



2022

Te Pūrongo ā-Tau

Annual Report

Foreword

Ki te Minita Whanaketanga Māori

Ki te Minita Whanaketanga Māori
He hōnore ki ahau te tuku atu I te Pūrongo
Ā tau o Te Kaitiaki Māori mō te tau i mutu
I te 31 o Māehe 2022.

To the Minister for Māori Development

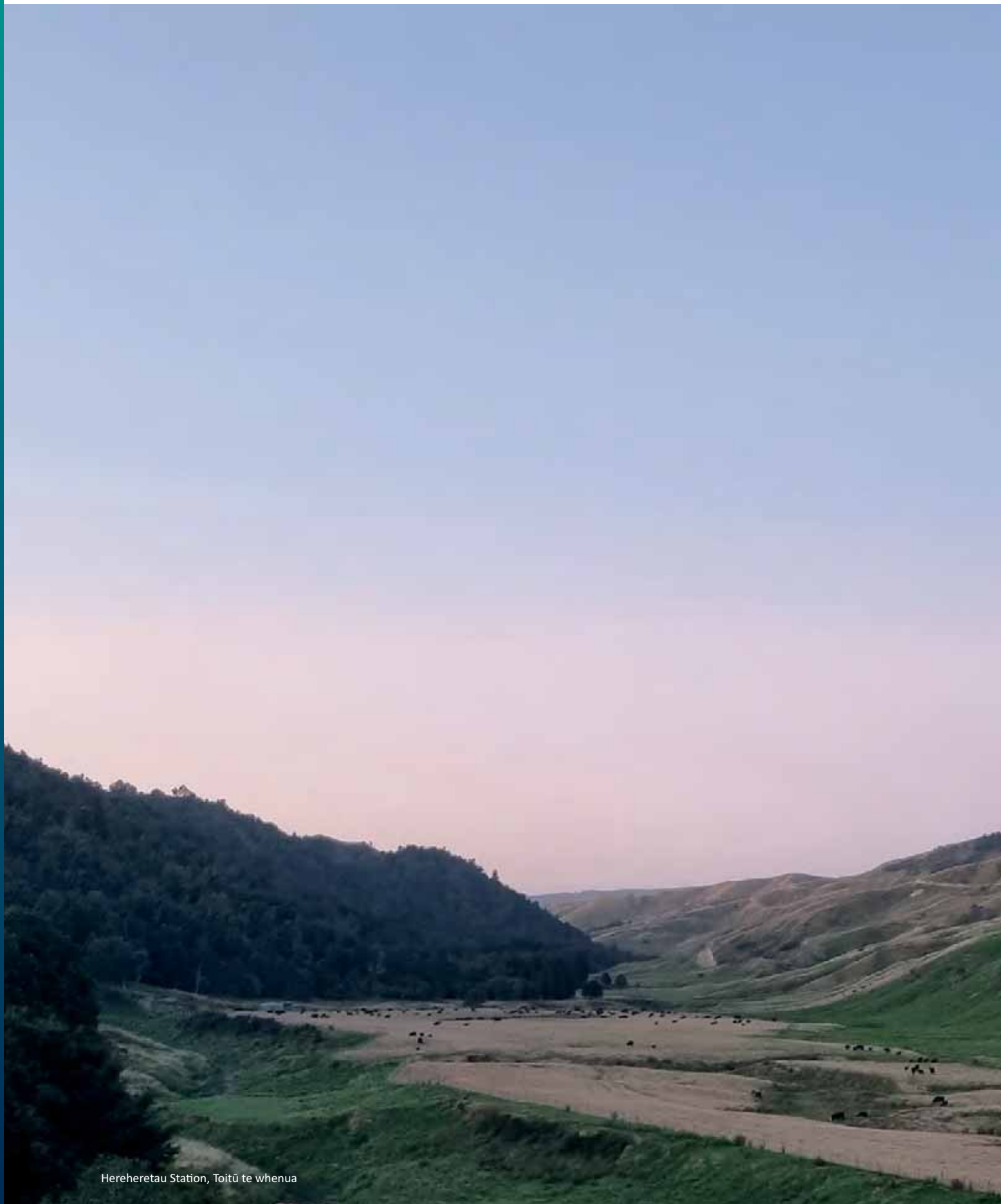
I am honoured to present the Annual Report
for the Māori Trustee for the year ended
31 March 2022.



Dr Charlotte Severne
Kaitiaki Māori | Māori Trustee
21 July 2022

This report has been prepared to meet the
requirements of section 150 of the Crown
Entities Act 2004.





Hereheretau Station, Toitū te whenua

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Dr Charlotte Severne, Kaitiaki Māori | Māori Trustee

Mai i te Kaitiaki Māori

Ki te taiao,

Ki te whai ao,

Ki te ao mārama,

Tihei Mauriora.

**E totoka ai te tumu o te papatipu hei orange mō
Te Iwi Māori, o mua, o naiane, o anamata hoki.**

**Ko Te Tumu Paeroa tēnei, te kaitiaki, kaitaunaki, kaiwhakawhanake
i te mana o ngā whenua Māori, huri noa.**

Tēnei au e whakahī ana ki te tāpae atu i tā te Kaitiaki Māori Pūrongo ā-Tau 2022.

I tēnei tau i koke haere tonu mātou i runga i ā mātou mahi me mātua tutuki, me te mau kia tautohu i ngā huarahi hou, huarahi auaha hoki hei tautoko, hei whakaanga hoki ki te hunga nōna te whenua Māori.

Ahakoia hei responsible trustee, hei custodian trustee rānei, mā te tuku ratonga rānei, ko te mea nui ki au, me mātua tuku ratonga ōrite, hei kaitiaki ngaio hoki mō te Māori.

I 2020/21, i neke mātou ki te tiakitanga ā-rohe me te ratonga rawa, e taunakihia ana e to mātou ratonga kiritaki. Puta noa i tēnei tau kua hipa, kua kite mātou i ngā hua pai o tēnei panonitanga i roto i te whakahaere pai ake o te whakaanga ki hunga nō rātou te whenua.

Heoi, arā tonu te pānga mai o te urutā ā-ao ki ētahi wāhanga o tā mātou mahi, pērā i te whai wā ki te hui ā-tinana me te hunga nō rātou te whenua me ngā whānau.

Te urupare ki COVID-19

I roto i ngā piki me ngā heke o ngā taumata mataara me ngā aukatinga o tēnā, o tēnā rohe, i whakarite mātou i tētahi tikanga e tuku ratonga tonu ai mātou, pērā i te whakamahi i ngā hangarau, kia hui ā-ipurangi. Ā, haere ake nei mā te whai i tēnei tikanga ka iti ngā raru ka heipū mai me te aha, e kore mātou e mate

ki te hiki i ngā hui ki tētahi wā kē atu, ā, ka whiwhi tonu ngā kaitiaki me te hunga nōna te whenua i ngā kōrero hou e pā ana ki te whakahaere i ā rātou tarahiti, whenua hoki.

Kua mātua whakarite te Ratonga Tuarā Taonga-a-Ringa, kia haere tonu ngā tono arotake tarahiti ki te Kōti Whenua Māori, kia mōhio ai te hunga nō rātou te whenua kei te tika te whakahaere i ā rātou tarahiti, whenua hoki e ai ki ngā ōta tarahiti. I 2021/22 i tāpae mātou ngā arotake tarahiti e 228, ā, e 93% o aua arotake i oti tika i te hui tuatahi a te Kōti Whenua Māori.

Ināiane, katoa ngā uiuinga ā-kiritaki ka whakahaeretia i te wāhi kotahi e te Ratonga Āwhina Kiritaki. Nā te urutā anō kua tino whaitake te whakawhiti kōrero mā ngā imēra me te waea, ā, e 7% te piki atu o ngā uiuinga mai mā aua huarahi, i ō tērā tau.

Te tiaki i te whenua

Inarā, nā te mahana haere o te ao, kua rerekē te taiao, ā, kei te kitea ōna pānga ki ngā whenua puta noa i Aotearoa. I tēnei tau, nā ngā tūāhua huarere i raru ai ngā mahi i ētahi wāhi; mai i ngā mārā hua kiwi i Tauranga me Te Puke me ngā hanganga i Te Tairāwhiti. E mahi tahi tonu ana mātou me te hunga nōna te whenua me ngā kairihi whenua ki te tuku tautoko i ngā wā me ngā wāhi e hiahiatia ana.

I tēnei tau, i urupare a Te Tumu Paeroa ki ngā mahi kaupapa-here e ono. Nā te whakaputanga o tā te

Kāwanatanga Pūrongo mō te Hurihanga Āhuarangi i te marama o Haratua 2022, ā, ka whakawhiti kōrero tonu mātou me ngā tari kāwanatanga, me ngā kaunihera ā-rohe kia mātua rangona ai te reo o ngā hunga whai whenua Māori i te tīmatanga tonutanga o te mahi kaupapa-here.

Nā ngā ture hou i nui ake ai ngā mahi hou, te kawea haeretia hoki o ā Te Tumu Paeroa mahi ake inā hoki koia anō te kaiwhakahaere nui rawa o ngā whenua Māori.

Ko tētahi o ngā tino kaupapa hei arotahi mā mātou ko te mātua whai ki te tautoko i te Māori kia whiwhi hua pai ake mō te whenua. He mea whai hua tonu ngā mahi whakapai ake i te mahi whakamahere me te aroturuki i te whakahaerenga o te whenua, ka mutu kua iti iho ngā utu tārewa rēti, ā, kua nui ake ngā rīhi whenua. I tēnei tau neke atu i \$4.1 miriona i whakapaua ki te tiaki me te whakapai ake i ngā whenua puta noa i Aotearoa.

Te tiaki i ngā kaimahi kia haumarū ai

He mea nui whakahirahira te hauora me te oranga o ā mātou kaimahi, ā, he mea tino whaitake tērā kia kawea tonutia ā mātou mahi. Kua whakarite mātou i ētahi tikanga hauora, tikanga haumarū hou, hei whakahaere i ngā tūraru me te whakapai ake i ngā pūnaha, tukanga hoki hei tautoko i ngā kaimahi ki te tuku ratonga kaitiaki ngaio mō hunga nō rātou te whenua me te whenua anō hoki.

I te marama o Huitanguru, i whakaritea tā mātou mahere Business Continuity and Working from Home hei urupare ki te pakarutanga mai o te Omikorona, me te tautoko i ngā kaimahi i roto i taua wā, ā, tae mai ki te wā i hoki mai ai rātou ki te tari.

He wero nui te kimi me te pupuri kaimahi mō te maha o ngā whakahaere i roto i ngā piki me ngā heke o te ao ōhanga o tēnei wā, ā, i rapu mātou mai i ngā whakaaro o ā mātou kaiwhakahaere mei kore e kite ētahi tikanga hou hei whakatītina, hei tautoko hoki i te whanaketanga o ā mātou kaimahi me tā mātou whakahaere anō kia mātua whakarite i ngā huarahi hei tino painga mō rātou katoa.

Paearu Ahumoni

I te Tahua 2021, i whiwhi pūtea mātou hei whakapiki i tō mātou raukaha, āheinga hoki hei whakatutuki i ō mātou haepapatanga e pā ana ki te kaha haere o te hangarau mōhiohio, me te pānga mai o ngā ture taiao, ture pāmu hoki. Kua whakarite hoki mātou i tētahi hanganga hei waihanga i te raukaha tautukunga tuawhenua i roto i ā mātou tīma kei ngā rohe. Ka mātua whai wā tātou ki te whakawhiti kōrero, whakaaro hoki mō tēnei hanganga hou, i mua te whakahaerenga ā te tau 2022/23.

Ahakoia te āhua o ngā here ā-pūtea, kei tawhiti kē tonu Māori Trustee Common Fund, i ērā atu pūtahi tiaki pūtea mō te whai hua ōna ki ngā tāngata whaipānga.

I 2021, i tohua Te Tumu Paeroa koia tētahi o ngā whakahaere Māori Top 10 e ai ki ngā tirohanga 200 rawa a Deloitte me ngā tohu. He mea hira tēnei tutukitanga, me taku noho whakahihī anō.

I tēnei tau i whakarite whakahotanga a Te Tumu Kāinga me Te Rūnanga o Toa Rangatira ki te whakatikatika i ngā whare o ngā whānau Māori i Porirua. \$1 miriona te rahi moni haumi kua tukua mō tēnei kaupapa 2-tau hei āwhina, hei hāpai hoki i te hauora me ngā hua oranga mō te Māori.

Mō te tau kei te tū mai, ka urupare tonu mātou ki ngā wero me ngā huarahi ka tūpono mai. Nōku anō te hōnore kia kopoua mō ētahi tau e 5 anō hei Kaitiaki Māori, ā, ka ngākaunui tonu au kia tiaki, kia whakapaipai ā mātou mahi i te whenua, āiane, ā, mō ngā whakatipuranga o muri hoki.

Nāku noa, nā



Dr Charlotte Severne
Kaitiaki Māori | Māori Trustee

From the Māori Trustee

Ki te taiao,

Ki te whai ao,

Ki te ao mārama,

Tihei Mauriora.

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Te Iwi Māori, o mua, o naianeī, o anamata hoki.

Ko Te Tumu Paeroa tēnei, te kaitiaki, kaitaunaki, kaiwhakawhanake
i te mana o ngā whenua Māori, huri noa.

I am proud to present the 2022 Māori Trustee Annual Report.

This year we have continued to make good progress on our key performance measures, while maintaining a focus on identifying new and innovative ways to support and engage with owners of whenua Māori.

Whether as responsible trustee, custodian trustee or through the provision of agency services, it is important to me that we provide a consistent and professional trustee service for Māori.

In 2020/21, we moved to a regionally based trust and property service, supported by the centralisation of our client enquiries. Throughout this past year we have seen the benefit of this change through the improved management of our engagement with owners.

That said, the impact of the global pandemic continues to affect some areas of our mahi including when we can meet with owners and whānau ā-tinana.

Responding to COVID-19

Throughout the period of changing alert levels and regional restrictions, we responded by establishing a mixed mode delivery platform, including the ongoing use of online technology. Going forward, this will enable us to minimise disruption and reduce the need to reschedule hui so owners and trustees can receive important updates on the administration of their

trusts and whenua.

Ratonga Tuarā Taonga-a-Ringa, our Trust & Property Operations team, has ensured trust review applications continue to be progressed through the Māori Land Court, providing confidence to owners that the administration of their trusts and whenua is in accordance with trust orders. In 2021/22, we submitted 228 trust reviews and 93% of these were successfully completed at the first Māori Land Court hearing.

All client enquiries are now managed centrally by Ratonga Āwhina Kiritaki Client Services. Channels such as email and phone have become increasingly important during the pandemic, with 7% more enquiries being received through these channels compared to last year.

Protection of whenua

Increasingly, changes to the environment due to global warming are having an impact on whenua across Aotearoa. This year significant weather events disrupted work on some of our whenua; negatively impacting kiwifruit crops in the Bay of Plenty and infrastructure in Te Tairāwhiti. We continue to work positively with owners and tenants to provide support as needed.

This year, Te Tumu Paeroa responded to six proposed policy developments. With the release of the Government's Climate Change Report in May 2022,

we will continue our engagement with government agencies and local bodies to ensure the voice of beneficial owners of whenua Māori is considered early in the policy development.

New regulation has created a significant volume of new and ongoing work for Te Tumu Paeroa as the largest single administrator of whenua Māori.

One of our key areas of focus is ensuring we support Māori to achieve better outcomes for the whenua. Continual improvements in land management planning and monitoring have paid dividends this year, resulting in historically low rental arrears and high levels of rentals. This year over \$4.1 million has been spent on maintaining and improving whenua across Aotearoa.

Keeping our kaimahi safe

The health and wellbeing of our kaimahi is paramount and critical to us continuing to attend to our mahi. We have implemented new health and safety practices, managing risk and improving our systems and processes to support kaimahi to provide a professional trustee service for owners and the whenua.

In February, we activated our Business Continuity and Working from Home plan in response to the Omicron outbreak, supporting kaimahi throughout this period and in the transition back to the office.

Recruiting and retaining kaimahi is challenging for many organisations in the current economic climate and this year we sought feedback from our managers on new ways to encourage and support the development of our kaimahi and our organisation to ensure we do the best we can for them.

Financial performance

In Budget 2021, we secured funding to build our capacity and capability to meet our increased information technology, and farm and environmental regulatory responsibilities. We have developed a proposed structure for building rural compliance capacity in our regional teams. This new structure will be consulted on before being operationalised in 2022/23.

Despite tightening monetary conditions, the Māori Trustee Common Fund continues to outperform traditional financial institutions in returns for its account holders.

In 2021, Te Tumu Paeroa was recognised in the Top 10 Māori organisations within the Deloitte Top 200 indices and awards. This is a significant achievement and one which I am very proud.

This year Te Tumu Kāinga entered a partnership with Te Rūnanga o Toa Rangatira to undertake a repair programme on whare of whānau Māori in the Porirua area. We have invested \$1 million into this 2-year programme to assist with improving the health and wellbeing outcomes for Māori.

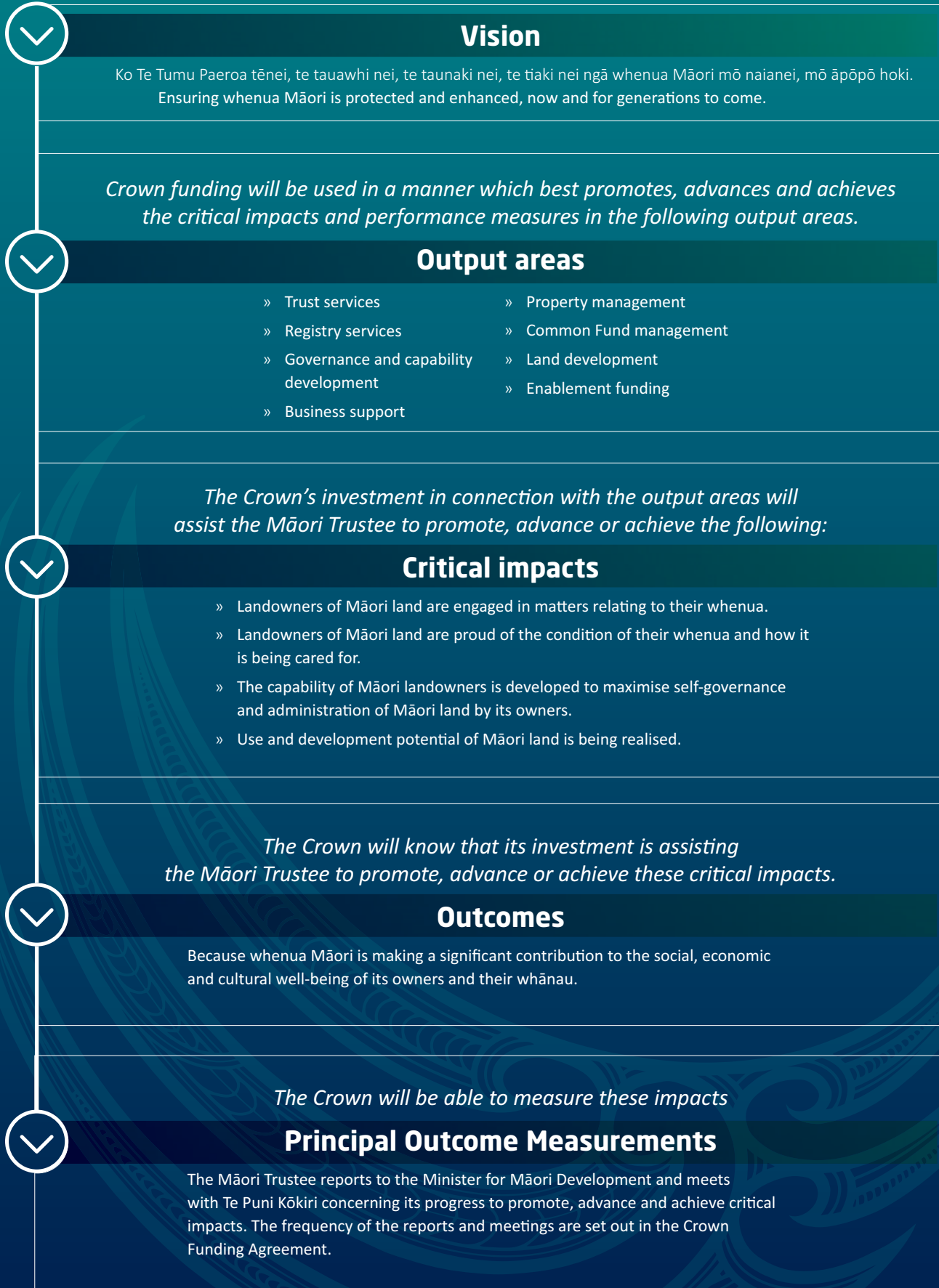
Looking ahead, we continue to navigate through the challenges and opportunities presented to us. I am honoured to have been reappointed for a 5-year term as Māori Trustee and am committed to ensuring that our mahi protects and enhances the whenua now and for future generations.

Nāku noa, nā



Dr Charlotte Severne
Kaitiaki Māori | Māori Trustee

Māori Trustee Outcomes Framework



Te Tumu Paeroa at a glance

\$130.1m

Client funds held (market value)

\$176m

General Purposes Fund equity

16,619

Enquiries received in 2021/22

61%

Owners for whom contact details are held

169,006

Visits to Te Tumu Paeroa website

1,746

Number of trusts and other entities under administration

\$5.2m

Distributions on behalf of trusts this financial year

265

Number of owner hui held

10

Number of enterprises under Māori Trustee administration





13,000

Number of My Whenua users

419

Number of Our Tenancy users

258,469

Number of ownership interests

102,502

Number of owner accounts maintained

88,000

Number of hectares under management

1,732

Number of leases under management





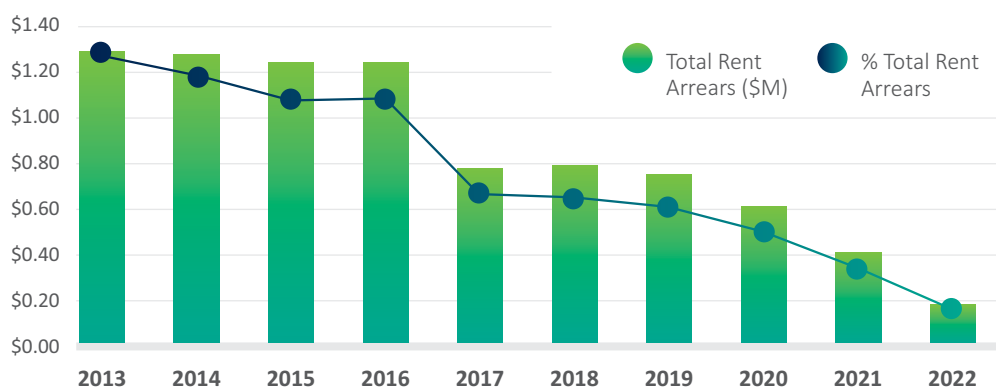


Protecting and enhancing the whenua

NEW BORE PROVIDES OPTIONS FOR
THE FUTURE

IMPROVED RENTAL RETURNS DELIVER
OPTIONS FOR TRUSTS

KEY PROJECTS



Common Fund Rental Debtors Total Value and % Total Rent Arrears

New bore provides options for the future

Ensuring whenua is protected and enhanced requires understanding and monitoring of the environment to help identify opportunities to improve the outcomes for the whenua and its assets.

Pukehina M3 is a 160 hectare property situated near Paengaroa. Currently utilised for dairy farming, the block has a history of dry conditions, resulting in the need to secure a high quality water supply to support the future requirements of the farm.

The only local source of water available was the river but this was not a viable option as it was already over-allocated. In 2019, a feasibility study was undertaken to formulate alternative options and identify the best use for whenua in the future.

Following consultation with the advisory trustees and owners of the block, a decision was made to explore a water bore with filtration system to supply water needed for the farm. After seeking a Resource Consent from the local council, an investigation was undertaken to identify a viable site for the bore, taking into consideration the future needs and development opportunities for the farm. Work commenced on the bore in 2021 and was completed in January 2022. The bore provides a high volume of water which currently supports pastoral irrigation and provides much needed water for the stock. Next steps will be a feasibility study into other potential opportunities now available to the owners of Pukehina M3.

Improved rental returns deliver options for trusts

Te Tumu Paeroa is the single largest administrator of Māori Freehold Land in Aotearoa and currently manages 1,732 leases.

Te Tumu Paeroa provides complete property management services for the owners as trustee or agent, including marketing the property, administering the lease agreement, undertaking rent reviews, completing property inspections with independent external advice, and engaging with the tenant.

Over the past 10 years, Te Tumu Paeroa has undertaken a programme of continual improvement in regard to planning and monitoring of its property management service. This has helped to ensure the whenua is well-maintained, will be sustainable long term and owners will receive a competitive rental.

In 2021/22, Te Tumu Paeroa was able to negotiate rental at or above market value in over 90% of its negotiations with lessees.

In addition, Te Tumu Paeroa has focused on positive engagement with its tenants to manage rental arrears.

Despite a challenging economic market, rental arrears currently sit at a 10-year low – 1.1% of the total rental roll \$17.2 million per annum.

With improved rental returns and lower arrears, owners have seen additional funds become available to support distributions or to reinvest in their whenua.



Himatangi 5A 2B, Toitū te whenua

Key projects

Mātai Rawa

In 2021, Te Tumu Paeroa initiated Project Mātai Rawa. This project will identify how Te Tumu Paeroa can analyse, manage, and (where required) deliver activities related to Farm Environment Plans and Fresh Water Plans within the required legislative timeframes.

Funding to support the implementation of this project was received in Budget 2021. Te Tumu Paeroa is in the initial design stages of the project which includes implementing new processes and identifying the specialist skills and technical knowledge needed to deliver its objectives.

Whenua Ora Omahu Project

In 2021, Te Tumu Paeroa began discussions with Manatū Mō Te Taiao – Ministry for the Environment to work in partnership on a three-year pilot initiative. This pilot will see the waterways protected and restored and biodiversity improved on 11 blocks of whenua Māori administered by the Māori Trustee as responsible trustee in Te Tai Rāwhiti region.

This pilot will be operationalised in mid-2022 and outcomes are expected to include the delivery of 5.5km of fencing, the planting of approximately 7,500 native trees, and the involvement of Māori landowners, tenants, the regional council and their community.

Learnings from the pilot will assist Te Tumu Paeroa to settle on systems and processes within Project Mātai Rawa in response to new environmental obligations affecting the whenua such as the Essential Freshwater rules and Indigenous Biodiversity regulations.

Providing a voice for whenua

In 2021/22, Te Tumu Paeroa continued to engage with government agencies and organisations to provide constructive feedback on key policy proposals relating to whenua Māori.

As the largest administrator of whenua Māori, Te Tumu Paeroa is in a unique position to provide insights into the impact of proposed policy or regulation, and articulate the challenges that owners face.

This year, the Māori Trustee made six submissions on new or proposed policy development from Manatū Mō Te Taiao.

Property inspections move online

At present, inspections undertaken of whenua Te Tumu Paeroa administers are managed manually and reports are received in a way that locks the data and images into the document.

A project to improve the ability to access and analyse data has been designed which will provide the capability to request, track and receive inspection reports digitally.

The new tool will collect information received from valuers and inspectors and update key systems at Te Tumu Paeroa. This will provide consistent and measurable data, allowing for timely and informed decisions to be made about the whenua. Delivery of this new tool is expected in 2022/23.





Engaging with owners and trustees

WORKING TOGETHER TO MEET
ENVIRONMENTAL REGULATIONS

PROVIDING GOOD INFORMATION KEY
TO SUPPORTING OWNERS

RESPONDING TO COVID-19

Working together to meet environmental regulations

The increasing cost of ensuring land blocks are compliant with current legislation and environmental regulations is an ongoing challenge for owners of whenua Māori.

The importance of early identification of the needs of the whenua allows owners and trustees to consider setting aside income or seek funding to undertake development work that will enable the whenua to meet these obligations.

For the owners and trustees of Mangaorapa X, a 355 hectare property near Waipukurau, understanding the improvements that needed to be done to the whenua began when new advisory trustees, appointed in June 2021, visited the site.

Mangaorapa X is a mix of flat to undulating, easy hill and steeper sidlings. It is primarily used for sheep and cattle grazing, but also has a 35 hectare forestry plantation on the block.

A property inspection had identified work that was required to improve the infrastructure to help increase the future potential of the whenua.

In September 2021, a Farm Environment Plan (FEP) was completed for Mangaorapa X. The FEP, along with the Asset Management Plan, provided detailed information for the owners and advisory trustees about the condition of the property and its assets.

Working with the advisory trustees and the lessee on Mangaorapa X, a programme of work was agreed that would enable ongoing improvements to the property over the next nine years. This included upgrading fencing, improving stock handling facilities, introducing new water systems, providing protection to the wetland and bringing the onsite house up to current healthy home standards.

"It was great that the advisory trustees were able to see the property first-hand to understand what work was required and discuss how to ensure that going forward the whenua could be enhanced," said Te Tumu Paeroa Rural Specialist, Sam Vivian-Greer.

The first year of the programme has been completed and it is evident that the plan will provide more options for the owners to maximise returns for the whenua, whilst ensuring it is protected for the future.

Last year, Te Tumu Paeroa completed 120 Farm Environment Plans for blocks where the Māori Trustee is responsible trustee. These plans help trusts to understand and focus on managing environmental obligations affecting the whenua.

Providing good information key to supporting owners

Keeping owners of whenua Māori engaged in the administration of their trust and whenua is an important part of the mahi of Te Tumu Paeroa.

In 2020, as part of a new operating model, all enquiries were centralised through Ratonga Āwhina Kiritaki Client Services to enable improved monitoring and measuring of the engagement with owners, trustees and the general public.

Jess is a Kaituitui Pakirehua | Enquiries Coordinator in Ratonga Āwhina Kiritaki. "We are the first point of contact for people with the organisation, so ensuring we provide a response where they feel like they've been heard is really important."

Last year Ratonga Āwhina Kiritaki received over 16,000 enquiries across all channels. Phone calls and email are the primary method for people to contact Te Tumu Paeroa, with 63% of all enquiries received this way.



Jess, Kaituitui Pakirehua | Enquiries Coordinator

Many of the enquiries relate to the succession process, which is managed by the Māori Land Court.

"Succession can be a long and complex process for some people, so we try to explain what they need to do and point them in the direction of the Māori Land Court if they are starting out on the succession process," said Jess.

During the national COVID-19 restrictions in place over August and September 2021, enquiry numbers dropped, and some enquiries took longer to resolve.

In addition to the enquiries team, Ratonga Āwhina Kiritaki also comprises the orders team, who are responsible for receiving and processing orders from the Māori Land Court.

Jess said that "Both teams work together and are trained to understand each other's mahi. That way we can give better information when we receive enquiries."

Following the refresh of the organisation's website in 2021, Ratonga Āwhina Kiritaki have been able to direct people to the site and show them how to find information.

"It is a great team to be part of. No day is the same and we work closely with all the teams across the organisation.

Being able to provide good information to people about their trust and whenua gives them confidence to stay connected to their whenua and learn more about it." – Jess

Responding to COVID-19

Local and national COVID-19 restrictions and the response from Te Tumu Paeroa to the outbreak of the Omicron variant saw kaimahi return to work from home for periods of this year.

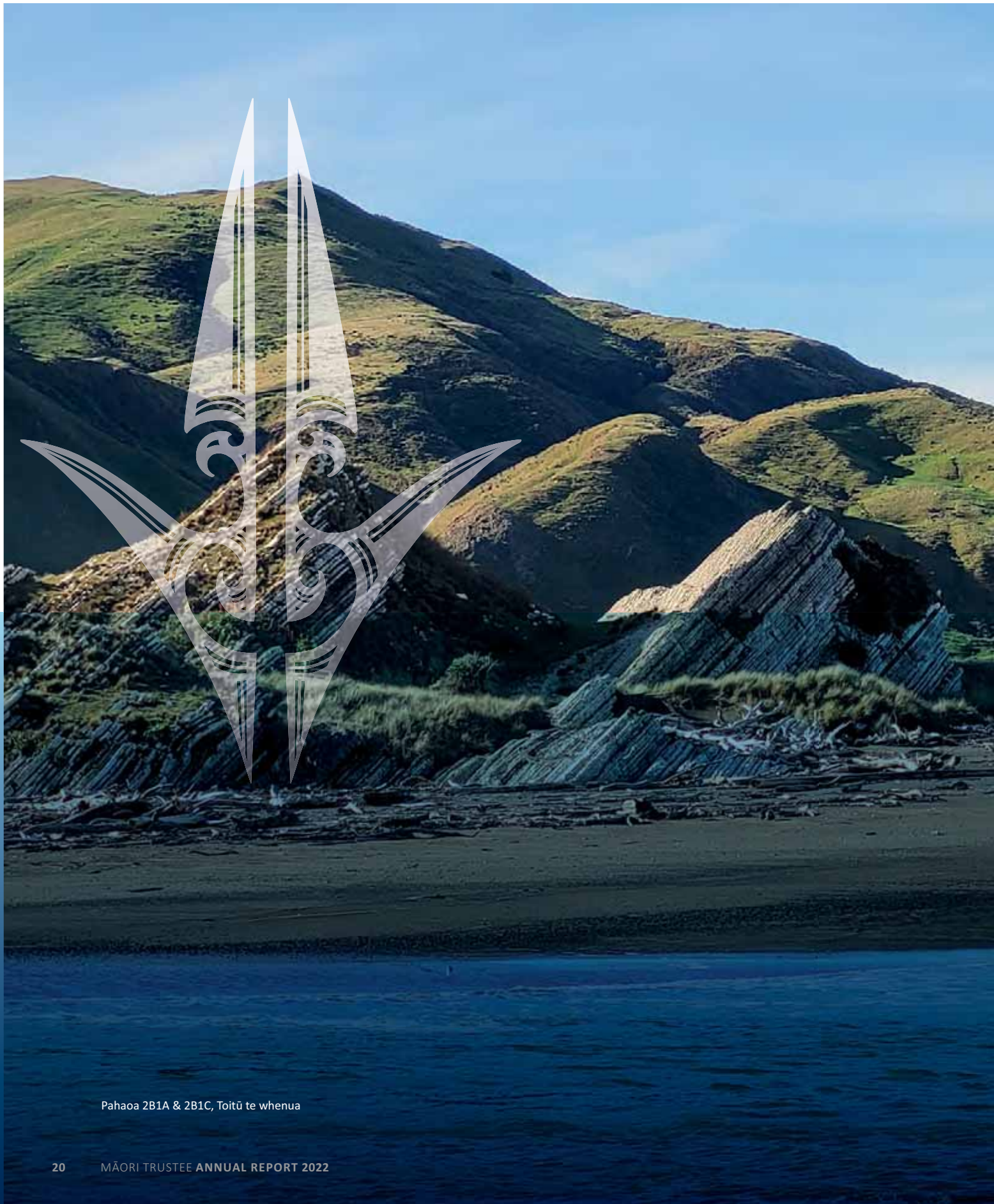
Te Tumu Paeroa is committed to ensuring its systems and processes continue to support kaimahi to consistently deliver its services, irrespective of where they are located. During these periods, kaimahi demonstrated high levels of resilience, determined to ensure service delivery was not impacted wherever possible.

Te Tumu Paeroa implemented an internal risk assessment framework that assisted kaimahi to identify, assess and manage risks associated with the delivery of services during different alert levels and traffic light settings.

Unfortunately, disruption to the delivery of planned hui ā-tinana owner meetings was unavoidable.

To reduce the disruption, Te Tumu Paeroa put in place a mixed-mode delivery platform. This included the use of audio-visual technology (AVL) as well as alternative strategies, such as communicating trust reporting through letters to owners and via My Whenua, to continue engagement in lieu of meetings of owners.

Consultancy work on the whenua and physical land inspections were also impacted at times due to COVID-19 restrictions. During this time, kaimahi focused on improvement projects and compliance actions resulting from entity Farm Environment Plans and preparation of Māori Land Court applications.



Pahaoa 2B1A & 2B1C, Toitū te whenua



Developing capability and supporting Māori whānau

LEAVING A LEGACY TO SUPPORT
MĀORI WHĀNAU

TAUPAE PIA PROGRAMME -
A JOURNEY OF LEARNING

BUILDING CAPABILITY IN SELF-GOVERNANCE

TE TUMU KĀINGA PARTNERS WITH LOCAL IWI

AHUWHENUA TROPHY CELEBRATING
EXCELLENCE IN MĀORI FARMING



Haisley Bell



Haukapuanui Vercoe

Leaving a legacy to support Māori whānau

Honouring the sacrifices of past generations of Māori through education and supporting the development of future Māori leaders is the vision of the Māori Soldiers Trust.

The Māori Soldiers Trust Act 1957 provided for the establishment and administration of a trust for the benefit of Māori veterans of the First World War and for the establishment and administration of a scholarship fund to commemorate the services of the late Sir Āpirana Ngata to Māori.

The Sir Āpirana Ngata Memorial Scholarship was established by the Māori Soldiers Trust Act 1957 to promote higher education among Māori. It's available to all Māori studying at a tertiary institution, with preference given to descendants of First World War veterans.

Hereheretau Station, a 2,000 hectare sheep and beef farm located near Wairoa, is the major asset of the Māori Soldiers Trust.

Following a programme of investment to improve the whenua and assets on Hereheretau Station, it has recently been able to increase its contributions to aspiring young Māori through the Māori Soldiers Fund scholarships.

In 2019, a sub-committee of the Trust Committee was formed to review and approve applications for the scholarship. Earnings from Hereheretau Station are transferred into the Māori Soldiers Trust Scholarship Account for distribution as part of the Sir Āpirana Ngata Memorial Scholarship programme.

The number of successful recipients of the scholarship has grown each year with 58 in 2019 to 70 in 2021. Scholarship amounts generally range from \$500 to \$3,000.

In 2021, Haukapuanui Vercoe (Ngāti Pikiao) received a scholarship to support his Bachelor of Engineering (Honours) degree. He is now in the early stages of planning post-graduate study with the intention of starting his PhD in 2022. His research focused on marae preparedness for a natural disaster.

"I am genuinely thankful for the opportunity you have given me to pursue higher education for the betterment of my whānau, hapū and iwi," said Haukapuanui.

Haisley Bell (Ngāti Awa) also received a scholarship towards his study in a Bachelor of Commerce.

"The scholarship made a significant difference in me being able to succeed academically and this is reflected in my grades throughout last year."

The Māori Trustee administers the Sir Āpirana Ngata Memorial Scholarship on behalf of the Māori Soldiers Trust. This includes promoting the scholarship and managing applications.

Scholarship applications are open from January to May each year.

Taupae Pia programme - a journey of learning

In January 2022 Te Tumu Paeroa welcomed three new Taupae Pia into its graduate programme.

Elsa Hug-Nicoll

(Ngāti Tūwharetoa (Ngāti Hine, Ngāti Rauhoto, Ngāti Hinerau, Ngāti Hineure), Ngāti Raukawa (Ngāti Ahuru)).

Ngahuia Huirama

(Ngāti Kahungunu ki Wairarapa, Ngai Tahu, Te Arawa (Ngāti Tuwharetoa), Waikato (Ngāti Tamainupo)).

Tamara Edmonds

(Ngāti Kahu, Ngātiwai, Ngāpuhi, Te Rarawa).

The graduate programme was launched in 2020 to provide new life-long career pathways for rangatahi and develop excellence in Māori land administration.

Queenisha Davis and Hinerangi Mahara were part of the first group of Taupae Pia in 2021. They completed two 6-month rotations within the organisation to gain first-hand experience in different aspects of the kaupapa of Te Tumu Paeroa.

"I didn't really have any set expectations about the programme or the organisation when I joined in 2021," said Hinerangi.

Coming out of the programme this year, Queenisha felt she had built new relationships and a greater understanding of the role of the Māori Trustee and Māori governance.

Graduates had a number of experiences in addition to their day-to-day mahi as part of the programme, including embarking on a haerenga to gain insights into Māori Land Court hearings and owner hui.

They also visited sites of historical significance to Māori in New Plymouth and Waikato, as well as in Te Whanganui-a-Tara, connecting with local iwi to gain a deeper understanding of the meaning of the sites.

Being the first to navigate the new programme at Te Tumu Paeroa the graduates have identified ways to enhance the programme for future Taupae Pia, including connecting each group to tautoko them as they begin their journey.

Dr Charlotte Severne thanked and congratulated the 2021 Taupae Pia for bringing everything to the programme and for the learnings they shared throughout the year.

"The first year of our Taupae Pia programme has been successful and we have learnt alongside the graduates to ensure we grow a sustainable pipeline of leadership and talent at Te Tumu Paeroa," said Dr Severne.

Both Queenisha and Hinerangi have accepted permanent roles at Te Tumu Paeroa and are grateful for being exposed to different role models and styles of leadership throughout the year.

Queenisha highlighted that "this kaupapa is intergenerational, we want to continue to build our skills and experience so we can take this mahi home and apply it to our whānau and our whenua."





Building capability in self-governance

At its core self-governance of whenua Māori sees owners governing their own whenua and assets.

Aotearoa has over 5,700 Māori land trusts and in total, these trusts administer over one million hectares of whenua Māori. The Māori Trustee administers one in three of these trusts (88,000 hectares) as trustee or agent. The Māori Trustee is one of a number of organisations working to grow Māori capability in governance.

Te Tumu Paeroa is represented on the Community Governance Steering Group and Te Ao Māori Advisory Group, that is led by Te Tari Taiwhenua Department of Internal Affairs.

In July 2021, this group launched the Whenua Māori Governance Project that aims to improve the support services and information available for trusts wanting to transition to self-governance.

Through the project, Te Tumu Paeroa will deliver a series of resources, including nine online learning modules for trustees incorporating videos and other support material that will be available as shared resources through the Community Governance project.

In the development of these resources, consultation with kaimahi and representatives from each Pou helped to identify a pathway for owners and the type of resources needed for those wanting to become responsible trustees and transition to self-governance of their trusts.

In addition, Te Tumu Paeroa will also develop a toolkit (presentation, brochures and processes) for its own Mātanga Tuarā Kawea Trust Specialists to use to kōrero about self-governance, what it means for the owners and what support Te Tumu Paeroa can provide as they transition, including our agency services.

Last year, Te Tumu Paeroa worked with 57 trusts that are in the process of transitioning from Māori Trustee administration to self-governance. During the same period, 14 trusts completed their transition to self-governance.

Dr Charlotte Severne said that in order to deliver on our vision of ensuring whenua Māori is protected and enhanced for generations to come, it's important to identify new pathways for owners and rangatahi to develop capability in Māori land administration and governance, reinforcing Tino Rangatiratanga for whenua Māori.

Te Tumu Kāinga partners with local iwi

In December 2021, the Māori Trustee through Te Tumu Kāinga, approved \$1 million for a housing repairs programme with Ngāti Toa.

Te Rūnanga o Toa Rangatira and Te Tumu Kāinga signed an agreement in April 2022, that will see the homes of Māori whānau in the Porirua region undergo critical repairs.

Brae Watkins, Chair of Te Tumu Kāinga said “the opportunity to partner with Ngāti Toa and help provide much needed funding for their housing repair programme is good news for the local community and the whānau that live there. We hope this programme will continue beyond the initial two years agreed here.”

Helmut Modlik, CEO of Te Rūnanga o Toa Rangatira, said the funding is significant for the iwi.

“Building new homes is a vital part of Ngāti Toa’s housing strategy. However, many existing homeowners live in substandard housing, and this grant from Te Tumu Kāinga will go a long way to helping those whānau have warm, healthy homes. We are very grateful to Te Tumu Kāinga!”

Over the past two years, Te Tumu Kāinga housing repairs programme has enabled 165 whare to be repaired, delivering positive outcomes for 165 Māori whānau.

As well as the repairs programme, Te Tumu Kāinga works with housing partners across Aotearoa to invest in housing projects and pathways to home ownership programmes to help Māori whānau. Te Tumu Kāinga is a charitable trust that the Māori Trustee administers as statutory trustee.

Ahuwhenua Trophy celebrating excellence in Māori farming

Te Tumu Paeroa is proud to be a sponsor of the Ahuwhenua Trophy and Young Māori Farmer award.

“It’s incredibly important to celebrate and acknowledge the achievements of Māori in the agriculture and horticulture sectors and who have a direct connection with the whenua,” said Dr Charlotte Severne.

The Young Māori Farmer award demonstrates the ambition and innovation of our rangatahi. Building their capability is something Dr Severne is passionate about because they are the future leaders and can inspire others to management and governance roles in the sector.

The field days provide a fantastic opportunity to hīkoi the whenua and to kōrero with those directly involved in its protection. The owners and trustees are committed to ensuring its sustainability as well as providing opportunities for their whānau and other tangata whenua.

Although it is disappointing that the global pandemic has once again caused the disruption to the competition, Dr Severne said she is looking forward to when we can once again be kanohi ki te kanohi and showcase the excellence of Māori farmers and growers.



E mihi ana ki ngā whānau o te marae o Korohe



Our organisation

OUR PURPOSE | OUR VISION

KAPA POU ARAHI

OUR KAIMAHI

PROFILE OF KAIMAHI

CREATING A POSITIVE AND SAFE WORKPLACE

Our purpose

Dedicated professional trustee service for Māori

Our vision

**Ko Te Tumu Paeroa tēnei, te tauawhi nei, te taunaki nei,
te tiaki nei ngā whenua Māori mō naianei, mō āpōpō hoki.**

**Ensuring whenua Māori is protected and enhanced,
now and for generations to come.**

The Māori Trustee is appointed by the Minister for Māori Development under the Māori Trustee Act 1953.

The current Māori Trustee, Dr Charlotte Severne, was reappointed for a five-year term in October 2021.

Te Tumu Paeroa is the organisation that supports the Māori Trustee to carry out her duties, functions and responsibilities.

Te Tumu Paeroa is led by the Kapa Pou Arahi | Senior Leadership Team. The members are:

KAPA POU ARAHI



**KAITIAKI MĀORI
MĀORI TRUSTEE**

Dr Charlotte Severne OMNZ
(Ngāti Tūwharetoa, Ngāi Tūhoe)



**POUTIRIWĀ | DEPUTY MĀORI
TRUSTEE, POU NGĀRAHU
GENERAL COUNSEL**

Greg Shaw



**POU ARAHI TUARĀ TAONGA
TRUST & PROPERTY DIRECTOR**

Brae Watkins



**POU ARAHI RANGATŌPU
CORPORATE SERVICES
DIRECTOR**

Martin Eadie

THE KAPA POU ARAHI IS SUPPORTED BY



POU TIKANGA
Te Hāmua Nikora
(Ngāti Porou, Ngāti Konohi,
Te Whakatōhea)



**POU ARAHI KŌPURA | SENIOR
INVESTMENTS MANAGER**
Chris Rich



**KAIHAUTŪ HANGARAU
WHAKAATURANGA | CHIEF
INFORMATION OFFICER**
Ruth Russell

In response to the COVID-19 pandemic the following senior managers joined the wider support group of Kapa Pou Arahi in October 2021 to provide additional information and guidance.



**KAIHAUTŪ WHAKAMARU
RISK & COMPLIANCE
MANAGER**
Rob Hanratty



**KAIHAUTŪ RATONGA TUARĀ
TAONGA | TRUST & PROPERTY
OPERATIONS MANAGER**
Sonya Rimene
(Rangitāne, Kahungunu,
Te Arawa, Kai Tahu)

AUDIT AND RISK COMMITTEE



INDEPENDENT CHAIR
Pat Waite



INDEPENDENT MEMBER
Tracey Hook
(until February 2022)



INDEPENDENT MEMBER
Whaimutu Dewes
(from June 2022)

INVESTMENT COMMITTEE

- » Dr Charlotte Severne
- » Greg Shaw (Chair)
- » Chris Rich
- » Sam Jury

Our kaimahi

Overview

Te Tumu Paeroa is committed to being a values-centred organisation that empowers kaimahi to be the best they can be while delivering services that improve the outcomes for whenua Māori, its owners and whānau.

This will be achieved by living by the organisational values and leveraging off consistency and excellence in carrying out professional trustee services for Māori.

As at June 2022, Te Tumu Paeroa had 141 kaimahi working in three rohe, with five offices located across Aotearoa New Zealand.

Many of our kaimahi have a deep knowledge and long association with the whenua in their rohe.

Our kaimahi includes specialists in trust administration, property management, whenua development, legal and financial services, client services, IT, human resources, project management and communications.

Rohe

POU TĀHU

- » Rotorua
- » Kirikiriroa (Hamilton)

POU TOKOMANAWA

- » Tūranga-nui-a-Kiwa (Gisborne)

POU TUARONGO

- » Te Whanganui-a-Tara (Wellington)
- » Whanganui

Our values

Values are fundamental to how Te Tumu Paeroa approaches and carries out its mahi, guiding the judgement, choices, actions, and behaviour of kaimahi. Living the values of Te Tumu Paeroa is an outward reflection of the commitment to ensuring whenua Māori is protected and enhanced, now and for generations to come.

Tōtika | Professionalism

TE TIKA O TE TŪ

Kotahitanga | Unity

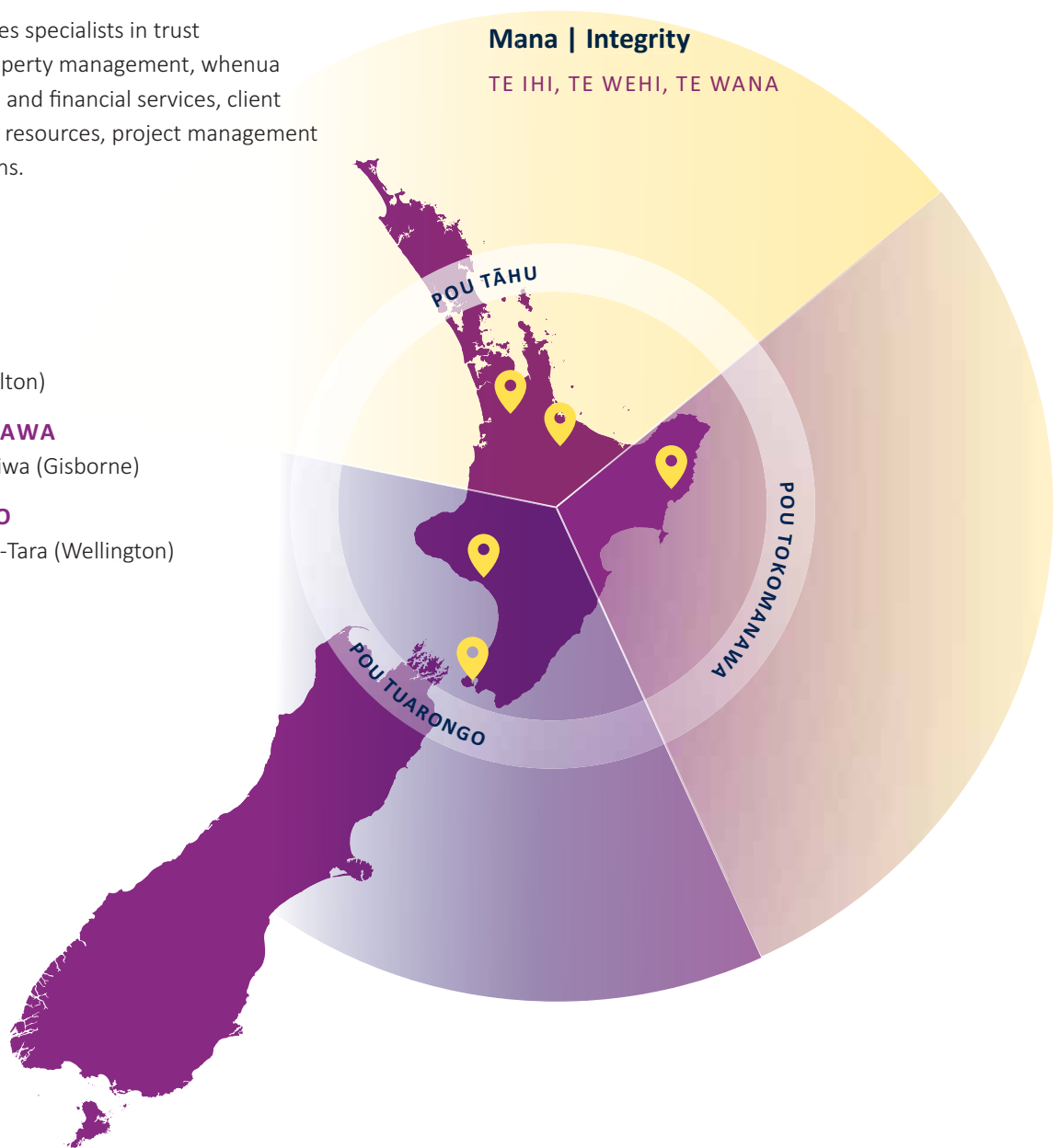
TE RARANGA I TE TIRA

Manaakitanga | Respect

TE AKIAKI I TE MANA

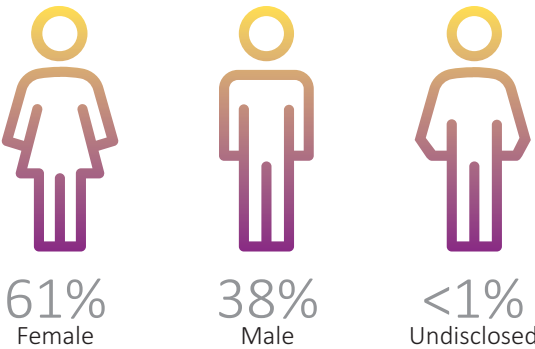
Mana | Integrity

TE IHI, TE WEHI, TE WANA

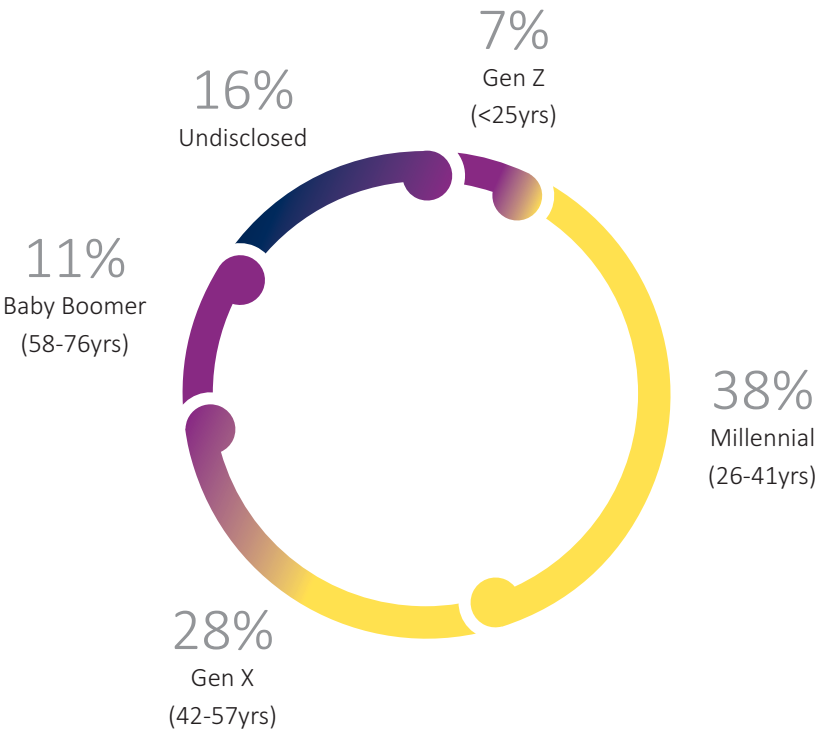


Profile of kaimahi

GENDER BREAKDOWN



AGE BREAKDOWN



Creating a positive and safe workplace

The focus of Te Tumu Paeroa is primarily on providing professional trustee services for Māori. Therefore, continuing to grow the competence and confidence of its kaimahi in Te Ao Māori is important for Te Tumu Paeroa, its clients and stakeholders.

In November 2021, the organisation’s Code of Conduct - Te Au Tātaki was redeveloped with the four values at the centre. Te Au Tātaki means the current that leads and guides.

Te Au Tātaki was designed to help kaimahi to live Te Tumu Paeroa values in a professional work environment, providing general guidelines and minimum expectations of conduct and behaviours.

To support the development of kaimahi, Te Tumu Paeroa offers a range of learning and development opportunities, including weekly Te Reo and Tikanga courses.

The health, safety and wellbeing of kaimahi is key



to Te Tumu Paeroa delivering the best outcomes for whenua Māori.

Over the past 12 months, Te Tumu Paeroa has implemented new health and safety initiatives alongside a risk framework that is helping to build capability and a culture of identifying and monitoring risks.

This year, kaimahi undertook training on a new Get Home Safe App, that was implemented to assist with supporting their safety when travelling to remote whenua or meeting venues.

In November 2021, Te Tumu Paeroa commenced a Working from Home pilot following feedback from kaimahi on possible working arrangements as highlighted during the COVID-19 lockdowns. The pilot enables kaimahi to select one day per week to work from home whilst still maintaining Tuesday as an anchor day for all kaimahi in the office.

A contribution was made to kaimahi as part of the pilot to assist them to establish a safe home work station and approved technology was provided for home use. A Flexible Working Policy was introduced to support the pilot, which has been extended until November 2022 due to Te Tumu Paeroa activating its Business Continuity Plan and Work from Home Plan during COVID-19 Red Traffic Light restrictions.

Valuing our kaimahi

Ensuring kaimahi feel empowered and valued begins from the time they join the organisation. This year Te Tumu Paeroa began work on reviewing its recruitment, onboarding and retention practices ensuring they reflect the organisation values and deliver the best experience for all kaimahi.

Pūmanawa Tangata Human Resources sought feedback from managers on new ways to encourage and support the development of kaimahi and the organisation to ensure it does the best it can for them, including the development of a talent pipeline and career pathways.

In March 2022, Te Tumu Paeroa introduced an Employee Loyalty Scheme. The scheme will recognise the loyalty of full-time permanent employees who have had three or more years' continuous service with Te Tumu Paeroa. It aims to recognise their contribution, as well as the experience and knowledge they bring to the organisation.

Supporting kaimahi through COVID-19

The management of the COVID-19 response by Te Tumu Paeroa has demonstrated the importance of resilience in how it manages multiple risks concurrently, including the use of policies, strategies, and practices.

During 2021/22, Te Tumu Paeroa activated its Business Continuity and Working from Home plan in response to changes in COVID-19 alert levels and the Omicron outbreak. Kaimahi were supported during this transition with equipment and a contribution to recognise the added costs while working from home.

Kaimahi wellbeing was supported through this period with online karakia three times per week, online wellbeing seminars and access to resources and other support through EAP services.

In December 2021, kaimahi were consulted on the development and implementation of a COVID-19 Management Policy. This was subsequently reviewed and consulted on at the end of March 2022 and a Pandemic Management Policy implemented as of 7 June 2022.

Te Tumu Paeroa continues to review its business continuity practices, policies and procedures along with its systems to ensure they support kaimahi to effectively achieve the strategic objectives of Te Tumu Paeroa. The review of policies is undertaken by the newly established Policy Review Committee.





Our Performance

STATEMENT OF RESPONSIBILITY

INDEPENDENT AUDITOR'S REPORT

STATEMENT OF SERVICE
PERFORMANCE

Statement of Responsibility

For the year ended 31 March 2022

In terms of the Crown Entities Act 2004, the Māori Trustee is responsible for the preparation of financial statements, the Statement of Service Performance and the Statement of Trust Monies, and for the judgements made in them.

The Māori Trustee is responsible for any end-of-year performance information provided under section 19A of the Public Finance Act 1989.

The Māori Trustee is responsible for the establishment and maintenance of internal control systems to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Māori Trustee, these financial statements, the Statement of Service Performance and the Statement of Trust Monies for the year ended 31 March 2022, set out on pages 40 to 101, fairly reflect the financial position and operations of the Māori Trustee.



Dr Charlotte Severne
Kaitiaki Māori | Māori Trustee

21 July 2022

Independent Auditor's Report

TO THE READERS OF THE MĀORI TRUSTEE AND GROUP'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2022

The Auditor-General is the auditor of the Māori Trustee (the Trustee) and its controlled entities (collectively referred to as "the Group"). The Auditor-General has appointed me, Stephen Usher, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the statement of service performance, including the statement of service performance for an appropriation, of the Trustee and Group on his behalf.

OPINION

We have audited:

- » the financial statements of the Trustee and Group on pages 58 to 101, that comprise the statement of financial position and statement of trust monies as at 31 March 2022, the statement of comprehensive revenue and expense statement of changes in net assets/equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- » the statement of service performance of the Trustee and Group on pages 40 to 55.

In our opinion:

- » the financial statements of the Trustee and Group on pages 58 to 101:
 - › present fairly, in all material respects:
 - its financial position as at 31 March 2022; and
 - its financial performance and cash flows for the year then ended; and
 - › comply with generally accepted accounting practice in New Zealand in accordance Public Benefit Entity Reporting Standards; and
- » the statement of service performance on pages 40 to 55:
 - › presents fairly, in all material respects, the Trustee and Group's performance for the year ended 31 March 2022, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the funding agreement with the Minister for Māori Development; and
 - its actual revenue and output expenses as compared with the forecasts included in the funding agreement with the Minister for Māori Development; and
 - what has been achieved with the appropriation; and
 - › complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 21 July 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Māori Trustee and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE MĀORI TRUSTEE FOR THE FINANCIAL STATEMENTS AND THE STATEMENT OF SERVICE PERFORMANCE

The Māori Trustee is responsible on behalf of the Trustee and Group for preparing financial statements and statement of service performance that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Māori Trustee is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of service performance, the Māori Trustee is responsible on behalf of the Trustee and Group for assessing the Trustee and Group's ability to continue as a going concern. The Māori Trustee is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Trustee and Group or to cease operations, or there is no realistic alternative but to do so.

The Māori Trustee's responsibilities arise from the Public Finance Act 1989, the Crown Entities Act 2004 and the Māori Trustee Act 1953.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND THE STATEMENT OF SERVICE PERFORMANCE

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and statement of service performance.

For the budget information reported in the financial statements and the statement of service performance, our procedures were limited to checking that the information agreed to the Trustee and Group's budget approved by the Māori Trustee and the funding agreement with the Minister for Māori Development.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- » We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, 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.
- » We 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 Trustee and Group's internal control.
- » We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Māori Trustee.
- » We evaluate the appropriateness of the reported statement of service performance within the Trustee and Group's framework for reporting its performance.

- » We conclude on the appropriateness of the use of the going concern basis of accounting by the Māori Trustee and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trustee and Group'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 and the statement of service performance 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 Trustee and Group to cease to continue as a going concern.
- » We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.
- » We obtain sufficient appropriate audit evidence regarding the financial statements and the statement of service performance of the entities or business activities within the Trustee and Group to express an opinion on the consolidated financial statements and the consolidated statement of service performance. We are responsible for the direction, supervision and performance of the Trustee and Group audit. We remain solely responsible for our audit opinion.

We communicate with the Māori Trustee 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.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Māori Trustee is responsible for the other information. The other information comprises the information included on pages 1 to 36, 56 to 57 and 102 but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the Trustee and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in the Trustee and the Group.



Stephen Usher

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

Statement of Service Performance

The Māori Trustee is listed in schedule 4 of the Public Finance Act 1989 as requiring the preparation of a statement of service performance in compliance with the requirements of the Crown Entities Act 2004.

In a letter dated 5 August 2009, the Minister of Finance, as empowered by section 45N (2) of the Public Finance Act, granted the Māori Trustee the following exemptions from the provisions of the Crown Entities Act:

- » An exemption from providing “an assessment against the intentions, measures and standards set out in a statement of intent prepared at the beginning of the financial year”. This exemption recognises that the Māori Trustee is not required, under schedule 4 of the Public Finance Act, to prepare a statement of intent. However, the

Annual Report must provide the information that is necessary to enable an informed assessment to be made of the operations and performance for the financial year.

- » An exemption from preparing a statement of service performance “in respect of any class of outputs that is not funded (in whole or in part) by the Crown”. This exemption addresses outputs not directly funded in whole or part by the Crown.

This statement of service performance reports against the outputs stated in the funding agreement between the Minister for Māori Development (on behalf of the Crown) and the Māori Trustee.

The total cost of outputs for the year ended 31 March 2022 is summarised below:

	2022		2021
	ACTUAL \$000	BUDGET \$000	ACTUAL \$000
Crown appropriation	16,686	11,586	11,586
Trust services	8,632	9,400	7,961
Registry services	1,993	2,316	1,943
Governance and capability development	198	219	307
Property management	4,408	5,777	4,135
Common Fund management	376	301	341
Land development	799	1,177	1,056
Business support	839	913	1,010
Enablement funding	318	258	290
Total cost allocated	17,563	20,361	17,043
Shortfall in Crown Appropriation	(877)	(8,775)	(5,457)

The shortfall between the Crown’s contribution to the eight output areas is met by current year fees and commissions and, where required, reserves.

The total cost of operating the Office of the Māori Trustee is as follows:

	2022	2021
	\$000	\$000
Cost of outputs	17,563	17,043
Cost of management and support services to the General Purposes Fund (GPF)	1,887	2,048
Occupancy costs paid for through the GPF	986	992
Total cost of operating the Office of the Māori Trustee	20,436	20,083

In 2022, the expenditure across all outputs was lower than budget due to the impact of COVID-19 which delayed the onset of certain projects and placed restrictions on travel.

SCOPE OF APPROPRIATION

This appropriation is a contribution to services provided in the eight output areas.

WHAT IS INTENDED TO BE ACHIEVED WITH THIS APPROPRIATION?

The appropriation is intended to assist the Māori Trustee to carry out her statutory and other legal responsibilities with respect to whenua Māori.

VARIATION TO CROWN FUNDING AGREEMENT 2020-2024

The performance metrics outlined under schedule 1 of the Crown Funding Agreement 2020-2024 were varied in the period impacted by COVID-19 Alert Levels 4, 3 and 2. When Aotearoa transitioned to the COVID-19 Protection Framework (traffic lights) the Māori Trustee reassessed the impact that this would have on performance metrics.

Statement of Service Performance for the General Purposes Fund

The Māori Trustee administers the General Purposes Fund, which was established by section 23 (1) (c) of the Māori Trustee Act 1953. The services provided to the General Purposes Fund are outside the scope of

the trustee and land management functions that the Crown has purchased from the Māori Trustee through appropriation funding.

OUTPUTS DELIVERED TO THE GENERAL PURPOSES FUND

Investment management: Prudently managing the investment of financial assets within the General Purposes Fund now and for future generations.

Funds administration: Administering and growing a loan portfolio for the benefit of Māori and other permitted statutory purposes, including to support Māori entities to improve and make necessary capital investment for the benefit of whenua Māori.

Enablement funding: Funding the establishment and operation of businesses and joint ventures on whenua Māori to unlock land-use and economic potential.

Governance: Governance and oversight of financial and non-financial assets within the General Purposes Fund.

Administrative and other support: Administrative and other support to the operation of the General Purposes Fund, including Legal, Tax, Finance, Communications, Risk, HR and IT services.

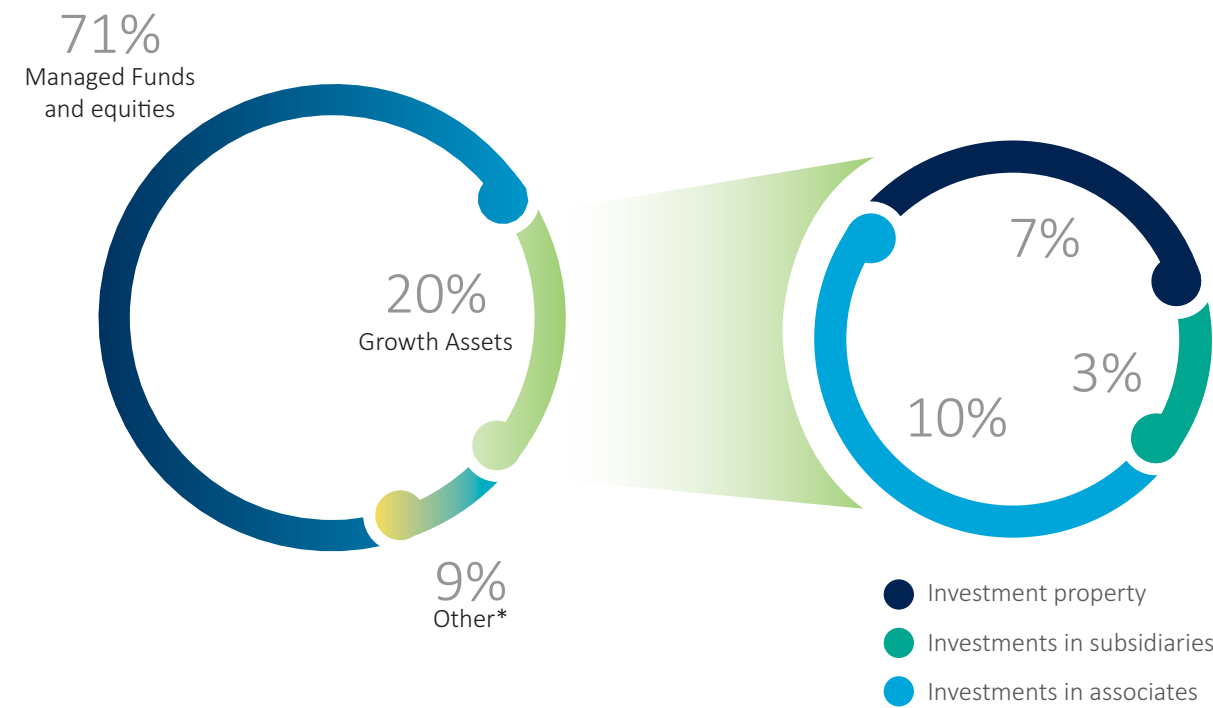
COST OF DELIVERING OUTPUTS TO THE GENERAL PURPOSES FUND

During the year ended 31 March 2022, the Māori Trustee attributed \$1.887 million (2021: \$2.048 million) of operating costs to the delivery of outputs to the General Purposes Fund applied as follows:

	2022	2021
	\$000 ACTUAL	\$000 ACTUAL
Output		
Investment management	84	91
Funds administration	94	102
Enablement funding	381	413
Governance	513	557
Administrative and other support	815	885
Total costs attributable to General Purposes Fund	1,887	2,048

COMPOSITION OF THE GENERAL PURPOSES FUND

At 31 March 2022, the General Purposes Fund had assets valued at \$173 million (2021 \$171 million). These assets were held as follows:



* carbon credits, other financial assets, loans and receivable and cash and cash equivalents

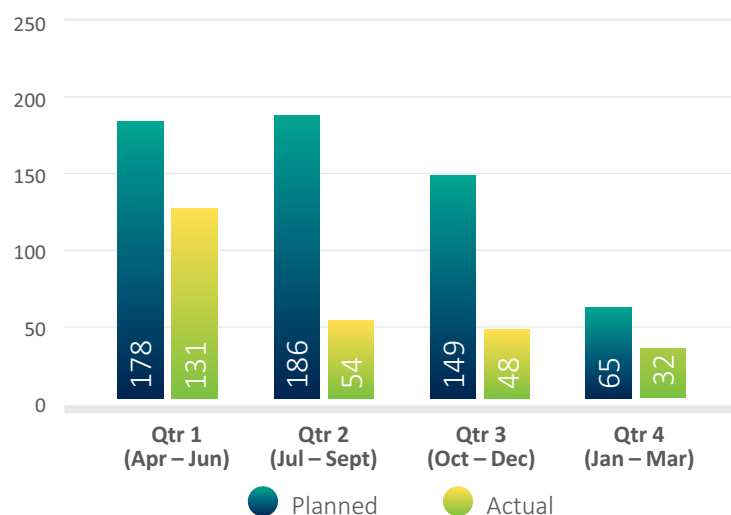
Output 1. Trust Services

This year, the Ratonga Tuarā Taonga-a-Ringa Trust & Property Operations team held 265 of the 578 planned meetings of owners.

The terms of trust under which the Māori Trustee is appointed responsible trustee generally require periodic owner hui (meetings of owners) to be convened. These meetings provide an opportunity for owners to receive information relating to the administration of their trust and whenua.

Te Tumu Paeroa was impacted by ongoing changes to local and national COVID-19 restrictions over the 2021/22 year. A cautious approach was taken to rescheduling owner meetings due to the uncertainty of these changes and the need to ensure the safety and wellbeing of owners and kaimahi.

Some owner meetings were rescheduled using audio-visual link (AVL) and throughout the year further work was undertaken to develop and refine the hui delivery platform and supporting processes and procedures to minimise future need to cancel or reschedule these meetings.



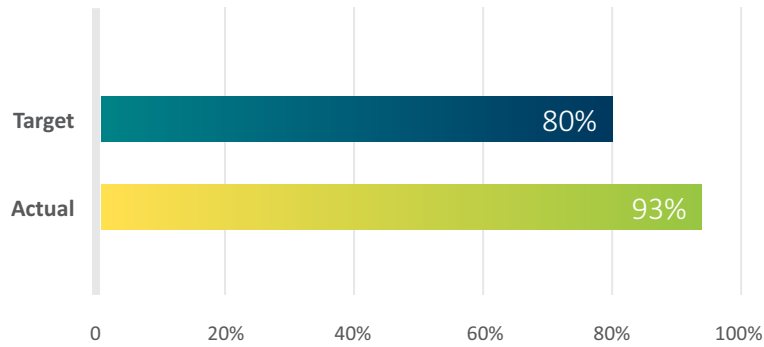
Planned vs actual meeting of owners

During the year, 2.75% of owners attended scheduled hui. This was slightly higher than the annual average of 2.6% over the past five years.

In the first half of the year, 35% increased attendance was achieved when compared to the last hui against the target of 80%. This dropped to 26% in the period from October to March.

Restrictions and apprehension surrounding travel within Aotearoa during various COVID-19 alert levels and subsequent venue requirements impacted on the level of attendance at owner hui held kanohi ki te kanohi (face to face).

Te Tumu Paeroa proactively publishes whenua reports on My Whenua, its secure online client information service, and posts reports to owners not yet registered for the service upon request. This year, 5,149 whenua reports (2021 2,943) were received or accessed by owners who did not attend hui.



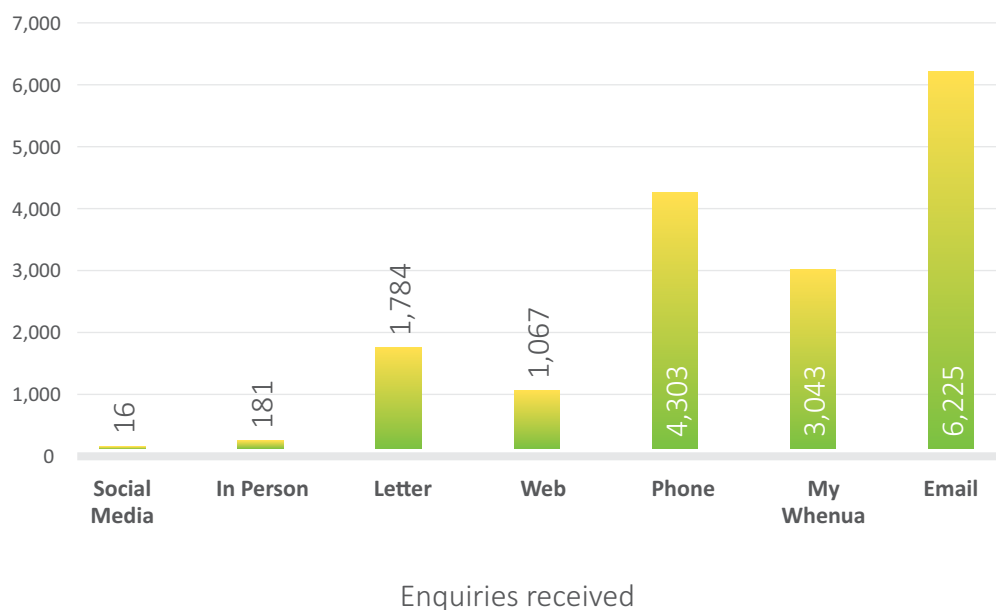
Trust reviews successfully completed at first hearing

Trust Reviews

Te Tumu Paeroa is entrusted to manage whenua Māori as responsible trustee for approximately 1,350 trusts. The administration of these trusts is subject to periodic review by the Māori Land Court. These reviews provide the Court and owners with the opportunity to review and assess the administration of the trust and their whenua by Te Tumu Paeroa.

This year, Te Tumu Paeroa submitted 228 trust review applications to the Māori Land Court (2021 121).

Over the full year, 93% were successfully completed at the first Māori Land Court hearing against the target of 80%. This demonstrates the high level of confidence the Māori Land Court has in the administration of the trusts by Te Tumu Paeroa.



Enquiries

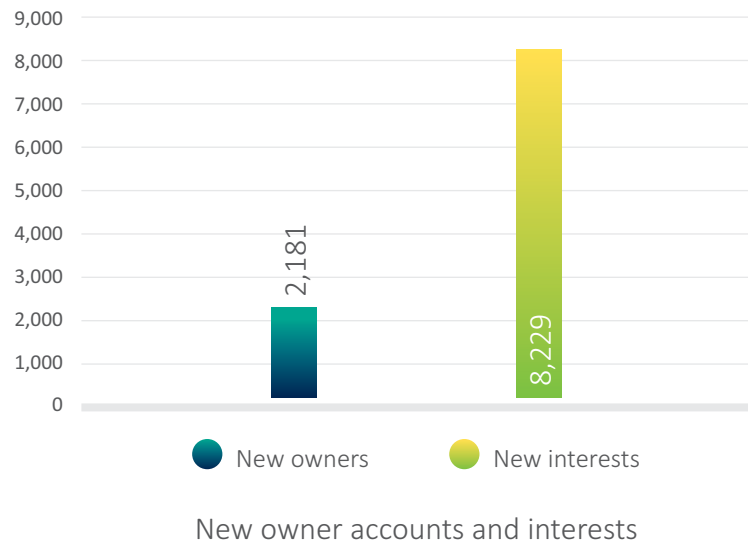
Of the 16,619 (2021 20,205) enquiries received, email continues to be the primary channel used by clients (6,225 received) and combined with phone calls (4,303 received) this makes up approximately 63% (2021 56%) of the enquiries received by Te Tumu Paeroa.

In August 2021, Te Tumu Paeroa launched a refreshed website providing greater ability to present information clearly to support owners and whānau.

Improvements were made to the responsiveness of client enquiries over the year with 92% acknowledged within 7 days (2021 84%), with 95% addressed within 30 days of receipt (2021 95%).

All enquiries are recorded in the organisation's customer relationship management application to ensure they can be tracked and managed by Ratonga Āwhina Kiritaki Client Services.

Output 2. Registry Services



Te Tumu Paeroa maintains a register of owners for the 1,746 trusts and other entities the Māori Trustee administers as trustee or agent (2021 1,751).

As at 31 March 2022, 2,181 new owner accounts (2021 2,005) and 8,229 owner interests in whenua (2021 8,132) were added to the register of owners.

A new owner is defined as an owner who has had a Te Tumu Paeroa client account created within the past 3 months.

Owner contact information

Te Tumu Paeroa is continuing to focus on initiatives aimed at increasing owner engagement and improving the accuracy of owner contact details. The maintenance of client contact information is an organisational priority as it helps to ensure that owners and trustees are able to receive relevant information and updates relating to their trust and whenua. This year, 3,042 existing owner contact details (2021 8,787) and 100 new owner contact details (2021 191) were updated.

The refreshed website provides a range of options to enable owners and whānau to submit updated contact information to Te Tumu Paeroa. A range of channels were used by new and existing owners to update their details this year. In the second half of 2022, a campaign specifically targeted at improving contact information of owners is planned.

Due to the COVID-19 restrictions, no significant in-person events or campaigns were held in the year to update contact details.

Succession order processing

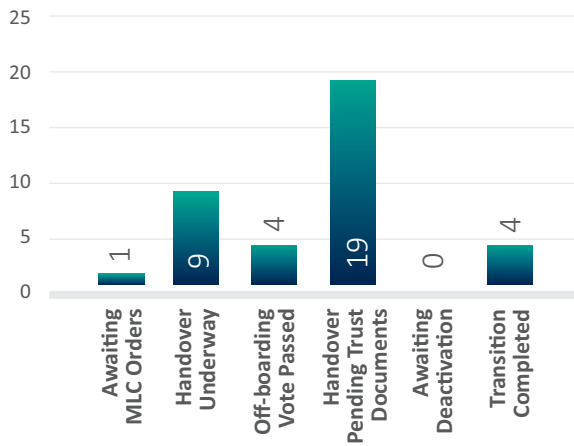
This year, 24% of succession orders received by Te Tumu Paeroa were loaded within 30 days (target 80%) (2021 50%) and 43% of succession orders received were loaded within 60 days (target 100%) (2021 56%). During Quarter 3, there was a focus to reduce a backlog of succession orders received >60 days. Between October and December, 43% of the succession orders processed were received >60 days.

The succession process is managed by the Māori Land Court and although Te Tumu Paeroa does not have a direct role in this process (other than to receive and respond to requests from the Court for information on any funds held for those who have shares in Māori Freehold land we administer), it continues to be a major area for enquiries. Improvements made to the information on the Te Tumu Paeroa website relating to succession has assisted owners to better understand the process and the role of the Māori Land Court.

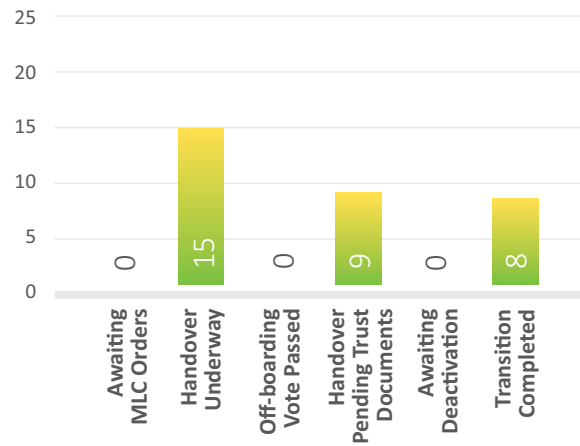
Once the Court determines who the successors are and makes a succession order, Te Tumu Paeroa will receive the order from the Court if the Māori Trustee administers any land that has been succeeded to.

Succession orders are currently received from the Māori Land Court in PDF or paper form and need to be manually entered into the Te Tumu Paeroa register of owners. A project to implement automated scanning and transfer of key data from the court documents is due for completion in 2022. The tool will reduce the time to create records in the organisation's customer relationship management system and improve efficiencies in the processing of orders.

Output 3. Governance and Capability Development



Status of trusts transitioning to self-governance where Māori Trustee is responsible trustee (as at 31 Mar)



Status of trusts transitioning to self-governance where Māori Trustee is agent or custodian trustee (as at 31 Mar)

In the year to 31 March 2022, 14 trusts (2021 49) had completed their transition. A further 33 trusts where the Māori Trustee is responsible trustee (2021 20) were in transition to self-governance (with or without supporting agency services from Te Tumu Paeroa). An additional 24 trusts transitioned from agency services to self-administration (2021 16).

Developing the capability of owners of whenua Māori to self-govern and administer their whenua is an important part of the mahi of Te Tumu Paeroa. This involves considerable consultation with the owners and trustees to ensure all of the assets are identified and trust order compliance requirements are met, as well as supporting the new responsible trustees through governance training, where required.

Te Tumu Paeroa is represented on the Community Governance Group that is led by Te Tari Taiwhenua (Department of Internal Affairs).

Through the Whenua Māori Governance Project, Te Tumu Paeroa is developing resources to tautoko the owners' journey to self-governance. These resources are due for completion by Quarter 3 2022, and include online learning modules and videos.

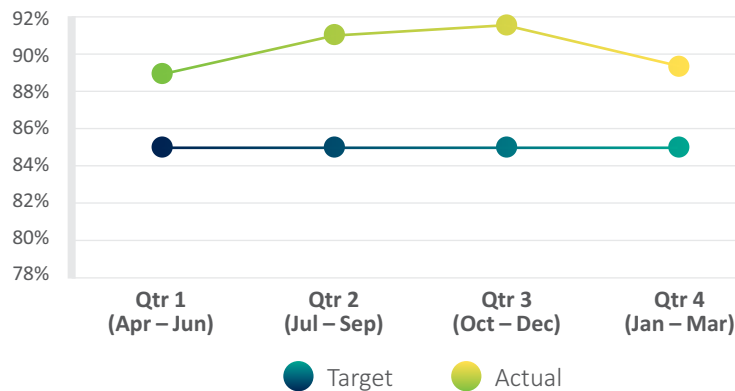
Taupae Pia – Te Tumu Paeroa Graduate Programme

In January 2022, Te Tumu Paeroa welcomed three new Taupae Pia to the organisation. This is the second intake for the 12-month graduate programme that aims to develop excellence in whenua Māori administration, opening up new career pathways for rangatahi to have a role in protecting and enhancing whenua Māori for future generations. Two Taupae Pia from the 2021 intake accepted permanent roles with Te Tumu Paeroa.

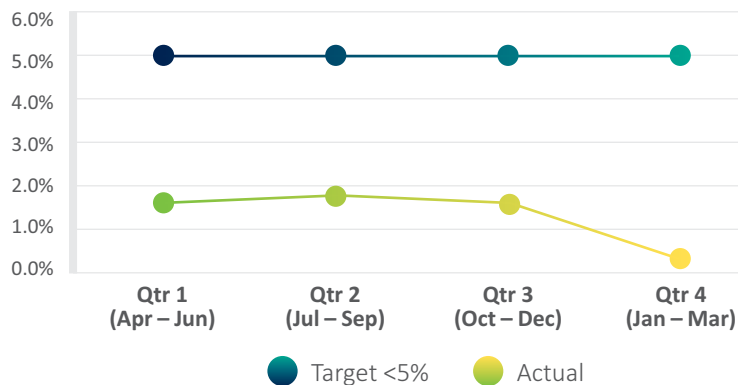
Output 4. Property Management

This year, Te Tumu Paeroa was able to negotiate rental at or above market rental in an average of 90.3% of its negotiations with lessees (2021 87%) against the

target of 85%. Rental arrears are at their lowest in 10 years, with 90+ days rental arrears at 0.33% (2021 2.35%), well below the target of 5%.



Rent negotiated at or above valuer's recommendation



90 day rent arrears

Throughout the COVID-19 restrictions Te Tumu Paeroa was committed to ensuring it maintained owner income in what was an economically challenging period. Te Tumu Paeroa currently administers 1,732 leases working closely with owners and lessees to achieve the best outcomes for the whenua.

Te Tumu Paeroa has focused on positive engagement with tenants and prospective tenants, and our programme to proactively manage tenant non-compliance continues to contribute to improved outcomes for the whenua and its owners.

The number of property vacancies remained consistently under the 5% target, averaging 4.64% across the 12-month period. In May 2021,

Te Tumu Paeroa launched Our Tenancy, an online service providing secure access for tenants to key information such as invoices, lease documents and property inspections.

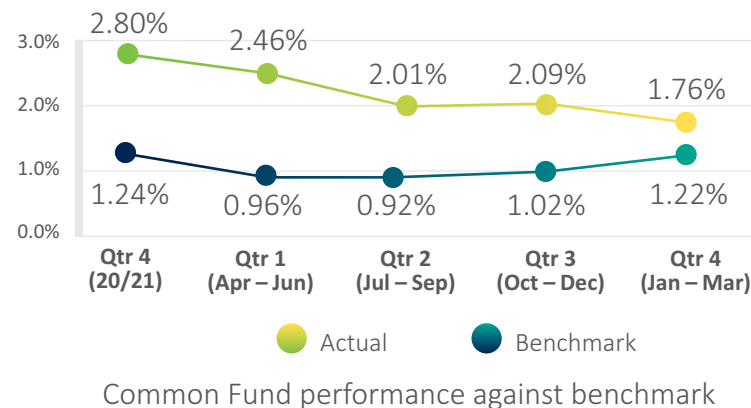
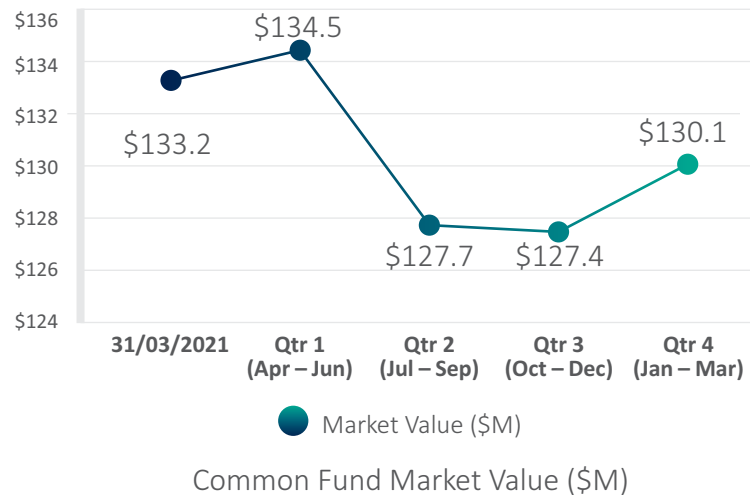
Out of the 1,347 trusts that the Māori Trustee is responsible for, Asset Management Plans had been completed for 818 trusts as at 31 March 2022.

Te Tumu Paeroa worked with specialists to prepare these plans, which support planning and decision-making relating to the whenua and improvements including identifying necessary capital works, investment, maintenance and alternative use options.

Output 5. Common Fund Management

As at 31 March 2022, the Common Fund held \$130.1 million (2020 \$133.2 million) of client funds. This represents over 100,000 individual and entity accounts. The market value of the Common Fund

continues to perform above the benchmark. The Common Fund's returns are projected to track down due to the current economic uncertainty in the longer term.



Note: The Benchmark is the 12-month rolling Reserve Bank of New Zealand 6-Month Deposit Rate and the actual is the 12-month rolling return.

Clients with accounts in the Common Fund are eligible to receive distributable income in accordance with the Māori Trustee Act 1953. This year, Common Fund account holders continued to receive returns well above those that can be obtained from banks directly.

Under section 26 of the Māori Trustee Act 1953, distributable income is paid to all Common Fund account holders with balances at the end of each

month. This year the total amount of distributions to account holders was \$5.2 million (2021 \$5.2 million). This year \$4.10 million (2021 \$6.25 million) was paid by trusts we administer as trustee or agent to owners.

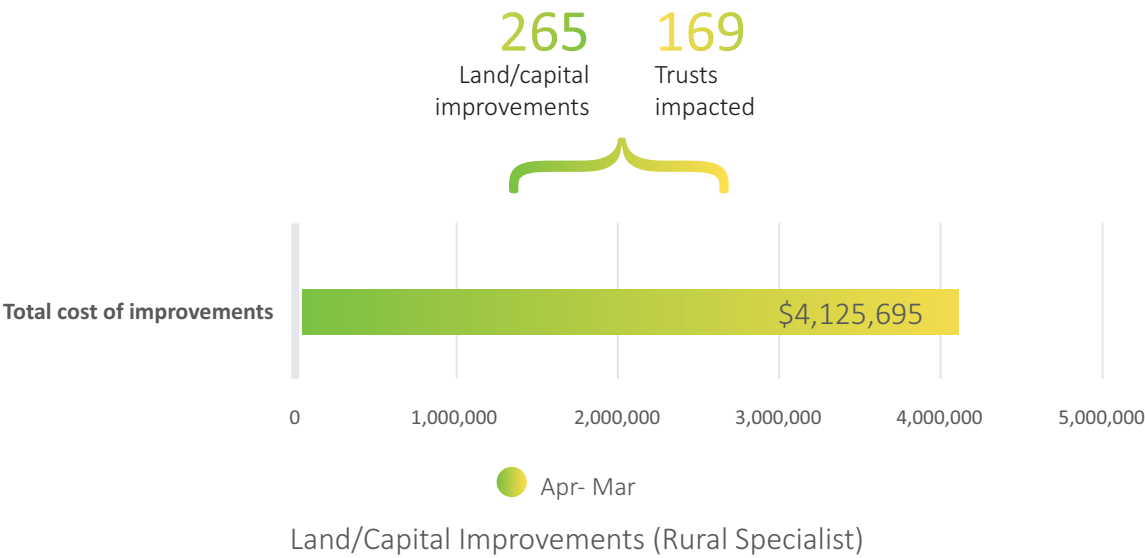
Where no information is held, Te Tumu Paeroa continues to seek to obtain bank account information from individual Common Fund account holders so that balances held in the Common Fund from trust distributions and distributable income can be paid out to them.

Common Fund investments

Common Fund investments during the year were made in accordance with the Fund's Statement of Investment Policies and Objectives (SIPO).

In June 2021, a movement in the pricing of Chorus Bonds, which had been bought in the November 2020, resulted in the investment going outside the fund's SIPO. As at 30 June 2022, the Chorus bonds were back within the SIPO parameters.

Output 6. Land Development



During the year, 265 land or capital improvement projects or initiatives (2021 96) with a total cost of \$4.126 million (2021 \$1.998 million) were undertaken impacting 169 trusts (2021 91).

Of these, \$2.91 million (71%) was for development work and \$1.22 million (29%) was spent on work for the protection of the whenua.

Te Tumu Paeroa is contracted to deliver 180 Farm Environment Plans (FEPs) per year for whenua where the Māori Trustee is appointed as responsible trustee. Te Tumu Paeroa engaged specialists to complete the Farm Environment Plans. A total of 120 FEPs were completed (2021 187) during 2021/22.

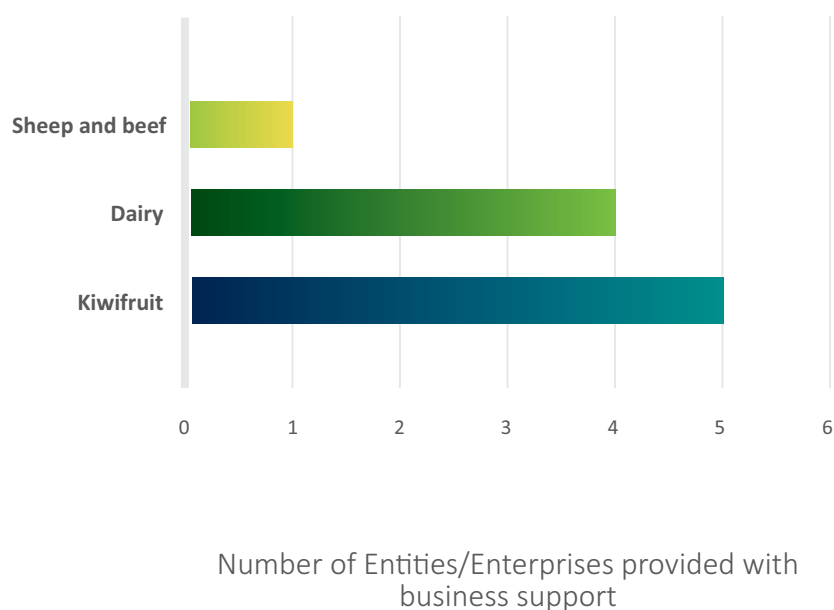
These plans are critical for ensuring land blocks comply with new and impending environmental regulatory requirements.

The completion of the plans took longer than anticipated due to the increasing level of detail required in the reports, along with a higher level of engagement required with contractors to finalise individual reports.

From these Farm Environment Plans, over 950 actions were identified to meet compliance requirements for the whenua since March 2021. Of these, 96 are regulatory requirements and 51 relate to waterway fencing.

Further development and feasibility work was limited during this year due to the COVID-19 restrictions, weather conditions and the availability of specialist contractors.

Output 7. Business Support



Consolidated businesses under management

Overall, the kiwifruit enterprises have performed to a high expectation and produced good quality export crops, with the exception of Omaio 39, which suffered production loss as a result of the November 2021 storm affecting the Te Kaha region.

The horticulture industry remains optimistic as supply across the kiwifruit industry continue to increase.

The farming enterprises Te Tumu Paeroa supports have had a good year, with exceptionally strong product prices in both the dairy and red meat sectors supporting income.

Each enterprise is on track for a strong financial year, however the impact of the higher inflation rate is being felt across a number of essential farm products, which has impacted on profitability metrics.

Climatic conditions were mixed through spring, with some regions recording below average pasture growth. summer and autumn pasture growth has been strong for each of the farming enterprises.

Health and Safety

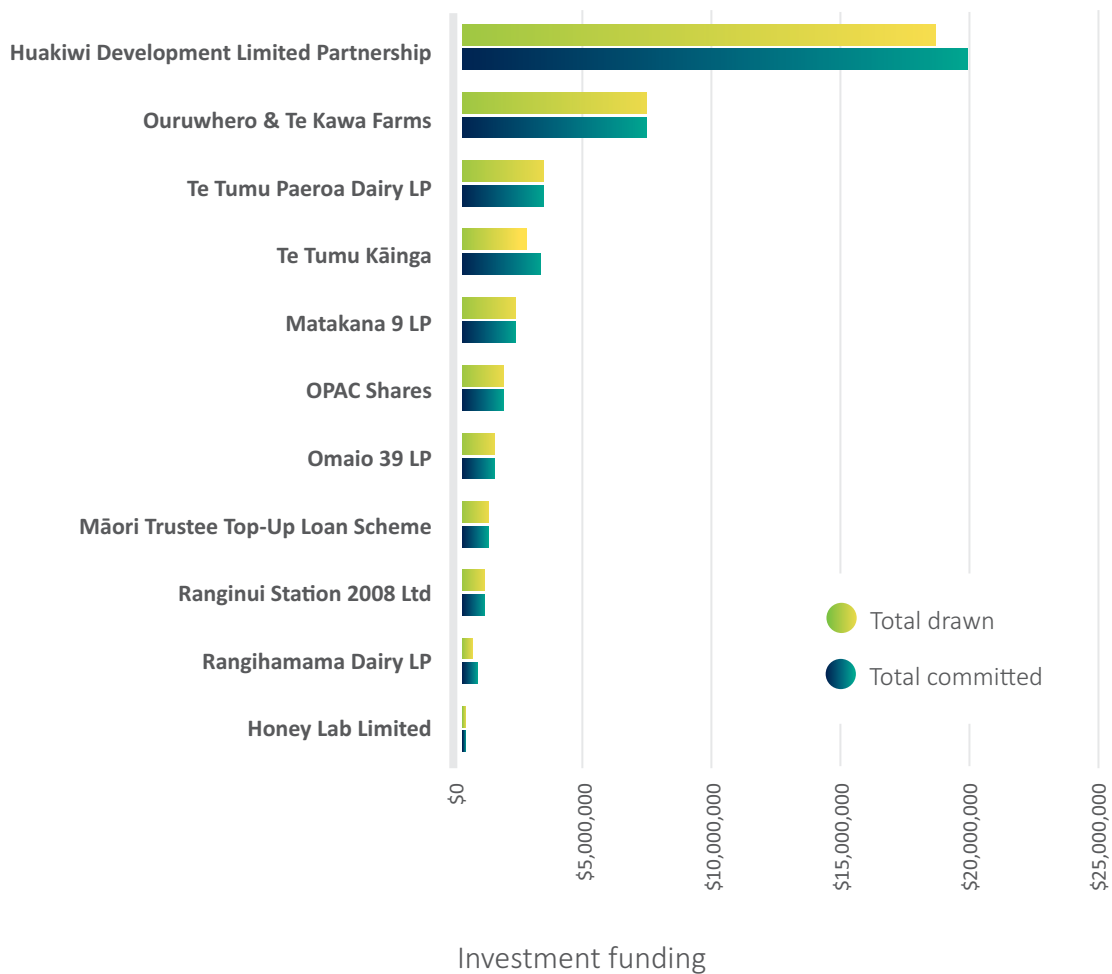
This year, Te Tumu Paeroa reported 0 (zero) significant health and safety incidents. A significant incident is an incident that requires reporting to Worksafe or immediate action.

During the year, Te Tumu Paeroa has implemented new health and safety initiatives to tautoko the health, safety and wellbeing of its kaimahi. This included regional kaimahi attending training on the new Health and Safety system (Get Home Safe App) for monitoring their travel to remote whenua and meeting venues.

Ongoing development of monitoring and reporting standards are being implemented to ensure best practice is maintained across all Person Conducting a Business or Undertaking (PCBU) entities.

Te Tumu Paeroa is working collaboratively with other farming operation organisations to share best practices in health and safety, and is represented in industry health and safety governance fora.

Output 8. Enablement Funding



Advances from the Māori Trustee General Purposes Fund were used towards the feasibility, development or operation of Māori enterprises. The percentage of General Purposes Fund committed to Enablement Funding equated to 74% for the 2021/22 year.

The Māori Trustee provided Enablement Funding to two entities in 2022.

Te Tumu Kāinga

This year Te Tumu Kāinga drew an additional \$1.08 million on its \$3.5 million facility with the Māori Trustee, bringing the total funds drawn down towards the housing repairs programme to \$3.06 million.

Huakiwi Development Limited Partnership

The Māori Trustee made a capital contribution of \$2.5 million to Huakiwi Development Limited Partnership to fulfil its capital commitment towards the kiwifruit mobilisation project.

The capital was used for the purchase of licences for the Gold 3 and Red 19 varieties.



Mangaorapa X, Toitū te whenua



Our Financial Statements

STATEMENT OF COMPREHENSIVE
REVENUE AND EXPENSE

STATEMENT OF CHANGES IN NET
ASSETS/EQUITY

STATEMENT OF FINANCIAL POSITION

STATEMENT OF CASH FLOWS

STATEMENT OF TRUST MONIES

NOTES TO THE FINANCIAL
STATEMENTS

Statement of Comprehensive Revenue and Expense

For the year ended 31 March 2022

	NOTES	GROUP			PARENT	
		2022 ACTUAL \$000	2022 BUDGET \$000	2021 ACTUAL \$000	2022 ACTUAL \$000	2021 ACTUAL \$000
Revenue						
Fees and commissions		4,566	4,584	4,709	4,608	4,797
Revenue from Crown	1	16,686	11,586	11,586	16,686	11,586
Interest revenue		729	1,771	2,445	729	2,445
Farm and land revenue		3,225	1,500	3,224	-	-
Dividends		243	-	32	1,135	695
Other revenue		1,187	574	327	1,537	676
Total revenue	2	26,636	20,015	22,323	24,695	20,199
Expenses						
Employee benefits	3	12,599	13,229	11,523	12,315	11,276
Depreciation	17	341	245	337	205	199
Amortisation	18	799	860	737	768	705
Restructuring costs		-	-	209	-	209
Farm and land expenses	4	1,775	1,500	1,348	-	-
Impairment of other financial assets	13	(92)	-	92	(92)	92
Other expenses	5	7,656	8,869	8,666	7,626	8,734
Total operating expenses		23,078	24,703	22,912	20,822	21,215
Net surplus/(deficit) from operations		3,558	(4,688)	(589)	3,873	(1,016)
Other gains/(losses)						
Reversal of impairment		146	-	10	146	10
Impairment of equity accounted investments	12	-	-	-	-	(1,797)
Gain on investment property revaluation	16	-	-	-	883	378
(Decrease)/Increase in market value of shares		(169)	-	(50)	-	-
Share of associates' net surplus/ (deficit)	12	403	-	(118)	-	-
Total other gains/(losses)		380	-	(158)	1,029	(1,409)
Net surplus/(deficit) before tax		3,938	(4,688)	(747)	4,902	(2,425)
Income tax expense	6	-	-	-	-	-
Net surplus/(deficit) after tax		3,938	(4,688)	(747)	4,902	(2,425)
Other comprehensive revenue and expense						
Share of equity accounted investments' other comprehensive revenue/(expense)	12	(105)	-	232	-	-
Increase/(Decrease) in financial assets at fair value		(2,827)	1,969	3,744	(2,827)	3,744
Gain/(loss) on asset revaluation		1,953	(2)	1,395	2,538	1,017
Gain on disposal of a controlled entity		-	-	-	-	102
Total comprehensive revenue and expense		2,959	(2,721)	4,624	4,613	2,438

Explanations of major variances against budget are provided in note 29.
These financial statements should be read in conjunction with the accompanying notes.

Statement of Changes in Net Assets/Equity

For the year ended 31 March 2022

	NOTES	GROUP			PARENT	
		2022 ACTUAL \$000	2022 BUDGET \$000	2021 ACTUAL \$000	2022 ACTUAL \$000	2021 ACTUAL \$000
Equity at beginning of year						
General Purposes Fund – balance of GP Fund		114,887	121,110	110,117	115,952	112,991
General Purposes Fund – MT Operating Funds		43,040	43,000	42,868	43,040	42,868
Appropriation Account		(127)	(2,968)	5,330	(127)	5,330
Financial assets through other comprehensive revenue and expense		11,823	11,823	8,079	11,608	7,864
Asset revaluation reserve		2,797	2,777	1,402	2,202	1,185
Total equity at beginning of year		172,420	175,742	167,796	172,675	170,238
Transfers from statement of comprehensive revenue and expense for the year						
General Purposes Fund – balance of GP Fund		3,907	(765)	4,770	4,976	2,962
General Purposes Fund – MT Operating Funds		803	-	172	803	172
Appropriation Account		(877)	(3,923)	(5,457)	(877)	(5,457)
Financial assets through other comprehensive revenue and expense		(2,827)	1,969	3,744	(2,827)	3,744
Asset revaluation reserve		1,953	(2)	1,395	2,538	1,017
Total comprehensive revenue and expense		2,959	(2,721)	4,624	4,613	2,438
Equity at end of year						
General Purposes Fund – balance of GP Fund		118,794	120,345	114,887	120,928	115,953
General Purposes Fund – MT Operating Funds		43,843	43,000	43,040	43,843	43,040
Appropriation Account		(1,004)	(6,891)	(127)	(1,004)	(127)
Financial assets through other comprehensive revenue and expense		8,996	13,792	11,823	8,781	11,608
Asset revaluation reserve		4,750	2,775	2,797	4,740	2,202
Total equity at end of year		175,379	173,021	172,420	177,288	172,676

Explanations of major variances against budget are provided in note 29.
These financial statements should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 31 March 2022

	NOTES	GROUP			PARENT	
		2022 ACTUAL \$000	2022 BUDGET \$000	2021 ACTUAL \$000	2022 ACTUAL \$000	2021 ACTUAL \$000
Assets						
Current assets						
Cash and cash equivalents	7	4,434	4,360	7,663	3,702	6,937
Debtors and other receivables	8	4,946	5,273	3,703	4,942	3,535
Term deposits		10	18,700	41,510	-	41,500
Held-to-maturity investments	9	-	4,500	24,004	-	24,004
Loans and receivables	10	257	125	199	257	199
Biological assets	14	1,202	991	1,158	-	-
Equities	15	119,781	65,813	22,610	119,781	22,610
Inventory		661	695	950	-	-
Total current assets		131,291	100,457	101,797	128,682	98,785
Non-current assets						
Held-to-maturity investments	9	-	28,983	33,502	-	33,502
Loans and receivables	10	3,822	4,571	3,163	3,822	3,163
Investments		548	758	717	-	-
Investments in subsidiaries	11	-	-	-	6,043	6,043
Equity accounted investments	12	16,598	19,148	16,852	17,155	16,453
Other financial assets	13	4,965	1,620	1,289	4,965	1,289
Investment property	16	-	-	-	11,257	10,374
Property	17	11,257	9,996	10,374	-	-
Plant and equipment	17	1,690	2,225	1,769	412	411
Intangible assets	18	7,561	6,842	5,463	7,008	4,879
Total non-current assets		46,441	74,143	73,129	50,662	76,114
Total assets		177,732	174,600	174,926	179,344	174,899
Liabilities and equity						
Current liabilities						
Payables	19	1,649	793	1,978	1,352	1,695
Employee benefits	20	689	776	512	689	512
Total current liabilities		2,338	1,569	2,490	2,041	2,207
Non-current liabilities						
Employee benefits	20	15	10	16	15	16
Total non-current liabilities		15	10	16	15	16
Total liabilities		2,353	1,579	2,506	2,056	2,223
Net assets/equity						
Total equity attributable to Māori Trustee		168,843	170,225	169,623	170,762	170,474
Reserves		6,536	2,796	2,797	6,526	2,202
Total equity		175,379	173,021	172,420	177,288	172,676
Total liabilities and equity		177,732	174,600	174,926	179,344	174,899

Explanations of major variances against budget are provided in note 29.
These financial statements should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 31 March 2022

	NOTES	GROUP			PARENT	
		2022 ACTUAL \$000	2022 BUDGET \$000	2021 ACTUAL \$000	2022 ACTUAL \$000	2021 ACTUAL \$000
Cash flows from operating activities						
Fees and commissions		3,892	5,029	4,810	3,892	4,810
Revenue from Crown		15,411	11,586	11,586	15,411	11,586
Investment revenue		1,270	1,347	3,213	1,270	3,213
Other revenue		1,098	739	1,235	1,392	1,230
Farm and land revenue		2,841	1,500	2,721	-	-
Employee benefits		(12,139)	(13,078)	(11,271)	(12,139)	(11,271)
Suppliers		(7,703)	(9,548)	(5,689)	(7,703)	(5,680)
Farm and land expenses		(2,660)	(1,500)	(1,867)	-	-
Restructure cost		-	-	(209)	-	(209)
Goods and services tax (GST) received/(paid)		(11)	(520)	68	(25)	72
Net cash flows from operating activities	22	1,999	(4,445)	4,597	2,098	3,751
Cash flows from investing activities						
Loans and receivables repaid		360	214	2,150	360	2,150
Held-to-maturity investments matured or sold		34,503	36,665	23,520	34,503	23,520
Term deposits matured/(invested)		65,504	22,000	35,500	65,504	35,500
Investment in funds and equities		(101,682)	(40,000)	138	(101,682)	138
Disposal of property, plant and equipment		(189)	-	(1,373)	(189)	(1,472)
Investment property purchased		-	-	-	-	20
Property, plant and equipment purchased		(262)	(271)	(228)	(206)	(171)
Intangible assets purchased		(360)	(1,315)	272	(360)	272
Loans and receivables advanced		(849)	(960)	(5,613)	(849)	(5,613)
Investment in subsidiaries		-	-	(440)	-	-
Investment in equity accounted investments		(2,322)	(3,775)	(2,575)	(2,322)	(2,575)
Held-to-maturity investments purchased		-	(6,500)	(51,272)	-	(51,272)
Other financial assets sold/purchased		(91)	-	1,560	(91)	1,560
Capital repayment from subsidiaries and associates		160	-	(213)	-	-
Net cash flows from investing activities		(5,228)	6,058	1,426	(5,333)	2,057
Net increase/(decrease) in cash		(3,229)	1,613	6,023	(3,235)	5,808
Cash at beginning of year		7,663	2,747	1,640	6,937	1,129
Cash at end of year	7	4,434	4,360	7,663	3,702	6,937

GST has been presented on a net basis. Investment and maturity of term deposits have also been reported on a net basis. Explanations of major variances against budget are provided in note 29.

These financial statements should be read in conjunction with the accompanying notes.

Statement of Trust Monies

For the year ended 31 March 2022

The Māori Trustee operates trust accounts under section 23 of the Māori Trustee Amendment Act 2009 (the Act).

The transactions through these accounts and the balances at 31 March 2022 are not included in the Māori Trustee's financial statements. Balances in these accounts were as follows:

	COMMON FUND		SPECIAL INVESTMENT ACCOUNTS	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Funds held in trust	132,824	130,681	244	327
Represented by				
Cash	5,710	2,650	45	128
Bonds	58,614	70,531	199	199
Term deposits	68,500	57,500	-	-
	132,824	130,681	244	327

Statement of Trust

The Common Fund represents monies received by the Māori Trustee, under sections 23 and 25 of the Act, in trust for persons entitled to receive them. All Common Fund monies are guaranteed by the Crown under section 27 of the Act.

Special Investment Accounts are investments made in accordance with section 24 of the Act.

The funds invested in the Māori Trustee Common Fund generated investment income and were charged a management fee as follows:

	2022 \$000	2021 \$000
Common Fund investment income	2,339	3,577
Management fee	(1,347)	(1,255)
Distributable income	992	2,322

Notes to the Financial Statements

For the year ended 31 March 2022

STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Māori Trustee is a corporation sole established under the Māori Trustee Act 1953 (the Act) and is domiciled in New Zealand. The fundamental role of the Māori Trustee is to work with Māori landowners to protect and enhance their assets now and for future generations. The Māori Trustee has designated itself as a public benefit entity (PBE) for financial reporting standards purposes.

These financial statements have been prepared in terms of section 23 of the Act for the General Purposes Fund and the Appropriation Account. The Māori Trustee operates and manages trust accounts on behalf of clients under section 23 of the Act. The trust account transactions and balances are not included in the Māori Trustee's financial statements. These are included in the statement of trust monies. These consolidated financial statements for the year ended 31 March 2022 comprise the controlling entity and its controlled entities referred to as the 'Group'.

The General Purposes Fund represents funds held by the Māori Trustee in its own right and includes accumulated net fees and commissions earned after 1 July 2009. The Appropriation Account was established on 1 July 2009 under the Māori Trustee Amendment Act 2009 to account for revenue received from the Crown.

The financial statements for the Māori Trustee are for the year ended 31 March 2022 and were approved by the Māori Trustee on 21 July 2022.

BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

As the Māori Trustee in fulfilling its role holds assets in a fiduciary capacity for Māori landowners as its primary business, the Māori Trustee is publicly accountable for the purposes of financial reporting.

The financial statements comply with Public Benefit Entity (PBE) standards, and have been prepared in accordance with Tier 1 PBE standards.

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements and notes are presented in the Māori Trustee's functional currency, which is New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$000) other than in Note 27 where remuneration is disclosed in accordance with section 152 of the Crown Entities Act and the related party transaction disclosures which are rounded to the nearest dollar.

STANDARDS ISSUED AND NOT YET EFFECTIVE AND NOT EARLY ADOPTED

A number of new standards are effective for annual periods beginning after 1 January 2022 with earlier application permitted. The standards and amendments, and interpretations issued, but not yet effective, that have not been early adopted and which are relevant to the Māori Trustee are:

» PBE IPSAS 41 Financial instruments

PBE IPSAS 41 replaces PBE IFRS 9 Financial Instruments and is effective for periods beginning 1 January 2022, with earlier adoption permitted. The group has assessed that there will be little change as a result of adopting the new standard as the requirements are similar to those contained in PBE IFRS 9. The group does not intend to early adopt the standard.

BUDGET FIGURES

The budget figures were approved by the Māori Trustee. The budget figures were prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by the Māori Trustee for the preparation of the financial statements.

MEASUREMENT BASE

The financial statements have been prepared on a historical cost basis, except where modified by revaluation of certain items of property, plant and equipment, investment property, held-to-maturity investments and non-current assets held for sale. The methods used to measure fair value are detailed in the specific accounting policies.

BASIS OF CONSOLIDATION

LEASES

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Operating lease payments are recognised on a straight-line basis over the term of the lease in the statement of comprehensive revenue and expense.

TERM DEPOSITS

Investments in term deposits are initially measured at fair value plus transaction costs. For term deposits, impairment is established when there is objective evidence that the Māori Trustee will not be able to collect amounts due according to the original term of the deposit.

INVESTMENTS

Investments are stated at market value.

GOODS AND SERVICES TAX (GST)

All items in the financial statements are exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST receivable or payable to the Inland Revenue is included as part of receivables or payables in the statement of financial position.

The net GST paid to or received from the Inland Revenue, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

EQUITY

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- » General Purposes Fund – funds held by the Māori Trustee in its own right. This has been further disaggregated to disclose the funds that have accumulated from the Māori Trustee's operations (fees and commissions).
- » Appropriation Account – established under the Māori Trustee Amendment Act 2009 to account for revenue received from the Crown.
- » Financial assets through other comprehensive revenue.
- » Asset Revaluation Reserve(s).

STATEMENT OF CASH FLOWS

The statement of cash flows has been prepared using direct approach subject to the netting of certain cash flows. The make-up of cash and cash equivalents in the statement of cash flows is the same as that for cash and cash equivalents in the statement of financial position.

Operating activities include cash received from all revenue sources and cash payments made for the supply of goods and services.

Investing activities include the acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents.

Financing activities include activities that result in changes to the size and composition of equity.

CRITICAL JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements in conformity with PBE accounting standards, the Māori Trustee has made judgements, estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The useful lives of assets have been based on historical experience. In addition, the condition of the assets is assessed annually and considered against the remaining useful lives. Adjustments to useful lives are made when considered necessary.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Māori Trustee has exercised the following critical judgements in applying the accounting policies.

» Impairment of financial and non-financial assets:

The Māori Trustee assesses the impairment of assets at each reporting date by evaluating conditions specific to the Māori Trustee and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined.

» Revaluation of investment property:

The Māori Trustee assesses the fair value of its investment property at each reporting date by completing a property valuation, which evaluates market conditions at balance date.

» Employee Benefits:

The Māori Trustee makes assumptions in calculating employee benefits that are payable beyond 12 months of balance date, such as long service leave, which are calculated on an actuarial basis, taking into account years of service, years until entitlement, the likelihood that staff will reach the point of entitlement, and the net present value of the estimated cash flows.

» Revenue:

The Māori Trustee makes judgement when recognising and categorising revenue as revenue from exchange and non-exchange transactions.

» Top-Up Loan Scheme:

The Māori Trustee Top-Up Loan Scheme is a concessionary loan scheme included in loans and other receivables. As fair value is the amount that the loans could theoretically be sold into the market where unrelated buyers and sellers would set a price that reflects the concessions (i.e. below market terms such as an interest-free period) and risks of borrowers defaulting, a number of assumptions have been applied for financial reporting. The key assumptions in determining the fair value of the Top-Up Loan scheme are the timing of principal and interest repayments and the default rate. Repayments are not required in the first two years but voluntary payments can still be made over that period. The borrowers in the Top-Up Loan Scheme were a subset of the IRD's Small Business Cashflow Loan Scheme (SBCLS) recipients and the Māori Trustee has significantly relied on the IRD model to estimate the likely rates of default as moderated for the Top-Up Loan Scheme borrowers. The IRD model explicitly modelled the default rates for each industry sector and cross checked with reference to market discount rates.

1. Revenue from Crown

The Māori Trustee received revenue from the Crown in accordance with the Funding Agreement signed in March 2020 and the variation to the funding agreement between the Minister for Māori Development and the Māori Trustee signed in July 2021. The revenue in the current financial year is \$16,686,000 (2021 \$11,586,000).

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Revenue from Crown	16,686	11,586	16,686	11,586
	16,686	11,586	16,686	11,586

2. Revenue

ACCOUNTING POLICY

The specific accounting policies for significant revenue items are explained below:

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to the Māori Trustee and that the revenue can be reliably measured.

Revenue is comprised of:

- » Non-exchange transactions – Revenue from Crown, fees and interest revenue from lending.
- » Exchange transactions – Commissions, Common Fund management fees, interest revenue from investment, dividends, rent, farm revenue, director's fees and other revenue.

FEES AND COMMISSIONS

The Māori Trustee can only deduct commissions upon actual receipt of trust monies. Therefore, commissions are recognised on a cash basis and fees on an invoice basis.

INTEREST

Interest revenue is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated cash flows associated with a financial instrument over the expected life of the instrument.

REVENUE FROM THE CROWN

Revenue from the Crown is recognised as revenue when the Māori Trustee is entitled to receive the funding.

FARM REVENUE

Farm revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to the Partnership and that the revenue can be reliably measured.

DIVIDENDS AND EQUIVALENTS

Dividends are recognised when the Māori Trustee's right to receive payments is established. Where the Māori Trustee's investment entitles it to dividends paid at a predetermined rate of return, any dividend payment that exceeds the accumulated predetermined return due is treated as a repayment of capital.

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Revenue from non-exchange transactions				
Fees	2,785	2,842	2,827	2,930
Less fees forgiven/written off	(407)	(418)	(407)	(418)
Revenue from Crown	16,686	11,586	16,686	11,586
Interest revenue from lending	165	164	165	164
Total revenue from non-exchange transactions	19,229	14,174	19,271	14,262
Revenue from exchange transactions				
Commissions	1,213	1,305	1,213	1,305
Common Fund management fees	976	980	976	980
Interest revenue from investment	564	2,281	564	2,281
Farm revenue	3,225	3,224	-	-
Dividends	243	32	1,135	695
Other revenue	1,186	327	1,536	676
Total revenue from exchange transactions	7,407	8,149	5,424	5,937
Total revenue	26,636	22,323	24,695	20,199

3. Employee benefits

ACCOUNTING POLICY

SUPERANNUATION SCHEMES

Obligations for contributions to KiwiSaver and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are expensed in the statement of comprehensive revenue and expense as incurred.

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Salaries and wages	11,967	11,019	11,683	10,772
Defined contribution plan employer contributions	287	273	287	273
Increase in employee entitlements	129	2	129	2
Recruitment related costs	216	229	216	229
Total employee benefits	12,599	11,523	12,315	11,276

4. Farm and land expenses

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Administration expenses	39	155	-	-
Feed	405	284	-	-
Lease payments	12	12	-	-
Repairs and maintenance	106	48	-	-
Stock movement	(172)	(303)	-	-
Other farm expenses	1,385	1,152	-	-
Total farm and land expenses	1,775	1,348	-	-

5. Other expenditure

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Fees paid to auditors				
- Audit fees for Parent	172	166	172	166
- Audit fees for Subsidiary	30	28	-	-
Impairment of loans and receivables current year	52	863	52	863
Occupancy	986	992	986	992
Consultants' fees	3,119	2,037	3,119	2,055
Legal fees	88	82	88	82
Travel	164	215	164	215
Telecommunications	160	203	160	203
Printing and stationery	67	91	67	91
Insurance	133	106	133	106
Software licences and maintenance	1,357	1,419	1,357	1,419
Loss on disposal/write-off assets	190	1,544	190	1,544
Bad debts – loans and receivables written off	153	(72)	153	6
Other operating costs	985	992	985	992
Total other expenditure	7,656	8,666	7,626	8,734

6. Taxation

ACCOUNTING POLICY

The Parent, the Māori Trustee, is exempt from income tax as a public authority. Accordingly, no provision has been made for income tax for the Parent. All controlled entities of the Parent are taxpayers. The accounting policies applied in respect of the controlled entities are as follows:

Income tax expense comprises both current and deferred tax. Income tax expense is charged or credited to the statement of comprehensive revenue and expense, except when it relates to items charged or credited directly to equity, in which case the tax is charged to equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date and any adjustments to tax in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the carrying amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at each reporting date. Deferred tax assets and liabilities are not discounted. A deferred tax asset is recognised in the financial statements for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits only to the extent that it is probable that future taxable surpluses will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Unrecognised deferred tax assets are reassessed at each balance sheet date.

	GROUP	
	2022 \$000	2021 \$000
Reconciliation between tax expense and accounting surplus:		
Surplus before tax	3,938	(677)
Tax at 28% (2021 28%)	1,103	(190)
Tax effect of:		
Parent company income not taxable	(1,218)	659
Non-taxable income	115	(470)
Tax expense	-	-

Figures above are presented only for the Group as the Parent is exempt from tax.
There is zero tax expense (2021 \$Nil) and there is no offsetting movements (2021 \$Nil).

7. Cash and cash equivalents

ACCOUNTING POLICY

Cash and cash equivalents comprise cash on hand, cash at bank, and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Cash at bank and on hand	826	831	94	105
Deposits at call	3,608	6,832	3,608	6,832
Total cash and cash equivalents	4,434	7,663	3,702	6,937

The carrying value of cash at bank, deposits at call and short-term deposits with maturities less than three months approximates their fair value.

8. Debtors and other receivables

ACCOUNTING POLICY

Debtors and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

A provision for impairment of debtors is established when there is objective evidence that the Māori Trustee will not be able to collect all amounts due according to the original terms of the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment.

The amount of the provision for impairment is the difference between an asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the statement of comprehensive revenue and expense. When a debtor is uncollectable, it is written off against the provision account.

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Receivables from non-exchange transactions				
Trade debtors	366	191	366	188
Sundry receivables	4,172	2,897	4,172	2,897
Receivables from exchange transactions				
Interest receivable	-	72	-	72
Sundry receivables	408	543	404	378
Total debtors and other receivables	4,946	3,703	4,942	3,535

The carrying value of debtors and other receivables approximates their fair value. Trade debtors are non-interest bearing and are generally on monthly terms. An impairment loss is recognised when there is objective evidence that an individual trade debtor is impaired. All debtors past due have been assessed for impairment.

9. Held-to-maturity investments

ACCOUNTING POLICY

Non-derivative financial assets with fixed or determinable payments are classified as held-to-maturity investments when the Māori Trustee has the positive intention and ability to hold these investments to maturity. Held-to-maturity investments include bank, corporate and government bonds. Investments intended to be held for an undefined period are not included in this classification.

Held-to-maturity investments are initially recorded at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest method less any impairment losses. The amortisation is recorded in the statement of comprehensive revenue and expense as interest revenue/expense. Gains and losses are recognised in the statement of comprehensive revenue and expense when the investments are derecognised or impaired.

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Current portion				
Bank bonds	-	10,119	-	10,119
Corporate bonds	-	13,885	-	13,885
Total current portion	-	24,004	-	24,004
Non-current portion				
Bank bonds	-	2,103	-	2,103
Corporate bonds	-	28,176	-	28,176
Government bonds	-	3,223	-	3,223
Total non-current portion	-	33,502	-	33,502
Total held-to-maturity investments	-	57,506	-	57,506

10. Loans and receivables

ACCOUNTING POLICY

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Loans and receivables include loans and mortgages, Conversion Fund loans and other advances.

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rates of return for similar financial instruments. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of a loan is recognised in the net surplus or deficit as impairment.

These assets are initially recorded at fair value plus transaction costs and are subsequently measured at amortised cost using the effective interest method less provision for impairment.

A provision for impairment of loans and receivables is established when there is objective evidence that the Māori Trustee will not be able to collect all amounts due according to the original terms of the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment.

The amount of the provision for impairment is the difference between an asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the statement of comprehensive revenue and expense. When an asset is uncollectable, it is written off against the provision account.

Loans and mortgages are classified as current assets if principal repayments are due within 12 months of balance date or if the principal amount is overdue at balance date. All other amounts are classified as non-current assets.

GROUP						
	GROSS \$000	2022 IMPAIRMENT \$000	NET \$000	GROSS \$000	2021 IMPAIRMENT \$000	NET \$000
Current portion						
Loans and mortgages	461	(254)	207	365	(216)	149
Conversion Fund loans	50	-	50	50	-	50
Total current portion	511	(254)	257	415	(216)	199
Non-current portion						
Loans and mortgages	4,405	(686)	3,719	3,782	(761)	3,021
Conversion Fund loans	2,600	(2,514)	86	2,654	(2,529)	125
Other advances	19	(2)	17	17	-	17
Total non-current portion	7,024	(3,202)	3,822	6,453	(3,290)	3,163
Total loans and receivables	7,535	(3,456)	4,079	6,868	(3,506)	3,362

PARENT						
	GROSS \$000	2022 IMPAIRMENT \$000	NET \$000	GROSS \$000	2021 IMPAIRMENT \$000	NET \$000
Current portion						
Loans and mortgages	461	(254)	207	365	(216)	149
Conversion Fund loans	50	-	50	50	-	50
Total current portion	511	(254)	257	415	(216)	199
Non-current portion						
Loans and mortgages	4,405	(686)	3,719	4,920	(1,899)	3,021
Conversion Fund loans	2,600	(2,514)	86	2,654	(2,529)	125
Other advances	19	(2)	17	17	-	17
Total non-current portion	7,024	(3,202)	3,822	7,591	(4,428)	3,163
Total loans and receivables	7,535	(3,456)	4,079	8,006	(4,644)	3,362

The carrying value of loans and receivables approximates their fair value. Movements in the provision for impairment of loans and receivables are as follows:

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Provision for impairment at 1 April	3,506	2,878	4,644	3,798
Additional provisions made during the year	96	644	96	862
Receivables written off during the year	-	(10)	(1,138)	(10)
Provisions reversed during the year	(146)	(6)	(146)	(6)
Provision for impairment at 31 March	3,456	3,506	3,456	4,644

All loans and receivables have been reviewed at balance date and impaired where necessary to approximate their fair value.

Conversion Fund loans were established under the Māori Affairs Act 1953. The Māori Trustee is either applying funds from distributions to the repayment of such loans or converting loans to an interest-free loan with repayment terms.

MĀORI TRUSTEE TOP-UP LOAN SCHEME

Loans and other receivables include the Māori Trustee Top-Up Loan Scheme. During the 2021 financial year, the Māori Trustee established the Top-Up Loan Scheme as part of the organisation's response to COVID-19. The scheme advanced \$1.28m to 177 Māori business owners who had successfully applied for the Inland Revenue Department (IRD)'s Small Business Cashflow Loan Scheme (SBCLS).

The Top-Up Loan Scheme is managed by the Māori Trustee and provided 5-year loans to eligible Māori businesses to manage the impact of lower cashflows due to the COVID-19 pandemic. Borrowers under the Top-Up Loan Scheme are not charged interest if the loan is fully repaid within one year, otherwise the interest is 3% per annum on amounts outstanding for a maximum term of 5 years. Repayments are not required for the first two years but voluntary payments can still be made over this period.

At 31 March 2022, 30 borrowers had fully repaid \$223,000 of the original loans issued. There still is limited data on the remaining borrowers to determine the likely rates of repayment default and limited data to determine the discount rates used in valuing the loans. The Māori Trustee notes the uncertain and volatile nature of future debt repayments and therefore the uncertainty in estimating the fair value of the loans. The borrowers in the Top-Up Loan Scheme were a subset of the IRD's SBCLS recipients and the Māori Trustee has continued to rely on the IRD model to estimate the likely rates of default as moderated for Top-Up loan borrowers businesses. The discount rate applied was the average base rate for unsecured business loans from New Zealand financial institutions.

Significant assumptions behind the carrying value are:

- » Loan interest rate 3% (2021: 3%)
- » Default rate 45.7% (2021: 46.5%)
- » Discount rate 10% (2021: 9%)

The Top Up Loan Scheme creates exposure to the risk that the borrowers will default on their obligation to repay their loans. The scheme did not require borrowers to provide any collateral or security to support their borrowings. As the loans are widely dispersed over many borrowers, the scheme does not have any material concentrations of credit risk.

The ageing profile of loans and receivables at year end is detailed over.

	GROUP					
	GROSS \$000	2022 IMPAIRMENT \$000	NET \$000	GROSS \$000	2021 IMPAIRMENT \$000	NET \$000
Not past due	3,867	(419)	3,448	2,231	(108)	2,123
Past due 1 – 30 days	-	-	-	-	-	-
Past due 31 – 60 days	-	-	-	-	-	-
Past due 61 – 90 days	-	-	-	-	-	-
Past due over 90 days	3,668	(3,037)	631	4,637	(3,398)	1,239
Total loans and receivables	7,535	(3,456)	4,079	6,868	(3,506)	3,362

	PARENT					
	GROSS \$000	2022 IMPAIRMENT \$000	NET \$000	GROSS \$000	2021 IMPAIRMENT \$000	NET \$000
Not past due	3,867	(419)	3,448	2,231	(108)	2,123
Past due 1 – 30 days	-	-	-	-	-	-
Past due 31 – 60 days	-	-	-	-	-	-
Past due 61 – 90 days	-	-	-	-	-	-
Past due over 90 days	3,668	(3,037)	631	5,775	(4,536)	1,239
Total loans and receivables	7,535	(3,456)	4,079	8,006	(4,644)	3,362

Impairment in the 'Not past due' category includes the fair value impairment of loans that have an interest rate of 0%.

LOAN TO AUCKLAND AND ONEHUNGA HOSTELS ENDOWMENT TRUST

The Māori Trustee provided a concessionary loan facility to Auckland and Onehunga Hostels Endowment Trust for \$3.5 million (2021: \$2.5 million). At 31 March 2022, \$3.06 million of this facility had been drawn down (2021: \$1.98 million). The Māori Trustee has a commitment to advance the remaining \$440,000 once the conditions for drawdown have been met.

11. Investments in subsidiaries

ACCOUNTING POLICY

The consolidated financial statements comprise the financial statements of the Māori Trustee, its wholly owned and controlled entities, MTD1 Limited (100%), Te Tumu Paeroa Dairy Limited Partnership (100%), M9 Limited (100%), Matakana 9 Limited Partnership (100%), O39 Limited (100%) and Omaio 39 Limited Partnership (100%). Controlled entities are those entities over which the Māori Trustee has the power to govern the financial and operating policies to obtain benefits from their activities. Investments in subsidiaries are carried at cost less impairment in the Māori Trustee's Parent financial statements. Impairment is assessed by comparing the cost of the investment to the fair value of the net assets of the subsidiary.

RISK MANAGEMENT STRATEGY RELATED TO AGRICULTURAL ACTIVITIES

The Group's wholly owned and controlled entities are exposed to the following risks relating to its kiwifruit orchards and dairy farms:

» Regulatory and environmental risks

The Group is subject to laws and regulations in New Zealand. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

» Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volumes of milk solids and kiwifruit. When possible, for kiwifruit the Group manages this risk by aligning the timing the release of its picked fruit to the market to supply and demand. Management performs regular industry trend analyses to target early/late start premiums and allowing for storage costs.

» Climate and other risks

The Group's kiwifruit orchards and dairy farms are exposed to the risk of damage from extreme weather events such as storms, high winds and drought. Changes in global climate conditions could intensify one or more of these events.

Periods of drought and associated high temperatures may increase the risk of vine damage for kiwifruit and reduction of pasture for dairy operations. In addition to their effects on yields, extreme weather events may also increase the cost of operations. The Group has extensive processes in place aimed at monitoring and mitigating these risks through proactive management and early detection.

The Group has incorporated considerations for climate change into its orchard development practices, such as the establishment and maintenance of boreholes to mitigate drought, fire breaks and increased monitoring during fire danger periods. Physical risks arising from fires and drought are to a great extent subject to risk transfer and thereby within the Group's property and business interruption insurance programmes. However, should the frequency and severity of these events increase as a result of climate change, the cost of such coverage may increase.

MTD1 Limited is a wholly owned and controlled entity of the Māori Trustee with no transactions for the year ended 31 March 2022 (2021: Nil). MTD1 Limited is the general partner for Te Tumu Paeroa Dairy Limited Partnership, which was created in May 2013. As the general partner, MTD1 Limited has responsibility for the management and control of the business and partnership.

Te Tumu Paeroa Dairy Limited Partnership was originally created with the Māori Trustee as the only limited partner owning 100 partnership units. Subsequently, 50 of the 100 partnership units were transferred to the Māori Education Trust. During the 2016 financial year, the Māori Trustee bought back the 50 partnership units from Māori Education Trust, leaving the Māori Trustee as the only limited partner.

The investment was initially carried at cost in the parent accounts. Impairment is assessed annually using the net asset values as most of the limited partnerships assets are measured at fair value. At 31 March 2022, there were no impairment losses that were identified from the impairment testing conducted (2021: Nil).

M9 Limited is a wholly owned and controlled entity of the Māori Trustee with no transactions for the year ended 31 March 2022 (2021: Nil). M9 Limited is the general partner for Matakana 9 Limited Partnership, which was created in April 2016. As the general partner, M9 Limited has responsibility for the management and control of the business and partnership.

Matakana 9 Limited Partnership was created with the Māori Trustee as the only limited partner. The partnership is engaged in developing a kiwifruit orchard and producing kiwifruit.

Matakana 9 Limited Partnership leases land from Matakana 9 Trust. At the end of the lease the assets owned by the partnership transfer to the trust. The carrying value of these assets is \$699,223 (2021: \$772,430) and are classified as farm assets.

O39 Limited is a wholly owned and controlled entity of the Māori Trustee with no transactions for the year ended 31 March 2022 (2021: Nil). O39 Limited is the general partner for Omaio 39 Limited Partnership, which was created in April 2016. As the general partner, O39 Limited has responsibility for the management and control of the business and partnership.

Omaio 39 Limited Partnership was created with the Māori Trustee as the only limited partner. The partnership is engaged in developing a kiwifruit orchard and producing kiwifruit.

Omaio 39 Limited Partnership leases land from Omaio 39 Trust. At the end of the lease the assets owned by the partnership will transfer to the trust. The carrying value of these assets is \$375,439 (2021: \$412,785) and are classified as farm assets.

Impairment testing was undertaken with regards to the carrying value of the investments in Matakana 9 Limited Partnership and Omaio 39 Limited Partnership in the Parent accounts. The impairment assessment was done

based on future cash flows and an appropriate discount rate was applied to reflect the risk of the investment. The risks associated with holding these investments include exposure to adverse climatic (e.g. drought or flooding) and environmental (e.g. disease outbreaks, biosecurity) conditions. On 21 November 2021, the Opotiki District suffered a wind event that severely compromised Omaio 39 Limited Partnership's kiwifruit production for the 2022 season. Management expect these events to have an impact on the Limited Partnership's season's production, with reports of up to 60% loss in Gold production and 20% loss in the green production. There was no damage to the kiwifruit structures and therefore the impact of the storm damage was contained to the season's result and as a result there was no impairment adjustment that arose from the impairment testing.

TTP Services (Mānuka) Limited was a wholly owned and controlled entity of the Māori Trustee with no transactions for the year ended 31 March 2022 (2021: Nil). TTP Services (Mānuka) Limited was the general partner for TTP Mānuka Limited Partnership, which was created in July 2017. As the general partner, TTP Services (Mānuka) Limited had responsibility for the management and control of the business and partnership. TTP Services (Mānuka) Limited was wound up and deregistered on 24 June 2021.

TTP Mānuka Limited Partnership was wound up and deregistered on 8 July 2021

The financial statements of the wholly owned and controlled entities are prepared for the same reporting period as the Māori Trustee, with the exception of Te Tumu Paeroa Dairy Limited Partnership, which has a 31 May balance date to align with farming practice.

Intercompany transactions, balances and unrealised gains on transactions between the controlled entities and the Group are eliminated. Investments in controlled entities are subject to annual review for impairment.

The subsidiaries of the Group are incorporated/established in New Zealand and undertake their business in New Zealand.

12. Equity accounted investments

ACCOUNTING POLICY

Equity accounted investments are accounted for using the equity method of accounting in the consolidated financial statements. Under the equity method, equity accounted investments are carried at cost plus post-acquisition changes in the Māori Trustee's share of the net assets of the equity accounted investments, less provision for impairment.

The Māori Trustee's share of post-acquisition surplus/(deficit) and other comprehensive revenue/(expense) is recognised in the statement of comprehensive revenue and expense. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Equity accounted investments are recorded at cost less any impairment losses in the Parent's financial statements and are accounted for using the equity method of accounting in the Group financial statements.

The financial statements of equity accounted investments are prepared for the same reporting period as the Māori Trustee, with the exception of: Rangihamama Dairy Limited Partnership and RDF1 Limited, which have a 31 May balance date to align with farming practice.

The financial statements of Equity Accounted Investments are prepared using consistent accounting policies.

A joint venture is an arrangement in which the Māori Trustee has joint control, while an associate is an entity in which the Māori Trustee has significant influence, but not control or joint control over the financial and operating policies. Some investments are classed as associates due to the nature of the relationship with the entity which allows the Māori Trustee to have significant influence, despite having less than 20% of the voting rights.

The Māori Trustee's investments in associates include Farm Data Accreditation Limited. In previous years they also included Te Tumu Miere Limited (In liquidation) which was liquidated and removed from the companies register on 17 February 2022. The Māori Trustee investments in joint ventures include Rangihamama Dairy Limited Partnership, RDF1 Limited, Huakiwi Developments Limited Partnership and Huakiwi Services Limited.

Equity accounted investments are comprised as follows. (A) denotes an 'associate' and (JV) 'Joint Venture':

	EQUITY HOLDING		GROUP		PARENT	
	2022 %	2021 %	2022 \$000	2021 \$000	2022 \$000	2021 \$000
RDF1 Limited (JV)	50	50	-	-	-	-
Rangihamama Dairy Limited Partnership (JV)	50	50	1,041	745	617	617
Huakiwi Services Limited (JV)	50	50	-	-	-	-
Huakiwi Developments Limited Partnership (JV)	50	50	15,557	13,215	16,538	14,038
Opotiki Packing and Cool Storage Limited (A)*	-	10.1	-	2,892	-	1,798
Farm Data Accreditation Limited (A)	14.29	14.29	-	-	-	-
Total equity accounted investments			16,598	16,852	17,155	16,453

* On 10 May 2021 Opotiki Packing and Cool Storage Limited (OPAC) amalgamated with Seeka Limited. Shareholders in OPAC received new shares in Seeka at the ratio of 1.4833 Seeka Limited shares for every OPAC share held. The Māori Trustee holds a 1.69% stake in Seeka Limited and no longer has representation on the Board. The investment in Seeka Limited has been reclassified under Other Financial Assets (Note 13).

Movements in the carrying amounts of equity accounted investments are as follows:

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Associates				
Opening balance at 1 April	2,891	2,603	1,798	1,798
Share of net surplus/(deficit)	-	117	-	-
Share of other comprehensive revenue/(expenditure)	-	275	-	-
Share of dividends distributed	(1,093)	(104)	-	-
Reclassified to Other financial assets	(1,798)	-	(1,798)	-
Closing balance at 31 March	-	2,891	-	1,798
Joint Ventures				
Opening balance at 1 April	13,961	11,663	14,655	13,877
Share of net surplus/(deficit)	402	(234)	-	-
Share of other comprehensive revenue/(expenditure)	(105)	(43)	-	-
New investments during the year	2,500	2,575	2,500	2,575
Distributions made during the year	(160)	-	-	-
Impairment of investments during the year	-	-	-	(1,797)
Closing balance at 31 March	16,598	13,961	17,155	14,655
Total equity accounted investments	16,598	16,852	17,155	16,453

Summarised financial information of equity accounted investments is as follows:

	GROUP	
	2022 \$000	2021 \$000
Associates		
Current assets	-	6,108
Non-current assets	-	53,530
Current liabilities	-	(20,154)
Non-current liabilities	-	(10,860)
Net assets	-	28,624
Revenue	-	48,013
Total comprehensive revenue/(expenditure)	-	3,880
Share of total comprehensive revenue		
Net surplus/(deficit) after tax	-	117
Other comprehensive revenue/(expenditure)	-	275
Total share of comprehensive revenue	-	392

FARM DATA ACCREDITATION LIMITED

Farm Data Accreditation Limited provides New Zealand Farm Data Standards, which are a set of common data vocabularies that help the business and industry organisations that serve New Zealand farmers to develop efficient technology applications and integrations. The Māori Trustee is a 14.29% shareholder in Farm Data Accreditation Limited and has one director, which represents 25% of the board. Subsequent to year end, the Māori Trustee commenced a process to exit the investment in Farm Data Accreditation Limited and remove the assigned director.

TE TUMU MĪERE LIMITED IN LIQUIDATION (TTM) (DEREGISTERED)

TTM was a wholly owned entity of the Māori Trustee for which the nature of business was collection and wholesaling of mānuka honey from Māori land blocks. TTM was incorporated in February 2015, however the company went into liquidation in November 2018 and was deregistered on 17 February 2022. For the period between liquidation and deregistration the Māori Trustee classed TTM as an associate, previously a subsidiary, as control of the entity was lost when it entered into liquidation.

	GROUP					
	2022			2021		
	\$000	\$000	\$000	\$000	\$000	\$000
	RANGIHAMAMA DAIRY LIMITED PARTNERSHIP	HUAKIWI DEVELOPMENTS LIMITED PARTNERSHIP	TOTAL	RANGIHAMAMA DAIRY LIMITED PARTNERSHIP	HUAKIWI DEVELOPMENTS LIMITED PARTNERSHIP	TOTAL
Joint ventures						
Current assets	633	6,286	6,919	618	4,971	5,589
Non-current assets	2,259	25,310	27,569	2,196	21,940	24,136
Current liabilities	(274)	(491)	(765)	(210)	(481)	(691)
Non-current liabilities	(539)	-	(539)	(1,113)	-	(1,113)
Net assets	2,079	31,105	33,184	1,491	26,430	27,921
Revenue	2,420	4,585	7,005	1,888	2,418	4,306
Total comprehensive revenue/(expenditure)	1,122	(331)	791	606	(1,075)	(469)
Share of total comprehensive revenue						
Net surplus/(deficit) after tax	561	(158)	403	304	(538)	(234)
Other comprehensive revenue/(expenditure)	(105)	-	(105)	(43)	-	(43)
Total share of comprehensive revenue	456	(158)	298	261	(538)	(277)

RANGIHAMAMA DAIRY LIMITED PARTNERSHIP AND RDF1 LIMITED

Created in December 2013, Rangihamama Dairy Limited Partnership is a partnership between the Māori Trustee and the Omapere Taraire E & Rangihamama X3A Ahu Whenua Trust to run a joint venture dairy farm. The Omapere Taraire E & Rangihamama X3A Ahu Whenua Trust and the Māori Trustee have appointed RDF1 Limited as general partner to manage the partnership business. The company is 50% owned by Omapere Taraire E & Rangihamama X3A Ahu Whenua Trust and 50% by the Māori Trustee.

HUAKIWI DEVELOPMENT LIMITED PARTNERSHIP AND HUAKIWI SERVICES LIMITED

Huakiwi Development Limited Partnership was created in March 2017 between the Māori Trustee and Quayside Holdings Limited and is engaged in developing kiwifruit orchards and producing kiwifruit in New Zealand. The Māori Trustee and Quayside Holdings Limited have appointed Huakiwi Services Limited as general partner to manage the partnership business. The company is 50% owned by Quayside Holdings Limited and 50% by the Māori Trustee.

The Māori Trustee has committed uncalled capital in its equity accounted investments of \$1,275,000 (2021: \$3,775,000).

Impairment testing was undertaken with regards to the carrying value of the equity accounted investments and no impairment adjustment arose from this testing.

There are no contingent liabilities relating to the Parent's interests in its equity accounted investments.

The Equity Accounted Investments of the Māori Trustee are all incorporated/established in New Zealand.

13. Other financial assets

ACCOUNTING POLICY

Other financial assets are measured at fair value through other comprehensive revenue and expense as the Māori Trustee has no significant influence over the investment. At the end of each reporting period, the Māori Trustee will assess if there's any objective evidence of impairment for its investments.

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Opening balance at 1 April	1,289	2,257	1,289	2,257
Reclassified from associates*	1,798	-	1,798	-
Gain on asset value post de-recognition of associate	1,787	-	1,787	-
Sale of assets	-	(877)	-	(877)
Impairment	92	(91)	92	(91)
Closing balance at 31 March	4,965	1,289	4,965	1,289

*Following the amalgamation on OPAC and Seeka Limited in May 2021, the Māori Trustee now has a 1.69% interest in Seeka Limited.

TRG NATURAL PHARMACEUTICALS LIMITED (FORMERLY DISCLOSED AS HONEYLAB LIMITED)

The Māori Trustee holds 91,507 shares at \$3.00 per share in TRG Natural Pharmaceuticals Limited (TRG), which makes Māori Trustee a 2.06% shareholder in TRG Limited. TRG is the 100% shareholder of Honeylab Limited. The Māori Trustee has not been appointed as a director and does not have the capacity to influence operating and financial policies or to participate in decision making. In prior year the Māori Trustee made an impairment adjustment to the investment following a post year end offer of the shares \$2.00 per share which provided objective evidence that the investment was impaired by \$91,507 at the time. In 2022, the company revalued its shares to \$9.00 per share in a capital raising revaluation and its financial statements at 31 March 2022 reflected a profit of \$1 million. This provided objective evidence for the reversal of the previously recognised impairment of \$91,507.

RANGINUI STATION LIMITED PARTNERSHIP & BAKER NO TILLAGE LIMITED *IN LIQUIDATION*

Prior to the 2018 financial year, the Māori Trustee's interest in Ranginui Station Limited Partnership (RSLP) was as a limited partner of Putake Investments Limited Partnership (PILP). As a result of the completion of the winding up of PILP, the Māori Trustee came to directly hold a 5.26% interest in RSLP and a 2.44% interest in Baker no Tillage *in Liquidation*.

Attempts by PILP to sell its interest in RSLP prior to its winding up were not successful. The investment has a significantly long-term horizon for return (more than 50 years), and minimal expectations for a short to medium term return unless the limited partners decided to liquidate the partnership. The Māori Trustee has continued to hold Ranginui Station Limited Partnership at cost of \$1,105,942. Fair value is determined using the net assets value of the Ranginui Station Limited Partnership as most of the Limited Partnership's assets are measured at fair value.

In September 2019, Baker No Tillage Limited entered into liquidation and was deregistered on 25 March 2022

14. Biological assets

ACCOUNTING POLICY

Biological assets include livestock measured at fair value.

Livestock are measured at estimate of market value at reporting date. The estimated market return less selling cost is established by reference to current and expected sales returns when available, in the event market data is not available an assessment is made based on historical data.

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Opening balance at 1 April	1,158	991	-	-
Livestock losses	(34)	(42)	-	-
Change in fair value due to biological transformation	293	366	-	-
Change in fair value of livestock due to price changes	(92)	(21)	-	-
Increase/(decrease) due to sale	(123)	(136)	-	-
Closing balance at 31 March	1,202	1,158	-	-

PGG Wrightson Limited determines livestock market value by using sales that have taken place at the time of the valuation. Sales figures are based on similar types of stock that were being traded either through paddock sales or sold at auction.

Matakana 9 Limited Partnership, Omaio 39 Limited Partnership hold bearer plants recorded at cost, in accordance with for profit accounting standard NZ IAS 16 Property, Plant and Equipment, because the bearer plants are exempt and excluded from the scope of accounting standard NZ IAS 41 Agriculture.

The Group applies PBE accounting standards for reporting and, hence, on consolidation, the bearer plants, previously reclassified to biological assets in accordance with PBE IPSAS 27 Agriculture, have been reclassified back to property, plant and equipment in accordance with PBE IPSAS 17 Property, Plant and Equipment.

15. Equities

ACCOUNTING POLICY

Equities are measured at fair value of the investment through quoted prices in the market through other comprehensive revenue and expense which are initially measured at fair value plus transaction costs.

After initial recognition, these investments are measured at their fair value with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses that are recognised in the surplus or deficit.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to surplus or deficit.

RISK MANAGEMENT

The Group minimises credit risk by transacting all cash management, fixed interest investment and interest rate risk management activity with counterparties that are of high credit quality as determined by international credit rating agencies (e.g. Standard & Poor's or Moody's). This policy enables higher dollar value exposures to parties assessed by rating agencies as being most able to meet their obligations.

The Group holds equities of \$119.78 million (2021: \$22.61 million). These are comprised of portfolios of debt and equity investments managed by the Group's investment manager. Together with the Group's statement of investment policies and objectives, the Group ensures prudent management of a well-diversified portfolio of assets. Investment reports from the Investment Managers are received to provide the basis of valuation. The Investment Managers value the investments using quoted market prices.

16. Investment property

ACCOUNTING POLICY

Investment properties are properties which are held either to earn rental revenue or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are measured at fair value at balance date determined annually by an independent qualified valuer.

Any gain or loss arising from a change in the fair value of investment property shall be recognised in surplus or deficit for the period in which it arises.

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Opening balance at 1 April	-	-	10,374	9,996
Fair value adjustment	883	378	883	378
Transfer to property, plant and equipment	(883)	(378)	-	-
Closing balance at 31 March	-	-	11,257	10,374

The investment properties are dairy units located in the Ōtorohanga region. It's the Māori Trustee's policy that investment properties are valued at fair value based on an annual independent valuation. Fair value is based on market values, being the price that would be received for the sale of the property in an orderly transaction between market participants at the measurement date less expected costs incurred in selling the property. Movements in the valuation of investment property are reflected in the statement of comprehensive revenue and expense as a gain on investment property revaluation of \$883,000 (2021: \$378,000).

An independent valuation was conducted by Darragh Valuations Ltd who are registered valuers and property consultants based on physical inspection of the property on 30 March 2022. The valuers applied the comparable sales method using data from sales in the past 12 months of properties with comparable location, land use, scale and levels of production. Darragh Valuations Ltd are experienced valuers with extensive market knowledge in the types and location of the investment property owned by the Māori Trustee.

Since 2016, the Māori Trustee is the only limited partner in Te Tumu Paeroa Dairy Limited Partnership. As a result, investment property is transferred to property, plant and equipment in the Group accounts as the dairy units are considered owner occupied from the Group's perspective.

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Rental revenue from investment property	-	-	371	371
Total amount recognised in profit and loss (excluding revaluations)	-	-	371	371

17. Property, plant and equipment

ACCOUNTING POLICY

Property, plant and equipment consist of land, IT equipment, office equipment, furniture and fittings and motor vehicles.

Land is measured at fair value at balance date determined annually by an independent qualified valuer.

Property, plant and equipment is measured at historical cost, less accumulated depreciation and impairments.

Depreciation is charged to the statement of comprehensive revenue and expense on all property, plant and equipment, other than work in progress. Depreciation is calculated on a straight-line basis at rates estimated to allocate the cost of an asset over the estimated useful life. The estimated useful lives and associated depreciation rates of the asset classes are as follows:

IT equipment	-3 years 33%
Office equipment	-5 years 20%
Furniture and fittings	-5 years 20%
Motor vehicles	-5 years 20%

ADDITIONS

The cost of an item of property, plant or equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with it will flow to the Māori Trustee and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and it is not depreciated.

In most instances, an item of property, plant or equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at its fair value as at the date of acquisition.

DISPOSALS

Property, plant and equipment assets are derecognised when disposed of or when no further future economic benefits are expected from use of the assets. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the statement of comprehensive revenue and expense.

REVALUATIONS

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from fair value. If there is evidence supporting a material difference, then the off-cycle asset classes are revalued.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in the value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then in other comprehensive revenue.

On subsequent sale of a revalued property, the attributed revaluation surplus remaining in the asset revaluation reserve is directly transferred to retained earnings.

GROUP 2022

	IT EQUIPMENT \$000	OFFICE EQUIPMENT \$000	FURNITURE AND FITTINGS \$000	MOTOR VEHICLES \$000	LAND \$000	FARM ASSETS \$000	TOTAL \$000
Cost at beginning of year	909	240	235	233	10,374	2,153	14,144
Additions	180	1	2	25	-	54	262
Transfer from investment property	-	-	-	-	883	-	883
Cost at end of year	1,089	241	237	258	11,257	2,207	15,289
Accumulated depreciation at beginning of year	724	189	149	140	-	799	2,001
Depreciation	123	22	19	42	-	135	341
Accumulated depreciation at end of year	847	211	168	182	-	934	2,342
Net carrying value at end of year	242	30	69	76	11,257	1,273	12,947

GROUP 2021

	IT EQUIPMENT \$000	OFFICE EQUIPMENT \$000	FURNITURE AND FITTINGS \$000	MOTOR VEHICLES \$000	LAND \$000	FARM ASSETS \$000	TOTAL \$000
Cost at beginning of year	839	182	189	474	9,996	2,115	13,795
Additions	105	58	49	3	-	58	273
Transfer from investment property	-	-	-	-	378	-	378
Disposals	(35)	-	(3)	(244)	-	(20)	(302)
Cost at end of year	909	240	235	233	10,374	2,153	14,144
Accumulated depreciation at beginning of year	653	174	133	283	-	663	1,906
Depreciation	106	15	19	59	-	138	337
Depreciation on disposals	(35)	-	(3)	(202)	-	(2)	(242)
Accumulated depreciation at end of year	724	189	149	140	-	799	2,001
Net carrying value at end of year	185	51	86	93	10,374	1,354	12,143

PARENT 2022					
	IT EQUIPMENT	OFFICE EQUIPMENT	FURNITURE AND FITTINGS	MOTOR VEHICLES	TOTAL
	\$000	\$000	\$000	\$000	\$000
Cost at beginning of year	909	239	234	233	1,615
Additions	180	1	1	25	207
Cost at end of year	1,089	240	235	258	1,822
Accumulated depreciation at beginning of year	725	186	154	140	1,205
Depreciation	123	22	19	41	205
Accumulated depreciation at end of year	848	208	173	181	1,410
Net carrying value at end of year	241	32	62	77	412

PARENT 2021					
	IT EQUIPMENT	OFFICE EQUIPMENT	FURNITURE AND FITTINGS	MOTOR VEHICLES	TOTAL
	\$000	\$000	\$000	\$000	\$000
Cost at beginning of year	840	182	188	474	1,684
Additions	105	58	49	3	215
Disposals	(35)	-	(3)	(244)	(282)
Cost at end of year	910	240	234	233	1,617
Accumulated depreciation at beginning of year	654	172	138	283	1,247
Depreciation	106	15	19	59	199
Depreciation on disposals	(35)	-	(3)	(202)	(240)
Accumulated depreciation at end of year	725	187	154	140	1,206
Net carrying value at end of year	185	53	80	93	411

There are no restrictions over the title to items of property, plant and equipment, nor are any property, plant and equipment assets pledged as security for liabilities.

Bearer plants are held with the primary objective of generating a predetermined return and this is restricted to the term of the leases (including rights of renewal) for the land that orchard businesses operate on. No further future economic benefits are expected from use of the assets beyond the earlier of the date the predetermined return is achieved and capital is paid back or the end of the lease. The recoverable amount for the bearer plants are based on the discounted cashflows that are generated from them.

18. Intangible assets

ACCOUNTING POLICY

Intangible assets consist of acquired computer software, software modified for use and carbon credits.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs incurred with development and maintenance of Māori Trustee's website are recognised as an expense when incurred.

Acquired software and software modified for use are measured at historical cost less accumulated amortisation and impairments.

The estimated useful lives and associated amortisation rate of the asset class are as follows:

Acquired software	3-5 years	20-33%
Carbon credits (NZUs)	Unlimited	N/A

NZUs are initially measured at cost. Subsequently, at each reporting date, the NZUs are measured at fair value.

Any increase in the carrying amount is recognised in other comprehensive revenue and expense and accumulated in equity as revaluation reserve. The increase shall be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease is recognised in surplus or deficit. The decrease is recognised in other comprehensive revenue and expense to the extent of any credit balance in the revaluation reserve in respect of that asset.

Amortisation is charged to the statement of comprehensive revenue and expense on all intangible assets, other than work in progress. Amortisation is calculated on a straight-line basis at rates estimated to allocate the cost of an asset over the estimated useful life. The useful lives of the intangible assets have been assessed to be finite.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised in the statement of comprehensive revenue and expense for the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use for non-cash generating assets is determined as the depreciated replacement cost where the future economic benefits are not dependent on the assets ability to generate cash flows. Losses resulting from impairment are reported in the surplus or deficit.

Cash-generating assets and non-cash generating assets are distinguished by reviewing the assets primary objective. Cash-generating assets are those assets held with the primary objective of generating a commercial return and non-cash generating assets are those assets from which the Māori Trustee does not intend to realise a commercial return.

	GROUP					
	2022			2021		
	CARBON CREDITS	OTHER INTANGIBLE ASSETS	TOTAL	CARBON CREDITS	OTHER INTANGIBLE ASSETS	TOTAL
	\$000	\$000	\$000	\$000	\$000	\$000
Cost at beginning of year	2,642	3,619	6,261	1,625	6,965	8,590
Additions	-	967	967	-	628	628
Disposals/Write off	-	(271)	(271)	-	(4,619)	(4,619)
Revaluation increase/(decrease)	2,537	-	2,537	1,017	-	1,017
Movement in work in progress	-	(509)	(509)	-	645	645
Cost at end of year	5,179	3,806	8,985	2,642	3,619	6,261
Accumulated amortisation at beginning of year	-	798	798	-	3,136	3,136
Amortisation	-	799	799	-	737	737
Amortisation on disposal	-	(173)	(173)	-	(3,075)	(3,075)
Accumulated amortisation at end of year	-	1,424	1,424	-	798	798
Net carrying value at end of year	5,179	2,382	7,561	2,642	2,821	5,463

	PARENT					
	2022			2021		
	CARBON CREDITS	OTHER INTANGIBLE ASSETS	TOTAL	CARBON CREDITS	OTHER INTANGIBLE ASSETS	TOTAL
	\$000	\$000	\$000	\$000	\$000	\$000
Cost at beginning of year	2,642	2,237	4,879	1,625	6,258	7,883
Additions	-	967	967	-	628	628
Disposals/Write off	-	(313)	(313)	-	(4,619)	(4,619)
Revaluation increase/(decrease)	2,537	-	2,537	1,017	-	1,017
Movement in work in progress	-	208	208	-	645	645
Cost at end of year	5,179	3,099	8,278	2,642	2,912	5,554
Accumulated amortisation at beginning of year	-	675	675	-	3,045	3,045
Amortisation	-	768	768	-	705	705
Amortisation on disposal	-	(173)	(173)	-	(3,075)	(3,075)
Accumulated amortisation at end of year	-	1,270	1,270	-	675	675
Net carrying value at end of year	5,179	1,829	7,008	2,642	2,237	4,879

There are no restrictions over the title to intangible assets nor are any intangible assets pledged as security for liabilities. In 2021, the Maori Trustee reviewed the amortisation period for software assets due to changes in the estimated useful lives of the assets from 10 years to 3-5 years. This change in estimate became effective on 1 January 2021.

19. Payables

ACCOUNTING POLICY

Creditors and other payables represent liabilities for goods and services provided to the Māori Trustee prior to the end of the financial year.

Creditors and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Payables under exchange transactions				
Creditors	384	971	384	971
Accrued expenses	968	852	666	552
Total payables under exchange transactions	1,352	1,823	1,050	1,523
Payables under non-exchange transactions				
GST payable	297	155	302	172
Total payables under non-exchange transactions	297	155	302	172
Total payables	1,649	1,978	1,352	1,695

As payables are non-interest bearing and are normally settled on monthly terms, their carrying value approximates their fair value.

20. Employee benefits

ACCOUNTING POLICY

Employee benefits include accrued salaries and wages, annual leave earned, and retiring and long service leave entitlements.

Employee benefits expected to be settled within 12 months of balance date are measured at the undiscounted current rates of pay and the accrued entitlements.

Employee benefits that are payable beyond 12 months of balance date, such as long service leave, are calculated on an actuarial basis, which takes into account years of service, years until entitlement, the likelihood that staff will reach the point of entitlement, and the net present value of the estimated cash flows.

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Current portion				
Accrued salaries and wages	46	-	46	-
Annual leave	627	497	627	497
ACC liabilities	14	13	14	13
Retirement and long service leave	2	2	2	2
Total current portion	689	512	689	512
Non-current portion				
Retirement and long service leave	15	16	15	16
Total non-current portion	15	16	15	16
Total employee benefits	704	528	704	528

The present value of retirement and long service leave obligations are determined on an actuarial basis. These determining factors include: discount rate, salary inflation, years of service, years until entitlement, and the likelihood that staff will reach the point of entitlement. Any changes to these factors will affect the net present value of the estimated cash flows and the carrying amount of the liability.

Expected future payments are discounted using New Zealand government stock rates. A discount rate of 0.38% (2021: 0.21%) and an inflation factor of 6.00% (2021: 3.00%) were used based on historical and future salary inflation patterns.

21. Liability to Māori Education Trust

The Māori Trustee owns and leases the Ouruwhero and Te Kawa farms to Te Tumu Paeroa Dairy Limited Partnership, a wholly owned limited partnership. The farms were acquired by the Māori Trustee from the Māori Education Trust in 2016. At the time of the sale the parties made provision for a gain-sharing arrangement in the event the Māori Trustee decided to sell the farms above an agreed amount. The farms have not been sold. Had the farms sold at the end of the 2022 financial year, the Māori Trustee would have had no liability under the arrangement (2021: \$Nil).

22. Reconciliation of net operating surplus with net cash flows from operating activities

	NOTES	GROUP		PARENT	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
Net surplus		3,938	(747)	4,902	(2,424)
Add/(deduct) non-cash items					
Amortisation of premiums/discount		(380)	225	(380)	245
Depreciation	17	341	337	206	199
Amortisation of intangible assets	18	799	737	768	705
Impairment losses/(gains)		82	1,178	82	1,178
Share of equity accounted investments' net deficit/(surplus)	12	(403)	118	-	-
Decrease in market value of shares		169	50	-	-
(Gain)/loss on investment property revaluation		-	-	(883)	(378)
Impairment of investments in associates		-	-	-	1,794
Reversal of impairment		(146)	(10)	(146)	(10)
Disposal of investments in associates		-	102	-	-
Interest income on loans and advances		(165)	(110)	(165)	(110)
Add/(deduct) investing activities					
(Gain)/loss on sale of non-current assets held to maturity		(1,001)	-	(1,001)	-
(Gain)/loss on disposal of property, plant and equipment		88	1,408	88	1,439
Dividend received from associate		(242)	-	(178)	-
Add/(deduct) movements in working capital					
(Increase)/decrease in debtors and other receivables		(1,170)	719	(1,027)	761
(Increase)/decrease in stock		242	167	-	-
Increase/(decrease) in payables		(153)	423	(168)	353
Net cash flows from operating activities		1,999	4,597	2,098	3,752

23. Commitments

ACCOUNTING POLICY

Commitments are future expenses and liabilities to be incurred on contracts entered into before balance date.

Cancellable commitments that have penalty or exit costs explicit in the agreement are reported at the minimum future payments, including the value of the penalty or exit cost. Commitments include:

- » Non-cancellable operating leases for property, which are measured as the future payments due under the lease contract.
- » Other non-cancellable commitments for consulting contracts, which are measured as the future payments due under the contracts.

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Lease commitments as lessee				
Less than 1 year	823	766	811	754
1 year to 2 years	803	458	791	446
2 years to 5 years	2,230	120	2,194	84
Greater than 5 years	1,282	81	1,232	9
Total lease commitments as lessee	5,138	1,425	5,028	1,293

The Māori Trustee leases its head office and regional office premises. A significant portion of the non-cancellable operating lease expense relates to the lease of the Wellington head office which has a November 2022 right of renewal and a termination date of 30 November 2028. The Māori Trustee does not have the option to purchase assets pursuant to any of the leases.

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Lease commitments as lessor				
Less than 1 year	-	(308)	371	63
1 year to 2 years	372	(63)	435	-
2 years to 5 years	-	-	-	-
Greater than 5 years	-	-	-	-
Total lease commitments as lessor	372	(371)	806	63

100% (2021: 100%) of the commitment as lessor in the Parent figures relates to investment property.

24. Contingent liabilities and assets

ACCOUNTING POLICY

Contingent assets and contingent liabilities are disclosed at the point at which the contingency is evident.

Contingent assets are disclosed if it is probable that the benefits will be realised. Contingent liabilities are disclosed if the possibility that they will crystallise is not remote.

UNCLAIMED MONIES (1963 TO 1993)

A contingent liability of \$7,644,000 (2021: \$7,644,000) relates to beneficiary monies paid out by the Māori Trustee under section 30(9) of the Māori Trustee Act 1953 to the Māori Education Trust, the Māori Purposes Fund Board and the New Zealand Māori Council. This section was later substituted by section 2(1) of the Māori Trustee Amendment Act 1996, which became effective on 24 June 1996. The Māori Trustee will be liable to make payment to beneficiaries who establish an entitlement in the future.

COMPENSATION LEASES

The Māori Trustee administers leases where compensation is payable to the lessee on expiry or resumption of a lease.

In some of these cases, the Māori Trustee is required by the Māori Vested Land Administration Act 1954 to advance to owners monies required to meet compensation payments, where sums set aside during the course of the lease prove to be insufficient. Advances that the Māori Trustee may be required to make upon resumption of such leases is not quantifiable at this time.

In other cases where the lease provides for compensation to be paid to the lessee, and there are insufficient funds held on behalf of the owners, the Māori Trustee is not required by statute to provide these funds. However, the Māori Trustee may be called upon to provide a loan from the General Purposes Fund to assist owners to meet the obligations to lessees to pay for improvements. The value of such advances is not quantifiable at this time.

LAND OVERLAY 3A

A number of Māori land trusts administered by the Māori Trustee as Responsible Trustee have received notification from the Gisborne District Council that parts of their land are subject to serious land erosion and have been classified as 'Land Overlay 3A' under the Council's Combined Regional Land and District Plan. Under the Combined Regional Land and District Plan a works plan must be developed for land classified as Land Overlay 3A, which provides, amongst other things, for the establishment of effective tree cover for the affected land by 2021. Work is already underway on some of the landblocks and this has been funded by the Gisborne District Council.

As Land Overlay 3A obligations ultimately rest with the legal landowner, the Māori Trustee could in the future be required to cover compliance costs associated with the Land Overlay 3A requirements, which are unable to be met by the affected Trusts.

The potential costs (if any) are unable to be quantified at this time. Factors that would impact quantification include the outcome of the discussions with the Gisborne District Council and other agencies, whether affected Trusts are eligible to meet some of the compliance costs from the Erosion Control Funding Program (East Coast) grant (and if so, the amount of the grant), and the financial ability of individual Trusts to meet compliance costs when called upon to do so.

PRE-1990 FOREST

A number of Māori land Trusts administered by the Māori Trustee as Responsible Trustee or as Custodian Trustee own 'pre-1990 forest' (as defined under the Climate Change Response Act 2002). The Māori Trustee has the obligations of the legal landowner of 'pre-1990 forest' under the Act, associated legislation and rules.

If 'deforestation' (as defined under the Act) of any pre-1990 forest were to occur, the Trusts concerned would need to meet the deforestation liability by the surrender of NZUs or Kyoto-compliant emissions units (except where the Environmental Protection Authority has determined that responsibility for the deforestation lies with a third party e.g. the holder of a forest right or lessee). If a land Trust that the Māori Trustee administers as Responsible Trustee or Custodian Trustee did not have sufficient emissions units to meet a deforestation liability and did not have, or could not obtain, third party finance to acquire sufficient emissions units to meet the deforestation liability, the Māori Trustee as legal landowner would need to ensure that the affected Trust acquired emissions units to meet the deforestation liability.

The potential costs (if any) are unable to be quantified at this time. Factors that would impact quantification in the event of deforestation include the number of hectares subject to deforestation (and accordingly the number of emissions units that need to be surrendered), whether the emissions units held by an affected Trust are sufficient to meet the deforestation liability and, if not, the cost to acquire additional emissions units at the time.

OTHER CONTINGENT LIABILITIES

The Māori Trustee has received or is aware of potential claims totalling \$35,000 (2021: \$35,000). There have been no additional claims during the year (2021: Nil).

25. Financial instruments

ACCOUNTING POLICY

The Māori Trustee is party to financial instruments as part of its normal operations. Financial instruments include:

- » Financial assets – cash and cash equivalents, debtors and other receivables, term deposits, held-to-maturity investments, loans and receivables, equities and non-current assets held for sale.
- » Financial liabilities – creditors and other payables, revenue in advance and employee benefits.

Purchases and sales of financial assets are recognised on the date when the Māori Trustee becomes party to a financial contract. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

Financial instruments are initially recognised at fair value plus transaction costs. Subsequent measurement of financial instruments depends on the classification of the financial instrument.

The carrying amounts of each category of financial assets and financial liabilities are as follows:

	NOTES	GROUP		PARENT	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
Financial assets					
Cash and cash equivalents	7	4,434	7,663	3,702	6,937
Debtors and other receivables	8	5,326	3,703	4,942	3,535
Term deposits	10	10	41,510	-	41,500
Held-to-maturity investments	9	-	57,506	-	57,506
Loans and receivables	10	4,079	3,432	4,079	3,432
Equities		119,781	22,610	119,781	22,610
Total financial assets		133,630	136,424	132,504	135,520
Financial liabilities					
Payables	19	1,545	1,978	1,352	1,695
Employee benefits	20	704	528	704	528
Total financial liabilities		2,249	2,506	2,056	2,223

FAIR VALUE HIERARCHY

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- » Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- » Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- » Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable. The following table analyses the basis of the valuation classes of financial assets measured at fair value in the statement of financial position.

	HIERARCHY LEVEL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
GROUP 2022					
	NOTE	\$000	\$000	\$000	\$000
Available for sale equities	15	-	119,781	-	119,781
Other financial assets	13	3,584	-	1,381	4,965
		3,584	119,781	1,381	124,746
GROUP 2021					
	NOTE	\$000	\$000	\$000	\$000
Available for sale equities	15	-	22,610	-	22,610
Other financial assets	13	-	-	1,288	1,288
		-	22,610	1,288	23,898
PARENT 2022					
	NOTE	\$000	\$000	\$000	\$000
Available for sale equities	15	-	119,781	-	119,781
Other financial assets	13	3,584	-	1,381	4,965
		3,584	119,781	1,381	124,746
PARENT 2021					
	NOTE	\$000	\$000	\$000	\$000
Available for sale equities	15	-	22,610	-	22,610
Other financial assets	13	-	-	1,288	1,288
		-	22,610	1,288	23,898

There were no transfers between the different levels of the fair value hierarchy.

FAIR VALUE

The fair value of all loans and receivables is equivalent to the carrying amount disclosed in the Māori Trustee's statement of financial position.

There were no held-to-maturity investments at 31 March 2022 (2021: \$57,506,000).

Equities are measured at fair value of the investment through quoted prices in the market (level 1) through other comprehensive revenue and expense.

FINANCIAL INSTRUMENTS RISK

The Māori Trustee's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Māori Trustee has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instrument risks.

MARKET RISK

PRICE RISK

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Māori Trustee's equity investments are exposed to price risk because they are listed investments. The equity investments are publicly traded.

SENSITIVITY ANALYSIS

If the price at 31 March 2022 had fluctuated by plus or minus 0.5%, the effect would have been to increase/decrease other comprehensive revenue and expense by:

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
0.5% increase/(decrease) in price would increase/(decrease) the other comprehensive revenue and expense	602	117	599	113

COMMODITY ANALYSIS

Te Tumu Paeroa Dairy Limited Partnership (TTPDLP) is exposed to commodity price risk as a result of its agreement with Fonterra to supply milk products. In the 2022 year TTPDLP supplied Fonterra with 216,132kg of milk with an average price of \$9.03. A 0.5% increase/(decrease) in the price of milk would increase/(decrease) the other comprehensive revenue and expense by \$9,762.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in interest rates. The Māori Trustee is exposed to interest rate risk on those financial instruments that have fluctuating interest rates.

The investments that have floating or variable interest rates are as follows:

		GROUP		PARENT	
		2022 \$000	2021 \$000	2022 \$000	2021 \$000
Cash and cash equivalents sensitivity analysis					
Weighted average effective interest rate	%	1.06	0.11	1.20	0.05
1% increase/(decrease) in interest rates would increase/ (decrease) interest revenue and equity	\$000	44	73	37	72

CREDIT RISK

Credit risk is the risk that a third party will default on its obligation to the Māori Trustee, causing a loss to be incurred. Credit risk arises from the financial assets of the Māori Trustee, which comprise cash and cash equivalents, term deposits, debtors and other receivables, loans and receivables and held-to-maturity investments.

CASH, CASH EQUIVALENTS AND TERM DEPOSITS

Cash, cash equivalents and term deposits are invested with registered banks.

DEBTORS AND OTHER RECEIVABLES

There are no material concentrations of credit risk with respect to debtors and other receivables.

HELD-TO-MATURITY INVESTMENTS

The Māori Trustee maintains a diversified investment portfolio of bonds in order to minimise credit risk. The General Purposes Fund investment parameters are:

- » The minimum rating of the portfolio will be at least BBB rated or better unless approved by the Investment and Credit Committee and the Māori Trustee.
- » For corporate issuers, no single issuer shall exceed 10% of the fixed revenue portfolio.
- » For bank issuers, no single issue shall exceed 25% of the fixed revenue portfolio.

LOANS AND RECEIVABLES

The Māori Trustee has issued mortgages under section 32 of the Māori Trustee Act 1953 and section 248 of the Māori Affairs Act 1953, Conversion Fund loans and other advances.

Advances under section 32 of the Māori Trustee Act 1953 may or may not be secured.

Advances under section 248 of the Māori Affairs Act 1953 may or may not be secured. Where security is taken, the security is a memorial of charge over land.

The Conversion Fund was abolished by the Māori Affairs Amendment Act 1987, which effectively vested the Conversion Fund assets in the Māori Trustee. Conversion Fund loans are 'presumed advances' and are not secured, but the Māori Trustee owns shares in the land to which the Conversion Fund loans relate. The Māori Trustee has made impairment provisions for loans.

The following table analyses the credit quality of financial assets that are neither past due nor impaired, with reference to Standard and Poor's or equivalent credit ratings (if available) or to historical information about counter party default rates. Cash and cash equivalents are exposed to short-term ratings and held-to maturity investment to long-term ratings.

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Cash and cash equivalents and term deposits				
A-1+	1,298	29,107	1,102	28,937
A-1	3,146	19,881	2,600	19,500
Total cash and cash equivalents and term deposits	4,444	48,988	3,702	48,437
Held-to-maturity investments				
AAA to A	-	28,669	-	28,669
A- to BBB	-	28,837	-	28,837
Total held-to-maturity investments	-	57,506	-	57,506

Other than credit risks listed above, The Māori Trustee does not hold any collateral or other credit enhancements for financial instruments that give rise to credit risk.

LIQUIDITY RISK

Liquidity risk is the risk that the Māori Trustee will not have sufficient funds to meet commitments as they fall due.

CASH AND CASH EQUIVALENTS AND TERM DEPOSITS

The Māori Trustee monitors forecast cash requirements daily. Surplus funds are invested for terms appropriate for the expected cash requirements. A minimum buffer is maintained, which provides access to funds in excess of the forecast cash requirements.

The table below analyses the Māori Trustee's financial liabilities into maturity groupings based on the remaining period from end of year to the contractual maturity date.

FINANCIAL LIABILITIES

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Less than 6 months	1,649	1,978	1,352	1,695
6–12 months	689	512	689	512
Later than 12 months	15	16	15	16
Total financial liabilities	2,353	2,506	2,056	2,223

26. Capital management

The Māori Trustee's capital is its equity, which is comprised of accumulated funds. Equity is represented by net assets. The Māori Trustee is subject to the financial management and accountability provisions of the Māori Trustee Act 1953.

The Māori Trustee manages its equity as a by-product of prudently managing revenues, expenses, assets and liabilities, investments and general financial dealings to ensure that the Māori Trustee effectively achieves its strategies and remains a going concern.

27. Related parties

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Māori Trustee would have adopted in dealing with the party at arm's length in the same circumstances.

The Māori Trustee transacts with the related parties below:

RELATED ENTITIES	NATURE OF RELATIONSHIP
MTD 1 Limited	Wholly owned entity
Te Tumu Paeroa Dairy Ltd Partnership	Wholly owned entity
M9 Limited	Wholly owned entity
Matakana 9 Limited Partnership	Wholly owned entity
O39 Limited	Wholly owned entity
Omaio 39 Limited Partnership	Wholly owned entity
RDF1 Limited	Investment in joint venture
Rangihama Dairy Limited Partnership	Investment in joint venture
Huakiwi Services Limited	Investment in joint venture
Huakiwi Developments Limited Partnership	Investment in joint venture
Seeka Limited/Opotiki Packing and Cool Storage Limited	Non-current asset held for sale (2021: Investment in associate)
Farm Data Accreditation Limited*	Investment in associate
Crown	Appropriation funding
Ranginui Station Limited Partnership	Non-current asset held for sale

*Discussions are underway to dispose of the investment in the non-trading associate, Farm Data Accreditation Limited

In addition to the transactions noted below, employees of Te Tumu Paeroa sometimes perform certain work for the subsidiaries and associates for no charge, as part of the business performance monitoring process.

The following transactions were entered into with related parties during the year:

TE TUMU PAEROA DAIRY LIMITED PARTNERSHIP

The Māori Trustee holds a 100% interest in the partnership. During the year, the Māori Trustee charged \$371,000 rent for investment properties (2021: \$371,000) and no additional capital contribution was made (2021: \$Nil). \$400,000 cash contributions were paid to the Māori Trustee during the year (2021: \$200,000). The Māori Trustee received \$Nil in directors fees (2021: Nil).

During the year, the Māori Trustee made no reimbursements to the partnership for development expenditure incurred on the farms (2021 \$Nil).

Intercompany transactions and balances have been eliminated in the Group financial statements.

MATAKANA 9 LIMITED PARTNERSHIP

The Māori Trustee holds a 100% interest in the partnership. The Māori Trustee made no capital contribution (2021: Nil) during the year, and received a distribution of \$100,000 (2021: \$450,000) and received no directors fees (2021: \$Nil).

Intercompany transactions and balances have been eliminated in the Group financial statements.

OMAIO 39 LIMITED PARTNERSHIP

The Māori Trustee holds a 100% interest in the partnership. The Māori Trustee made no capital contribution during the year (2021: \$Nil), received a distribution of \$70,000 (2021: \$110,000) and received no directors fees (2021: \$Nil).

Intercompany transactions and balances have been eliminated in the Group financial statements.

TTP MĀNUKA LIMITED PARTNERSHIP

The Māori Trustee held a 100% interest in the partnership. The partnership was deregistered in July 2021.

RANGIHAMAMA DAIRY LIMITED PARTNERSHIP

The Māori Trustee holds a 50% interest in the partnership. The Māori Trustee did not make any capital contributions during the year (2021 \$Nil) and received a distribution of \$160,000 (2021: \$Nil).

HUAKIWI DEVELOPMENTS LIMITED PARTNERSHIP

The Māori Trustee holds a 50% interest in the partnership. The Māori Trustee made a capital contribution of \$2,500,000 (2021: \$2,575,000) during the year and received directors fees of \$40,000 (2021: \$40,000).

TE TUMU MĪERE LIMITED IN LIQUIDATION (TTM)

The Māori Trustee had a 100% interest in the company. The company was deregistered on 17 February 2022. All amounts owing by TTM was provided for when the company went into liquidation and have now been written off in full.

The Māori Trustee did not make any loan advances to TTM during the year (2021: \$Nil) and received a repayment of Nil (2021: \$33,283). The Māori Trustee charged interest of \$96,689 (2021 \$124,296) at the rate of 14% per annum. TTM repaid no interest this year (2021: \$Nil).

Loan advances made to TTM including interest of \$96,689 (2021: \$91,012) were written off upon the company's deregistration.

RANGINUI STATION LIMITED PARTNERSHIP

The Māori Trustee has a 5.26% interest in the company. The Māori Trustee made no capital contribution during the year (2021: \$Nil) and received a distribution of \$26,359 (2021: \$31,579).

CROWN

The Crown is the major source of revenue for the Māori Trustee.

Appropriation revenue from the Crown of \$16,686,000 (2021: \$11,586,000) is provided pursuant to a funding agreement signed in March 2020 and the variation to funding agreement signed in July 2021 by the Māori Trustee and the Minister for Māori Development for a four-year term until 31 March 2024.

The funding provided by the Crown enables the Māori Trustee to fulfil statutory and other common law obligations. The statement of service performance reports against the outputs detailed in the funding agreement. Payment for these services is managed by Te Puni Kōkiri on behalf of the Crown.

GENERAL PURPOSES FUND EQUITY

The equity of the General Purposes Fund has been disaggregated in order to identify the equity that has accumulated over the years from the net fees and commissions generated from the Māori Trustee's operations since 1 July 2009 (MT Operating Fund). The balance of the MT Operating Fund included in the General Purposes Fund was \$43.8 million (2021: \$43.04 million).

STATUTORY ROLE

A principal role of the Māori Trustee is to provide trustee services as responsible or custodian trustee to trusts established by the Māori Land Court under Te Ture Whenua Māori Act 1993, including Māori land trusts and Kaitiaki Trusts. The Māori Trustee is also declared to be the trustee of a certain trusts created by statute. Examples include determination as statutory trustee under the Māori Reserved Land Act 1955 and under the Māori Soldiers Trust 1957. The Māori Trustee receives remuneration for trustee services rendered to these trusts as prescribed by or determined in accordance with the Māori Trustee Act 1953 and Māori Trustee Regulations 2009. The Māori Trustee is also empowered to accept appointments to carry out agency services for trusts, including trusts established by the Māori Land Court. The Māori Trustee has no governance role in respect of these appointments; but is again remunerated for agency services rendered as prescribed by or determined in accordance with the Māori Trustee Act 1953 and Māori Trustee Regulations 2009.

For the year ended 31 March 2022, the Māori Trustee earned \$3,956,000 in fees and commissions (2021: \$4,235,000).

Two of the Māori Trustee's wholly-owned subsidiaries lease parcels of land at market rate from the following trusts that the Māori Trustee administers as responsible trustee; Matakana 9 Trust and Omaio 39 Trust. The assets that the subsidiaries own under these leases will be transferred to the landlord at the end of the lease (Note 11).

The Māori Trustee is able to lend monies under the Māori Trustee Act 1953. Loans made to Trusts, agencies and landowners are generally at market interest rates. Loans advanced to replace Conversion Fund loans are non-interest bearing (Note 10).

KEY LEADERSHIP PERSONNEL COMPENSATION

	GROUP		PARENT	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Senior Leadership Team				
Remuneration	1,169	1,086	1,169	1,086
Full-time equivalent members	4.00	4.00	4.00	4.00
Total key leadership personnel remuneration	1,169	1,086	1,169	1,086
Total full time equivalent members	4.00	4.00	4.00	4.00

Key leadership personnel comprise of the Māori Trustee, Deputy Māori Trustee, Corporate Services Director and Trust and Property Director.

	PARENT	
	2022 \$000	2021 \$000
\$100,000 – \$109,999	8	5
\$110,000 – \$119,999	2	6
\$120,000 – \$129,999	4	6
\$130,000 – \$139,999	5	3
\$140,000 – \$149,999	1	4
\$150,000 – \$159,999	5	2
\$160,000 – \$169,999	2	-
\$170,000 – \$179,999	-	1
\$180,000 – \$189,999	2	1
\$190,000 – \$199,999	2	-
\$200,000 – \$209,999	1	-
\$210,000 – \$219,999	1	-
\$240,000 – \$249,999	-	1
\$250,000 – \$259,999	-	1
\$260,000 – \$269,999	1	-
\$270,000 – \$279,999	1	1
\$280,000 – \$289,999	-	1
\$300,000 – \$309,999	1	-
\$320,000 – \$329,999	1	-
	37	32

28. Events after the balance date

There were no significant events after the balance date.

29. Explanation of significant variances against budget

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

REVENUE

The Māori Trustee secured \$4.1 million additional Crown funding, which had not been included in the 2021/22 budget to build its capacity and capability to meet its increased information technology, and farm and environmental regulatory responsibilities.

Fees and Commissions were as budgeted but lower than prior year due to exit of trusts that transitioned to self-governance in the year plus a continued high rate of forgiveness of base trustee fees for the trusts that cannot meet their costs of administration.

Farm revenue was higher than budget due to stable production as well as high commodity prices and continued access to markets which had been budgeted for conservatively as the impact of COVID-19 was uncertain at the time of budgeting. It was also uncertain at the time of budgeting whether the Group would get dividends from its investments which faced similar pandemic related uncertainties.

Interest reduced as funds were transferred from bonds and term deposits to Managed Funds. Other revenue includes a \$1 million premium earned on the sale of bonds during this transfer.

EXPENDITURE

Employee benefits were lower than budget as there continued to be unfilled roles throughout the year due to a tight labour market. Year on year employee benefits increased due to adjustments made to salaries after a year period of no increase since the beginning of the pandemic. In addition, new fixed term roles were added to support the embedding of the Māori Trustee's new operating model and information technology capabilities.

Other expenses were lower than budget due to the impact of COVID-19 which delayed the onset of certain projects and also limited travel due to regional and national restrictions. Other expenses also include increases in contractor costs for roles that could not be filled due to a tight labour market. Compared to prior year, the impact of these increased contractor costs was offset by reductions in losses on disposal of assets where prior year included a write off of obsolete software, and reductions in the impairment of the Top Up Loan Scheme where the initial recognition happened in prior year and current year only has the movement.

OTHER GAINS/ (LOSSES) AND OTHER COMPREHENSIVE REVENUE AND EXPENSE

Decrease in financial assets at fair value include revaluation losses on managed funds as a result of the market correction that started in January 2022.

Gain on asset revaluation includes the revaluation of Seeka shares at market value which were formerly held as OPAC shares whose fair value was determined by net tangible assets. It also includes the revaluation gain on Emissions Trading Scheme (ETS) units, which performed higher than expected as a result of increased demand. In group the gain also includes the increase in the market valuation of the Ouruwhero and Te Kawa farms after modest increases had been budgeted for based on prior year.

STATEMENT OF FINANCIAL POSITION

ASSETS

Term deposits and bonds that matured were placed into managed funds (disclosed as equities) as part of the Group's change of investment strategy. Some bonds that had maturity dates in out years and were budgeted to be held to maturity were sold into the secondary market generating a premium on sale of \$1 million.

Equities were higher than budget due to the early sale of some bonds and to transfer of all term deposits into managed funds. More funds previously held in term deposits were placed in managed funds than budgeted following actuarial input that helped to determine how much cash the Māori Trustee needed to keep on call to meet cashflow requirements.

Equity accounted investments are lower than budget due to the reclassification of the investment previously held as OPAC where the Māori Trustee had a 10.1% interest and a director. OPAC amalgamated with Seeka and the Māori Trustee now owns 1.69% of Seeka with no board representative and is now classified in Other Financial Assets.

Other financial assets includes investments in Seeka (formerly in equity accounted investments and budgeted as such), Honeylab (now TRG Pharmaceuticals) and Ranginui Station LP.

Intangible assets include software assets and carbon credits under the Emissions Trading Scheme. The increase in the market value of ETS was higher than budgeted.

LIABILITIES

Payables were higher than budgeted but at similar levels as prior year. This was due to both increased project activity later in the financial year and the timing of the payment requests from vendors as New Zealand was under the red COVID-19 traffic light system at balance date.

STATEMENT OF CASH FLOWS

Operating cashflows were higher than budget due to increased Crown funding received in the year. Receipts from other revenue were higher than budget due to sale of bonds on the secondary market. Payments for employee benefits were lower due to unfilled roles across the organisation. Supplier payments were lower than budget due low spending on budget due to the impact of COVID-19 in which delayed the start of certain projects and reduced professional fees and travel due to national and regional restrictions, coupled with higher outstanding payables at year end than budget.

Net cashflows from investing activities were lower than budget due to the additional investment of \$2.5 million made in Huakiwi Developments Limited Partnership, and higher than budgeted transfer of funds into managed funds. The placement of funds in Managed Funds also reduced the interest income that was previously earned

on bonds and equities. The unrealised losses in managed funds have been offset by unrealised gains in Carbon Units and Other financial assets.

30. COVID-19

The Māori Trustee has continued to operate during the novel coronavirus (COVID-19) pandemic which was declared a global health pandemic by the World Health Organisation in March 2020. While the Māori Trustee does not have any significant COVID related exposures at entity level, COVID-19 has the potential to impact upon the Māori Trustee's ability to continue as a going concern, especially due to the potential impact on staff and clients. The Māori Trustee developed a COVID-19 Management Policy and continued to monitor the COVID-19 Response to manage potential impacts.

In February 2022, the Omicron variant of COVID-19 reached New Zealand communities. As case numbers grew, the Māori Trustee activated the organisation's COVID-19 Management Policy (now transformed into the Pandemic Management Policy) and managed to continue operating despite the challenges that COVID-19 presented.

The COVID-19 pandemic continues to diminish the short-term growth of the global and New Zealand economy and presents considerable supply chain constraints. The Māori Trustee has continuously monitored and assessed the impact on Group operations.

The main possible exposures on the Group's assets remain the volatility of commodity prices and the ability to continue accessing overseas markets for its kiwifruit and dairy investments.

The Māori Trustee is confident of the ability of the Group to continue as a going concern into the foreseeable future with no significant impact from COVID-19 on the Group's operating and financial performance. The Group has adequate liquid resources to continue to sustain its operations for the foreseeable future.

The carrying values of financial assets have been assessed for the impact of COVID-19 and this assessment did not identify any COVID-19 related impairment of assets that are required to be recognised, apart from the recoverability of the Top-Up Loans noted in note 10.

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Office of the Māori Trustee

