

Ngāi Tahu, 2019



Te Rūnanga o NGĀI TAHU

Annual Report 2019

Ko te aroha anō he puna e totō ake nei i te ngākau tangata E tōrino nei, e horowaru nei, e kōpikopiko nei Tukituki ana ki te ākau o te whatumanawa He tai timu, he tai pari, he tai nui, he tai roa He tai whakaaro ki aku rangatira kua ngaro ki te tahatū Auē ai auē!

From the Kaiwhakahaere

It is my pleasure to introduce this year's Annual Report – a year of continued achievement and progress for our iwi, but also one in which we have experienced immense tragedy and loss as a community.

It is important for me to begin by acknowledging the loss of a dear friend and colleague Tahu Pōtiki on 27 August 2019. Tahu dedicated much of his life to our iwi and held several significant roles, including chief executive as well as serving for many years as the representative for Ōtākou on the board of Te Rūnanga o Ngāi Tahu until his passing. The depth of knowledge and understanding he added to our kete forms part of the significant legacy Tahu has left for our iwi and his whānau. We miss him deeply.

I also want to acknowledge the many others we farewelled over the past year, whose loss has reverberated throughout the iwi.

This year, the city of Ōtautahi and indeed our entire country experienced a challenge unlike any that we had faced before – the terrorist attack of 15 March 2019. Te Ngāi Tūāhuriri and many others across Te Rūnanga o Ngāi Tahu stepped up to support those affected by this tragic event and to tautoko and awahi our Muslim whānau. The aroha shown by mana whenua in the following weeks truly embodied our values of manaakitanga and whanaungatanga, and demonstrated the essential role we play across our communities, and throughout Aotearoa.

Throughout the year we continued our focus on building long-term strength and resilience for Ngāi Tahu whānau, and for the whenua and awa that sustain us all. We've listened carefully to your views about where we should focus our mahi – with climate change, freshwater and regional rangatiratanga becoming regular themes. I have more to say on how we are achieving whānau outcomes below, but first I want to address some of the highlights and challenges faced by our commercial holdings company this year.

The value of our collective assets has grown to reach \$1.85b under the management of Ngāi Tahu Holdings. To put this in perspective, the value of our asset base has increased by more than 10 times in just over 20 years since our Treaty settlement. The \$67m distribution from Ngāi Tahu Holdings to Te Rūnanga o Ngāi Tahu is an increase on last year, providing funding to support our priorities of helping our people to achieve their cultural, social and economic potential.



Cover photo: Three generations of the Bennett whānau - Kerri with daughter Deborah and granddaughter Frida – photograph: Dean Mackenzie

Ngāi Tahu Holdings report

From the Chair and Chief Executive

Last year, we warned of 'headwinds' on the horizon as business confidence lowers and economic growth slows. This reality is now firmly upon us and is reflected in our FY2019 end of year result – a net profit of \$37.5m. This result for Ngāi Tahu Holdings Group was below expectations.

The underlying result of \$94.1m is an improvement on last year and several factors have contributed to this.

However, looking behind that outcome the result is below budget and reflects weakness in operating performance that we will continue to focus on. Our farming, property development, and tourism businesses had challenging years and their results were below the previous year. This was offset by a better result from Ngāi Tahu Capital where our investments in Private Equity Funds and Hilton Haulage had improved results. The contribution from Ryman was largely flat for the year after a very strong performance last year.



\$m	2018/19	2017/18	Change
Underlying profit	94.1	89.8	4.3
Ryman contribution	0.3	45.8	(45.5)
One off gains/losses – assets	0.2	29.8	(29.6)
Write-down in Oha goodwill (18/19) / WMS (17/18)	(57.1)	(11.7)	(45.4)
Total profit	37.5	153.7	(116.2)

Oha (previously Watson & Son) has been a challenging investment. We underestimated the risks and overestimated our ability to manage those risks. Those errors on our part were compounded by three years of very unusual climatic conditions resulting in under production, lower sales, and financial underperformance. This has led us to write down the value of the investment. It is now up to us to earn this value back. The Oha management team is fully focused on this and we are committed to supporting them in this task. Good progress is being made on improving operations and culture, but we also need a good season to achieve this.

Farm valuations have also fallen as the sector deals with a number of changing circumstances. As a consequence of these accounting write downs and revaluations, along with the distribution of \$67m, shareholder equity has decreased by \$53m to \$1.51b.

All investments come with an element of risk, and we expect by taking risk we will be rewarded with acceptable returns. Sometimes however, we don't get it right and things do not turn out according to plan. We accept responsibility for those mistakes.

We should not be overly pessimistic as there has been good progress in some areas over the year in review. Most notably:

- The Ngāi Tahu Property investment portfolio continues to perform strongly. The expansion of Tower Junction and opening of the Pita Te Hori Centre has improved cash earning and the low interest rate environment we are experiencing has helped increase the capital value of the portfolio.
- Ngāi Tahu Seafood had another exceptional year with a \$25m operating surplus; reflecting the business' strong focus on continually improving its operations and cash flow.

The past five years has seen Ngāi Tahu Holdings focusing on growth opportunities resulting in a number of new investments. As the economy is slowing, and in some sectors quite markedly, our focus

\$67m

distribution to Te Rūnanga o Ngāi Tahu

\$1.51b

Ngāi Tahu Holdings shareholder equity

\$37.5m

total net profit

Ngāi Tahu Holdings Group Goal:

20%

Ngāi Tahu kaimahi by 2022

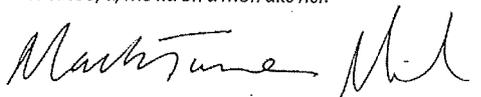
has shifted from growth to being better prepared for a less favourable business environment. This means increasing focus on managing day-to-day operations, ensuring we have a strong balance sheet, and importantly operating cashflow – this is a key priority. To that end our attention is on ensuring all of our trading subsidiaries are delivering excellent products and services to their customers, in the most efficient way possible.

In re-designing our future we also need to be thinking about how best we realise the potential of our unique point of difference. We are an indigenous, whānau owned business with a significant footprint in this landscape. Our story, our journey, our values are what set us apart and should be core to all our strategies.

We are reviewing all our businesses – operations and governance – to ensure they are focused on the things that are important to us and can prosper even with the slower economic environment. That said we will not lose sight of opportunities for growth but will be very particular about what fits with our investment endowments and beliefs.

Most importantly we must ensure all decisions we make are consistent with the expectations of Ngāi Tahu whānau. Our mission is to sustain and grow the pūtea and therefore we have a responsibility to make sure we are consistently delivering sustainable returns to achieve this – a job we take very seriously. We remain confident that the measures we have put in place will see an improved performance over the next three years to ensure we achieve our goal of a \$90m+ operating surplus.

We are delighted to welcome Mike Pohio (Ngāi Tahu, Ngāti Pikiao) to the Ngāi Tahu Holdings board. Mike holds several directorships including NIWA and Argosy Property Ltd. He recently resigned from his role as CEO of Tainui Group Holdings after eight years. Mike replaces Sandy Maier who recently stepped down. To our kaimahi and directors across the Ngāi Tahu Holdings Group – thank you for your ongoing commitment and professionalism in sustaining and growing the pūtea, *mō tātou, ā, mō kā uri ā muri ake nei.*



Mark Tume
CHAIR

Mike Sang
CHIEF EXECUTIVE

Ngāi Tahu Holdings Subsidiaries

Ngāi Tahu Property – Development

\$1.0m

Net Operating Deficit

\$0.9m

Net Deficit

After an exceptional few years with the highly successful outcome of the Wigram and Preston's developments, the tide turned with the number of projects in the pipeline at a 10-year low. In addition, the decline in demand for residential housing in Auckland has resulted in our Hobsonville development, Kerepeti, experiencing lower sales and returns than projected. As a consequence the Development Property Net Operating Surplus fell from \$9.5m to -\$1.0m.

We are focused on rebuilding our development pipeline and this is well underway. Preparations have begun on the new residential development in Gorge Road, central Tāhuna (Queenstown). This is a wonderful opportunity not only to address the region's housing needs in partnership with the Crown, but also to expand the Ngāi Tahu footprint in this important landscape. Ngāi Tahu Property is also working in partnership with the Queenstown Lakes District Council on Manawa – a new civic and cultural heart for Tāhuna. At present the focus is on identifying the economic feasibility and potential benefits for the local community, the wider Whakatipu district and Ngāi Tahu.

We have also secured two new sites in Christchurch for industrial development. These projects combined are a big step forward in rebuilding our pipeline.

Ngāi Tahu Property – Investment

\$18.8m

Net Operating Surplus

\$31.4m

Net Profit

The Investment Property portfolio remains on budget with a Net Operating Surplus of \$18.8m, up \$5.0m from last year. However, for the first time our investment properties are not fully tenanted, with occupancy at 98.98% at year end. Slow trading has resulted in several untenanted retail spaces at Tower Junction. Macpac in Wānaka and the newly developed PGG Wrightson Seeds in Lincoln joined the portfolio just prior to year end.

Ngāi Tahu Seafood

\$24.8m

Net Operating Surplus

\$24.9m

Net Profit

The demand for kōura in China continues to deliver outstanding results for Ngāi Tahu Seafood with yet another record result in FY2019 with a Net Operating Surplus of \$24.8m. Pāua export both live and quick frozen is also steadily increasing with a growth in demand in the Chinese market. The tio season was disappointing with lower catch rates and smaller product resulting in reduced returns. The ongoing focus for Ngāi Tahu Seafood is on ensuring the consistency of supply to its major markets while looking for alternative markets for smaller grade produce.

Over the past 12 months Ngāi Tahu Seafood has been working hard to build relationships with the papatipu rūnanga and have a commitment to hold three board meetings per year on marae, along with two noho marae for staff.

While demand for Ngāi Tahu Seafood produce remains strong, there is uncertainty on the horizon resulting from global political issues and softening prices, therefore maintaining strong relationships with our customers in China is a key priority. The impact of climate change has yet to be revealed however ocean acidification and rising water temperatures are issues of concern that require greater understanding and a commitment to ensuring future sustainability.

Ngāi Tahu Tourism

\$9.0m

Net Operating Surplus

\$8.9m

Net Profit

Ngāi Tahu Tourism had a disappointing result with a Net Operating Surplus of \$9.0m, down \$5.9m on last year. Several factors impacted on the year-end result. Not least of these was the slowing growth in the sector resulting from Brexit and the US/China trade wars. Additionally, the terrorist event in Christchurch, the treefall incident near Shotover Jet and the wash out of the Waiho River bridge on the West Coast impacted our businesses and resulted in a less than favourable result.

The Dark Sky Project at Takapō has been completed and the All Blacks Experience which will kick off for the next world cup is well into development. The Rainbow Springs Nature Park in Rotorua has undergone a major redesign, and this is expected to improve returns. The focus for Ngāi Tahu Tourism is now on improving its cash returns and ensuring our new ventures achieve their business case returns.

In July 2018, Ngāi Tahu Tourism joined the Climate Leaders Coalition. This move is part of a larger sustainability strategy which includes exploring the potential for electrification of its jet boats.

Late last year we held a series of information evenings in Christchurch, Oamaru, Timaru, Dunedin and Queenstown to let whānau know about our scholarships, apprenticeships and job opportunities. More than 200 people came along and we have been delighted to be able to extend employment to 15 Ngāi Tahu whānau in various roles across our businesses as a result of these events.

Oha Honey

\$6.3m

Net Operating Deficit

\$62.4m

Net Deficit

The honey Industry continues to face challenges around regulations, weather and resource pressures. Four years ago, Watson & Son undertook an aggressive hive growth strategy, this coupled with three years of poor weather patterns, has made for very difficult operating conditions, and has resulted in lower than desired harvest yields.

Operational improvements continue to be made including the successful renaming of Watson & Son LP to Oha Honey LP. The name Oha, encapsulates the journey and eventual destination – delivering a quality product to its customers, genuine and authentic partnerships with landowners and a sound investment for the iwi. The current focus is on improving the internal operations and whilst this has been generally progressing well, there is more to do.

Ngāi Tahu Farming

\$3.5m

Net Operating Deficit

\$10.3m

Net Deficit

Whilst farm conversions have generated strong capital gains in land values over previous years, we have not yet been able to achieve the operating returns we seek. Our farming returns for FY2019 were under 1% and that's well below our peers, and our requirement for distribution. Looking to the future the focus will be firmly on improving core farming practices.

In addition to the low operating return, farm values declined this year across the sector and our farms' value fell 8 per cent or \$18m.

Ngāi Tahu Forestry

\$7.7m

Net Operating Surplus

\$13.0m

Net Profit

Historically high log prices and high log production have resulted in another strong year-end result for Ngāi Tahu Forestry, with a Net Operating Surplus of \$7.7m. Increased log production was predominantly due to a major storm, resulting in harvesting of significant windthrow, which has provided a short-term benefit for the business. In addition, the Proseed business delivered its best operating result since its acquisition in 2001. The operating result was driven by increased demand for seed on the back of the 1 Billion Trees programme. Log prices have fallen since year-end reflecting global trade concerns and it is unlikely the excellent results of FY2019 will be repeated in FY2020.

Bringing the forestry operations inhouse and the move of the Ngāi Tahu Forestry headquarters to Te Tai Poutini have proven to be a positive move towards growing our presence in the region, including employment opportunities and supporting regional economic growth.

Ngāi Tahu Capital

\$21.5m

Net Operating Surplus

\$36.9m

Net Profit

The Ngāi Tahu Capital Net Operating Surplus increased by \$35.2 to \$21.5m reflecting stronger performance across most investments but particularly Private Equity (PE) Funds and Hilton Haulage.

Our investments in PE Funds are medium-term investments rather than short-term cash returning investments. These are performing as planned and will begin returning a positive cashflow in the near term to support our overall focus on improving cash earnings.

GoBus continues to provide a high level of service and its performance metrics in the likes of Auckland are the best amongst our major competitors. This is very pleasing given we have only recently won those tenders. It is also trialling several new initiatives including electric buses. However, the sector is challenging with several factors to manage – we are hopeful an upcoming review of the Public Transport Operating Model will assist this.

While the Ryman share price has flattened and declined in recent times, the company continues to perform well.



Our Values

Whanaungatanga

Family

We will respect, foster and maintain important relationships within the organisation, within the iwi and within the community.

Tohungatanga

Expertise

We will pursue knowledge and ideas that will strengthen and grow Ngāi Tahu and our community.

Tikanga

Appropriate action

We will strive to ensure that the tikanga of Ngāi Tahu is actioned and acknowledged in all of our outcomes.



Manaakitanga

Looking after our people

We will pay respect to each other, to iwi members and to all others in accordance with our tikanga (customs).

Kaitiakitanga

Stewardship

We will work actively to protect the people, environment, knowledge, culture, language and resources important to Ngāi Tahu for future generations.

Rangatiratanga

Leadership

We will strive to maintain a high degree of personal integrity and ethical behaviour in all actions and decisions we undertake.

Te Rūnanga o Ngāi Tahu and Ngāi Tahu Charitable Trust

Summary Group Financial Statements for the year ended 30 June 2019

The following Summary Group Financial Statements have been extracted from the audited Full Group Financial Statements dated 20 September 2019. The Full Group Financial Statements were prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). The Group is a public benefit entity and has made an explicit statement of compliance with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable Financial Reporting Standards, as applicable for Tier 1 not for profit public benefit entities in the Full Group Financial Statements. The Summary Group Financial Statements cannot be expected to provide as complete an understanding as provided by the Full Group Financial Statements. An unmodified audit opinion was issued on the Full Group Financial Statements.

The Summary Group Financial Statements have been examined by the Group's auditor for consistency with the Full Group Financial Statements and their audit report on the Summary Group Financial Statements has been attached.

Further details about the Group's Financial Performance and Financial Position can be obtained from the Full Group Financial Statements.

Each Tribal member is entitled to obtain upon request a copy of the Full Group Financial Statements. Requests should be made to the Office of Te Rūnanga o Ngai Tahu – Attention: Jeff Goldsmith.

The Rūnanga Representatives authorised the issue of the Full Group Financial Statements on 20 September 2019.

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Te Rūnanga o Ngāi Tahu and Ngāi Tahu Charitable Trust

Summary Group Statement of Comprehensive Revenue and Expense

For the Year Ended 30 June 2019

	Notes	2019 \$000	2018 Restated* \$000
Revenue	1	351,916	311,983
Cost of Sales		(156,247)	(117,342)
Gross Profit		195,669	194,641
Other Income		17,429	15,388
Operating Expenses		(144,651)	(133,578)
Borrowing Costs		(13,413)	(11,673)
Share of Surplus / (Deficit) from Associates and Joint Ventures using the Equity Method	7	12,005	(14,367)
Net Operating Surplus before Tribal Activities, Tax, Revaluations and Other Significant Items		67,039	50,411
Net Gain on Sale of Non-Current Assets		154	36,644
Net Impairment Losses on Non-Current Assets	1	(62,398)	(943)
Government Grant Income		196	2,900
Net Gain from Fair Value Adjustments on Investment Properties		15,292	6,177
Net Gain on Fair Value Adjustments on Other Non-Current Assets	1	17,136	58,588
Trading Surplus prior to Tribal Activities and Taxation		37,419	153,777
Income relating to Tribal, Rūnanga and Whānau Distributions	2	7,218	5,546
Tribal, Rūnanga and Whānau Distributions and Expenses	2	(43,434)	(38,801)
Rūnanga Direct Distributions - Te Pūtea Tautoko	2	0	(21,600)
Operating expenses – Te Rūnanga o Ngāi Tahu		(19,683)	(19,999)
Relativity and Aquaculture Settlements	3	2,444	198,870
Other Income		507	572
Share of Surplus from Associates and Joint Ventures using the Equity Method	7	44	0
Net Impairment Losses on Non-Current Assets	1	0	(372)
(Deficit) / Surplus for the Year before Taxation		(15,485)	277,993
Income Tax Expense	10	(794)	(909)
(Deficit) / Surplus for the Year		(16,279)	277,084
Other Comprehensive (Expense) / Revenue			
Share of Equity Accounted Associates Other Comprehensive (Expense)		(54)	(4)
Share of Equity Accounted Joint Ventures Other Comprehensive (Expense)		(893)	(436)
(Loss) / Gain on Revaluation of Property, Plant and Equipment		(10,795)	479
Exchange Differences on Translating Foreign Operations		(520)	568
Movement in Asset Revaluation Reserve – Fair Value through Other Comprehensive Income		(3,817)	4,488
Movement in Hedge Reserve		(6,571)	(2,001)
Other Comprehensive (Expense) / Revenue for the Year		(22,650)	3,094
Total Comprehensive (Expense) / Revenue for the Year		(38,929)	280,178

Includes sales (mainly relating to farming, seafood, honey, tourism and properties) interest income, rents received, dividends and income from investments.

Includes our share of Whale Watch Kaikōura, Hilton Haulage, Hobsonville, Go Bus and Waikato Milking Systems.

Includes rūnanga distributions, marae development, Whai Rawa, kaumātua and Ngāi Tahu Fund distributions, along with expenditure associated with protection of natural resources, publications, communications, mātauranga, culture and identity, strategy and influence and expenses for other tribal programmes.

* See notes 11 and 12 for details regarding the restatement of prior period amounts.

These statements are to be read in conjunction with the notes to the Summary Group Financial Statements attached.

Te Rūnanga o Ngāi Tahu and Ngāi Tahu Charitable Trust
Summary Group Statement of Changes in Equity
For the Year Ended 30 June 2019

	2019	2018
	\$000	Restated* \$000
Balance at the Beginning of the Year	1,643,859	1,370,539
Change of Accounting Policy	6,300	3,110
Correction of Prior Period Error	0	(9,716)
Restated Balance at the Beginning of the Year	1,650,159	1,363,933
<i>Net Gain / (Loss) Recognised Directly in Equity</i>		
Investments in Equity Instruments Valuation Movement	(3,817)	4,488
Property, Plant and Equipment Valuation Movement	(10,795)	479
Translation of Foreign Operations	(442)	456
Cash Flow Hedge Movement	(7,596)	(2,329)
	(22,650)	3,094
<i>(Deficit) / Surplus for the Year:</i>		
Te Rūnanga o Ngāi Tahu and Ngāi Tahu Charitable Trust	(16,413)	276,471
Non-Controlling Interest	134	613
	(16,279)	277,084
Total Comprehensive (Expense) / Revenue for the Year	(38,929)	280,178
Acquisition of Business	529	0
Distributions	(294)	(252)
Balance at End of Year	1,611,465	1,643,859

* See notes 11 and 12 for details regarding the restatement of prior period amounts.

These statements are to be read in conjunction with the notes to the Summary Group Financial Statements attached.

Te Rūnanga o Ngāi Tahu and Ngāi Tahu Charitable Trust
Summary Group Statement of Financial Position

As at 30 June 2019

		2019 \$000	2018 Restated* \$000
Current Assets			
Cash and Cash Equivalents		12,026	14,729
Receivables and Prepayments		34,860	29,874
Inventories		50,174	49,413
Inventories – Property		8,951	16,242
Biological Assets		2,143	2,931
Derivative Financial Assets		173	502
Assets Classified as Held for Sale		4,264	7,081
Total Current Assets		112,591	120,772
Non-Current Assets			
Receivables		3,512	4,031
Inventories – Property		72,884	41,767
Property, Plant and Equipment		408,391	424,460
Biological Assets		72,227	70,196
Investment Properties		522,769	491,820
Investments in Equity Instruments		317,047	305,580
Interest in Associates and Joint Ventures		209,353	192,489
Derivative Financial Assets		19	248
Fish Quota and Marine Farm Licences		145,491	146,022
Goodwill and Other Intangibles		65,997	118,071
Total Non-Current Assets		1,817,690	1,794,684
Total Assets		1,930,281	1,915,456
Current Liabilities			
Payables and Accruals		35,115	41,393
Provisions		8,285	8,153
Borrowings	9	16,016	6,756
Other Financial Liabilities		4,401	3,808
Total Current Liabilities		63,817	60,110
Non-Current Liabilities			
Borrowings		240,534	201,258
Provisions		593	365
Other Financial Liabilities		13,872	9,864
Total Non-Current Liabilities		254,999	211,487
Total Liabilities		318,816	271,597
Net Assets		1,611,465	1,643,859
Equity			
Trust Funds in Perpetuity		537,018	534,574
Reserves		1,073,507	1,108,185
Non-Controlling Interest		940	1,100
Total Equity		1,611,465	1,643,859

* See notes 11 and 12 for details regarding the restatement of prior period amounts.

These statements are to be read in conjunction with the notes to the Summary Group Financial Statements attached.

Te Rūnanga o Ngāi Tahu and Ngāi Tahu Charitable Trust
Summary Group Statement of Cash Flows
For the Year Ended 30 June 2019

	2019 \$000	2018 \$000
Cash Flows from Operating Activities		
Cash Receipts from Customers	348,760	308,779
Cash Paid to Suppliers and Employees	(307,924)	(259,910)
Sale of Inventories – Property	36,355	17,384
Purchase of and Expenditure on Development Properties	(61,591)	(36,092)
Relativity and Aquaculture Settlement Monies Received	2,444	198,870
Tribal Distributions	(43,434)	(60,401)
Dividends Received	11,254	6,209
Interest Paid	(12,993)	(12,229)
Interest Received	571	638
Tax Paid	(869)	(1,056)
Net Cash Flow from Operating Activities	(27,427)	162,192
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(21,800)	(29,540)
Sale of Property, Plant and Equipment	3,363	1,970
Purchase of and Expenditure on Investment Properties	(2,831)	(18,339)
Sale of Investment Properties	1,725	0
Purchase of Investments in Equity Instruments	(39,974)	(45,691)
Sale of Investments in Equity Instruments	48,149	60,612
Acquisition of Watson & Son	0	(17,266)
Acquisition of Investments in Other Entities	(9,639)	(52,863)
Sale of Business	0	10,368
Government Grant Income	629	0
Purchase of Biological Assets	(1,427)	(7,653)
Purchase of Intangibles	(1,142)	(775)
Sale of Carbon Credits	458	25,519
Purchase of and Expenditure on Fish Quota and Marine Farm Resource Consents	0	(1,138)
Net Cash Flow from Investing Activities	(22,489)	(74,796)
Cash Flows from Financing Activities		
Drawdown of Syndicated Bank Debt Facility	40,000	(42,000)
Drawdown / (Repayment) of Other Borrowings (net)	7,507	(52,089)
Payment of Distribution to Minority Shareholder	(294)	(252)
Net Cash Flow from Financing Activities	47,213	(94,341)
Net (Decrease) in Cash and Cash Equivalents	(2,703)	(6,945)
Cash and Cash Equivalents at 1 July	14,729	21,674
Cash and Cash Equivalents at 30 June	12,026	14,729

These statements are to be read in conjunction with the notes to the Summary Group Financial Statements attached.

Te Rūnanga o Ngāi Tahu and Ngāi Tahu Charitable Trust
Notes to the Summary Group Financial Statements
For the Year Ended 30 June 2019

Reporting Entity

Te Rūnanga o Ngāi Tahu is a body corporate incorporated in New Zealand by section 6 of the Te Rūnanga o Ngāi Tahu Act 1996 and the Ngāi Tahu Charitable Trust is a charity registered under the Charities Act 2005.

It is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act 2013 and is domiciled in New Zealand.

Te Rūnanga o Ngāi Tahu is responsible for the overall governance of Ngāi Tahu affairs, the representation of the tribe's interests, the protection and advancement of the rights of the members of Ngāi Tahu whānui, and delivering social, cultural and development programmes to Ngāi Tahu members and their communities. Ngāi Tahu Holdings Corporation manages the commercial activities and assets that have been placed in the Ngāi Tahu Charitable Trust, being primarily property investment, property development, farming, tourism, fishing and investment activity in New Zealand.

Te Rūnanga o Ngāi Tahu and the Ngāi Tahu Charitable Trust have common beneficiaries.

Basis of Preparation

The Summary Group financial statements have been prepared:

- in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP") as it relates to summary financial statements as appropriate for public benefit entities. They comply with PBE FRS 43 Summary Financial Statements;
- in New Zealand dollars rounded to the nearest thousand dollars, and;
- on the basis of historical cost, except for the revaluation of certain assets and liabilities.

The Summary Group Financial Statements have been extracted from the audited Full Group Financial Statements dated 20 September 2019. The Full Group Financial Statements were prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP'). The Group is a public benefit entity and has made an explicit statement of compliance with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable Financial Reporting Standards, as applicable for Tier 1 not for profit public benefit entities in the Full Group Financial Statements. The Summary Group Financial Statements cannot be expected to provide as complete an understanding as provided by the Full Group Financial Statements. An unmodified audit opinion was issued on the Full Group Financial Statements.

These summary financial statements do not include all disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements from which they are extracted.

The Group Financial Statements were authorised for issue by Te Rūnanga o Ngāi Tahu on 20 September 2019.

Basis of Combination

The Group Financial Statements include the financial statements of Te Rūnanga o Ngāi Tahu and Ngāi Tahu Charitable Trust and its subsidiaries and controlled entities. Control is achieved where the entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The trusts have been aggregated by combining on a line-by-line basis the financial statements of the trusts and their subsidiaries, associates and joint ventures, with the consolidated financial statements of Te Rūnanga o Ngāi Tahu and Ngāi Tahu Charitable Trust and its subsidiaries. Combination is from the date control is transferred to the Group and is discontinued from the date control ceases.

The financial statements of the members of the Group are prepared using consistent accounting policies and the same reporting period.

The Group financial statements have been adjusted to eliminate the effect of significant intra-group transactions.

Accounting Policies

Accounting policies that are relevant to the understanding of the financial statements and summarise the measurement basis are provided throughout the notes to the financial statements. The accounting policies have been consistently applied to the periods in these financial statements.

In the current period, the Group adopted PBE NZ IFRS 9 Financial Instruments in advance of its effective date.

The impact of the adoption of this new standard and the new accounting policies are disclosed in note 12.

There have been no other changes in accounting policies in the current financial year.

Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to exercise its judgement in applying the Group's accounting policies.

The full financial statements provide detail behind critical estimates and judgements. These summary group financial statements should be read in conjunction with the full financial statements.

Estimates and judgements are reviewed by management on an on-going basis, with revisions recognised in the period in which the estimate is revised and in any future periods affected. Areas of estimate or judgement that have most significant impact on the amounts recognised in the financial statements are:

- Fair Value of Property, Plant and Equipment
- Fair Value of Investment Properties
- Fair Value of Investments in Equity Instruments
- Impairment of Goodwill and Other Intangibles
- Fair Value of Biological Assets

Notes to the Summary Group Financial Statements continued

For the Year Ended 30 June 2019

1. Income and Expenses

	2019 \$000	2018 \$000
Revenue		
Revenue from the Sale of Goods	233,240	188,796
Revenue from the Rendering of Services	79,168	85,376
Rental Received from Properties	34,837	33,243
Recoverable Property Operating Expenses	4,720	3,576
Foreign Exchange Gains on Sale of Goods	(49)	992
	351,916	311,983

Recognition and Measurement

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

Revenue from the sale of goods is recognised when title has been transferred and the benefits of ownership and risk pass to the customer. Revenue from services is taken to the profit and loss when the service is actually provided. Rental income is recognised on a straight line basis over the lease term including any lease incentives and initial direct costs.

Net Impairment Losses on Non-Current Assets

		Restated*
Property, Plant and Equipment	(5,345)	(1,602)
Intangibles	(57,053)	0
Asset Held for Sale	0	(290)
Fish Quota	0	577
	(62,398)	(1,315)
Trading Operations	(62,398)	(943)
Tribal Activities	0	(372)
	(62,398)	(1,315)

Net Gain / (Loss) on Fair Value Adjustments on Other Non-Current Assets

Investments in Equity Instruments	17,421	61,792
Biological Assets	(333)	(1,517)
Hedge Accounted Foreign Exchange Contracts	187	(1,527)
Contingent Consideration	(14)	(13)
Deferred Settlement	(125)	(147)
	17,136	58,588

* See notes 11 and 12 for details regarding the restatement of a prior period amount.

Notes to the Summary Group Financial Statements continued

For the Year Ended 30 June 2019

2. Tribal, Rūnanga and Whānau Distributions

	2019 \$000	2018 \$000
Income Relating to Tribal, Rūnanga and Whānau Distributions		
Exchange Revenue		
External Funding Received	3,859	2,178
Other Income	3,249	3,035
	7,108	5,213
Non-Exchange Revenue		
External Funding Received	110	333
Total Income Relating to Tribal, Rūnanga and Whānau Distributions	7,218	5,546
Tribal, Rūnanga and Whānau Distributions and Expenses⁽¹⁾		
Rūnanga Direct Distributions and Development	(13,966)	(13,084)
Culture and Identity	(2,860)	(3,091)
Disaster Recovery	(287)	(327)
Mātauranga Grants and Development Expenses, Housing and Kaumātua Distributions	(10,228)	(7,616)
Natural Resources, Tribal Properties and Mahinga Kai	(4,066)	(3,716)
Strategy and Influence	(1,573)	(1,661)
Whai Rawa Distributions and Operating Expenses	(7,624)	(6,789)
Tribal Engagement	(2,830)	(2,517)
	(43,434)	(38,801)
Rūnanga Direct Distributions – Te Pūtea Tautoko ⁽²⁾	0	(21,600)
	(36,216)	(54,855)

(1) The above costs represent the direct costs of the programmes only and do not include an allocation of general operational and administrative expenses.

(2) A payment of \$21.6m was made to the 18 Papatipu Rūnanga during the year.

Recognition and measurement – Grants and External Funding

Revenues from non-exchange transactions is recognised when the Group obtains control of the transferred asset (cash, goods or services), and:

- it is probable that the economic benefits or service potential related to the asset will flow to the Group and can be measured reliably; and
- the transfer is free from conditions that require the asset to be refunded or returned to the funding entity if the conditions are not fulfilled.

To the extent that there is a condition attached that would give rise to a liability to repay the grant amount or to return the granted asset, a deferred revenue liability is recognised instead of revenue. Revenue is then recognised only once the Group has satisfied these conditions.

Notes to the Summary Group Financial Statements continued

For the Year Ended 30 June 2019

3. Relativity and Aquaculture Settlements

The following payments were received as an outcome of Crown settlements – Ngāi Tahu Deed of Settlement (Relativity) and Māori Fisheries Settlement and were recognised as tribal income:

	2019 \$000	2018 \$000
Aquaculture Settlement Monies	1,263	0
Relativity Settlement Monies	1,181	198,870
	2,444	198,870

Recognition and measurement

Funds are recognised as income when the amount has either been received or has been formally agreed with the Crown prior to year-end.

4. Property, Plant and Equipment

Key judgements and estimates

The asset class farm land and buildings are valued at fair value on an annual basis. This requires an estimation of current market values by independent registered valuers.

		Restated*
Net Book Value		
Land and Buildings at Cost	86,651	94,257
Farm Land and Buildings at Fair Value	216,298	230,633
High Country Stations ("Taonga") at Cost	5,038	5,043
Hiveware at Fair Value	23,910	23,047
Bearer Plants at Cost	1,095	970
Plant, Office and Computer Equipment at Cost	70,712	66,926
Work in Progress at Cost	4,687	3,584
	408,391	424,460

Recognition and Measurement

Farm land and buildings and hiveware are stated at fair value at the date of revaluation less any subsequent depreciation and impairment losses. All other property, plant and equipment are stated at cost less depreciation and impairment losses.

Fair value and revaluation of farm land and buildings

Revaluations are performed by professionally qualified valuers on an annual basis or when there are indicators that the asset value has moved materially.

Increases in value arising from revaluation are recognised in other comprehensive income and accumulated in the asset revaluation reserve – properties. Decreases in revaluation are recognised in profit or loss unless it directly offsets a previous increase of the same asset in the asset revaluation reserve.

On disposal, the portion of the asset revaluation reserve which relates to that asset, is transferred directly to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated.

* See note 11 for details regarding the restatement of a prior period amount.

Notes to the Summary Group Financial Statements continued

For the Year Ended 30 June 2019

4. Property, Plant and Equipment continued

Depreciation

Depreciation is charged to write down the value of the asset on a straight line basis to an estimated residual value over their economic lives. Land and work in progress are not depreciated.

Impairment of asset

The asset value is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Disposal of asset

Gains and losses arising on disposal are determined as the difference between the sale proceeds and the carrying amount of the asset. This is recognised in profit or loss. Any balance in the revaluation reserve relating to this asset is transferred to retained earnings.

5. Property Assets – Investment Properties

Key Judgements and Estimates

In estimating the fair value of investment properties, the Group engaged independent registered valuers and have undertaken an independent peer review process on sensitive investment properties where another independent registered valuer is engaged.

	2019 \$000	2018 \$000
At Fair Value		
Investment Property – Commercial	353,823	334,640
Investment Property – Crown / Local Authority	151,410	146,065
Investment Property – Forestry and Farmland	17,536	11,115
	522,769	491,820

Recognition and Measurement

Investment Property includes properties held to earn rental income and/or for capital appreciation that are not occupied by the Group. These properties are measured at fair value on an annual basis. Gains or losses arising from a change in fair value are included in profit or loss in the period in which they arise.

Notes to the Summary Group Financial Statements continued

For the Year Ended 30 June 2019

6. Investments in Equity Instruments

		2019 \$000	2018 \$000
Financial Assets Carried at Fair Value Through Profit or Loss (FVTPL)			
<i>Held for Trading Financial Assets</i>			
Pathfinder Socially Responsible Investment Fund		71,806	59,952
<i>Financial Assets Measured as at FVTPL</i>			
Ryman Healthcare Limited shares	Listed shares	94,948	115,770
PGG Wrightson shares	Listed shares	14,540	0
Fonterra Co-operative Group Limited shares	Co-operative shares	4,722	6,655
Pioneer Capital Partners II Limited Partnership	Private Equity Fund	10,193	9,377
Pioneer Capital Partners III Limited Partnership	Private Equity Fund	9,238	4,894
Pacific Equity Partners Fund V-C Limited Partnership	Private Equity Fund	13,281	23,617
Next Capital III Limited Partnership	Private Equity Fund	20,659	18,724
Waterman Fund 3 Limited Partnership	Private Equity Fund	12,055	8,087
Movac Fund # 4 Limited Partnership	Private Equity Fund	10,707	3,987
Ngāi Tahu Side Car (Movac) Limited Partnership	Private Equity Fund	8,450	3,105
Direct Capital	Private Equity Fund	11,523	9,156
Pencarrow V Investment Fund	Private Equity Fund	6,741	2,750
		217,057	206,122
		288,863	266,074
Financial Assets Designated at Fair Value Through Other Comprehensive Income (FVTOCI)			
Agria Asia Investment Limited shares	Unlisted shares	0	18,107
Amuri Irrigation Co Limited	Unlisted shares	11,993	11,993
Aotearoa Fisheries Limited income shares	Unlisted shares	10,800	4,500
Pukeko Pictures Limited Partnership	Unlisted shares	3,183	2,610
Sundry investments	Unlisted shares	2,208	2,296
		28,184	39,506
		317,047	305,580

Recognition and Measurement

Investments in an entity where the Group does not have significant influence, joint control or control are split between:

Investments classified as fair value through profit or loss (FVTPL) – investments in listed entities, investments in co-operative entities and investments in private equity funds are classified under this category by the Group. At each reporting date, investments are measured at fair value and any gain or loss arising from this change in fair value are recognised in the profit or loss account.

Investments classified as fair value through other comprehensive income (FVTOCI) – investments in unlisted entities are classified under this category by the Group. At each reporting date, investments are measured at fair value and any gain or loss arising from this change in fair value, are recognised in the other comprehensive income and accumulated in the revaluation reserve for investments. On disposal, the cumulative changes in fair value held in the revaluation reserve for investments are transferred to retained earnings and not taken to the profit or loss account.

Dividends are recognised in the profit or loss when the right to receive the dividend is established.

Notes to the Summary Group Financial Statements continued

For the Year Ended 30 June 2019

7. Investments in Other Entities**Key Judgements and Estimates**

The Group needs to determine whether an impairment exists on our interest in associates and joint ventures. This requires the estimation of the recoverable amount of our interest.

	2019 \$000	2018 Restated* \$000
Interest in Associates and Joint Ventures		
Whale Watch Kaikōura Limited	17,346	13,863
Associates – Total	17,346	13,863
Hilton Haulage Transport Limited Partnership	42,616	40,109
Hobsonville Development Limited Partnership	40,870	34,665
NGL Hobsonville Point Limited	12,561	9,891
Ngāi Tahu Tainui Go Bus Holdings Limited	75,686	75,798
Waikato Milking Systems Limited Partnership	13,535	12,601
Other Joint Ventures	5,092	3,915
Goodwill on Acquisition	1,647	1,647
Joint Ventures – Total	192,007	178,626
Group's Total Interest	209,353	192,489
Group's Share of Operating Profit / (Loss)		
Whale Watch Kaikōura Limited	3,972	1,946
Associates – Total	3,972	1,946
Hilton Haulage Transport Limited Partnership	6,053	3,003
Hobsonville Development Limited Partnership	1,231	(11)
NGL Hobsonville Point Limited	(312)	2,126
Ngāi Tahu Tainui Go Bus Holdings Limited	341	31
Watson & Son Limited Partnership	0	(9,139)
Waikato Milking Systems Limited Partnership	525	(12,601)
Other Joint Ventures	239	278
Joint Ventures – Total	8,077	(16,313)
Group's Total Share of Operating Profit / (Loss)	12,049	(14,367)
Trading Operations	12,005	(14,367)
Tribal Activities	44	0
	12,049	(14,367)

Recognition and Measurement

A joint venture is an entity where the Group has joint control with one or more parties and has rights to the net assets of the joint venture.

An associate is an entity where the Group has significant influence, being the ability to participate in the financial and operating decisions of the entity.

Interests in associates and joint ventures are accounted for using the equity method of accounting where the investment is recorded at cost plus its share of any profit or loss during the ownership period. Any dividends received are deducted from the investment value.

* See note 12 for details regarding the restatement of a prior period amount.

Notes to the Summary Group Financial Statements continued

For the Year Ended 30 June 2019

8. Intangible Assets – Fish Quota and Marine Farm Licences

At cost	2019 \$000	2018 \$000
Fish Quota - Wetfish – Inshore	25,590	25,590
Fish Quota - Wetfish – Deepwater	18,552	18,552
Fish Quota - Kōura	63,892	64,423
Fish Quota - Pāua	17,811	17,811
Fish Quota - Other	11,199	11,199
Marine Farm Licences	8,447	8,447
	145,491	146,022

Recognition and Measurement

Fish quota and marine farm licences are both indefinite life intangible assets and are recorded at cost less impairment.

9. Borrowings

Current Borrowings

Te Haumi Whakamana (Unsecured)	15,334	5,610
Other Secured Borrowings	682	933
Other Unsecured Borrowings	0	213
	16,016	6,756

Non-current borrowings

Syndicated Bank Debt Facility (secured) ⁽¹⁾	240,000	200,000
Other Secured Borrowings	534	1,254
Other Unsecured Borrowings	0	4
	240,534	201,258
	256,550	208,014

(1) The syndicated debt is secured by a deed of negative pledge and guarantee over all the assets of Ngāi Tahu Holdings Corporation Limited and its guaranteeing subsidiaries.

The total debt facility is \$340,000,000 being Facility A of \$60,000,000 expiring 17 December 2019, Facility B of \$20,000,000 expiring 17 December 2019, Facility C of \$50,000,000 expiring 17 December 2019, Facility D of \$100,000,000 expiring 17 December 2020, Facility E of \$60,000,000 expiring 17 December 2022 and Facility F of \$50,000,000 expiring 17 December 2023.

The financial covenants under this facility have been fully complied with during the financial year. Interest is currently payable at a rate between 2.41% – 2.86% per annum (2018: 2.67% – 2.91% per annum).

Recognition and Measurement

Borrowings are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost (using the effective interest method). Fees for establishing new borrowings are spread over the term of those borrowings.

Notes to the Summary Group Financial Statements continued

For the Year Ended 30 June 2019

10. Income Tax Payable

	2019 \$000	2018 \$000
Income Tax Expense		
Current Tax Expense	920	834
Adjustments Recognised in the Current Year in Relation to the Current Tax of Prior Years	(126)	75
Total Current Tax Expense	794	909

An income tax liability of \$737,000 (2018: \$154,000) relating to the current year is included in Current Liabilities under Payables and Accruals.

Recognition and Measurement

Te Rūnanga o Ngāi Tahu is taxed on its business income at the Māori Authority tax rate, being 17.5% at reporting date.

Certain entities within the Group have charitable status and accordingly have no taxation liability. Other entities within the Group, including Te Rūnanga o Ngāi Tahu, that are not charitable, are taxable. In this instance, current tax is calculated by using tax rates and tax laws that are in place at the reporting date.

11. Correction of Prior Period Error**Property, Plant and Equipment**

During the financial year, the Group discovered an error in the reported values of farm land and buildings. This error was identified after discussions with Colliers, where it was discovered that certain items classified as 'Other Plant & Equipment', most notably irrigation mainline and pumps are embedded within the values ascribed to assets held within Farm Land, Land Improvements & Buildings, effectively resulting in a double counting of asset value in prior periods. As a consequence, Property, Plant and Equipment was overstated in the prior periods, in the years ended 30 June 2017 and 30 June 2018.

This error has been corrected by restating each of the affected financial statement line items for the prior period as follows:

	As Reported \$000	1 July 2017 Adjustments \$000	Adjustments in year ended 30 June 2018 \$000	30 June 2018 Restated \$000
Impact on Statement of Financial Position				
Property, Plant and Equipment	434,792	(9,716)	(616)	424,460
Total Assets	1,924,148	(9,716)	(616)	1,913,816
Asset Revaluation Reserve – PP&E	51,473	(8,009)	(1,090)	42,374
Retained Earnings	935,786	(1,707)	474	934,553
Total Equity	1,652,551	(9,716)	(616)	1,642,219
Impact on Statement of Comprehensive Revenue				
Net Impairment Losses on Non-Current Assets	(2,696)	0	474	(2,222)
Surplus for the Year	273,278	0	474	273,752
Gain / (Loss) on Revaluation of Property, Plant and equipment	1,569	0	(1,090)	479
Other Comprehensive Revenue for the Year	8,986	0	(1,090)	7,896
Total Comprehensive Revenue for the Year	282,264	0	(616)	281,648

Notes to the Summary Group Financial Statements continued

For the Year Ended 30 June 2019

12. Changes in Accounting Policies

This note explains the impact of the adoption of PBE NZ IFRS 9 Financial Instruments on the Group's financial statements.

Impact on the Financial Statements

The impact of these changes on the Group's financial statement line items for 30 June 2018 is as follows:

	30 June 2018 Reported*	PBE NZ IFRS 9 1 July 2017	PBE NZ IFRS 9 30 June 2018	Restated
	\$000	\$000	\$000	\$000
Impact on Statement of Financial Position				
Interest in Associates and Joint Ventures	190,849	3,110	(1,470)	192,489
Total Assets	1,913,816	3,110	(1,470)	1,915,456
Asset Revaluation Reserve – Available for Sale	139,076	(131,203)	(7,873)	0
Asset Revaluation Reserve – FVTOCI	0	8,988	4,488	13,476
Foreign Translation Reserve	37	188	(1,417)	(1,192)
Retained Earnings	934,553	125,137	3,332	1,063,022
Total Equity	1,642,219	3,110	(1,470)	1,643,859
Impact on Statement of Comprehensive Revenue and Expense				
Share of Profit / (Loss) from Associates and Joint Ventures using the Equity Method	(12,897)	0	(1,470)	(14,367)
Net Operating Surplus before Tax, Revaluations and Other Significant Items	51,881	0	(1,470)	50,411
Net Gain on Sale of Non-Current Assets	87,534	0	(50,890)	36,644
Net Impairment Losses on Non-Current Assets	(2,222)	0	907	(1,315)
Net Gain on Fair Value Adjustments on Other Non-Current Assets and Liabilities	3,803	0	54,785	58,588
Surplus for the Year	273,752	0	3,332	277,084
Changes in Fair Value of Equity Instruments at Fair Value Through Other Comprehensive Income	0	0	4,488	4,488
Exchange Differences on Translating Foreign Operations	1,985	0	(1,417)	568
Available-For-Sale Financial Assets	7,873	0	(7,873)	0
Other Comprehensive Revenue for the Year	7,896	0	(4,802)	3,094
Total Comprehensive Revenue for the Year	281,648	0	(1,470)	280,178

12. Changes in Accounting Policies continued

NZ PBE IFRS 9 Financial Instruments

PBE NZ IFRS 9 replaces PBE NZ IPSAS 29 that relates to the classification and measurement of financial assets and liabilities, impairment of financial assets and general hedge accounting.

The adoption of PBE NZ IFRS 9 has resulted in changes to accounting policies and adjustments to the amounts recognised in the financial statements. Refer to note 6 for the accounting policy on investments in equity instruments.

(i) Classification and Measurement

The Group elected to classify its investments in listed entities, investments in co-operative entities and investments in private equity funds as financial assets at FVTPL. On adoption of this standard, the fair value gains previously held in an asset revaluation reserve were transferred to retained earnings.

The Group elected to classify its investments in unlisted entities previously classified as available for sale as investments at FVTOCI. These investments previously carried at cost were reclassified as an investment at FVTOCI on 1 July 2018. This reclassification has resulted in a revaluation movement of \$6,300,000 being shown in the FVTOCI reserve on adoption of PBE NZ IFRS 9.

(ii) Derivatives and Hedging Activity

The forward foreign exchange contracts and the interest rate swaps in place as at 1 July 2018 qualified as cash flow hedges under PBE NZ IFRS 9.

Under PBE NZ IFRS 9, the accounting treatment for foreign exchange options changes. Prior to 1 July 2018, the Group accounted for the changes to the time value of foreign exchange options through the profit or loss account. On the adoption of PBE NZ IFRS 9, these changes are recorded in other comprehensive income and taken to the hedging time value reserve in equity. This amount is reclassified to the profit or loss at the same time as the hedged time.

The impact of these changes on the Group's equity is a reclassification of a loss of \$62,000 from retained earnings to the cost of hedging reserve as at 1 July 2018.

(iii) Impairment of Financial Assets

The Group trade receivables and loan advances are subject to PBE NZ IFRS 9's new expected credit loss model. From 1 July 2018, the impairment on the trade receivables is calculated based on expected credit losses rather than incurred credit losses. The use of a provision matrix has been implemented for this change.

13. Related Parties

Transactions with Related Parties Involving Shareholder Entities

There are material transactions between the entities within the Group during the current financial year. The related parties involved were Ngāi Tahu Charitable Trust, Ngāi Tahu Development Corporation and Te Rūnanga o Ngāi Tahu. All transactions have been eliminated on combination.

Transactions with Related Parties Involving Subsidiaries

The acquisition of the Helicopter business included a deferred settlement payment and contingent consideration. At 30 June 2019, these amounts were included in Other Financial Liabilities under Current Liabilities of \$1,350,000 (2018: \$1,350,000), Other Financial Liabilities under Non-Current Liabilities \$963,000 (2018: \$2,188,000) and Provisions under Non-Current Liabilities of \$229,000 (2018: \$216,000).

Transactions Involving Whai Rawa Fund Trust

The Group Financial Statements include distributions paid or declared to Whai Rawa Fund Trust for \$5,602,706 (2018: \$5,048,309).

Notes to the Summary Group Financial Statements continued

For the Year Ended 30 June 2019

14. Employee Bands

The number of employees or former employees of the Group, not being directors, who received remuneration and other benefits (not including redundancy compensation) valued at or exceeding \$100,000 during the financial year under review, are outlined in the table below. This is gross remuneration based on actual cash payments.

Remuneration	Remuneration excluding Long Term Incentives		Total Remuneration	
	2019	2018	2019	2018
\$750,000 - \$799,999	1	0	2	0
\$700,000 - \$749,999	0	0	0	1
\$650,000 - \$699,999	1	1	0	1
\$600,000 - \$649,999	0	1	0	0
\$550,000 - \$599,999	0	1	0	1
\$500,000 - \$549,999	2	0	2	3
\$450,000 - \$499,999	2	1	5	1
\$400,000 - \$449,999	3	6	1	3
\$350,000 - \$399,999	3	1	2	1
\$300,000 - \$349,999	3	3	3	3
\$250,000 - \$299,999	9	7	9	7
\$200,000 - \$249,999	18	18	18	18
\$150,000 - \$199,999	28	32	28	32
\$100,000 - \$149,999	103	78	103	78
	173	149	173	149

As a result of restructuring within the Group, there were cash payments in the current year for redundancies, early retirement and termination payments, not included in the table above, of \$716,539 (2018: \$932,021).

Notes to the Summary Group Financial Statements continued

For the Year Ended 30 June 2019

15. Key Management Personnel Compensation

All directors of the Group are non-executive and are not involved in the day-to-day operations of the Group. The following fees have been paid to the Group's directors:

	2019 \$000	2018 \$000
Ngāi Tahu Holdings and Ngāi Tahu Capital		
Mark Tume (Chair) ^{(1)*}	135	19
Trevor Burt ⁽²⁾	0	118
Catherine Drayton ⁽³⁾	17	68
Rodger Finlay ^{(1)(4)†}	64	0
Quentin Hix ^{(4)†}	72	62
Tutehounuku Korako ^{(1)*}	65	56
Darryn Russell ⁽⁴⁾	65	56
Paul Silk*	65	56
Ngāi Tahu Holdings only		
Samford Maier ^{(5)*}	79	68
Michael Pohio ^{(6)*}	6	0
	568	503
Ngāi Tahu Farming		
Gill Cox (Chair) ^{(7)†}	83	83
Richard Braddock†	50	50
Andrew MacFarlane ^{(7)*}	48	48
Michael Sang	0	0
Richie Smith†*	53	53
Gail Tipa*	48	48
Warwick Tauwhare-George	45	30
	327	312
Ngāi Tahu Property		
Barry Bragg (Chair)†*	100	100
Anthony Beverley†	51	51
James Daniels†*	55	40
Susan Huria*	54	54
David Kerr*	51	51
Peter Nevan*	51	51
Michael Weatherall†	54	54
	416	401

Ngāi Tahu Holdings Corporation Group Committees include: † Audit and Risk Committee, *Remuneration Committee. The make-up of the committees is as at 30 June 2019.

(1) Appointed to Ngāi Tahu Capital from 19 October 2018, (2) Appointment ended 1 August 2018, (3) Appointment ended 15 September 2018, (4) Appointed to Ngāi Tahu Holdings from 1 September 2018, (5) Appointment ended 31 July 2019, (6) Appointed from 13 May 2019, (7) Appointment ended 30 June 2019.

Notes to the Summary Group Financial Statements continued

For the Year Ended 30 June 2019

15. Key Management Personnel Compensation continued

	2019 \$000	2018 \$000
Ngāi Tahu Seafood		
Craig Ellison (Chair)*	98	82
Benjamin Bateman†*	49	44
Jennifer Crawford†*	50	44
Richard Janes†	54	51
Maria Pera*	45	45
Robert Pooley ⁽⁸⁾	0	7
Greg Summerton ⁽⁹⁾	15	45
Ngāi Tahu Seafood Australia Pty		
Andrew Ferguson	13	13
	324	331
Ngāi Tahu Tourism		
Sarah Smith (Chair)* ^Δ	79	79
Paul Bingham ^Δ	50	50
David Hawkey ^Δ	45	45
Stuart McLauchlan ^Δ	45	45
Tahu Pōtiki* ^Δ	45	45
Tania Simpson* ^Δ	45	18
	309	282
Oha Honey⁽¹⁰⁾		
John Rae (Chair)	100	58
John Ashby ^{(11)†}	38	0
Sheena Henderson ⁽¹²⁾	41	26
John Nichol†	54	62
Michael Sang†	0	0
	233	146
Total Directors Fees	2,177	1,975
Te Rūnanga o Ngāi Tahu Representatives		
Lisa Tumahai – Kaiwhakahaere	193	171
Matapura Ellison – Deputy Kaiwhakahaere	88	34
Lisa Tumahai ^{(a)(b)(c)(d)}	50	45
Matapura Ellison ^{(a)(b)(c)(d)}	50	54
Henrietta Carroll ^{(a)(d)}	68	45
Karen Coutts ^{(d)(e)}	63	45
Elizabeth Cunningham ^(d)	59	45
Gail Gordon ^(d)	65	45

Ngāi Tahu Holdings Corporation Group Committees include: † Audit and Risk Committee, *Remuneration Committee, ΔSafety and Risk Committee. The make-up of the committees is as at 30 June 2019. (8) Appointment ended in prior financial year, (9) Appointment ended 6 November 2018, (10) Fees for the prior financial year are for the period from 16 November 2017 to 30 June 2018, being date of 100% ownership, (11) Appointed from 1 September 2018, (12) Appointment ended 31 March 2019.

Te Rūnanga o Ngāi Tahu Representative Komiti include: (a) Audit and Risk Komiti, (b) Remuneration Komiti, (c) Tē Apārangi Komiti, (d) Tē Here Komiti, (e) Hazardous Substances and New Organisms Komiti. The make-up of the Komiti is as at 30 June 2019.

Notes to the Summary Group Financial Statements continued

For the Year Ended 30 June 2019

15. Key Management Personnel Compensation continued

	2019 \$000	2018 \$000
Te Rūnanga o Ngāi Tahu Representatives continued		
Quentin Hix ⁽¹³⁾	57	45
Gabrielle Huria	67	58
Darren Kerei-Keepa ^(d)	59	45
Jo McLean ^(d)	77	74
Terry Nicholas ^(d)	64	55
David Perenara-O'Connell ^(c)	63	45
Fiona Pimm ⁽¹⁴⁾	3	0
Tahu Pōtiki ^(c)	72	60
Michael Skerrett ^(a)	59	45
Rik Tainui ^(c)	59	45
Gail Thompson ^(c)	59	45
Ann Wakefield ^(a)	59	45
Susan Wallace ^(d)	61	45
	1,395	1,091
Te Rūnanga o Ngāi Tahu Alternates		
Rewi Anglem	2	5
Elizabeth Brown	6	5
Peter Clayton	7	2
Sandra Cook	3	5
Carl Crofts	4	0
Melissa Dennis	4	0
Stacey Gullen-Reynolds	7	5
Christina Henderson	0	5
Isabel Henderson	7	0
Teena Henderson	7	5
Kiri Howell	4	0
Maire Kipa	6	0
Donna Matahaere-Atariki	7	5
Tim Rochford	6	4
Katharina Ruckstuhl	6	5
Raewyn Solomon	0	2
Odele Stehlin	8	5
Michael Stevens	7	5
Juliette Stevenson	7	5
Melany Tainui	2	0
Karaitiana Taiuru	2	5
Karl Te Raki	9	5
Michelle Turrall	8	0
	119	73

(13) Appointment ended 8 June 2019, (14) Appointed from 9 June 2019.

Te Rūnanga o Ngāi Tahu Representative Komitis include: (a) Audit and Risk Komiti, (b) Remuneration Komiti, (c) Tē Apārangi Komiti, (d) Tē Here Komiti, (e) Hazardous Substances and New Organisms Komiti. The make-up of the Komitis is as at 30 June 2019.

Notes to the Summary Group Financial Statements continued

For the Year Ended 30 June 2019

15. Key Management Personnel Compensation continued

	2019 \$000	2018 \$000
Total Directors Fees (as above)	2,177	1,975
Total Representative and Alternate Fees (as above)	1,514	1,164
Independent Audit & Risk and Remuneration Committee Members	70	65
Short-Term Benefits for Senior Management Positions ⁽¹⁵⁾	4,936	4,434
Total Key Management Personnel Compensation	8,697	7,638

⁽¹⁵⁾ Includes 14 senior management positions (2018: 12).

16. Contingent Liabilities

A contingent liability is a liability that is not sufficiently certain to qualify for recognition on the balance sheet due to an uncertainty of future event occurring.

There were no contingent liabilities at 30 June 2019 (June 2018: \$nil).

17. Subsequent Events

There are no material events subsequent to balance date.



Independent Auditor's Report on the Summary Group Financial Statements

To the Members of Te Rūnanga o Ngāi Tahu and Ngāi Tahu Charitable Trust

Opinion

The summary group financial statements of Te Rūnanga o Ngāi Tahu and Ngāi Tahu Charitable Trust (the 'Group'), which comprise the summary group statement of financial position as at 30 June 2019, and the summary group statement of comprehensive revenue and expense, summary group statement of changes in equity and summary group statement of cash flows for the year then ended, and related notes, are derived from the audited group financial statements of the Group for the year ended 30 June 2019.

In our opinion, the accompanying summary consolidated financial statements, on pages 11 to 30, are consistent, in all material respects, with the audited consolidated financial statements, in accordance with PBE FRS 43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

Summary group financial statements

The summary group financial statements do not contain all the disclosures required by Public Benefit Entity Standards. Reading the summary group financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited group financial statements and the auditor's report.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited group financial statements in our report dated 20 September 2019.

Governing body's responsibilities for the summary consolidated financial statements

The Rūnanga Representatives are responsible on behalf of the Group for the preparation of the summary group financial statements in accordance with PBE FRS 43: *Summary Financial Statements*.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the summary group financial statements are consistent, in all material respects, with the audited group financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) ('ISA (NZ)') 810 (Revised): *Engagements to Report on Summary Financial Statements*.

Our firm carries out other assignments for the group in the area of data analytics, fraud awareness, consultancy services, taxation services, post investment review and treasury policy review. These services have not impaired our independence as auditor of the Group. In addition to this, partners and employees of our firm deal with the group on normal terms within the ordinary course of trading activities of the business of the Group. The firm has no other relationship with, or interest in the Group.

Restriction on use

This report is made solely to the Members of Te Rūnanga o Ngāi Tahu and Ngāi Tahu Charitable Trust, as a body. Our audit has been undertaken so that we might state to the Members those matters 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 Members as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Christchurch, New Zealand
20 September 2019

**Te Rūnanga o Ngāi Tahu and Ngāi Tahu Charitable Trust
Directory**

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Auditor

Deloitte Limited

Bankers

Bank of New Zealand
Westpac Banking Corporation Limited
ANZ National Bank Limited
ASB Bank Limited

