ANNUAL REPORT 2018

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 Maketū 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 ngā tangata katoa
Tēnā 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

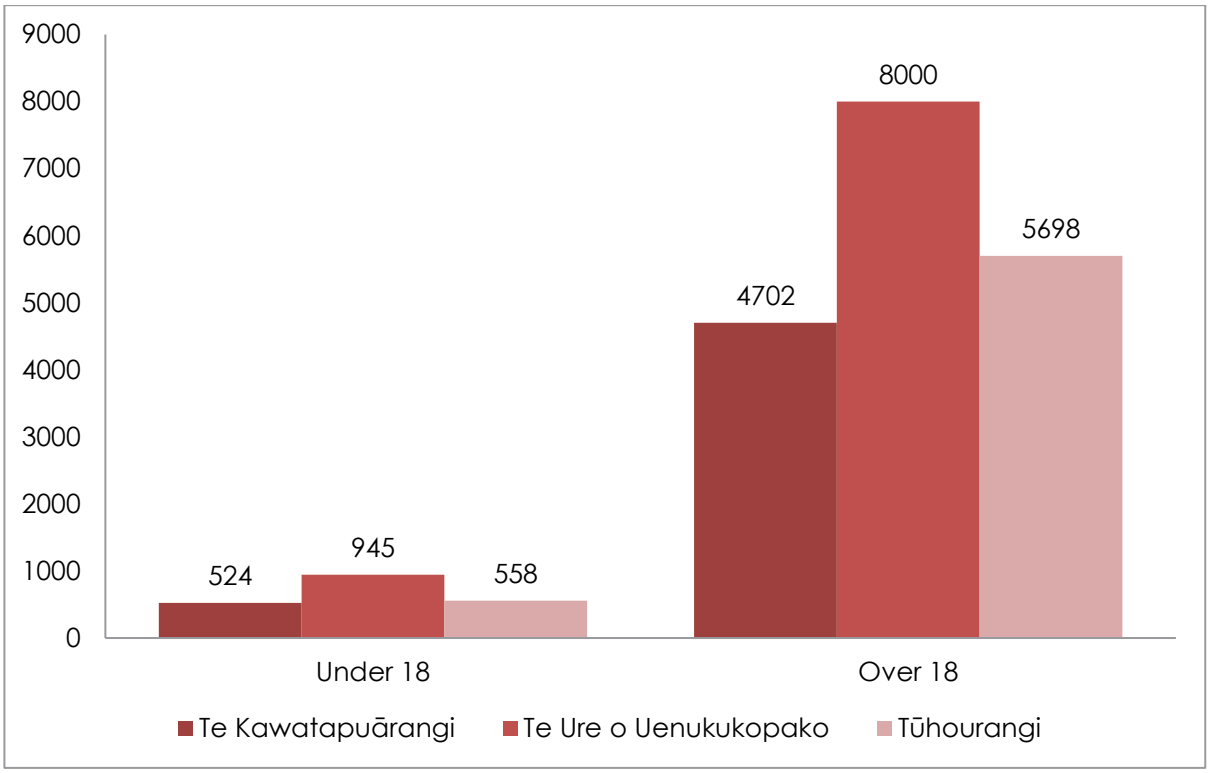
Te mā o te wai e rite ana kia kite i ngā tapuwae a te kōura

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

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	Over 18	Total
Te Kawatapuārangi	524	4702	5226
Te Ure o Uenukukopako	945	8000	8945
Tūhourangi	558	5698	6256
TOTAL	**2027**	**18400**	**20427**

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Te Arawa Lakes Trust Work Programme

Special General Meeting

TE ARAWA LAKES TRUST

NOTICE OF SPECIAL GENERAL MEETING

VENUE: Ōwhata Marae, Hinemoa Point, Rotorua
DATE: Sunday 9 December, 2018
TIME: 9:00am - 10:00am

1. Mihimihi
2. Karakia
3. Apologies
4. Consider Amendments to the Deed of Trust

Dr Sir Toby Curtis
Chairman
Te Arawa Lakes Trust

FAQs

Information on Proposed Variations to the Trust Deed for Te Arawa Lakes Trust

Q: What are the changes proposed for the Te Arawa Lakes Trust Deed?

A: A summary of the changes being proposed to the Trust Deed are as follows:

1. To phase out postal voting for trustee elections and special resolutions. after July 2021
2. To provide for electronic voting for Trustee elections and for special resolutions now and after 2021.
3. To provide for Notices for trustee nominations and notices of the AGM to be by way of newspaper advertisement, website, radio and as the trustees otherwise consider fit.
4. To allow Trustees to pass resolutions by majority through email and other means where that is efficient to do so.
5. To introduce a process for removal of Trustees in circumstances where the Trust is bought into disrepute
6. To make consequential changes to the Trust Deed in respect of the above changes for the purposes of consistency

Q: Why remove postal voting?

A: The postal system is very expensive and less reliable than it once was. Posted notices can take too long to be delivered. The cost of conducting postal voting for each election and for every special resolution is extremely high. Those funds could be better utilised on other trust business.

Q: Does the Trust have everyone's email address for electronic voting?

A: Te Arawa Lakes Trust will undertake a process to update its register before July 2021 when postal voting will cease. This timeframe should be long enough for everyone to understand the changes and to update their details on the register.

Q: Can I still vote at a Wāhi Pōti?

A: Yes the Wāhi Pōti will remain and voting forms can be obtained from the Returning Officer and placed in the Wāhi Pōti for Trustee elections and for special resolutions.

Q: What is the change to notices for Nominations and Meetings?

A: At the moment, everyone gets a postal notice to tell them that nominations are open and also to notify them of the AGM. That is very expensive and time consuming. The change is to allow those notices to be in the paper, radio and on the website, with other notification as the trustees think appropriate (such as social media).

Q: Why do Trustees need to vote electronically?

A: This is both cost and time efficient and is the modern way in which governing bodies often work. It will allow saving of costs and for the Trustees to act more quickly when necessary.

Q: Will the Trustees still meet?

A: Yes. Trustee meetings, and business passed at Trustee meetings will be unaffected.

Q: Why is the Trust proposing a Trustee removal process?

A: The Trust Deed already has a provision for censure of Trustees. However, if a Trustee continues to act in a manner which brings the Trust into disrepute, including for example, significant breaches of confidentiality or other matters which may cause financial other harm, then there is no ability to remove a Trustee under the current Deed. The Trust has substantial assets and business interests and in order to protect the business and conduct of the Trust, a removal process would be appropriate in these circumstances.

Q: What is the proposed removal process?

A: The threshold for removal is that the Trustee has been censured already and that 80% of the remaining Trustees believe the Trustee needs to be removed in order to protect the interest of the Trust. The Trustee who is subject to the removal will be given a hearing and the principles of natural justice will apply.

Q: What happens to the position of a removed Trustee?

A: The vacancy created by a removal will be a casual vacancy. Under the existing Trust rules, casual vacancies are filled by re-election.

Q: Can a removed Trustee stand for election again?

A: A removed Trustee will not be able to stand for election for a period of 6 years after removal. This reflects the fact that a removal is a serious matter.

Q: Where can I see the full text of all proposed changes to the Trust Deed?

A: A tracked changes copy of the Trust Deed is available on the Trust website or by contacting the Trusts Office.

Q: What are consequential changes?

A: A "consequential change" is a change to wording in the Deed which is made so that the Deed reads consistently and makes sense with the other changes. For example, in some places, a heading "postal voting" has been changed to "voting" in order for the Deed to continue to make sense after 2021.

Annual General Meeting

TE ARAWA LAKES TRUST

NOTICE OF ANNUAL GENERAL MEETING

VENUE: Ōwhata Marae, Hinemoa Point, Rotorua
DATE: Sunday 9 December, 2018
TIME: 10:00am - 12:30pm

1. Mihimihi
2. Karakia
3. Apologies
4. Minutes of Previous Meeting
5. Chairman's Report
6. Te Arawa Management Limited Chairman's Report
7. Te Komiti Whakahaere Chairman's Report
8. CEO Report
9. Financial Report
10. Resolution – Approve Appointment of Auditor
11. General Business

Dr Sir Toby Curtis
Chairman
Te Arawa Lakes Trust

Minutes of the Previous Annual General Meeting

Minutes of the Te Arawa Lakes Trust AGM
held Sunday 10 December 2017
at Apumoana Marae, Rotorua

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

DIRECTORS IN ATTENDANCE:
Mana Newton (Chair)

STAFF AND ADVISORS IN ATTENDANCE:
Karen Vercoe (CEO), John Waaka (Te Komiti Whakahaere), Jasmine Waerea, Nicki Douglas, Deliah Balle, Elva Conroy, Ian Kusabs (presenter) Glenn Hawkins (GHA) and Ranui Maxwell (Board Secretary).

1. MIHIMIHI

The meeting opened at 9:10am with a whakatau from Anaru Rangiheuea.

2. KARAKIA

Dr Sir Toby responded to the mihi. Anaru Rangiheuea gave the opening karakia.

3. APOLOGIES

Dr Sir Toby noted that apologies notified prior to this meeting were recorded in the Trust's apologies register and called for further apologies. Apologies received from the floor for Te Ara Rogers.

Resolution:
That the Apologies are received and accepted.
Ken Kennedy / Anaru Rangiheuea

4. MINUTES OF THE PREVIOUS TALT ANNUAL GENERAL MEETING

Dr Sir Toby noted that the minutes of the previous AGM held on 11 December 2016 held at Paruaharanui Marae, Mourea are included in the Annual Report.

Dr Sir Toby asked that if there are any matters arising from the minutes, these would be discussed in general business.

Resolution:
That the meeting minutes of the Te Arawa Lakes Trust's Annual General Meeting held on Sunday 11 December 2016, at Paruaharanui Marae, Mourea, be received as a true and accurate record.
Geoff Rice / Lana Ngawhika

5. CHAIRMAN'S REPORT – DR SIR TOBY CURTIS

Dr Sir Toby noted that he would take his report as read.

Resolution:
That the Chairman's Report be received and accepted.
Ken Kennedy / Anaru Rangiheuea

6. TE ARAWA MANAGEMENT LIMITED REPORT – MANA NEWTON

Dr Sir Toby acknowledged Tanira Kingi for his contribution as the previous Chairman of the TAML Board. He then asked the current Chairman, Mana Newton to present his report.

Mana Newton introduced himself and acknowledged Tanira for his time as Chairman. Mana explained that he was appointed the new Chairman for the new financial year, with Tanira Kingi staying on as a Director and with the additional appointment of David Tapsell as a Director. He further explained that TAML's objective was to support TALT's commercial activities. Mana noted the goal was to ensure TAML considered its environmental, social and cultural responsibilities.

Mana noted that the board has two key focus areas;

- Maintaining the current portfolio
- Exploring new opportunities

Residential and Commercial Properties;
Mana explained that a number of the leases for the properties at Little Waihi will expire in 2023. TAML will be focussing on a property review and establishing a new management structure. Mana said that there are social and cultural factors to consider and the review will be inclusive of the residents.

Kiwifruit;
The crop is in its second year of production and the results are good for a young crop with $85K per hectare return. Mana noted that TAML have undertaken a review, with investment in shade and root growth. Mana explained the results are based on market prices which are out of TAML's control.

Farms;
Revenue for this financial year is excellent. The performances of the farms are largely due to milk solid prices. Mana noted that the decision by the board to take over the direct management of the farms in 2013 was excellent foresight. Lana Ngawhika who works for Fonterra organised for Fonterra to conduct an environmental review to ensure environmental suitability.

Finance Portfolio;
Mana explained that TAML have moved away from having the majority of the funds in term deposits with a return of 3.5%. He said that TAML have adopted a more aggressive approach moving the portfolio to capital growth, noting it is higher risk but is a long term strategy.

Mana noted the following opportunities, moving forward;

- Haupapa and Pukuatua Street Building Developments
- Horticulture Expansion
- Diversifying the Farm activities
- Maketū – identifying the opportunities using a collective approach

Mana thanked all of the advisers including Seeka, Perrin Ag, APL and GHA.

Questions from the floor;
Mike Pohio – asked if the current investment strategy was wise, given the rise in interest rates and potential decline in the share market. Mana explained that TAML receives advice from Craigs who are carefully managing the portfolio. TAML are taking a long term view with this investment approach.

Raewyn Bennett – requested a copy of the Environmental Scan that was completed on the farms. Lana confirmed this request would be considered.

Reg Hodge – said that he had requested a meeting about the leases at Little Waihi at the 2016 AGM but no meeting had been held.

Isabelle Morehu – asked if TALT were looking at any strategies for Climate Change mitigation. Nicki Douglas (TALT) confirmed that it is on TALT's radar and that a small Te Arawa working group will be formed.

Geoff Rice – commented on the investment of $300k per hectare to set up a kiwifruit orchard. He said the returns from the gold variety are better than green and therefore this should be considered as an option.

Peter Staite – spoke about what was in the settlement with the Crown. He felt that Te Arawa had been misled and that Te Arawa should have the rights to the water.

Lana Ngawhika explained that at the time of the settlement she was the co-ordinator for the negotiations team. At that time, 'water' was not recognised as being owned legally. Te Arawa had recognised rights to the fee simple title to the lakebed and land. The Crown refused to accept that Te Arawa should own the rights to the water. Te Arawa disagreed and signalled to the Crown that they would go back to negotiations for the rights to the water.

Resolution:
That the Te Arawa Management Limited Report be received and accepted.
Raewyn Bennett / Reg Hodge

Further discussion ensued about ownership rights to the water; Dr Sir Toby recommended a resolution as a way forward.

Resolution:
Mā Te Arawa katoa, ngā wai.
Anaru Rangiheuea / John Waaka

7. TE KOMITI WHAKAHAERE REPORT – presented by John Waaka

John Waaka read the Komiti Whakahaere report on behalf of the Chairman, Laurance Tamati.

He highlighted that the Te Arawa Lakes Fisheries Regulations bylaws have been submitted to Ministry for Primary Industries for them to Gazette. Once this is done, submissions will be open for the Committee to consider.

Questions from the floor;
Isabelle Morehu – raised her concerns around the management of fisheries saying there was no adequate data. John explained that the by-laws are for Te Arawa Lakes only and data is being collected by our own people. Ian Kusabs said he would explain the data collection later on in his presentation.

Raina Meha said that it was about having the capacity and this meant bringing on more kaitiaki.

Resolution:
That the Te Komiti Whakahaere Report be received and accepted.
John Waaka / Ian Kusabs

8. CEO REPORT – KAREN VERCOE

Karen introduced herself and highlighted the following from her report;

The board has re-focused, concentrating on the following;

- Lakes
- People
- The Organisation
- Projects that take place in and around the lakes
- Scientific and mātauranga Māori perspective
- Leveraging off TALT settlement partners
- Advocating for Te Arawa
- Beneficiary Register
- Kaitiaki Wānanga – direct with management
- Strengthening our infrastructure with a holistic view

- Technology and engagement
- Results based accountability outcomes framework.

Ken Kennedy – noted his comments from the 2016 AGM – that the annual report didn't include a CEO report. He said that it was great to have this report and the update.

Kingi Biddle – acknowledged Karen for her mahi and asked that we start using Māori kupu providing the following examples;

- Wairua Hou – Āhua Hou
- Tā Tātau Moana
- Tā Tātau Wai
- Tā Tātau Waka
- He Whānau Wānanga Tangata

Resolution:
That the CEO Report be received and accepted.
Ken Kennedy / Helen Brooking

9. KŌURA AND KĀKAHI MAHI IN TE ARAWA LAKES – IAN KUSABS

Ian introduced himself and presented the following projects:

- Te Arawa Lakes – Kōura monitoring with Bay of Plenty Regional Council (BOPRC)
- Ohau Channel Diversion Wall Monitoring – Kōura and Kākahi (BOPRC)
- Lake Rotorua – Kōura and Kākahi monitoring (BOPRC)
- Lake Rotoehu – alum dosing monitoring (BOPRC)
- Impact of catfish on Kōura (University of Waikato)

Ian thanked Willie Emery for his work with placing 'modern day tau' out in the lakes, noting this research tool was invaluable.

Ian noted the increase of kākahi in the lakes which is positive as they filter out algae. This indicates that the water quality of the lake is improving.

Eradication of catfish from Lake Rotoiti in particular is a priority as they are having an impact on the Kōura population. Ian noted that he is working with the Council to install cobblestone walls to provide habitat for the kōura. Ian thanked the Regional Council, NIWA and the Waikato University for helping to fund this mahi.

It was noted that Ian should keep in touch with the Lake Rotoiti Scenic Reserve Board, through DoC and Joe Tahana. There have been instances where people are encroaching on Scenic Reserve Board land and erecting signage saying 'trespassers will be prosecuted'.

Questions from the floor;
Why is alum dosing being used as there is evidence that this affects the kōura and no evidence of any mātauranga Māori link?

Ian confirmed that alum dosing was a short term measure for phosphorus control to prevent algae bloom. Ian explained that his understanding was based on Regional Council wanting to retire the farm land to avoid phosphorus leaking into the lake.

Ian noted the high measure of mercury in kōura and explained that there are organic measures being developed to reduce the nutrients and will be used going forward.

10. ENIVIRONMENTAL MANAGER REPORT – NICKI DOUGLAS

Nicki introduced herself and presented the Environmental Manager's report, highlighting the following;

She explained that her work plan is reflective of the mahi and kōrero that Te Arawa have being having over a number of years.

Moving forward, the work will be based on the outcome streams in the Tūāpapa;

- Waiora
- Waiata
- Wairua

The outcomes for Te Arawa are expressed already give effect to the values and the mahi on the lake.

A key part of TALT work is statutory work which includes lake structures, responding to RMA requirements and the fisheries by-laws.

Partnerships; Te Arawa Lakes Strategy

Kaitiaki Wānanga – to provide a forum for hapū and iwi to discuss matters of importance about Te Taiao and our lakes. These forum guide the development of the Te Arawa Lakes action plan. Further wānanga will be held in 2018.

Mahire Whakahaere – the Fisheries Management Plan. The purpose is to ensure sustainability of the customary fisheries, gather more information, promote customary fishing practices, preserve the habitat of the fisheries and ensure safe consumption. This includes working with the Ministry to ensure habitat protection and restoration.

Lake Structures – these are a source of income for TALT. The aims are to refresh the Valuation Policy for leasing of structures and the Lakebeds; reduce the number of structures that are in areas of cultural significant or sensitivity; and for new structures increase the number and types of structures that support Te Arawa to realise outcomes in the Tūāpapa.

To fully implement Te Arawa Lakes Trust Lakes Structure Policy to ensure that Te Arawa values are being realised.

Te Arawa Lakes Strategy Group – working with hapū and iwi to bring all of the interests together, to participate in the restoration of the catchments on our own terms.

Nicki explained that Lake Tarawera is a very complex system that has eight lakes feeding into it. Each of these eight lakes are having an impact on Lake Tarawera. TALT are in discussions with the Regional Council on how all of the lakes' issues are addressed in one action plan.

Nicki thanked the board and Karen for enabling her on secondment from DoC.

John Lawless – Lake Structure – has received a letter from regional council stating that he needs to reapply for the consent. Nicki confirmed that he will need to reapply and offered to assist him. She explained TALT are in discussions with the council about not charging Te Arawa for the consent. Nicki encouraged all of those who are Te Arawa to apply for the consent but noted that it was TALT's position that they shouldn't be charged for the consents.

Resolution:
That the 2017 Environment Manager Report is received and accepted.
Ken Kennedy / Helen Brooking

11. FINANCIAL REPORT – GLENN HAWKINS

Glenn Hawkins presented the financial report for the year ended 30 June 2017 and highlighted the following:

Glenn noted that income is up 28% due to a good year from the dairy farm and kiwifruit, in particular.

Highlights:

- Trading Surplus of $251,823

- Craig's Investment Portfolio value $8,305,815
- Income was $2,555,284 up 28% compared to 2016

Income is well diversified across a range of revenue streams:

- Sale of Milk 34%
- Investment Income 22%
- Sale of Kiwifruit $16%
- Provision Contract Services 13%
- Residential Rents 10%
- Commercial Rents 3%

Expenses:

- Total for the year - $2,303,461
- 38% is attributed to administration costs
- Reduction in contract income

Glenn noted that:

- Administration functions have been outsourced, therefore employment costs are lower
- Operating costs have been maintained at the same level
- $466k – total comprehensive revenue, due to an increase in land valuations
- Liabilities of just $600k
- Assets of $34 million
- Total Equity $33 million

Glenn noted that a clear audit opinion has been issued by Cookson Forbes.

Comments from the floor;
Geoff Rice – Great to see the asset growth and he saw the sense in moving cash to grow the commercial buildings in town.

Resolution:
That the Te Arawa Lakes Trust Annual Financial Statements for the year ended 30 June 2017 be received and accepted.
Ken Kennedy / Lorraine Inia

12. APPROVE APPOINTMENT OF AUDITOR

Resolution:
That Cookson Forbes & Associates are approved as Auditor for Te Arawa Lakes Trust for the 2017/18 year.
Dr Sir Toby Curtis / Kingi Biddle

13. GENERAL BUSINESS

Dr Sir Toby explained that as a matter of process TALT will seek to amend the Trust Deed to allow for the removal of trustees under certain circumstances, further noting that censures have previously been issued to trustees due to their conduct.

John Lawless – asked where the responsibility lies for the removal of vegetation from the roadside. Raina Meha explained that if Council does it, they will charge the rate payers for the removal and that hapū and Iwi can do the mahi as this was the practice previously. John asked who's responsibility it is to remove a car in Rotoehu Lake. Nicki said that the owner of the car has the responsibility; John said the number plates have been removed. Karen Vercoe said that she would follow up with the Regional Council on this matter. John further noted that the rate payers and residents are paying for the water yet there are commercial operators on the lakes.

Ken Kennedy – commented that Lakes Water Quality Society are a voluntary organisation that are doing a lot of good mahi.

Anaru Rangiheuea – spoke about Lake Okataina and discussed having the lakes returned to iwi and hapū. He also said that boat sheds should be used instead of all of the structures that are being built

on the lake.

Vernon Harris – spoke about traditions versus customs, noting that traditions cannot be challenged.

Mike Pohio – expressed thanks to TALT for the great progress that has been made.

Hare Wiremu – spoke in support of Anaru's comments about returning the lakes back to iwi and hapū. He noted that Ngāti Makino haven't had a voice since the old Māori Trust Board was dissolved.

Geoff Rice – supported this notion about representation, Tapuika, Te Kawatapuārangi is an uri of Tapuika, and can the board consider Tapuika for a seat on the board, not under Te Kawatapuārangi. Te Kawatapuārangi is a mokopuna of Tapuika.

Kataraina Tahana-Reese – said that she would like to advocate for a Te Arawa Newspaper as the Daily Post does not serve the needs of Te Arawa.

Peter Staite – discussed the pipe that runs from Maketū to Pukehina Surf Lifesaving Club, which also runs through a pipi bed, noting this looks like a sewage pipe in the kai gathering place.

KARAKIA WHAKAMUTUNGA

The Te Arawa Lakes Trust AGM ended at 12:31pm with a karakia by Anaru Rangiheuea.

Te Arawa Lakes Trust Trustees

Te Kawatapuārangi Trustee

Dr Sir Toby Curtis – Dr 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. Dr Sir 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 Māori 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 Ngāti 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 holds a degree in Human Resource Management and currently sits on the Executive team of Te Puia | NZ Māori Arts and Crafts Institute, as the Human Resources/Health & Safety Manager and was an active member of Te Arawa Lakes Trust as Chair of the HR/Governance committee.

Denise was committed and proud of the role she played as one of the 3 Tūhourangi reps over the past three years, however, this year she will be stepping down to pursue business opportunities that will still allow her to give back to her hapū and iwi.

Denise knew when she took up the challenge that she would not walk alone but that she carried the legacy and integrity of her ancestors and the expectations and dreams of her uri, her hapū and her iwi, with every decision she made around the Board table.

Denise would like to take this opportunity to thank the Chair, Deputy Chair and fellow Board members for the opportunity to serve alongside them.

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.

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 12 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 12 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 Black Fern representing New Zealand in women's rugby.

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 (Ngāti Rangiwewehi, Ngāti Whakaue, Ngāti Kea Ngāti Tuara, Kai Tahu, Ngāti Kahungunu) is a senior administrator experienced in administration and executive management. Jasmine is passionate about te reo and her whānau. Jasmine was a member of Te Arawa Rangatakapu - Te Arawa Emerging Leaders Programme.

Deliah Balle – Lake Structures and Consents

Deliah (Tūhourangi, Ngāti Pikiao) is focused on the statutory role of the Trust, resource consents, hapū and local government engagement. Deliah has been working in the Iwi environmental space for the past 6 years following 7 years in Auckland as a business analyst for Computershare Investor Services. Deliah's strengths are in planning, analysis and engagement.

William Anaru – Cat Fish Coordinator

William (Ngāti Whakaue, Tūwharetoa) spent most his earlier years in Rotorua hunting and fishing around our Lakes. He studied Marine Biology and Ecology at Victoria University and holds a Commercial Pilot Licence for Helicopters. He and his wife have two beautiful children. William is passionate about the opportunity to work with his iwi to help clean our environment.

Cassandra Crowley – TAML Commercial Manager

Cassandra was born and raised in Taranaki with a mix of Italian, French, Swiss & Irish heritage. Prior to joining TAML Cassandra worked with Ngāruahine for several years. A Chartered Accountant and lawyer in addition to her work with TAML she sits on a number of boards. Since working with TAML it is difficult to convince Cassandra there is anywhere more beautiful to be on a sunny day than in Maketū or Little Waihi.

Te Arawa Lakes Trust Meetings

1. Te Arawa Lakes Trust Board Meetings

Ten board meetings were held the period 1 July 2017 to 30 June 2018.

Name	Board Meeting Attendance	Trustee Fees Paid
Dr Sir Toby Curtis (Chair)	80%	$27,999.96
Lana Ngawhika (Deputy Chair)	100%	$15,999.96
Zalene Douglas	100%	$5,400
Denise Emery	100%	$5,100
Willie Emery	100%	$3,900
Huru Maika	80%	$2,700
Raina Meha	90%	$5,400
Geoff Rolleston	100%	$4,800
Terry Tapsell	40%	$1,500

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 (AF&R) held eleven meetings 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, īnanga, kākahi and kōura. During the period 1 July 2017 to 30 June 2018, three Komiti meetings were held.

Name	Komiti meetings
Laurance Tamati (Chair)	3/3
Ken Raureti (Deputy Chair)	3/3
Huru Maika	2/3
John Waaka	2/3
John Ransfield	3/3
Terry Tapsell	1/3
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, a Trustee and an alternate. The members are Chair, Dr Sir Toby Curtis, Trustee Raina Meha and alternate, Willie Emery.

Bledisloe Park Board

Dr Sir Toby 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.

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:

- Lake Water Quality Society workshop
- Te Arawa Freshwater Fisheries Forum
- Lakes Programme Work stream Lead
- Rotorua Te Arawa Lakes Partnership Steering Group
- Rotorua Te Arawa Lakes Strategy Group
- Iwi Chairs Forum
- Waiariki Institute of Technology
- Te Arawa Waka Taua Trust
- Lake Rotorua Recreation Forum
- Aquatic Pest Coordination Group
- Te Rōpu Manukura (University of Waikato)
- Lakes Structures Forum
- Lakes Community Board
- Tarawera Sewerage Scheme Committee
- Protocols with DOC, MPI and MfE
- Water Quality Technical Advisory Group (BOPRC)
- Mokoia Island Trust Board
- The Nature Conservancy NZ Symposium
- Te Urunga o Kea – Te Arawa Climate Change Working Group
- Te Kōmiro o Utuhina

Chairman's Report

He Mihi

Ka nui te aroha mō ngā rangatira rongonui, me kī, rātau katoa kua wehe atu ki a kui mā, ki a koro mā, kai tua o tāwauwau e noho mai nā. I tae wētahi o rātau ki tō rātau rahinga kai raro te maru o Tongariro e tū mai rā. Otirā, i kaha te tau o te kapua pōuri ki runga i a Papaiōuru. He maha i roto i a Ngāti Whakaue, i kapohia te ringa kaha o aituā. I āhua pēnei anō, i roto i a Te Arawa whānui. A kāti. E ngā rangatira, haere koutou, okioki, moe mai rā.

I present my report for this AGM noting that our year's activity is an extension from our 2017 priorities where we had undergone a significant period of change. In 2018 our focus has been to embed our change processes and ensure we are focussing on the right things to move us forward.

Our Board and staff have taken a continuous improvement approach to incrementally and purposefully mould our organisation into a fit for purpose entity that is delivering outcomes for our Lakes and our People. Change of that nature takes time, patience and willingness by all to understand the journey we are on.

Leading this type of change always occurs from the top and I acknowledge our Deputy Chair, Lana Ngawhika for leading the way with our development. Lana has chosen not stand for our Board this year but her legacy includes; improved financial controls, increased board accountability and driving our strategic focus back to our Lakes. I acknowledge Lana's outstanding contribution to our Trust not only as a previous staff member but as a valued Trustee.

I also acknowledge my other Board members who are not seeking re-election this year; Huru Maika, Zalene Douglas and Denise Emery. Each has contributed significantly to our organisation and should be proud of the transformation we have made in our three year term.

I am confident about the opportunities that lie ahead for us and proud of the contribution my Board and our staff have made this financial year.

Strategy

This year our Board re-confirmed our Strategy and developed a plan against our identified focus areas; Our Lakes, Our People and Our Organisation. Our commercial priorities were appropriately delegated to TAML and our operational expectations to our CEO.

I am pleased to report that TAML has had a productive year and we look forward to their continued growth of our asset portfolio. Led by the Chairman, Mana Newton and assisted by our new Commercial Manager, Cassandra Crowley we have seen incremental growth, stronger relationships with our Maketū and Little Waihi whānau and improvement in our financials. TALT board has played a small part in this growth through enabling structures that support TAML's development whilst also safeguarding our settlement assets e.g. Custodian Trustee.

Our operations under the guidance of our CEO Karen Vercoe have developed commendably. We started the year with our CEO as our only staff member and at the end of the year we had confirmed Nicki Douglas as our Environment Manager and Jasmine Waerea our Executive Support Officer. The hard work of our team saw a dramatic increase in engagement, and work completed, which successfully contributed to advancements of the TALT brand and reputation.

Nā Tātau Te Wai

This past year we commenced planning our re-litigation of our claim for our wai. We are firm that Te Arawa owns the wai, that we own our Lakes.

The unanimous endorsement by the National Iwi Chairs Forum to the government and the nation that "Iwi own the Water" did not eventuate.

Me te mea nei, i makariri ngā waewae o te hunga i whakarite hai kawe tēnei kaupapa ki te Karauna. Ahakoa tēnei, we continued to work with Bay of Plenty Regional Council and Rotorua Lakes Council to advance our discussions and this will be a priority project for us over the coming years.

Other Iwi have reinforced our stance and offered to support us. We are looking at multiple options to move us forward.

Ensuring our Settlement Rights are Received

Our Trustees and staff have led a rejuvenated approach to ensure our rights under our settlement are received. Our approach has been multi faceted which involves greater involvement at strategic and operational levels with our settlement partners and increased engagement with Government. We understand that this will be a gradual process and are committed to ensuring our settlement rights are received in their entirety.

Support to Te Pukenga Koeke o Te Arawa

Our trustees have for many years discussed supporting Te Pukenga Koeke o Te Arawa and this year I am pleased to announce we have approved an annual koha of $5,000 per annum. Thanks to our Trustees who were instrumental in supporting this resolution for our Te Arawa Koeke.

Representing Te Arawa

Te Arawa Lakes Trust continues to lead Te Arawa engagement nationally at multiple forum and engagements. This past year we have also attempted to work collaboratively with our other Te Arawa entities to share knowledge, expertise and information. We are extremely pleased with or working relationships with Ngāti Rangiwewehi, Tūhourangi, Ngāti Tarawhai, Ngāti Whakaue, Te Pūmautanga o Te Arawa and Te Arawa Fisheries.

This year Te Arawa Lakes Trust has undertaken the following engagements on behalf of our Iwi;

- National Iwi Chairs Forum
- Royal Visit
- Ministerial Visits
- American Consulate
- Canadian Consulate
- China – Ning Bo City Water Authority

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

TAML Chairman's Report

Tēnā tātau Te Arawa whānui

I am pleased to report that the 2017/18 year was a positive one for Te Arawa Management Limited with change and refresh alongside important continuity in operations and governance.

At a governance level we welcomed David Tapsell to the board. As many of you will know David was involved in negotiating the lakes settlement and his background to the Te Arawa Lakes Settlement Act as well as the relationship between TAML and TALT has been invaluable already. We also welcomed Ngata Tapsell as a Board Observer. After several years offshore, Ngata returned to Aotearoa and continues his architecture career with Warren & Mahoney – his insights to housing and the development process have assisted the Board in its decision making.

After some searching we were able to bring on a Commercial Manager in December 2017, which provided the Board with the resources to execute our vision for TAML. I am pleased to report that this has resulted in unprecedented levels of activity for TAML, which has flowed through to improved results in our existing business units in the 2017/18 financial year. Ensuring that TAML builds both its asset base and cash returns is important as the dividend we provide to TALT is the primary source of funding for TALT. Unfortunately, when the settlement occurred TALT was given rights, obligations and the ability to once again influence what occurs in our lakes without any additional funding. While TALT is working with various government agencies on this the need for greater funding. Historically TAML has provided over 80% of our net profit as a dividend to ensure TALT can continue its operations, this commitment limits our ability to grow based on equity alone therefore future growth will include borrowing to fund new acquisitions.

The first half of the 2017/18 year was dedicated to a review of operations and understanding where our assets were under-utilised. Dairy farming, kiwifruit growing, residential and commercial property remain our core areas of business along with maintaining a range of financial assets to provide additional cash flow independent of commodity and export prices.

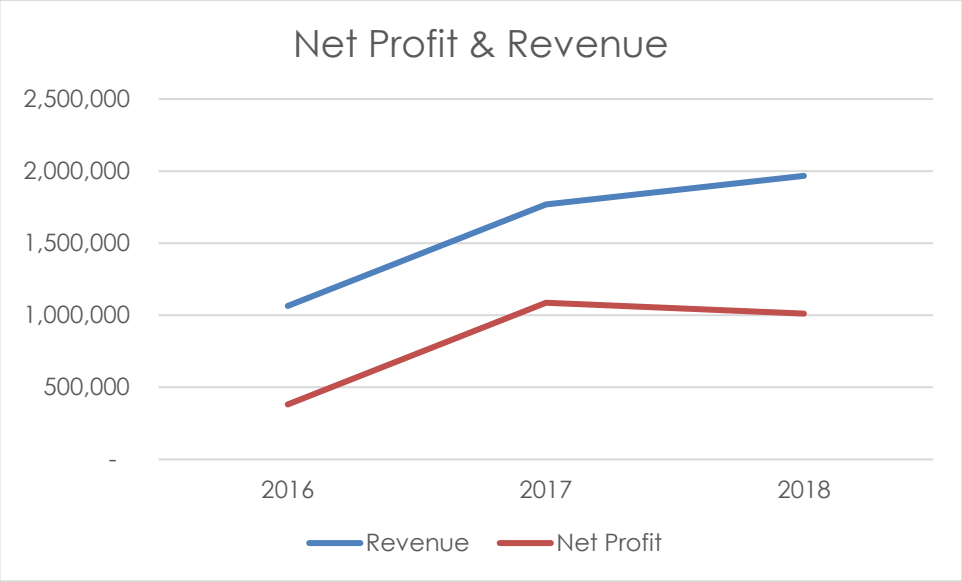
Our diary returns increased by 26% on the prior year driven by improved prices against a slightly lower production due to climatic conditions at Maketū.

Our ordinary rental returns increased by 20% on the prior year driven largely by the letting of vacant property but also supported by market rental adjustments for existing tenancies. However, we also had to write off approximately $30,000 worth of bad debts that offset this performance.

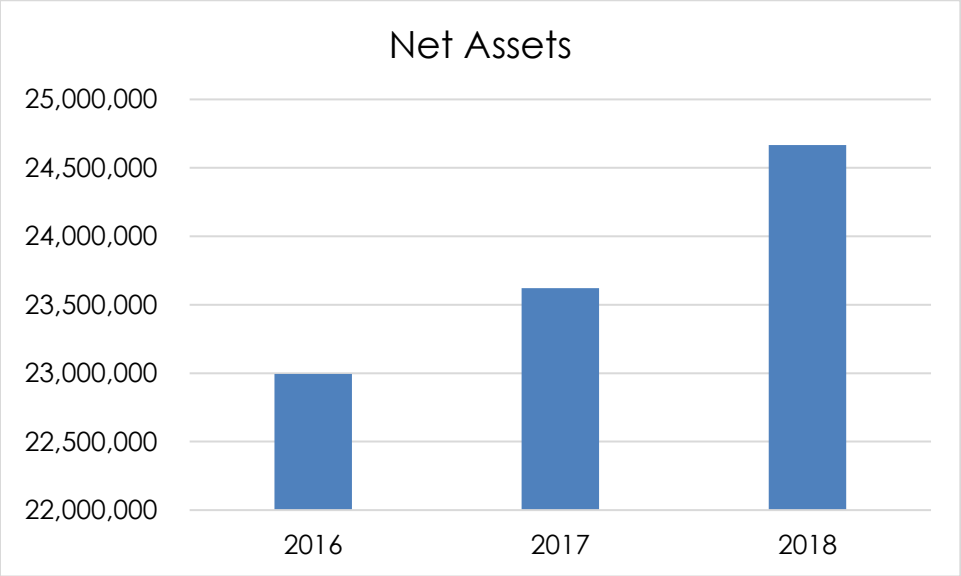
Our commercial property remains challenging and as a Board we are working through our options for how best to maximise the potential value these assets hold.

Our financial assets increased by 3% and our share portfolio now sits at $6.5M. This growth excludes the withdrawals that have been made during the year. Markets have enjoyed an extended period of good returns, which has enabled us to use returns to help fund the TALT dividend. We have amended our investment mandate to ensure the portfolio is well positioned to weather any market downturns that may occur.

As shown in the graph below, net profit as a percentage of revenue has fallen relative to the prior year – this is due to a number of older residential properties bad debts being written off and does not reflect a deterioration in the underlying performance of the business.



Overall our net assets increased by 4% to $24.7M. The TAML Board is pleased to note that this has been achieved on the basis of performance without any asset revaluations.



Several years ago an earlier TAML Board made the decision to establish a kiwifruit orchard on our Okurei diary unit with a 3.07ha development. The kiwifruit industry has performed strongly. Just prior to the end of the year we purchased another established orchard with both green and gold kiwifruit on Angland Drive. This will provide further diversification to our income profile as the conditions around dairying become more difficult with returns supressed, climate change and environmental considerations – including our own hunga tiaki

Subsequent to the end of the financial year we have also purchased additional properties in Maketū and a further two kiwifruit orchards. These purchases have boosted our net assets to over $25M and we hope to continue to grow our net assets in the year ahead.

We continue to partner with Perrin Ag for oversight of our farming operations, APL who manage our residential and commercial property, GHA who manage our accounting function and Craigs Investment Partners who manage our share portfolio. I would like to thank them all for their inputs and work with our Commercial Manager over the year.

We thank TALT for the positive relationship and support they have provided for the growth strategy TAML has put forward. With the elections process we note that their will be some TALT Trustees who we have worked positively with over the past three years will end their term as they are not re-standing for election. We thank you for your support in the strategy TAML has set out and we look forward to engaging with the new TALT Trustees in the year ahead.

Lastly, I would like to reiterate my thanks to my fellow board members Tanira Kingi, David Tapsell, Geoff Rolleston and Lana Ngawhika and also Ngata Tapsell as an observer. Like any iwi organisation we are all here for the greater good of our people, and as the commercial arm - the benefits and support we can deliver to our parent – I thank you for your time and dedication in doing that at TAML.

Ngā mihi uruhau

Mana Newton
Chairman
Te Arawa Management Limited

Te Komiti Whakahaere Chairman's Report

Tēnā tātau Te Arawa whānui,

It is my privilege to present the 2018 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 and it is responsible for the preparation and implementation of the mahire whakahaere (Fisheries Management Plan) and draft bylaws. The mahire whakahaere (the mahire) aims to work towards the vision where Te Arawa taonga fishery is healthy, plentiful, sustainably managed, and Te Arawa have undisturbed possession and access to Te Arawa taonga fishery, mō 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, for example by limiting the quantity or size of the species that may be harvested. Taonga species includes: kōaro, kōura, tuna, kākahi, īnanga and morihana.

Last year I reported that the bylaws were amended and resubmitted into the Ministry of Primary Industries (the Ministry) on 14 November 2017. In December 2017 the Minister of Fisheries (the Minister) approved the public notification of the bylaws, which enabled the submission process to proceed.

The bylaws were publicly notified and it's pleasing to report that we received 18 submissions. An analysis of the submissions was undertaken and it's also pleasing to report that the majority were in full support of the bylaws. Some however suggested amendments and two opposed them.

One of the submissions in opposition indicated that the bylaws providing for persons of Te Arawa descent to undertake customary fishing practices is *ultra vires* or in simple terms *beyond the powers* of TALT.

The Ministry was notified of the outcomes and it was disappointing and perplexing to be advised by the Minister that this was also the official view of the Ministry. More so because Ministry officials were active participants throughout the development of the bylaws and it seems that this situation could have been avoided.

Contrary to the views of the Ministry it is TKW and TALT's express view that we are able to seek a bylaw that provides for the customary gathering of taonga species by Te Arawa only.

Frustratingly things have stalled once again and although the Minister had directed his officials to give urgency to this work, we haven't had any follow up from his officials since receipt of his letter in July.

TKW is currently considering other options and avenues to resolve this impasse.

In closing, I would like to thank management and staff, past & present for their valued support and input into the work of TKW.

Finally, I would like to thank the members of TKW for their continued 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,

I am pleased to present the Chief Executives report for the financial year ended 30 June 2018, my first full year in the role.

Strategic Focus

Our organisational activity for the financial year has focused on executing our strategy which consists of three strategic objectives;

1. Ngā Roto Moana o Te Arawa – Our 14 Te Arawa Lakes,
2. Te Arawa Whānui – Engaging with our people to understand their needs in relation to our lakes and our organisation,
3. Te Rōpu Whakahaere – Ensuring our organisation is fit for purpose and future proof.

Our approach to implementing our objectives has focused on;

1. Maximising our settlement arrangements,
2. Increasing engagement with our people,
3. Strengthening our relationships with key stakeholders for mutually beneficial outcomes,
4. Safeguarding that as we grow and develop our internal systems and processes grow as well.

The CEO report for the 2018 AGM provides a high level summary of our activities for the year.

Strategic Objective 1 - Ngā Roto Moana o Te Arawa – Our Lakes

Maximising Settlement Arrangements

Te Arawa Lakes Trust is one of three partner organisations who govern the Rotorua Te Arawa Lakes Strategy Group (Strategy Group). The Strategy Group was created as a result of our settlement and a fund (known as the Deed Fund) was created to support the Rotorua Te Arawa Lakes programme.

Bay of Plenty Regional Council (BOPRC) and Rotorua Lakes Council (RLC) are the two other partners who support the programme with BOPRC administering the Deed fund and matching funding through its rates levy. Both BOPRC and RLC have dedicated staff that support the programme. The total amount of the Deed Fund is $72.1m.

Since our settlement our organisation has funded our own representation on the strategy group, through a dividend we receive from Te Arawa Management Limited. This dividend allows two Trustees, our Environment Manager and a contractor to participate. Whilst this approach may have been satisfactory in the past, it is no longer preferred and we are seeking direct funding for our organisation to participate at all levels of the Strategy Group.

We are utilising multiple methods to achieve direct funding which includes;

- Direct Contact with Ministers, Members of Parliament and Ministerial Advisors
- Meetings with the Ministry for the Environment
- Discussions with Strategy Group Partners
- Papers presented at the Strategy Group

We have made some progress and will continue to pursue this kaupapa until we achieve a satisfactory result. Our goal is to receive direct funding to support our participation.

Environment Work Plan

I have been delighted with the efforts of our Environment team over this past financial year and acknowledge Nicki Douglas, our Manager for her leadership, expertise and enthusiasm to drive this kaupapa. We continue to contract in experts as and when required.

Our Manager undertook extensive consultation to develop our three year Environment Work plan which incorporates Te Tūāpapa o Ngā Wai o Te Arawa (Te Arawa Cultural Values Framework), Mahire Whakahaere (Te Arawa Fisheries Management Plan) and the Rotorua Te Arawa Lakes Strategy. Our work plan has three focus areas; Statutory, Lakes Strategy and Te Arawatanga.

A key emphasis for our work plan is to move from reacting and responding to individual consents and issues, to influencing and shaping policy that ensures our values are reflected in decision making processes.

Another change we have incorporated has been to include Te Arawa hapū and iwi to deliver projects and programmes that meet both their aspirations and also achieves outcomes for our lakes. This change has been our attempt to value our people and acknowledge their unique Mātauranga in relation to our Lakes and our Environment.

Complimentary to that approach, our entire organisation, has advocated strongly for our Te Arawa cultural values to be reflected throughout local and regional policy and implementation. We have distinctly identified our role as being the interface between local and central government and our people, specifically input into strategy, funding and policy.

In this, our first year implementing our work plan (called our "proof of concept") we tested and verified our theory that if resourced we could achieve direct outcomes for our people, our lakes and our partners. We managed to secure over $150k worth of contracts and supported the following projects;

- Supporting Ngāti Ngararanui to engage with BOPRC
- Increased visibility and presence at Strategy Group Meetings
- Development of Hunga Tiaki (Kaitiaki) Forum
- Support to Te Kōmiro o Utuhina
- Undertook Tarawera Cultural Impact and Cultural Health Assessments
- Establishment of the Te Arawa Climate Change group
- Submissions to both RLC and BOPRC Long Term Plans
- Meeting with Nature Conservancy (Significant International Environmental Impact Investor)
- Numerous other hui with Te Arawa hapū and iwi

I am also pleased to report as a result of our "proof of concept" we have been able to demonstrate actual outcomes which has resulted in further funding contracts and increased staffing.

Strategic Objective 2 - Te Arawa Whānui

Connecting to our Beneficiaries

Te Arawa Lakes Trust has a register of 20,427 Te Arawa whānau. As stewards of our organisation, our role is to ensure that we connect with our people in a meaningful way.

Last year we reported that the Trust's beneficiary register had not had any significant upgrades since our settlement therefore updating our register and moving to a platform that will meet our needs now and into the future will be a major focus over the next three years.

We fully understand that we are in a time of technological change with multiple tools that can support our engagement goals however we will continue to balance our use of technology with our preferred method of face to face engagement.

We have developed a high level engagement plan which outlines our processes to improve our engagement with our beneficiaries.

Our environment work plan also compliments this strategic objective whereby we will engage directly with Te Arawa hapū and iwi over specific projects and programmes that align to our peoples needs.

Strategic Objective 3 - Te Rōpu Whakahaere

On the 27th of March 2024 the Te Arawa Māori Trust Board will have been 100 years old. Although we are now the Te Arawa Lakes Trust we continue to treasure the memories of our forebears and the legacy that has been left for us to continue.

Our pending 100 year birthday reminds us that we must ensure our organisation is future proof for the

next 100 years.

To ensure we are future proofed we have embarked on the following activities;

- Incorporated our business excellence model across our entire operation which includes; Leadership, Strategy, Te Arawa whānui, Information Technology, Workforce, Operations and Results,
- Developed our outcomes framework to ensure we are focussing on outcomes not outputs,
- Building a highly capable team that are skilled and committed to deliver tangible outcomes and quality work,
- Developing a high performing team culture,
- Using technology to connect with our people (customer relationship management system),
- Embarking on an archival project to safeguard our historical documents for future reference.

In Closing

I acknowledge our outgoing Board for their leadership and contribution during my short time here at the Trust. Their courage to redirect our strategy back to our Lakes and our people and their drive to ensure our house is in order is recognised.

I also welcome our new Board and look forward to working with you all over the next three year term.

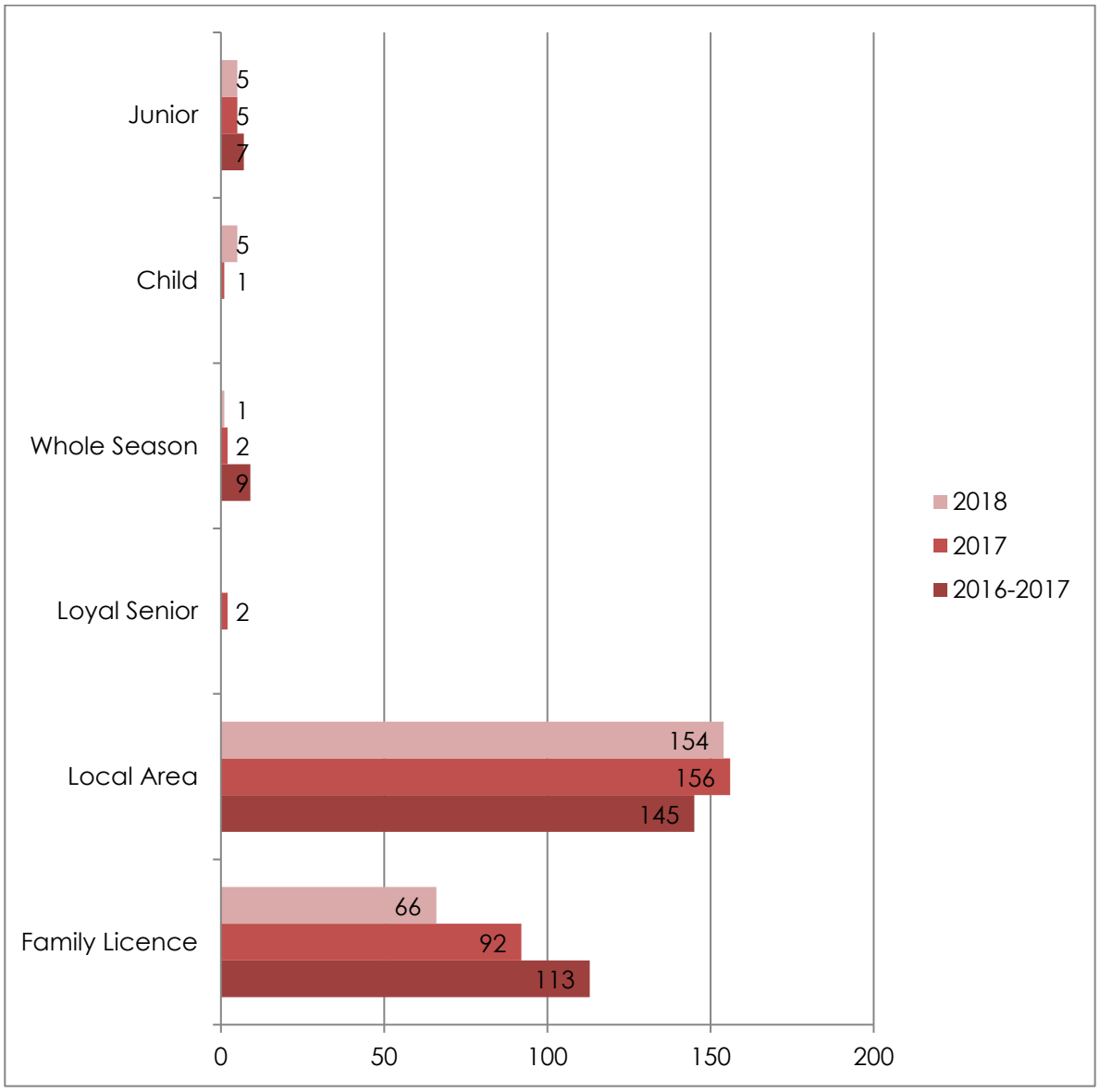
Finally I want to thank our team of staff and contractors. I am humbled to work with a highly skilled group of people who are passionate and committed to our organisation and Te Arawa.

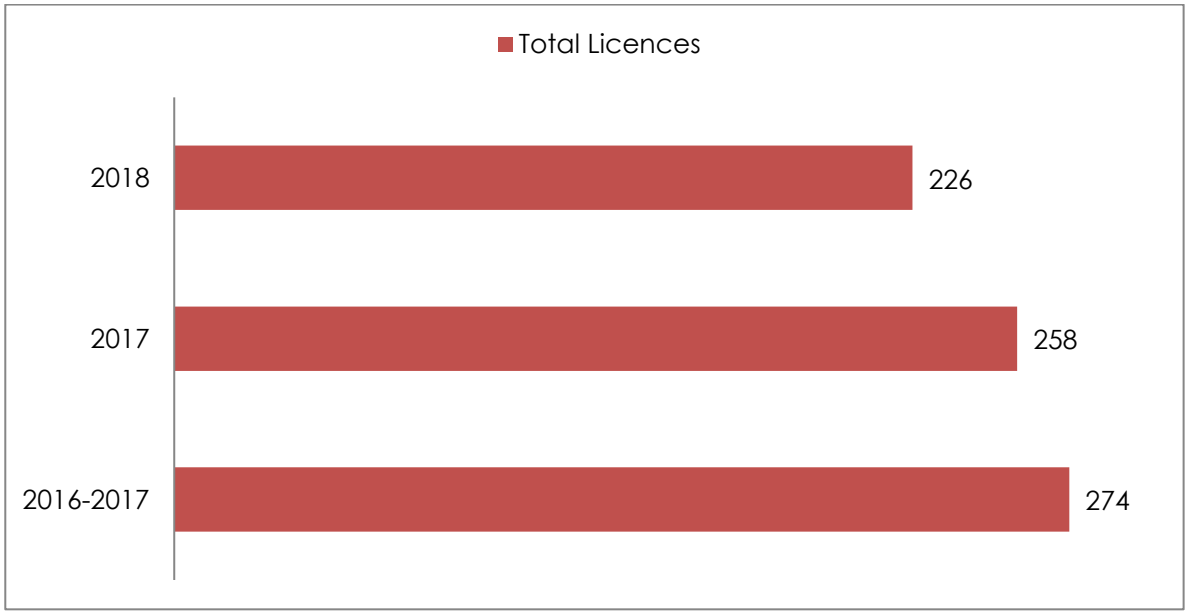
Thank you again for the opportunity to serve our people in my role as Chief Executive.

Nā,
Karen Vercoe – Ngāti Pikiao, Ngāti Mākino
Chief Executive Officer

Highlights of the Trust - Matariki Koeke Celebration

Highlights of the Trust – Fishing Licences 2018





Financial Report

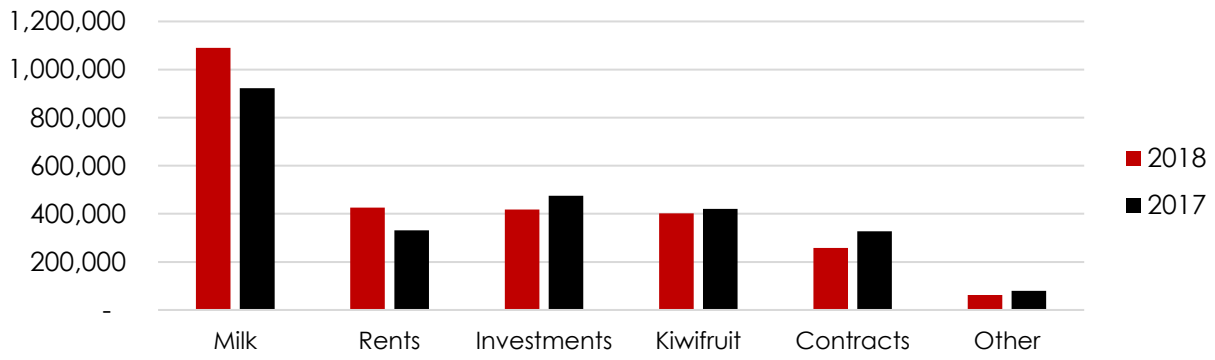
The financial statements are Group accounts and include both the Trust and its commercial subsidiary company, Te Arawa Management Limited. The Trust prepares its financial statements using the Tier 2 Not-For-Profit Public Benefit Entity Accounting Standards. The financial statements are audited by Cookson Forbes & Associates and a clear audit opinion was issued on 31 October 2018.

Financial Performance

	This Year	Last Year	Change
Revenue	2,656,643	2,555,284	4%
Expenses	2,286,579	2,303,461	1%
Surplus	**370,064**	**251,823**	**47%**
Revaluation of Kiwifruit	92,993	(151,331)	161%
Revaluation of Investment Portfolios	440,707	366,400	20%
Total Comprehensive Income	**$903,764**	**$466,892**	**94%**

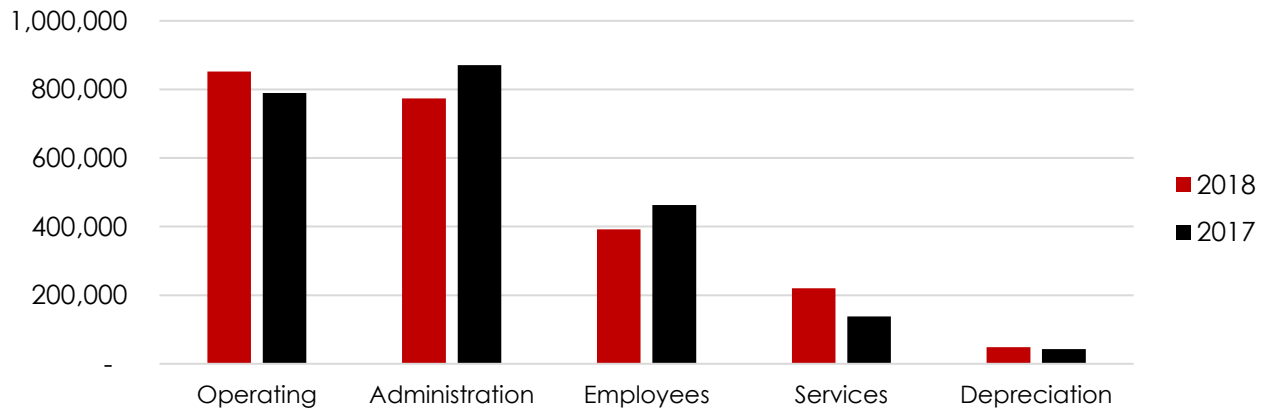
Revenue

For the year ended 30 June 2018, the Group had total revenue of $2.7m. This is 4% up on last year's result of $2.6m. While Kiwifruit sales dropped by 4% compared to last year, milk sales and rental income increased 15% and 22% respectively. The overall breakdown of income, by source, is as follows:



Expenses

Total expenses for the year were $2.3m. This is a slight decrease (less than 1%) compared to last year. Cost savings were achieved during the current year in employee related costs (15% decrease) and administration expenses (11% decrease). However, operating expenses have increased by 8% due to increases in farm expenses and repairs & maintenance.



Total Comprehensive revenue and expense

The net surplus for the year is $463,057, which is an increase of $362,565 compared to last year. 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 $440,707 (last year: $366,400). Added to the surplus for the year of $463,057, this leads to total comprehensive revenue and expense for the year of $903,764. This is up 94% compared to last year's result of $466,892.

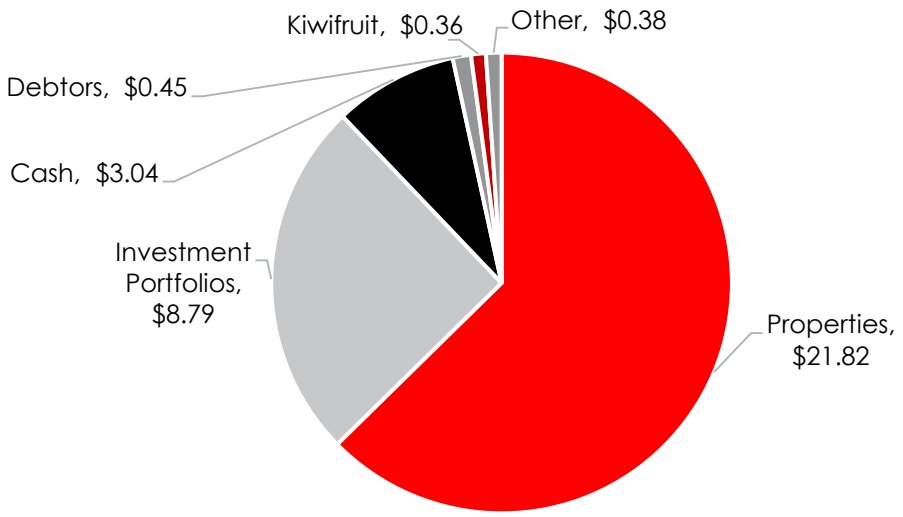
Financial Position

At the end of each year, the financial statements also reflect the current financial position of the Trust. This shows what the Trust owns, how much it owes and its overall value (including the subsidiary company).

	This Year	Last Year	Change
Total Assets	34,835,140	33,992,879	2%
Total Liabilities	571,555	633,057	12%
Equity	**$34,263,587**	**$33,359,823**	**3%**

As at 30 June 2018, total assets were $34.8m. Of this, 45% is represented by the dairy farm properties, 25% is tied up in investment portfolios and 11% in the residential lease properties. The value of total assets has increased by 3% over the past year. The Group's assets are represented by the following asset categories:

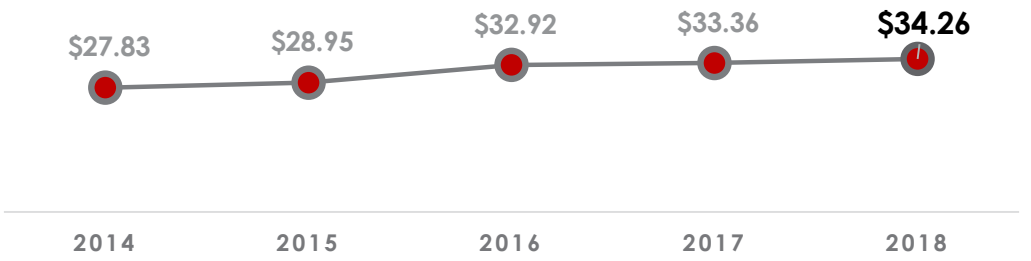
Asset base ($millions)



Total liabilities at 30 June 2018 were $572k with the only loan balance being a small facility with Fonterra ($79k). Other liabilities include money owed to suppliers, deferred revenue and accrued leave entitlements.

The difference between total assets and total liabilities represents the equity value of the Trust which is $34.3m. This reflects a 3% increase compared to last year.

Equity trend ($millions)



Audited Group Financial Statements

Financial Statements

Te Arawa Lakes Trust Group

For the year ended 30 June 2018

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Directory

Te Arawa Lakes Trust

As at 30 June 2018

Trustees	
Te Kawatapuarangi	Sir Noble Curtis (Chairman) William Emery Raina Meha
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 2018

Company Number	1862236
Directors	Mana Newton (Chairman) Lana Ngawhika Tanira Kingi Geoff Rolleston (Appointed 25 August 2017) David Tapsell (Appointed 6 December 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 2018

	Note	2018	2017
		$	$
Revenue			
Exchange revenue	3	1,923,975	1,677,145
Non-exchange revenue	4	257,391	327,131
Investment revenue	5	418,354	474,587
Other revenue	6	56,922	76,421
Total Revenue		**2,656,643**	**2,555,284**
Expenses			
Administration expenses	7	773,824	870,774
Amortisation	15	12,556	12,556
Depreciation	17	36,046	29,910
Employee related costs	8	391,873	462,628
Operating expenses	10	851,793	789,412
Provision for services	9	220,487	138,182
Total Expenses		**2,286,579**	**2,303,461**
Surplus/(deficit) before other items		**370,064**	**251,823**
Gain/(loss) from changes in fair value of biological assets	14	92,993	(151,331)
Other items		**92,993**	**(151,331)**
Net surplus/(deficit) for the year		**463,057**	**100,492**
Other comprehensive revenue and expense	13	440,707	366,400
Total comprehensive revenue and expense for the year		**903,764**	**466,892**

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Statement of Financial Position

Te Arawa Lakes Trust Group

As at 30 June 2018

	Note	2018	2017
		$	$
Assets			
Current assets			
Cash and cash equivalents	11	3,036,328	3,243,763
Trade and other receivables	12	447,394	363,430
Total current assets		**3,483,723**	**3,607,193**
Non-current assets			
Biological assets	14	360,178	267,185
Intangible assets	15	62,304	74,861
Investment properties	16	21,823,237	21,435,320
Other investments	13	8,785,058	8,305,815
Property, plant and equipment	17	320,640	302,506
Total Non-current assets		**31,351,417**	**30,385,686**
Total Assets		**34,835,140**	**33,992,879**
Liabilities			
Current liabilities			
Trade payables	18	199,576	182,238
Deferred revenue	19	281,187	319,875
Deferred payments		-	7,176
Employee entitlements	20	11,570	5,308
Loans	21	79,221	118,461
Total Current liabilities		**571,555**	**633,057**
Total Liabilities		**571,555**	**633,057**
Net assets		**34,263,587**	**33,359,823**
Equity		**34,263,587**	**33,359,823**

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

Trustee

Trustee

Date: 31 October 2018

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Statement of Changes in Equity

Te Arawa Lakes Trust Group

For the year ended 30 June 2018

	Available -for-sale fair value reserve	Accumulated revenue and expense	Total net assets/equity
	$	$	$
Opening balance 1 July 2017	**1,998,315**	**31,361,508**	**33,359,823**
Total comprehensive income for the year	440,707	463,057	903,764
Closing balance 30 June 2018	**2,439,022**	**31,824,565**	**34,263,587**
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**

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Statement of Cash Flows

Te Arawa Lakes Trust Group

For the year ended 30 June 2018

	Note	2018	2017
		$	$
Cash flows from operating activities			
Receipts from providing goods and services		2,093,027	2,054,883
Dividends received		-	418,042
Interest received		70,304	27,552
Net GST received/(paid)		5,164	4,835
Payments to suppliers and employees		(2,253,992)	(2,353,383)
Total Cash flows from operating activities		**(85,497)**	**151,929**
Cash flows from investing activities			
Sale of property, plant & equipment		370	55,633
Purchase of investments		(426,451)	(202,270)
Purchase of property, plant & equipment		(54,550)	(115,237)
Total Cash flows from investing activities		**(480,631)**	**(261,874)**
Net Increase/ (Decrease) in Cash and Cash Equivalents		**(566,127)**	**(109,945)**
Cash Balances			
Cash and cash equivalents at beginning of the year	11	3,243,763	3,353,708
Cash and cash equivalents at end of the year	11	3,036,328	3,243,763
Net change in cash for the year		**(207,435)**	**(109,945)**

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Statement of Accounting Policies

Te Arawa Lakes Trust Group

For the year ended 30 June 2018

1 Reporting entity

The consolidated financial statements of Te Arawa Lakes Trust (the Group) for the year ended 30 June 2018 comprise Te Arawa Lakes Trust (the Parent), and its subsidiary Te Arawa Management Limited.

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 Group's functional currency. There has been no change in the functional currency of the Group during the year. Transactions and balances reported in foreign currencies are translated to New Zealand Dollars at the rate prevailing on the date of the transaction.

(d) GST

Except for trade receivables and trade payables which are stated inclusive of GST, all amounts have been reported exclusive of GST.

(e) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

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.

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Statement of Accounting Policies

Te Arawa Lakes Trust Group

For the year ended 30 June 2018

4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent and subsidiaries controlled by the Parent.

Control is achieved when the Parent has power over the investee and can determine the investee's operating and financing policies, such that the parent can direct the investee to assist it achieving the parent's own financial and public benefit objectives.

Consolidation of a subsidiary begins when a Parent obtains control over the subsidiary and ceases when a Parent loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent gains control until the date when a Parent ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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Notes to the Financial Statements

Te Arawa Lakes Trust Group

For the year ended 30 June 2018

3 Exchange revenue	2018 $	2017 $
Exchange revenue:		
Sales of Milk	1,090,174	921,919
Sales of Kiwifruit	401,836	420,255
Rental		
- Commercial	116,972	89,116
- Residential	309,443	242,438
Other exchange revenue	5,551	3,418
	1,923,975	**1,677,145**

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Group, and measured at the fair value of consideration received or receivable.

Exchange revenue

The Group receives revenue from organisations and individuals in exchange for providing goods and/or services. Revenue is recognised as exchange revenue 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 Group's ability to comply with conditions attached to the funding, the amounts received may be recognised as income in advance.

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

4 Non-Exchange revenue		
Non-exchange revenue	257,391	327,131
	257,391	**327,131**

Non-exchange revenue

The Trust receives revenue from contracts with local Government and central Government agencies in exchange for providing services to the wider community, iwi or hapu. This is classified as non-exchange revenue as the goods or services are not provided directly back to the funding source. Revenue received with no requirement to provide services in exchange for specific performance obligations is also 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.

5 Investment revenue		
Dividends received	274,860	294,399
Interest received	59,662	150,592
Overseas income	83,831	29,596
	418,354	**474,587**

Interest income is recognised on the effective interest rate method on a proportion of time method. Dividend income is recognised when the Group's right to receive payment is established, and the amount can be reliably measured.

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Notes to the Financial Statements

Te Arawa Lakes Trust Group

For the year ended 30 June 2018

6 Other revenue	2018 $	2017 $
Koha received	220	-
Sundry revenue	56,702	76,421
	56,922	**76,421**

7 Administration expenses		
Accounting fees	73,079	67,966
Administration expenses	50,081	35,180
Audit fees	13,480	11,061
Bad Debts	35,814	-
Consultancy fees	157,952	194,408
Communication expenses	36,803	65,252
Contractor Services	46,070	33,418
Koha	1,000	200
Governance costs	176,867	186,772
Lease expenses	5,222	15,496
Legal expenses	25,996	20,183
Loss on sale of plant, property and equipment	356	38,281
Meeting expenses	13,002	23,112
Other expenses	81,175	135,284
Register/beneficiaries	56,927	44,160
	773,824	**870,774**

8 Employee related costs		
Wages and salaries	379,290	440,794
Kiwisaver employer contributions	5,572	8,212
Other employee expenses	7,010	13,621
	391,873	**462,628**

9 Provision for services		
Contractor and project expenses	220,487	138,182
	220,487	**138,182**

10 Operating expenses		
Farm expenses	394,332	321,286
Kiwifruit orchard expenses	77,984	118,047
Property expenses	46,290	47,844
Rent and rates	164,745	198,066
Repairs and maintenance	168,443	104,168
	851,793	**789,412**

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Notes to the Financial Statements

Te Arawa Lakes Trust Group

For the year ended 30 June 2018

11 Cash and cash equivalents	2018 $	2017 $
Cash and bank balances	129,354	673,021
Short term deposits	2,949,747	2,570,742
Bank Overdraft	(42,773)	-
	3,036,328	**3,243,763**

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 2018 was 3.89% (2017: 2.70%).

At balance date the Trust had a $100,000 unsecured bank overdraft facilitity with Westpac repayable on demand. Interest rate at balance date was 8.2% (2017: Nil).

12 Trade and other receivables		
Accounts receivable - exchange revenue	207,790	155,885
Accounts receivable - non-exchange revenue	85,171	25,085
Accrued interest	37,980	48,622
Provision for doubtful debts	(10,000)	-
GST receivable	57,965	75,777
Income tax receivable	49,899	37,581
Prepayments	18,589	20,479
	447,394	**363,430**

Trade and other receivables more than 90 days overdue are $12,576 (2017: $8,091). There is a doubtful debt provision of $10,000 (2017: $Nil) and the Trust is not exposed to any other significant credit risks (2017: $Nil).

13 Other investments		
Available-for-sale financial assets		
- Equity securities (New Zealand publicly listed)	3,783,274	4,044,922
- Equity securities (Australia publicly listed)	2,743,778	2,276,209
	6,527,052	**6,321,131**
Kowhai private equity	50,250	23,125
Salt long short fund	441,239	-
Fonterra shares	1,736,029	1,938,066
Balance Agri-Nutrients shares	30,488	23,493
	8,785,058	**8,305,815**

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 $440,707 (2017: $366,400).

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Notes to the Financial Statements

Te Arawa Lakes Trust Group

For the year ended 30 June 2018

14 Biological assets	2018 $	2017 $
Carrying amount at the beginning of the period	267,185	418,516
Gain/(loss) arising from changes in fair value less costs to sell	92,993	(151,331)
Closing balance at the end of the period	**360,178**	**267,185**

Crops growing on kiwifruit vines 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 Limited.

15 Intangible assets		
Cost		
Balance at beginning of the period	126,613	123,454
Prior period adjustment	-	(5,067)
Additions (acquired externally)	-	8,226
Balance at the end of the period	**126,613**	**126,613**
Accumulated amoritsation and impairment		
Balance at beginning of the period	51,752	33,522
Prior period adjustment	-	5,674
Amortisation	12,556	12,556
Balance at the end of the period	**64,309**	**51,752**
Net book value	**62,304**	**74,861**

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

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 Group's liabilities (2017: $Nil)

16 Investment properties		
Balance at the beginning of the period	**21,435,320**	**21,196,309**
Additions	387,917	239,011
Closing balance at the end of the period	**21,823,237**	**21,435,320**

(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 2018.

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Notes to the Financial Statements

Te Arawa Lakes Trust Group

For the year ended 30 June 2018

17 Property, plant and equipment

	Orchard	Plant and equipment	Motor vehicles	Office equipment	Total
Cost					$
Balance at 1 July 2017	**313,342**	**253,766**	**5,143**	**3,995**	**576,246**
Additions	4,746	47,212	-	2,592	**54,550**
Disposals	-	-	(3,913)	(3,995)	**(7,908)**
Balance at 30 Jun 2018	**318,088**	**300,978**	**1,230**	**2,592**	**622,888**
Balance at 1 July 2016	**313,342**	**254,720**	**43,332**	**3,995**	**615,389**
Additions	-	107,011	-	-	**107,011**
Disposals	-	(107,965)	(38,189)	-	**(146,154)**
Balance at 30 Jun 2017	**313,342**	**253,766**	**5,143**	**3,995**	**576,246**
Accumulated depreciation					
Balance at 1 July 2017	**119,275**	**146,941**	**3,557**	**3,967**	**273,740**
Depreciation expense	17,243	18,108	-	695	**36,046**
Disposals	-		(3,557)	(3,981)	**(7,538)**
Balance at 30 Jun 2018	**136,518**	**165,049**	**-**	**681**	**302,248**
Balance at 30 Jun 2016	**101,435**	**204,090**	**24,888**	**3,939**	**334,352**
Depreciation expense	17,840	11,888	153	28	**29,909**
Disposals	-	(69,037)	(21,484)	-	**(90,521)**
Balance at 30 Jun 2017	**119,275**	**146,941**	**3,557**	**3,967**	**273,740**
Carrying value					
At 30 June 2018	**181,570**	**135,929**	**1,230**	**1,911**	**320,640**
At 30 June 2017	**194,067**	**106,825**	**1,586**	**28**	**302,506**

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 2018

18 Trade and other payables	2018 $	2017 $
Accounts payable - exchange transactions	187,970	159,121
PAYE payable	11,606	23,116
	199,576	**182,238**

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

19 Deferred revenue		
Revenue received in advance - provision of services	3,423	34,509
Rent received in advance	277,764	285,366
	281,187	**319,875**

20 Employee entitlements		
Short-term employee benefits - annual leave accrual	11,570	5,308
	11,570	**5,308**

21 Loan		
Fonterra Co-operative support loan	79,221	118,461
	79,221	**118,461**

From June 2018, Fonterra has charged interest at a rate of 2.49% (2017: 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 repaid directly from milk payments.

22 Related parties

	2018		2017	
	Revenue/ (Expense) $	Receivables/ (Payables) $	Revenue/ (Expense) $	Receivables/ (Payables) $
(a) Governance				
Trustee remuneration	(72,800)	-	(88,700)	-
Number of Trustees	9		9	
Directors fees	(87,667)	-	(96,692)	(1,542)
Number of Directors	5		3	
(b) Key management personnel				
Salaries, wages and other employment benefits	(100k -150k)	(5,308)	(100k - 150k)	(5,308)
Full Time Equivalent Personnel	2		1	

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 (2017: $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.

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Notes to the Financial Statements

Te Arawa Lakes Trust Group

For the year ended 30 June 2018

23 Group entities

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

	Ownership interest	
	2018	2017
	%	%
Te Arawa Management Limited	100	100

Te Arawa Management Limited has the same reporting date as the parent entity.

Investments are classified as investments in subsidiaries when the Group has the power to control the investee. This arises normally by the Group holding more than 50% of the equity interest or voting power in the investee, such that the Group can appoint the majority of the governing body members of the investee and direct its operating and financing activities. Investments in subsidiaries are recorded by the Parent at cost less any impairment losses. There are no impairment losses accumulated (2017: none).

On consolidation, all transactions between the Parent and subsidiaries, and any between subsidiaries directly, are eliminated in determining the consolidated results of the Group.

24 Capital Commitments

The Group has three capital projects underway, but no contractual commitments have been signed (2017: $Nil).

The company purchased 250,000 Kowhai Private Equity No.1 LP shares on 1 March 2017 at $1 per Share ("issue price"). An initial subscription of $0.03 per Share subscribed was paid upon application. Three subsequent capital calls total of $32,500 were paid during 2018 year (2017: $12,500).

Te Arawa Management Ltd has signed asale & puchase agreement for the purchase of a kiwifruit orchard at Te Puke prior to the balance date and committed total capital of $3.4 million.

25 Contingent Assets

A contingent land asset with an estimated fair market value of $6,769,691 exists (2017: $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.

26 Subsequent events

The contract for purchasing the orchard at 57 Angland Drive, Te Puke was settled in full on 9 July 2018 for $3.4 million. A deposit $171,850 was paid prior to 30 June 2018.

27 Te Arawa Lake Beds

The 13 lake beds listed below were transferred to the Parent 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
Tutaeinanga		

CF
Audit

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INDEPENDENT AUDITORS REPORT

To the Trustees & Beneficiaries of Te Arawa Lakes Trust Group

Report on the Financial Statements

Parent Entity: Te Arawa Lakes Trust

Subsidiary Entity: Te Arawa Management Ltd

Opinion
We have audited the financial statements of Te Arawa Lakes Trust and the Subsidiary Entity (together referred to as 'the Group") on pages 5 to 17, which comprise the statement of financial position as at 30 June 2018, and the statement of comprehensive revenue & expenses, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (Not-For-Profit) (Tier 2 PBE).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Te Arawa Lakes Trust Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Te Arawa Lakes Trust Group.

Use of this Independent Auditor's Report
This report is made solely to the Trustees and Beneficiaries of the Group as a body. Our audit work has been undertaken so that we might state to the Trustees & Beneficiaries those matters we are required to state to them in the independent Auditors report and for no other purpose.

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Use of this Independent Auditor's Report - continued
To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees and Beneficiaries as a body for our audit work, this report, or any of the opinions we have formed.

Trustees Responsibility for the Financial Statements
The Trustees are responsible on behalf of the Group for the preparation and fair presentation of the financial statements in accordance with Tier 2 PBE (NFP), and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/

Chartered Accountants
96 Waioweka Road
OPOTIKI

31 October 2018

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 & whānau	**PARTNERS** BOPRC, RCL & COMMUNITY
WAIORA The Footprints of the Koura can be seen on the bed of the Lake	• Mauri o meter • Kaitiaki Flows • Te Arawa Health Index • More places I can gather kai • More plentiful kai	• Water quality –TLI • Nutrient Levels • 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 hapū for delivery and research • Increases in traditional use and cultural activities on the lakes • Greater investment in lakes infrastructure • Increase in number of whānau benefitting from the Lakes	

PERFORMANCE MEASURES – TRACKING OUR ACTIVITY TOWARDS THE OUTCOME

HOW MUCH?	HOW WELL?
# SCMAK kits distributed # Dollars allocated for hapū projects # reduction in structures impacting cultural values # of monitoring sites for taonga ika # of sites for swimming increased	# 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/whānau 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)
YEAR 1-3			
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 and TALT position is clear and consistent; aligned 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 • Iwi engagement forum established	OBJECTIVE • Te Arawa Iwi and hapū understand the intent and content of Te Tūāpapa, what it means to them and how they can get involved PROJECTS • Develop case studies that exemplify Te Tūāpapa in action • Develop and implement Engagement Plan • Communications plan and story telling framework for Tūāpapa
YEAR 1-3			
RESEARCH & MONITORING	OBJECTIVE • TALT can share the unique cultural landscape around the Te Arawa Lakes • Community and hapū/whānau 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 • Development of a Te Arawa Health Index	OBJECTIVE • Tools are developed to support cultural values assessments and decision-making PROJECTS • Hapū/ Iwi research projects • Development of a Te Arawa Health Index
YEAR 1-3			
CAPABILITY & CAPACITY BUILDING	OBJECTIVE • A clear and agreed programme and process is in place for the review of consents for lakes structures • Whānau and hapū are aware of their roles, responsibilities and powers in respect of the lakes PROJECTS • Te Mana Whakahono • Update database of technical experts • 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 • Programme development and delivery • Research and Science panel	OBJECTIVE • Te Arawa hapū and whānau are leading projects that deliver their Te Tūāpapa Values PROJECTS • Hunga tiaki forum • Climate Change projects

TE ARAWA LAKES TRUST

NOTES

TE ARAWA LAKES TRUST