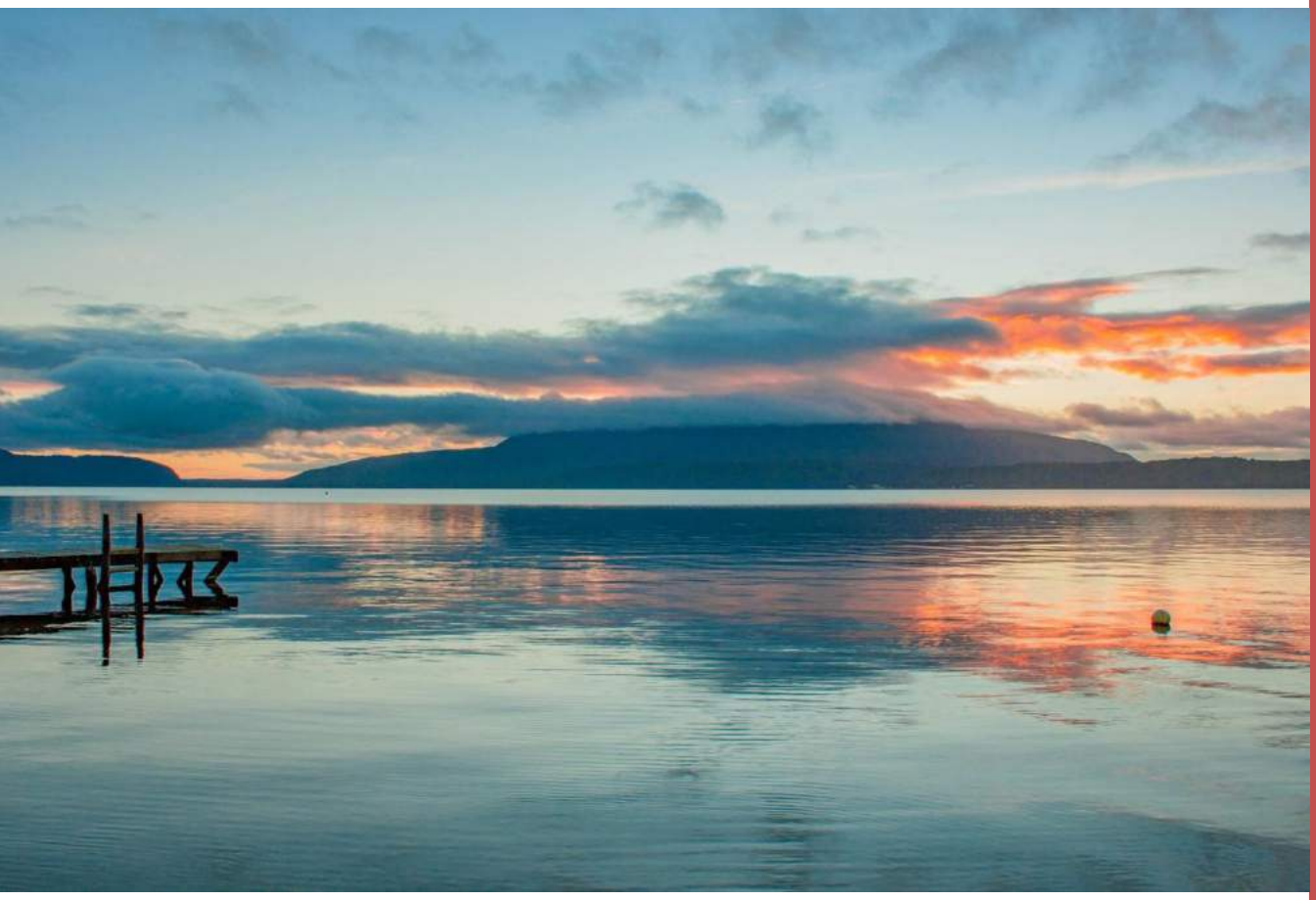


ANNUAL REPORT 2017

TE ARAWA LAKES TRUST

Karakia

Unuhia, unuhia
Ko te pou mua, ko te pou roto
Ko te pou te wharaua
He aturangi mamao
Hekeheke iho i runga i ō ara
Tākikiwhara te ara ō Ngātoro
He ara whano ki te pō
Ko te pō nui, ko te pō roa
Ko te pō matirerau, ko te pō whaiariki
E ko taku waka ko Te Arawa
Ngahue i te Parata
Eke, eke, eke Tangaroa
Eke panuku
Hui ē! Taiki ē!

Mihi

Te Arawa waka, Te Arawa tangata
Mai i Maketu ki Tongariro
Ko tātau tēnei ngā uri e mihi nei ki a tātau te hunga ora
Me te tangi ki a rātau kua wheturangitia
Tukua mai ki a piri, tukua mai ki a tata
Tihei Mauri Ora!

Heoi anō, tuatahi ko te wehi ki te Atua
Te tīmatanga ō te whakaaro nui, nō reira
He hōnore, he korōria ki a ia
He maunga rongo ki runga ki te mata o te whenua
He whakaaro pai ki nga tangata katoa
Tena tātau katoa

Our Vision & Strategic Direction

Our Vision

Kia eke ki ngā taumata o Matariki

Ascend the high points of Pleiades

Our Strategic Goals

Ka rongo te ao i te mana o Te Arawa

The authority of Te Arawa is readily recognised by all

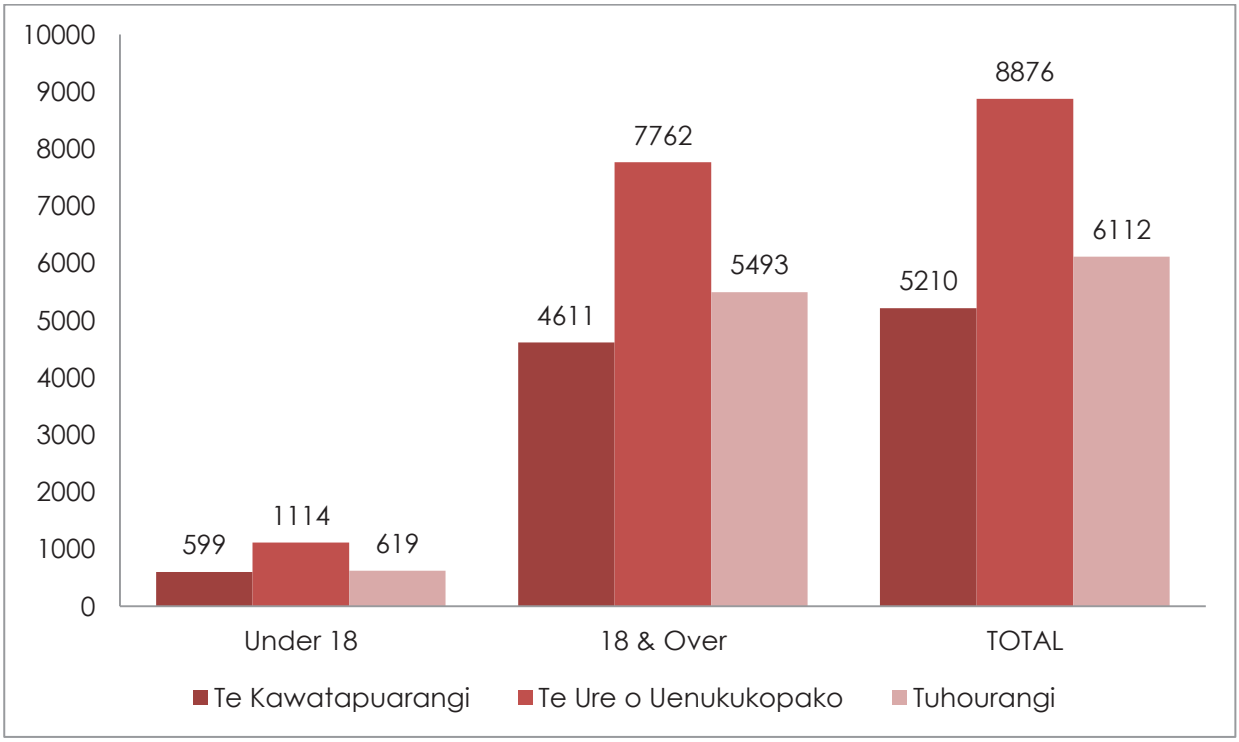
Te mā o te wai e rite ana kia kite i ngā tapuwae a te koura

The quality of the water is such that you can see the footsteps of the koura

Whakapakari ake i te waka kia pae ki uta

Te Arawa Lakes Trust is well equipped for the journey ahead

Te Arawa Lakes Trust Registered Tribal Members



Tupuna Rohe	Under 18	18 & Over	**TOTAL**
Te Kawatapuārangi	599	4611	**5210**
Te Ure o Uenukukopako	1114	7762	8876
Tuhourangi	619	5493	6112
TOTALS	**2332**	**17866**	**20198**

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Te Arawa Lakes Trust Work Programme

Agenda

TE ARAWA LAKES TRUST

Te Arawa e! E! Te Arawa e! E!

NOTICE OF ANNUAL GENERAL MEETING

VENUE: Apumoana Marae

DATE: Sunday 10 December 2017

TIME: 9.00am to 12.30pm

1. Mihimihi
2. Karakia
3. Apologies
4. Chairman's Report
5. Te Arawa Management Limited Chairman's Report
6. Te Komiti Whakahaere Chairman's Report
7. Chief Executive Officer's Report
8. Environment Manager's Report
9. Financial Report
10. Resolution – Approve Appointment of Auditor
11. General Business

Sir Toby Curtis
Chairman
Te Arawa Lakes Trust

Minutes of Previous Annual General Meeting

MINUTES OF TE ARAWA LAKES TRUST ANNUAL GENERAL MEETING
HELD SUNDAY 11 December 2016 AT PARUAHARANUI MARAE, MOUREA

TRUSTEES IN ATTENDANCE:
Sir Toby Curtis (Chairman), Lana Ngawhika (Deputy Chair), Huru Maika, Raina Meha, Geoff Rolleston, Terry Tapsell, Zalene Douglas, Denise Emery, Willie Emery

DIRECTORS IN ATTENDANCE:
Tanira Kingi (Chair), Karen Vercoe

STAFF IN ATTENDANCE:
Lisa Hudson, Tamara Epapara, Mia Hamiora

1. MIHIMIHI

The meeting began at 9.03am with a whakatau from Lapi Tahana.

2. KARAKIA

Sir Toby responded to the welcome from Lapi Tahana and opened the meeting with a karakia.

3. CONFIRMATION OF AGENDA

Added to the general business
- Reg Hodge - Little Waihi Residents.

4. APOLOGIES

Sir Toby noted that apologies notified prior to this meeting were recorded in the Trust's apologies register and called for further apologies. Apologies from the floor included Collin Bennett, Mana Newton, Maria Horne, Inez White.

Resolution:
That the Apologies are received and accepted.
Zalene Douglas/ Raina Meha

5. MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING

Sir Toby noted that the minutes of the previous AGM held on 29 November 2015 at Whakaue Marae Maketu are included in the Annual Report.

Ken Raureti asked for an update regarding Ngāti Rangitihi's request last year. Sir Toby advised that initial discussions have been had, adding that this matter is on-going and asking for dialogue to continue. Ken noted that he hopes to have this dealt with before the next AGM. Ken also thanked the Trust for meeting with Ngāti Rangitihi.

Ken Kennedy raised the issue of water ownership, noting that John Key has always said no one owns the water. It was noted that the matter is being discussed via the Iwi Leaders Group (ILG), however Ken stated that ILG does not have the mandate to speak on behalf of the hapū. Hapū all over the motu are arguing with the Crown over who owns the water.

Arama Pirika commented about waste water, questioning why our representatives on the council voted for this to go into our lakes. He noted that the hapū around the Puarenga do not want this to happen and want the council to disburse waste water onto land.

Minnie King shared Arama's sentiments regarding waste water, noting that we are trying to clean up our lakes not put paru back.

Geoff Rice provided clarification regarding Waste Water, noting this is treated waste water. While there is other paru impacting the lakes at various points, treated waste water is cleaner than what is currently going into Lake Rotorua. Currents do shift, but it is important to understand the options. Ngāpuna have been given the option to put it onto the land, if the land is a viable option then the council will consider this, but even if this is put on land eventually it seeps into the lakes. The improved wastewater treatment plant is the best option after a 2 ½ year investigation.

Te Taru White (Chair of Te Tatau o Te Arawa) advised that when Te Tatau was appointed, the council were about ready to make a decision on treated waste water going into the lake. Te Tatau asked for Te Arawa as mana whenua to be further consulted and that Te Tatau would facilitate the discussion between Te Arawa and council, noting that the mauri of water is extremely important to Te Arawa and such matters needed to be resolved. Scientifically the treated water is cleaner than what is going into it at the moment, but as Māori we consider the whakapapa of the water.

Terry Tapsell clarified that Te Arawa Lakes Trust Board did not want this water going into our lakes.

Keepa Morgan noted he sits on Technical Advisory Group and hasn't been included in the decision.

Te Taru White – Moving forward Te Tatau and Te Arawa Lakes Trust need to communicate better and work collaboratively.

Sir Toby stated that the council needs to know that Te Arawa does not agree with the wastewater going in to the lake in its present state and there needs to be more thorough consultation with Te Arawa.

Resolution:
That the meeting minutes of the Te Arawa Lakes Trust's Annual General Meeting held on Sunday 29 November 2015 held at Whakaue Marae, Maketu, be received as a true and accurate record.
Geoff Rice/ Te Taru White

6. CHAIRMAN'S REPORT – SIR TOBY CURTIS

Sir Toby allowed everyone to read the report, and drew everyone's attention to the Year in Review. Sir Toby noted it has been a while since TALT have been in this position and while it is primarily due to land re-valuations, this has been part of our strategy to increase our returns on our resources and the land that we have.

It has been difficult in the past decade to get any good return on land that Te Arawa own, but we have now managed to develop a strategy where we can do that and hopefully in the next year or two it will improve beyond these results.

Resolution:
That the Chairman's Report be received and accepted.
Geoff Rolleston/ Ken Raureti

7. TE ARAWA MANAGEMENT LIMITED REPORT – DR TANIRA KINGI

- Resignations since 2015 AGM Richard Jones, Clair McGowan, Hemi Rolleston.
- 3 New Director appointments Karen Vercoe, Terry Tapsell and Mana Newton.

The performance of TAML was good, revenue was stable. Profit increased significantly from $1.2 mil in 2015 to $2.5 mil in 2016, mainly from revaluation of assets.

Tanira went through his power point presentation, which included:

- An overview of the properties
  - Residential Rentals increase of 14%
- An update on Kiwifruit
  - First crop of Gold increase of 55% on average
- An update on the farms and dairy situation
  - Productivity increase on both farms
- Investment opportunities
  - Total return of 16.99%

He noted that Lake Road proposed development has been put on hold due to a number of issues.

Terry Tapsell reported on Wetlands development in progress at Maketu.

Ken Kennedy noted there was excavation work done in Maketu and human bones were found. He asked who TALT believes ought to be contacted for advice. It was suggested that Whakaue ki Tai would provide such advice.

Resolution:
That the Te Arawa Management Limited Report be received and accepted.
Tanira Kingi/ Te Taru White

8. TE KOMITI WHAKAHAERE REPORT – KEN RAURETI

Komiti Whakahaere (KW) has been charged with developing a management plan for our taonga species and have been working towards that from 2010 – 2016. We have been in consultation widely with Te Arawa. We received backlash from Ministry of Primary Industries (MPI) because in our management plan we had "Te Arawa take only" which means only Te Arawa can harvest our taonga species. In August this year Te Arawa Lakes Trust approved our management plan and regulations and is now with MPI, from there we will go through a consultation period.

Questions from the floor

Ken Kennedy – people of Tūtānekai Marae chose not to listen to your presentation because of the quality of the water. Unless you improve the quality of water in our lakes then taonga species numbers will not increase.

Ken advised that the KW went to Tūtānekai to present the draft regulations and their kaupapa was different, they wanted to talk about the sewerage not the management plan we were there to present.

Mary Stanton noted we now have a danger of catfish (in Rotoiti) meaning our taonga species could be erased.

Tony Wihapi asked that KW give priority to the elimination of catfish.

Ken Raureti advised KW don't have the authority to eliminate these but TALT along with other organisations have been working with BOPRC around containment of catfish, which KW agree, are a danger.

Resolution:
This hui acknowledges the serious threat that catfish pose to our taonga species and Te Arawa Lakes Trust will progress this with BOPRC and other parties.
Toni Wihapi/Iris Thomas

Resolution:
That the Te Komiti Whakahaere Report be received and accepted.
Ken Raureti / Zalene Douglas

9. TE TUMU RAUTAKI REPORT – (Roku Mihinui unavailable to present)

Ken Kennedy asked why there was no TALT representative at the Rotorua Te Arawa Lakes Operational Liaison Annual meeting at Bay of Plenty Regional Council, and the Ōhau channel meeting.

The Board noted these matters and undertook to address this with staff.

Toni Wihapi referred to Water Ownership Claim, asking where Te Arawa is in relation to the water ownership.

Sir Toby noted, we have got the government to look at te mana o te wai, so when it comes to mana o te wai, they have accepted to a point. Another thing we are pushing for is te mana whakahono which prescribes for Iwi to be involved in any discussions regarding fresh water to have input into decision making.

Tony stated that the National Policy Statement on fresh water refers to te mana o te wai but doesn't define it. This he believes needs to be addressed as a nation. He noted he wants Te Arawa Lakes Trust to support the Supreme Court's declaration that we may not own the water but we have rights and interests akin to ownership.
Regional Water Advisory Channels have the power to recommend the allocation of water; the allocation of water is a right we believe we have, but the Supreme Court has not been involved yet. He further stated that this could be included in your management plan; and that we need to get clarity on our rights of allocation of our water.

Sir Toby replied saying what you are talking about is te mana whakahono, noting agreement that we want te mana whakahono confirmed to so we are part of the discussion regarding allocation of water.

Tanira Kingi spoke noting Roku's mahi regarding Te Arawa Cultural Values framework is a step towards defining interest and traditional practices. This will lead to being more specific about what our interests are. At the next Rotorua Te Arawa Lakes Strategy Hui on 20 December 2016, Te Arawa Lakes Trust is proposing and supported by the Te Arawa Primary Sector Group for the establishment of the Te Arawa Mana Whenua Advisory Group and this will address the issue - that the Regional Council are defining the allocation rules, water quality, nutrient discharge. Under the current Regional Council guideline they have a requirement that they need to consult with us, but at the moment consultation with Te Arawa is minimal. Te Arawa could be the first iwi in the country to propose the establishment of a Mana Whakahono Group under the proposed legislation changes under the Resource Management Act. If this group is established the Regional Council has to consult with this group first if there are plan/ rule changes.

Raina Meha spoke in support of what Tony and Tanira have said. The RMA issue is very wide and our people don't have the time and energy to participate in this process. So Iwi forums like the Mana Whenua Group are about us taking the lead.

Sir Toby noted that Te Arawa is the first iwi to produce a document describing our unique relationship with our lakes "Te Tūāpapa o ngā Wai" which iwi nationwide are now referencing and which captures our rights and position in relation to water.

Ken Kennedy stated it would be good for our Maori representatives on the Bay of Plenty Regional Council to attend these hui and report on their mahi.

Resolution:
That the Tumu Rautaki Taiao Report be received and accepted.
Toni Wihapi/ Ken Kennedy

10. FINANCIAL REPORT – GLENN HAWKINS

Glenn Hawkins went through the financial report and his power point presentation, which focused on:

- Surplus - $2,781,464 up 19%
- Equity - $32,909,912 up 13%
- Investment Properties $21,196,309 16% due to re-valuations

Revenue total $1,492,622

- Sales of Milk – $558,726
- Provision of Contract Services - $468,202
- Residential Rents - $268,622
- Commercial Rents- $71,165
- Sundry Income - $78,619
- Sale of Kiwifruit - $33,329

Expenses total $2,272,191

- Administration – $757,905
- Operation Costs -$726,552
- Provision of Contracts Services - $237,309
- Depreciation - $55,776
- Employee Related Costs - $494,649

Income

- Finance Income – Up 12.9% $502,666
- Kiwifruit orchard Valuation– Up 100% $104,846
- Revaluation of Investment properties –Up 228% $2,943,531
- Revaluation of shares – up 100% $1,050,679

Financial Performance

- $3,832,143 up from 2015 of $938,793

Financial Position

- $32,909,912 up from 2015 $29,077,769

Discussion from the floor included;

Raina Meha – Does the OCR have an impact on our financial status?

Glenn advised only if the OCR goes down term deposits go down.

Geoff Rice– Milk Solids how many did we have this year? And can we expect more income next year as Fonterra is increasing their pay-out amount meaning with the substantial increase Fonterra is doing we should have more money? Productivity yield is 6.6% higher than last year.

Glenn advised the payment is spread across a couple of years so we won't feel the impact until a couple of years' time.

Geoff Rice – Equities when do you start pulling back to minimise the risk?

Glenn advised we take advice from Craig's. Discussion has been held regarding this.

Keepa Morgan – Has the transactional cost of diversity of shares been looked at? Would that be a good strategy to cash up because of the risk associated with the volatility?
Glenn – transactional cost is 1% of anything traded, we are in it for the long game and we can't pick the market. Directors will make a prudent decision on how to manage these risks.

Toni Wihapi – Is our significant gain a reflection of our revaluation of our investment properties? Reality is we made a loss. I would like to see our administration costs come down. The board needs to look at trimming down.

Glenn advised finance income (interest and dividends) is cash, the rest is revaluations.

Toni Wihapi – Debt being so low and equity so high, can the TALT trust look into how TAML are utilising the equity to increase our income. Consultancy fee, what is that for? Governance Fee, what is that for?

Tanira advised a portion of that is TAML, each one of our portfolios have companies advising us.

Glenn – Governance advised trustee fees were set a few years ago at an AGM and capped at $98,000 but are usually under this. He also noted that the Trust has been receiving the same rate of fees since pre-settlement and has one of the lowest trustee fee rates in Te Arawa.

Resolution:
That the Te Arawa Lakes Trust Financial Report be received and accepted.
Ken Raureti/ Geoff Rice

11. RESOLUTION:

- **APPROVE APPOINTMENTS OF AUDITOR**

Resolution:
That Cookson Forbes & Associates are approved as Auditor for Te Arawa Lakes Trust
Terry Tapsell/ Minnie King

12. GENERAL BUSINESS

Little Waihi – Reg Hodge
Mr Hodge outlined the following: A committee was formed in 2014, due to the fact that people down the estuary were all to be evicted in 2015. Lyndhurst Ave had an extension to 2023. A hui was held in 2014 and all we have achieved is the extension to 2023. Increase in leases was large, how is this justified? We were supposed to have hui monthly regarding this issue, but we have had no hui since September. I have met with my lawyer to have a look at my lease and under the Te Ture Whenua Maori Act, TALT is in breach of my rights under the New Zealand bill of Rights act 1990, I am entitled to natural justice. When can we meet to resolve this issue?

Tanira Kingi replied: The arrangement that we have at Little Waihi are ground leases which are licences for the land only. Some of the owners of the leases have put dwellings on, which are owned by them and we have also put dwellings on them which are owned by TALT. The issue that the Trust has is we are trying to manage land that is owned by Te Arawa and come up with an arrangement and certainty that is fair for both parties. We apologise for the last few months regarding the postponement of our hui dates. He noted that the Trust has been absolutely consistent with its messaging to provide clarity to residents. We need to come up with a fair and just long term arrangement for everyone. Terry Tapsell is now first point of contact and is leading this along with other trustees/directors that will be included in discussions.

Tanira clarified that estuary water front properties have been guaranteed licences until 2023, as with Lyndhurst Ave properties. TALT/TAML have made no decisions beyond 2023.

Sir Toby thanked Reg for presenting his case.

Proposed Lake Road Development – Tarati Kinita
Tarati queried whether the proposed Lakes Road development was going ahead.

Sir Toby advised that proposed development at that site has been placed on hold.

Tarati noted that residents at Ohinemutu object to Lake Road development, and to meetings with Whakaue kaumātua that were not publically notified.

Tanira Kingi responded, noting it was announced at the beginning of this hui that the Lake Road Development is on hold. He stated when the Trustees, CEO and I presented our concept at Te Aomarama all the residents' concerns and comments were taken on board. He had stated at that hui that the role of TAML is to oversee the process, at that time we were moving into the consent which includes consultation with residents. Other issues have arisen with the proposed development and TALT have made the decision to put this on hold until a review has been completed. No decision has been made on what TALT will do with the land if we don't build on it, this decision will be in the review.

Sir Toby said we held two hui with Ngāti Whakaue. At the first hui residents who attended agreed to this building going up, we held a second hui a wider grouping of Ngāti Whakaue and we respect the concerns that were raised.

Tony Wihapi noted -

- Tapuika, Te Kawatapuārangi is an uri of Tapuika, can the board consider giving Tapuika a seat not under Te Kawatapuarangi. Te Kawatapuarangi is a mokopuna of Tapuika.
- Commend the board for its direction and vision it is showing
- Lake Road Development proposal, this is general land the trust can do what it wishes to do, to look at what is best for us all.

KARAKIA WHAKAMUTUNGA

Toni Wihapi was asked to perform the karakia whakamutunga.

The Te Arawa Lakes Trust AGM ended at 12.19pm

Te Arawa Lakes Trust Trustees

Te Kawatapuārangi Trustee

Sir Toby Curtis - Sir Toby has served on Te Arawa Lakes Trust since 2006 and is widely acknowledged for his innovative achievements in education. His cumulative expertise in Māori, polytechnic and university fields was achieved through his various roles as principal, lecturer, researcher, administrator and ultimately, as a senior academic in tertiary education. Toby is the inaugural Chairperson for Te Arawa Lakes Trust.

Te Kawatapuārangi Trustee

Willie Emery - Willie Emery has served on land trusts since 1983. He was elected by Ngāti Te Rangiunuora to Te Arawa Maori Trust Board in 1985 through to 2007, before being appointed to the current Te Arawa Lakes Trust. He is a past Chairman of Te Rūnanga o Ngāti Pikiao, Te Papa Tākaro o Te Arawa and Te Kotahitanga o Te Arawa Fisheries and has served on many other Ngāti Pikiao land trusts and incorporations. In his spare time, Willie supports local sports, his mokopuna and mokopuna tuarua and everything politically and non-politically happening in the Ngāti Pikiao, Ngāti Rongomai and Ngati Mākino rohe. Willie will always put himself forward to serve all to the best of his abilities within the efforts and environment of building team spirit, with honesty and integrity.

Te Kawatapuārangi Trustee

Raina Meha - Raina's career spans extensive central government policy experience after studying at Waikato University and Victoria University. Raina previously worked for Bay of Plenty Regional Council and understands the importance of tangata whenua participating in regulatory and decision-making processes. She believes water quality, collaboration and the ancestral relationship of Te Arawa with the lakes is paramount in preserving and protecting our lakes for present and future generations.

Tūhourangi Trustee

Lana Ngawhika - Lana's experience working for Te Arawa spans over 20 years and began in an operational role with Te Arawa Māori Trust Board. She is committed to ensuring that the terms of the Te Arawa Lakes Settlement are honoured by the Crown in perpetuity. Lana is the current Deputy Chair of Te Arawa Lakes Trust, Chair of the Audit Finance & Risk committee, and a director with asset holding company, Te Arawa Management Limited. Lana co-ordinates the Te Arawa Women in Leadership coalition, which encourages and supports Te Arawa women to take on governance and management roles. She holds an MBA degree with Distinction.

Tūhourangi Trustee

Denise Emery - Denise currently sits on the executive team of Te Puia | NZ Māori Arts and Crafts Institute, as the Human Resources/Health and Safety Manager. She is an active member of Te Arawa Lakes Trust as Chair of the HR/Governance committee and a member of Audit Finance & Risk committee. Denise is committed and proud of her role as a representative for Tūhourangi on Te Arawa Lakes Trust. She understands that she does not walk alone in this journey, but carries with her the legacy of her ancestors and her uri yet unborn, in every decision she makes around the Board table.

Tūhourangi Trustee

Huru Maika - Huru is currently the Tūhourangi Trustee on Te Kotahitanga o Te Arawa Waka Fisheries Trust Board. He has a passion for Tūhourangi and Whakarewarewa, listing his personal interests as waiata, kapa haka, raranga, whānau and whaikōrero, as well as supporting Tūhourangi paepae. Huru is a fulltime tour guide.

Te Ure o Uenukukōpako Trustee

Terry Tapsell -Terry is a Rotorua-based businessman, with Trans-Tasman interests in the construction industry across a range of sectors including geothermal, oil and gas, pulp and paper and dairy. With seven children and two mokopuna, he has a vested interest in ensuring the long term viability of iwi entities. His specific areas of interest are economic growth, environmental sustainability and job-creation. Terry is a hunter and fisherman, and has first-hand knowledge of the lakes and land under the kaitiakitanga of the Trust Board. Terry has 11 years' experience on Te Arawa Lakes Trust and has been a member of Komiti Whakahaere since its inception.

Te Ure o Uenukukōpako Trustee

Geoff Rolleston – Geoff brings strong commercial and management experience to the table. Having spent the majority of his working career in private enterprise associated with the timber and agri-business industries, he has accumulated invaluable experience in sales, marketing, negotiation and dispute resolution. With reference to the business of Te Arawa Lakes Trust, he offers networks to help create a more vibrant and commercial existence for our iwi, over and above just being recognised as kaitiaki and administrators for our taonga. Geoff is keen to support the current vision and strategy to drive the organisation to a whole new level in terms of its financial and operational objectives.

Te Ure o Uenukukōpako Trustee

Zalene Douglas - Zalene believes trustees have a duty to ensure that they adhere to the tenets of the trust deed and that we ensure that we do the right thing by our beneficiaries. In order to do that, the relationships between the trustees, TAML, trust staff and beneficiaries are important, requiring open and positive communication. Zalene is an active member of the Audit, Finance & Risk Committee, and is also an Iwi Justice Technician. Zalene worked for the District Court in Wellington for 20 years. She now works for Rotorua District Community Law Centre as a lawyer and has for the past 11 years. Zalene also has a Diploma of Māori Governance & Leadership.

Te Arawa Lakes Trust Staff

Chief Executive - Karen Vercoe

Karen's experience extends across multiple sectors with a focus on capability development and outcomes frameworks. Karen has held various leadership roles and has a passion for business and governance. Karen was the recipient of the 2016 Dame Mira Szászy Māori Alumni Award. Recipients are graduates of the University of Auckland Business School who have achieved significant success in their careers and are involved in activities relating to the advancement of Māori. Karen holds a Master of Management degree from the University of Auckland (2007) and was a recipient of the University of Auckland Kelly Research Scholarship (2006). Karen is a former New Zealand double international sportswoman in rugby and touch.

Environment Manager – Nicola (Nicki) Douglas

Nicki Douglas (Ngāti Whakaue, Ngāti Rangiwewehi, Ngāti Raukawa Ngāti Porou) has worked in the conservation and environment sector for 15 years. Nicki has held both Operations and Strategic leadership roles in DOC and is most passionate about engaging people in the care and protection of the environment. Nicki is married to Eric Short (Ngāti Porou, Cook Islands) and they have four children, Rawiri, Manahi, Hinetaapora and Pokaihau.

Executive Support Officer – Jasmine Waerea

Jasmine Waerea (Te Arawa, Kai Tahu, Ngāti Kahungunu) is a senior administrator experienced in human resources, administration and executive management. Easily recognised on stage and well known for representing Ngāti Rangiwewehi at Te Matatini, Jasmine is passionate about Te Reo and serving Te Arawa whānui. Jasmine was a member of Te Arawa Rangatakapu - Te Arawa Emerging Leaders Programme.

Te Arawa Lakes Trust Meetings

1. Te Arawa Lakes Trust Board Meetings

Eleven board meetings were held the period 1 July 2016 to 30 June 2017.

Name	Board Meeting Attendance	Trustee Fees Paid
Sir Toby Curtis (Chair)	82%	$27,999
Lana Ngawhika (Deputy Chair)	100%	$15,999
Zalene Douglas	100%	$7,500
Denise Emery	100%	$9,300
Willie Emery	100%	$6,600
Huru Maika	82%	$3,300
Raina Meha	73%	$5,100
Geoff Rolleston	100%	$7,500
Terry Tapsell	82%	$5,400

2. Te Arawa Lakes Trust Subcommittees

The Board's subcommittees are named after the purposes for which the Trust is established to receive, manage and administer the Trust Fund on behalf of and for the benefit of the present and future members of Te Arawa in accordance with the Trust Deed.

Audit Finance & Risk Subcommittee (F&R) held two meetings during the year. HR & Governance Subcommittee held two meetings during the year. Employment and Training Subcommittee held one meeting during the year.

3. Te Komiti Whakahaere (Te Arawa Lakes Fisheries Management Committee)

Te Komiti Whakahaere was established in accordance with the Te Arawa (Lakes Fisheries) Regulations 2006. The regulations apply to the fourteen lakes settled under the Te Arawa Lakes Settlement Act with the purpose of sustainably managing the five taonga species, namely kōaro, tuna, inanga, kākahi and koura. During the period 1 July 2016 to 30 June 2017, three Komiti meetings were held.

Name	Komiti meetings
Laurance Tamati (Chair)	3/3
Ken Raureti (Deputy Chair)	3/3
John Waaka	3/3
John Ransfield	3/3
Terry Tapsell	3/3
Willie Emery	3/3

4. Te Arawa Lakes Trust Relationships

In accordance with the Lakes Settlement, all existing relationships that the Te Arawa Māori Trust Board had also transferred to the Lakes Trust entity. There are various formal and informal relationship agreements with government and non-government departments by way of protocols, and Memorandum of Understanding. Te Arawa Lakes Trust supports iwi initiatives which benefit all of Te Arawa and collaborative projects with key partners.

Rotorua Te Arawa Lakes Strategy Group

As part of the Te Arawa Lakes Settlement Act, Te Arawa is acknowledged with permanent membership in the Rotorua Te Arawa Lakes Strategy Group. This recognises the traditional, cultural and spiritual relationships with the Te Arawa lakes. The membership consists of two representatives each from the Bay of Plenty Regional Council, Rotorua Lakes Council and Te Arawa Lakes Trust. In accordance with the Lakes Settlement, the Trust's membership consists of the Chair and a senior executive member of the Trust. The members are Chair, Sir Toby Curtis and Deputy Chair, Willie Emery. Kingi Biddle was the alternate member.

Bledisloe Park Board

The Chairperson and Willie Emery are the Trust's representatives on the board. Larissa Wharepouri was nominated by the Trust as the third representative to act on behalf of the Trust. The term for this board is three years.

Te Arawa Lakes Trust and Rotorua Lakes Council MOU

The purpose of this Memorandum of Understanding is to ensure Te Arawa Lakes Trust is involved in any decisions or projects that affect the lakes, lakebeds and lake structures. Members are Her Worship the Mayor, Deputy Mayor, Trust Chair, Trust Deputy Chair and Trust Chief Executive Officer.

Waka Taua Trust

The Te Arawa Waka Taua Trust was set up through the donations of three separate Māori land trusts and Rotorua Lakes Council to ensure the successful construction and completion of the Te Arawa waka. The Trust's role is to provide administrative support.

Formal Protocols

In accordance with the Lakes Settlement, the Trust has formal relationship protocols with Ministry for the Environment, Department of Conservation, Ministry of Culture and Heritage, Land Information New Zealand and Ministry for Primary Industries (previously Ministry of Fisheries).

5. Board Remuneration – Trustee Fees

The Trustees receive $300.00 (gross) per meeting to attend full board meetings and subcommittee meetings.

Trustees who undertake duties on behalf of the Trust outside of board meetings are entitled to an hourly rate of $100 (gross) per hour to a maximum of $300.00 (gross).

The Chairman receives an honorarium of $28,000 (gross) and the Deputy Chair receives an honorarium of $16,000 (gross).

Chairpersons of subcommittees are capped at $8,000 (gross) and all other Trustees are capped at $7,500 (gross).

Board members are reimbursed for actual and reasonable expenses upon submission of an approved board travel and expense claim form or meeting attendance form. Fees and allowances are paid in accordance with the Te Arawa Lakes Board Remuneration Policy and Board Reimbursement of Expenses Policy.

6. Other meetings attended by the Trust

Other meetings attended by the Trust, but not limited to, are:

- Little Waihi / Maketu Working Party
- Freshwater Sciences Society
- Te Arawa Freshwater Fisheries Forum
- Regional Water Advisory Panel
- Lakes Programme Work stream Lead
- Rotorua Te Arawa Lakes Partnership Steering Group
- Rotorua Te Arawa Lakes Strategy Group
- Iwi Chairs Forum
- Toi Ohomai (Waiariki Institute of Technology)
- Te Arawa Waka Taua Trust
- Lake Rotorua Catchment Stakeholder Advisory Group
- Lake Rotorua Recreation Forum
- Aquatic Pest Coordination Group
- Rotoiti Rotoma Project Steering Group
- Lake Rotorua Catchment Stakeholder Advisory Group
- Te Roopu Manukura (University of Waikato)
- Ngati Rangiwewehi Koaro Restoration Project
- Lakes Structures Forum
- Protocols with DOC, MPI and MfE
- Lakes Water Quality Society Symposium

Chairman's Report

He Mihi

The past 12 months have been a time of significant change and huge progress for Te Arawa Lakes Trust (TALT), providing an ideal opportunity to refocus on our key priorities and confirm we are heading in the right direction.

It has now been 11 years since the Trust was formed following Te Arawa's settlement with the Crown. A comprehensive review of the management and operational arms of the Trust – which commenced around 12 months ago – was a natural and timely step to take stock of our progress, and to evolve to meet the changing operational environment.

This provided the appropriate opportunity to consider our strategy and focus, projects and activities, areas for improvement and opportunity, and ultimately, to ensure we have the right structure in place to deliver this.

What clearly came out of this review was the need to focus on our core purpose and what we do well – managing our assets responsibly and sustainably.

Significantly, as a result of the review we were pleased to appoint interim manager Karen Vercoe as TALT's permanent chief executive, and since then Karen has worked hard to establish a team around her, who have achieved a significant amount in a short time.

We have clearly focused on the Trust's environmental assets, such as the protection and enhancement of the Te Arawa lakes, as well as our physical and financial assets, which enable our important environmental work.

All of this has seen a renewed focus on our purpose and values, which are wider than just meeting our statutory obligations. Social, economic and cultural factors all play a key role.

With this solid foundation and knowledge base, it is now the right time to move forward with action.

Environment

We now have a clear strategy and implementation plan for the action needed on our lakes with hapū and iwi, as well as alongside key partners such as Bay of Plenty Regional Council, Rotorua Lakes Council and others.

This focus includes the restoration of the mauri of the Te Arawa lakes, re-engaging with hapū and iwi to take ownership of projects, and ensuring our cultural values framework, Te Tūāpapa o ngā Wai o Te Arawa, is embedded across all the work done by both the Trust, and our wider partners.

People

We have retained our focus on building strategic relationships and I have been fortunate to sit on several national organisations, including the Iwi Chairs Forum, as well as being involved in preliminary discussions around the new terms of reference for Tekaumarua (King's Council). The central thrust of this is around being a voice for Māoridom.

Recognition of the Trust and the work done by our staff came through a visit by the Ministry for the Environment's chief executive officer and her team to the Trust's office here in Rotorua.

This year we farewelled Professor David Hamilton from the Te Arawa Lakes Programme. He and his team have done a sterling job to improve the water quality of our lakes and the applied scientific methods used have returned most our lakes to a swimmable state and we continue to work towards this vision. Some taonga species have also returned, in many cases, to their original numbers. We look forward to continuing the relationship with his replacement, Dr Troy Baisden.

Credit must also go to Dr Tanira Kingi for his role in organising a high profile scientific conference, which highlighted the large number of Māori scientists coming through.

Assets

Last year's review allowed us to concentrate on the effective and sustainable use of our property and financial assets, and its success is evident in the results of Te Arawa Management Ltd (TAML), which has had another successful year.

TAML has focused on two key areas - maintaining our current portfolio of farms, horticulture, property and financial investment, and exploring new investments in residential and commercial property. The full details are available in the TAML section of this report.

The success and reputation of the Trust as a stable entity, moving forward with obvious momentum, has seen myself and others approached to provide support and advice to a range of projects, organisations and initiatives, including around a new geothermal development scheme.

Summary

We have seen a considerable amount of change in the past 12 months. The current team has only been on board for a few months, making their early progress even more remarkable.

The changes and renewed focus are gaining significant traction and the Trust has gained the attention of a number of different organisations, resulting in new and potential contracts, and the development of strong and enduring relationships with hapū through our work together. This informs our iwi management plans - a significant development for the Trust, and for our Te Arawa people.

Acknowledgement must go to those who have worked so hard to get the Trust to the place it is today. I would like to thank everyone who has been involved over the past 10 years – your legacy is bearing fruit today.

The Trust is fortunate to have Karen's managerial skills and dedication to professionalism. Most people the Trust deals with are relaxed, unfazed and happy to work with her directly. I have received some very favourable comments from a number of people working at local, regional or national levels.

Credit must also go to the team she has surrounded herself with, who are all working hard to ensure the Trust's success.

At the board level, our trustees have played a monumental role in our recent review and changes, making bold and brave decisions which are already paying off. Their workload has been significant, and I'm grateful for the time and effort they have put in.

In closing, I would like to acknowledge the passing of three influential Rotorua and Te Arawa people.

In just the last week, Ngāti Whakaue rangatira Pihopa Kingi died. Regarded as one of Te Arawa's great leaders of his generation, this loss is already widely felt.

Mr Kingi's influence stretched across so many parts of Te Arawa, and Māoridom. He sat on several trusts and boards for Te Arawa and was a mentor for many within the tribe.

The sudden passing of John Chadwick was a tragic loss. Te Arawa was the recipient of the wonderful community projects he initiated, and on the national scene, the Māori Lawyers Association will revere him forever.

His wit and inimitable sense of humour will be remembered and missed, and our deep sense of gratitude and sympathy goes out to his wife, our mayor Steve, and their whānau.

Our thoughts are also with the whānau and friends of Jim Waahiao Gray. He made a significant and vocal contribution to our community, and he will be sadly missed.

It has been an exciting and significant year of change and progress and we expect the next 12 months to deliver even greater outcomes and benefits for our people, and our environment.

Dr Sir Taamihana (Toby) Curtis
Chairman
Te Arawa Lakes Trust

TAML Chairman's Report

Tēnā tātou Te Arawa whānui

It is my privilege to present the 2016 Te Arawa Management Ltd (TAML) Annual Report on behalf of the Board of Directors.

Overview

The past year to June 30, 2017, has seen TAML focus on two key areas - maintaining our current portfolio of farms, horticulture, property and financial investments, and exploring new investments in residential and commercial property.

The board has also seen some changes, with Terry Tapsell resigning as a Director and being replaced by Geoff Rolleston. Karen Vercoe also stepped down as a director following her appointment as the chief executive of Te Arawa Lakes Trust. I would like to thank Terry and Karen for their contribution to TAML.

Residential and Commercial properties

Income from our ground lease residential properties decreased from $397,628 in 2016 to $355,134 in 2017. Commercial rental revenues slightly decreased from $115,606 to $112,696 and residential house rentals saw a decrease of 14% from $282,622 to $242,438 in 2017.

The decrease is driven by accounting changes, as $44,665 in rate recoveries are classified in 2017 as sundry income whereas, in 2016 this was classified as residential rental income. Overall rental revenue is flat for the period.

Rent reviews undertaken in 2017 have led to rental increases in the ground rental and residential tenancies, which are now mostly at market levels. The review levels for the Lyndhurst Ave properties take full effect in the financial year to June 2018. Once the full increase is in place, the rental level for these properties will hold until 2023.

Little Waihi estuary licences are also under consideration. A new management structure is being negotiated with the Trust to develop an appropriate management system for properties which do not have individual boundaries, and are under Te Ture Whenua Māori Land licences, rather than leases. The key objective is to ensure security of occupation is provided, with assurances around tenure until 2023.

Rental Arrears: The management of rental arrears is the biggest challenge in the TAML portfolio. Our property manager, Joanne McCracken (APL), works with our tenants to reduce arrear balances. The board is working with APL to develop a more proactive approach to this reduction, acknowledging many tenants are also Te Arawa descendants. Some arrears have not been able to be recovered, resulting in three properties returning to Te Arawa possession. At least one more is likely to transfer this coming year.

Rental Reviews: Market levels form the basis of rental targets in the portfolio. The application of a modified rental review process for Lyndhurst Ave properties was successful, by enabling input from the resident community and some adjustment for existing levels. This model will be useful in future rental reviews, including the settlement of the tenure arrangements for the Little Waihi Estuary properties. The economic growth over the last 24 months has led to a strengthening of ground lease rentals amongst several other ground lease portfolios in the region.

Residential house tenancies are also based on market rentals and these are regularly assessed and applied. The demand for housing in Maketu is increasing every year and advertised new tenancies have had a huge level of enquiry. To ensure Te Arawa have first opportunity, TAML has implemented a policy to ensure these are released to Te Arawa via our networks before they are made available to the wider market.

Estuary Properties: The laneways on the estuary land have been named Tio Place and Pipi Lane, which has provided a sense of address for residents. While located on Te Arawa land, these laneways have been linked with the local authority roading network and emergency services.

Discussions have been held with the council for improvements in stormwater and roading services for the Little Waihi Community, particularly in relation to reducing the impact of surface water in high rain events.

Other Leases and Commercial Properties: Planning for the development of residential and commercial properties in Maketu and Rotorua has been underway for the past two years and assessments are currently underway.

Kiwifruit

The second crop from the Te Arawa orchard was harvested on 28 April, 2017, producing a total of 40,545 trays. This equates to an average of 13,207 trays per hectare. This second-year result is 10.05 per cent above the average second year crop for Sungold of 12,000 trays per hectare. Dry matter (quality indicator) achieved 0.49TzG (0.86TzG 2016) and all sizes to size 33 cleared at the time of harvest (all sizes cleared 2016).

In 2016, the TAML kiwifruit orchard met the requirements for Kiwi Start (early harvest premium). Although the orchard is in a prime early start location, the orchard did not achieve the harvest maturity criteria this year. The 2017 climatic challenges also meant many Sungold orchards struggled to meet the criteria. While some traditional early Sungold orchards failed to be harvested early this year, other historically late maturing crops did achieve early harvest. This is a conundrum that the industry does not have an easy explanation for.

An independent review of the orchard was carried out over winter which will provide amendments and adjustments to the orchard management system, ensuring future crops meet the early start criteria, while maintaining its current yield and quality standards.

Arawa and Okurei Dairy Farms

Like elsewhere in New Zealand, the profitability of our dairy farms is dependent on the price of milk solids. The 2017 financial year saw an improvement in milk price from $3.90 in 2016 to $6.12/kg MS for the 2017 season.

The 2016/2017 year has been one of the wettest on record and the first half of this season was particularly challenging on farm, with a very wet spring and low sunlight hours resulting in low pasture quality and quantity. Milk supply was 8 per cent down for October 2016 compared to 2015 as a result.

However, good management saw production recover through the remainder of the season, reaching the second highest level over the last 10 years for the combined farming operation. Production averaged 1,118kg MS/ha for the 2017 year (see Figures 1 and 2 below).

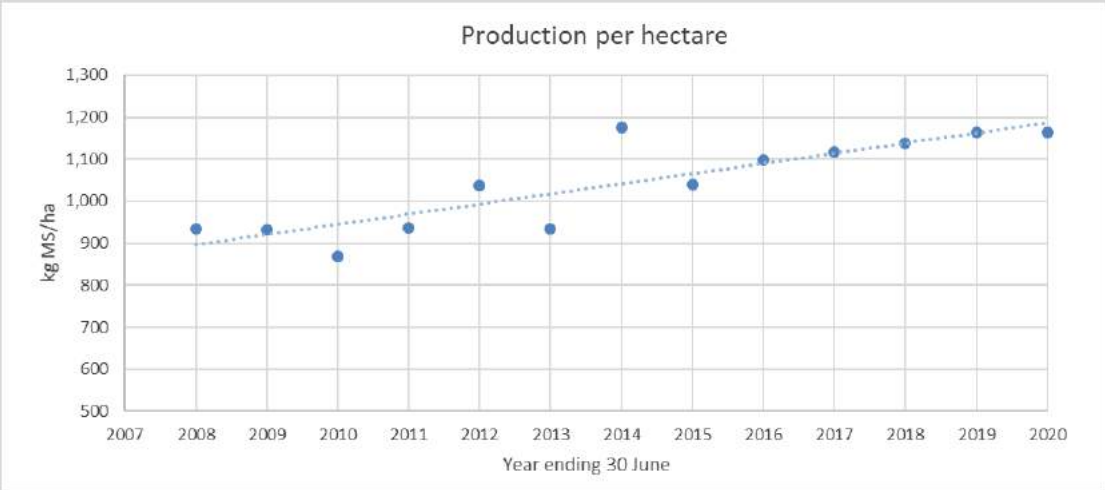


Figure 1. TAML actual and projected production per hectare (actual as at Nov 2017)

Production per hectare and cow has increased steadily for the past 10 years and we are on track to maintain these productivity increases. It is important that production does not occur at the expense of animal health, as well as environmental indicators like nitrate leaching and soil degradation. Our sharemilkers and management advisory team have very clear guidelines and targets on these two key areas.

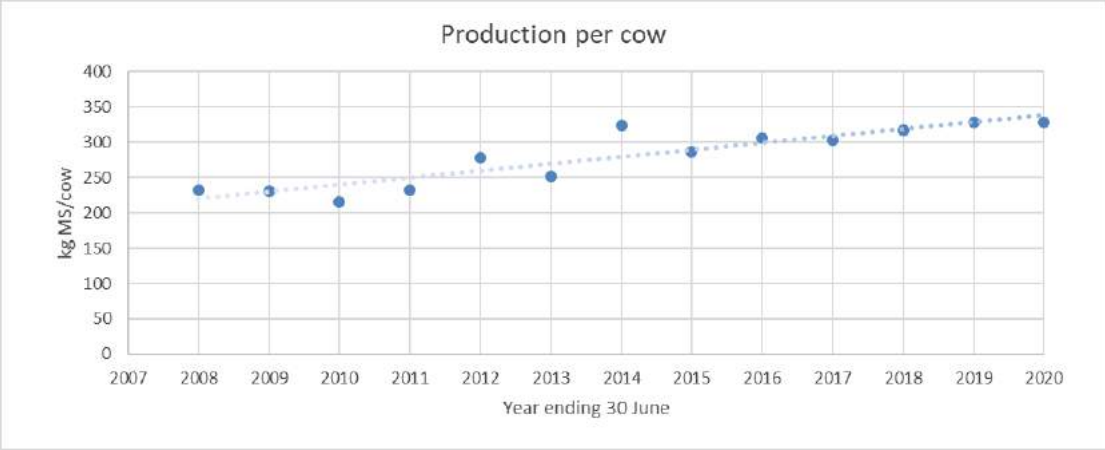


Figure 2. TAML actual and projected production per cow (actual as at Nov 2017).

Farm productivity has also continued to improve (see Figure 3). TAML has a policy of continued improvements in cost control, and many non-critical expenses which were deferred over the previous two seasons due to the low milk prices have been addressed this year. In 2017 there was a moderate increase in expenses, particularly repairs and maintenance, however, we continue to exert tight expenditure controls to ensure profit is maximised.

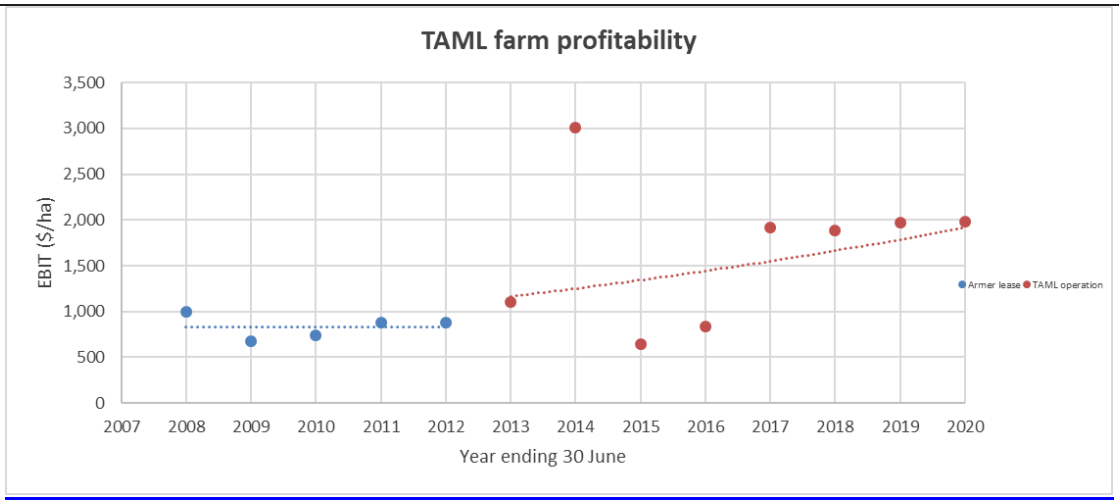


Figure 3. TAML actual and projected farm profitability (milk priced based on accrual accounting i.e. includes milk revenue received in the following year).

We have seen a slight increase in farm expenses in 2017 to $1.60/kg, following a decrease to $1.56/kg MS in 2016. Farm expenditure is budgeted at $1.65/kg MS in the 2018 year. Capital expenditure in 2017 included a new milk cooling system at Arawa, which sees milk enter the vat at less than 5C and resulted in Arawa Farm being fully compliant with Fonterra's new milk cooling regulations.

In early 2017, the decision was made to build a third dwelling on Arawa Farm and this will be completed and occupied at the end of November. The farm had previously only had two dwellings with farm staff required to live off farm and commute.

In addition, we have appointed a Te Arawa assistant farm manager, who comes with extensive farming experience.

Finance Portfolio

As indicated in the 2016 AGM report, the portfolio asset allocation has changed significantly during the past year to a higher proportion in growth assets. International equities have been increased, from zero to 22 per cent of the portfolio. Income yield has fallen, but total return is forecast to be higher over time due to growth from international shares. While the benefit from this had not been fully realised as at 30 June, there has been significant improvement in the last four months, and we remain confident that this is the right strategy in order to future proof our funds from adverse market events.

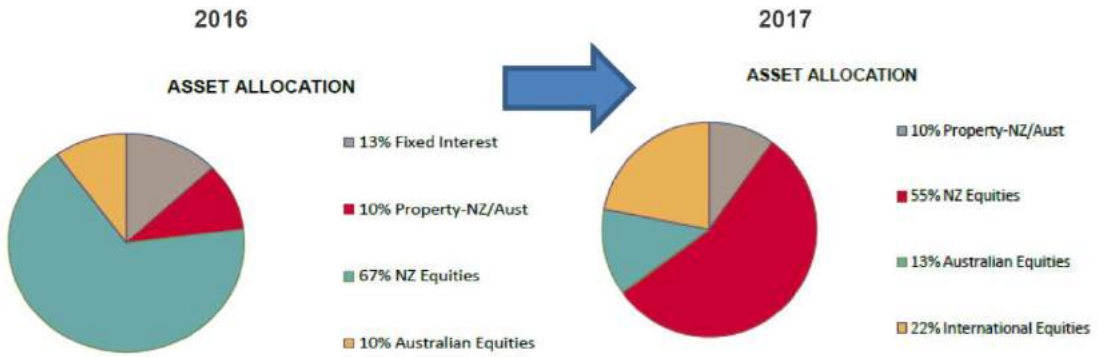


Figure 4. TAML Finance 2017 Portfolio

Overall, the portfolio performance for the 12 months to 30 June was 3.6 per cent, which is below long term expectations. This was largely due to the timing of our sale of bonds and high yield shares, and the move to international equities being too early in hindsight. However, the strategy has since been proven correct, with the 12 month return to 30 October, 2017 increasing to 11.77 per cent, due to a strong increase in global shares.

As at June 30, 2017, the portfolio had a forecast income yield of 4.36 per cent pa. This exceeds the return from the fixed interest market and bank deposits.

The portfolio's annualised return from inception in May 2013, to 30 June 2017, was 8.95 per cent pa. The results since June 30 indicate the annualised returns will increase into the 2018 year. Current projections are above our long-term expectations and inflation, and we expect these returns to normalise over time.

Our international diversification strategy is showing promise, especially in recent months as the NZD has fallen, and international equities have performed well. International equities are still only 22 per cent of the portfolio, but they have made a material contribution to growth and lowered the risk of having all investments in Australasia. We are currently working with our financial advisor Tom Davies (Craigs Investment Partners) to assess whether the size of our international equities portfolio should increase from 22 per cent, to their recommended stake of 37 per cent.

In 2017 TAML also diversified into assets which are not correlated to share performance (defensive assets such as the Salt long short fund and the Gold fund) as a risk management strategy to provide greater diversity and protection to the portfolio.

Asset Diversification

TAML's assets, and in particular its property portfolio, are in the process of significant change. We currently have commercial land/properties in Rotorua's CBD, along with extensive residential tenancies and ground leases at Maketu. In recent years TAML has clarified its expectations for these different asset classes, and developed specific management plans to manage the different properties. For example, managing licence holders on Te Ture Whenua land in the Little Waihi estuary requires very different approaches to commercial property management.

Positioning TAML for changes in the Rotorua and Maketu property markets is critical. Demand for residential and commercial properties in Maketu is increasing at an unprecedented rate, with expanding Eastern Bay of Plenty growth buoyed by the proposed Paengaroa/Te Puke business park, Te Tumu Kaituna planned development and the Eastern Expressway.

As the largest land owner in Maketu, we have a responsibility to Te Arawa for development to undertaken in a manner that is consistent with our cultural, social values, and economic values. The foundations we lay over the next few years will be critical. An overview of the planning process for these new developments will be presented at the AGM.

Finally, this is my last report as TAML Chair. I stepped down in October 2017, but will continue on the board as a director. Mana Newton has agreed to take on the role of Chairman. I would like to thank TAML directors Mana Newton, Lana Ngawhika and Geoff Rolleston for their support and contribution they have made over the past year. I would also like to acknowledge the management team that includes Matiu Taurau, Ranui Maxwell and Glenn Hawkins (GHA), Duncan Walker (PerrinAg), Joanne McCracken (APL), Campbell Wood and Homman Tapsell (SEEKA), Richard Fowler (Arawa Farm) and Matt Standish (Okurei Farm)

Noho ora mai, nā

Dr Tanira Kingi
Chairman
Te Arawa Management Limited

Te Komiti Whakahaere Chairman's Report

Tēnā tātou Te Arawa whānui,

It is my privilege to present the 2017 Te Komiti Whakahaere (Te Arawa Freshwater Fisheries Management Committee) Annual Report on behalf of the Board of Trustees.

Te Komiti Whakahaere (TKW) was established under the Te Arawa Lakes (Fisheries) Regulations 2006. Our key focus in the past financial year, and the year to date, has been on the refinement of the mahire whakahaere (Fisheries Management Plan) and bylaws, and the resubmission of the bylaws to the Ministry of Primary Industries (MPI).

The mahire whakahaere (the mahire) aims to work towards the vision where Te Arawa taonga fishery is healthy, plentiful and sustainably managed, and Te Arawa have undisturbed possession and access to Te Arawa taonga fishery, mo ake, tonu atu.

To achieve this vision, the mahire sets out methods to work towards the objectives of sustainable customary fisheries, information gathering, promotion of customary fishing, supporting fisheries habitats and the safe consumption of taonga species. The bylaws set careful restrictions on the size, quantity and methods for harvesting taonga species, and enable restrictions or prohibitions to be made to protect those species. Examples might include limiting the quantity or size of the species that may be harvested. Taonga species include kōaro, kōura, tuna, kākahi, inanga and morihana.

The bylaws were finalised last year, approved by the TALT board, and subsequently lodged with MPI in September 2016.

After assessing the bylaws, MPI raised an issue regarding the references to smelt. Under the Fisheries Act, smelt are not managed by MPI and therefore the Minister could not consider a bylaw for these species. However, under the Act, inanga at an adult stage are managed by MPI and the Minister can therefore consider a bylaw for this species.

After careful consideration, the bylaws were amended and all references to smelt were removed and replaced with inanga. The bylaws were resubmitted in November, 2017 and MPI has formally acknowledged receipt of them.

It is expected that MPI will formally publicly notify the consultation process in January, 2018. Copies of the bylaws will be made available for Te Arawa and the wider public to view, with the opportunity for submissions to be made as part of the consultation process. We encourage Te Arawa to make submissions in support of the bylaws.

Now that the bylaws have been resubmitted and formally received by MPI, we are quietly confident that they will be approved by cabinet and will come into force (enacted) by the middle of next year, if not before.

In the meantime, our attention has turned to the implementation of the mahire, finalising the Puka Whakamana (authorisation for customary food gathering) and the appointment of additional Poutiriao (persons authorised to issue Puka Whakamana).

In closing, I would like to thank management and staff, past and present, for their valued support and input into the work of TKW. In particular I would like to acknowledge Roku Mihinui for his guidance, support and untiring commitment.

Finally, I would like to thank the members of TKW for their commitment and contribution. I look forward to working with you on the next phase of our journey.

Nāku noa, nā
Laurance Tamati
Chairman
Te Komiti Whakahaere

Chief Executive's Report

Tēnā tātou katoa,

It gives me great pleasure to present the chief executive's report for the financial year ending 30 June 2017. Note this report covers the period of my employment from April 2017 to June 2017.

Strategic Focus

Following an extensive organisational review, the Board confirmed three key objectives for 2017;

1. Refocus on our settlement assets, OUR LAKES.
2. Engage better with our people and understand their needs in relation to our lakes, OUR BENEFICIARIES.
3. Strengthen our infrastructure, systems and our workforce, OUR ORGANISATION.

Our organisational activity from April to June 2017 has focused on establishing the foundations to enact these three objectives.

Our Lakes

In order to develop a work plan for our lakes, we needed to gather information and understand the overall health of our lakes, the projects, research and monitoring being undertaken, as well as the management plans associated with each lake.

Te Arawa Lakes Info Sheets Report

The subsequent Te Arawa Lakes Info Sheets June 2017 report provided this information about each of our lakes, while it also provided suggestions about communicating this information in a useful, visual and meaningful way to our beneficiaries via our website. The report included the following information

- The status of water quality for each lake i.e. is it healthy? Can I swim there?
- The projects, research and monitoring occurring on the lakes.
- The outcomes of the lake research and monitoring.
- The role of the Trust, Bay of Plenty Regional Council and Rotorua Lakes Council with the lakes.

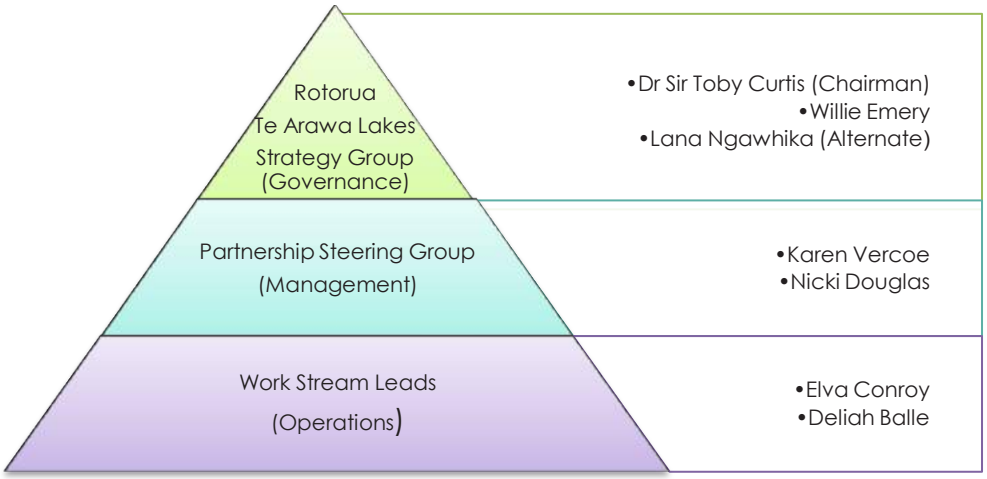
The development of the report also identified additional issues for our organisation, such as the status, and capability of our website, software and information management system.

Leveraging our Settlement Legislation Partnerships

The Te Arawa Lakes Settlement Act 2006 is an authoritative piece of legislation that provides the mechanism for our organisation to strongly advocate for our interests, and the interests of hapū, with our settlement partners. From April to June 2017, our staff have been intensely focused on reaffirming Te Arawa ability to exercise our kaitiakitanga in relation to our settlement and in particular;

- Te Arawa ownership of 14 lakebeds
- Te Arawa property rights
- Te Arawa / Crown relationship

Understanding and leveraging our legislation with our settlement partners, and ensuring that we are actively participating and advocating at every level of decision making, has been our major focus. As a result, we have defined the following structure to support these relationships and discussions.



Our combined efforts at governance, management and operations levels have ensured our partners understand that TALT is taking a proactive and forward focused approach to exercising our kaitiakitanga over our lakes.

Our People

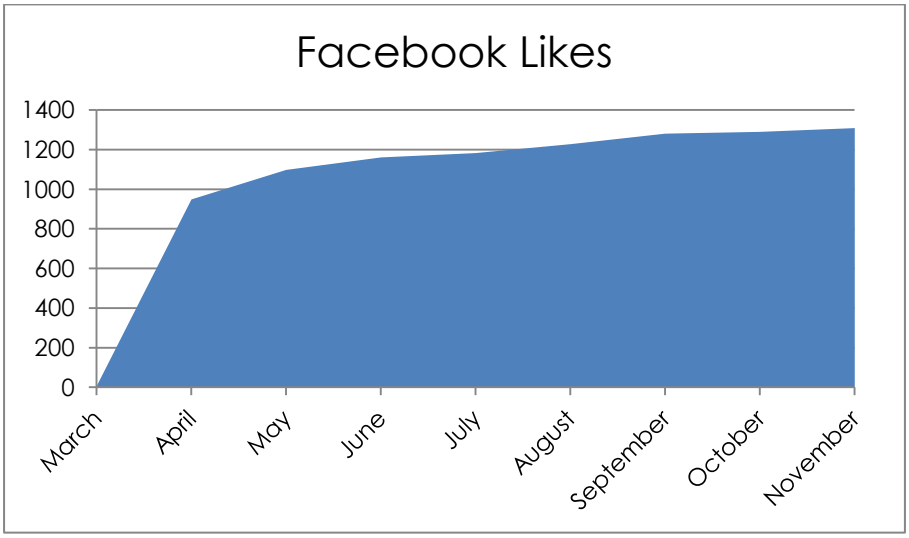
Te Arawa Lakes Trust has a register of 20,198 Te Arawa whānau. As stewards of our organisation, our role is to ensure that we connect with our people in a meaningful way to understand their goals and aspirations in caring for and protecting our settlement assets. In order to do that, we have established a team that is skilled in the environment and the statutory mechanisms that affect it, whilst also demonstrating the aroha, respect and reciprocity our people deserve.

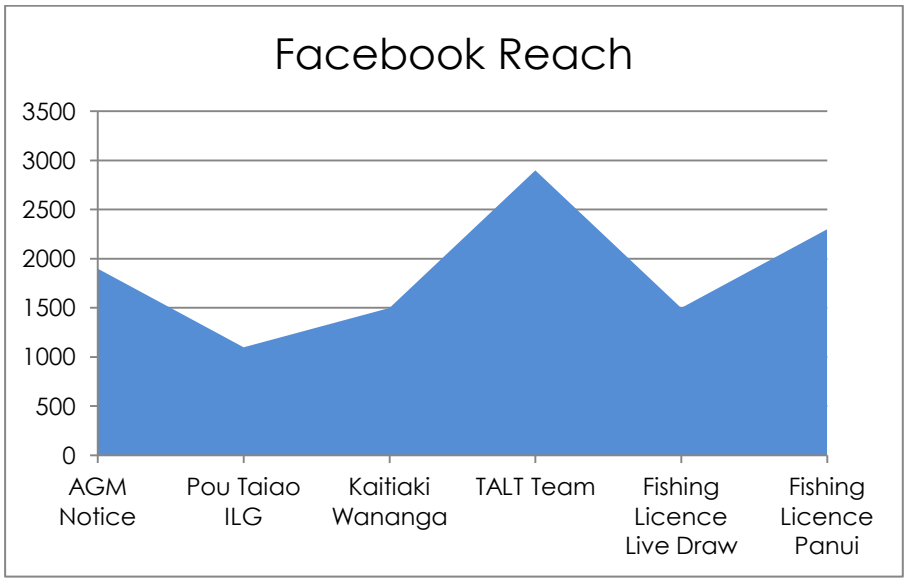
Connecting with our Beneficiaries - Updating our Beneficiary Register

The Trust's beneficiary register has not seen any major upgrades since its development pre 2009. During April to June 2017, we have undertaken extensive research regarding our beneficiary database and this will be a major focus of our work in the financial year 2017 / 2018.

The increased use of social media by our people and the growing prominence for that mode of communication requires the Trust's systems, in particular our beneficiary database, are responsive and adaptive to new online technologies. The use of technology that captures data and provides analytics is a critical factor for informing our decisions. Analytics also provide tangible evidence of how, and what, our people are engaging with us on.

The below graphics provide some insights into the level of engagement we are now seeing through social media.





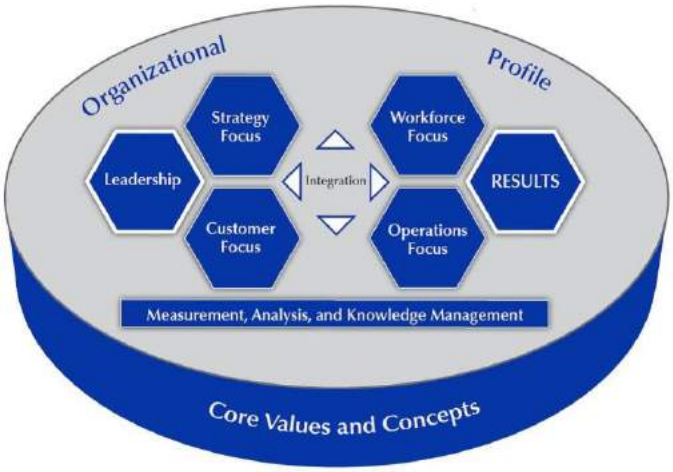
Our engagement through social media has greatly increased our people's ability to have direct connection with us and we will be doing even more with Facebook over the next year, in order to continue to grow this engagement and understanding.

Our Organisation

To implement our aspirations for our lakes and our people, the Trust requires a business model that will enable and support our activity.

STRENGTHENING our infrastructure – business model

The Board have adopted the Baldrige Criteria for Performance Excellence as the model against which all organisational activity will be reported.



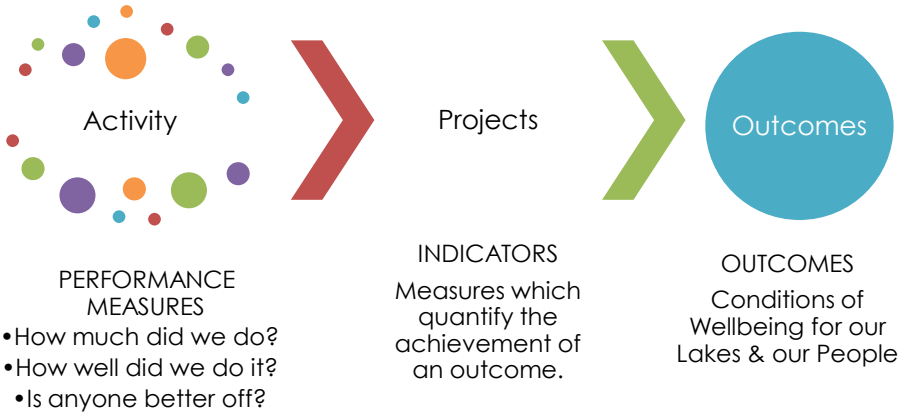
The Trust's business model ensures our organisation is focused on holistic organisational development. Our business model is founded upon our core values and concepts, whilst also ensuring that seven key focus areas are simultaneously developed. These include; Leadership; Strategy; Customers; Measurement, Analysis and Knowledge Management; Workforce; Operations and Results. All management reports now use this framework to report back on monthly activity.

We have also bolstered our organisation policy in governance and finance, with a focus in 2017/2018 on completing health and safety; human resources; information technology; administration and service delivery policies and processes.

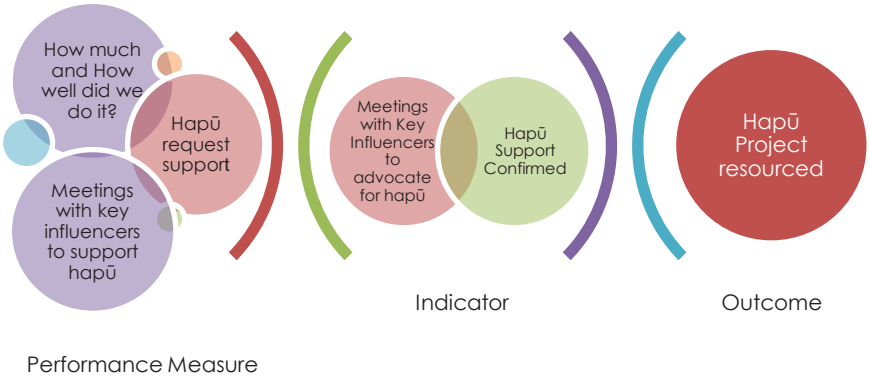
Improving our systems - Outcomes Framework

To complement our business model, we have incorporated an outcomes framework across all of our environmental projects - results based accountability.

The outcomes framework ensures a clear line of sight from the activity we undertake on a daily basis, to the achievement of outcomes for our lakes and our people. Our organisation is committed to making a difference and focusing resource in areas that produce the biggest impact for our people.



An example of our outcomes framework in action during April to June is included below;



Our workforce

To deliver on our strategic objectives, we needed a highly capable and technical team to implement our work programme.

Nicki Douglas (Ngāti Rangiwewehi, Ngāti Whakaue)

With the departure of our long standing and experienced staff member, Roku Mihinui, we required an equally skilled and talented manager to take over the environment portfolio. We also wanted someone who can whakapapa to our lakes and possesses the same passion and commitment to our lakes expressed by all previous staff and trustees.

As a result, the Trust successfully negotiated a 12-month secondment of Nicki Douglas, from the Department of Conservation (DOC) Waikato, into the role of environment manager. Nicki comes to Te Arawa Lakes Trust with experience, talent and passion, having held numerous senior management positions with DOC and an established reputation in the environment. Nicki joined us on the 22 May, 2017.

Deliah Balle (Tūhourangi, Ngāti Pikiao)

Prior to Nicki starting, Deliah Balle was contracted to manage our lakes structures and consents. Deliah has returned home from working for Ngāti Awa, where she managed their resource consents. Deliah is also responsible for managing over 1000 lakes structures that are due for renewal.

Elva Conroy (Tapuika)

We continue to retain the services of Elva Conroy, who has had a long contracting relationship with the Trust. Elva is best known for authoring Te Tūāpapa o ngā Wai o Te Arawa, our cornerstone values document for TALT and the nationally recognised Te Arawa Cultural Values Framework. Elva is a qualified planner and has an established reputation with Bay of Plenty Regional Council and Rotorua Lakes Council. She actively manages our work stream lead projects on our behalf with our two settlement partners.

Gina Mohi (Ngāti Rangiwewehi, Te Whānau a Apanui, Whakatōhea)

Gina needs no introduction as she is well known for her work in the environment and with Ngāti Rangiwewehi. Gina is responsible for the project management of our kaitiaki forum, which is our direct engagement with whānau and hapū. Gina ensures that we maintain our balance between our statutory activities and having direct engagement with whānau.

I also want to acknowledge our other team members who joined us after the end of the financial year;

- Jamie Forsman (Ngāi Te Rangi, Ngāti Ranginui)
- Waitiahoaho Emery (Ngāti Pikiao)
- Jasmine Waerea (Ngāti Kea Ngāti Tuara, Ngāti Whakaue, Ngāti Rangiwewehi, Kai Tahu)

Closing

In closing, I would like to take this opportunity to acknowledge our staff who left us this year and thank each of them for their invaluable contribution to our organisation.

Linton Mascord – our senior tutor who is now working at Rotorua Boys High School; Matiu Wiki – our automotive tutor who is now working for a private training establishment in Whakatāne; Mia Hamiora our literacy and numeracy tutor and administrator who is now working for Te Taumata o Ngāti Whakaue.

Our office staff; Lisa Hudson who is now working at Rotorua Forest Haulage; and our long standing finance officer, Tamara Epapara who is now working at Te Tumu Paeroa, and finally Roku Mihinui, our longest serving staff member, who has now established his own consulting company and is contracted to numerous groups.

Thank you all for the opportunity to continue to serve Te Arawa whānai in my role as chief executive officer.

Nā,
Karen Vercoe – Ngāti Pikiao, Ngāti Mākino
CEO

Environment Manager's Report

Scope

Due to the comprehensive review of Te Arawa Lakes Trust (TALT) and its subsequent structural changes, this environment team report covers the period 22 May to 30 June, 2017.

This report outlines the activities of TALT's environment team for the year ended 30, June 2017

In the first quarter of the calendar year, the Department of Conservation approved a 12 month secondment for Nicki Douglas (Ngāti Whakaue, Ngāti Rangiwewehi) to the lead the environment portfolio at TALT.

Within the context of a new business model, with a focus on customers and delivering outcomes for Te Arawa whānau, hapū and iwi, her initial focus was to establish sound working relationships across hapū and iwi, as well as the Trust's strategic partners.

This enabled a sound understanding of the context of the lakes programme from a Te Arawa perspective, and highlighted how the Trust could establish the environment portfolio to best influence, and lead where appropriate, the restoration of the mauri of the Te Arawa Lakes.

A key output was the development of a strategic work plan for 2017/18, as well as a three year work programme, designed to deliver the strategic outcomes sought by the Trust and Te Arawa hapū and iwi. This is located at the end of this annual report.

This report also provides insight into the broader activities of the Trust.

Summary

The Trust's environment team for the reporting period has consisted of Nicki Douglas, Deliah Balle and Elva Conroy.

As manager, Nicki's key role has been the development of the annual work plan, connecting and engaging with hapū, iwi and the strategic partners associated with the lakes programme, as well as leadership of key projects.

Deliah's role has focused on the Trust's statutory role with regard to lakes structures, Resource Management Act matters and the Trust's engagement with hapū and whānau on these.

Elva has continued in her role as workstream lead in the Lakes Strategy Programme on behalf of TALT, with a focus on embedding Te Tūāpapa o ngā Wai o Te Arawa and providing input on plan changes and policy development.

The work of the previous manager and team meant there was a good foundation for development of the new work programme.

The annual work plan, and the three year work programme developed during this period, focuses on three key functions of the Trust – its statutory role, Lakes Strategy Programme and Te Arawatanga. The plan seeks to deliver three key objectives; embed Te Tūāpapa, integrate mātauranga and science practice, and build capability and capacity.

Additional projects in progress during this period include;

- Progressing the Fees and Charges Policy
- Refreshing the Lakes Structures Policy
- Supporting the Trust in discussions on Plan Change 10
- Progressing the Cultural Mapping Project

Function: Te Arawa/Rotorua Lakes Programme

Te Tūāpapa is embedded into the Lakes Strategy programme

The Te Arawa Cultural Values framework – Te Tūāpapa o ngā Wai o Te Arawa – is a key pou for the Trust in guiding our work priorities and approach. It is our goal to ensure these values are embedded across all of our work across the Te Arawa lakes, as well as the work of our partners and customers.

To achieve this, the team has focused on the development of a range of engagement activities with key partners, which will deliver understanding of how the values expressed in Te Tūāpapa can be embedded into the work of the Lakes Programme.

For Example: information sheets for each lake reflecting whānau and hapū values and the Lakes Programme alignment.

Agreement from Lakes Strategy Group partners Bay of Plenty Regional Council (BOPRC) and Rotorua Lakes Council (RLC) to co-design a package for staff so they can apply Te Tūāpapa in their work.

Plan change 9 and 10

TALT engaged with BOPRC and RLC on the Proposed Plan Change 10 process and developed a position which was in opposition to some of the proposed parts. The Trust informed BOPRC and RLC of this position and sought to engage with a range of parties who were also opposed.

The Trust has heard clearly from Te Arawa landowners that they do not need the Trust to appeal the Commissioners' decision on their behalf. On that basis, the Trust continues to oppose the Plan Change, but is not an active participant in the appeal process.

The Trust also made a submission to Plan Change 9, which seeks to address water allocation. The Trust's further submission was made in support of those made by Ngati Rangiwewehi, Ngati Pikiao Environment Society and Ngati Makino. This matter is ongoing. The basis of the submission is to ensure the following key matters;

- Water should be allocated for the benefit of water itself in the first instance – it is our first guiding principle; an allocation for the needs of the community (and in particular hapū and whānau); and finally, an allocation for commercial and economic activity.

- In sensitive catchments, allocation supports appropriate land use change and gives to hapū and whānau first.

Sewerage and reticulation

TALT acknowledges the importance of managing waste water to cease the impact on our lakes. The Trust's team has engaged in the sewerage scheme discussions and steering committees, supporting hapū and iwi already contributing to these discussions. This has included participation in the Rotoehu Sewerage Steering Committee, the Tarawera Sewerage Steering Group and the Rotorua Waste Water Treatment Plant Memorandum of Understanding (MOU).

Research support

TALT continues to support research proposals that progress the outcomes of wairua, waiora and waiata.

The Trust supported PhD student Tracey Takuira in researching the impacts of land use and nutrients on wetlands and how this effects kuta – a traditional weaving material found in wetlands. The Trust supported Tracey through connecting her with various hapū and allowing collection of the kuta for use in her weaving practice associated with this study.

The Trust is also supporting Scion scientist Marie Joo Guen with her proposal to MBIE, which will enable research around contaminant filtering in the lakes. We have recently been advised that Marie Joo Geun's proposal has been accepted.

Te Arawa Lakes Trust - Statutory responsibilities

Te Arawa Freshwater Fisheries Regulations

During this reporting period, TALT was awaiting feedback from Ministry for Primary Industries (MPI) with regard to the Fisheries Bylaws.

Lakes structures

At the time of the 2006 Lakes Settlement, 1000 Lakes Structures were given a 10 year consent by BOPRC with agreement from TALT, Department of Conservation (DOC) and Land Information New Zealand (LINZ). All of the consents are now due for renewal.

BOPRC are the lead agency on this, and TALT is undertaking a cultural mapping project under contract to ensure the cultural values associated with the structures are taken into consideration in the decision making for the re-consenting process.

Lakes Rotoehu, Rotorua and Rotomā are the first lakes to go through the cultural mapping process. During the reporting period, the key focus has been on planning for engagement hui with whānau, hapū and community to undertake this work.

During the reporting period, the Trust team have had input into three resource consent applications, while a further three are awaiting comment. These range from land use consents, to structures, through to the pest barrier at Te Weta Bay.

The development of an engagement policy outlining the fees and approach for Te Arawa input into Resource Management Act and other formal processes has also taken place. Since its inception, the Trust has not charged any party for input into resource consent processes, or the cultural advice and support required for cultural impact assessments.

Trustees have approved the development of a policy for fees and charging, which has since been implemented. The policy recognises the expertise of Te Arawa in these processes and recovers the cost of this input. Te Arawa whānau will not be charged for this service, unless there is a commercial outcome.

Te Arawa Lakes Trust – Te Arawatanga and Engagement

Support to whānau and hapū

TALT recognises that hapū and iwi around the Te Arawa lakes have mana moana and mana whenua. Te Tūāpapa o ngā Wai o Te Arawa establishes the key strategic role of the Trust and how this supports the hapū and iwi of Te Arawa. Key engagement and deliverables for the reporting period May-June have included:

- Support to Ohinemutu Pā (Te Kōmiro o Utuhina) residents to progress clean-up of Lakefront and Utuhina Stream
- Engagement with Mokoia Island Trust Board and erosion control project for Hinemoa's pool – Waikimihia
- Connecting RLC and Otaramarae Trustees regarding lakes access to Rotoiti
- Initiation of Ngāti Whakaue kaitiaki hui to establish key connections for conservation and environment matters associated with Ngāti Whakaue

There is also a key role in engaging with Te Arawa entities on Te Arawa issues to ensure alignment, maximum leverage and consistent engagement.

Te Arawa Entities

1. Te Arawa River Iwi Trust – information sharing regarding nutrient management technology.
2. Te Tatou – Review of submission to Rotorua Lakes Council's Spatial Plan
3. Te Mana Whakahono workshop with Kahui Legal and wider iwi interests

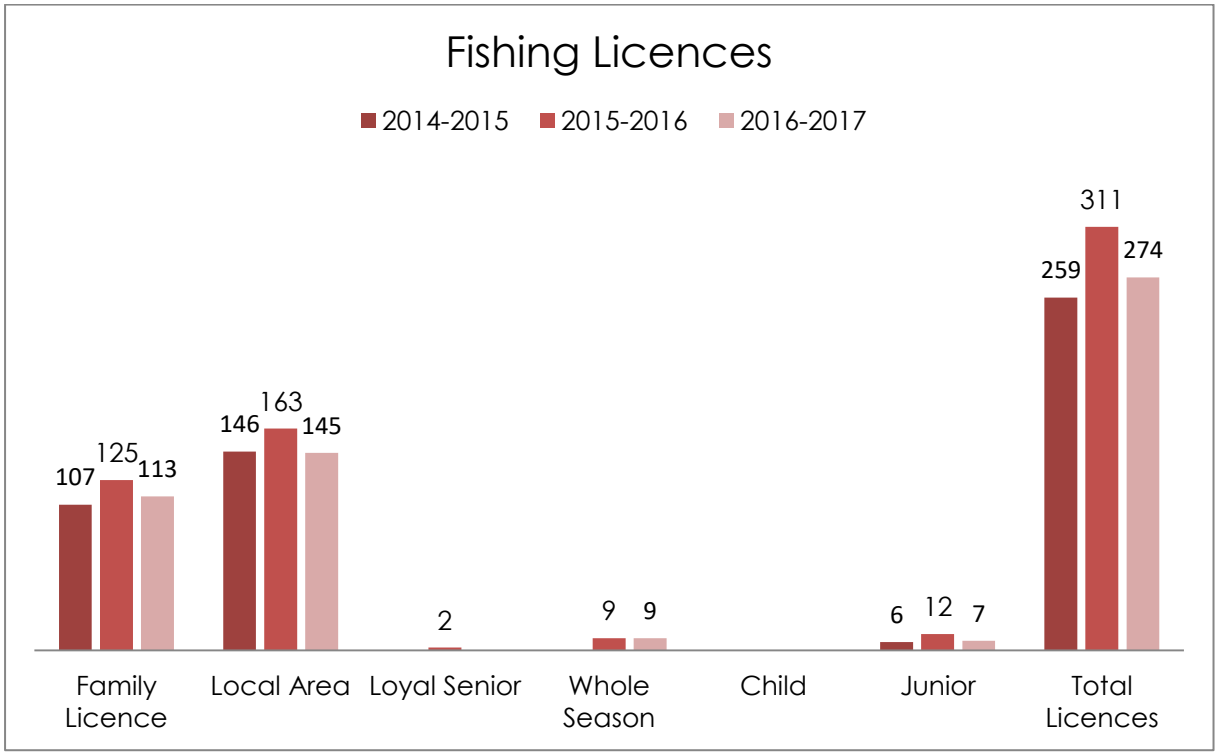
Strategic partners

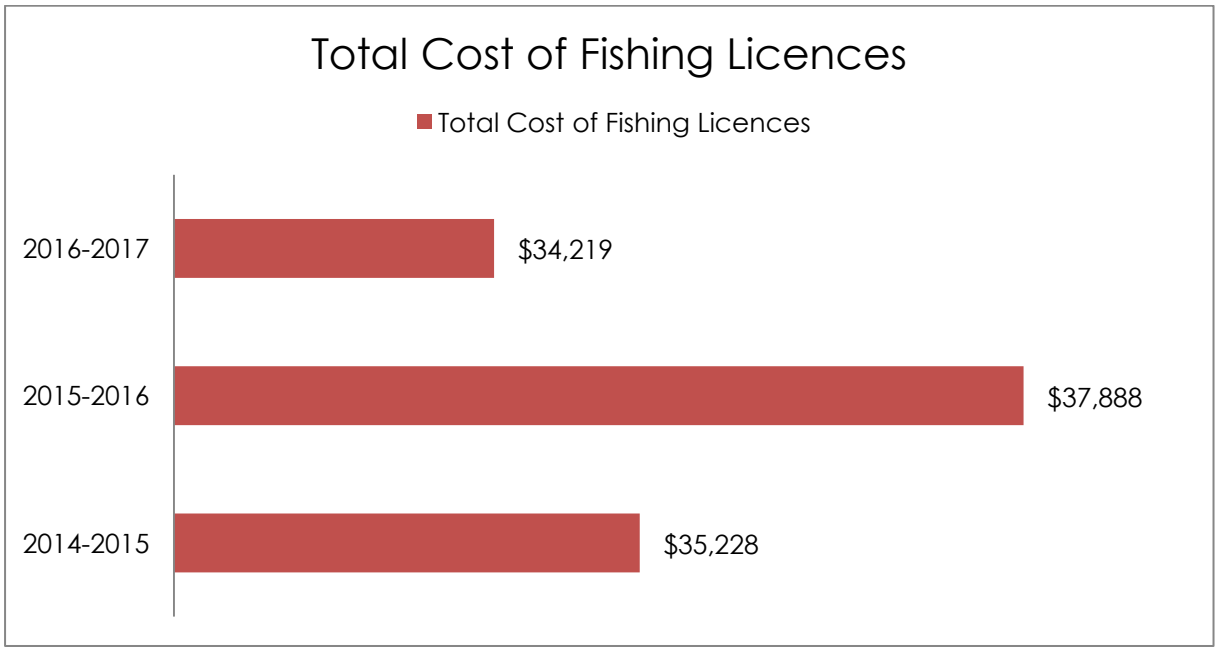
- Hosted BOPRC and RLC regarding Plan change 10
- Provided input and communications planning into the Waste Water Treatment Plant Memorandum of Understanding with RLC and BOPRC.
- Delivery of TALT work plan to Lakes Programme Steering Group meeting and BOPRC lakes operations team
- Engagement with Namouta Poutasi (Water Policy Director BOPRC) and Donna Llewell (Solicitor BOPRC) to discuss BOPRC water policy work including Water Management Areas under the Regional Policy Statement.
- Identified key wetland restoration projects across the lakes
- Team engagement in all levels of lakes programme through field trips and project engagement.

The engagement outlined in this report has led to a number of key projects, which are now under implementation in the current year.

Highlights of the Trust – Matariki Koeke Ball 2017

Highlights of the Trust – Fishing Licenses 2016/2017



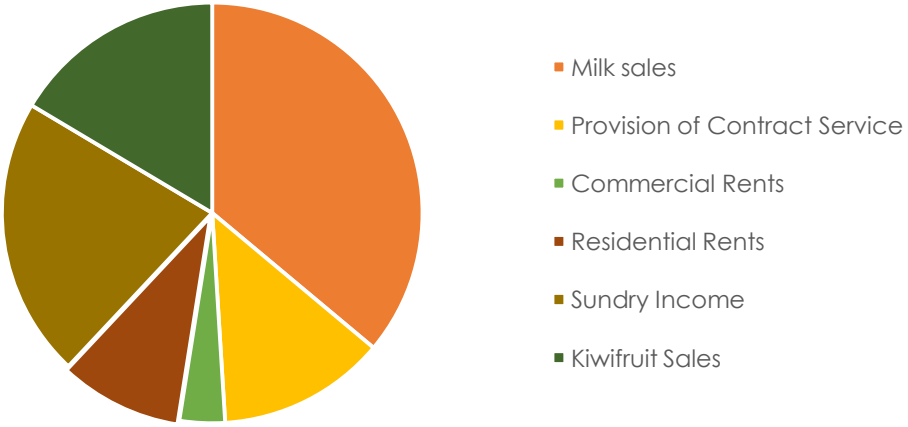


Financial report 2017

The financial statements are Group accounts and include both the Trust and its subsidiary company, Te Arawa Management Limited.

Income

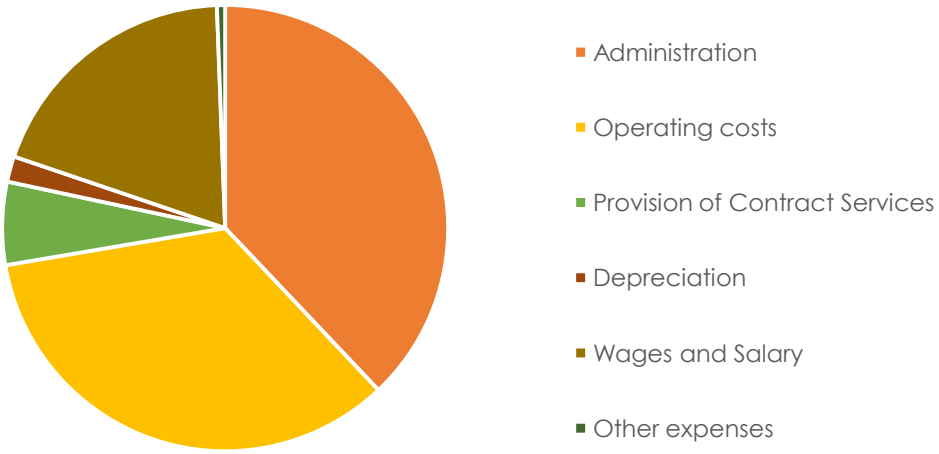
For the year ended 30 June 2017, the Group had total income of $2,555,284. This is up 28% on last year's result ($1,995,328). Kiwifruit and milk sales increased 116% and 65% respectively, while investment revenue dropped 6% compared to last year.



Expenses

Total expenses for the year were $2,303,461. This is a slight decrease of 2% compared to last year ($2,262,241).

Cost savings were achieved during the current year in employee related costs (6% decrease) and contract expenses (42% decrease). However, operating expenses increased by 10% due to increases in farm and orchard expenses, and rates.



Total Comprehensive Revenue and Expense

Other Items include the revaluation of the kiwifruit orchard (biological assets). For the year ended 30 June 2017, the Group had total other items of ($151,331). This is significantly different to last year as the Group's investment properties were not revalued during the year and the kiwifruit crop reduced in value compared to the previous year's increase.

The net surplus for the year is $100,492, which is much lower than last year ($2,781,464). This is because the investment properties are not being revalued this year, as the valuations have a three year cycle.

The Other Comprehensive Revenue and Expense category includes the growth in the value of the investment portfolios.

In the past year, there was an increase in the value of the portfolios of $366,400 (last year: $1,050,679). This increase provides the total other comprehensive revenue for the year.

The total other comprehensive revenue for the year of $366,400 is then added to the surplus for the year of $100,492 to provide total comprehensive revenue and expense for the year of $466,892. This is compared to last year's result of $3,832,143.

Balance Sheet

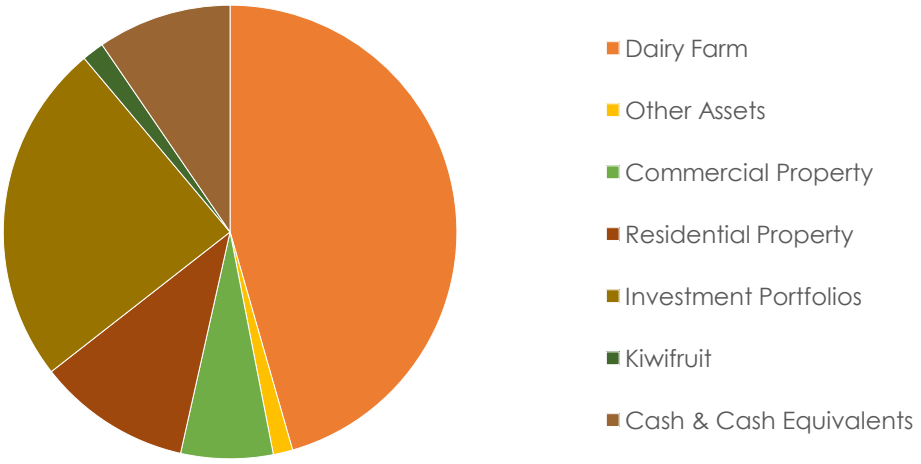
The Group's current assets consist of bank funds, debtors, prepayments, accrued interest and a GST refund. Non-current assets represents property, plant and equipment, investment properties, Craigs Investment Portfolio, kiwifruit orchard and licences. Total assets are up slightly from $33.7m to $34.0m.

Current liabilities include creditors, deferred contract and rental income, annual leave accruals, deferred kiwifruit licence payments and loans owing to Fonterra. There are no non-current liabilities. Total liabilities are down 15% from $0.7m to $0.6m due to fewer trade creditors, less deferred revenue and reduced annual leave owing to staff.

Overall, the value of the Group has increased from $32.9m to $33.4m.

Diversified Asset Base

The trustees and commercial directors have been focused on more diversification of the asset portfolio and thus a reduction in risk due to lesser exposure to any single industry downturn. Across the Group, the breakdown of the assets is now as follows:



Audited Group Financial Statements

Financial Statements

Te Arawa Lakes Trust Group

For the year ended 30 June 2017

TE ARAWA LAKES TRUST

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Directory

Te Arawa Lakes Trust

As at 30 June 2017

Trustees	
Te Kawatapuarangi	Noble Curtis (Chairman) William Emery Raina Meha-Rangitauira
Tuhourangi	Huru Maika Denise Emery Lana Ngawhika
Te Ure o Uenukukopako	Terry Tapsell Geoff Rolleston Zalene Douglas
Address	1194 Haupapa Street Rotorua
Accountants	GHA Ltd Chartered Accountants PO Box 1712 Rotorua
Auditors	Cookson Forbes & Associates Chartered Accountants PO Box 541 Opotiki
Bankers	Westpac PO Box 1341 Rotorua
Solicitor	East Brewster Ltd PO Box 1742 Rotorua
Charities Services Registration	CC43131

Directory

Te Arawa Management Limited

As at 30 June 2017

Company Number	1862236
Directors	Tanira Kingi (Chairman) Lana Ngawhika Mana Newton Karen Vercoe (Resigned 24 March 2017) Terry Tapsell (Resigned 24 March 2017)
Registered Office	1194 Haupapa Street Rotorua
Charities Services Registration	CC43132
Bankers	Westpac 1228 Amohau Street Rotorua Bank of New Zealand 1176 Amohau Street Rotorua ASB Bank Cnr Hinemoa & Tutanekai Streets Rotorua
Accountants	GHA Ltd Chartered Accountants PO Box 1712 Rotorua
Auditors	Cookson Forbes & Associates Chartered Accountants PO Box 541 Opotiki
Date of Formation	2 October 2006
Shareholders	Noble Curtis & Lana Ngawhika jointly in trust 24,554,233 shares As nominees by way of deed of appointment dated 14 February 2008 on behalf of Te Arawa Lakes Trust
Shares	24,554,233 Ordinary shares

Statement of Comprehensive Revenue and Expense

Te Arawa Lakes Trust Group

For the year ended 30 June 2017

	Note	2017	2016
		$	$
Revenue			
Revenue	3	2,004,276	1,398,630
Other revenue	4	551,008	596,698
Total Revenue		**2,555,284**	**1,995,328**
Expenses			
Administration expenses	5	870,774	757,905
Depreciation & amortisation		42,466	55,776
Employee related costs	6	462,628	494,649
Provision for services	7	138,182	237,309
Operating expenses	8	789,412	716,602
Total Expenses		**2,303,461**	**2,262,241**
Surplus/(deficit) before other items		**251,823**	**(266,913)**
Gain/(loss) from changes in fair value of biological assets	12	(151,331)	104,846
Gain on revaluation of investment property	15	-	2,943,531
Other items		**(151,331)**	**3,048,377**
Net surplus/(deficit) for the year		**100,492**	**2,781,464**
Other comprehensive revenue and expense	11	366,400	1,050,679
Total comprehensive revenue and expense for the year		**466,892**	**3,832,143**

This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.

CF Audit

TE ARAWA LAKES TRUST

Statement of Financial Position

Te Arawa Lakes Trust Group

As at 30 June 2017

	Note	2017	2016
		$	$
Assets			
Current assets			
Cash and cash equivalents	9	3,243,763	3,353,708
Trade and other receivables	10	363,430	343,121
Total current assets		**3,607,193**	**3,696,829**
Non-current assets			
Biological assets	12	267,185	418,516
Property, plant and equipment	14	302,506	281,037
Intangible assets	13	74,861	89,932
Investment properties	15	21,435,320	21,196,309
Other investments	11	8,305,815	7,976,156
Total Non-current assets		**30,385,686**	**29,961,950**
Total Assets		**33,992,879**	**33,658,780**
Liabilities			
Current liabilities			
Trade payables	16	182,238	217,015
Deferred revenue	17	319,875	349,259
Deferred payments		7,176	-
Employee entitlements	18	5,308	64,133
Loans	20	118,461	118,461
Total Current liabilities		**633,057**	**748,868**
Total Liabilities		**633,057**	**748,868**
Net assets		**33,359,823**	**32,909,911**
Net Assets/Equity		**33,359,823**	**32,909,911**

These financial statements are issued for and on behalf of the Board of Trustees:

Trustee

Trustee

Date: 27 October 2017

This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.

CF
Audit

TE ARAWA LAKES TRUST

Statement of Changes in Net Assets/Equity

Te Arawa Lakes Trust Group

For the year ended 30 June 2017

	Available -for-sale fair value reserve	Accumulated revenue and expense	Total net assets/equity
	$	$	$
Opening balance 1 July 2016	**1,631,915**	**31,277,996**	**32,909,911**
Prior period adjustment	-	(16,980)	(16,980)
Total comprehensive income for the year	366,400	100,492	466,892
Closing balance 30 June 2017	**1,998,315**	**31,361,508**	**33,359,823**
Opening balance 1 July 2015	**581,236**	**28,496,532**	**29,077,768**
Total comprehensive income for the year	1,050,679	2,781,464	3,832,143
Closing balance 30 June 2016	**1,631,915**	**31,277,996**	**32,909,911**

This statement is to be read in conjunction with the Notes to the Financial Statements, and the Accompanying Audit Report

CF
Audit

TE ARAWA LAKES TRUST

Statement of Cash Flows

Te Arawa Lakes Trust Group

For the year ended 30 June 2017

	Note	2017	2016
		$	$
Cash flows from operating activities			
Receipts from providing goods and services		2,054,883	1,742,697
Dividends received		418,042	316,088
Interest received		27,552	42,887
Net GST received/(paid)		4,835	(19,644)
Payments to suppliers and employees		(2,353,383)	(2,155,561)
Total Cash flows from operating activities		**151,929**	**(73,533)**
Cash flows from investing activities			
Sale of property, plant & equipment		55,633	-
Purchase of investments		(202,270)	(2,668,222)
Purchase of property, plant & equipment		(115,237)	(61,000)
Total Cash flows from investing activities		**(261,874)**	**(2,729,222)**
Cash flows from financing activities			
Proceeds from drawdown of Fonterra loans		-	118,461
Total Cash flows from financing activities		**-**	**118,461**
Net Increase/ (Decrease) in Cash and Cash Equivalents		**(109,945)**	**(2,684,294)**
Cash Balances			
Cash and cash equivalents at beginning of the year	9	3,353,708	6,038,002
Cash and cash equivalents at end of the year	9	3,243,763	3,353,708
Net change in cash for the year		**(109,945)**	**(2,684,294)**

This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.

CF
Audit

TE ARAWA LAKES TRUST

Statement of Accounting Policies

Te Arawa Lakes Trust Group

For the year ended 30 June 2017

1 Reporting entity

The financial statements presented are for Te Arawa Lakes Trust for the year ended 30 June 2017. Te Arawa Lakes Trust is a charitable trust registered with the Charities Commission on 10 December 2009 and a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act 2013.

The Trust is primarily involved in the provision of education, training, research, health and social

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") as appropriate for Tier 2 not-for-profit public benefit entities, for which all reduced disclosure regime exemptions have been adopted. The Trust is eligible to apply Tier 2 standards as they have less than $30 million annual expenditure and is not publicly accountable.

(b) Measurement basis

The financial statements have been prepared on the historical cost basis except for assets and liabilities that have been measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in New Zealand dollars ($) which is the Trust's functional currency. There has been no change in the functional currency of the Trust during the year.

(d) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year. Certain comparative balances have been restated to comply with presentation changes adopted in the current

3 Use of judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are disclosed where applicable in the relevant notes to the financial statements.

Judgements made by management in the application of the PBE Standards RDR that have significant effects on the financial statements are disclosed, where applicable, in the notes to the financial statements.

CF
Audit

Notes to the Financial Statements

Te Arawa Lakes Trust Group

For the year ended 30 June 2017

3 Revenue	2017 $	2016 $
Exchange revenues:		
Sales of Milk	921,919	558,725
Sales of Kiwifruit	420,255	33,329
Rental		
- Commercial	89,116	71,165
- Residential	242,438	282,622
Other exchange revenue	3,418	7,336
Non-exchange revenues	327,131	445,453
	2,004,276	**1,398,630**

The Trust receives revenue from contracts and projects with public sector organisations in exchange for providing services to the community on the behalf of the funding provider. Revenue is recognised to the extent that the underlying services have been delivered. Where funding is received in advance of delivering goods or services and there is a requirement to return unused funding or uncertainty around the Trust's ability to comply with conditions attached to the funding, the amounts received are recognised as income in advance.

Revenue received for contracts and projects with no requirement to provide services in exchange or specific performance obligations is classified as non-exchange revenue and is recognised as revenue at the fair value of the amount receivable except where there are other attached conditions which are not yet fulfilled. If there are unfulfilled conditions, the amount is recognised initially as income in advance and recognised as revenue when conditions are fulfilled.

4 Other revenue	2017 $	2016 $
Dividends received	294,399	287,119
Interest received	150,592	186,576
Overseas income	29,596	28,970
Koha received	-	22,750
Sundry revenue	76,421	71,283
	551,008	**596,698**

Interest income is recognised on the effective interest rate method on a proportion of time method.

Dividend income is recognised when the Trust's right to receive payment is established, and the amount can be reliably measured.

5 Administration expenses	2017 $	2016 $
Accounting fees	67,966	56,352
Administration expenses	35,180	38,317
Audit fees	11,061	9,848
Consultancy fees	194,408	130,377
Communication expenses	65,252	32,930
Koha	200	3,000
Governance costs	186,772	193,569
Lease expenses	15,496	20,551
Legal expenses	20,183	7,642
Loss on sale of plant, property and equipment	38,281	-
Meeting expenses	23,112	16,571
Other expenses	135,284	143,229
Register/beneficiaries	44,160	82,751
Secretarial expenses	33,418	22,768
	870,774	**757,905**

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Notes to the Financial Statements

Te Arawa Lakes Trust Group

For the year ended 30 June 2017

6 Employee related costs	2017 $	2016 $
Wages and salaries	440,794	443,412
Kiwisaver employer contributions	8,212	4,708
Other employee expenses	13,621	46,529
	462,628	**494,649**

7 Provision for services	2017 $	2016 $
Contractor expenses	17,692	63,277
Project expenses	120,489	134,032
Research expenses	-	40,000
	138,182	**237,309**

8 Operating expenses	2017 $	2016 $
Farm expenses	321,286	305,263
Kiwifruit orchard expenses	118,047	100,311
Property expenses	47,844	48,724
Rent and rates	198,066	161,162
Repairs and maintenance	104,168	101,142
	789,412	**716,602**

9 Cash and cash equivalents	2017 $	2016 $
Cash and bank balances	673,021	526,333
Short term deposits	2,570,742	2,827,375
	3,243,763	**3,353,708**

Cash and bank balances comprise cash and call accounts and other deposits held with financial institutions with maturity dates less than 3 months. Short term deposits include all cash investments with maturities between 3 and 12 months. The average interest rate prevailing on cash and cash equivalents at 30 June 2017 was 2.70% (2016: 3.46%).

10 Trade and other receivables	2017 $	2016 $
Accounts receivable - exchange revenue	193,466	78,634
Accounts receivable - non-exchange revenue	25,085	133,186
Accrued interest	48,622	19,629
GST receivable	75,777	97,683
Prepayments	20,479	13,989
	363,430	**343,121**

Trade and other receivables more than 90 days overdue are $8,091 (2016: $25,770). There are no doubtful debt provision (2016: $Nil) and the Trust is not exposed to any other significant credit risks (2016: $Nil).

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Notes to the Financial Statements

Te Arawa Lakes Trust Group

For the year ended 30 June 2017

11 Other investments	2017 $	2016 $
Available-for-sale financial assets		
- Debt securities (New Zealand corporate - listed)	-	796,501
- Equity securities (New Zealand publicly listed)	6,029,606	6,436,252
- Equity securities (Australia publicly listed)	2,276,209	743,403
	8,305,815	**7,976,156**

Per annum annual interest rate ranges applicable to debt securities:

Debt securities (corporate)	N/A	5.80 - 6.75%

Contractual maturities of debt securities:

Debt securities (corporate)	N/A	1.5 - 5 years

Fair value measurement

The above available-for-sale financial assets are traded on an active market and revalued to fair value based on the closing share price at the end of each reporting period. During the current year, this resulted in a gain of $366,400 (2017: $1,050,679).

12 Biologcial assets	2017 $	2016 $
Carrying amount at the beginning of the period	418,516	313,670
Gain/(loss) arising from changes in fair value less costs to sell	(151,331)	104,846
Closing balance at the end of the period	**267,185**	**418,516**

Kiwifruit crops in the pack house at balance date are classified as biological assets and measured at fair value. Fair value is determined based on the estimated net market return less selling costs and costs to market as determined by Seeka Kiwifruit Industries Limited.

13 Intangible assets	2017 $	2016 $
Cost		
Balance at beginning of the period	123,454	119,293
Prior period adjustment	(5,067)	-
Additions (acquired externally)	8,226	4,161
Balance at the end of the period	**126,613**	**123,454**
Accumulated amortisation and impairment		
Balance at beginning of the period	33,522	23,722
Prior period adjustment	5,674	-
Amortisation	12,556	9,800
Balance at the end of the period	**51,752**	**33,522**
Net book value	**74,861**	**89,932**

The FM radio broadcast licence has been valued at $1. A formal process will be undertaken when an appropriate methos of valuation that complies with generally accepted accounting practices has been considered and adopted by the Company.

The kiwifruit licence is amortised on a straight-line basis at a rate of 10%.

There are no intangible assets with restrictions to title, nor pledged as security, over the Company's liabilities (2016: $Nil)

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Notes to the Financial Statements

Te Arawa Lakes Trust Group

For the year ended 30 June 2017

14 Property, plant and equipment

	Orchard	Plant and equipment	Motor vehicles	Office equipment	Total
Cost					$
Balance at 1 July 2016	313,307	254,723	43,332	3,995	615,357
Additions	-	107,011	-	-	107,011
Disposals	-	(107,965)	(38,189)	-	(146,154)
Balance at 30 Jun 2017	313,307	253,769	5,143	3,995	576,214
Balance at 1 July 2015	305,342	255,138	43,332	3,995	607,807
Additions	7,965	27,124	-	-	35,089
Disposals	-	(27,539)	-	-	(27,539)
Balance at 30 Jun 2016	313,307	254,723	43,332	3,995	615,357
Accumulated depreciation					
Balance at 1 July 2016	101,403	204,090	24,888	3,939	334,320
Depreciation expense	17,840	11,888	153	28	29,909
Disposals	-	(69,037)	(21,484)	-	(90,521)
Balance at 30 Jun 2017	119,243	146,941	3,557	3,967	273,708
Balance at 30 Jun 2015	81,366	208,569	18,823	3,882	312,640
Depreciation expense	20,037	19,817	6,065	57	45,976
Disposals		(24,296)	-	-	(24,296)
Balance at 30 Jun 2016	101,403	204,090	24,888	3,939	334,320
Carrying value					
At 30 June 2017	194,064	106,828	1,586	28	302,506
At 30 June 2016	211,904	50,633	18,444	56	281,037

Items of property, plant and equipment are recognised initially at cost and depreciated over their estimated useful lives (except for land) using the following rates:

Buildings	10% of Carrying Value
Plant & equipment	10% of Carrying Value
Motor vehicles	13-20% of Carrying Value
Office furniture & equipment	10-50% of Carrying Value

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Notes to the Financial Statements

Te Arawa Lakes Trust Group

For the year ended 30 June 2017

15 Investment properties	2017 $	2016 $
Balance at the beginning of the period	21,196,309	18,221,078
Additions	239,011	31,700
Carrying amount pre-valuation		
Increase in fair value	-	2,943,531
Closing balance at the end of the period	**21,435,320**	**21,196,309**

(i) Change in fair value

The fair value of investment properties were determined at 30 June 2016 by TelferYoung (Rotorua) Limited (TelferYoung), an independent external qualified propeerty valuer with recent experience in the location and category of the investment properties being valued.

The investment properties were not revalued at 30 June 2017.

16 Trade and other payables	2017 $	2016 $
Accounts payable - exchange transactions	159,121	201,406
Bonds held	-	1,050
PAYE payable	23,116	14,559
	182,238	**217,015**

Trade and other payables are reported at their amortised cost. The Trust has no other unrecognised contingent liabilities.

17 Deferred revenue	2017 $	2016 $
Revenue received in advance - provision of services	34,509	40,509
Rent received in advance	285,366	308,750
	319,875	**349,259**

18 Employee entitlements	2017 $	2016 $
Short-term employee benefits - annual leave accrual	5,308	34,594
Short-term employee benefits - bonus and fees accrual	-	29,539
	5,308	**64,133**

19 Loan	2017 $	2016 $
Fonterra Co-operative support loan	118,461	118,461
	118,461	**118,461**

The loans were interest-free until May 2017. From June 2017, Fonterra has charged interest at a rate of 2.47%. The loans can be repaid at any time and no security is required over Fonterra shares or any other assets. The loan will be repayable directly from milk payments.

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Notes to the Financial Statements

Te Arawa Lakes Trust Group

For the year ended 30 June 2017

20 Operating leases

The future non-cancellable minimum lease payments of operating leases as lessor at reporting date are detailed in the table below:

	2017 $	2016 $
Less than one year	408,094	219,197
Between one and five years	740,227	927,382
Greater than 5 years	1,610,748	1,265,269
Total non-cancellable operating lease	**2,759,069**	**2,411,848**

Operating lease commitments are the minimum amounts due under leasing agreements where the Trust is the leasee and does not obtain the risks and rewards of ownership of the leased asset. Payments made under these leasing arrangements are expensed to the Statement of Comprehensive Revenue and Expense.

21 Related parties

	2017		2016	
	Revenue/ (Expense) $	Receivables/ (Payables) $	Revenue/ (Expense) $	Receivables/ (Payables) $
(a) Governance				
Trustee remuneration	(88,700)	-	(85,600)	-
Number of Trustees	9 pax		9 pax	
Directors fees	(96,692)	(1,542)	(98,933)	(29,539)
Number of Directors	3 pax		6 pax	
(b) Key management personnel				
Salaries, wages and other employment benefits	(100k - 150k)	(5,308)	(100k - 150k)	-
Full Time Equivalent Personnel	1 pax		1 pax	

Related parties are entities subject to common control, or those entities and individuals (including their close family members) who are able to exert significant control or influence over the group through decision making over financial and operating policies.

Advances made to, and received from, related parties are made interest free and are repayable on demand. No amounts due from related parties are considered past due or impaired (2016: $Nil).

Other than in their capacity as governance and key management personnel, there were no other material transactions with individuals in these groups of related parties.

22 Group entities

A listing of the Group's significant controlled entities is presented below:

	Ownership interest 2017 %	Ownership interest 2016 %
Te Arawa Management Limited	100	100

All controlled entities have the same reporting date as the controlling entity.

There are no significant restrictions regarding the transfer of dividends, loan repayments, and other funds from controlled entities.

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Notes to the Financial Statements

Te Arawa Lakes Trust Group

For the year ended 30 June 2017

21 Capital Commitments

The Group has two capital projects underway, but no contractual commitments have been signed (2016: $Nil).

22 Contingent Assets

A contingent land asset with an estimated fair market value of $6,769,691 exists (2016: $6,769,691).

A revaluation of the land was conducted by TelferYoung on 30 June 2016. This includes the land lease properties located at Maketu and Little Waihi.

The land has not been recognised in these financial statements as an asset because the ownership remains subject to a determination from the Māori Land Court, which is still pending.

Subject to the decision from the Māori Land Court the land will be settled in Te Arawa Lakes Trust.

23 Subsequent events

There have been no significant events occurring after balance date that would impact the balances reported in these financial statements.

24 Going Concern

The Trust is reliant on the dividend distribution from Te Arawa Management Limited and Crown Funding in order to maintain its operations. It remains a going concern on this basis.

25 Te Arawa Lake Beds - Heritage Assets

The 13 lake beds listed below were transferred to the Trust ownership under the terms of their Treaty of Waitangi Settlement with the Crown. The Lake beds are considered to be heritage assets and are of significant cultural value to Te Arawa iwi. The trustees believe there is no practical means of valuation that would reflect their full value, therefore, they have not been valued.

Tarawera	Rotoiti	Rotorua
Tikitapu	Okataina	Okareka
Rotoehu	Rotoma	Rerewhakaaitu
Ngāpouri	Rotomahana	Ngahewa
Tutaeinganga		

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27th October 2017

The Chairman
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Tena koe e te Rangatira

2017 AUDIT MANAGEMENT REPORT TO THE TRUSTEES

We have completed the audit of the Te Arawa Lakes Trust, Te Arawa Management Limited and Trust group financial statements for the year ended 30th June 2017.

Executive Summary

We are pleased to again issue clear audit reports for the group and entities. There are no material adverse matters to report as a result of the findings from our audit investigations. However, we make specific comment on the following matters which arose during the course of our audit investigation;

1. Governance

The trust has good governance systems and good meeting protocols are followed. Financial reporting and management systems operate on a regular basis with good financial advisory support from GHA.

Effective oversight by the Audit & Risk committee has enhanced the control environment.

2. Internal Control Systems – Payments\Payroll

The "payments control systems" operated effectively throughout the year. There is a good segregation of duties between the processing of supplier documents and authorization and approval for payment. Payroll controls also operated effectively throughout the year with good payroll administration and timely compliance with PAYE tax obligations.

3. Dividend Policy – TAML

We have made comment in previous reports regarding the dividend policy and acknowledge the Boards forecast budget for 2017/2018 and beyond to reduce the reliance on the TAML dividend. The dividend is set at $500,000 per annum going forward.

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TE ARAWA LAKES TRUST

4. Financial Delegations – Credit Card Use & Sensitive Expenditure
We note and acknowledge the "tightening" of the control environment by the Audit & Risk committee to address the control weaknesses observed in the 2016 audit with regard to the use of the credit card.

5. Lyndhurst Property Titles & Contingent Gain – Carry Forward
The 37 Lyndhurst properties remain "off the books" with the titles still a "work in progress". A primary consideration for the Board will be the classification of the properties (as recommended in the Deloitte Report) and the values at which they will be recorded. A "fair market" valuation will need to be undertaken to comply with the accounting standard.

This concludes our report for FY2017 and our thanks to all concerned for the assistance given during the audit.

Kia ora

Fred N Cookson BCOM CA

OUTCOMES –TE MANA O TE WAI IS UPHELD AND ENHANCED

Water is healthy – Healthy lakes (WAIORA)
The authority (whakapapa, matauranga, values) of Te Arawa is readily recognised (WAIRUA)
Te Arawa is well equipped for the journey ahead (WAIATA)

INDICATORS – LOOK, FEEL, SOUND, TASTE, SMELL AND WAIRUA

Indicators can be described to suit our different customers

WHAT WILL WE MEASURE?	WHO IS IT FOR?	
	TE ARAWA HAPŪ, IWI & WHANAU	**PARTNERS** BOPRC, RCL & COMMUNITY
WAIORA The health and wellbeing of the water	• TAHI – Te Arawa Health Index • More places I can gather kai • More plentiful kai	• Water quality –TLI is achieved • Nutrient Levels reduced • Algal Blooms (recreation indicator)
WAIRUA, WAIATA The wellbeing of the relationship between the water, Te Arawa, and the community	• Te Mana Whakahono rohe – delegations to iwi and hapū • Te Tūāpapa is a reference for iwi/hapū and community • Funded projects with hapuu for delivery and research • Increases number of whanau using lakes for recreation and cultural activities	

PERFORMANCE MEASURES – TRACKING OUR ACTIVITY TOWARDS THE OUTCOME

HOW MUCH?	HOW WELL?
# SCMAK kits distributed # ODK Kits distributed # Dollars allocated for hapū projects # reduction in structures impacting cultural values # of monitoring sites for taonga ika	# data sets submitted % of budget spent on projects % structures impacting cultural values # of sites where there is an increase in taonga species # of actions that reflect Te Tūāpapa values

IS ANYBODY BETTER OFF?

Iwi/hapū/whanau participating in local projects
Projects completed
Changes to Plans and consents reflect Te Arawa input
More kai on the table

TE ARAWA LAKES TRUST

FUNCTION	STATUTORY RESPONSIBILITIES	LAKES STRATEGY ALIGNMENT (LAKES/COASTAL)	TE ARAWATANGA (ENGAGEMENT)
Te Arawa cultural values expressed in Te Tūāpapa are brought to life in all aspects of the management of Te Arawa Lakes			
EMBED TE TUAPAPA WITHIN THE LAKES PROGRAMME	**OBJECTIVE** • Council staff understand the intent and content of Te Tūāpapa • Te Tūāpapa is integral to the lakes structures and activities consent review process • Environment policies are consistent with Te Tūāpapa **PROJECTS** • Iwi Management Plans • Te Mana Whakahono • Maintain focus on Bylaws • Engage in significant key planning processes (RMA)	**OBJECTIVE** • Council staff understand the intent and content of Te Tūāpapa and what it means to their work • Te Tuapapa is embedded within the Rotorua Te Arawa Lakes Programme **PROJECTS** • Action Plan for Te Tūāpapa • Develop workshops for Council and other agency staff to understand Te Tūāpapa	**OBJECTIVE** • Te Arawa Iwi and hapu understand the intent and content of Te Tūāpapa, what it means to them and how they can get involved **PROJECTS** • Develop and implement Engagement Plan • Communications plan and story telling framework for Tūāpapa
Te Arawa matauranga and measures inform programme development and delivery			
RESEARCH & MONITORING	**OBJECTIVE** • TALT can share the unique cultural landscape around the Te Arawa Lakes • Community and hapū/whanau understand the treasures that are around our lakes • Specific cultural values are collated and mapped **PROJECTS** • Cultural mapping and impact assessments • Research programme to implement Mahire Whakahaere • Monitoring plan for Mahire Whakahaere	**OBJECTIVE** • Te Arawa researchers are sought after and involved • The questions Te Arawa are asking get answered **PROJECTS** • Stocktake of all research questions for Te Arawa and align with programme • Te Arawa Science roles established • Monitoring undertaken by Te Arawa	**OBJECTIVE** • Tools are developed to support cultural values assessments and decision-making **PROJECTS** • Hapū/ iwi research projects • Development of a Te Arawa Health Index
Te Arawa deliver for Te Arawa and Rotorua community			
CAPABILITY & CAPACITY BUILDING	**OBJECTIVE** • A clear and agreed programme and process is in place for the review of consents for lakes structures • Whanau and hapū are aware of their roles, responsibilities and powers in respect of the lakes **PROJECTS** • Te Manawhakahono • Undertake compliance training with TALT Trustees, Komiti Whakahaere, Pouturiao and staff • Policy development for Structures and fees	**OBJECTIVE** • Te Arawa are delivering programmes of work associated with the Lakes programme **PROJECTS** • Catfish • Long term plan submission • Engagement advice and support (Consents)	**OBJECTIVE** • Te Arawa hapū and whanau are leading projects that deliver their Te Tūāpapa Values **PROJECTS** • Kaitiaki forum • Internships in Partnership TE ARAWA LAKES TRUST

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TE ARAWA LAKES TRUST