

Raukawa ki te Tonga AHC Limited ANNUAL REPORT 2020





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NOTE: This is the Annual Report of the Raukawa ki te Tonga AHC Limited (the AHC). The AHC is a wholly owned subsidiary of Raukawa ki te Tonga Trust, (the Trust), and is the Trust's commercial arm, responsible for managing and growing the fisheries settlement assets of the Trust.

Mihi

Tuia te rangi e tū nei, tuia te papa e takoto nei, tuia rātou kua wehea atu ki te pō-uriuri ki te pō-tangotango; he kura i tangihia, he maimai aroha ki a rātou e hoe ana i ngā tai tapu ki Hawaiki.

Tuia rātou i te pō, tuia tātou i te ao marama, tuia e te piringa, tuia e ōna uri, inā hoki nā rātou te karanga kia huia mai ki runga ki te papa e takoto ake nei. Nei rā te whai i te ia o whakaaro i tukuna atu ai i te kare o kupu, te reo pōwhiri ki a tātou, otirā koutou kua tae mai, tēnā koutou, nau mai.

Haere mai ki tā tātou hui ā tau, hei matapaki i ngā kōrero e pā ana ki tā koutou Tarahiti mō te tau kua hori, ōna piki, me ōna heke, otirā ki kōnei whakatau ai i ngā pātai me ngā whakaaro.

Nei rā te mihi ki te minenga, tēnā koutou, tēnā koutou, tēnā koutou katoa.



Notice of Annual General Meeting

DATE: 5.00pm Thursday, 20 February 2020 – via ZOOM

AGENDA: 1. Karakia

- 2. Apologies
- Receive and approve the Minutes of the 2019 AGM held at Te Wānanga o Raukawa, Ōtaki on 25 March 2019
- 4. Matters arising from the Minutes
- Presentation of Annual Report including audited financials for year ended 30 September 2019
- 6. Resolutions:
 - a. The Directors to review the appointment of Grant Thornton as Auditors.
 - b. The Directors set the Auditor's remuneration.
 - c. To fix the Directors annual fees at \$82,500 subject to annual review.
- 7. General Business





DEBRA BIRCH CHAIR RAUKAWA KI TE TONGA AHC LIMITED

RAUKAWA KI TE TONGA AHC LIMITED Chair's Report

It is my pleasure as the recently appointed Chair of the Raukawa ki te Tonga AHC Limited to provide this report for the financial year ended 30 September 2019. Although I have only been in this role since 1 October, I have been a director of the AHC since early 2019 and am familiar with the Raukawa ki te Tonga Trust having served as a Trustee on the Trust for 20 months before that.

The past year has been eventful. With the retirement of the founding directors, the AHC restructured its governance model transitioning from a board with executive directors to a non-executive board. The Trust's Chair has acknowledged the contribution made by the retiring directors.

Earlier in the year, we appointed Jack Morris, Ngāti Raukawa and Ngāti Kahungunu, as Chief Executive following a competitive process and he has the responsibility for managing the transition and implementing the board's strategy. Jack is proudly Ngāti Kikopiri and is well-known to Raukawa having come to the AHC from being the Chief Executive of Te Wānanga o Raukawa Foundation. He has held senior roles managing complex relationships in local government and the commercial infrastructure sector, is a member of the New Zealand Institute of Directors and has an Executive MBA from Massey University.

Investment Governance

The board has undertaken a review of the Company's financial assets to better manage investment risk in an increasingly uncertain and volatile environment. Conscious of the need to sustain and grow the dividend to the Trust that fund its charitable and cultural programmes for the benefit of Ngāti Raukawa, we have adopted an Investment Governance Policy (IGP) so that investment decisions are consistent with best practice. The IGP provides a detailed framework to guide the governance of private market investments, the diversified portfolio of listed securities, and other investment activity the AHC undertakes

To be consistent with best practice and to achieve our targeted returns, we have outsourced the management of the AHC's investment portfolio to investment specialists. While the AHC board retains the governance responsibility for AHC's investments, we have outsourced investment research, due diligence and portfolio design to MyFiduciary. My Fiduciary are independent and experienced investment consultants who provide independent investment research required for asset allocation, fund selection and advisory services that ensure our investments are best placed to provide strong and sustainable returns now and into the future.

During 2019, many equity markets hit all-time highs thanks to a better economic outlook and positive progress with the US/China trade dispute and Brexit. It is expected that the global economy will gradually improve over the coming year as Central Banks remain accommodative and US/China trade relations continue to improve, but markets may remain volatile, nonetheless.

Waste Transformation Limited

A great deal of focus has been on Waste Transformation Limited (WTL), an associated company in which the AHC owns a 38 per cent cornerstone shareholding. WTL is committed to delivering charcoal sales sufficient to generate positive cashflow by the end of financial year 2019/2020.

However, the AHC has had to support WTL financially in relation to its operational expenses and equipment, hence the \$1.3 million impairment which impacts directly on last year's result.

Looking ahead, while we have reason to be optimistic about WTL's prospects and future profitability, we will be closely monitoring WTL's performance against agreed revenue targets over the next six months.

We can also report that an application to the Provincial Growth Fund has been accepted. If approved, that would provide additional capital to fund WTL's expansion to achieve greater economies of scale.

Other Projects

The board is currently in the process of considering a co-investment arrangement alongside Taranaki, Tūwharetoa and other Māori entities into a new Wellington Iwi Property Fund. The Wellington Iwi Property Fund will own commercial (office) buildings in Wellington's central business district. The investment gives us an opportunity to invest alongside other Iwi/Maori entities and potentially access other property development opportunities. We are proud to be working alongside other Iwi groups.

Having exited a number of mature investments, the AHC has invested in the publicly listed a2 Milk Company Limited (ATM) and purchased a 730sqm warehouse, 44 Riverbank Road, Ōtaki.

Dividend

The AHC has followed professional advice to impair costs incurred in relation to its investment in Waste Transformation Limited (WTL). Accordingly, this will impact adversely upon the dividend payable to the Trust for the financial year. Given the quantum of the WTL impairment, \$1.3 million, the AHC Board has recommended not paying a dividend to the Trust for the Financial Year ending 30 September 2019.

In conclusion

The AHC has very much appreciated the trust and support provided by the Trust board over the past 12 months. I would also like to thank my fellow board members, past and present, for their ongoing support, passion and commitment to our Kaupapa. On behalf of the board and management, thank you for entrusting us with the mandate to manage and grow your assets. It is a privilege you bestow on us and one that carries a considerable responsibility.

We acknowledge the trust you have placed in us and you can be assured of our commitment to managing and growing your assets in a sustainable way for the benefit of Raukawa ki te Tonga and our members.

DEBRA BIRCH CHAIR RAUKAWA KI TE TONGA AHC LIMITED







DEBRA BIRCH CMINSTD, AIF® DIRECTOR & BOARD CHAIR

Ngāti Raukawa, Ngāti Tūwharetoa, Ngāti Hauiti, Ngāti Rangi, Ngāti Apa

Debra has over 30 years' executive experience of financial markets managing global investment portfolios in Asia, Australia and New Zealand. More recently, she has been a professional director

and her focus has been on Māori economic development particularly in the dairying, honey, kiwifruit, tourism, forestry, affordable housing and fund management sectors.

She was one of the founders of Te Pūia Tāpapa Direct Investment Fund and is currently a non-executive Director of Tourism Holdings, Ruapehu Alpine Lifts, White Island Tours, Ngāti Awa Group Holdings, LGNZ Independent Assessment Board, Te Pūia Tāpapa GP, Tūwharetoa Hau Rau GP, New Zealand Venture Investment Fund, Taupō Moana Investments Limited, and a Trustee of Wellington Free Ambulance Trust.

She is a Chartered Member of the New Zealand Institute of Directors, an Accredited Investment Fiduciary® (AIF®), a Registered Financial Adviser, a member of the Institute of Financial Professionals NZ Inc (INFINZ) and has a post-graduate certificate in Investment Analysis from Otago University.



SHELLEY MACRAE

Ngāti Raukawa, Ngāti Tūwharetoa

Shelley has been a Director of Raukawa ki te Tonga AHC since 2014. She is well-known in the community as the Managing Director of Sander Apparel, an Ōtaki company that manufactures ties and scarves. Sander Apparel exports to

Australia but is best-known for making All Blacks' ties and cufflinks. Shelley and her partner bought the business in 2015, but Shelley has worked in the business for the past 25 years.

Sander Apparel offers an annual scholarship for students at Ōtaki College, the Sander Scholarship. Each year a student from Ōtaki College has the opportunity to apply for this scholarship that enables a student to travel to Aberdeen in Scotland as part of a reciprocal arrangement with Robert Gordon's College to represent the college and Ōtaki overseas.

Before joining Sander Apparel, Shelley was a meat trader for Affco New Zealand in Auckland and worked for Christchurch-based Mair & Company as a Hide Trader. Born on the Kāpiti Coast, Shelley lives in Manakau and was educated at Kāpiti College.



GUY ROYAL LLB DIRECTOR

Ngāti Raukawa, Ngāti Tamaterā, Pare-Hauraki, Ngā Puhi, Ngāti Hine

Guy Royal has over 20 years' experience as a commercial corporate lawyer and has advised clients in New Zealand, Hong Kong, Vietnam and the United Kingdom.

He specialises in joint venture arrangements, and mergers and acquisitions, in particular he has experience working with indigenous groups.

He has extensive governance experience and is currently a director of CH4 Limited, a marine-farmed methane inhibitor for the agricultural sector; Tuia Group Limited, a privately held professional services firm; a partner with Tuia Legal; and a director of ColabNZ (2 Kitchener) Limited, co-working and shared workspace business. He was previously on the Board of Kiwirail Holdings Limited, Chairman of Toitu Te Waonui Limited, New Zealand Fast Forward Fund Limited, Crown Forest Rental Trust, the Film and Literature Review Board, among others.

Guy has a Bachelor of Laws from the University of Auckland, is a member of the Venture Capital Association, the Corporate Lawyers Association, the Institute of Directors and the Māori Lawyers Association.

Executive



JACK MORRIS MBA, MPlan Practice, BA, Poupou Huia Te Reo CHIEF EXECUTIVE

Ngāti Raukawa and Ngāti Kahungunu

Jack was Chief Executive of Te Wānanga o Raukawa Foundation prior to joining the AHC.

He has held senior roles managing complex relationships in local government and the commercial infrastructure sector working for CentrePort Wellington.

Born in Masterton, the family subsequently moved to Southland where Jack attended Central Southland College in Winton, Southland.

His grandmother is the late Kōwhai Pāku. The Pāku whānau have close connections with and live in Ōtaki. Jack is married to Samantha and they have a daughter at Wellington East Girls College.

He is a member of the New Zealand Institute of Directors and has an Executive MBA from Massey University.



CASSIDY PIDDUCK ADMINISTRATOR

Te Ati Awa ki Whakarongotai

Cassidy has been a part of the Raukawa AHC since 2016. She has also recently started assisting Raukawa ki te Tonga Trust with their administrative requirements.

She is of Te Ati Awa ki Whakarongotai

descent and has lived in Ōtaki all her life.

Cassidy provides accounts and finance administration services to a number of local entities and manages a foundation business with her partner.

She was previously the Office Manager of the Ōtaki and Porirua Trusts Board before leaving for a very brief stint in Christchurch during the rebuild.

Cassidy has four children that attend kura in Ōtaki. Cassidy and her family have a strong sporting background and are a keen part of the Ōtaki sporting community.

Assets and Investments

Highlights of the Financial Year ending 30 September 2019

- Augusta Value Add Fund and Centuria Property Funds closed, Orion Health Group shares were sold, and Corporate Bonds matured during the period.
- Dividends and interest income for the year remained steady.
- Gross revenue for fisheries assets (Quota Income) for the period was a record at \$756,000.
- An additional special dividend of \$65,000 was received from Te Ohu Kaimoana.
- Waste Transformation Limited completed the commissioning of a new kiln at Timaru District Council's Redruth Resource Recovery Park in July 2019 and had an application to the Provincial Growth Fund accepted.
- The AHC restructured its governance, transitioning from a board with executive directors to a non-executive board.
- Debra Birch was appointed as a non-executive Chair and Guy Royal as a non-executive Director.
- The AHC appointed Jack Morris as Chief Executive.
- The transition to the new governance model was completed.

- An Investment Governance Policy was adopted to ensure investment decisions are consistent with best practice.
- An investment strategy was approved targeting a 7.20 per cent return over 10 years.
- The AHC outsourced the management of the investment portfolio including investment research, due diligence and portfolio design to investment specialists My Fiduciary.
- An industrial property, 44 Riverbank Road, Ōtaki, was purchased.
- The AHC invested in The A2 Milk Company (ATM), a company listed on the NZX.
- The AHC provided a secured loan of \$1.0 million to Taranaki Whānui Limited (TWL) to July 2021 to enable the settlement of a Crown sale/leaseback transaction.
- The liquidation of the AHC's dormant subsidiary companies, AHC Securities Limited and Raukawa Tauranga Ika Limited, is in progress.

Investment Portfolio

Raukawa ki te Tonga AHC Limited (AHC) was established as the commercial organisation to manage the various settlement assets and investments of Raukawa ki te Tonga Trust (the Trust) on a commercial and sustainable basis.

As at 30 September 2019, the financial year end, the AHC Investment Portfolio totalled \$24,692,353.00.

The AHC Board have approved re-aligning its investments to a Growth Orientated Portfolio in which there is a 65 per cent allocation to growth assets and a 35 per cent allocation to defensive assets. Diversification through a prudent asset allocation is a cornerstone of prudent investment management. The goal of diversification is to minimise risk for the return that is required to meet the portfolio's objectives, subject to constraints around settlement assets that will always be retained by the Trust.

Diversification will be achieved by:

- Ensuring that there is a range of asset classes 1. invested into; and
- Prudential limits are applied to reduce sector 2. or single asset concentration risks.

The following pie charts below show the Current Asset Allocation of the AHC portfolio as at 30 September 2019, see left hand chart, compared with the Strategic Asset Allocation (the target portfolio) that the AHC proposes to transition to over the next 12 months.

CURRENT ASSET ALLOCATION OF PORTFOLIO

25.91%

28.86%

- Share in Unlisted Companies 37.30%
- Private Market Investments 2.35%
- 2.07% Private Market Property
- Shares in Listed Companies 3.51
- Fixed Income & Cash Fisheries Ouota

STRATEGIC ASSET ALLOCATION (TARGET PORTFOLIO)



The following pie charts illustrate the movement from the Current Portfolio weighted to defensive assets, assets with low volatility and risk of capital loss, towards an increased weighting of growth assets, assets with the potential for capital gain and growing the pūtea.

CURRENT PORTFOLIO



TARGET PORTFOLIO

Investment Portfolio by Asset Class

The Raukawa ki te Tonga AHC investment portfolio by asset class as at 30 September 2019:

1. Shares in Unlisted Companies

	MARKET VALUE	TOTAL FOR ASSET CLASS	PERCENTAGE OF PORTFOLIO
Aotearoa Fisheries Limited	\$8,959,631.00		
Partners Life	\$250,000.00		
		\$9,209,631.00	37.30%

2. Private Market Investments

	MARKET VALUE	TOTAL FOR ASSET CLASS	PERCENTAGE OF PORTFOLIO
Centuria Zenith Fund	\$2,154.00		
Maui Capital Fund	\$77,000.00		
Raukawa Tauranga Ika Ltd	\$1,000.00		
Salt Long Short Fund	\$500,000.00		
		\$580,154.00	2.35%

3. Private Market Property

	MARKET VALUE	TOTAL FOR ASSET CLASS	PERCENTAGE OF PORTFOLIO
44 Riverbank Road, Ōtaki	\$510,000.00		
		\$510,000.00	2.07%

4. Shares in Listed Companies

	MARKET VALUE	TOTAL FOR ASSET CLASS	PERCENTAGE OF PORTFOLIO
Antipodes Global			
Investment Company (APL.AU)	\$103,459.00		
Auckland International Airport (Al	4) \$11,146.00		
Genesis Energy (GNE)	\$36,609.00		
Heartland Group Holdings (HGH)	\$278,565.00		
Mercury NZ (MCY)	\$145,765.00		
Meridian Energy (MEL)	\$67,500.00		
QV Equities Limited (QVE.AU)	\$91,649.00		
The A2 Milk Company (ATM)	\$132,600.00		
		\$867,293.00	3.51%

5. Fixed Income & Cash

i. Bank Accounts & Cash	MARKET VALUE	TOTAL FOR ASSET CLASS	PERCENTAGE OF PORTFOLIO
ASB Bank	\$808,857.00		
BNZ Bank	\$1,535,336.00		
BNZ Bank	\$1,194,552.00		
Westpac Banking Corporation	\$1,160,851.00		

\$4,699,596.00

ii. Bonds

	MARKET VALUE	TOTAL FOR ASSET CLASS	PERCENTAGE OF PORTFOLIO
ANZ Bank	\$100,510.00		
ANZ Bank Perpetual Bonds	\$152,382.00		
Fletcher Building Industries	\$100,000.00		
Meridian Energy	\$75,375.00		
University of Canterbury	\$100,600.00		
Wellington Int. Airport Ltd	\$100,000.00		
WEL Networks	\$70,000.00		
TWL Secured Mortgages	\$1,000,000.00		
		\$1,698,867.00	25.91%

6. Fisheries Quota

	MARKET VALUE	TOTAL FOR ASSET CLASS	PERCENTAGE OF PORTFOLIO
i. Purchased Quota	\$3,601,566.00		
ii. Settlement Quota	\$3,525,246.00		
		\$7,126,812.00	28.86%

TOTAL INVESTMENT PORTFOLIO	\$24,692,353.00	100%
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Fisheries Assets

Background

In 2002 Raukawa ki Te Tonga received the agreed settlement quota resulting from the Maori Fisheries Act 2004. At this time the Charitable Trust was established as the mandated lwi Organisation (MIO) to govern/administer fisheries settlement assets. The settlement assets transferred from Te Ohu Kai Moana to the MIO were:

- Fisheries Quota Shares: \$3,474,000
- Cash: \$945,819
- Income Shares in Aotearoa Fisheries Limited (AFL): \$8,959,631 (2,900 shares).

Since 2002, the AHC has purchased additional Paua Quota, non-settlement quota, with a current value of over \$3 million.

In 2014, Moana New Zealand issued a one for one bonus share issue taking the AHC's shareholding in Moana New Zealand Limited to 5,800 shares.

As at 30 September 2019, the AHC's fisheries assets represent over two-thirds of the total portfolio and include Fisheries Quota valued at \$7,126,813.00 and AFL Shares valued at cost of \$8,959,631.00.

AHC FISHERIES QUOTA: SETTLEMENT QUOTA & PURCHASED QUOTA



MARKET VALUE OF AHC FISHERIES QUOTA BY FISHERY CATEGORY



Notes:

I. Includes Raukawa Tauranga Ika Limited Quota

II. Based on independent market valuation as at 30 September 2019

iii. Freshwater comprises less than 0.035% so doesn't show up in the Pie-Chart above.

TOTAL VALUE OF AHC QUOTA BY INDIVIDUAL FISH STOCK

Note: Based upon Independent Valuation of all AHC and Raukawa Tauranga lka Limited Quota as at 30 September 2019.







Fisheries Quota

As at 30 September 2019, Raukawa ki te Tonga AHC held Settlement Quota to the value of \$3,525,246.00 and Purchased Quota to the value of \$3,601,566.00. The total value of this asset class at the end of the Financial Year 2019 being \$7,126,812.00. This represents over 28 per cent of the AHC's total investment portfolio.

AFL trading as Moana New Zealand

In 2019, Moana New Zealand Limited reported a net profit after tax of \$22.8 million, up from \$21.4 million for the previous year.

In its results announcement for the year-ended 30 September 2019, Moana New Zealand reported that the two highlights for this year were the fin fish and oyster businesses, both exceeding plan. Fin fish achieved a 24 per cent lift despite a 20 per cent cut to the total allowable commercial catch for tarakihi caught off the east coast of the North and South Island. The oyster business also achieved a 10 per cent lift on plan.

Moana's lobster earnings are generated through its involvement with Port Nicholson Fisheries, which is a pan-iwi business solely focused on lobster. The earnings through Port Nicholson Fisheries exceeded plan which is a great outcome in light of a small reduction in total allowable commercial catch and challenging market conditions in China where most export quality lobster is sent.

Moana New Zealand continues to work with lwi and industry groups to foster stronger partnerships and to ensure our fisheries are being managed with a long-term, sustainable view in mind. While this year has brought with it some lofty challenges, the Moana and Sealord teams have continued to work hard to deliver another strong result for our shareholders, Moana New Zealand's Chief Executive Steve Tarrant said.

This resulted in a Cash Payment to AHC of \$261,463 for the year compared with \$198,674 for 2018.

The table below provides the returns achieved on the AFL/Moana New Zealand investment from 2010 – 2019.

YEAR	ANNUAL PROFIT	CASH PAYMENT TO IWI	PAYMENT TO IWI SHAREHOLDERS PER SHARE	CASH PAYMENT TO AHC
2010	\$18.9 million	\$7.6 million	\$60.38	\$175,106
2011	\$22.8 million	\$9.1 million	\$72.81	\$211,160
2012	\$17.1 million	\$6.8 million	\$54.62	\$158,404
2013	(\$6.0) million	NIL	NIL	NIL
2014	\$24.5 million	\$7.85 million	\$35.13	\$203,754
2015	\$15.9 million	\$6.42 million	\$25.68	\$148,480
2016	\$19.4 million	\$8.2 million	\$32.95	\$191,099
2017	\$19.27 million	\$9.7 million	\$46.83	\$244,084
2018	\$21.4 million	\$8.6 million	\$34.25	\$198,674
2019	\$22.8 million	\$11.3 million	\$54.64	\$261,463

Raukawa ki te Tonga receives a special dividend from Aotearoa Fisheries Limited

In July, Te Ohu Kaimoana announced that they have begun the distribution of funds from Te Ohu Kai Moana Trustee Limited's 2018/19 annual dividend from Aotearoa Fisheries Limited (trading as Moana New Zealand) to Mandated Iwi Organisations (Iwi).

Te Ohu Kaimoana distributed a total of \$2.25 million in funds. This is the first time this distribution has been made, due in part to the hold up of amendments to the Maori Fisheries Act 2004 being passed by the current coalition Government.

Thirty-three lwi - including Ngāti Raukawa ki te Tonga, have received their share of the funds distributed, with 12 lwi needing to complete their paperwork and 11 lwi yet to make contact with Te Ohu Kaimoana.

Raukawa ki te Tonga AHC Limited's special dividend was \$65.000.



Raukawa ki te Tonga signs the Ngā Tāpuwae o Māui Agreement

In March 2019, Ngāti Raukawa ki te Tonga signed the Ngā Tāpuwae o Māui ('following in the footsteps of Māui') Agreement.

The agreement gives Ngāti Raukawa ki te Tonga the ability to work with 35 other iwi groups and Sealord to develop a long term five-year commercial relationship in the sustainable harvesting of Deepwater fish species. It will also allow Ngāti Raukawa ki te Tonga the ability to have a consistent level of return and in return provide Sealord with access to deep water annual catch entitlement (ACE). In addition, over 80 per cent of profits will be returned to iwi. The long-term arrangement will also provide stability for Sealord operations, having invested recently heavily in new fishing technologies and modernisation of its fleet.

The agreement will mean about 60 per cent of the iwi quota held in deep-water fisheries (including hoki, orange roughy, jack mackerel and silver warehou), will be caught on Sealord's vessels. It will also provide iwi members opportunities for training and employment, and advance iwi knowledge of, and involvement in, aspects of the fisheries value chain with Sealord.

This collaborative approach will allow Sealord, owned 50 per cent by Māori, to support lwi to create growth and value for its fishing enterprises.

Protecting Hector's and Māui Dolphins

In June 2019, Ngāti Raukawa ki te Tonga supported the 'Protecting Hector's and Māui dolphins – Threat Management Plan', developed by the Department of Conservation and Ministry of Primary Industries, in consultation with lwi.

The Plan is a medium-term planning document originally developed in 2008 and intended to be reviewed approximately every three years.

Hector's and Māui dolphins are among the world's rarest. They face a range of human-induced threats, including fishing, seismic surveying and the disease toxoplasmosis.

The proposed vision statement for the outdated plan is: "New Zealand Hector's and Māui dolphin populations are resilient and thriving throughout their natural range."

The proposed long-term goal for the updated plan is: "Hector's and Māui subpopulations are thriving or increasing, supported by an enduring, cohesive and effective threat management programme across New Zealand."

Ngāti Raukawa ki te Tonga will continue to support an active approach to fisheries and marine mammal protection in accordance with our responsibilities as kaitiaki.







April 2020 Sustainability Round

Each year Fisheries New Zealand undertakes a review of the sustainability of specific fish stocks.

The April 2020 Sustainability Round has commenced with Fisheries New Zealand's release of their consultation documents.

TOKM have supported potential reduction in Total Allowable Catch (TAC) for Hake (HAK7), Hoki (HOK1), Lin (LIN 7). Feedback from Iwi will be provided in first quarter 2020.

Update on Rangitāhua/ Kermadec Ocean Sanctuary

Following a workshop with lwi in Auckland on 20 September, Te Ohu Kaimoana was given a clear set of parameters from lwi for future dealings with the Crown regarding Rangitāhua / Kermadec Ocean Sanctuary.

Earlier this month, representatives of Te Ohu Kaimoana met with Prime Minister Rt Hon Jacinda Ardern, Deputy Prime Minister Rt Hon Winston Peters and other representatives of the coalition Government to discuss the Rangitāhua impasse and propose a collaborative pathway forward.

The principles and parameters agreed by iwi at the 20 September hui were presented at the meeting as the basis of a more constructive way forward. Te Ohu Kaimoana will continue to work with the Government on this matter in the new year and will look to hold a follow up lwi workshop on this kaupapa in the New Year.

Review of Hoki Total Allowable Catch

Raukawa Ki Te Tonga Asset Holding Company manages the leasing of Hoki fish stocks. In August we met with the Hoki lwi Working Group to finalise our response to the Ministry of Fisheries review of the TAC and management controls for the hoki fishery. Following this hui, the Deepwater Group (DWG) brought all hoki fishing interests together to finalise the industry position for the 2019/20 fishery.

The industry proposed a package of measures that went beyond the Minister's proposals. The Minister endorsed the industry management package but decided to reduce the TACC rather than give effect to the catch reduction via the shelving of ACE. The DWG has set up a meeting to take place in February with the Minister to discuss his decision and to get a better understanding of his choice.

The DWG also convened a meeting in Nelson in November to discuss concerns about the quality of the hoki assessment model.

A fishery assessment working group meeting subsequently confirmed that there are concerns over the accuracy of the model predictions, and a meeting of quota owners is to be held in late January/early February to discuss the state of the fishery. The meeting will address the need for additional management measures if there are concerns for the state of the stock.

2020 CRAYFISH 4 April Sustainability Rounds

Fisheries NZ is seeking submissions on the total allowable catch (TAC) settings in CRA 4 for the 2020 April Sustainability Rounds. Any decision will be based upon the operational management procedures process. Two potential options have been discussed which are outlined in the following table:





TABLE 1: Proposed Management Options (in tonnes) for CRA4 from 1 April 2020

OPTION				ALLOWANACES	
	TAC	TACC	CUSTOMARY MĀORI	RECREATIONAL	OTHER MORTALITY
Option 4.1Status quo	513.8	318.8	35	85	75
Potion 4.2 Based on the CRA 4 Management procedure	552.4 (8%)	37.4 (179	%)		

Under Option 1 the status quo will apply. Under Option 2 the TAC would increase from 513.8 t to 558 t. The current settings for customary and recreational would remain unchanged.

The last stock assessment was conducted in 2016. In April 2017 there was a significant Total Allowable Commercial Catch (TACC) reduction which has since been followed by a CPUE improvement from 0.7 kg/pot lift to 0.9 kg suggesting abundance has increased. At this point a conservative approach in support of maintaining the TACC at status quo of 319 mt is being discussed. The preference is for a stable fishery over time.

Currently Te Ohu Kaimoana's initial position on CRA 4 is to support status quo for the following reasons:

- CRA4 is a volatile fishery. Often when there has been a TACC increase it is followed by a greater decrease. Commentary from fishers support the view that the fishery may not be able to sustain an increase. This further supports the position taken by some iwi last year on the sustainability of this fishery and the Ministers decision to retain status quo for the 2019/20 fishing year.
- The notion that the fishery will not be reviewed for the next 4-5 years is incorrect. If an increase is not supported this season it does not necessarily mean that there will not be an increase in the near future.
- CRA4 is having a full stock assessment next year. This will provide far more detail and information on the status of CRA4 and a more informed management decision can then be made.

The AHC is currently considering Te Ohu Kai Moana's advice.

Other Investments

Investment Property - 44 Riverbank Road, Ōtaki

In 2019 the Raukawa ki te Tonga AHC purchased an industrial property, 44 Riverbank Rd, Ōtaki for \$510,000.

Constructed in the 1980's the building comprises a 730m² warehouse with front and rear yards on 1540m² of land. The investment in this property delivers a return of 7 per cent per annum (\$3,585.00 Rent/\$510,000).

The property is rented to Matta Products Limited who also have their main offices at 60 Riverbank Rd. Matta design and manufacture a range of anti-fatigue and safety surfacing systems using predominantly recycled plastics and rubber for use in playground, sport and recreation and industrial environs.





The a2 Milk Company (ATM)

Raukawa ki te Tonga AHC has invested in The a2 Milk Company (ATM), a New Zealand-based company listed on the NZX. AHC bought 10,000 ATM shares on 23 September 2019 at \$14.00 per share.

ATM is a niche dairy operator, deriving revenues primarily in Australia. It differentiates itself from the wider dairy industry through its 'a2' branded products, which are based around the use of A2 beta-casein protein.

A2, one of two main types of beta casein, has a different protein structure to A1 beta casein and this results in differences in breakdown during digestion. There has been some scientific research that suggests milk high in A2 has fewer intolerance-type reactions and reduces the risk of serious health conditions. While studies have been conducted into the health benefits of A2, much of the evidence remains anecdotal from consumers of the a2 brand products. The company was founded in 2000, listed on the NZAX in 2004 and transferred to the NZX Main board in 2012.

ATM is a growth company and its growth has been spectacular. From small beginnings, the company now has a market capitalisation of around NZ\$12B, making it one of this country's largest and best-performing companies on the NZX.

ATM has gone from delivering operating earnings of under \$5m four years ago and is on track to do over \$400m this year.

Investment analysts believe ATM has exciting potential particularly in relation to its infant formula products and potential to expand geographically. This has resulted in strong earnings growth and share price appreciation.

Waste Transformation Limited

Waste Transformation Limited (WTL), a company with Ōtaki connections and Raukawa ki te Tonga AHC as a cornerstone shareholder, has developed a global leading waste diversion system using a proven technology that turns waste wood into valuable by-products.

Raukawa ki te Tonga AHC first invested in WTL in 2015 and has a cornerstone shareholding of some 38 per cent.

Over the past five years, WTL has moved from Proof of Concept to full commercialisation with a new plant capable of processing 200 tonnes of waste timber a month and producing, when fully operational, up to 80 tonnes of commercial charcoal. The company's operations are currently based at Timaru District Council's Redruth Resource Recovery Park where its new plant, commissioned in July 2019, is diverting recoverable untreated waste timber from the landfill. This has significant environmental benefits. The Ministry for the Environment estimates that each year some 400,000 tonnes of timber are consigned to the country's landfills, constituting around 15 per cent of the national waste stream.



Waste wood is particularly challenging in that it is bulky, difficult to compact and produces Greenhouse Gases (GHG) as it decomposes.

Landfills are a huge problem in that the land use is permanently lost from agricultural, housing or business use and it's expensive and becoming more so, given the cost of land and the associated engineering safeguards required to prevent toxic leachate from reaching groundwater or streams. Hence the need to minimise hazardous waste and encourage the re-use and repurposing of building site and demolition materials.

Charcoal, produced from waste wood using a pyrolysis process, also has the potential to replace coal as an industrial fuel source. Compared with coal, charcoal has a higher energy value, zero sulphur oxides and lower nitrous oxide emissions. Charcoal is also smokeless.

WTL's technology was originally developed by the Rikihana whanau and refined over time so that it is scaled to New Zealand conditions and environmentally compliant. Overseas pyrolysis plants require huge waste volumes to be economic.

WTL's Chief Executive Mike Henare says, "There is no other comparable plant in New Zealand. What we've been able to do is to develop a unit that is economic and matches the waste disposal requirements of New Zealand's regions. The plant is transportable, designed to go to the waste stream and not require the waste streams to be transported to a significantly larger centralised plant.

"This sized unit also provides better quality control especially when dealing with problematic waste streams such as treated timber and tyres. While the proof of concept has been based around waste timber (excluding CCA treated timber) the company has its sights on solutions for these other problematic waste streams. Our new kiln is fully automated, PLC¹ and tablet-driven and meets the Australian Standard AS1375 – there is no NZ Standard for this type of equipment."

The company's technology development has been supported since inception by an independent science and technology panel and a Massey University study presented to the 2016 Chemeca Conference, established that when taking all the GHG contributions into account, wood pyrolysis has approximately zero GHG emissions compared with approximately 1760 kgC02/tonne for clean-burning wood. WTL can therefore reasonably claim that the manufacture and combustion of charcoal will, at worse, be carbon neutral but importantly provides a significant GHG advantage over other fuel types.

Mike Henare says, "The operation has been carefully developed with full consideration given to Health and Safety of the operation and equipment, and the processing is carried out under a consent with Environment Canterbury."

Jack Morris, Raukawa ki te Tonga AHC's Chief Executive says, "WTL is an ideal investment for our company. We are a longer-term investor committed to socially responsible investing. WTL ticks the environmental box, transforming waste to an environmentally friendly fuel source, creates employment in regional centres, is innovative and Māori-owned and managed."

As outlined in the Chair's Report, WTL is committed to delivering charcoal sales sufficient to become cashflow positive by the end 2020 and an application to the Provincial Growth Fund has been accepted. This should provide additional capital to fund WTL's expansion and achieve greater economies of scale provided the application meets their hurdle requirements.

Given that WTL addresses the need for territorial authorities to better manage their waste streams, we remain confident that it will be a commercial success.

¹PLC (a Programmable Logic Controller) is an industrial computer control system that continuously monitors the state of input devices and makes decisions based upon a custom program to control the state of output devices.

Taranaki Whānui Limited Secured Loan

The AHC provided a secured loan of \$1.0 million to Taranaki Whānui Limited (TWL) to July 2021 to enable the settlement of a Crown sale/leaseback transaction. TWL is the commercial arm of the Port Nicholson Block Settlement Trust (PNBST).

TWL approached the AHC because, as part of their Treaty Settlement, TWL received an option to purchase land owned by the Crown and then leased back to the Crown (S&L) which is valued at circa \$118 million. Due to the size of the transaction with the Crown, TWL entered into a collaboration with other Taranaki lwi to purchase the S&L properties. Under that agreement, each lwi would receive a ROI in proportion to the funds they provided.

With the assistance of this loan TWL was able to boost their share in the partnership. Prior to approving this loan, the AHC Directors engaged specialist property law firm Greenwood Roche to undertake legal due diligence on the securities provided and the terms and conditions pertaining to the agreement.

The loan provides the AHC with an expected return of circa 6.5 per cent per annum and the terms of the loan are preferential to the AHC.

The AHC Directors concluded that this loan was not only a good investment opportunity but also enabled the AHC to establish a commercial relationship with PNBST and TWL.



Forecast for Financial Year 2019/2020

The Raukawa ki te Tonga AHC Directors anticipate a volatile Financial Year 2019/2020 given the following factors:

- Equity markets are currently at all-time highs;
- Interest rates are lower than experienced in many decades; and
- Considerable political uncertainty in major financial markets with BREXIT, the upcoming US Presidential Election, unrest in Hong Kong, and a General Election in New Zealand.

Accordingly, the Board have budgeted conservatively and are forecasting a modest net profit for the current financial year ending 30 September 2020.

Dividend Policy and Payments to the Trust

Dividend Policy

In 2010 the Mandated Iwi Formation Committee set a Dividend Policy for the Asset Holding Company that included the following principles:

- Maintain Growth
- Preserve Capital
- Create a Pūtea, and add to it, for future generations.

The following Dividend Policy was agreed:

The Asset Holding Company would distribute by way of dividend to the MIO Trust, 40 per cent of the net operating surplus per annum after the deduction of CPI on its liquid assets and provide an annual amount equivalent to Māori Authority Tax (17.5%) to a Capital Preservation Fund.

This provides against inflation of asset value such as cash, bonds and term deposits.

Although the group is charitable for tax purposes, it was deemed prudent to provide what other Māori Authorities would pay in tax.

This model provides growth for the future generations by achieving the above.

Payments to the Trust

Declared dividends: AHC to Raukawa ki te Tonga Trust

2011	2012	2013	2014	2015	2016	2017	2018	2019
\$105,330	\$264,011	\$240,030	\$218,535	\$273,013	\$250,685	\$277,423	\$343,829	Nil

Total dividends distributed to the Trust since formation - \$1,972,856.00

RAUKAWA KI TE TONGA AHC LIMITED Financial Statements for the Year Ended 30 September 2019

AMARINAL STREET

Entity Information

RAUKAWA KI TE TONGA TRUST For the year ended 30 September 2019

Legal Name of Entity

Raukawa ki te Tonga AHC Limited

Type of Entity and Legal Basis

Raukawa ki te Tonga AHC Limited is a company incorporated in New Zealand on 10 September 2010 under the Companies Act 1993.

The Company is an Asset Holding Company in terms of the Māori Fisheries Act 2004.

The Company is a registered charity under the Charities Act 2005.

Register Number with DIA Charities CC 45527

Entity's Purpose or Mission

To optimize the economic return from the settlement assets allocated to Raukawa ki te Tonga Trust under the Māori Fisheries Act 2004, within acceptable risk parameters.

Entity Structure

Raukawa ki te Tonga AHC Limited is an Asset Holding Company in terms of the Māori Fisheries Act 2004, and is itself a wholly owned subsidiary of Raukawa ki te Tonga Trust, a mandated iwi organisation in terms of the Māori Fisheries Act 2004.

The Company is governed by a Board of Directors. The members of the governing body for the financial year are as follows:

Toarangatira Pomare	Resigned 30/09/2019
Thomas Edric Jamison	Resigned 30/09/2019
Gabrielle Mary Rikihana	Resigned 30/09/2019
Shelley MacRae	Appointed 01/10/2014
Debra Ruth Birch	Appointed 01/01/2019
Guy Richard Kiniwe Royal	Appointed 20/09/2019

The Board of Directors meet on a monthly basis.

Main Sources of Entity's Cash and Resources

The company leases annual catch entitlement (ACE) and invests cash received under the māori Fisheries settlement allocation and receives and invests income from assets allocated by Te Ohu Kaimoana Trustee Limited in accordance with the Māori Fisheries Act 2004.

Main Methods Used by Entity to Raise Funds

The main annual revenues are raised by:

- Sale of annual catch entitlement (ACE)
- Investment income (interest and dividends) received from shares, bonds and term deposits
- Other revenue from the sale of shares and assets

Entity's Reliance on Volunteers and Donated Goods or Services

None - Board and Staff are remunerated for their services.

Physical Address

144 Tasman Road Ōtaki

Postal Address

PO Box 15012 Ōtaki 5512



Approval of Performance Report RAUKAWA KI TE TONGA AHC LIMITED For the year ended 30 September 2019

The Directors are pleased to present the approved performance report including the financial statements of Raukawa ki te Tonga AHC Limited for year ended 30 September 2019.

APPROVED

D. R. Burch

Debra Ruth BIRCH Chairperson

Guy Richard Kiniwe ROYAL Director

Shelley MACRAE Director

Consolidated Statement of Service Performance

For the year ended 30 September 2019

Raukawa ki te Tonga AHC Limited's (the Company) sole purpose is to optimise the economic return from investments held and to enable its shareholder, Raukawa ki te Tonga Trust (the Trust), to fund its operational and charitable activities.

Under the agreement with the Trust, the Company is to "pay" a dividend equivalent to 40% of the "Net operating surplus after adjusting for capital charges".

This dividend amount is used by the Trust to fund both its operational and charitable activities.

The dividend amount declared to the Trust in the 2019 financial year, based on the 2018 performance as declared under the Māori Fisheries Act 2004 was \$343,829 (2018 = \$227,423).

Consolidated Statement of Financial Performance

RAUKAWA KI TE TONGA AHC LIMITED For the year ended 30 September 2019

	NOTE	2019	2018
Revenue			
Revenue from providing goods or services	1	\$756,164	\$568,479
Interest, dividends and other investment revenue	1	\$683,260	\$623,812
Other revenue	1	\$154,836	\$1,577,624
Total Revenue		\$1,594,260	\$2,769,915
Expenses			
Costs related to providing goods or service	2	\$64,088	\$70,239
Impairments & Provisions for Doubtful Debt	2	\$1,312,982	\$1,030,121
Other expenses	2	\$594,052	\$464,791
Total Expenses		\$1,971,122	\$1,565,151
Surplus (Deficit) for the Year		(\$376,862)	\$1,204,764

This statement should be read in conjunction with the Notes to the Performance Report.

Consolidated Statement of Financial Position

RAUKAWA KI TE TONGA AHC LIMITED

As at 30 September 2019

	NOTE	30-SEP-19	30-SEP-18
Assets			
Current Assets			
Bank accounts and cash	3	\$1,194,552	\$1,142,557
Debtors and prepayments	3	\$333,766	\$93,964
Bank Term Deposits	3	\$3,505,044	\$4,815,019
Other Current Assets	3	\$42,373	\$47,611
Total Current Assets		\$5,075,735	\$6,099,151
Non-Current Assets			
Property, Plant and Equipment	5	\$510,593	\$535,558
Investments	3	\$20,012,645	\$19,484,466
Total Non-Current Assets		\$20,523,238	\$20,020,024
Total Assets		\$25,598,973	\$26,119,175
Liabilities			
Current Liabilities			
Creditors and accrued expenses	4	\$45,504	\$99,094
Other current liabilities	4	\$474,580	\$220,502
Total Current Liabilities		\$520,084	\$319,596
Total Liabilities		\$520,084	\$319,596
Net Assets		\$25,078,889	\$25,799,579
Accumulated Funds			
Accumulated surpluses / (deficits)	6	\$3,514,417	\$4,337,084
Reserves	7	\$21,564,472	\$21,462,495
Total Accumulated Funds		\$25,078,889	\$25,799,579

This statement should be read in conjunction with the Notes to the Performance Report.

Consolidated Statement of Cash Flows

RAUKAWA KI TE TONGA AHC LIMITED

For the year ended 30 September 2019

	2019	2018
Cash Flows from Operating Activities		
Receipts from goods and services	\$545,696	\$502,204
Interest, dividends and other investment receipts	\$585,213	\$628,544
Payments to providers and employees	\$(706,780)	\$(454,292)
Total Cash Flows from Operating Activities	\$424,129	\$676,456
Cash Flows from Investing and Financing Activities		
Disposal of investments	\$3,633,308	\$3,700,875
Movement on intercompany loans	\$(586,914)	\$(543,736)
Loan drawdowns	\$0	\$0
Purchase of PPE	\$(675,677)	\$(86,871)
Purchase of investments	\$(2,742,851)	\$(3,109,574)
Total Cash Flows from Investing and Financing Activities	\$(372,134)	\$(39,306)
Net Increase/ (Decrease) in Cash	\$51,995	\$637,150
Cash Balances		
Cash and cash equivalents at beginning of period	\$1,142,557	\$505,407
Cash and cash equivalents at end of period	\$1,194,552	\$1,142,557
Net change in cash for period	\$51,995	\$637,150

Statement of Accounting Policies RAUKAWA KI TE TONGA AHC LIMITED For the year ended 30 September 2019

Basis of Preparation

Raukawa ki te Tonga AHC Limited ("the group") has applied PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses equal to or less than \$2,000,000 for the last two annual reporting periods.

All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate as a going concern in the foreseeable future. The Performance report is presented in New Zealand dollars, rounded to the nearest dollar.

Tier 2 Accounting Standards Applied

The Group has elected to adopt PBE IPSAS 6 Consolidated and Separate Financial Statements.

The Group performance report consolidates Raukawa ki te Tonga AHC Limited (the "Company") and its 100% owned subsidiaries Raukawa Tauranga Ika Limited and AHC Securities Limited.

The Group performance report consolidates the Company and all entities over which the Company has the power to control the financial reporting and operating policies. Control is obtained through ownership of more than half the voting rights or the subsidiary governing body members also being members of the Company's governing body.

The purchase method is used to prepare the consolidated performance report, which involves adding together like terms of assets, liabilities, revenue and expenses on a line-by-line basis. All significant inter-group balances are eliminated on consolidation of group results, position and cash flows.

All subsidiaries have a 30 September reporting date and consistent accounting policies are applied.

Revenue

Revenue is accounted for as follows:

Revenue from providing goods and services

Management fees are recognised on an accruals basis. Quota income is recognised in the tax year that Annual Catch Entitlement (ACE) entitlement is generated.

Interest, dividend and investment revenue

Interest income is recognised using the effective interest method. Dividends are recognised at the earlier of receipt or declared payment date.

Other revenue

Capital gains / (losses) are recognised on the sale of assets, and account for the difference between sale price and the historical cost price (acquisition cost) of the asset sold.

Foreign currency transactions are translated into \$NZD using IRD approved mid-month exchange rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Financial Performance.

Other revenue is accounted for on an accrual basis and in accordance with the substance of the transaction.

Investments

Investments are stated at cost, less any impairment where the market price is less than the cost of the investment. The cost price of investments received by way of transfer under the Māori Fisheries Act 2004, has been determined to be the initial "settlement transfer value" as at transfer date.

Income Tax

Raukawa ki te Tonga AHC Limited is a registered charity under the Charities Act 2005, and accordingly are not subject to income tax.

Bank Accounts and Cash

Bank and Cash in the Statement of Cashflows comprise cash balances and bank balances.

Goods and Services Tax (GST)

All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST.

Debtors

Debtors are carried at estimated realisable value after providing against debts where collection is doubtful.

Property, plant and equipment

Property, plant and equipment are shown at cost less any accumulated depreciation and impairment losses.

No depreciation has been charged on buildings.

Depreciation

Depreciation is provided on a diminishing value basis on all property, plant and equipment, at rates that will write off the cost of the assets to their estimated residual values over their useful lives.

The depreciation rates and useful lives associated with major classes of assets have been estimated as follows:

Office Equipment 2.5 Years (40% - 50%)

Dividend Policy

The Directors' policy is to distribute a dividend to the Parent Trust in the year following balance date, equivalent to 40% of the "Net operating surplus after adjusting for capital charges".

The actual cash amount paid across to the Parent Trust is reduced by deducting the amount of expenses paid by the Company (on behalf of the Parent Trust) in that period, and is also reduced after deducting the "cost" of any fish distributions paid to beneficiaries during that same financial period.

Capital Preservation Reserve Policy

The Directors have resolved to transfer a portion of the net surplus earned in each year to a capital preservation reserve, so as to ensure that the real dollar value of all financial and monetary assets owned by the Company are preserved. The amount transferred to the capital preservation reserve for the current financial year was \$101,976 (2018 = \$345,192).

This calculation is based on the annual Consumer Price Index, and a nominal charge for taxation.

Loans

Loans are recognised when the amount borrowed has been received. The loan is recognised at the principal value plus accrued interest less repayments made.

Comparative Figures

Comparative figures have been reclassified to conform to the current year's presentation.

Changes in Accounting Policies

Bank Term deposits have been reclassified as Current Assets. Previously these were classified as Investments and recorded as Non Current Assets.

The prior years comparatives have also been reclassified to enable direct comparison.

There have been no changes in accounting policies during the annual reporting period (last year - nil) other than noted above.

Notes to the Performance Report

RAUKAWA KI TE TONGA AHC LIMITED

For the year ended 30 September 2019

1. Analysis of Revenue		
-	2019	2018
Revenue from providing goods or services		
Quota Income	\$756,164	\$568,479
Management Fees Received	\$0	\$0
Total Revenue from providing goods or services	\$756,164	\$568,479
Interest, dividends and other investment revenue		
Dividends Received	\$328,355	\$379,669
Interest Income	\$327,957	\$244,143
Rent Received	\$26,947	\$0
Total Interest, dividends and	* <02.250	¢ ()) 0 /)
other investment revenue	\$683,260	\$623,812
Other revenue		
Capital Gain on Sale of Asset - Non Taxable	\$50,024	\$1,503,013
Grant Income Received	\$74,500	\$85,000
Other Income	\$30,000	\$0
Foreign Exchange Gain (Loss)	\$312	(\$10,390)
Total Other revenue	\$154,836	\$1,577,624
Total Revenue	\$1,594,260	\$2,769,915

2. Analysis of Expenses

	2019	2018
Costs related to providing goods or services		
ACE Fees	\$2,366	\$7,116
MAF, SeaFIC & FishServe Fees	\$61,722	\$63,123
Total Costs related to providing goods or services	\$64,088	\$70,239
Impairments & provisions for doubtful debts		
Provision on Interest Receivable from Associate Company	\$104,550	\$0
Provision on Advances to Associate Company	\$461,617	\$0
Impairment of Fixed Assets	\$700,641	\$0
Impairment of Investments	\$46,174	\$11,151
Impairment of Investment in Associate Company	\$0	\$251,000
Impairment of Advances to Associate Company	\$0	\$767,970
Total Impairments & provisions for doubtful debts	\$1,312,982	\$1,030,121

Impairment has been considered based on the projected revenue and cashflows forecast of the investments / assets over the immediate forseeable future.

Other Expenses

	2019	2018
Accountancy Fees	\$11,995	\$9,473
Audit Fees	\$20,250	\$7,000
Bank Fees	\$221	\$760
Board Management Transition	\$30,000	\$0
Conference Expenses	\$800	\$1,183
Consulting & Feasibility Study	\$85,017	\$98,996
Computer Expenses	\$86	\$869
Depreciation	\$545	\$919
Directors Fees	\$47,750	\$23,000
Freight	\$2,130	\$0
General Expenses	\$769	\$157
Insurance	\$4,818	\$4,492
Interest Expense	\$23	\$425
Legal Expenses	\$3,690	\$0
Management Fees	\$129,996	\$130,000
Meeting Expenses	\$2,359	\$2,563
Motor Vehicle Expenses	\$14,423	\$14,423
Office & Rent Expenses	\$9,148	\$7,692
Penalties - IRD	\$82	\$2
Postage, Printing, & Stationery	\$6,266	\$3,899
Project Research	\$110,000	\$110,000
Rates	\$207	\$0
Salary & Wages	\$57,692	\$0
Secretarial Services	\$31,439	\$27,500
Subscriptions	\$1,007	\$680
Telephone & Internet	\$15,995	\$7,200
Travel - National	\$6,713	\$11,508
Valuation Fees	\$630	\$2,050
Total Other Expenses	\$594,052	\$464,791

3. Analysis of Assets 2019 2018 **Current Assets** Bank accounts and cash \$287,535 Cheque Accounts \$14,106 Call Accounts \$907,017 \$1,128,451 \$1,194,552 \$1,142,557 Total Bank accounts and cash Debtors and prepayments \$35,088 Accrued Interest Receivable \$136,305 Less: Provision for Doubtful Debt (\$104,550) \$0 Net Accrued Interest Receivable \$31,755 \$35,088 \$6,347 Dividends Receivable \$8,416 Prepaid Expenses \$4,950 \$0 Quota Income Receivable \$259,096 \$0 \$47,579 Other Receivables \$34,500 **Total Debtors and prepayments** \$333,766 \$93,964 **Bank Term Deposits** ASB Bank Limited \$808,857 \$500,000 Bank of New Zealand Limited \$1,535,337 \$2,055,037 Kiwibank Limited \$0 \$0 \$1,426,092 **UDC** Finance Limited \$0 Westpac New Zealand Limited \$833,890 \$1,160,850 **Total Bank Term Deposits** \$3,505,044 \$4,815,019

	2019	2018
Other current assets		
Income tax refund due	\$42,373	\$47,611
Related party advances		
Funds advanced to Waste Transformation Limited	\$461,617	\$0
Less Provision for Doubtful Debt	(\$461,617)	\$0
Net Funds Advanced to Waste Transformation Limited	\$0	\$0
Funds advanced to AHC Securities Limited	\$0	\$0
Funds advanced to Raukawa Tauranga Ika Limited	\$0	\$0
Total Other current assets	\$42,373	\$47,611

Non Current Assets

Investments

-

(a) Corporate Bonds

	2019	2018
ANZ Bank Limited Bond	\$0	\$100,000
ANZ Bank Limited Bond	\$100,510	\$100,510
ANZ Bank NZ Perpetual Bond	\$152,382	\$152,382
Fletcher Building Industries Cap Notes	\$100,000	\$100,000
Infratil Bond	\$0	\$75,000
Meridian Bond	\$75,375	\$75,375
Rabobank Bond	\$0	\$100,000
University of Canterbury Bond	\$100,600	\$104,032
Wellington International Airport	\$100,000	\$100,000
WEL Network Bond	\$70,000	\$70,000
Westpac New Zealand Limited Bond	\$0	\$100,500
Total Corporate Bonds	\$698,867	\$1,077,799
	2019	2018

	2019	2018
(b) Managed Fund Investments		
Maui Capital Aqua Fund	\$77,000	\$77,000
SALT Investment Fund	\$500,000	\$500,000
Total Managed Fund Investments	\$577,000	\$577,000
(c) Property Fund Investments		
Augusta Property Syndicate	\$0	\$81,750
Centuria Metropolitan REIT	\$530,885	\$530,885
Centuria Zenith Fund	\$2,155	\$106,417
Total Property Fund Investments	\$533,040	\$719,052
(d) Shares in Listed Companies		
A2 Milk Company	\$132,600	\$0
AntipodesGlobal Fund	\$103,459	\$124,417
Auckland International Airport	\$11,146	\$10,750
Genesis Energy	\$36,609	\$32,771
Heartland	\$278,565	\$259,256
Meridian	\$67,500	\$67,500
Mercury Power	\$145,765	\$145,765
Orion Health Group Limited	\$0	\$34,679
QVE Equities	\$91,650	\$99,034
Total Shares in Listed Companies	\$867,294	\$774,172
(e) Shares in Unlisted Companies		
Aotearoa Fisheries Limited	\$8,959,631	\$8,959,631
AHC Securities Limited	\$0	\$0
Raukawa Tauranga Ika Limited	\$0	\$0
Partners Life	\$250,000	\$250,000
Total Shares in Unlisted Companies	\$9,209,631	\$9,209,631
	2019	2018

(f) Fishing Quota		
Purchased Fishing Quota	\$3,601,566	\$3,601,566
Settlement Fishing Quota	\$3,525,246	\$3,525,246
Total Fishing Quota	\$7,126,812	\$7,126,812
(g) Loans		
Taranaki Whanui Limited	\$1,000,000	\$0
Total Loans	\$1,000,000	\$0
Total Investments	\$20,012,644	\$19,484,466

2019

2018

Investments consist of shares, managed funds and fishing quota. Investments are carried at cost, less any impairment where the market price is less than the cost of the investment.

4. Analysis of Liabilities

	2019	2018
Current liabilities		
Creditors and accrued expenses		
Accounts Payable	\$5,042	\$395
Accrued Expenses	\$40,462	\$98,699
Total creditors and accrued expenses	\$45,504	\$99,094
Other current liabilities		
GST Payable	\$41,915	\$6,369
Funds advanced to Parent Trust	\$432,665	\$214,133
Total other current liabilities	\$474,580	\$220,502
Total Current Liabilities	\$520,084	\$319,596

5. Property, Plant and Equipment		
	2019	2018
Land & Buildings - 44 Riverbank Road (Split based on QV)		
Land	\$181,000	\$0
Buildings	\$329,000	\$0
Total Land & Buildings - 44 Riverbank Road	\$510,000	\$0
Office Equipment		
Cost of Photocopier	\$4,454	\$4,454
Accumulated depreciation - photocopier	(\$3,861)	(\$3,316)
Total Furniture and Fittings	\$593	\$1,138
Plant & Equipment		
Cost of Kiln	\$700,641	\$534,420
Accumulated depreciation & Impairment of Kiln	(\$700,641)	\$0
Total Furniture and Fittings	\$0	\$534,420
Total Property, Plant and Equipment	\$510,593	\$535,558
C. A second stands		
6. Accumulated Funds	2019	2018
Accumulated surpluses		
Opening Balance	\$4,337,084	\$3,704,935
Plus: Net surplus (deficit) for year	(\$376,862)	\$1,204,764
	\$3,960,222	\$4,909,699
Less: funds transferred to capital preservation reserve	(\$101,976)	(\$345,192)
Less: dividend paid to Parent trust	(\$343,829)	(\$227,423)
Total Accumulated Funds	\$3,514,417	\$4,337,084

7. Breakdown of Reserves

	2019	2018
Reserves		
Capital funds received from Te Ohu Kaimoana	\$12,487,093	\$12,487,093
Capital funds received from Runanga	\$5,861,019	\$5,861,019
Capital funds received from Parent Trust	\$1,108,989	\$1,108,989
Capital preservation reserve	\$2,107,371	\$2,005,394
Total Reserves	\$21,564,472	\$21,462,495

2040

2040

The Directors have resolved to transfer a portion of the net surplus earned in each year to a capital preservation reserve, so as to ensure that the real dollar value of all financial and monetary assets owned by the Company are preserved.

The amount transferred to the capital preservation reserve for the current financial year was \$101,977 (2018 = \$345,192).

This calculation is based on the annual Consumer Price Index and a nominal charge for taxation.

8. Commitments

There are no commitments as at 30 September 2019 (2018 = \$Nil).

9. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 30 September 2019 (2018= \$Nil).

10. Group Information on Subsidiaries

NAME OF SUBSIDIARY		JNTRY O RPORAT		ENTAGE EREST 2018	DIRECTORS	
Raukawa Tauranga Ika Limited	Lease of fishing Quota	NZ	100%	100%	Gabrielle Ma Thomas Edri - resigned 10 Toarangatira - resigned 30	c Jamison 0/09/2019 1 Pomare
AHC Securities Limited	Asset Financing	NZ	100%	100%	Gabrielle Ma Thomas Edri Toarangatira	c Jamison
11. Related Parties					2019	2018
(a) Funds advanced to (from) Parent Trust						
The Company has advanced funds to/(received from) its Parent Trust,						
Raukawa ki te Tonga Trust.						
Opening balance 1 (Dctober				(\$214,132)	(\$103,854)
Dividend declared	to Parent Trust				(\$343,829)	(\$227,423)
Fish distributions p	aid to Marae on be	half of	Parent Tr	ust	\$15,017	\$13,290
Funds paid to Pare	nt Trust				\$110,278	\$103,854
Closing balance 30	September				(\$432,665)	(\$214,132)

(b) Investment in Associate and Funds advanced to Waste Transformation Limited (WTL)

The Company has invested funds in Waste Transformation Limited (WTL), a company incorporated on 15 October 2012, under the Companies Act 1993. The Directors have classed this investment as Greenfields and accordingly have impaired the investment to date.

	2019	2018
Investment In Associate Company		
Opening value of investment as at 1 October	\$0	\$251,000
Plus: additional funds invested	\$0	\$0
Less: Impairment of investment as assessed by the Directors	\$0	(\$251,000)
Closing value of investment as at 30 September	\$0	\$0

Funds Advanced to Waste Transformation Limited

The Company has advanced funds to Waste Transformation Limited (WTL). Given that the Directors have classified the investment as Greenfields, the Directors have taken a prudent approach and fully impaired the funds advanced to reporting date.

Opening value of funds advanced as at 1 October	\$0	\$335,009
Plus: net funds advanced for the period	\$461,617	\$432,961
Less: Impairment of advance as assessed by the Directors	\$0	(\$767,970)
Less: Provision for doubtful debt	(\$461,617)	\$0
Closing value of funds advanced as at 30 September	\$0	\$0

Transactions with Waste Transformation Limited

Total Interest Income for the year	\$120,084	\$27,857	
Interest income invoiced but still outstanding at balance date	\$104,550	\$0	
Interest income received during the year	\$15,533	\$27,857	
The Company has charged interest on the funds advanced to WTL.			

(c) Directors

During the year the Company purchased services from the following Directors :-

	2019	2018
Toarangatira Woodbine Pomare		
Directors Fees	\$14,000	\$8,000
Management Fees	\$124,996	\$130,000
Thomas Edric Jamison		
Directors Fees	\$9,000	\$5,000
Project Analysis Fees & Expenses Reimbursed	\$110,000	\$110,000
Gabrielle Mary Rikihana		
Directors Fees	\$9,000	\$5,000
Shelley MacRae		
Directors Fees	\$9,000	\$5,000
Debra Ruth Birch		
Directors Fees	\$6,750	\$0
Board Management Transition Fees	\$30,000	\$0
	\$312,746	\$263,000

(d) First National Finance Corporation Limited (FNFC)

Raukawa ki te Tonga AHC Limited (RKTTAL) and Raukawa Tauranga Ika Limited (RTIL) lease Paua quota on normal commercial

terms to First National Finance Corporation Limited (FNFC), a company whose sole shareholder and director is Toarangatira Woodbine Pomare, who was director of both RKTTAL and RTIL,

at the time.

	2019	2018
Quota Lease income received from FNFC	\$307,615	\$384

(e) Fleetwood Properties Limited

Consulting & Feasibility study costs of \$6,200 were paid to Fleetwood Properties Limited, a company owned by Alan Pye, a partner of Shelly MacRae, a director.

(f) Taranaki Whanui Limited

Toarangatira Pomare, is a director of Taranaki Whanui Limited and Raukawa ki te Tonga AHC Limited during the year.

In the reporting period, a \$1M advance was made to Taranaki Whanui Limited and the board noted Toarangatira Pomare's conflict and he abstained from any decision making, relating to the loan.

12. Events After the Balance Date

There have been no events, that have occurred after the balance date, that would have a material impact on the Performance Report.







Independent Auditor's Report to the shareholders of raukawa ki te tonga ahc limited report on the performance report

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Opinion

We have audited the consolidated performance report of Raukawa Ki Te Tonga AHC Limited and its controlled entities (the "Company" and "Group") on pages 1 to 14, which comprises the entities information, the consolidated statement of service performance, the consolidated statement of financial performance and consolidated statement of cash flows for the year ended 30 September 2019, the consolidated statement of financial position as at 30 September 2019, and notes to the performance report, including summary of significant accounting policies and other explanatory information.

In our opinion:

- a the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the consolidated statement of service performance are suitable;
- b the accompanying performance report presents fairly, in all material respects:
 - the consolidated entity information for the year then ended;
 - the consolidated service performance for the year then ended; and
 - the consolidated financial position of Raukawa Ki Te Tonga AHC Limited as at 30 September 2019 and its consolidated financial performance, and consolidated cash flows for the year then ended

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the consolidated statement of financial performance, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Performance Report section of our report. We are independent of Raukawa Ki Te Tonga AHC Limited in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Raukawa Ki Te Tonga AHC Limited.

Other Matter

The financial report of the Group for the year ended 30 September 2018 was audited by another auditor who expressed a qualified opinion on those statements on 18 February 2019.

Responsibilities of the Trustees for the Performance Report

The Trustees are responsible for:

- a Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- b the preparation and fair presentation of the performance report on behalf of the entity which comprises:
 - the consolidated entity information;
 - the consolidated statement of service performance; and
 - the consolidated statement of financial performance, consolidated statement of financial position, consolidated statement of cash flows, statement of accounting policies and notes to the performance report

in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) issued by the New Zealand Accounting Standards Board, and

c for such internal control as the Directors determine is necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Directors are responsible on behalf of Raukawa Ki Te Tonga AHC Limited for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate Raukawa Ki Te Tonga AHC Limited or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the performance report Our objectives are to obtain reasonable assurance about whether the performance report is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this performance report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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 performance report 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 entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

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

Restriction on use of our report

This report is made solely to the Shareholders and Directors, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in our audit report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Raukawa Ki Te Tonga AHC Limited and the Shareholders or Directors, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Partnership

Grant Thanka

B Kennerley Partner

Wellington 5 February 2020





Directory

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Banking Services

Bank of New Zealand Coastlands Shopping Mall State Highway 1 PARAPARAUMU

Portfolio Custodians

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