



YEARS



Ngāti Whakaue  
Tribal Lands



OUR WHAKATAUKI

# Mana Whenua, Mana Tāngata.

We are **committed** to **upholding the honour** of both **the land** and **the people**.

OUR VALUES

- ▲ Kaitiaki
- ▲ Whakapono
- ▲ Aroha
- ▲ Kotahitanga



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# 2021 AGM Agenda

Te Papaïouru Marae, Ohinemutu, Rotorua  
Sunday, 12 December 2021 at 10.00 am

1. Apologies
2. Call for General Business
3. Elections (Presentations and Voting)
4. Minutes of the Annual General Meeting of 14th November 2020 - Matters arising
5. Receive NWTL Annual Reports and presentations by respective Chairs and GM
6. Financial Report – Glenn Hawkins
7. Appointment of Auditor
8. Approve Annual Distributions
9. General Business



# 2020 AGM Minutes

Minutes of the Annual General Meeting at Te Papaïouru Marae, Ohinemutu, Rotorua on Saturday 14 November 2020 at 10:00am.

The meeting was opened with a mihi from Kingi Biddle and karakia by Mihaere Kirby at 10:00am. David Thomas welcomed all in attendance and chaired the meeting of Shareholders.

## Apologies

Apologies were recorded on registers prior to the meeting.

**RESOLUTION: That the apologies be received.**  
(David Thomas/Josie Scott) *Carried*

## Election Of Committee Members

Geoffrey Rolleston, Tamarapa Lloyd and Tanira Kingi retired by rotation and made themselves available for re-election. Douglas Macredie and Lani Kereopa were also nominated as candidates in the election. All candidates gave presentations to the meeting.

**RESOLUTION: That the 2020 election be carried out by Poll Vote with Jody Paul and Josie Scott appointed as scrutineers for the vote tallying process.**  
(Bryce Morrison/Helen Crawford/Terry Morrison/Marion Te Kaawa /Raymond Flood) *Carried*

Shareholders were given time to cast their votes at the meeting if they had not already done so via postal vote.

## Minutes

David Thomas provided an overview of the minutes of the previous meeting.

**RESOLUTION: That the minutes of the meeting held on Saturday 19 October 2019 are confirmed as being a true and correct record.**  
(David Thomas/Iris Thomas) *Carried*

## Chairman's Report

David Thomas presented his report which was taken as read:

- ▲ The Incorporation has achieved a surplus this year despite significant challenges due to the impacts of drought and Covid-19. These factors resulted in a reduction in sheep and beef prices and has halted plans presented last year to develop a tourism operation at Ngongotahā.
- ▲ The Whareniui Rise Development has been a key focus for the Committee of Management and aims to address housing needs for Whakaue and the wider community. A Memorandum of Understanding was signed with Kainga Ora to investigate further opportunities in the employment and housing space.
- ▲ Shareholder engagement has continued with health, tangihanga, marae and discretionary grants being made available, and firewood being delivered to older kaumātua within the Iwi. NWTL also made a contribution to Whakaue Ora who delivered support to whānau during the lockdown period.
- ▲ Acknowledgements were made to staff, key service providers (Glenn Hawkins & Associates, Perrin Ag, Prime Forestry Consultants, Morrison Kent and Rabobank) as well as Committee members for their contribution throughout the year. David thanked shareholders for their ongoing support.

**RESOLUTION: That the Chairman's report be accepted.**  
(David Thomas/Anthony Wihapi) *Carried*

## Whakaue Farming Limited Report

Tanira Kingi (WFL Chairman) presented the farming report:

- ▲ Drought early in the year saw rainfall decrease by 90% which caused significant issues with feed across the farms. At the same time, WFL were confronted with the impacts of Covid-19 which meant that staff were unable to shift stock off farm as markets collapsed, sale prices were down, and processing capacity was cut by 50%. The combination of these factors contributed to a decline in profitability this year against a strong result in the prior year.
- ▲ Despite these challenges, WFL staff managed the farms well and maintained costs at a rate comparable to last year. Tanira thanked the staff and advisors for their efforts.
- ▲ Land-use change: As discussed at previous shareholder meetings, the Incorporation have been investigating alternative land-use options in order to provide a greater and more sustainable return to NWTL shareholders and beneficiaries. As part of the diversification plans, the forestry footprint has been increased to allow for a sustainable harvest regime. This has resulted in a smaller effective farming area.
- ▲ Clive Carrington retired as manager of Ngongotahā Station last year and this farm as well as Tihitonga have come under the combined management of Steve Hewson. A hemp trial is also underway, and a dairy sheep flock is being built as further diversification options for consideration.
- ▲ Climate change and freshwater regulations: Whakaue is represented on both the Primary Sector Climate Change Commitment and the Māori Agribusiness forum. WFL's greenhouse gas profile is less than 2.5 tonne per hectare which is well below the industry average. Discussed Te Mana O Te Wai and that regional councils will be working with Hapū and Iwi regarding policy decisions.

Maru Tapsell agreed that the timing is right to be looking at land diversification options and collaborating with government and other entities. A subsidiary industry such as hydroponics and biodiversity should be investigated. Tanira said that WFL have been looking at this including biological farming.

Kirsty Bennett queried (1) to what extent the devaluation reported on, is only a paper devaluation; (2) what has happened to the truffles; and (3) are there still Wagyu on farm. Tanira advised that truffles were found this year and are being used to regenerate truffle growth. He also said that the valuations have had a slight lift and should increase as the market improves. There are still Wagyu on farm.

Merehira Savage asked (1) if collaboration with other Whakaue entities had taken place to review the MPS; (2) did NWTL apply for funding for the fencing of waterways and (3) are NWTL participating in jobs for nature. Ray Morrison said that NWTL has applied for fencing funding but have not accessed jobs for nature. Tanira said there was a Te Arawa Arataua Primary Sector submission regarding MPS which had contribution from several Whakaue Iwi members.



Maree Hodge raised that Covid-19 showed how vulnerable New Zealand (NZ) is to the international market and queried if Māori can be at the forefront of manufacturing to create a more self-sufficient market. Tanira said the vulnerability of the Māori sector and NZ to the international market has been discussed regularly but is part of a system that has been set up over generations. He said there are further challenges as NZ has not invested in infrastructure or alternative processing and manufacturing.

Anthony Wihapi queried if there is an indication as to whether profitability will continue to decline and if NWTL would look at proactively acquiring or purchasing additional land. Tanira said that profitability should increase with time and the Committee will look further into options for the purchase of land.

Maru Tapsell said that Covid-19 has provided an opportunity for Māori to use their strengths of innovation and collaboration to add value to the industry.

**RESOLUTION: That the Whakaue Farming Limited report be accepted.**  
(Tanira Kingi/Anthony Wihapi) *Carried*

## General Manager's Report

Ray Morrison (GM) presented key highlights from his report:

- ▲ **Group Performance Summary:** As previously discussed, farming has been challenging due to weather, reduced land area and market prices. Tourism plans are on hold due to Covid-19.
- ▲ **Forestry:** Planting has been completed raising the total forestry area to 900 hectares which will provide a sustainable logging program and income from carbon in coming years.
- ▲ **Owner & Beneficiary Engagement:** NWTL have contributed to Whakaue Ora and a quarterly pānui to support whānau and keep them informed. The grants funding and delivery of firewood have also been provided throughout the year.
- ▲ **Whakaue Housing Strategy Update:** In November 2019, NWTL obtained consent to start a 3-Stage residential sub-division at Wharenui. Most earthworks have been completed for Stage One of the development. Partnerships have been established with group home builders for the first 48 lots and it is expected that titles will be issued next year and then construction can commence.
- ▲ **Partnerships:** The MOU with Kainga Ora has provided an opportunity to have input into housing policy in Rotorua and the Incorporation are investigating how social, papakainga, general and affordable housing can be established for Whakaue whānau through this relationship. NWTL are keen to get input from shareholders around their ideas for housing options and invite whānau to get in touch. A farm tour will be held next year which will include a visit to the development site. NWTL have also been working with the Rotorua Lakes Council to address long-term stormwater and wastewater issues for Wharenui which led to RLC and NZTA securing \$55m funding for roading and stormwater upgrades. Drone footage of progress on the Wharenui Rise development was shown to the meeting.

Mihaere Kirby asked if the earthworks contractors and builders for Wharenui Rise are Whakaue or Māori. Ray advised that unfortunately there are only two earthworks companies in Rotorua and they did not have the capacity to manage the size of the development, however, approximately 80% of the operators are Māori. Moons (Wharenui Rise civil contractors) provide apprenticeship opportunities to Māori and one apprentice is of Whakaue descent. NWTL have asked that Whakaue whānau be prioritised when builders employee staff for the development. Ray asked owners to contact him with the names of any whānau who may be interested in this opportunity. Mihaere advised that Eruera Tuhakaraina (Whakaue) owns a large earthworks business in Tauranga and requested that he be considered for future work.

Anthony Wihapi asked who is the target market for the Wharenui Rise homes and what are the average prices expected to be. Ray advised that the prices are yet to be finalised with the builders, however current land values for similar sections have sold for \$300,000 (land only). The first stage is comprised of mostly general market homes, but 8 lots (three bedroom homes) have been set aside for affordable housing from between \$450,000 - \$550,000.

Renee Kiriona said she is happy that there are provisions for papakainga and social housing in the plans, but asked who set the definition of affordable housing. She is hoping that there will be opportunities for hard-working young people to get a house at Wharenui Rise, but if a lot is going to cost a minimum of \$200,000 to \$300,000 then she wants to pull out her whānau shares and do a Māori occupation. Ray advised that the \$450,000 - \$550,000 affordable housing price is for a house and land package, not land solely and that the definition was set by Kainga Ora. Ray also advised that NWTL are hoping that the relationship with Kainga Ora will provide further housing opportunities for young hard-working families on corpus land. He added that whānau need to be aware that regardless of the type of housing being built, the land development costs are roughly the same which sit at an average of \$1.5 million per hectare for waters, power, lighting etc. Renee thanked Ray for his response as there is some anxiousness in the room, but she would encourage NWTL to follow-through on having Whakaue housed at Wharenui Rise over the next stages of development. Tanira said that solving the deep-seated issue of getting whānau into housing is not going to be solved by NWTL alone and relationships need to be formed to provide resources that will increase home ownership for Iwi members.

Geoff Rice said that housing is a massive problem and queried (1) the nature of relationships with RLC, BOPRC and Kainga Ora; (2) options to utilise corpus lands for leasehold housing; (3) rent to own options and (4) support processes for whānau once they are in the homes. Ray said that these housing options are being explored as part of the MOU with Kainga Ora.

Maru Tapsell said the organisation needs to keep an eye on social and economic capital including the responsibility to provide rentals and enable high wage economies. Ray said that NWTL are trying to achieve this through the current housing strategy but what has been presented is only the first stage in the plans.

Denise Bradley asked if the development is a land retention plan as whenua is a diminishing commodity and it would be heart-breaking to see it sold. Tanira responded that the block was purchased in the 1980's as investment land to provide opportunities for Whakaue at a time like this. The Committee has agonised over the best way forward to provide housing and returns to the Iwi and can assure owners that none of the corpus land will ever be sold.

Haehaetu Barrett Jnr said this is a time of Iwi influence and many are working with the communities most vulnerable who are Whakaue Iwi members. She acknowledged that the housing strategy is now on the map and is an opportunity for the talent and workforce in the house to contribute. Her team has the ability to support whānau in housing and added that Whakaue people should not be in motels. Ray welcomed Haehaetu and other whānau to come and meet with him to work together on this.

Bryce Morrison congratulated the Committee on their achievements and the residential development. He encouraged whānau to apply for the eight affordable homes and said this is also an opportunity to show government what Ngāti Whakaue are able to do. Bryce confirmed that the land at Wharenui Rise was purchased for investment purposes.

Miriama Searancke asked who was in charge of the Whakaue Ora response and where did the vouchers go as the Whakaue paepae who up hold the mana of Ngāti Whakaue did not receive them. Ray said that NWTL made a financial contribution to the response but another entity was responsible for distributing the support, however some koeke in Ōhinemutu did receive vouchers.

Denise Bradley asked if occupations or licences to occupy are possible on the land at less than market rates. Ray said that in Stages 1-3, this was not possible but NWTL are looking at other options on corpus land.

Nyreen Kiriona-Nelson provided a historical context around the desire for home ownership and encouraged NWTL to look at establishing a lending institution within the next 5 years to support access of Iwi members to funding. She also said that Kainga Ora are working with another Trust to establish housing, but they are wanting to dictate who goes into the home. Ray said that NWTL are mindful of this and have specified in the MOU that they are seeking housing for Whakaue Iwi.

**RESOLUTION: That the General Manager's report be accepted.**  
(Anthony Wihapi/Maru Tapsell) *Carried*

David thanked the owners for their participation and acknowledged that the spectrum of housing issues will not be solved by NWTL solely, however it is a good opportunity to work collaboratively with entities and whānau across the Iwi to get people into homes, training and employment. He reiterated that this is only the beginning of a long-term strategy and that shareholder input is welcome.

## Grants Report

Matthew Heke presented the Grants Report:

- ▲ As approved by the owners at last year's AGM, \$120,000 was allocated toward grants. A total of \$118,072.30 was paid for Health (\$33,425.10), Tangihanga (\$3,900.00) and Discretionary Grants (\$80,747.20).
- ▲ Funds were given to Whakaue Ora for the Covid-19 response but NWTL were not in charge of the distribution process.
- ▲ Several kaumātua events were supported through the discretionary fund including the Waiariki Māori Stroke Conference, the Oranga Tinana Kaumātua Olympics, the National Kaumātua Service Providers Conference and funding to Te Taipakeke koeke group to participate in Iron Māori.
- ▲ Last year shareholders asked about increasing the tangihanga grants. They have been increased to \$400 this year.

**RESOLUTION: That the Grants report be accepted.**  
(Terry Morrison/Anthony Wihapi) *Carried*

**RESOLUTION: That \$120,000 be approved for funding toward grants for the 2020/21 financial year.**  
(Bryce Morrison/Kirsty Bennett) *Carried*

## Financial Report

Glenn Hawkins presented the Group financial statements for Ngāti Whakaue Tribal Lands Incorporation, Whakaue Holdings Ltd, Whakaue Farming Ltd and Whakaue Property Trust for the year ended 30 June 2020:

- ▲ **Audit:** BDO auditors have assessed the Incorporations risk, systems, controls, reporting and going concern, and are happy on all accounts therefore sign off with a clear audit opinion was achieved on 29 October 2020.
- ▲ **Summary of financial performance:** Despite the challenges this year with drought and Covid-19, the Incorporation achieved a net profit of \$685,325 this year with operating revenue up 6% (\$5,474,111) and operating expenses also up 14% (\$4,867,148).
- ▲ **Income:** This year the majority of income (\$3.3m) was received for livestock trading with further revenue received from leases (\$500k), other farming income (\$300k) and other income largely related to the sale of 50,000 carbon units (\$1.3m).
- ▲ **Expenses:** Expense items this year included costs associated with farming (1.9m), administration (\$900k), forestry (\$200k), interest (\$100k), depreciation (\$100k), grants (\$100k) and lease expenses (\$50k). Forestry expenses were lower as no harvesting occurred and administration costs were reduced by \$150k through good cost control.
- ▲ **Financial position:** As of 30 June 2020, the Incorporation had total assets of \$60,037,222 and total liabilities of \$6,214,187 resulting in overall equity of \$53,823,035. There has been a \$200k uplift in the value of forestry, however a land revaluation has not been completed this year. Liabilities have increased largely due to the Wharenui Rise development costs and increased loan facility of \$3.72m.

Kirsty Bennett asked what the \$900k admin fees were related to. Glenn advised that a full breakdown was provided on page 32 of the report with the costs being largely related to the cost of accounting, Committee fees, consultancy and staff wages which are lower than last year.

Maru Tapsell queried if the \$2.3m payment three years ago was for the nitrate incentives scheme. Glenn said that was correct.

Maree Hodge asked if the owner list is on the website. Glenn said it was.

Anthony Wihapi asked if it was the right time to purchase additional land considering the low interest rates and equity of \$53.83m. Glenn advised that cashflow and the current residential development costs should be considered.

Bob Armstrong said that trade and receivables show good credit control by the organisation. However, liabilities, trade and other payables have increased. Bob queried if bills are being paid on time. Glenn said that the figures reported included some tail end costs for wharenui but were paid on time.

**RESOLUTION: That the annual accounts for the year ended 30th June 2020 be accepted.**  
(Anthony Wihapi/Bob Armstrong) *Carried*

## Appointment of Auditor & Share Valuer

**RESOLUTION: That BDO Rotorua be appointed as auditor for the ensuing year.**  
(Bryce Morrison/Josie Scott) *Carried*

## General Business:

**Distributions:** David Thomas said that due to the challenges previously described and despite having recorded a profit, NWTL are not recommending that a dividend be paid this year. The Committee have made this decision considering the Incorporations cashflow position and that they had hoped sections would be sold to maintain the dividend approved over the past few years.

Anthony Wihapi said that the audit and risk Committee needs to be selected carefully. David to discuss with Anthony after the meeting.

Mihaere Kirby thanked the Incorporation for their unwavering support and financial contribution to the three kapa o Ngāti Whakaue who performed at the regional competition.

Leo Rika asked for access to hunting grounds and said that the purchase of affordable houses should not require a land payment as NWTL will get a rates payment. David said that NWTL will look into both of those items however hunting has been approved through Waikite Hunting Club and NWTL will not be receiving a rates payment.

David thanked the shareholders for their input and attendance.

Closed by Mihaere Kirby with karakia at 3:01pm.



# Chairman's Report



**E āku tini whanaunga, ngā karangamaha o Ngāti Whakaue, ka rere te tai o mihi ki a koutou katoa.** I would very much like to warmly welcome you to the 60th AGM of Ngāti Whakaue Tribal Lands Incorporation.

I believe that we can reflect on the 2021 year with much satisfaction as we made progress on a number of important fronts. Our farming operation delivered a good financial return following a challenging environment in the previous year; our forestry estate, absent any harvesting, continues to grow in value, and we received the final payment associated with the Rotorua Lakes Incentive scheme. Together, these saw us deliver a strong financial result for the year. This was enhanced by the uplift in value of our corpus land holdings.

The Whareni Rise Development has progressed far better than we envisaged a year ago, so much so that we were able to execute stage 1 of the development without the assistance of Kāinga Ora. While we are happy with many aspects of the project we are especially pleased that it has afforded 8 of our whānau the exclusive right to purchase their first home.

As we have progressed the Whareni Rise project the potential to extend it beyond addressing housing requirements has become even more pronounced, particularly in the areas of employment, capability building, and broader social cohesion. We recognise that there are a number of Ngāti Whakaue entities operating across the spectrum and see collaboration with those organisations as pivotal to optimising the outcomes for us all.

We were pleased, as part of our capability development plans, to initiate the recruitment of two Associate Directors and in July welcomed Mereana Corbett and Moerangi Vercoe to join us on the Committee of Management.

None of this would have been possible without the sterling efforts of a group of people very committed to the wide ranging success of the organisation. Ray Morrison has more than stepped up to the mark, not only in the development project but also in searching out other opportunities to improve our performance.

This has been enabled by the passing to Kayla Christiansen and Audrey Herewini a wider range of activities, which they have fulfilled extremely well. And of course our thanks and well done to the farm managers and their teams.

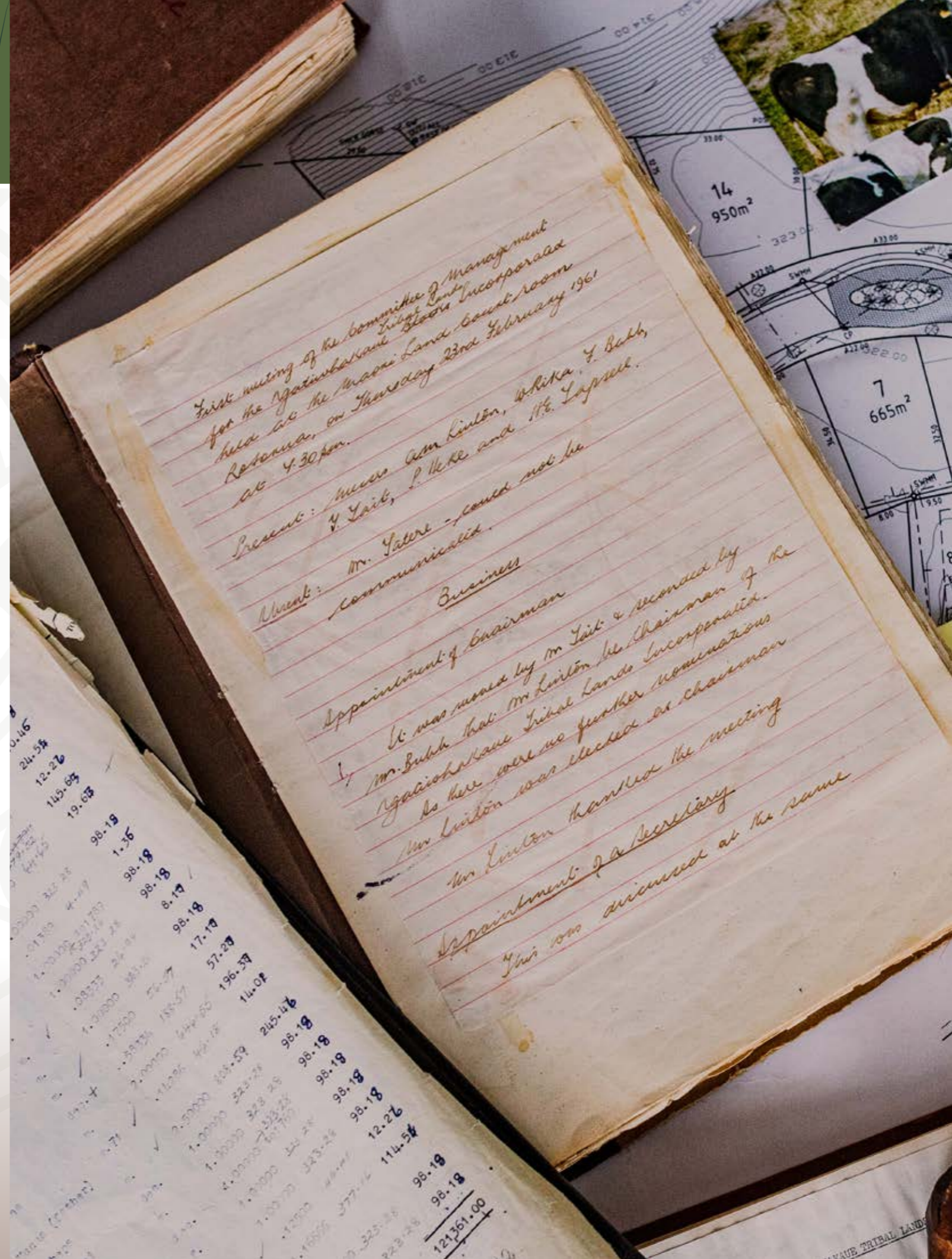
Our external advisory providers continue to make a strong contribution to our performance. Perrin Ag have been kept busy as we ponder the future of some parts of our operation, GHA continue to provide us with good commercial service, Prime Forestry ensure we are complying with our change of land use obligations and Morrison Kent have been extremely helpful in all legal aspects of the operation. As we entered the land development programme, Rabobank advised that this was not an area of interest for them and we subsequently moved to Westpac who have been a very supportive partner. Our thanks to them all.

Your Committee of Management has been very active in addressing the different challenges and opportunities and I would like to thank them for their continued commitment to ongoing success. This year Matt Heke and Brad Tatere retire by rotation from the Committee. Work commitments in other areas of Māori development have led Brad to the decision to step aside and he will not be standing this year. We will miss his contribution, particularly in the farming and finance areas.

Matt is offering himself for re-election and will be joined in the election process by Lani Kereopa, Douglas Macredie, Merehira Savage and David Tapsell. Our best wishes go to all five candidates.

In conclusion, many thanks to you, our shareholders, for your continued support in our ongoing journey to protect and utilise out tāonga tuku iho to develop a better future for us all.

**Kia ora mai anō**  
**David Thomas | Chairman**





# Whakaue Farming Report



**Kia ora tātou Ngāti Whakaue.**

It is my pleasure to present the 2021 Whakaue Farming Ltd report for the Board of Directors.

The challenges of the 2020 year with the drought and COVID-19 restrictions were overcome this year and we returned an excellent operating profit of \$542,390 (compared to -\$258,746 in 2020). While not a complete return to where we were in 2019, this is a major improvement over our 2020 result.

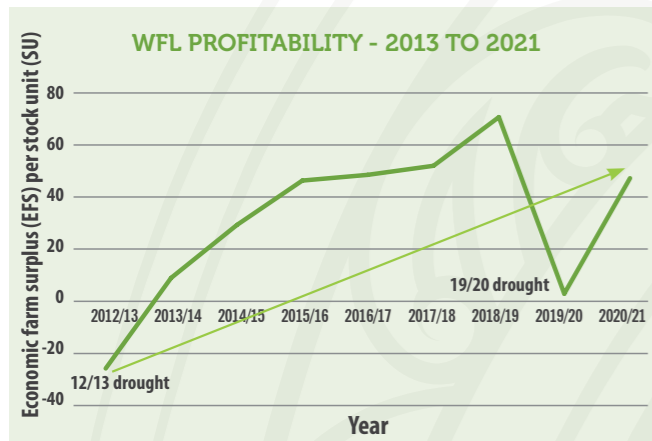


Figure 1: WFL Profitability 2012 -2020

The impact of the COVID-19 during 2020/21 affected international markets and prices were extremely challenging through the main selling period in early 2021. Schedule pricing at the time was well below budgeted schedule prices for both beef and lamb. Pricing recovered as we progressed through 2021 and is now boding well as we move into FY22. The value of livestock on hand did however increase significantly from the previous year, largely as a result of increasing sheep values, and the dairy sheep ewe flock at Ngongotahā being valued at a premium values above standard market rates.

Stock class	Year ending 30 June (\$/head)				
	2017	2018	2019	2020	2021
Breeding Ewes	140	180	210	190	224
Ewe hoggets	120	160	200	160	180
Breeding cows	1,360	1,450	1,450	1,400	1,363
R2 heifers	1,250	1,200	1,250	1,200	1,333
R1 heifers	750	750	925	925	960
R2 bulls	1,085	925	1,300	1,150	1,230
R1 bulls	600	630	750	650	603
R2 steers	1,395	1,400	1,550	1,400	1,391
R1 steers	950	950	900	900	840

Table 1: WFL Livestock Values

The change in management structure of the farms implemented at the end of 2020 that moved Tihi-o-tonga and Ngongotahā under single management and a return to favourable weather patterns has seen a lift in the overall performance of the farms for 2021 and has resulted in increased efficiencies between the two farms, including cost savings, particularly in wages within the business.

(Refer to Table 2: WFL Key Performance Indicators since 2012 - 2021)

With the new operational restructure of Tihi-o-tonga and Ngongotahā, and other cost control measures achieved, farm expenditure was well down on the previous year. Despite disappointing beef & lamb prices, the achievement of budgeted revenue, plus the increase in livestock values and reduction in farm expenditure, WFL was able to achieve to return a favourable level of operating profit for the year that signals a return to the previous levels achieved 2-years ago.

(Refer to Figure 2: Operating Expenses 2021 - 2021)

WFLs return to profitability in 2021 is due to a continued discipline in our governance and management teams to ensure that costs are driven down. This has seen a reduction in farm working expenses (FEW) across the Wharenui and Tihi-o-tonga/Ngongotahā farming units to an unprecedented level.

(Refer to Figure 3: WFL Farm Working Expenses (FEW))

## Wharenui

The dairy sire service bull policy at Wharenui continues to perform well with a total of 452 service Friesian bulls sold for an average of \$1,612/head. The lambing percentage of 143% was the highest of all farms, a great achievement given the drought conditions on farm at mating in 2020.

While lamb sale weights were down slightly on the previous year at 16.7kg we managed to sell 300 surplus dairy sheep ewe hoggets for \$300/head from the dairy sheep flock. These sales are in-line with WFLs review of diversification strategy and the positioning of our dairy sheep flock.

(Refer to Figure 4: Lambing performance on page 12)



KPI		2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Lambs cwt	kg		16.6	17.8	17.8	17.5	17.9	17.7	16.9	16.8	16.7
Steers cwt	kg		275	266	281	287	292	303	299	305	300
Bulls cwt	kg		275	283	281	299	300	n/a	323	310	
Lambing %	%		127%	137%	119%	129%	132%	133%	141%	140%	139%
EFS/SU	\$		-26	8.8	29	46	48	52	70	3	47
EFS/Ha	\$		-216	-219	-287	392	478	513	753	29	556
FWE % Revenue		82%	127%	78%	73%	67%	59%	59%	53%	87%	59%

Table 2: WFL Key Performance Indicators since 2012 - 2021

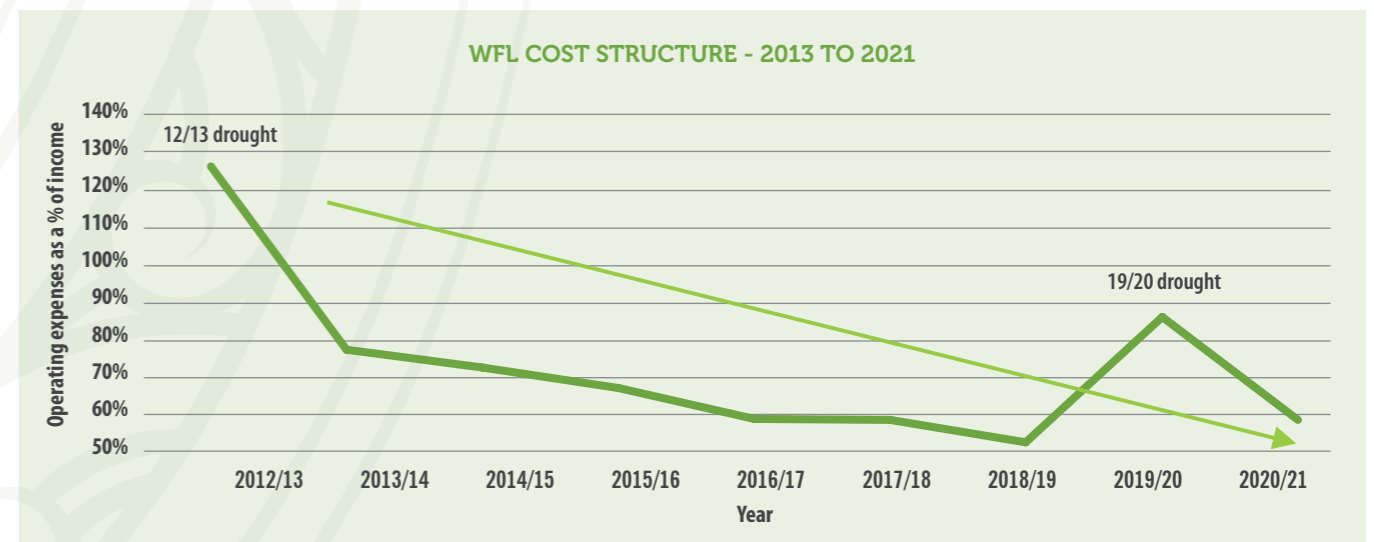


Figure 2: Operating Expenses 2012 - 2021

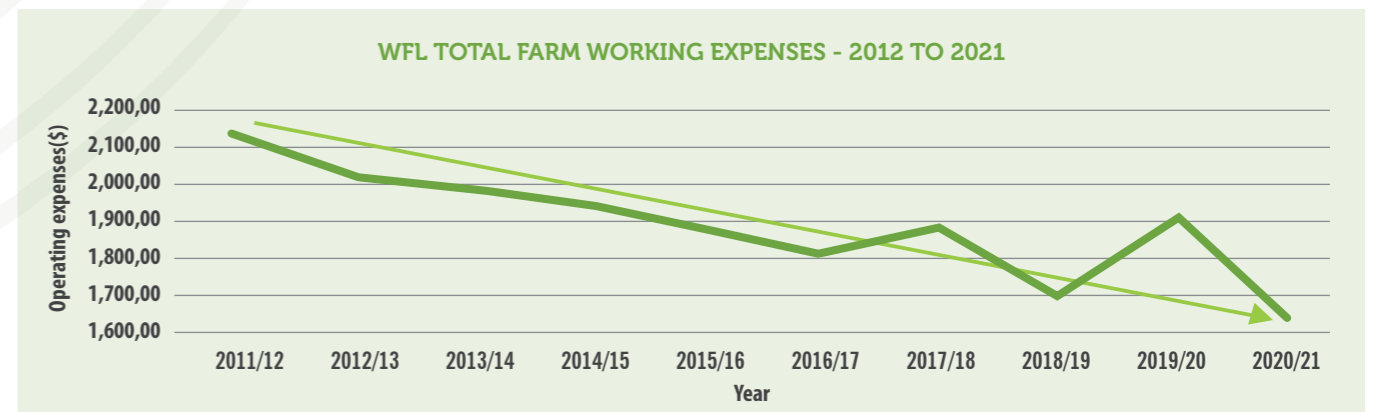


Figure 3: WFL Farm Working Expenses (FEW)



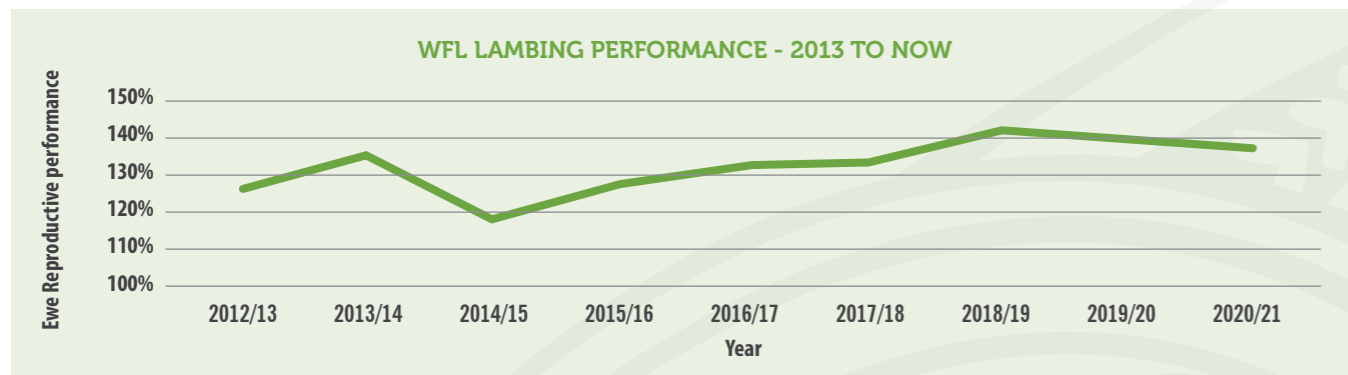


Figure 4: Lambing Performance

### Tihi-o-Tonga

Tihi-o-tonga's performance in 2020-21 continued to be effected by the 2020 drought. The 138% lambing percentage was 7% lower than the previous year. Lamb sale weights were however consistent with the previous year's achievements at 16.4kg. Cattle sales also suffered as a result of the 2020 drought, with the Wagyu heifers averaging 242kg CWT/head, down 15kg CWT/head on the previous year.

The sheep performance at Ngongotahā increased significantly from the previous year, with the flock achieving a lambing percentage of 138%, up 16% on the previous year. Lamb sale weights were also heaviest of all farms at 17.7kg, a lift of 0.5kg CWT from the previous year. Cattle sales achievements were largely in line with the previous year, with Ngongotahā achieving an average sale weight of 297kg CWT from the 199 steers sold.

### Environmental Compliance

WFL has completed a major land use change programme in the past two years with a reduction in the total area in pastoral farming. This has seen a reduction in biological greenhouse gases losses (from methane and nitrous oxide) of 10% in the 2020-21 year in comparison to the previous year. When benchmarked in Overseer, WFL would operate in the top 25% of farms for biological greenhouse gas emissions reductions.

The company has also achieved its agreed reduction in nitrogen losses to Lake Rotorua under the Bay of Plenty Regional Council's (BoPRC) Plan Change 10 (PC10) regulations. WFL is now operating at its long-term nitrogen discharge allowance (NDA), having reduced nitrogen losses by 14 t N/year from its historic levels of discharge.

WFL's forestry planting programme included an additional 87 hectares of Pinus radiata and redwoods planted over the three farms. WFL now operates with an effective farming area over all three farms of 1,580 hectares.

### WFL Outlook

2021 has seen several legislation and regulation frameworks introduced that will impact on the agricultural sector. In September 2020, the National Policy Statement from Freshwater Management (NPS-FM) was introduced. A central component of the new NPS-FM is Te Mana o te Wai (TMotW) written into the NPS by the Kahui Wai Māori who are now working with the Ministry for the Environment (MfE) and the Regional Councils to implement the NPS-FM. WFL is a key entity in the Te Arawa Arataua (Te Arawa Primary Sector [TAPS]) who is working with the Bay of Plenty Regional Council (BoPRC) to develop a programme to work with other Te Arawa land blocks on freshwater management. Regulations are being rolled out

regularly and these impact on all farms in the country. These include regulations on farm plans, stock exclusion from rivers, streams, lakes and wetlands; and restrictions on stock intensification. WFL's Nutrient Management Plan (NMP under Plan Change 10) for the Lake Rotorua Catchment, has positioned WFL to be well prepared for these regulations.

The other proposed legislation has been developed by the Primary Industry Climate Change Partnership (He Waka Eke Noa) that started in February 2021. Since then, the group has established programmes to provide each farm nationally to have their greenhouse gas (GHG) emissions profile and a farm plan to reduce these GHG emissions. Similarly, WFL has had its GHG profile for several years and is able to adjust its NPM to include plans for methane and nitrous oxide reductions. The next phase of HWEN is the delivery of a national consultation programme on alternative pricing mechanisms for agricultural emissions. These will be run by the dairy and livestock sector organisations (DairyNZ and B+LNZ). TAPS has also been involved in informing the Te Arawa land authorities on the impacts of the proposed regulation. Nationally, however, this responsibility lies with the Federation of Māori Authorities (FOMA) programme, Te Aukaha who will be running hui alongside the national consultation meetings.

The NPS-FM regulations for freshwater and the proposed HWEN regulations for climate change are important regulations that impact on WFL. Other regulations and legislative changes also include 3 Waters, Bio-security, and the Resource Management Act reform. WFL is well-connected with national industry groups, BoPRC, MfE and FoMA and will support TAPS in its role of increasing the awareness of Te Arawa land authorities.

### Conclusion

In closing I would like to thank the WFL farm management team – Ben Parsons, Steve Hewson and John Vercoe along with all of our farm staff. I'd also like to thank Lee Matheson and his team from PerrinAg Ltd for their supervision of the farms, Shane Perret our forestry advisor, and Glenn Hawkins and his team at GHA for their accountancy services.

I would also like to acknowledge the WFL management team led by our CM Ray Morrison along with Kayla Christiansen and Audrey Herewini for their support of the WFL board over the past year. Finally to the WFL board of directors for their commitment and dedication to WFL over the past year.

### Ngā mihi

Tanira Kingi | Chair, WFL





# General Manager's Report



**Tēnā tātou, i runga i ngā piki me ngā heke o te ao hurihuri nei**  
It is with pleasure that I provide a report on the operations of Ngāti Whakaue Tribal Lands for 2020-21.



## Group Performance

- ▲ Despite a very challenging 2020 year – due largely to drought and market impacts from COVID-19, our farming operations delivered a solid operating profit of \$542k through a sustained focus on cost management and increased livestock and sheep valuations.
- ▲ Across our asset base including forestry, carbon and raw land, we have seen value growth which is reflected in an increase in overall equity to \$57.4mill (2021) from \$53.8mill (2020).

## Tourism Update

- ▲ Our tourism operators Zorb and Wingspan have continued to maintain a market presence under these difficult times by reducing overheads and operating skeleton crews, but the Incorporation has also responded through rent relief and other support mechanisms and we certainly hope that 2022 brings increased visitor numbers and spending alike.

## Forestry Update

- ▲ Whilst our planting programme is now complete taking us to just under 900ha of established forest, we now need to focus on a long term sustainable management program for both our forestry assets (\$4.24m tree crop value) and carbon assets (\$896k NZU value).

## Truffles Update

- ▲ It was very pleasing to see the first batch of truffles being produced in May this year (following some indicative growth in 2020), which we believe is due to a re-inoculation programme that our advisor Dave Whalley has been undertaking over some years.



*Truffles at Wharenui Block*

- ▲ Whilst the quality of the truffles was not of the highest order, we are now focusing on quality and growth by determining best crop management practices.

## Partnership Development

- ▲ We continue to maintain collaborative relationships with a range of partners including Manaaki Ora Trust where we are continuing our joint building program which will provide the base operation for a residential drug and alcohol detox facility.
- ▲ We are also working with Rotorua Lakes Council to investigate the feasibility for a commercial development at the Lakefront.
- ▲ We have forged relationships with eight Group Home Builders who will be building all 52 houses in Stage One of the new subdivision at Wharenui Rise.

## Housing Development

- ▲ After three years of planning, preparation and construction we have accomplished the considerable milestone for “Wharenui Rise” which is practical completion of Stage One comprising 52 lots.
- ▲ This is the result of a lot of hard work by our Engineering Designers (Harrison Grierson), Earthworks (McPhersons), Civil Works (Moon Civil) and advisors (David Halsey), together with a range of sub-contractors who have all played a role in this development which will effectively provide a range of new quality housing for Rotorua.
- ▲ We are also making sound preparations for the launch of our Affordable Housing Programme in July which is an opportunity for eligible First Homebuyers (Ngāti Whakaue Shareholders and Whānau) to purchase one of eight brand new hose and land packages.
- ▲ These First Home packages are 100m2, single level, duplex design houses on a 300m2 lot and comprise three bedrooms, 1 bathroom and 1 toilet at a fixed price of \$500,000 (incl.GST).
- ▲ Successful applicants from a ballot process, will be offered an opportunity to buy a completed home (turn key house and land package) from one of our Group Home Builder partners.

## Whakaue Housing Strategy

- ▲ In early June, we took the opportunity to host Ministers Henare, Jackson and Davis on the Wharenui Rise site, in order to showcase our available land holdings, our property development capability and our potential to offer real solutions for a range of housing needs which extend to our Māori Land.



Following the ministerial visit, we have been working with various government agencies that are assisting us with targeted funding programmes within the Māori Housing Strategy. This body of work is our current focus and we look forward to how we can realise any potential opportunities that will increase home ownership for our Iwi.



*(COM members with Ministers on Wharenui Block)*

## Acknowledgements

- ▲ The Committee of Management (CoM) have provided continued support which allows the team to perform our respective roles and attain the results we have achieved.
- ▲ On behalf of all staff, I want to acknowledge CoM for their contributions amid their busy professional lives which we collectively recognise and appreciate.
- ▲ I would like to thank our advisors that provide expert support to our team and a special note must go to our property consultant (and my mentor) David Halsey, who has taught me so much about land development and through his considerable knowledge and experience has guided the successful delivery of a project of the size and scale of Wharenui Rise.
- ▲ I also want to take the opportunity to thank our own team including farming staff and managers for their efforts this year as we continue to produce great results despite the many challenges.
- ▲ I would especially like to mention Kayla and Audrey who continually provide support which often goes unnoticed, but is very much appreciated by myself and the wider organisation.
- ▲ I often reflect on the work that I do and the responsibility that I have, which always provides me with an enormous sense of pride and a reminder of the privileged position that I hold.
- ▲ In closing, I would like to recognise our owners, beneficiaries and whānau who continue to support the mahi that we are all entrusted to do.

**Ngā mihi**  
Ray Morrison  
General Manager







**Tēnā tātou katoa.** On behalf of the Grants Committee, it is my pleasure to provide you with this report for the 2020-2021 Financial Year. Our Grants Committee includes: Josie Scott (Iwi Representative), Matthew Heke (Chair), Terry Tapsell and Geoffrey Rolleston.

This year we made the following grants available to shareholders:

### ▲ Health Grants

\$300 for any personal health related costs.

### ▲ Marae Grants

We increased the marae grants from \$2,000 to \$3,000 per annum for Te Papaïouru, Hurungaterangi, Owhata, Paratehoata/Te Kohea, (Tunohopu) & Whakaue ki Maketū marae.

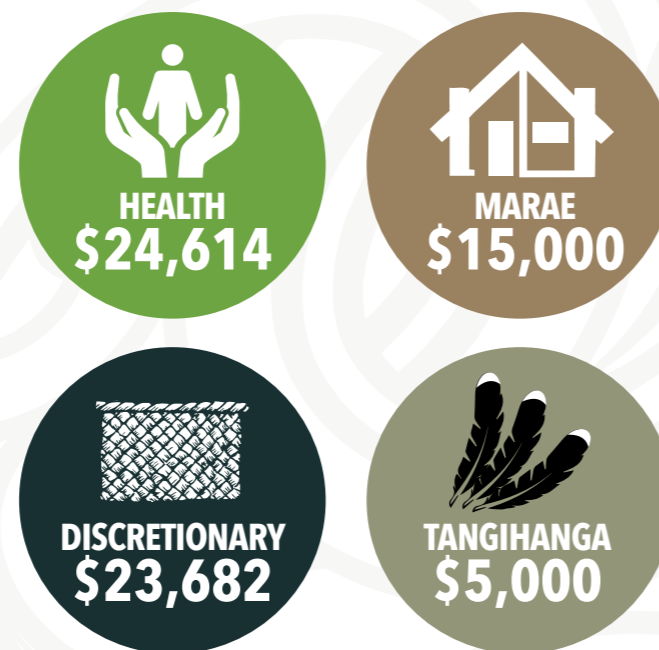
### ▲ Discretionary Grants

These grants were made available to support kaupapa that provide a direct benefit to NWTL shareholders and the wider Ngāti Whakaue Iwi. As part of this, we have agreed to pay an annual grant of \$3,000 to Mokoia Island Trust and St. Faiths Church in recognition of their significance to Ngāti Whakaue.

### ▲ Tangihanga Grants

There is \$400 available on application within the first 6 months of a shareholder tangihanga occurring. We saw a slight increase in tangihanga grants paid this year and encourage whānau to apply.

During this financial year, we experienced a decrease in applications being submitted partially due to Covid-19 restrictions and events being cancelled, however we were able to pay a total of **\$68,296** toward the following:



Ngā mihi | Matthew Heke

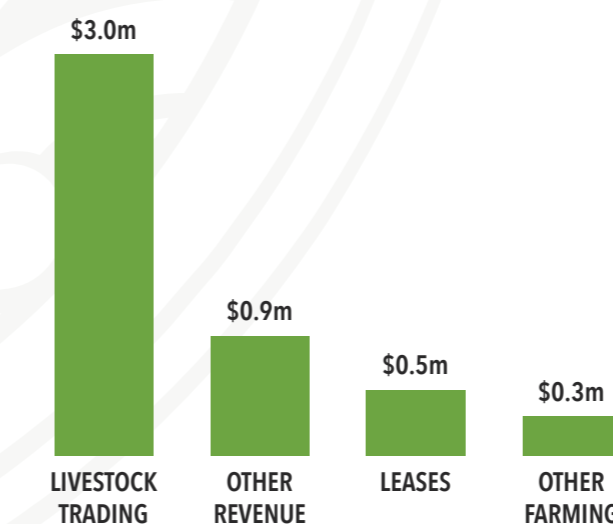


## Statement Of Financial Performance

	This Year	Last Year	Change
Revenue	\$4,680,110	5,474,111	(15%)
Expenses	(\$3,702,739)	(4,867,148)	(24%)
<b>Operating profit</b>	<b>\$977,371</b>	<b>606,963</b>	<b>+ 61%</b>
Other gains/(losses)	\$339,438	78,362	+ 333%
<b>Net profit</b>	<b>\$1,316,809</b>	<b>685,325</b>	<b>+ 92%</b>
Gain on revaluation of Corpus Land	\$2,317,507	-	+ 100%
<b>Total Comprehensive income for the year</b>	<b>\$3,634,316</b>	<b>685,325</b>	<b>+ 430%</b>

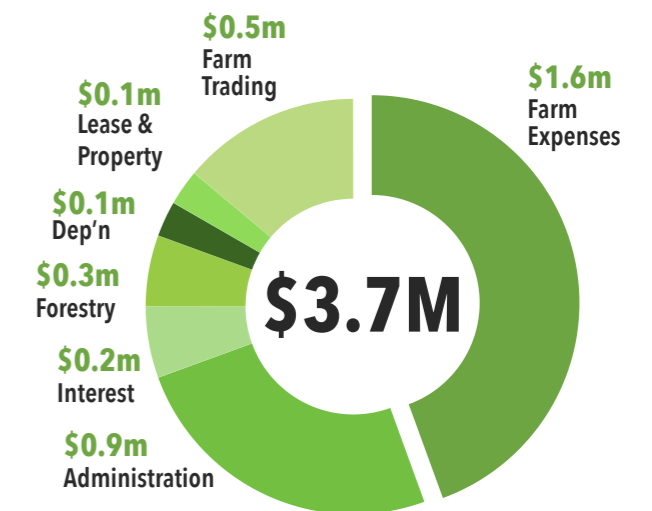
Revenue was down 15% in the 2021/22 year, predominantly due to sales of NZU's in the previous year. However, expenditure was down 24% and revaluation of forestry & livestock saw the Incorporation return an overall net profit of \$1.3 million and total comprehensive income of \$3.6 million including the revaluation of corpus land.

### REVENUE BREAK DOWN



Farming revenue was slightly less than the 2020 year but continues to be the major source of income for the Incorporation. Leases revenue lifted by 11.5% over the prior year, reflecting an end to lease relief offered in the prior year. The final payment for the Lake Rotorua Incentive Scheme was also received this year.

### EXPENSES BREAK DOWN



Farming expenses were down 15% compared to last year, due mainly to decreases in repairs and maintenance and wage costs declining with the consolidation into two farm blocks.

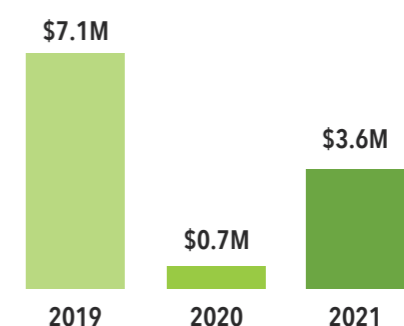
Administration expenses decreased by 2% overall, while forestry expenses increased 14% for silviculture and maintenance. Interest costs were up 95% due the increased loan facility utilised for the Wharenui Rise development.

### OPERATING PROFIT



The operating profit increased 61% from \$607k last year to \$977k this year due in part to the Rotorua Lakes Incentive scheme funding as well as the reduction in expenditure as costs were prudently managed.

### TOTAL COMPREHENSIVE INCOME



Total comprehensive income increased by 430% this year, due to the increase in value of the corpus land.






## Statement Of Financial Position

At the end of each year, the financial statements also show the current financial position of the Incorporation. This reflects the overall value of the Incorporation and its subsidiaries.

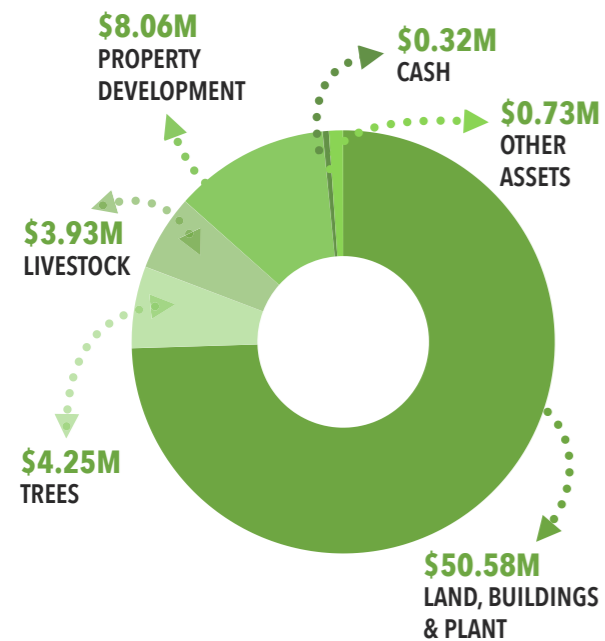
	This Year	Last Year	Change
<b>Total Assets</b>	<b>\$67,873,979</b>	<b>\$60,037,222</b>	<b>+ 13%</b>
<b>Total Liabilities</b>	<b>\$10,416,634</b>	<b>\$6,214,187</b>	<b>+ 68%</b>
<b>Equity</b>	<b>\$57,457,341</b>	<b>\$53,823,035</b>	<b>+ 7%</b>

As at 30 June 2021, total assets were \$67.9m. Of this, land, buildings and plant accounted for \$50.6m or 75% of assets held.

Total liabilities at 30 June 2021 were \$10.5m, with 78% of this being the loan facility held with Westpac to facilitate the completion of Wharenui Rise - Stage One. Other liabilities include money owed to suppliers, accrued leave entitlements, GST and PAYE, as well as unclaimed dividends. The difference between total assets and total liabilities means that owners' equity in the Incorporation is \$57.5m. This reflects a 7% increase compared to last year.

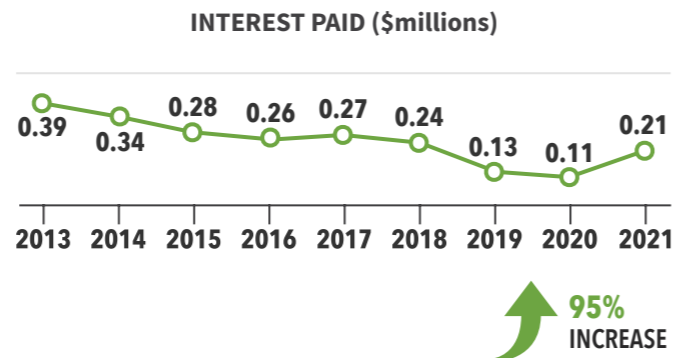
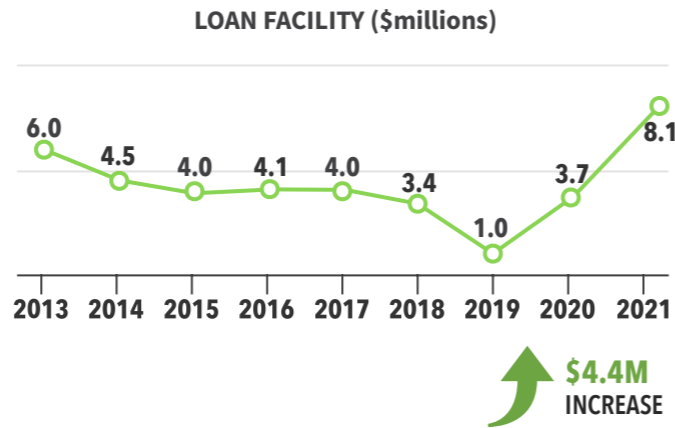
<b>TOTAL ASSETS</b>		<b>\$67,873,979</b>
<b>TOTAL LIABILITIES</b>		<b>\$10,416,634</b>
<b>EQUITY</b>		<b>\$57,457,341</b>

## ASSETS BREAKDOWN



## CASH AND DEBT MANAGEMENT

This year has seen the loan facility increase from \$4.4m a year ago, to a total debt of \$8.1m. This funding has enabled the completion of stage one of the Wharenui Rise subdivision. While interest rates remained low, interest expenditure also went up due to the increased loan facility.



# Consolidated Financial Statements

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# Independent Auditor's Report

## To the Shareholders of Ngāti Whakaue Tribal Lands Incorporation

### Opinion

We have audited the financial statements of Ngāti Whakaue Tribal Lands Incorporated ("the Incorporation"), and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 30 June 2021 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group for the year ended 30 June 2021 are prepared, in all material respects, in accordance with the accounting policies specified in Note 4 to the financial statements.

### 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Incorporation in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* 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, the Incorporation.

### Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared solely for the Incorporation's shareholders, as a body. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Incorporation and the Incorporation's shareholders, as a body, and should not be distributed to or used by parties other than the Incorporation or the Incorporation's shareholders. Our opinion is not modified in respect of this matter.

### Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with the accounting policies specified in Note 2 to the financial statements and for such internal control as the directors 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 directors are responsible for assessing the Incorporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Incorporation or to cease operations, or have no realistic alternative but to do so.

### Auditor's 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.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Incorporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Incorporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Incorporation to cease to continue as a going concern.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Who we Report to

This report is made solely to the Incorporation's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Incorporation and the Incorporation's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

*BDO Rotorua Limited*

BDO Rotorua Limited  
Rotorua  
New Zealand  
8 November 2021





# Consolidated Statement of Profit or Loss and Other Comprehensive Income

NGĀTI WHAKAUE TRIBAL LANDS INCORPORATED AND SUBSIDIARIES  
For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
<b>Revenue</b>			
Livestock sales	6	2,991,792	3,372,984
Other farm income	7	312,782	334,170
Forestry income		10,232	-
Lease income	8	518,966	465,426
Investment income	9	118	16,647
Other revenue	10	171,820	1,284,884
Rotorua Lakes Incentive Scheme	30	674,400	-
<b>Total Revenue</b>		<b>4,680,110</b>	<b>5,474,111</b>
Cost of sales - livestock	6	(926,080)	(1,121,003)
Movements in fair value of livestock	6	426,875	(369,845)
<b>Gross profit</b>		<b>4,180,905</b>	<b>3,983,263</b>
<b>Expenses</b>			
Farm expenses	11	1,626,817	1,917,397
Forestry expenses	12	247,475	216,912
Administration expenses	13	914,743	935,637
Lease expenses	25	55,500	55,500
Property expenses		25,319	29,904
Interest paid		212,788	109,015
Depreciation of property, plant and equipment	17	120,891	111,935
<b>Total Expenses</b>		<b>3,203,534</b>	<b>3,376,300</b>
<b>Operating profit/(loss)</b>		<b>977,371</b>	<b>606,963</b>
<b>Other items</b>			
Movement in fair value of trees	6	393,279	211,599
Grants paid		(53,841)	(133,237)
		<b>339,438</b>	<b>78,362</b>
<b>Profit before tax</b>		<b>1,316,809</b>	<b>685,325</b>
Income tax expense	14	-	-
<b>Profit for the year</b>		<b>1,316,809</b>	<b>685,325</b>
<b>Other comprehensive income, net of income tax</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Gain on revaluation of Corpus Land	17	2,317,507	-
<b>Total Other comprehensive income, net of income tax</b>		<b>2,317,507</b>	<b>-</b>
<b>Total Comprehensive income for the year</b>		<b>3,634,316</b>	<b>685,325</b>

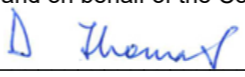
This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report

# Consolidated Statement of Financial Position


NGĀTI WHAKAUE TRIBAL LANDS INCORPORATED AND SUBSIDIARIES  
As at 30 June 2021

	Notes	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	322,385	252,295
Trade and other receivables	16	250,052	240,256
Goods and services tax		279,986	136,390
Income tax refund due		4,609	4,573
<b>Total Current assets</b>		<b>857,032</b>	<b>633,514</b>
<b>Non-current assets</b>			
Property, plant and equipment	17	28,516,553	26,051,271
Investment property	18	22,063,052	21,833,211
Investments	19	188,859	188,859
Property Development WIP	20	8,058,782	3,960,979
Biological assets	6	8,183,031	7,362,877
Other assets		6,670	6,511
<b>Total Non-current assets</b>		<b>67,016,947</b>	<b>59,403,708</b>
<b>Total Assets</b>		<b>67,873,979</b>	<b>60,037,222</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	22	823,933	978,703
Deferred revenue from leases		109,376	180,552
Employee entitlements		83,726	85,105
Finance Leases	24	22,128	-
<b>Total Current liabilities</b>		<b>1,039,163</b>	<b>1,244,360</b>
<b>Non-current liabilities</b>			
Borrowings	23	8,100,624	3,726,650
Finance Leases	24	34,256	-
Unclaimed dividends		1,151,958	1,151,958
Other liabilities	28	90,633	91,219
<b>Total Non-current liabilities</b>		<b>9,377,471</b>	<b>4,969,827</b>
<b>Total Liabilities</b>		<b>10,416,634</b>	<b>6,214,187</b>
<b>Net assets</b>		<b>57,457,341</b>	<b>53,823,025</b>
<b>Equity</b>			
Capital	26	1,523,291	1,523,291
Reserves	27	33,914,238	31,596,731
Retained earnings		22,019,812	20,703,003
<b>Total Equity</b>		<b>57,457,341</b>	<b>53,823,025</b>

For and on behalf of the Committee of Management

  
Chairman

Date: 21 October 2021

  
CoM member

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



## Consolidated Statement of Changes in Equity

### NGĀTI WHAKAUE TRIBAL LANDS INCORPORATED AND SUBSIDIARIES

For the year ended 30 June 2021

Notes	Contributed Share Capital	Reserves	Retained Earnings: Taxable	Retained Earnings: Non Taxable	Total equity
	\$	\$	\$	\$	\$
<b>Opening balance 1 July 2020</b>	<b>1,523,291</b>	<b>31,596,731</b>	<b>14,237,839</b>	<b>6,465,164</b>	<b>53,823,025</b>
Profit for the year	-	-	1,316,809	-	1,316,809
Other Comprehensive Income	-	2,317,507	-	-	2,317,507
<b>Closing balance 30 June 2021</b>	<b>1,523,291</b>	<b>33,914,238</b>	<b>15,554,648</b>	<b>6,465,164</b>	<b>57,457,341</b>
<b>Opening balance 1 July 2019</b>	<b>1,523,291</b>	<b>31,596,731</b>	<b>13,552,514</b>	<b>6,647,957</b>	<b>53,320,493</b>
Profit for the year	-	-	685,325	-	685,325
Dividends declared	-	-	-	(182,792)	(182,792)
<b>Closing balance 30 June 2020</b>	<b>1,523,291</b>	<b>31,596,731</b>	<b>14,237,839</b>	<b>6,465,164</b>	<b>53,823,025</b>

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

## Consolidated Statement of Cash Flows

### NGĀTI WHAKAUE TRIBAL LANDS INCORPORATED AND SUBSIDIARIES

For the year ended 30 June 2021

Notes	2021	2020
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	4,671,179	5,653,467
Payments to suppliers and employees	(3,931,556)	(3,787,025)
Investment income received	118	16,647
Interest paid	(212,788)	(109,015)
Income taxes	(36)	(1,748)
Grants paid	(53,841)	(133,237)
Net GST	(165,113)	(33,660)
<b>Total Cash flows from operating activities</b>	<b>307,962</b>	<b>1,605,429</b>
<b>Cash flows from investing activities</b>		
Payments to acquire property, plant and equipment	(212,439)	(110,149)
Payment to acquire investment property	(4,327,644)	(4,028,641)
<b>Total Cash flows from investing activities</b>	<b>(4,540,083)</b>	<b>(4,138,790)</b>
<b>Cash flows from financing activities</b>		
Amounts advanced by/(to) related parties	(71,762)	(26,818)
Drawdown of borrowings	4,373,974	2,723,512
Dividends paid	0	(72,135)
<b>Total Cash flows from financing activities</b>	<b>4,302,212</b>	<b>2,624,559</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>70,090</b>	<b>91,198</b>
<b>Cash balances</b>		
Cash and cash equivalents at beginning of the year	252,295	161,098
Cash and cash equivalents at end of the year	15 322,385	252,295
<b>Net change in cash for the year</b>	<b>70,090</b>	<b>91,198</b>

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



# Notes to the Consolidated Financial Statements

## NGĀTI WHAKAUE TRIBAL LANDS INCORPORATED AND SUBSIDIARIES

For the year ended 30 June 2021

### 1. General information

The financial report includes the financial statements and notes of Ngāti Whakaue Tribal Lands Incorporated and its subsidiaries. Ngāti Whakaue Tribal Lands Incorporated (the Parent) is a profit-orientated entity established under Part 5 of the Maori Affairs Amendment Act and now operates under Section 248 of Te Ture Whenua Maori Act 1993.

The consolidated financial statements comprise Ngāti Whakaue Tribal Lands Incorporated and its wholly owned subsidiaries Whakaue Holdings Ltd, Whakaue Farming Ltd, and Whakaue Property Trust.

The primary operations of the Group are sheep and beef farming, forestry, land leases, commercial and residential property rental and development.

These financial statements were approved and authorised for issue by the Committee of Management on 21 October 2021. These financial statements have been prepared for the Incorporation's shareholders.

### 2. Statement of compliance and reporting framework

These financial statements are special purpose financial statements that have been prepared in accordance with the policies detailed on pages 9 to 14.

### 3. Changes in accounting policies

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

### 4. Summary of accounting policies

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

#### 4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Incorporation and entities controlled by the Incorporation.

Control is achieved when the Incorporation:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Incorporation obtains control over the subsidiary and ceases when the Incorporation 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 Incorporation gains control until the date when the Incorporation ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Incorporation and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Incorporation.

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### 4.2 Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$). All numbers presented have been rounded to the nearest dollar.

### 4.3 Revenue

Revenue is measured by reference to the fair value of consideration received or receivable. The Group recognises revenue when it can be reliably measured, it is probable that future economic benefits will flow to the Group.

#### 4.3.1 Sale of livestock, wool and beef

Revenue from the sale of livestock, wool and beef is recognised when the goods are delivered and titles have passed, at which time all of the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 4.3.2 Interest and dividend income

Interest income is recognised when it is received, with an adjustment at year end to recognise interest due but not received (accrual basis) using the effective interest method. Dividend income is recognised at the time the right to receive payment is established.

#### 4.3.3 Rental income

Rental income from residential rents is reported at the time the payment is received. The Group's policy for recognition of revenue from operating leases is described in note 4.9 below.

#### 4.3.4 Government grants

Government grants are not recognised until there is reasonable assurance that the Incorporation will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Incorporation recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Incorporation with no future related costs are recognised in profit or loss in the period in which they become receivable.

#### 4.3.5 Carbon Credits

Revenue from carbon is recognised at the point carbon credits are sold and cash is received.

### 4.4 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

### 4.5 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 4.6 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

### 4.7 Taxation

The Parent and its subsidiary Companies, Whakaue Holdings Limited and Whakaue Farming Limited have all been approved as a 'Consolidated Group' for taxation purposes from 1 July 2005. All companies within the 'Group' have been accepted as Maori Authorities from that date.

The group taxation rate is 17.5% (2020: 17.5%). Whakaue Property Trust tax rate is 33%, unless the income is otherwise distributed.

#### 4.7.1 Current income tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, Inland Revenue and relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.



Provision is made for taxation on a group basis (where applicable) after taking account of all available deductions and after deducting losses available to be carried forward from prior years.

Tax expense (if any) recognised in profit or loss comprises current tax not recognised in other comprehensive income or directly in equity.

#### 4.8 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

##### 4.8.1 Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

##### 4.8.2 Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

#### 4.9 Financial instruments

##### 4.9.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### 4.9.2 Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Loans and receivables
- Available-for-Sale ("AFS") financial assets

All financial assets are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for credit losses. Discounting is omitted where the effect of discounting is immaterial. The Group's receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

##### AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets include investment in Ballance Agri Nutrients, Farmlands, Alliance and Firstlight Wagyu (NZ) Limited.

All AFS financial assets are measured at fair value or cost depending on the availability of reliable fair values. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest is calculated using the effective interest method and dividends are recognised in profit or loss within investment income.

##### Financial liabilities

The Group's financial liabilities include trade and other payables.

#### 4.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term deposits (under 90 days), together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

#### 4.11 Goods and services tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

#### 4.12 Property, plant and equipment

Land and improvements held for use are valued at the ratings valuations prepared by Lakes District Council. The ratings valuations are issued every three years. This valuation method is in compliance with section 276A(4) of Te Ture Whenua Maori Act 1993.

Any revaluation surplus arising upon appraisal of land and buildings is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

Buildings, building fit out, furniture and fittings, office equipment and plant and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Committee of Management. These assets are subsequently measured using the cost model (cost less subsequent depreciation and impairment losses).

Depreciation is recognised on a diminishing value basis to write down the cost of the assets over their estimated useful lives. The following rates are applied:

- Buildings: 3% - 7.5%
- Building fit out: 0% - 48%
- Corpus land improvements: 2% - 10%
- Office equipment: 20% - 50%
- Plant and equipment: 3% - 26.4%
- Motor vehicles: 13 - 36%

Land is not depreciated.

Material residual value estimates and estimates of useful lives are updated as required, or at least annually.

Gains or losses arising on the disposal of building fit out, office equipment and plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

#### 4.13 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are revalued to market value every three years.

Gains and losses arising from changes in the valuation of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.



#### 4.14 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised. The Group's provisions are its unclaimed dividends.

#### 4.15 Accounting for biological assets

Biological assets which comprise livestock and forest are measured at fair value less cost to sell, as described in Note 6.

Changes in fair value of biological assets are recognised in the statement of profit or loss. Farming costs such as feeding, labour costs, pasture maintenance, veterinary services and shearing are expensed as incurred. Silviculture and other forestry associated costs are expensed as incurred.

### 5. Critical judgements in applying accounting policies

When preparing the financial statements, the Committee of Management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

#### 5.1 Estimation uncertainty

##### Useful lives of depreciable assets

The Committee of Management reviews its estimates of useful lives of depreciable assets at each reporting date, based on the expected utility of assets.

### 6 Biological assets

#### Livestock

Livestock comprises sheep and beef cattle (livestock). The Group farms livestock for the sale of sheep, lambs and cattle. As at 30 June 2021 the Group had 1,863 beef cattle and 8,345 sheep (2020 1,796 beef cattle and 8,988 sheep).

	2021			2020		
	Beef	Sheep	Total	Beef	Sheep	Total
	\$	\$	\$	\$	\$	\$
Opening balance	1,943,880	1,563,179	3,507,059	2,078,500	1,798,404	3,876,904
Net movement in fair value	13,875	413,000	426,875	(134,620)	(235,225)	(369,845)
<b>Closing balance</b>	<b>1,957,755</b>	<b>1,976,180</b>	<b>3,933,935</b>	<b>1,943,880</b>	<b>1,563,179</b>	<b>3,507,059</b>

Changes in fair value represented by:

Sales	(1,642,667)	(1,349,125)	(2,991,792)	(1,647,610)	(1,725,374)	(3,372,984)
Purchases	728,755	197,325	926,080	721,418	399,585	1,121,003
Price & other changes	927,787	1,564,800	2,492,587	791,572	1,090,564	1,882,136
	<b>13,875</b>	<b>413,000</b>	<b>426,875</b>	<b>(134,620)</b>	<b>(235,225)</b>	<b>(369,845)</b>

The fair value of livestock is determined by independent valuations as at 30 June 2021. The independent livestock valuations were performed by NZ Livestock Ltd, independent livestock agents. The independent valuation uses the quoted price in an active market as the appropriate basis for determining fair value. Where there is more than one active market that the company has access to, the most relevant market has been used.

#### Trees

The Group grows pinus radiata for harvest and sale. The Group holds approximately 855 plantable hectares of pinus radiata as at 30 June 2021 (2020: 794 ha).

	2021	2020
	\$	\$
<b>Carrying amount at beginning of the year</b>	3,855,816	3,644,217
Decrease in fair value due to harvesting	-	-
Increase in fair value due to planting, growth and price	393,279	211,599
<b>Carrying amount at end of the year</b>	<b>4,249,095</b>	<b>3,855,816</b>
Net movement in fair value of trees	393,279	211,599

The value of the trees excludes the value of land and land improvements thereon.

The valuation is based on a valuation report prepared by Prime Forest Management Ltd as at 30 June 2021. Fair value movement is recognised in the profit or loss for the year. The forest valuation used methodology approved by the New Zealand Institute of Forestry, involving liquidation values for the mature stands to determine what the value of the forest would be if it were to be fully harvested in one day and compounded costs for the recently replanted stands. The valuation is based on the costs and revenues associated with the current crop.

	2021	2020
	\$	\$
<b>Total biological assets</b>	<b>8,183,031</b>	<b>7,362,877</b>

	Notes	2021	2020
		\$	\$
<b>7 Other farm income</b>			
Dairy grazers		217,470	216,136
Maize rental		-	25,600
Wool sales		70,810	67,754
Other farm income		24,502	24,680
<b>Total Other farm income</b>		<b>312,782</b>	<b>334,170</b>
<b>8 Lease income</b>			
Land leases	25	99,699	97,156
Broadcasting leases		180,724	200,798
Other commercial leases		205,743	123,372
Residential rent		32,800	44,100
<b>Total Lease income</b>		<b>518,966</b>	<b>465,426</b>
<b>9 Investment income</b>			
Interest received		118	16,647
<b>Total Investment income</b>		<b>118</b>	<b>16,647</b>
<b>10 Other revenue</b>			
MBIE funding		-	52,174
NZ Units		-	1,200,023
Lessee Contributions		154,522	-
Other revenue		17,298	32,687
<b>Total Other revenue</b>		<b>171,820</b>	<b>1,284,884</b>



	Notes	2021 \$	2020 \$
<b>11 Farm expenses</b>			
Animal health		112,463	120,830
Feed purchases		153,324	182,475
Fertiliser & lime		186,315	188,192
Rates		114,838	110,685
Repairs & maintenance		119,499	176,990
Salaries and wages paid to employees		418,513	564,913
Vehicle expenses		67,648	79,913
Wool expenses		151,764	177,905
Other expenses		302,453	315,494
<b>Total Farm expenses</b>		<b>1,626,817</b>	<b>1,917,397</b>
<b>12 Forestry expenses</b>			
Management fees		48,982	40,986
Silviculture and establishment - new forest		133,196	42,307
Other expenses		65,297	133,620
<b>Total Forestry expenses</b>		<b>247,475</b>	<b>216,912</b>
<b>13 Administration expenses</b>			
Accountancy fees		132,400	130,204
AGM and SGM expenses		26,121	24,542
Audit fees		17,780	8,000
Committee fees	28	110,750	111,000
Consultancy		40,780	97,317
Insurance		27,329	16,170
Loan Fees		40,500	-
Salaries and wages paid to employees		233,153	237,564
Other administration expenses		285,930	310,839
<b>Total Administration expenses</b>		<b>914,743</b>	<b>935,636</b>
<b>14 Income tax expense</b>			
<b>Profit before income tax</b>		<b>1,316,809</b>	<b>685,325</b>
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:			
Difference between accounting and tax value of livestock		(471,491)	390,266
Difference between accounting and tax depreciation		16,497	16,543
Change in fair value of trees		(393,279)	(211,599)
Change in fair value of investment properties		-	-
Other adjustments		53,204	132,600
Unutilised losses on wind up		-	-
Loss brought forward		(2,241,360)	(3,254,495)
		<b>(3,036,429)</b>	<b>(2,926,685)</b>
<b>Assessable income</b>		<b>(1,719,620)</b>	<b>(2,241,360)</b>
The taxation benefit of the losses will be available provided:			
- The entities comply with conditions for offset imposed by the Income Tax Act 2007, and the amendments thereto;			
- No change in taxation legislation adversely affects the entities in realising the taxation benefits of those losses; and			
- The entities generate assessable income in the future, against which the losses can be offset.			
Losses are subject to Inland Revenue Department Confirmation.			

	Notes	2021 \$	2020 \$			
The comparative tax determination has been restated to correctly accounting for the movement between accounting and tax values of livestock. The impact of this change was to increase the movement from \$5,572 to \$390,266. The impact of this change was to reduce the tax loss carry forward position from (\$2,626,055) to (\$2,241,360). The income tax returns filed with the Inland Revenue Department showed the difference between the accounting and tax value of \$395,838.						
<b>15 Cash and cash equivalents</b>						
Cash at bank - NZD		322,385	252,295			
<b>16 Trade and other receivables</b>						
Trade receivables		196,654	186,519			
Prepayments		53,398	53,737			
<b>Total Trade and other receivables</b>		<b>250,052</b>	<b>240,256</b>			
Trade and other receivables more than 90 days overdue were \$4,412 (2020: \$1,852). There is no doubtful debt provision (2020: none) and the Group is not exposed to any other significant credit risk (2020: none).						
<b>17 Property, plant and equipment</b>						
	Corpus land & improvements	Buildings & building fit-out	Motor vehicles	Plant & equipment	Office equipment	Total
<b>Cost or valuation</b>	\$	\$	\$	\$	\$	\$
<b>Balance at 30 Jun 2019</b>	<b>25,478,790</b>	<b>1,300,806</b>	<b>715,697</b>	<b>653,431</b>	<b>50,718</b>	<b>28,199,442</b>
Additions	30,418	17,206	49,537	28,962	2,649	128,772
Disposals	-	-	(18,387)	(392)	-	(18,779)
<b>Balance at 30 Jun 2020</b>	<b>25,509,208</b>	<b>1,318,012</b>	<b>746,847</b>	<b>682,001</b>	<b>53,367</b>	<b>28,309,435</b>
Additions	160,680	1,722	161,336	14,926	6,587	345,251
Disposals	-	-	(75,397)	(1,188)	-	(76,585)
Revaluation	2,317,507	-	-	-	-	2,317,507
<b>Balance at 30 Jun 2021</b>	<b>27,987,395</b>	<b>1,319,734</b>	<b>832,786</b>	<b>695,739</b>	<b>59,954</b>	<b>30,895,608</b>
	Corpus land & improvements	Buildings & building fit-out	Motor vehicles	Plant & equipment	Office equipment	Total
<b>Accumulated depreciation</b>	\$	\$	\$	\$	\$	\$
<b>Balance at 1 Jul 2019</b>	<b>328,055</b>	<b>906,980</b>	<b>379,905</b>	<b>488,720</b>	<b>42,569</b>	<b>2,146,229</b>
Depreciation expense	15,325	25,835	47,767	19,703	3,305	111,935
Eliminated on disposal	-	-	-	-	-	-
<b>Balance at 30 Jun 2020</b>	<b>343,380</b>	<b>932,815</b>	<b>427,672</b>	<b>508,423</b>	<b>45,874</b>	<b>2,258,164</b>
Depreciation expense	14,948	24,870	57,078	21,706	2,289	120,891
Eliminated on disposal	-	-	-	-	-	-
<b>Balance at 30 Jun 2021</b>	<b>358,328</b>	<b>957,685</b>	<b>484,750</b>	<b>530,129</b>	<b>48,163</b>	<b>2,379,055</b>
<b>Net book value at 30 Jun 2020</b>	<b>25,165,828</b>	<b>385,197</b>	<b>319,175</b>	<b>173,578</b>	<b>7,493</b>	<b>26,051,271</b>
<b>Net book value at 30 Jun 2021</b>	<b>27,629,067</b>	<b>362,049</b>	<b>348,036</b>	<b>165,610</b>	<b>11,791</b>	<b>28,516,553</b>
Land and improvements held for use in the production of supply of goods or services are considered Corpus land and Improvements, and have been revalued to the latest Lakes District Council Rating Valuations dated 1 July 2020.						
The corpus land is classified as Maori freehold land as per Te Ture Whenua Maori Act 1993 and as such there is a restriction on the sale or disposal of this corpus land.						



	2021	2020
	\$	\$
<b>18 Investment property</b>		
<b>Fair value</b>		
Land - Brents Farm and Gee Road blocks, Rotorua	11,554,566	11,554,566
Commercial building - Henderson Road, Rotorua	1,462,406	1,232,565
Land - Ngongotaha, Rotorua	5,046,080	5,046,080
Land - Porikapa Road, Rotorua	4,000,000	4,000,000
	<b>22,063,052</b>	<b>21,833,211</b>
<b>Balance at beginning of the year</b>	21,833,211	21,772,645
Additions	229,841	60,566
<b>Balance at end of the year</b>	<b>22,063,052</b>	<b>21,833,211</b>

#### Land

Land is revalued on a three yearly cycle using an independent valuer. The current valuation has been determined by Telfer Young Limited, who are independent registered valuers, using current market values and is dated 30 June 2019.

#### Commercial building

The commercial building has been recorded at valuation (independent valuations are obtained on a three yearly cycle) plus capital expenditure incurred during the year. Valuation has been determined by Telfer Young Limited, independent registered valuers, using current market values and is dated 30 June 2019.

The most recent sales in the area and sales of comparable properties are used to assist in analysing the current market values.

#### **19 Investments**

<b>Investments at Valuation</b>		
Ballance Agri Nutrients	170,100	170,100
Farmlands	1,663	1,663
<b>Total Investments at Valuation</b>	<b>171,763</b>	<b>171,763</b>
<b>Investments at Valuation</b>		
Alliance Shares	7,096	7,096
Firstlight Wagyu (NZ) Limited shares	10,000	10,000
<b>Total Investments at Valuation</b>	<b>17,096</b>	<b>17,096</b>
<b>Total Investments</b>	<b>188,859</b>	<b>188,859</b>

#### Investments at Valuation

These investments are recorded at their valuation which is provided annually by the investee.

#### Investments at Cost

These investments are recorded for at cost and assessed annually for impairment. The Committee of Management do not consider any impairment exists at 30 June 2021.

#### **20 Property Development WIP**

Property Development	8,058,782	3,960,979
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The Group are currently undertaking a three-stage property development called Wharenui Rise on the investment land commonly referred to as the Brents Block. The costs represent the property development costs incurred to 30 June 2021, including earth works, civil works and consultancy. At 30 June, stage one was near completion and sales proceeds from the sections have been progressively received from 30 September 2021.

	Notes	2021	2020
		\$	\$
<b>21 New Zealand Units</b>			
<b>Post-1989 units</b>			
20,619 (2020: 20,619) New Zealand units at fair value	29	896,308	659,808
NZUs are not recognised in the Group's financial statements as they were received for nominal consideration.			
The Group receives an annual independent valuation of its NZUs for disclosure purposes and is based on the NZU spot market rate. The current fair value is based on a valuation report prepared by Prime Forest Management Ltd dated 30 June 2021.			
<b>22 Trade and other payables</b>			
Trade payables		707,210	799,716
Other payables		16,723	78,987
Provision for lease surrender		100,000	100,000
<b>Total Trade and other payables</b>		<b>823,933</b>	<b>978,703</b>

Trade payables are unsecured and are usually paid within 30 days of recognition.

#### **23 Borrowings**

<b>Secured - at amortised cost</b>			
Bank loan		8,100,624	3,726,650
<b>Total Secured - at amortised cost</b>		<b>8,100,624</b>	<b>3,726,650</b>

#### **Summary of borrowing arrangements**

##### Whakaue Farming Limited

At balance date, the Company had a \$850,000 debt facility with Westpac (2020: Rabobank \$850,000). Debt facility is interest only and is repayable at maturity. The facility wasn't being used at balance date (2020: \$Nil).

##### Whakaue Holdings Limited

At balance date, the Company had a \$9,000,000 debt facility with Westpac New Zealand (2020: Rabobank \$4,000,000). Debt facility is interest only for the first 12 months and is repayable at maturity.

The loan of \$8,100,624 at 30 June 2021 comprises:

\$8,100,624 with start date of 1 November 2020 and final maturity date 31 October 2022.

##### Assets pledged as security

The loan is secured by a Registered First Security Agreement from the Company over all present and after-acquired property, plus a Registered First Mortgage for the amount of \$3,500,000 from Ngati Whakaue Tribal Lands Inc over Gee Road and Fairbank Road properties, a Registered First Mortgage from Ngati Whakaue Tribal Lands Inc over Morey Street and Wharenui Road properties, a Registered First Mortgage from Whakaue Nominees Limited over 1 Porikapa Road property, and Registered First Security Agreements from Ngati Whakaue Tribal Lands Inc, Whakaue Farming Limited, Whakaue Nominees Limited over all present and after-acquired property, plus Guarantees from the Company, Ngati Whakaue Tribal Lands Inc, Whakaue Farming Limited and Whakaue Nominees Limited.

#### **24 Finance Leases**

Whakaue Farming Limited has entered into a finance lease agreement for a Claas Arion 620c Tractor. The minimum lease payments payable are:

Not later than 1 year	22,128	-
Later than 1 year and not later than 5 years	34,256	-
	<b>56,384</b>	

The applicable interest rate is 1.9%.



	Notes	2021	2020
		\$	\$
<b>25 Operating lease arrangements</b>			
<b>The Group as a lessee</b>			
<i>Leasing arrangements</i>			
<u>Operating leases relate to:</u>			
1. Office lease for a period of five years commencing 1 September 2015. The annual lease payable is \$19,000 (2020: \$19,000).			
2. Land lease for a period of 25 years commencing 1 August 2002. The annual lease payable is \$36,500 (2020: \$36,500).			
<i>Payments recognised as an expense</i>			
Total lease expense		55,500	55,500
<i>Non-cancellable operating lease commitments</i>			
Not later than 1 year		41,250	41,250
Later than 1 year and not later than 5 years		182,500	182,500
Later than 5 years		36,500	73,000
		<b>260,250</b>	<b>296,750</b>
<b>The Group as a lessor</b>			
<i>Leasing arrangements</i>			
<u>Operating leases relate to:</u>			
1. Land sub-lease for a period of 25 years commencing 1 August 2002. The annual sub-lease payable is \$36,500 (2020: \$36,500).			
2. Other operating leases with terms between 1 and 5 years.			
Lease income earned by the Group is set out in Note 8.			
		<b>2021</b>	<b>2020</b>
		\$	\$
<i>Non-cancellable operating lease commitments</i>			
Not later than 1 year		36,500	36,500
Later than 1 year and not later than 5 years		182,500	182,500
Later than 5 years		36,500	73,000
		<b>255,500</b>	<b>292,000</b>
<b>26 Capital</b>			
Number of shares on amalgamation of titles per Court Order		1,565,994	1,565,994
Shares purchased by the Incorporation to 30 June 1978 at par		(42,703)	(42,703)
<b>Total Capital</b>		<b>1,523,291</b>	<b>1,523,291</b>
<b>27 Reserves</b>			
Land & buildings revaluation reserve		27,651,045	25,333,538
Available-for-sale revaluation reserve		185,400	185,400
Other reserves		6,077,793	6,077,793
		<b>33,914,238</b>	<b>31,596,731</b>
<u>Land &amp; buildings revaluation reserve</u>			
Balance at beginning of the year		25,333,538	25,333,538
Increase from revaluation		2,317,507	-
<b>Balance at end of the year</b>		<b>27,651,045</b>	<b>25,333,538</b>
<u>Available-for-sale revaluation reserve</u>			
Balance at beginning of the year		185,400	185,400
<b>Balance at end of the year</b>		<b>185,400</b>	<b>185,400</b>
<u>Capital gains reserve</u>			
Balance at beginning of the year		6,077,793	6,077,793
<b>Balance at end of the year</b>		<b>6,077,793</b>	<b>6,077,793</b>

	Notes	2021	2020
		\$	\$
<b>28 Related parties</b>			
Transactions with related parties:			
		<b>2021</b>	<b>2020</b>
		Revenue/	Revenue/
		(Expense)	(Expense)
		Receivables/	Receivables/
		(Payables)	(Payables)
		\$	\$
<i>(a) Group entities</i>			
<b>Ngati Whakaue Tribal Lands Educational Trust</b>			
Related party advance		-	(91,219)
<b>Whakaue Nominees Limited</b>			
Related party advance		-	(159)
The amounts outstanding are unsecured and interest free. The directors have reviewed the balances owed at year end. No related party transactions have been forgiven or written off during the year (2020: \$Nil).			
		<b>2021</b>	<b>2020</b>
		Revenue/	Revenue/
		(Expense)	(Expense)
		Receivables/	Receivables/
		(Payables)	(Payables)
		\$	\$
<i>(b) Governance</i>			
Director and Committee of Management fees		(109,500)	(109,500)
Grants committee fees		(1,250)	(1,500)
		Attendance	Attendance
		\$	\$
T Kingi		20	17
T Lloyd		24	16
G Rolleston		20	19
B Tatere		18	13
D Thomas		26	20
T Tapsell		15	13
M Heke (NWTL only)		13	12
J Scott - grants committee		5	6
D Thomas - honorarium		-	-
T Kingi - honorarium		-	-
		<b>110,750</b>	<b>111,000</b>
T Lloyd is a partner at Deloitte Rotorua. During the year Deloitte Rotorua provided consultancy services to the Whakaue Property Trust for the total value of \$18,750 (2020: Parent \$41,122).			

## 29 Contingent liabilities

### Registered First Security Agreement

The subsidiaries of the Incorporation have entered into a \$9,850,000 debt facility with Westpac New Zealand (2019: Rabobank New Zealand \$4,850,000). Security arrangements are outlined in Note 23.

### New Zealand Units

The Group has a future obligation to return the NZUs (refer to Note 21) if there is a change in land use and/or if the area is not replanted within four years of harvest. The financial effect of this obligation is not able to be quantified.

The Incorporation intends to replant any harvested areas and has no plans for a land change in regards to planted areas.

## 30 Rotorua Lakes Incentive Scheme

In 2018, the Group entered into an agreement with Bay of Plenty Regional Council (BOPRC) in respect of conversion of the land and consequent reduction in discharge of nitrogen resulting in the permanent reduction in the value of the land.

A total compensation of \$3,372,000 was payable by BOPRC to the Incorporation. 80% or \$2,697,600 was received during the 2018 year. The remaining 20% (\$674,400) was paid during the 2021 year.

The agreement sets out the maximum Nitrogen Discharge Allocation (NDA) permitted to leach from the land. If the maximum NDA levels are exceeded, the Incorporation may be liable to pay a financial penalty to BOPRC.



### 31 Commitments for expenditure

At the balance date there were no capital commitments (2020: \$Nil).

### 32 Events after the balance date

Prior to signing of these financial statements, the Group entered into agreements for preliminary development costs for Stage Two and Stage Three of Wharenui Rise of approximately \$8.5 million.

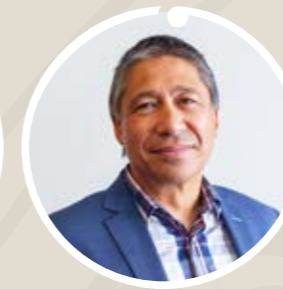
### 33 COVID-19

In August 2021, the global coronavirus (COVID-19) pandemic resulted in a nationwide lockdown. Since the March 2020 lockdown, the Committee of Management have continued to review the impact of the pandemic on the operations, across the Group. The current core business of farming has not been significantly impacted to date, but there is some uncertainty around some of the other longer term projects of the Group. Future events will also impact the estimates of fair value including the ultimate liquidation of investments which could be material to the financial statements. However, the Committee of Management remain comfortable with the future economic outlook for the Group and continue to actively monitor the situation.

# Committee of Management



**David Thomas**  
*NWTL Chairman*



**Tanira Kingi**  
*WFL Chairman*



**Terry Tapsell**



**Tamarapa Lloyd**



**Matthew Heke**



**Brad Tatere**



**Geoffrey Rolleston**



**Ray Morrison**  
*General Manager*

#### Corporate Office:

**Ray Morrison**  
General Manager

**Kayla Christiansen**  
Executive Assistant

**Audrey Herewini**  
Administrator

**Accountant:**  
GHA

**Auditor:**  
BDO Rotorua Limited

**Bank:**  
Westpac, Rotorua  
Rabobank, Rotorua

**Farm Consultants:**  
Perrin Ag

**Forestry Manager:**  
Prime Forestry  
Management





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Tribal Lands

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