Allocation Policy, Delegated Authorities Policy, and Interests Policy.



CONSOLIDATED GROUP FINANCIAL STATEMENTS

• **CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE**

• **CONSOLIDATED STATEMENTS OF MOVEMENT IN EQUITY**

• **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

• **NOTES TO THE CONSOLIDATED STATEMENTS**

NGATI MUTUNGA O WHAREKAURI IWI TRUST
PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2016

NGATI MUTUNGA O WHAREKAURI IWI TRUST CONSOLIDATED GROUP
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 \$	2015 \$
Revenue			
Revenue from seafood ACE		1,929,434	1,803,285
Dividend from Aotearoa Fisheries Limited		8,531	11,734
Project grant revenue	1	142,723	239,986
Interest revenue		151,309	171,199
Revenue from property		37,555	42,776
Other revenue		96,283	300,200
Total revenue		2,365,835	2,569,180
Expenditure			
Direct seafood expenses	3	135,020	151,634
Commercial expenses	4	199,647	199,399
Iwi Trust project expenses	2	131,646	269,874
Iwi Trust governance expenses	5	143,562	111,035
Employee related costs		64,511	54,068
Other Iwi Trust operating expenses	6	309,203	554,838
Iwi Trust grants and donations made		14,741	7,450
Other Iwi Trust distributions and Panui expenses		7,877	9,910
Depreciation	8	16,322	17,122
Total expenditure		1,022,532	1,375,331
Surplus / (deficit)		1,343,303	1,193,848

The accompanying notes form part of these financial statements.

NGATI MUTUNGA O WHAREKAURI IWI TRUST
PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2016

NGATI MUTUNGA O WHAREKAURI IWI TRUST CONSOLIDATED GROUP
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Notes	2016 \$	2015 \$
Assets			
Current assets			
Cash at bank and on hand		318,144	357,114
Accounts receivable		64,524	329,244
GST Receivable		5,097	5,806
Investment Accounts	7	4,613,731	4,293,741
Total current assets		5,001,497	4,985,905
Non current assets			
Property, plant, and equipment	8	531,565	541,564
Te One Housing		1,273,180	1,273,180
Seafood Quota	9	16,295,090	15,020,090
Port Nicholson Fisheries		2,117,331	2,051,958
Investment in shares – Aotearoa Fisheries Limited		414,160	414,160
Total non-current assets		20,631,325	19,300,952
Total assets		25,632,822	24,286,857
Liabilities			
Current liabilities			
Accounts Payable		200,081	212,662
Grants Unspent		62,543	29,999
Housing New Zealand loan - current portion		17,300	17,300
Total current liabilities		279,924	259,961
Non-current liabilities			
Housing New Zealand loan		351,767	369,067
Total non-current liabilities		351,767	369,067
Total Liabilities		631,691	629,028
Net Assets		25,001,132	23,657,829
Equity			
Trust Capital	10	14,805,361	14,805,361
Accumulated surplus / (deficit)	10	10,195,772	8,852,469
Total equity		25,001,132	23,657,829

The accompanying notes form part of these financial statements.

For and on behalf of the Board who authorised these financial statements for issue on 8 July 2016



Trustee



Trustee

NGATI MUTUNGA O WHAREKAURI IWI TRUST
PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2016

NGATI MUTUNGA O WHAREKAURI IWI TRUST CONSOLIDATED GROUP
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016	2015
		\$	\$
Cash flows from operating activities			
Receipts from customers and other revenue		2,268,811	2,034,622
Project grant revenue received		175,267	269,985
Payments to suppliers and employees		(940,901)	(1,225,172)
Iwi Trust grants and donations received		(14,741)	(7,450)
<i>Net cash flow from operating activities</i>		1,488,436	1,071,985
Cash flows from investing and financing activities			
Investment income received		151,309	171,199
Investment in term deposits		(319,990)	(1,033,231)
Acquisition of quota		(1,335,620)	(275,000)
Purchase of property, plant, equipment and intangibles		(5,803)	(52)
<i>Net cash flow from investing activities</i>		(1,510,104)	(1,137,083)
Cash flows from financing activities			
Loan repayments		(17,300)	(17,300)
<i>Net cash flow from financing activities</i>		(17,300)	(17,300)
Net (decrease)/increase in cash and cash equivalents		(38,970)	(82,399)
Cash and cash equivalents at the beginning of the year		357,114	439,513
Cash and cash equivalents at the end of the year		318,144	357,114

NGATI MUTUNGA O WHAREKAURI IWI TRUST
PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2016

NGATI MUTUNGA O WHAREKAURI IWI TRUST CONSOLIDATED GROUP
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2016

ACCOUNTING POLICIES APPLIED

REPORTING ENTITY

These financial statements have been prepared for the consolidated operations of the Ngati Mutunga o Wharekauri Iwi Trust (the "Trust"), including its wholly owned subsidiary Ngati Mutunga o Wharekauri Asset Holding Company Limited.

The financial statements have been prepared in accordance with the requirements of PBE IPSAS 6 (NFP) *Consolidated and Separate Financial Statements (Not-for-profit)*.

BASIS OF PREPARATION

The Board has elected to apply PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)* on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

GOODS AND SERVICES TAX

The Trust is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

Grants received

Grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Sales of goods

Sales are recognised when the product is sold to the customer and invoiced.

Interest and dividend revenue

Interest revenue is recorded as it is earned during the year. Dividend revenue is recognised when the dividend is declared.

Expenses

Expenses are recognised as they are incurred, once an obligation is established.

NGATI MUTUNGA O WHAREKAURI IWI TRUST PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2016

Bank accounts and cash

Bank accounts and cash comprise cash on hand, cheque or savings accounts, and deposits held at call with banks.

Receivables

Debtors are recorded at the lower of original face value or expected realisable value.

Investments

Investments are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

Quota

Quota shares owned are recorded at cost and subject to annual impairment reviews.

Property, plant, and equipment

Property, plant, and equipment is recorded at cost, less accumulated depreciation and impairment losses.

Donated assets are recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the current value of the asset is readily obtainable and significant. Significant donated assets for which current values are not readily obtainable are not recognised.

Depreciation is provided on a diminishing value (DV) basis using rates set by the Inland Revenue Department as follows:

Building:	up to 30% DV
Plant & Equipment:	up to 50% DV
Office equipment:	7.2% - 80.4% DV
Motor vehicles:	30% DV

Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

Loans

Loans are recognised at the amount borrowed from the lender. Loan balances include any interest accrued at year-end that has not yet been paid.

Income tax

The Trust has been granted Charitable status by the Inland Revenue Department and is therefore exempt from income tax.

Tier 2 PBE Accounting Standards applied

The preparation of these consolidated financial statements is in accordance with the requirements of PBE IPSAS 6 (NFP) *Consolidated and Separate Financial Statements (Not-for-profit)*.

Other than the application PBE IPSAS 6, The Trust has not applied any additional Tier 2 Accounting Standards in preparing these financial statements.

NGATI MUTUNGA O WHAREKAURI IWI TRUST
PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2016

CHANGES IN ACCOUNTING POLICIES AND TRANSITION TO THE NEW PBE SFR-A (PS) STANDARD

This is the first set of financial statements prepared using the new PBE SFR-A (PS) standard, and comparative information for the year ended 31 March 2015 has been restated to comply with the new standard. There are no significant adjustments arising on transition to the new standard.

NGATI MUTUNGA O WHAREKAURI IWI TRUST
PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2016

NGATI MUTUNGA O WHAREKAURI IWI TRUST CONSOLIDATED GROUP
NOTES TO THE PERFORMANCE REPORT
FOR THE YEAR ENDED 31 MARCH 2016

1. PROJECT GRANT REVENUE

	2016	2015
	\$	\$
Education Strategy	12,948	30,386
Housing Project	111,457	105,000
Reo Project	18,318	104,600
Total project grant revenue	142,723	239,986

All grants / funding recorded as revenue do not have any conditions attached that were not fully satisfied at balance date.

2. PROJECT EXPENSES

	2016	2015
	\$	\$
Education Strategy	7,866	46,863
Housing Project	111,457	107,500
Reo Project	12,323	115,511
Total Iwi Trust project expenses	131,646	269,874

3. SEAFOOD EXPENSES

	2016	2015
	\$	\$
Quota Holder Levy	83,349	87,015
PNF Cray Management Fee	13,250	29,650
SeaFic Commodity Levy	18,945	20,639
Other	19,475	14,330
Total seafood expenses	135,020	151,634

4. COMMERCIAL EXPENSES

	2016	2015
	\$	\$
Accounting Fees	14,749	14,978
Audit Fees	4,757	57
Bad Debts	0	2,500
Directors Fees	31,497	33,996
Asset Management Fees	121,080	121,080
Legal, Advisory and Project Fees	900	3,750
Travel and Accommodation	15,326	17,196
Other Commercial Expenses	11,338	5,842

NGATI MUTUNGA O WHAREKAURI IWI TRUST
PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2016

Total Commercial Expenses	199,647	199,399
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5. IWI TRUST GOVERNANCE EXPENSES

	2016	2015
	\$	\$
Travel and Accommodation - Trustees	19,257	5,228
Trustee Fees	82,416	84,912
Advisory	1,570	5,000
Settlement Governance Group	19,904	-
Other Governance Expenses	20,415	15,896
Total Governance Expenses	143,562	111,035

6. IWI TRUST OPERATING EXPENSES

	2016	2015
	\$	\$
Accounting & Audit Fees	32,046	36,591
Cultural Development	-	4,932
Legal, Advisory and Project Fees	32,419	53,996
Management Fee	114,888	204,596
Travel Other	20,332	23,306
Other Trust Operating Expenses	109,518	231,419
Total Iwi Trust Operating Expenses	309,203	554,839

7. INVESTMENT ACCOUNTS

	2016	2015
	\$	\$
Canterbury Mortgage Trust *	46,524	46,524
ANZ Term Deposits	4,567,207	4,247,217
Total Investment Accounts	4,613,731	4,293,741

* On the 21st of July 2008 Canterbury Mortgage Trust announced it had frozen all investments until at least March 2009. The trustees wrote the investments down by 15% in 2009 to more accurately reflect the expected carrying value of the capital that may be crystallised.
 Canterbury Mortgage Trust subsequently advised an increase in the carrying value of the investment to \$46,524 in the statement for the year ended 31 March 2015.

NGATI MUTUNGA O WHAREKAURI IWI TRUST
PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2016

8. PROPERTY, PLANT, AND EQUIPMENT

	Land	Buildings	Plant & Equipment	Motor Vehicles	Office equipment & software	Total
	\$	\$	\$	\$	\$	\$
2015						
Book value at 1 April 2014	170,377	370,890	6,174	1,120	10,073	558,634
Additions						
Depreciation		(14,407)	(71)	(336)	(2,308)	(17,071)
Book value 31 March 2015	170,377	356,354	6,103	784	7,765	541,563
Cost	170,377	478,540	6,684	13,133	42,457	711,191
Accumulated Depreciation		(122,006)	(581)	(12,349)	(34,692)	(169,628)
Book value 31 March 2015	170,377	356,534	6,103	784	7,765	541,563
2016						
Book value at 1 April 2015	170,377	356,534	6,103	784	7,765	541,563
Depreciation		(13,568)	(36)		(2,718)	(16,322)
Additions / disposals		3,678		(784)	3,429	6,324
Book value 31 March 2016	170,377	346,645	6,067	-	8,475	531,565
Cost	170,377	482,218	6,684	-	45,886	705,166
Accumulated Depreciation		(135,574)	(617)	-	(37,411)	(173,601)
Book value 31 March 2016	170,377	346,645	6,067	-	8,475	531,565

9. SEAFOOD QUOTA

Seafood quota is recorded at its cost value of \$16,295,090 in accordance with Trust's accounting policy.

As determined by independent broker valuation, the market value of quota as at 31 March 2016 was \$24,024,265 (2015: \$22,371,938).

IMPAIRMENT REVIEW OF ASSETS

There was no impairment of assets during the year. (2015: Nil)

The Trustees have reviewed the carrying value of shares in Aotearoa Fisheries Limited (AFL), taking account of the 2009 independent valuation of AFL and believe that no impairment is required. This is consistent with the prior year.

NGATI MUTUNGA O WHAREKAURI IWI TRUST
PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2016

10. EQUITY

	2016 \$	2015 \$
<i>Trust Capital</i>		
Opening balance 1 April	14,805,361	14,805,361
Movements during the year	-	-
<i>Closing balance 31 March</i>	14,805,361	14,805,361
<i>Accumulated surplus / (deficit)</i>		
Opening balance 1 April	8,852,269	7,658,622
Surplus / (deficit) for the year	1,343,303	1,193,847
<i>Closing balance 31 March</i>	10,195,772	8,852,469
Total Equity	25,001,132	23,657,831

11. COMMITMENTS

The Trustees have not entered into any agreements to commit material amounts of Trust capital to any purpose which is not reflected or disclosed in these financial statements (2015: Nil).

12. CONTINGENT LIABILITIES

The Trustees are not aware of any contingent liabilities existing as at 31 March 2016 (2015: Nil).

13. RELATED PARTY TRANSACTIONS

During the year, there were a number of related party transactions which are summarised and disclosed below. All related party transactions were transacted on a "best person for the role" and "arm's length" basis and managed in accordance with the Interests Policy of Ngati Mutunga o Wharekauri Iwi Trust and Ngati Mutunga o Wharekauri Asset Holding Company Ltd. Where a transaction involved a Trustee or Director or a company of which a Trustee or Director were an owner or director, these Trustees or Directors declared a conflict of Interest and were not involved in the decision making process.

Ngati Mutunga o Wharekauri Iwi Trust and Ngati Mutunga o Wharekauri Asset Holding Company Ltd paid Trustees and Directors fees and/or wages to beneficiaries of Ngati Mutunga o Wharekauri Iwi Trust. Total trustees / directors remuneration was \$82,416 for the Iwi Trust, and \$31,497 for the Asset Holding Company (2015: \$84,912 and \$33,996 respectively). Funds payable to Directors and Trustees at year end totalled \$4,780 for the Iwi Trust and \$7,062 for the Asset Holding Company.

In addition, Joseph Thomas provided consulting services totalling \$29,943 to the Iwi Trust, which were payable at year end. During this time Joseph did not receive trustee fees.

Payments have also been made to mandate group members for the services they provided assisting with obtaining the mandate.

Ngati Mutunga o Wharekauri Iwi Trust and Ngati Mutunga o Wharekauri Asset Holding Company Ltd entered into transactions with related parties. These transactions were ACE sales and grants paid and were completed on the same basis as external party transactions. This is consistent with the prior year. These transactions include:

- Purchases of quota totalling \$715,000 from Red Bluff Ltd during the year. Director Robin Page is a

NGATI MUTUNGA O WHAREKAURI IWI TRUST PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2016

related party to the company.

- Sales of ACE totalling \$1,800 to Flinders Fishing Co Ltd during the year. Director Robin Page is related to Stephen Page who owns the company.
- Sales of longline ACE for \$45,000 and Kina ACE for \$8,000 to Waitangi Seafoods Limited during the year. Joseph Thomas is a related party to the company via his brother Pita Thomas who is a shareholder and director of Waitangi Seafoods Limited.
- Toroa Strategy Limited – T McClurg is a Director of both Companies. Payments for services provided to the Asset Holding Company totalling \$35,400 (2015:\$35,550) were made during the period. \$2,875 (including GST) was outstanding at year end (2015: \$2,875).
- Koau Capital Partners – A Harrison is a Director of both Companies. Transactions to the value of \$179,500 (2015: \$152,226) were paid to the entity. \$11,604 (including GST) was outstanding at year end (2015: \$39,104) Koau Capital Partners' fees relate to its management contract for Ngati Mutunga o Wharekauri Asset Holding Company Ltd and other services. That management contract was approved and in place prior to Andrew Harrison being appointed as Director of Ngati Mutunga o Wharekauri Asset Holding Company Ltd.
- Nairn River Limited – Services totalling \$32,480 were provided by Nairn River Limited during the year (2015: nil), all of which were invoiced in March 2016 and payable at year end. Nairn River Limited is owned by a related party to the Chairperson, Paula Page.

Given the size of the Chatham Islands the majority of Trustees are related parties in that fishing quota is sold to relatives and related entities of most Trustees. Importantly, processes have been put in place to ensure that related party transactions are carried out on an arms length basis. The processes in place ensure that market prices are paid for quota sold and that quantum of ACE allocated is fair. This is consistent with the prior year

Ngati Mutunga o Wharekauri Asset Holdings Company Ltd hold a number of investments with which transactions were entered into with during the year. These included:

- Ngati Mutunga o Wharekauri Asset Holdings Company Ltd has an investment in Port Nicholson Fisheries and it also sells fishing ACE to them. \$643,132 was received in ACE revenue during the period (2015: \$644,602). Port Nicholson Fisheries is an entity in which the Asset Holding Company has an investment. There were distributions from Port Nicholson Fisheries totalling \$471,808 for the 2016 year (2015: \$572,980). The investment is valued at \$2,128,331 at year end (2015: \$2,050,695)
- Aotearoa Fisheries Ltd is a related party to the entity. \$320,000 was received in ACE revenue during the period. A dividend totalling \$8,531 was also received from this entity. No amounts are outstanding at year end (2015: \$11,733). The Asset Holding Company had a representative on the Committee of Representatives that was established to set the terms of reference & appoint a reviewer to undertake a review of the Maori fisheries settlement as set out in the Maori Fisheries Act 2004

During the year, Ngati Mutunga o Wharekauri Iwi Trust paid grants totalling \$14,741 (2015: \$7,450). These grants were paid from the distribution fund, Te Putea Whanaungatanga. Some relatives and related entities of Trustees benefited from the receipt of these grants. Application and approval of these grants is carried out on an arms length basis.

NGATI MUTUNGA O WHAREKAURI IWI TRUST PERFORMANCE REPORT FOR THE YEAR ENDED 31 MARCH 2016

Ngati Mutunga o Wharekauri Iwi Trust and Ngati Mutunga o Wharekauri Asset Holding Company Ltd operates an Interests Policy and maintains a comprehensive Interests Register of its Directors, Management and Trustees to ensure all interests are declared and the process for dealing with these are clearly understood. This includes any Director who has an interest abstaining from that particular decision making.

14. TRUSTEE'S REMUNERATION

	2016 \$	2015 \$
Amaru, Gail	5,126	9,984
Croon, Monique	9,984	9,984
Frazer, Mel	9,984	9,984
Gilsenan, Mahara	4,858	
Gregory-Hunt, Dallan	5,126	9,984
Kamo, John (Deputy Chairperson)	12,996	12,996
Page, Paula (Chairperson)	21,996	21,996
Page, Robin (Director*)	8,622	11,495
Thomas, Joseph (Director*)	19,488	21,984
Wairua, Iwiroa	4,858	
Total Trustee's Remuneration	103,038	108,407

* The total remuneration paid to Robin Page and Joseph Thomas includes directors fees paid by the Asset Holding Company as follows:

- Robin Page: \$8,622 (2015: \$11,495)
- Joseph Thomas: \$12,000 (2015: \$12,000)

15. FISHING OPERATIONS

The Trust undertook paua fishing operations prior to obtaining Mandated Iwi Organisation (MIO) status with Te Ohu Kai Moana. There have been no fishing operations undertaken by the Trust after recognition of MIO status which occurred 28 September 2005.

16. EVENTS AFTER BALANCE DATE

There were no significant events subsequent to balance date which would have a material effect on the financial position or performance reflected in the 2016 Performance Report.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NGATI MUTUNGA O WHAREKAURI IWI TRUST**

Report on the Performance Report

We have audited the accompanying performance report of Ngati Mutunga O Wharekauri Iwi Trust on pages 1 to 14 which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 31 March 2016, the statement of financial position as at 31 March 2016, and the statement of accounting policies and other explanatory information.

The Responsibility of the Committee for the Performance Report

The Committee is responsible on behalf of the entity for:

- (a) Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- (b) the preparation and fair presentation of the performance report which comprises:
 - the entity information;
 - the statement of service performance; and
 - the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance reportin accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board, and
- (c) for such internal control as [the Trustees] determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the performance report based on our audit. We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the performance report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance report, including performing procedures to obtain evidence about and evaluating whether the reported outcomes and outputs and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the performance report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the performance report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes, evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the performance report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on the entity information, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report and our qualified audit opinion on financial performance.

Other than in our capacity as auditor we have no relationship with, or interests in, Ngati Mutunga O Wharekauri Iwi Trust.

Qualified Opinion on Financial Performance

In our opinion, the performance report reflects:

- (a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- (b) the performance report on pages 1 to 14 presents fairly, in all material respects:
 - the entity information for the year then ended;
 - the service performance for the year then ended; and
 - the financial position of Ngati Mutunga O Wharekauri Iwi Trust as at 31 March 2016, and its financial performance, and cash flows for the year then ended in accordance with Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit).



BDO Christchurch
8th July 2016
30 Sir William Pickering Drive
Christchurch
New Zealand

Ngāti Mutunga o Wharekauri Iwi Trust Directory

For the year end 31 March 2016

Nature of the Business

To provide relief of 'poverty' or 'need' of all Ngāti Mutunga o Wharekauri

Beneficiaries

Persons defined as Ngāti Mutunga o Wharekauri in the Trust Deed

Date Established

28 September 2004

Address

PO Box 50

Waitangi

Wharekauri / Chatham Islands

Trustees (as at 31 March 2016)

Paula Page (Chair)

John Kamo (Deputy Chair)

Joseph Thomas

Monique Croon

Melodie Fraser

Iwiroa Wairua

Mahara Gilsenan

AHC Directors

Joseph Thomas (Chair)

Tom McClurg

Andrew Harrison

Accountant

DJCA

12 St Albans Street

St Albans

Christchurch 8014

Auditor

BDO Spicers

30 Sir William Pickering Drive

Burnside

Christchurch 8053

Solicitor

Wynn Williams

Unit B, Homebase

195 Marshlands Road

Shirley

Christchurch 8083

Bankers

ANZ

Wharekauri / Chatham Islands



Wharekauri / Chatham Islands

