



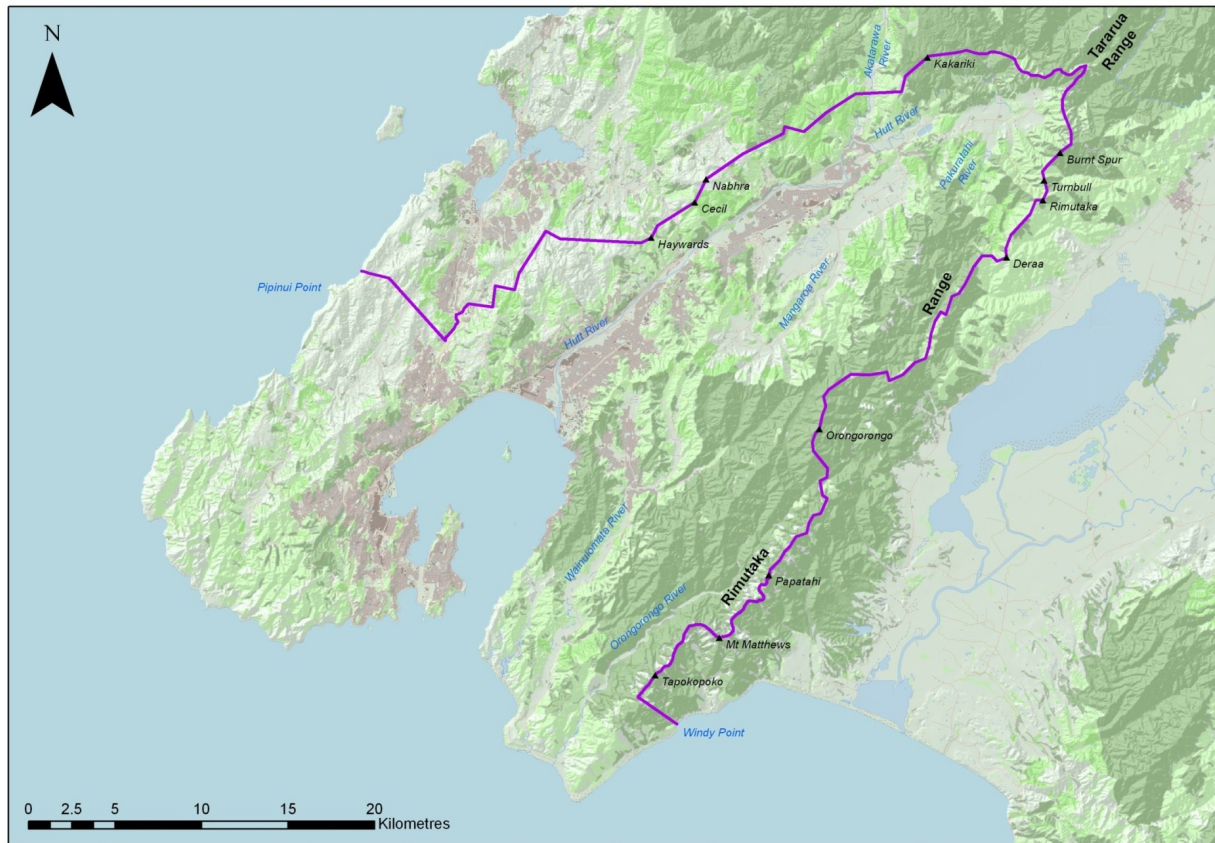
# PORT NICHOLSON BLOCK SETTLEMENT TRUST



**Annual Report  
Year Ended  
March 31, 2011**



## Port Nicholson Block Rohe



### MOEMOEA

**Ki te whakahou,  
whakapakari me te whakanikoniko i te ahurea  
paporī, rangatiratanga o  
Taranaki Whānui ki Te Upoko o Te Ika**

Te restore, revitalise, strengthen and enhance the  
cultural, social and economic well-being of  
Taranaki Whānui ki Te Upoko o Te Ika

Key goals of the Trust are to:

1. Maximise wealth creation and achieve economic and financial well-being
2. Achieve social and whanau well-being
3. Enhance cultural well-being

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## **Notice of Annual General Meeting**

Notice is hereby given that the Annual General Meeting of the Port Nicholson Block Settlement Trust will be held on **Saturday, September 10, 2011.**

The AGM will be held at Pipitea Marae, 55 Thorndon Quay, Wellington with a start time of 10.00am.

Registration desks will be open from 8.30am and lunch will be available at the conclusion of the meeting.

### **Preliminary Agenda**

1. Apologies (to be given at registration desk)
2. Minutes of Previous AGM (2010)
3. Chairman's Report
4. Financial Report
5. Appointment of Auditor
6. Trustee Remuneration
7. Presentation of Annual Plan
8. General Business

Trustees  
July 2011



# Minutes of 2010 Annual General Meeting

**Saturday 28 August 2010**  
**Pipitea Marae, Thorndon Quay, Wellington,**  
**10am**

## Trustees Present

Sir Ngatata Love (Chairman), Mark Te One, Hokipera Ruakere, June Jackson, Dr Catherine Love, Hon Mahara Okeroa, Dawn McConnell, Neville Baker, Liz Mellish, Kevin Amohia

## Trustee Apology

Sir Paul Reeves

## Members Present

Coree Healey, Riana Tawhai, Jack Rikihana, Wikitoria Ratu, Tara Higgs, Robert Gaylard, Dana Love, Morris Love, Jonathan Dittmer, Raewyn Moeahu, Louise Windleborn, Daniel Wilson, Ngarauru Makowharemahihi, Ngaere Makowharemahihi, Marc Wagner, Adrian Wagner, John Gotty, Tiaki Brown, Moetatua Turoa, Lynda Kahui, Sally Fenwick, Cameron Fenwick, Basil Tapuke, Erueti Brown, Jey Thiangeligim, Holden Hoaia,

Raymond Marshall, Veronica Kapaiwai, Rokonautu Kapaiwai, Moia Love, Takarangi Love, Ritihia Hailwood, Heather Coleman, Mana Huntley, Tuhi McGregor, Moya McConnell, Vaughan Puketapu, Poiria Erskine, Winsom Rei, Elijah Gilsenan-Hailwood, Les Brown, Gary Fitzgerald, Laurayne Peck, Anne Somerville, Alice Te Punga-Somerville, Megan Somerville, Te Tauwhare Kahu-Sterling, Sarah Hunter-Love, Maaia Ranginui-Love, Kaira Ranginui-Love, Margaret Riwaka-Love, Horowai Moeahu, Karena Efaraimo, Georgina Rangiwhetu, Joseph McLeod, Karena Rangiwhetu-Enoka, Mere Ratana, Gene McDonald, Austin Silbery, Reena Huntley, Wairingiringi Taiaki, Julia McConnell, Eddie Churton, Joe Puketapu, Marama Butler-Monu, John Coffey, Marie-Nui Biss, Bill Owen, Judy Allen, Tania Priest, James Wheeler, Leo Buchanan, Rosana Hailwood, Skye Gilsenan-Hailwood, Ina Rangiwhetu, Richard Brown, Gina Rangiwhetu, Judy Erb, Stewart Erb, Roena Ruakere -Te Uira, Maria Love, Monty Manu, Alexander Watson, Martha Gilbert, Tuffy Churton, Tiwha Puketapu, Cliff Ferguson, Nathan Rehua, Helen McConnell, Laura Taepa, Maara Peters, Wayne Peters, Katrina Peters, John Warren, Toa Pomare, Gay Puketapu-Andrews, May Tonga, Lawrence McGovern, Bronwyn Talivai-Johnson, Fred Allen, Sydney Reweti, Sian Andrews-Warmuth, Hinemarie Taiaroa, Dovey Taiaroa, Joanne Hemara, Josephine Coffey, Glenn McConnell, Shamia Shariff, Tui Love, Kiri-Ani Taite, Judith Evans,

Alamaine McGregor, Allan Erskine, Kris Makere, Matene Love, Tyron Love, Pauline Owen, Erini Shepherd, Vicki Hollywell, Samson Hailwood, Hera Hailwood, David Rangiwhetu, Caroline Brown, Cherie Douglas, Gilbert Douglas, Lee Rauhina-August, Jean McLeod-Ruakere, Rhonda Puke, Thomas Whareaitu, Miria Mako, Kelly Taite, Karina Love, Waikaramu Takiwa, Marama Cock, Eva Eriwata, Wade Papuni, Alison Rautao, Ngaire Robinson, Chris Gollins, Nathan Priest, Peri Te Paki, Malcolm Gaylard, Teresa Etama, Lisa Ngaia, Marion Tonga, Ripeka Healey, Ross Niwa, Honiana Love, Brendon Andrews-Warmuth, Bernard McNamee, Helen Johnson, Peggy Luke-Ngaheke, Carolyn Higgs, Peter Moeahu, Maude Phillips, Barney Phillips, Mana Jenkins, Kim Skelton, Kiani Broughton, Kiri Taite, Whareahuru Gilbert, Huia Kirk, Robin Kirk, Hayden Rehua, Lennox Love, Peter Love, Derek Priest, Jade Priest, Hope Priest, Vaughan Gooch, Hannah Buchanan, Sam Kahui, Christina Thomas, Bill Nathan, Wirangi Luke, Darren Higgs, Tania Goodwin, Eugene Ratana, Will Goldsmith, Ben Ngaia, George Tamarapa, Teri Puketapu

## Others Present

Aroha Thorpe, Bruce Farquhar, Euan Playle, Mel Harrington, Pauline Ryan, Jayne Conaghan, Edie Monardez

## Members Apologies

Mildred Connor, Glenice Paine, Kahu Thompson, Tammy Baker, Tracey Stewart, Tina Looms, Marama Burgess, Eleanor Gurnick, Rae Belton, Rita Powick, Tuuti Ngawhakaheke Wetere, Amokura Panoho, Margaret Smiler, Kevan Gooch, Telesia Te Paki, Kereama Gooch, Wikitoria Pahemata Gear, Mereana Smith Te Paki, June Ngaia, Ann Reweti, Peter Reweti, Matthew Reweti-Gould, Heni Gordon, June Hagan, Jean Cameron, Eileen T McNamee, Alycia Taiaroa, Reiana Taiaroa, Mitchell Andrews, Wharemahai Mina Timutimu, Te Akerama Taiaki, Maraia Hargreaves, Georgina Taiaki, Maikara Tapuke, Rene Sharman, Robin Reade, Wikitoria Michalanney, Hine Werenia Love-Thompson

Sam Jackson opened the Annual General Meeting with mihi at 10.05am which was followed by waiata.

Sir Ngatata Love (Chairman) took the podium and welcomed everyone to the meeting. This is the first full 12 months of operation for the Trust. Today's presentation will summarise the key points of the

The Chairman noted Sam and June Jackson's recent trip to Harrogate, England where they had represented the city of Wellington and the Trust at the unveiling and blessing of a pouwhenua in the New Zealand Garden – Harrogate is a sister city to Wellington.

The Chairman then presented the powerpoint presentation as it had been prepared covering initially the agenda for the meeting, house-keeping matters and Trustee introductions.

### **Minutes of 2009 AGM**

The Minutes of the 2009 Annual General Meeting are printed on pages 9-13 of the Annual Report. The Trustees have reviewed these and aside from typographical corrections, recommend that these be accepted as a correct record of proceedings.

#### *Resolution*

**It is hereby resolved that** the Members of the Trust accept the Minutes of the Annual General Meeting held on September 26, 2009 as a correct record of proceedings.

**Moved** Mereana Ratana

**Seconded** Jean Ruakere

Carried unanimously

The powerpoint presentation continued to remind members of the Trust's rohe, Vision and three Key Goals as outlined in the Annual Report.

The Chairman then spoke briefly about the worldwide spread of Trust membership – not just about those who live in Wellington. He reminded members that the settlement had been transferred on September 2, 2009, so this is the first full 12 month period to be reported on. Trustees have worked very hard to ensure best practice models are in place including establishing robust and secure processes to achieve goals, governance and management, optimisation of opportunities, minimisation of risks, maintaining positive relationships with key stakeholders and ensuring Taranaki Whanui reap the benefits of the Whole of Government provision.

Trustees have taken a cautious approach in the current financial environment.

The Chairman then delivered a report on the settlement package which is made up of financial, cultural and assets, deferred selection, sale and leaseback, right of first refusal, relationships and Whole of Government.

### Financial

Financial settlement was \$25,025,000, less two on-account settlements totalling \$1,887,000. This deduction was offset with the payment by the Crown of interest of \$1,561,657. The Trust were required to repay the Crown loan of \$15,490,321 for the purchase of the Shelly Bay properties.

### Cultural and assets

The fee simple of several properties had transferred to the Trust. These included Pipitea Marae, Harbour Islands, the Parangarahu Lakes (esplanades and dendroglyphs), properties at 1-3 and 81-87 Thorndon Quay, Whites Line East and a site at Makara, Reserves (Korokoro Gateway, Wi Tako Scenic Reserve and Point Dorset Recreation Reserve) and several former school sites.

#### *Pipitea Marae*

Pipitea Marae Charitable Trust was established with equal representation from Taranaki Whanui and Ngati Poneke Maori Association. The land and improvements vested in this new charitable trust. A Crown ex-gratia payment of \$1,738,000 was made to the new charitable trust.

#### *Harbour Islands*

Harbour Islands Kaitiaki Board has been established with representation from Taranaki Whanui and the Crown. The reserve status on the islands has been retained. Joint management arrangements are being developed and a management plan must be developed. Discussions are underway on the possibility of a formal handing over ceremony some time later in the year. While the formal valuation of the islands only records a value of \$3.00, it was noted that the intrinsic value of the islands to Taranaki Whanui is \$514,000.

#### *Pencarrow Lakes, esplanade and dendroglyphs*

Joint management arrangements will be formalised with Greater Wellington Regional Council with the reserve status to be retained and public access guaranteed. Currently research is being undertaken on the risks of duck shooting to the lakes and environs.

#### *Reserves*

The respective reserve status for each of these three reserves will be retained together with guaranteed public access. Joint management arrangements will be formalised with the respective councils in respect of the reserves. It is very pleasing to be receiving the Charles Plimmer Bequest of \$400,000 for a beautification plan for the Point Dorset Recreation Reserve (8.4 hectares and a large coastline frontage). This fund will be administered directly by Wellington City Council, but a joint project team has been established.



### *Thorndon Quay properties*

These properties are tenanted as commercial properties with the Trust having appointed a Property Manager to undertake the day-to-day interaction with tenants. Consideration is already being given to possible development options for the property at 81-87 Thorndon Quay. In addition investigations have shown there is the possibility of additional levels being put on the building at 1-3 Thorndon Quay.

### *Former School Sites (Wainuiomata and Waiwhetu)*

On transfer date the two properties at Wainuiomata were encumbered with existing leases for \$1.00 per annum + GST. The facilities at all three sites were not compliant with council regulations, health and safety standards or fire regulations. The Trust has spent significant time and money to bring them up to standard. No maintenance had been undertaken by either the previous landlord or the tenant. Lease on the college site has now been surrendered. Trust Property Managers are working through options with users of the facilities to consolidate occupancy, minimise risk to the Trust and generate some income. In addition development options are also underway

### *Investment Properties*

The Chairman gave a brief snapshot of the March 31, 2010 valuations for the properties now in Trust ownership – this includes the Shelly Bay properties. The total valuation of the properties is \$22,447,503 as at March 31, 2010.

### Commercial

#### *Deferred Selection*

Trustees are required to make decisions in respect of this portfolio of properties by September 2, 2011. There are a total of 17 properties in the portfolio including Wellington Railway Station and Social Hall. A due diligence process has been initiated involving investigating each property's pros and cons, current value, potential value, development potential, engineering matters.

#### *Sale and Leaseback*

This option gives the Trust 10 years to decide whether or not to purchase the land only of several Crown occupied properties around Wellington. If purchased, the Trust would lease the land back to the agency concerned. The lease terms and conditions for each property were negotiated prior to settlement. These would be 'passive investments' and include sites such as the National Library, Archives New Zealand, High Court, etc.

#### *Right of First Refusal*

This mechanism is in place for 100 years from the

settlement date. It provides that if any of the properties in the schedule to the Deed become surplus to Crown requirements that it must be firstly offered to the Trust. There are some 2,000 properties in the portfolio including a significant number of Housing New Zealand properties throughout the rohe.

### Shelly Bay

These properties were purchased in February 2009. The majority of the improvements are tenanted at market rentals. Currently the rental income is covering costs associated with the properties such as security, maintenance, rates, insurance. Property managers are engaged to interact on the Trust's behalf with tenants as required. The Trust is undertaking some demolition of uneconomic buildings as the cost to renovate is not justified. The Trust is working with Wellington City Council on infrastructure issues such as water, sewage, power and roading.

#### *Long term strategic development*

Given the importance of Shelly Bay to the Trust and the city, it is vital that any long-term strategic direction is got right. The Trust is working with Wellington City Council and Greater Wellington Regional Council to ensure that basic services are in place. A meeting of all landowners is being held to consider the long-term strategic possibilities for Shelly Bay and the wider Miramar Peninsula. Everyone has ideas about the future of the area and community involvement to date has been positive and will be provided for going forward.

#### *The Lodge at Shelly Bay*

This facility which was formerly the Officers' Mess is now an asset the Trust can be proud of. It is a top-end conference and wedding venue. A formal lease is in place between The Lodge and Shelly Bay Limited at market rental. The company has engaged the services of a event manager to operate the facility which includes a bar area, reception area, commercial kitchen and venue space. The venue is currently hired out at \$1,800 per day. Bookings for the facility are very positive with 14 weddings confirmed for the venue between November 2010 and March 2011. Four Christmas functions are confirmed with a further five tentatively booked. Promotion and marketing of the venue remains a focus. Investigation is being undertaken into the provision of accommodation at the site as well.

### Relationships

Maintaining relationships with entities such as councils is key to the Trust's future. Regular meetings are held between the Trust and the various councils and they do recognise the mana whenua status and role of the Trust.

### Whole of Government

This provision was successfully negotiated to recognise the injustices of the past which affects those of us remaining today. The first meeting with Ministers was held in February 2010. Government established a coordination position which reports to the Prime Minister's department and has a two day per week commitment to the Trust. This provides an avenue for accessing agency services and resources. Work and Income NZ have seconded Mel Harrington to the Trust to assist with establishing initiatives and developing strategic social alliances, funding from the Tertiary Education Commission has been secured for the development of a Trust education strategy and funding from the Ministry of Social Development has been secured for the appointment of a Rangatahi Coordinator (Will Goldsmith) to develop initiatives for 16-24 year olds. Other relationships are also developing under this provision.

### *Education and Training*

During 2010 and in conjunction with Te Wananga o Aotearoa the Trust has operated Certificate in Waka Ama, Certificate in Te Ara Reo and Introduction to Arts Kawai Raupapa programmes. Each of these is NZQA approved and are "no fee" courses. In the 2011 academic year we will again be running Certificate in Waka Ama, Certificate in Te Ara Reo and a Certificate in Maori Performing Arts. The survey of educational needs undertaken earlier in the year has shown that our members are looking for courses in business, entrepreneurship, the arts, trustee management, event management, catering/hospitality, IT and apprenticeships. Discussions are underway with various providers to determine how these can be delivered for the membership.

The meeting was briefly adjourned to allow medical attention to be offered to a Trust member

In reconvening the meeting, the Chairman opened the floor to questions on the presentation to this stage.

### **Questions**

Eddie Churton stated that the Trust website appears to be out of date and wondered if it could be updated more regularly.

The website is being upgraded and members need to ensure they use the new website address—[www.pnbt.maori.nz](http://www.pnbt.maori.nz).

Eddie Churton asked whether the Trust pays rates on all properties and if so, should Trustees consider seeking Council support for reducing these if a property is being used for educational purposes.

The Chairman advised that the Trust does pay rates on all properties and will see if Councils would agree to reduction if being used for educational purposes.

Eddie Churton also inquired about the value of the harbour islands and whether rates are payable on them and whether or not they can be alienated in the future.

The Chairman advised that rates are not payable on the harbour islands and because they are administered under the Reserves Act the land cannot be alienated at any time.

Bill Nathan in congratulating the Chairman and Trustees asked what involvement the marae might have in the upcoming Rugby World Cup 2011.

Hon Mahara Okeroa (Chairman of the Pipitea Marae Charitable Trust) responded that the marae has a place in the planning for Rugby World Cup 2011 and the Marae Trustees are working on this.

Morrie Love asked about the cultural redress and in particular the kaitiakitanga role the Trust has, wanting to ensure that partners of the Trust know and understand the importance of places to the mana whenua. It is important that Trustees involve those people with knowledge and expertise in a comprehensive way for the future.

The Chairman referred to the joint approach in respect of the Point Dorset Recreation Reserve where a grant of \$400,000 has been given to beautify the reserve – the Trust will be able to bring skills and talents to the approach for the beautification of the area. The Trust will be making an announcement in the near future on a coordination role for this type of activity.

Martha Gilbert spoke about housing and education and expressed concern that education is not just for the rangatahi, and is not just about tertiary. She also said that Waiwhetu is a papakainga and housing is an issue for "our people" but we do not want to have another 'ghetto' or 'Farmers Crescent' on our doorstep.

The Chairman responded that the educational initiatives will be for those aged 16 onwards. It is not about an elite grouping – its about getting people qualified in some form and then getting them into employment. The point of the survey had been to get feedback to assist the decision making process. Trust members were reminded that this settlement is not just about people in Waiwhetu or Wellington, it applies to all members wherever they might live.

Peggy Luke-Ngaheke asked for some clarification as to when Trustees would meet with claimants now that the settlement has been received.

The Chairman responded that there are about five separate claims for the Waiwhetu area. All registered claims in the Port Nicholson Block have been settled into a comprehensive package and each is identified in the Deed of Settlement and legislation. The request is for special preference because you are part of a distinct claimant group – the claims, mandating, ratification and settlement have all been completed on the premise that we are united and it is the way to go forward into the future. The Trustees have met with groups around the country and with Runanga members on several occasions, and the Chairman of the Runanga is a Trustee of the Trust. You cannot rewrite the legislation. The Trust Deed is clear, Trustees act on behalf of all members. The legislation and deed of settlement are equally clear on what has been settled through this process, including Wai 105.

Te Tiwha Puketapu reflected on the presentation last year of a strategic plan which highlighted a number of key areas for moving forward and provided a good basis to understand the work of the past year and successes that have come with it. In the year going forward he asked to what extent does the strategic plan still hold or are adjustments being made, is there an annual planning process that we as members can participate in.

The Chairman advised that the strategic plan does still hold although adjustments are being made to it. It will not be a static document as it will change as matters progress and challenges arise. Plan for next 12 months will be presented shortly. While member participation would be ideal getting approval of 18,000 members is not realistic. The final decisions rest with the Trustees who must make judgment calls on reality vs ideals. We do ask for feedback from hui, newsletters, survey, etc.

A young man asked how we see benefits and/or access things that have been received through the settlement process.

The Chairman advised that benefits can be participation in waka ama, kapa haka, working on events, participating in work on the islands, reserves, etc.

Marama Monu wanted clarification around access to the Lakes area, who holds keys, etc.

Liz Mellish advised that the Trust is working with Hutt City Council on traffic access. The

Trust has keys for the gate however the majority of access to the area is by foot. If you want access you need to come and see us.

#### *Resolution*

**It is hereby resolved that** the Members of the Trust accept the Chairman's Report for the Port Nicholson Block Settlement Trust for the year ended March 31, 2010.

**Moved** Jack Rikihana

**Seconded** James Wheeler

Carried unanimously

#### **Financial Overview**

The Chairman turned to the Financial Statements of the Trust for the year ended March 31, 2010. The audit provides an unqualified audit opinion for the financial year. The Chairman then invited Euan Playle, Director of BDO Wellington and Trust Accountant to speak to the financial statements.

Euan Playle outlined the following:

- There has been significant movement since the settlement was received in September 2009, this is highlighted by the 22 pages of financial statements and notes.
- The requirement to report to NZ International Financial Reporting Standards for the year ended March 31, 2010 has resulted in a huge amount of work by the accountants. This change was necessitated by the receipt of the cash settlement. This reporting needs to remain in place for two years at which stage the Trustees can elect to revert to NZ Generally Accepted Accounting Practices.
- He then referred to the Statement of Comprehensive Income (profit and loss statement) and highlighted the following:
  - Rental income less direct expenses resulted in a \$66,926 net deficit
  - Administration and operating costs for the year were a loss of \$1,915,188
  - Financial (Interest) net position resulted in a net receipt of \$1,619,990
  - Net profit for the year of \$30,111,119
- Statement of Changes in Trust Capital highlights the net deficit of the year ended March 31, 2009 of \$1,406,763 and when the net profit of this year is added the Trust capital at the end of the year (March 31, 2010) the result is Trust Capital of \$28,704,356
- In speaking to the Statement of Financial Position (Balance Sheet), Euan Playle noted:
  - investment properties of \$22,447,503
  - cash investment of \$7,107,945

- current assets of \$598,375
- fixed assets of \$219,852
- liabilities are \$1,669,319

It was noted that the valuers have determined an intrinsic value of the harbour islands to the Trust of \$514,000.

The Trust has very low borrowings compared to assets owned by the Trust and together with \$7 million sitting in the bank the Trust is in a very strong position.

Peter Moeahu asked for clarification around specific amounts in the Financial Statements (page 38):

- Annual General Meeting costs of \$117,000 – what did this include?
  - This cost included a three day celebration event as a one-off last year, it also included production of the Annual Report (8,000 copies) as required by the Trust Deed, accommodation for the weekend, hireage of marquee, catering, buses, etc. The Chairman reminded members that last year the day started with the handover of the settlement package from the Crown where Ministers, Mayors, Crown officials, etc attended. The AGM was held in the afternoon and an evening celebration.
- Election cost of \$68,000 – will this be an annual cost?
  - This is engagement of electionz.com the independent electoral company who conduct the Trustee election process. It is anticipated that this will continue although not annually and the cost includes production of all documents, distribution to members, advertising, etc.
- Project management – increased on last year about fourfold, will this be required going forward?
  - This is the team behind the Trustees which is now 12 people compared to four at the same time last year. They undertake all management and administration for the Trust and ensure that the rights, assets and other opportunities are protected and enhanced.
- Rent and power has doubled, will that change?
  - These costs should remain at this level. The Trust office relocated during the year to the Railway Social Hall
- Please explain the recharges recovered?
  - Some of the team are utilised by other organisations for specific matters. In those cases they are charged for the expertise and it is referred to as cost recovery.

Te Tiwha Puketapu would be interested to hear comments about the finances for this period and the key implications for the budget as it has been forecast.

Mr Playle advised that the Trustees have worked through the finances for the period and a lot of work has gone into the planning to achieve not only short-term gains but establish long-term strategies. A budget was set at the beginning of the financial year. That budget is not a lot different to what is being reported here today. The key difference will be that Trustees will be required to make some property decisions in the next period which will impact the financial position. However the budgets as approved by Trustees cater to all anticipated and known costs going forward. The commercial reality is uncertain as the Chairman has advised. Trustees will need to take into account the commercial sensitivity around some decisions they will be required to make in the coming months as the market place is aware that the Trust has some particular opportunities available to it – and the Trust does not want to be affected by outside forces.

James Wheeler said he believed the capital position looks really good compared to the Trust liabilities. He asked if Trustees have a view on the debt/equity ratio they may want going forward?

That is something the Trustees have been reviewing and considering their leveragable position, a debt/equity ratio of 50-60% would be reasonable.

Dr Leo Buchanan asked what importance the Trustees have on buying a “home base”?

Mr Playle advised that for the time being the Trust is comfortable being located at the Railway Social Hall – which is one of the commercial opportunities available to it. The Trustees have a balancing act to ensure that they do not put at risk the assets of the Trust, but they also take advantage of opportunities in moving forward – joint ventures is just one option for this to occur.

Sarah Love stated that she believed elders should be able to reap some benefits of the settlement immediately – and should not have to miss out.

The Chairman replied that is why the Trustees are looking at the possibilities of housing, care facilities, retirement villages, etc. Kaumatua involvement in regular Monday meetings is important. The Trust will be looking at some specific initiatives for Kaumatua in the coming months.



David Churton asked when the Trust might be in a position to 'break-even?' Specifically referring to when rental income would be able to cover administration and operating expenses.

Mr Playle responded that understanding some properties transferred through settlement in a horrendous state and encumbered with leases, it is not anticipated that this will happen in the current financial year or the next one. Trustees need to be making decisions based on long-term strategies.

Eddie Churton asked if Trustees are considering borrowing to buy properties? Would Trustees consider establishing an investment company?

The Chair responded that if someone wants to become a joint venture partner they should contact the Trust. Establishing an investment company is not something the Trust should get into.

#### *Resolution*

**It is hereby resolved that** the Members of the Trust approve the Financial Statements for the year ended March 31, 2010.

**Moved** Jack Rikihana

**Seconded** David Churton

Carried unanimously

#### *Resolution*

**It is hereby resolved that** the Members of the Trust appoint Grant Thornton (Wellington) as the auditor for the Port Nicholson Block Settlement Trust and associated entities for the year ended March 31, 2011.

**Moved** Huia Kirk

**Seconded** Wairingiringi Taiaki

Carried unanimously

### **Annual Plan**

The Chairman gave a brief overview of the annual operational plan for the Trust which will be focused on maintaining robust governance and management systems and processes, delivery of strategic and annual plans, maintaining a risk management plan, developing an investment plan, advancement of the Whole of Government provision, developing rangatahi initiatives, making property decisions, holding the annual meeting and Trustee elections as required, developing new strategic relationships, maintaining communications with members, installation of a purpose built database and a range of other activities. The Chairman advised that Trustees would attempt to plan some hui to present

these plans and get feedback from members.

#### *Resolution*

**It is hereby resolved that** the Members of the Trust receive the Annual Operational Plan for the Port Nicholson Block Settlement Trust for the year ending March 31, 2011.

**Moved** Peter Moeahu

**Seconded** Mana Jenkins

Carried unanimously

### **Trustee Remuneration**

Euan Playle of BDO Wellington presented a recommendation to members that the current Trustee remuneration levels be maintained for the year ending March 31, 2011.

#### *Resolution*

**It is hereby resolved that** the Members of the Trust agree that the Trustee remuneration be maintained at the current levels for the year ending March 31, 2011. Those are:

Chairman \$32,000

Deputy Chairman \$12,000

Trustees (each) \$9,000

**Moved** Peter Moeahu

**Seconded** Mana Jenkins

Carried unanimously

The Chairman noted that Trustees may elect to waive receipt of the Trustee fee if they wish.

### **Election of Trustees**

Process is underway with a representative of electionz.com in attendance to receive votes through the ballot box. Independence of an electoral company gives Trustees and members satisfaction that the process is above reproach. The voting closes at 5pm today with the result to be declared by the Chief Returning Officer on Monday August 30.

Those remaining initial Trustees required to retire, but able to offer themselves for re-election are Sir Paul Reeves, Neville Baker, Dawn McConnell, Kevin Amohia, Dr Catherine Love and Mark Te One. These together with 15 other candidates have offered themselves for election.

### **Wharewaka**

The Chairman gave members a brief insight to the Wharewaka development on the waterfront with excellent progress being made. The facility will be completed by mid January and the official opening will take place on February 6, 2011.

### General Business

David Churton raised the issue of Wai 377, 735, 105 and 660. He said that the claimants have an expectation from Trustees that they will meet with the claimants and discuss how the claims could be finalised.

The Chairman responded that many meetings have been held with David Churton, and other claimants. The Trust has assisted access to the Crown for David Churton. There is a provision in the Deed of Settlement for Ngati Tama to go to the Crown for a separate settlement if the full Crown process can be adhered to. There are several groups who claim to represent Wai 105, including two Trustees of the Trust who were part of the negotiating team with the Crown on this specific claim.

Teri Puketapu stated that he has been the Chairman of Wai 105 since 1992. He has had discussions with Ann Rewiti (claimant of Wai 660). Mr Puketapu then gave his view of the historical background to the basis of the Wai 105 claim.

The Chairman replied that Teri Puketapu's version of history is a little different to others recollections and that is what needs to be clarified from a fundamental perspective. There are some 11 Taranaki Whanui claimants for the Port Nicholson Block rohe – all of which are settled as part of this package. Happy to meet but there must be agreement amongst each of the claimant groups – and there clearly is not agreement in respect of Wai 105. Kara Puketapu was a member of mandating team through to establishment of the Trust and he was a signatory to all steps in the process including the Deed of Settlement and the development of how this Trust would operate.

The Chairman then reiterated that the approach through mandating and ratification and now settlement has always been one of unity for the future.

The Chairman then thanked:

- Euan Playle and his team at BDO Wellington for the professional accounting advice and guidance they provide to Trustees
- Bruce Farquhar for the expertise he brings to the Trust including many years working with reserved land entities, and now his legal expertise
- Aroha Thorpe for the guidance and networks that she brings as Trust Manager – and the association she has had with the claim since before any of the claims were lodged, working with the legal team on putting the case together in the mid 1980s
- Sam and June Jackson for their wisdom and guidance to the Trust

### Final Thought

In closing the AGM, the Chairman again reiterated:

- By **fragmenting** our efforts we will fail to achieve
- By **uniting** to achieve common objectives and goals we will succeed in restoring, revitalising, strengthening and enhancing the well-being of our people

Mahara Okeroa then advised that Kaumatua should proceed to the dining room, while others waited for additional tables and chairs to be set up for kai. He then closed the meeting and offered grace for lunch.

There being no further business the meeting was closed at 1.30pm

## Chairman's Report



Matai ki te rangi, koira ko Puanga e takamore ana i te rae o Puketoretore. Atarua ana te kitenga atu ne i he tau ruru te tau, he tau huhua te tau ranei. Tatemea ka pa tonu mai te ao makariri ki nga mahuetanga iho o nga nui kua huri kaweka ki te ao huna i a Tangaroa. Tai timu atu te tai mihinga tangata ka hinga. Tai pari mai te waiora ki tatou te ora.

Hamama ana te waharoa o te ika ki nga wai tokorua e tai pari mai i te punawai o Te Mouna Tītohea. Ati hoki he puna wai e kore nei e mimiti ahakoa tukitukitia e te poaka. Ka koropupu tonu, ka koropupu tonu. No reira, Taranaki Whānui e, kei whea te pou e tu ana?

Hei anei! Hui e! Taiki e!

As I gaze to the heavens, there stands Puanga caressing the peak of Taranaki. It is not yet certain whether the year is one of wind and storms, or is one of plentiful times. The wintery domain has descended upon us in remembrance of our esteemed who have ventured beyond the veil, to the unseen realm of Tangaroa. Respectful acknowledgements to the deceased who travel the ebbing tide. May the incoming tide uplift the living.

The entrance to the Wellington Harbour lies open to the two incoming tides that descend from the spring well of the mountain, Taranaki. Yes indeed it is a spring that will never be desiccated despite the challenges thrown upon it in this changing world. It continues to well forth. Therefore descendants of Taranaki Whānui, where does the pillar of strength stand?

Within all of us! In unity! We shall prevail!

## Introduction

I am pleased to report on the second full year of operations of the Trust. The report covers the period from April 1, 2010 to March 31, 2011.

To bring you up to date on the progress made by the Trust since April 2011, included in the report is a commentary of activities up to June 2011. Activities from June to September 9, 2011 will be reported at the Annual General Meeting.

A major part of the Trust's initiative this year has been to establish robust and secure processes and policies going forward.

This has occurred during the uncertain economic times New Zealand has experienced as a result of the crises perpetuated by the Christchurch earthquakes and continuing economic uncertainty internationally.

The financial year has been a challenge for Trustees and the management team to ensure that promised opportunities come to fruition over the next two years. The audited financial statements for the year ended March 31, 2011 provides a clear picture of the challenges which the Trust has faced and the need to turn opportunities into tangible benefits for members.

2011 is also a year where the government has been required to make critical decisions regarding spending cuts to address the country's high debt levels. At the same time an election year presents its own challenges for the government seeking to communicate positive messages to the public.

The Rugby World Cup, the 3<sup>rd</sup> largest sporting event in the world provides hope for the economy and for the spirits of all New Zealanders. If the expected revenue and success on the field results in New Zealand gaining the World Cup for the first time since 1987, it will undoubtedly provide a lift of confidence within the business and economic sectors.

This year is a 'gap year' in terms of Trustee elections. 2010 saw the conclusion of the full rotation of the original board members being completed. This means that the rotation term for Trustees through the election process will commence again in 2012.

## Overall Financial Comment

Last year during the AGM presentation members were provided with the view that this year would again result in an operational deficit. This forecast was based on the understanding of the work that was required to prepare for the opportunities which would result in the Trust being able to activate profitable growth initiatives.

The results for this year are in line with the forecasted deficits and are provided for in the 2011 audited financial statements.

The challenges and process referred to have resulted in positive strategies which not only protect the Trust's assets but provide opportunities for developing and increasing value from the asset base and opportunities provided in the settlement.

As with many claimant communities the challenge has been to take Crown assets which have been neglected by the Crown



*Wellington City from Matiu Island*



*Opening of Ahumairangi Lookout*



and entities administering them and implementing strategies which will turn them into positive income bearing assets for the Trust. To do this, effort and money has been spent to bring the assets up to standard so they contribute positively to the Trust. In particular properties which have potential but have had to have initial costs for their maintenance have been the former schools sites – Wainuiomata College, Wainuiomata Intermediate and Waiwhetu Primary School. Each of these properties have the potential to be turned into positive opportunities for the Trust over the next two years.

### Summary of Audited Financial Statements

The Financial Statements as presented in this report have again been prepared using International Financial Reporting Standards.

This is the first year where a full 12 month comparative can be provided in terms of expenditure.

- The total assets of the Trust at the end of the financial year are \$31,077,193
- The Operating Revenue and related direct costs from rental activity has resulted in a net deficit for the year of \$177,935
- Administrative and Operating Costs totaling \$2,579,314 and as alluded to last year reflect the activities of the Trust during the year particularly the work needed to address the properties settled on the Trust by the Crown, together with the opportunities presented relating to Deferred Selection Properties and addressing Right of First Refusal properties as they are offered back
- The unrealised loss arising from the annual revaluation of the Trust's Investment Properties

was \$850,339 (3.8% of total property value). This is a satisfactory result given the property climate that the Trust operates in

- Other income totalled \$408,164 and overall the Net Financing Income (Interest) was \$144,508. These items combined have resulted in a net deficit of \$3,060,938 for the year
- Trust Capital at the end of the year is \$25,643,418 compared to \$28,704,356 last year
- Current assets total \$8,087,897 and total liabilities total \$5,433,775 giving net working capital of \$2,654,122
- Investment Properties are valued at \$21,632,503 and together with Investments and Property Plant and Equipment of \$1,356,793 total non-current assets totalling \$22,989,296. This provides for total assets of \$31,077,193.

### The Year in Review

#### Property Matters

The Trust can confirm that no Trust properties are listed on the Wellington City Council's list of earthquake prone buildings.

The major challenge facing Trustees and management has been the development of initiatives which would be appropriately managed to provide a return for members while preserving the cultural integrity of the properties developed by the Trust.

The property at 1-3 Thorndon Quay is a positive asset for the Trust. It is fully tenanted at commercial rates and is managed on behalf of the Trust.

The property at 81-87 Thorndon Quay was transferred with a lease in place. There is potential for a



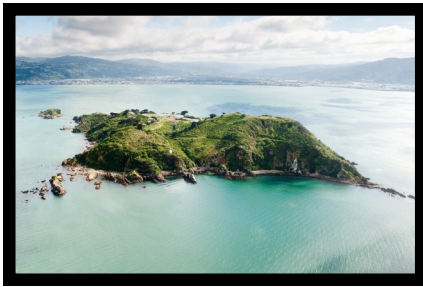
1-3 Thorndon Quay



Point Dorset Recreation Reserve



*The wero at formal handing over of the Harbour Islands*



*Aerial shot of Matiu Island*

development on this site and consideration is being given to the future of the site as the lease expires in September 2012 with no rights of renewal.

In respect of the Shelly Bay properties, the Trust is working closely with Wellington City Council, Greater Wellington Regional Council and a potential partner to determine how this iconic property could be best used in the future for the benefit of members and in keeping with its importance to all communities. Much of the challenges revolve around the infrastructure including roads, sewage, water, state of wharves, etc. The importance of this site to Wellington means that all communities want a say in its future use.

The Lodge at Shelly Bay has operated in a positive manner for the Trust over the past 12 months and is becoming a popular destination for functions, meetings and weddings.

*Reserves (Oruaiti/Point Dorset, Honiana Te Puni/Korokoro and Wi Tako Ngatata)*

The co-management arrangements of the three reserves owned in fee simple title by the Trust are largely completed. The co-management arrangements apply with each local territorial authority who is responsible for the reserve under the Reserves Act 1977.

In particular a significant consultation process has been undertaken in respect of the development of a land management plan for the Point Dorset Recreation Reserve. The Charles Plimmer Bequest was awarded for the beautification of this reserve and an amount of \$400,000 is available to develop the land management plan and

undertake the beautification process. Provision is made within the land management plan for the installation of two pou whenua which indicate two tauranga waka sites.

### *Harbour Islands*

The harbour islands are owned in fee simple title by the Trust.

A wonderful ceremony (Te Hokinga mai a Matiu) was held on Matiu Island in November 2010 which saw the Crown (Department of Conservation) formally hand the islands over to Taranaki Whanui.

The islands are now under the management of the Harbour Islands Kaitiaki Board which was established by the Port Nicholson Block (Taranaki Whanui ki Te Upoko o Te Ika) Claims Settlement Act 2009. The board comprises six members – three appointed by the Trust and three appointed by the Minister of Conservation. Taranaki Whanui hold the permanent chair of this board.

Regular meetings of the board are held and a management plan is now underway for the islands.

### *Pipitea Marae*

Pipitea Marae (land and buildings) is now under the ownership and management of the Pipitea Marae Charitable Trust.

Three appointees represent the Port Nicholson Block Settlement Trust and three appointees represent the Ngati Poneke Maori Association Inc. Great strides have been made since the marae was vested in this new trust with the front toilet block having been refurbished, a boardroom having been created, new heating system



*Crown party at handing over of Harbour Islands*

installed, exterior painting completed and further maintenance planned. There was also a renegotiation of the Wilson carpark lease which realised a good uplift of income. All of this work has been needed due to the lack of attention to these important matters over an extended period of time. These works have been possible from cash flow generated by the marae.

An investment of \$1.7m remains from the ex gratia payment of \$1,738,000 made by the Crown.

The marae played a key part in the Wellington evacuation programme following the Christchurch earthquake in February. For a brief period it also acted as a collection depot for donated non-perishable items that were shipped to Otautahi.

#### *Parangarahu Lakes*

The Trust owns the fee simple title of the lakebeds, the esplanade strips and the dendroglyph sites. A formal co-management arrangement is close to being finalised with Greater Wellington Regional Council in respect of the Parangarahu Lakes (Kohangatera and Kohangapiripiri) and surrounding area.

Surveys conducted by NIWA have identified an oxygen weed in Lake Kohangatera. It is believed this has travelled from further up the river systems into the lake. NIWA, Greater Wellington Regional Council, the Department of Conservation and the Trust are working to establish the source of the weeds, and to contain and eradicate the infestation.

Lake Kohangatera has been rated number 10 of 256 lakes in New Zealand for its ecological values in

the LakesSPI assessment undertaken by NIWA for the Greater Wellington Regional Council

#### *Cultural Matters*

The maintaining of the mana whenua rights for Taranaki Whanui ki Te Upoko o Te Ika through many avenues is at the core of the Trust's activities.

- Tikanga and cultural support is offered across the broad range of government and corporates in the capital city through a very small but dedicated team of people.
- Relationships with local territorial authorities that had been established and fostered over time by the Wellington Tenth Trust continue to be maintained and recognised in formal Memoranda of Understandings with the Trust.
- The establishment of a Taranaki Whanui urupa at Makara has progressed significantly in the last 12 months with marae representatives from Waiwhetu, Te Tatau o Te Po and Pipitea having contributed to discussions and undertaken site visits.
- A developing relationship with Te Reo o Taranaki Trust is having a positive impact for both parties. This year the Pokaitahi Taiahoaho Reo programme has been delivered in conjunction with the parties based at Whakarongotai Marae. Upcoming opportunities for "exchange expeditions" between Wellington and Taranaki is under discussion and the parties are hopeful of a possible first delivery late in 2011.

#### *Five Year Strategic Plan*

The finalisation of the Trust's five year strategic plan (2011-2015) was a firm step forward. This was completed in December 2010 as a



*Pipitea Marae*



*Planting at Parangarahu Lakes*



*Ahumairangi Lookout*





*Prime Minister at signing of Trust-Crown Accord*

‘living document’. This means that as needs change (whether the Trust and its members needs, or by necessity to meet changing government policies) the document can be adapted to meet those changes.

It is pleasing to report that in most instances the Trust has commenced setting foundations in place to deliver on the plan’s objectives. Some matters are more advanced than others, all objectives will have implementation plans developed in this financial year.

### *Whole of Government*

Key to the Whole of Government provision in the Deed of Settlement is the annual meeting process laid down with Ministers of the Crown. This year a Trust-Crown Accord was signed by the Rt Hon John Key and seven Ministers at The Lodge at Shelly Bay in late March. Seven Crown agencies have committed to positive and collaborative relationships to enhance and revitalise the growth, in all aspects, of Taranaki Whanui. Those seven agencies are:

1. Te Puni Kokiri
2. Ministry of Social Development (Work & Income)
3. Department of Corrections
4. Ministry for the Environment
5. Ministry of Education/Tertiary Education Commission
6. Department of Internal Affairs and
7. Department of Building and Housing and Housing New Zealand Corporation

Absent from this list is the Ministry of Health with whom the Trust wanted to establish a proactive and positive relationship. The Trust is concerned at the uncooperative manner of health

officials, particularly as all other government agencies have been extremely positive in their dealings with the Trust.

Discussions are now underway with these agencies in respect of matters of mutual benefit to both parties. In particular, opportunities through the Work & Income, the Department of Corrections, and Ministry for the Environment are proving positive with joint projects being considered.

### *Education Initiatives*

Several initiatives have been underway this year and more are scheduled for 2012.

Firstly in cooperation with Te Wananga o Aotearoa several programmes were offered for the 2011 academic year. That resulted in a Te Ara Reo programme and Waka Ama programme being offered. These programmes are being delivered at Wellington and Hikoikoi respectively with good participation and excellent feedback.

An Education Working Group was established to work with the Education Committee of the Trust on the short, medium and long-term vision of education for members.

A Taranaki Whanui Tertiary Education Strategy was developed through funding provided by the Tertiary Education Commission through WelTec.

The Education Working Group has reviewed this document and is looking to enhance the opportunities which can be provided. The working group and the Education Committee will outline the recommended strategy in time for



*Minister Turia with Secretary of Education and Chief Executive, Department of Building and Housing*



consideration for the 2012 academic year.

### *Rangatahi – Taiohi*

The establishment of the Rangatahi Coordinator role with assistance from Work & Income has provided the opportunity for a focus to be placed on developing a framework around rangatahi of the Trust.

One of the key drivers is the facilitation of young people into training and employment. This is being achieved by linking with businesses and organisations who have opportunities available.

A youth runanga has just been formed and involvement from around the rohe is welcomed. Exciting upcoming opportunities exist with Te Reo o Taranaki Trust around 'exchange expeditions' between the two rohe. Our rangatahi will also have the opportunity to participate in Limited Services Volunteer and Outward Bound programmes over the next 12 months. A page on the Trust's website is dedicated to rangatahi.

### *Website and Facebook*

[www.pnbst.maori.nz](http://www.pnbst.maori.nz)

The Trust's website and Facebook page are important tools in communicating with the Trust's members. A more focused approach has been taken recently in updating both the website and Facebook page with information on the Trust's activities and by providing links to other relevant information, advising of hui, etc.

### **April to June 2011**

Following is an update on activities since the end of the financial year for the Trust. This gives information to the end of June 2011 to ensure that members

are up to date.

### *Property Matters – Deferred Selection Purchase*

Trustees and the management team have worked diligently around the property options available to the Trust and specifically the Deferred Selection Purchases portfolio. The Economic Development Committee meets on a regular basis and receives advice from professional advisers such as property specialists, lawyers, accountants, engineers, etc as needed.

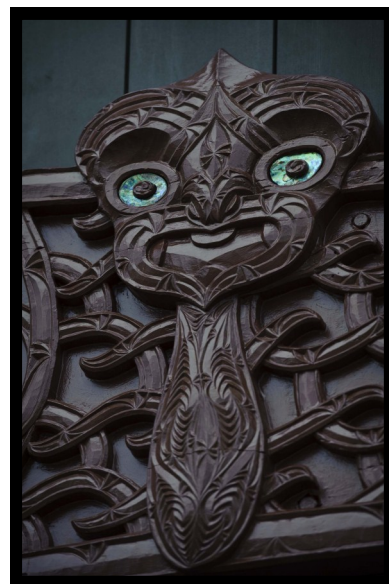
The Petone Fire Station was purchased through this mechanism with the intention of it becoming a long-term investment property. After a period of seeking tenants to rent the property it was found that the demand was coming from prospective purchasers for the property. It was therefore decided that the Trust would be better served by selling the property. An Agreement for Sale and Purchase was entered into resulting in the property which was purchased in April for \$745,000 being sold for \$1.1 million, resulting in a return of \$355,000.

Ten of the remaining properties in the Deferred Selection Purchases portfolio's notice of interest mechanism have been initiated with the Crown. All of these properties were set down as "joint valuations" which meant that the valuation process was to be undertaken for both parties by one valuer with the cost to be borne by the Crown. Those properties were:

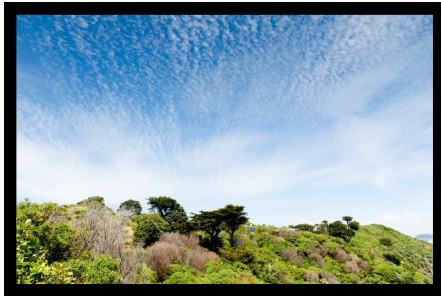
- 11 Ventnor Street, Seatoun
- 116 Naenae Road, Naenae
- Parliament/Hill Street, Thorndon
- 1a Gladstone Terrace, Kelburn
- 35 Salamanca Road, Kelburn



*Wellington scenery*



*Carvings at Te Raukura*



View over Matiu Island

- 37-41 Salamanca Road, Kelburn
- Korokoro Road, Korokoro (part Korokoro Primary School)
- 138 Whites Lines East, Waiwhetu
- 12 Wellington Road, Lower Hutt
- 9 Central Terrace, Kelburn

The only remaining properties are Wellington Railway Station, the former Petone College and the former Woodhatton Primary School. These are “separate” valuations meaning each party appoints a valuer and the prescribed process is followed.

#### *Property Matters – Right of First Refusal*

The Trust has been presented with a handful of opportunities through the Right of First Refusal provision in the Deed of Settlement. However given the process, the Trust has chosen not to exercise its right in respect of any of these properties. It is interesting to note that several of the properties were presented a second time to the Trust as the original offer could not be met by the market. This re-offer provision is part of the process prescribed by the Act.

#### *Te Taiohitoa o Te Awe (“Young Champions”)*

This is a partnership initiative established jointly by the Te Awe Maori Business Network and the Trust, with funding allocated by Te Puni Kokiri.

Te Taiohitoa o Te Awe is a mentoring scheme which supports the development of Maori rangatahi engaged in secondary schools. Currently 15 students are participating in the programme with a range of mentors from political parties to small

businesses.

#### *Working with Kaumatua*

The Trust together with Wellington Tenth Trust and Palmerston North Maori Reserve has held hui with kaumatua in the Wellington area to determine what their needs, issues, concerns and ideas are.

The hui have been very positively received and some excellent discussion has taken place. A follow up hui was held with representatives of Work & Income in attendance together with a presentation by the Sustainability Trust (who are an accredited Energy Efficiency and Conservation Authority provider).

#### **Next Six Months**

##### *Rugby World Cup 2011 – Te Raukura*

We look forward to the Rugby World Cup 2011 event with optimism. The event provides many opportunities for the Trust and its members. Mana whenua will play a significant role in Wellington for this international event.

Te Raukura (the Wharewaka) is adjacent to the official Fan Zone for Wellington and will play a part in the hosting of overseas visitors to Wellington. The official welcome for the Springboks will be held at Te Raukura and mana whenua will form the welcoming party for this. Several embassies have booked official functions at Te Raukura over the period of the Rugby World Cup so the exposure will be significant.

It is pleasing that a waka tete will have been completed by Hekenui Busby and his team in the far north and be in place at Te Raukura prior to the Rugby World Cup. The



Te Raukura with Kupe statue in foreground

waka tete has been made possible with a grant from the Wellington Community Trust. It is anticipated that a second waka - a waka taua will also be near delivery as Rugby World Cup commences.

In addition, Te Wananga o Aotearoa are supporting mana whenua by bringing the ocean going waka – Aotearoa One to Wellington for the entire duration of the Rugby World Cup. While details are yet to be finalised it is expected that Aotearoa One will be berthed on the harbour immediately in front of Te Raukura.

#### *Review of Trust Deed*

The Trustees have initiated a review of the Trust Deed provisions relating to the election of Trustees. This was a requirement of the Trust Deed and was initiated by Trustees in early July. An independent facilitator is to be appointed to undertake this review. While there is no timeframe within which the review is to be completed, Trustees are eager that it is completed in a timely manner.

#### *Financial Performance*

While the forecast budget for the year ending March 31, 2012, is again demonstrating an Operating Deficit, Trustees expect that several significant projects currently under negotiation will have a positive impact on the bottom line of the Trust.

#### *Ngati Toa*

In December 2009, the Trust lodged an urgent claim with the Waitangi Tribunal (Wai 2235). This contemporary claim relates to the Crown's offering to Ngati Toa within the rohe of Taranaki Whanui in settling their historical

grievances. Vast tracts of land have been offered to Ngati Toa as commercial opportunities. Of equal concern is the offering of cultural redress to Ngati Toa which severely impacts Taranaki Whanui mana whenua rights within its own rohe.

#### *Regional Hui*

The Trust are planning to hold regional hui to coincide with the end of the financial year—so around March 2012.

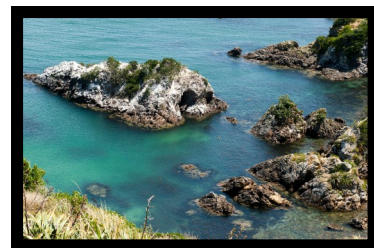
At this stage it is envisaged that hui will be held in Taranaki, Wellington, top of the South Island, and Auckland. A review of population numbers will be undertaken and other hui arranged as appropriate.

Notifications will be sent out prior to the hui to enable members to attend.

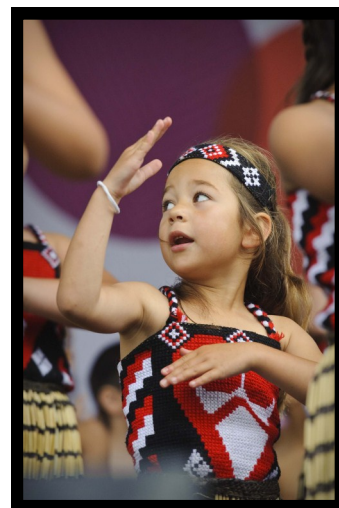
#### **Conclusion**

In concluding I offer my thanks to the Trustees who have in challenging and difficult times continued to strive to build a robust and transparent organisation. Trustees have debated issues and challenged the logic of recommendations thus displaying the importance of reaching sound decisions.

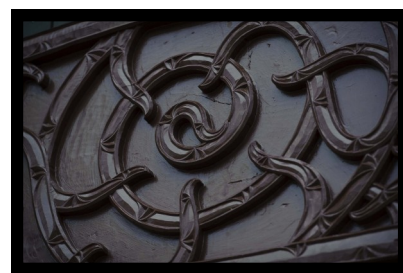
Special thanks must go to the management team led by Aroha Thorpe who has spared nothing in keeping Trustees and the team on track. Her work with our office solicitor, Bruce Farquhar, accountant Euan Playle of BDO Wellington and our external advisers and professionals have resulted in positive work and relations with all stakeholders.



*Rocks around Matiu Island*



*Waitangi Day kapa haka*



*Te Raukura carvings*



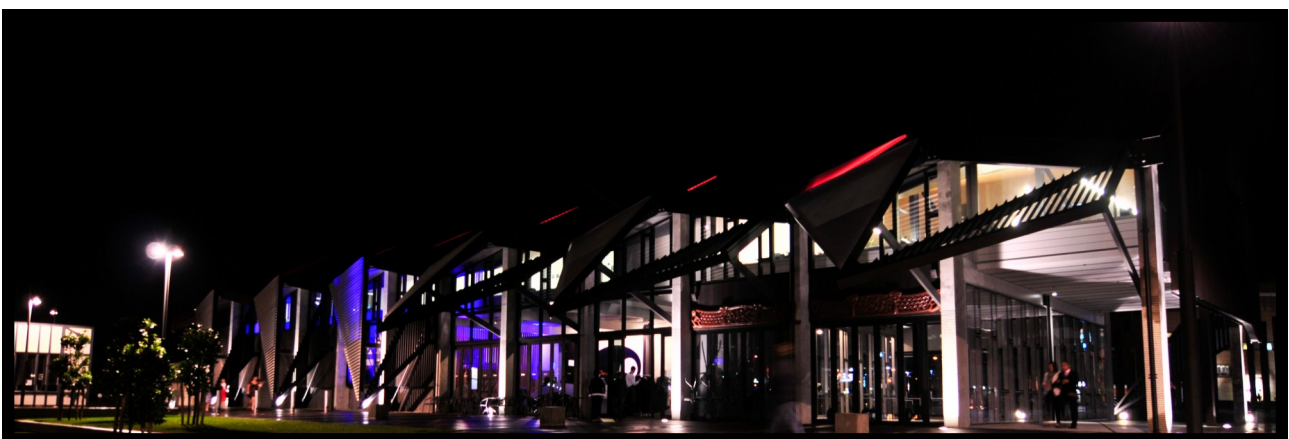
Of special note is the continuing and increasing demands on our kaumatua team led by Sam and June Jackson who have added dignity and prestige to so many occasions.

The acceptance of mana whenua throughout all sectors within the

capital city has been significant. It recognises the mana whenua role of the past, with the role at present and importantly its positive contribution to the future development of the capital city.

*Professor Sir Ngatata Love  
Chairman*

*Below are images from the Matariki Dinner held on June 18 at Te Raukura*



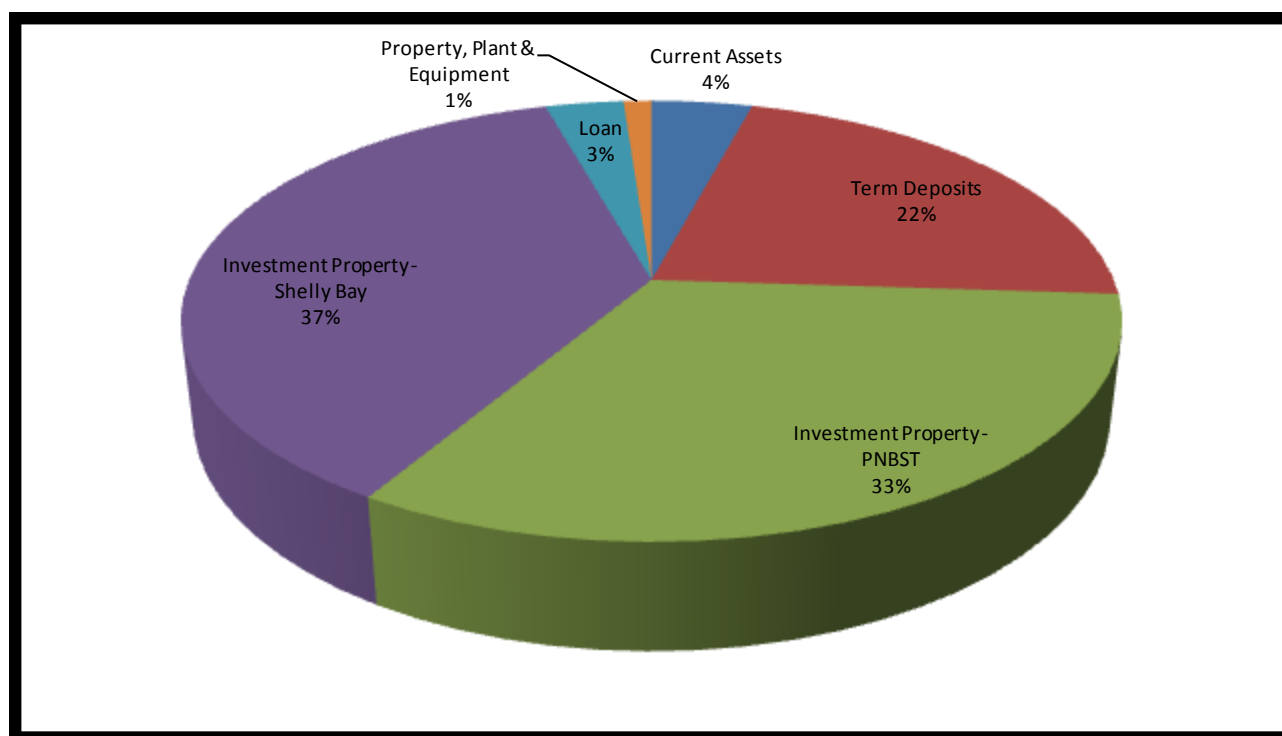


## Total Assets

Total assets of the Trust as at March 31, 2011 comprise the following:

Current Assets	1,287,897
Term Deposits	6,800,000
Investment Property—PNBST	10,122,503
Investment Property—Shelly Bay	11,510,000
Loan	1,000,000
Property, Plant & Equipment	356,793
<b>TOTAL ASSETS</b>	<b><u>\$31,077,193</u></b>

This is represented in the following pie graph which details the percentage mix of current assets held by the Trust.





## Statement of Comprehensive Income

### For the year ended March 31, 2011

		Group		Parent	
	Note	2011	2010	2011	2010
		\$	\$	\$	\$
<b>Operating Revenue</b>					
Rental Income		502,958	352,928	277,183	157,342
Less: Direct Expenses	5	(680,893)	(419,854)	(358,688)	(132,906)
Gross Profit/(Loss)		(177,935)	(66,926)	(81,505)	24,436
Less: Administration and Operating Costs	6	2,579,314	1,848,192	863,003	617,165
<b>Profit/(Loss) from Operations</b>		(2,757,249)	(1,915,118)	(944,508)	(592,729)
<b>Other Income</b>					
Crown Settlement	7	-	23,138,000	-	23,138,000
Gain/(Loss) on Investment Properties fair value	14	(850,339)	10,186,886	(565,000)	10,687,503
Gain on consolidation of PNBC Limited	19	(6,022)	670,858	-	-
Other Income		408,164	1,706	155,899	1,000
		(448,197)	33,997,450	(409,101)	33,826,503
<b>Operating Expenditure</b>					
Historical Claim Costs		-	3,591,203	-	3,591,203
Increase/(decrease) in provision for impairment		-	-	1,950,495	2,006,157
		-	3,591,203	1,950,495	5,597,360
<b>Financing Income</b>					
Financial Income		361,616	1,787,095	361,056	1,927,341
Financial Expense		(217,108)	(167,105)	(217,108)	(167,105)
Net Financing Income	8	144,508	1,619,990	143,948	1,760,236
<b>Profit/(Loss) before Income Tax</b>		(3,060,938)	30,111,119	(3,160,156)	29,396,650
Income Tax Expense	10	-	-	-	-
<b>Profit/(Loss) for the Year</b>		(3,060,938)	30,111,119	(3,160,156)	29,396,650
Other Comprehensive Income		-	-	-	-
<b>Total Comprehensive Income</b>		<u><u>\$(3,060,938)</u></u>	<u><u>\$30,111,119</u></u>	<u><u>\$(3,160,156)</u></u>	<u><u>\$29,396,650</u></u>

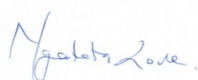
The accompanying notes on pages 30 to 48 form part of and are to be read in conjunction with these financial statements

## Statement of Changes in Trust Capital for the year ended March 31, 2011

	Note	Group		Parent	
		2011	2010	2011	2010
		\$	\$	\$	\$
<b>Trust Capital at Beginning of Year</b>		28,704,356	(1,406,763)	28,283,482	(1,113,168)
Total Comprehensive Income for the Year		(3,060,938)	30,111,119	(3,160,156)	29,396,650
<b>Trust Capital at End of Year</b>		<u>\$25,643,418</u>	<u>\$28,704,356</u>	<u>\$25,123,326</u>	<u>\$28,283,482</u>

## Statement of Financial Position as at March 31, 2011

		Group		Parent	
	Note	2011	2010	2011	2010
		\$	\$	\$	\$
<b>Current Assets</b>					
Cash and Cash Equivalents	11	101,898	284,399	25,602	220,135
Trade Debtors and Other Receivables	12	1,016,489	90,036	928,463	56,774
Prepayments		99,667	95,657	35,801	35,196
Investments	15	6,800,000	-	6,800,000	-
Income Tax Receivable	10	60,323	39,907	59,166	27,707
GST Receivable		-	62,219	-	-
Holding Costs		9,520	26,157	9,520	26,157
		8,087,897	598,375	7,858,552	365,969
<b>Non-Current Assets</b>					
Investment Property	14	21,632,503	22,447,503	10,122,503	10,687,503
Investments		-	7,107,945	-	7,107,945
Investment in Subsidiaries	18	-	-	11,792,910	11,921,200
Investments in Related Entities	22	1,000,000	-	1,000,000	-
Property, Plant & Equipment	16	356,793	219,852	5,747	-
		22,989,296	29,775,300	22,921,160	29,716,648
<b>Total Assets</b>		<b>\$31,077,193</b>	<b>\$30,373,675</b>	<b>\$30,779,712</b>	<b>\$30,082,617</b>
<b>Current Liabilities</b>					
Trade Creditors and Other Payables	13	344,766	361,644	526,143	484,189
Loans	17	5,035,647	-	5,035,647	-
GST Payable		53,362	-	94,596	7,272
		5,433,775	361,644	5,656,386	491,461
<b>Non-Current Liabilities</b>					
Loans	17	-	1,307,675	-	1,307,675
<b>Total Liabilities</b>		<b>5,433,775</b>	<b>1,669,319</b>	<b>5,656,386</b>	<b>1,799,136</b>
<b>Trust Capital</b>					
Retained Earnings		25,643,418	28,704,356	25,123,326	28,283,482
<b>Total Trust Capital</b>		<b>25,643,418</b>	<b>28,704,356</b>	<b>25,123,326</b>	<b>28,283,482</b>
<b>Total Trust Capital and Liabilities</b>		<b>\$31,077,193</b>	<b>\$30,373,675</b>	<b>\$30,779,712</b>	<b>\$30,082,617</b>
<b><u>On behalf of the Trustees:</u></b>					



**Professor Sir Ngatata Love, Chairman**



**Hon Mahara Okeroa, Trustee**

**Date:** July 11, 2011

*The accompanying notes on pages 30 to 48 form part of and are to be read in conjunction with these financial statements*

# Notes to the Financial Statements for the year ended March 31, 2011

## NOTE 1: REPORTING ENTITY

These financial statements comprise the consolidated financial statements of the Port Nicholson Block Settlement Trust (“the Trust”) and Group entities.

Port Nicholson Block Settlement Trust and its subsidiaries (together “the Group”) represents descendants of Taranaki, Te Atiawa, Ngati Ruanui, Ngati Tama whose tupuna were resident in Wellington in 1840, collectively known as Taranaki Whanui ki Te Upoko o Te Ika. The Trust, established by the Port Nicholson Block Settlement Trust Deed, dated August 11, 2008, is the Trust to receive the settlement package relating to historical Treaty of Waitangi claims. The Crown and the Trust signed a Deed of Settlement in Wellington on August 19, 2008. The Financial Statements presented are for the year ended March 31, 2011 and were authorised for issue by the Trustees on July 11, 2010.

## NOTE 2: BASIS OF CONSOLIDATION

The Group financial statements consolidate those of the Parent (the Trust) and all its subsidiary entities over which the Parent has the power to control the financial reporting and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date control is obtained, until the date on which control is lost.

The wholly owned subsidiaries of the Trust are:

- Shelly Bay Limited
- The Lodge at Shelly Bay Limited
- Port Nicholson Block Management Limited
- PNBC Limited (control obtained in the 2010 reporting year)

All subsidiaries have a reporting date of March 31, 2011 and accounting policies applied are consistent with the Parent.

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant inter-group balances are eliminated on consolidation of group results and position.

## NOTE 3: BASIS OF PREPARATION

### (a) Statement of compliance

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

New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to profit-orientated entities that qualify for and apply differential reporting concessions. The Trust is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

The Trust and Group qualify for differential reporting exemptions as it has no public accountability and there is no separation between owners and the governing body. All available reporting exemptions under the Framework for Differential Reporting have been applied.

### (b) Basis of measurement

The consolidated financial statements have been prepared on a historical costs basis, except that Investment Properties are stated at fair value.

Accrual accounting is used to recognise revenue and expenses. The consolidated financial statements have been prepared on a going concern basis, on the assumption that the ultimate Parent, the Trust, is committed to ensuring the Group’s obligations are met as they fall due.

### (c) Presentation currency

The financial statements are presented in New Zealand dollars (\$), which is the Parent and Group’s functional currency.

### (d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Areas of significant estimates and judgments for the consolidated financial statements presented include:

- Measurement of impairment of the Parent’s investments in subsidiaries; and
- Measurement of Investment Property fair value

Estimates and underlying assumptions are reviewed on an ongoing basis. There have been no other significant areas of estimations and critical judgments in the period reported.

### (e) Changes in accounting policies

The financial statements have been prepared in accordance with NZ IFRS effective for accounting periods commencing from April 1, 2010 for all periods reported in these statements. There has been no change in accounting policies.



## Notes to the Financial Statements for the year ended March 31, 2011

### NOTE 4: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

#### (a) Business combinations

The Group has applied the acquisition method for all business combinations occurring during the years reported. The Group measures goodwill as the fair value of the consideration transferred, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of acquisition date. When the fair value of net assets acquired is in excess of the fair value of consideration transferred the difference is taken to the Statement of Comprehensive Income.

#### (b) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less, and bank overdrafts.

#### (c) Trade debtors and other receivables

Trade debtors and other receivables are measured at cost less impairment losses. A provision for impairment is established where there is objective evidence that the Parent and Group will not be able to collect all amounts due according to the original terms of the receivable. Receivables with a short duration are not discounted.

#### (d) Trade creditors and other payables

Trade creditors and other payables are measured at amortised cost using the effective interest method less any impairment losses.

#### (e) Provisions

A provision is recognised when the Parent and Group have a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligations. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

A provision for onerous contracts is recognised when the expected benefits from the contract are lower than the unavoidable costs of meeting contract obligations.

#### (f) Financial instruments

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents, trade

creditors and other payables and borrowings. The Parent and Group held no derivative financial instruments i.e. (hedging instruments) in the years reported.

Financial assets and financial liabilities are recognised when the Parent and Group becomes a party to the contractual provisions of the financial instrument.

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

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

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for those carried at fair value through profit or loss, which are measured at fair value.

#### Financial assets

The subsequent measurement of financial assets depends on their classification. The Parent and Group currently hold financial assets only in the classification of loans and receivables.

##### (i) Loans and receivables

Financial assets that are non-derivative with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Financial instruments classified as *loans and receivables* include: trade debtors and other receivable balances and cash and cash equivalents.

#### Financial liabilities

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

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss. The Parent and Group does not currently have any financial liabilities held for trading or designated at fair value through profit or loss.

Borrowings are classified as current liabilities unless the Parent and Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Borrowing costs are expensed as incurred. The Parent and Group have no off-balance sheet financial instruments.

## Notes to the Financial Statements for the year ended March 31, 2011

### NOTE 4: SIGNIFICANT ACCOUNTING POLICIES continued

#### Impairment of financial instruments

All financial assets are subject to review for impairment at least once each reporting date. Accounts receivable are reviewed for impairment when accounts are past due or when other objective evidence is received that a specific counterparty will default. Impairment of trade receivables are presented in the Statement of Comprehensive Income, within expenses.

#### (g) **Investments in subsidiaries**

All investments in subsidiaries are initially recognised at cost, being the fair value of consideration given. An allowance is made for impairment of investments in subsidiaries when the recoverable value is determined to be below cost.

#### (h) **Impairment**

The carrying amounts of the Parent and Group assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Income.

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Parent and Group estimate the asset's recoverable amount, to measure the reversal of any previous period impairment charges. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversals of impairment are recognised in the Statement of Comprehensive Income.

#### (i) **Property, plant and equipment**

Property, plant and equipment is measured at cost, less

accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

#### (i) *Additions*

The cost of replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Parent and Group and the cost of the item can be measured reliably.

#### (ii) *Disposal*

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Income.

#### (iii) *Depreciation*

Depreciation is charged on a diminishing value basis on all property, plant and equipment over the estimated useful life of the asset. Depreciation is charged to the Statement of Comprehensive Income. The following depreciation rates have been applied to each class of property, plant and equipment:

Office Equipment	24% - 80.4%
Furniture & Fittings	9.6% - 50%
Motor Vehicles	36%
The Officers Mess—Leasehold Improvements	3%
The Officers Mess Level 1—Fitout Costs	30% - 48%
Corporals Club—Leasehold Improvements	3%
Commanders Residence	12% - 48%
Seminar Facility	3%
Conference Equipment	48%

The residual value of property, plant and equipment is reassessed annually.

#### (j) **Employee entitlements**

Annual leave and other employee entitlements are accounted for on the basis of contractual requirements.

#### (k) **Finance income and expenses**

Finance income comprises interest generated from funds invested in short-term deposits and other interest bearing bank accounts. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses are incurred from interest on borrowed funds. All borrowing costs are expensed and recognised in the Statement of Comprehensive Income when incurred using the effective interest method.

## Notes to the Financial Statements for the year ended March 31, 2011

### NOTE 4: SIGNIFICANT ACCOUNTING POLICIES continued

#### (l) Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Parent and Group and revenue can be reliably measured. Revenue is measured at the fair value of consideration received. The Parent and Group assess its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the Parent and Group's own account is recognised as gross revenue in the Statement of Comprehensive Income.

The following specific recognition criteria must be met before revenue is recognised:

##### (i) *Crown settlement*

Crown settlement income was recognised when the settlement monies were received. Until this event had been completed no Crown settlement income was recognised.

##### (ii) *Koha*

Koha is recognised in the Statement of Comprehensive Income when received.

##### (iii) *Rendering of services*

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the reporting date.

##### (iv) *Interest*

Interest revenue is recognised as the interest accrues (using the effective interest method).

##### (v) *Rental income*

Income from the rental of property is recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease.

##### (m) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production of goods or services or for administrative purposes. Investment property is measured at fair value with any change therein recognised in the Statement of Comprehensive Income.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

##### (n) Taxation

Income tax is accounted for using the taxes payable method so that the income tax expense charged to the Statement of Comprehensive Income comprises the current year's provision only, the income tax effects of taxable or deductible temporary differences are not recognised.

##### (o) GST

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

## Notes to the Financial Statements for the year ended March 31, 2011

	Note	Group		Parent	
		2011	2010	2011	2010
		\$	\$	\$	\$
<b>NOTE 5: DIRECT EXPENSES</b>					
Building WOF		6,719	1,671	2,340	-
Cleaning		15,818	6,398	15,818	6,398
Consultancy Fees		14,791	2,468	-	-
Electricity		55,178	17,914	10,836	3,417
Fire Monitoring		22,873	18,191	12,871	1,681
General		15	983	-	983
Grounds Maintenance		43,029	28,258	19,068	10,534
Health & Safety		-	619	-	-
Heating Ventilation & Air Conditioning		2,461	2,757	2,461	2,757
Insurance		114,826	85,572	74,271	44,257
Legal Fees		-	4,303	-	-
Lift Maintenance		6,165	2,679	6,165	2,679
Professional Fees		450	3,744	450	3,744
Property Management Fees		69,473	76,048	38,074	7,786
Rates		143,144	102,199	56,563	30,801
Repairs & Maintenance		110,485	42,523	80,923	10,955
Security		36,037	10,413	28,129	1,404
Water Rates		39,429	13,114	10,719	5,510
<b>TOTAL DIRECT EXPENSES</b>		<b>\$680,893</b>	<b>\$419,854</b>	<b>\$358,688</b>	<b>\$132,906</b>

## Notes to the Financial Statements for the year ended March 31, 2011

		Group		Parent	
	Note	2011	2010	2011	2010
		\$	\$	\$	\$
<b>NOTE 6: ADMIN &amp; OPERATING COSTS</b>					
Accountancy Fees		179,061	134,142	100,555	62,517
Advertising & PR Consulting		10,749	15,426	-	-
Annual General Meeting		31,155	117,689	31,155	117,689
Audit Fees		29,108	40,472	22,108	24,005
Bank Charges		602	2,290	302	1,508
Bad Debts		5,854	-	-	-
Catering & Meetings		29,194	17,295	14,100	11,172
Computer Expenses		31,174	25,012	8,644	-
Consultancy Fees		35,629	37,355	26,726	17,728
Consultancy Fees—Accounting & Tax		93,469	79,058	93,469	53,819
Depreciation	9	73,349	21,776	447	-
Directors Meetings		-	-	-	-
Election Costs		60,309	68,347	60,309	68,347
General Expenses		47,956	14,965	14,800	3,629
HR Consultancy		-	37,209	-	-
Hui Expenses		25,285	-	25,285	-
Insurance		13,104	863	10,816	863
Interest		-	26,755	-	26,381
Koha		1,786	222	1,786	222
Legal Fees		31,962	37,401	30,422	36,500
Legislation & Settlement Costs		-	2,882	-	2,799
Management Fees		56,650	16,204	-	-
Matauranga		13,891	10,927	-	-
Motor Vehicle Expenses		6,320	3,508	-	100
Newsletters		69,247	25,338	69,247	23,805
Office Expenses		27,070	31,534	-	-
Printing & Stationery		42,759	41,039	6,150	-
Project Management Team		534,275	719,467	7,326	-
Project Management Fees		18,267	-	18,267	-
Rent & Power		278,994	188,285	-	-
Repairs & Maintenance		11,512	-	-	-
RFR & WRDSP		102,853	-	102,853	-
Telephone & Tolls		33,511	20,746	65	912
Travel & Accommodation		63,766	55,450	56,796	45,288
Trustees' Expenses		-	697	-	697



## Notes to the Financial Statements for the year ended March 31, 2011

		Group		Parent	
	Note	2011	2010	2011	2010
		\$	\$	\$	\$
<b>NOTE 6: ADMIN &amp; OPERATING COSTS</b>					
<b>continued</b>					
Trustees' Fees	20	124,675	106,834	124,675	106,834
Valuation Fees		37,245	21,753	36,700	12,350
Wages		458,533	-	-	-
Recharges Recovered		-	(72,749)	-	-
<b>TOTAL ADMINISTRATION &amp; OPERATING COSTS</b>		<b>\$2,579,314</b>	<b>\$1,848,192</b>	<b>\$863,003</b>	<b>\$617,165</b>

### NOTE 7. CROWN SETTLEMENT

The Port Nicholson Block Settlement Trust in terms of the Deed of Settlement dated August 19, 2008 received on September 2, 2009, \$23,138,000 for settlement of the historical Treaty of Waitangi claims. The settlement

consisted of cultural, financial and commercial redress. In terms of the Deed of Settlement, interest is payable by the Crown on an amount of \$23,138,000 from December 13, 2007 until settlement date. This amount is not taxable. No amounts were received in 2011 in relation to settlement.

### NOTE 8: NET FINANCE INCOME/(EXPENSE)

Crown Settlement Interest Accrual	-	1,561,657	-	1,561,657
Crown Loan—Shelly Bay Interest Received	-	-	-	167,105
Kiwibank—Online Call Account	3,566	1,878	3,010	593
Kiwibank—Term Deposits	319,448	198,953	319,448	197,965
Westpac—Terms Deposits and Current Account	-	11,563	-	-
Wharewaka o Poneke Charitable Trust Accrued Interest	37,842	-	37,842	-
IRD—Use of Money Interest	760	13,044	756	21
Kiwibank Loan—Interest Paid	(217,108)	-	(217,108)	-
Crown Loan—Interest Paid	-	(167,105)	-	(167,105)
<b>TOTAL NET FINANCE INCOME</b>	<b>\$144,508</b>	<b>\$1,619,990</b>	<b>\$143,948</b>	<b>\$1,760,236</b>

### NOTE 9: DEPRECIATION

Office Equipment	25,070	9,874	-	-
Furniture & Fittings	19,595	6,022	447	-
Motor Vehicles	10,720	921	-	-
The Officers Mess—Leasehold Improvements	2,996	141	-	-
The Officers Mess Level 1—Fitout Costs	8,013	808	-	-
Corporals Club—Leasehold Improvements	403	115	-	-
Commanders Residence	1,824	3,087	-	-
Seminar Facility	269	-	-	-
Conference Equipment	4,459	808	-	-
<b>TOTAL DEPRECIATION</b>	<b>\$73,349</b>	<b>\$21,776</b>	<b>\$447</b>	<b>\$-</b>

## Notes to the Financial Statements for the year ended March 31, 2011

		Group		Parent	
	Note	2011	2010	2011	2010
		\$	\$	\$	\$
<b>NOTE 10: TAXATION</b>					
Net Surplus Before Taxation		(3,060,938)	30,111,119	(3,160,156)	29,396,650
<b>ADD/(LESS):</b>					
Crown Settlement		-	(23,138,000)	-	(23,138,000)
Revaluation on Investment Properties		850,339	(10,186,886)	565,000	(10,687,503)
Gain on consolidation of PNBC Limited		-	(670,858)	-	-
Increase in provision for impairment		-	-	1,956,086	2,006,157
Interest on Crown Loan		-	(1,561,657)	-	(1,561,657)
Tax Losses Brought Forward		(2,577,080)	(744,268)	(687,374)	(294,225)
Historical Costs repaid		-	3,591,203	-	3,591,203
<b>TAXABLE INCOME/(LOSS)</b>		<b>\$(4,787,679)</b>	<b>\$(2,599,347)</b>	<b>\$(1,326,444)</b>	<b>\$(687,375)</b>
Taxation Expense		-	-	-	-
<b>LESS:</b>					
Provisional Tax Paid		-	-	-	-
RWT Paid		(60,323)	(39,907)	(59,166)	(27,707)
Prior Year Taxation Refund Due		-	-	-	-
<b>TAXATION PAYABLE/(REFUND DUE)</b>		<b>\$(60,323)</b>	<b>\$(39,907)</b>	<b>\$(59,166)</b>	<b>\$(27,707)</b>

Tax losses amounting to \$1,326,444 are to be carried forward to be offset against future taxable income by the Trust.

The Group has \$4,787,679 of tax losses to be carried forward. These losses are subject to any confirmation by the Inland Revenue Department.

### NOTE 11: CASH & CASH EQUIVALENTS

Cash at Kiwibank	101,898	283,344	25,602	220,135
Cash at Westpac	-	1,055	-	-
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<b>\$101,898</b>	<b>\$284,399</b>	<b>\$25,602</b>	<b>\$220,135</b>

Cash at bank earns interest at floating rates based on daily deposit rates

## Notes to the Financial Statements for the year ended March 31, 2011

	Note	Group		Parent	
		2011	2010	2011	2010
		\$	\$	\$	\$
<b>NOTE 12: TRADE DEBTORS &amp; OTHER RECEIVABLES</b>					
Trade Debtors		117,057	33,562	67,996	300
Pipitea Marae Charitable Trust		31,720	-	31,720	-
Accrued Interest—Kiwibank		40,905	56,474	40,905	56,474
Accrued Interest—Wharewaka o Ponake Charitable Trust		37,842	-	37,842	-
Accrued Revenue		38,965	-	-	-
Deposit—83 Waterloo Quay		750,000	-	750,000	-
<b>TOTAL TRADE DEBTORS &amp; OTHER RECEIVABLES</b>		<b>\$1,016,489</b>	<b>\$90,036</b>	<b>\$928,463</b>	<b>\$56,774</b>

All trade debtors and other receivables are subject to credit risk exposure. There is no concentration of credit risk with respect to receivables outside the entity, as the entity has a large number of customers. The carrying amount of trade debtors and other receivables approximates their fair value. As at March 31, 2011 there are no significant overdue trade debtors.

<b>NOTE 13: TRADE CREDITORS &amp; OTHER PAYABLES</b>					
Trade Creditors		235,781	244,537	119,781	44,369
Accrued Expenses		83,985	117,107	14,496	58,720
Income in Advance		25,000	-	25,000	-
PNBC Limited		-	-	366,866	381,100
<b>TOTAL TRADE CREDITORS &amp; OTHER PAYABLES</b>		<b>\$344,766</b>	<b>\$361,644</b>	<b>\$526,143</b>	<b>\$484,189</b>

Trade creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade creditors and other payables approximates their fair value.

## Notes to the Financial Statements for the year ended March 31, 2011

	Opening Book Value	Additions at Cost	2011 Valuation	Fair Value Movement
	\$	\$	\$	\$
<b>NOTE 14: INVESTMENT PROPERTIES (at fair value)</b>				
<b>Reconciliation of fair value 2011</b>				
<b>Parent</b>				
1-3 Thorndon Quay, Wellington	1,900,000	-	1,800,000	(100,000)
81-87 Thorndon Quay, Wellington	2,000,000	-	2,000,000	-
Wainuiomata College	1,010,000	-	1,000,000	(10,000)
Wainuiomata Intermediate	1,790,000	-	1,575,000	(215,000)
Waiwhetu Primary School	2,300,000	-	2,050,000	(250,000)
Whites Line East, Waiwhetu	400,000	-	410,000	10,000
Korokoro Gateway site	205,000	-	205,000	-
Point Dorset Recreation Reserve	590,000	-	590,000	-
Wi Tako Scenic Reserve	296,000	-	296,000	-
Dendroglyph site	2,000	-	2,000	-
Bed of Lake Kohangapiripiri	37,000	-	37,000	-
Esplanade land of Kohangapiripiri	29,000	-	29,000	-
Bed of Lake Kohangatera	66,000	-	66,000	-
Esplanade land of Kohangatera	62,500	-	62,500	-
Makaro Scientific Reserve	1	-	1	-
Matiu Island	1	-	1	-
Mokopuna Scientific Reserve	1	-	1	-
<b>Total Fair Value Movement for Parent</b>	<b>10,687,503</b>	<b>-</b>	<b>10,122,503</b>	<b>(565,000)</b>
<b>Subsidiaries</b>				
Shelly Bay	11,760,000	35,339	11,510,000	(285,339)
<b>Total Fair Value Movement for Group for the Year Ended March 31, 2011</b>	<b>\$22,447,503</b>	<b>\$35,339</b>	<b>\$21,632,503</b>	<b>\$(850,339)</b>

## Notes to the Financial Statements for the year ended March 31, 2011

	Opening Book Value	Additions at Cost	2010 Valu- ation	Fair Value Movement
	\$	\$	\$	\$
<b>NOTE 14: INVESTMENT PROPERTIES (at fair value) continued</b>				
<b>Reconciliation of fair value 2010</b>				
<b>Parent</b>				
1-3 Thorndon Quay, Wellington	-	-	1,900,000	1,900,000
81-87 Thorndon Quay, Wellington	-	-	2,000,000	2,000,000
Wainuiomata College	-	-	1,010,000	1,010,000
Wainuiomata Intermediate	-	-	1,790,000	1,790,000
Waiwhetu Primary School	-	-	2,300,000	2,300,000
Whites Line East, Waiwhetu	-	-	400,000	400,000
Korokoro Gateway site	-	-	205,000	205,000
Point Dorset Recreation Reserve	-	-	590,000	590,000
Wi Tako Scenic Reserve	-	-	296,000	296,000
Dendroglyph site	-	-	2,000	2,000
Bed of Lake Kohangapiripiri	-	-	37,000	37,000
Esplanade land of Kohangapiripiri	-	-	29,000	29,000
Bed of Lake Kohangatera	-	-	66,000	66,000
Esplanade land of Kohangatera	-	-	62,500	62,500
Makaro Scientific Reserve	-	-	1	1
Matiu Island	-	-	1	1
Mokopuna Scientific Reserve	-	-	1	1
<b>Total Fair Value Movement for Parent</b>	-	-	10,687,503	10,687,503
<b>Subsidiaries</b>				
Shelly Bay	12,260,000	617	11,760,000	(500,617)
<b>Total Fair Value Movement for Group for the Year Ended March 31, 2010</b>	<b>\$12,260,000</b>	<b>\$617</b>	<b>\$22,447,503</b>	<b>\$10,186,886</b>

The investment properties have been valued based on a valuation performed by independent registered public valuer, Colliers International (Wellington Valuation) Limited as at March 31, 2011. The valuation basis used was open fair value and was carried out in accordance with the international valuation standards and in accordance with NZ IFRS IAS 40. The principal Registered Valuer for Colliers International (Wellington Valuation) Limited is Gwendoline P L Callaghan FPINZ FNZIV.

### Islands

As part of the settlement reached with the Crown and enacted with the Port Nicholson Block (Taranaki Whanui ki Te Upoko o Te Ika) Claims Settlement Act 2009, the islands known as Makaro Scientific Reserve, Mokopuna Scientific Reserve, Matiu Scientific Reserve and Matiu Historic Reserve are vested in the Trustees. Colliers International have valued the intrinsic value of these islands as:



## Notes to the Financial Statements for the year ended March 31, 2011

### NOTE 14: INVESTMENT PROPERTIES *(at fair value)* continued

	\$	\$
Makaro Scientific Reserve	60,000	60,000
Matiu Historic & Scientific Reserve	398,000	398,000
Matiu Lighthouse	21,000	21,000
Mokopuna Scientific Reserve	35,000	35,000
	<u>\$514,000</u>	<u>\$514,000</u>

### NOTE 15: INVESTMENTS

The Parent and Group hold term deposit investments at Kiwibank with a return interest of 4.90% per annum (\$5,000,000 maturing August 2, 2011) and 4.00% per annum (\$1,800,000 maturing March 30, 2011).

	Group		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>NOTE 16: PROPERTY, PLANT &amp; EQUIPMENT</b>				
<b>Description</b>				
Office Equipment	25,029	3,000	-	-
Additions	60,037	22,029	-	-
Less Accumulated Depreciation	(35,318)	(10,249)	-	-
	49,748	14,780	-	-
Furniture & Fittings	84,266	2,748	6,194	-
Additions	52,196	81,518	(447)	-
Less Accumulated Depreciation	(26,075)	(6,480)	5,747	-
	110,387	77,786	-	-
Motor Vehicles	30,698	-	-	-
Additions	-	30,698	-	-
Less Accumulated Depreciation	(11,641)	(921)	-	-
	19,057	29,777	-	-
The Officers Mess—Leasehold Improvements	56,507	-	-	-
Additions	56,844	56,507	-	-
Less Accumulated Depreciation	(3,137)	(141)	-	-
	110,214	56,366	-	-
The Officers Mess Level 1—Fitout Costs	19,085	-	-	-
Additions	-	19,085	-	-
Less Accumulated Depreciation	(8,821)	(808)	-	-
	10,264	18,277	-	-
Corporals Club—Leasehold Improvements	6,553	-	-	-
Additions	19,728	6,553	-	-
Less Accumulated Depreciation	(518)	(115)	-	-
	25,763	6,438	-	-

## Notes to the Financial Statements for the year ended March 31, 2011

	Group		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>NOTE 16: PROPERTY, PLANT &amp; EQUIPMENT</b> continued				
<b>Description</b>				
Commanders Residence	10,225	-	-	-
Additions	-	10,225	-	-
Less Accumulated Depreciation	(4,911)	(3,087)	-	-
	5,314	7,138	-	-
Seminar Facility	-	-	-	-
Additions	21,484	-	-	-
Less Accumulated Depreciation	(269)	-	-	-
	21,215			
Conference Equipment	10,098	10,098	-	-
Additions	-	-	-	-
Less Accumulated Depreciation	(5,267)	(808)	-	-
	4,831	9,290	-	-
<b>TOTAL FIXED ASSETS</b>	<b>\$356,793</b>	<b>\$219,852</b>	<b>\$5,747</b>	<b>-</b>

### NOTE 17. OTHER LOANS

The Kiwibank revolving credit loan facility is secured over the Kiwibank \$6,800,000 Term Deposit. The current interest rates range between 4.65% to 6.15% per annum and roll over on August 2, 2011.

## Notes to the Financial Statements for the year ended March 31, 2011

### NOTE 18. INVESTMENT IN SUBSIDIARIES

#### Investment in subsidiaries

The Parent had made loans to subsidiaries that, in substance, form part of the net investment in the subsidiary because settlement of loan balances is neither planned nor likely in the foreseeable future.

	Parent	
	2011	2010
<i>The Investment in subsidiaries comprises:</i>	\$	\$
Shelly Bay Limited	11,628,078	11,888,769
The Lodge at Shelly Bay Limited	164,832	32,431
Port Nicholson Block Management Limited	-	-
	\$11,792,910	\$11,921,200

The Parent recognises an impairment loss on the investment in subsidiaries for the balance of the negative equity balance in the subsidiary financial statements, up to the carrying value of the Parent investment. The recoverable amount of the Parent investment in each subsidiary is based on an estimate of the investment fair value less costs to sell. Given all assets and liabilities of each subsidiary are carried at fair value, the recoverable amount has been estimated to equal the net assets disclosed in the subsidiary financial statements.

#### Shelly Bay Limited

##### Carrying value at cost

Opening balance	14,258,622	15,494,421
Crown loan interest recharged from Parent	-	167,105
Other monies advanced/subsidiary expenses paid by Parent	-	-
Funds repaid/Parent expenses paid by the subsidiary	101,461	(1,402,904)
Closing balance	14,360,083	14,258,622

##### Impairment provision

Opening balance	2,369,854	1,575,932
Current year impairment expense	362,151	793,922
Closing balance	2,732,005	2,369,854
Carrying value of investment in subsidiary	\$11,628,078	\$11,888,768

## Notes to the Financial Statements for the year ended March 31, 2011

### NOTE 18: INVESTMENT IN SUBSIDIARIES continued

	Parent	
	2011	2010
	\$	\$
<b>The Lodge at Shelly Bay Limited</b>		
<u>Carrying value at cost</u>		
Opening balance	62,961	-
Monies advanced/subsidiary expenses paid by Parent	280,552	62,961
Closing balance	343,513	62,961
<u>Impairment provision</u>		
Opening balance	30,530	-
Current year impairment expense	148,151	30,530
Closing balance	178,681	30,530
Carrying value of investment in subsidiary	\$164,832	\$32,431

The balance is payable on demand at the discretion of the Parent and no interest is charged

### **Port Nicholson Block Management Limited**

<u>Carrying value at cost</u>		
Opening balance	1,217,747	36,042
Monies advanced/subsidiary expenses paid by Parent	1,440,193	1,181,705
Closing balance	2,657,940	1,217,747
<u>Impairment provision</u>		
Opening balance	1,217,747	36,042
Current year impairment expense	1,440,193	1,181,705
Closing balance	2,657,940	1,217,747
Carrying value of investment in subsidiary	\$-	\$-

The balance is payable on demand at the discretion of the Parent and no interest is charged

### **Reconciliation of impairment provision for investment in subsidiaries**

Opening balance	3,618,131	1,611,974
Current year impairment expense	1,950,495	2,006,157
Closing balance	\$5,568,626	\$3,618,131



## Notes to the Financial Statements for the year ended March 31, 2011

### NOTE 19. ACQUISITIONS OF SUBSIDIARIES

Port Nicholson Block Settlement Trust obtained control of PNBC Limited on settlement date (September 2009). No other subsidiaries were acquired in 2010 or 2011. PNBC Limited was the entity charged with negotiating the settlement on behalf of the claimants. The mandated representatives of the Port Nicholson Block Claim were charged with responsibility for negotiating a settlement with the Crown of historical Treaty of Waitangi claims relating to Taranaki Whanui ki Te Upoko o Te Ika. The representatives formed a limited liability company, PNBC Limited.

As a result of PNBC Limited incurring expenses on behalf of claimants during negotiations, at acquisition date PNBC Limited reported negative retained earnings of \$2,920,345. The Trust had a pre-existing obligation before the acquisition to reimburse PNBC Limited for historical costs incurred when final settlement was received. Simultaneously at the date of acquisition the Trust expensed the balance of historical negotiation costs \$3,591,203 and reimbursed PNBC Limited for cost incurred.

No subsidiaries were acquired in 2011.

	Group 2011 \$	Group 2010 \$
<b>Consideration transferred by the Trust</b>	-	-
<b>Identifiable assets acquired and liabilities assumed</b>		
Cash at bank	-	12,688
GST receivable	-	34
Income tax receivable	(6,022)	7,050
Port Nicholson Block Settlement Trust receivable	-	391,100
Port Nicholson Block Management Limited receivable	-	275,169
Accounts payable	-	(861,672)
Loan—Wellington Tenth Trust	-	(1,665,774)
Loan—Palmerston North Maori Reserve Trust	-	(1,078,940)
	(6,022)	(2,920,345)
Plus: settlement of pre-existing relationship	-	3,591,203
	\$(6,022)	\$670,858

The carrying value of identifiable assets acquired and liabilities assumed in the financial statements of PNBC Limited equated to their fair value at acquisition date.

<b>Goodwill</b>		
Total consideration transferred	-	-
Less fair value of identifiable assets and liabilities	(6,022)	670,858
Gain on consolidation	\$(6,022)	\$670,858

The fair value of net asset acquired is greater than consideration transferred and is therefore deemed to be a gain on acquisition and the difference is taken immediately to the Statement of Comprehensive Income.

The \$6,022 in 2011 relates to the finalising of the PNBC Ltd tax position post March 31, 2010 in relation to refunds due to PNBC Ltd. The correct refund is \$1,028 (previously stated as \$7,050 in 2010).

### Post acquisition losses

During the year ended March 31, 2010, post acquisition losses of PNBC Limited totalled \$21,765. No losses have been made by PNBC Limited during the 2011 year.

## Notes to the Financial Statements for the year ended March 31, 2011

### NOTE 20. TRUSTEE REMUNERATION

Trustee remuneration paid during the year was as follows:

	2011	2010
	\$	\$
Professor Sir Ralph Heberley Ngatata Love (Chairman)	32,000	32,000
Sir Paul Alfred Reeves (Deputy Chairman)	12,000	12,000
Neville McClutchie Baker	9,000	9,000
June Te Raumange Jackson	9,000	9,000
Dr Catherine Maarie Amohia Love	9,000	9,000
Rebecca Elizabeth Mellish	9,000	9,000
Mark Te One	9,000	9,000
Hon Mahara Okeroa (elected September 26, 2009)	9,000	4,500
Hokipera Jean Ruakere (elected September 26, 2009)	8,250	4,500
Hinekehu Ngaki Dawn McConnell (retired August 28, 2010)	4,175	9,000
Kevin Hikaia Amohia (retired August 28, 2010)	3,750	9,000
Spencer Waemura Carr (retired September 26, 2009)	-	4,500
Te Rira Puketapu (elected August 28, 2010)	5,250	-
Peter Maru Love (elected August 28, 2010)	5,250	-
Less: Provision made in 2009	-	(13,666)
	\$124,675	\$106,834

### NOTE 21. FINANCIAL INSTRUMENTS

Exposure to credit risk, liquidity risks and interest rate risks arises in the normal course of business for the Parent and Group.

#### *Credit Risk*

Concentrations of credit risk include the Group's banking arrangements and accounts receivable. Most funds are held with Kiwibank. There are no other concentrations of credit risk. Exposure to credit risk is monitored on an ongoing basis. Management has a credit policy in place under which each new customer is individually analysed for credit worthiness and assigned a purchase limit before the standard payment and delivery terms and conditions are offered.

#### *Liquidity Risk*

Liquidity risk represents the ability of the Parent and Group to meet its contractual obligations. Management evaluates liquidity requirements for the Parent and Group on an ongoing basis. In general, sufficient cash flows are generated from operating activities to meet obligations from financial liabilities. In addition, the Parent and Group has credit lines in place to cover potential shortfalls.

#### *Interest Rate Risk*

The Parent and Group has exposure to interest rate risk on the Kiwibank borrowings of \$5,035,647 (2010: \$1,307,675).

#### *Fair Value*

The fair value of each class of financial assets and liabilities is assessed to be the same as the respective carrying value shown in the financial statements.

#### *Capital Management*

The Parent and Group manages its capital through the use of cash flow and corporate forecasting models to determine the future capital requirements.

## Notes to the Financial Statements for the year ended March 31, 2011

### NOTE 22. RELATED PARTY TRANSACTIONS

#### (a) Parent and ultimate controlling party

The Parent and ultimate controlling party of the Group is Port Nicholson Block Settlement Trust.

		<i>Interest held by Group</i>	
<i>The Parent is related to the following subsidiary entities</i>	<i>Principal activities</i>	<i>2011</i>	<i>2010</i>
Port Nicholson Block Management Limited	Management of Operations	100%	100%
Shelly Bay Limited	Commercial Rental	100%	100%
The Lodge at Shelly Bay Limited	Commercial Rental	100%	100%
PNBC Limited	Treaty Negotiations	100%	100%

The Lodge at Shelly Bay was incorporated in 2010 and the Trust has held a 100% interest in the entity from this date. The acquisition of PNBC Limited is disclosed in Note 19, the details of the investment in subsidiaries detailed in Note 18.

All members of the Port Nicholson Block Settlement Trust Group are related parties of the Trust. During the year, the Trust has advanced loans to support its subsidiaries as required, and received loan repayments from its subsidiaries, in the normal course of business. Details of transactions between the Parent and subsidiary entities are disclosed in Note 18.

#### (b) Other related parties

In addition to the above, certain administrative transactions were performed between the Parent and its subsidiaries, and the following related parties:

- Palmerston North Maori Reserve Trust Group
- Wellington Tenths Trust Group
- Entrepreneurship New Zealand Trust
- Wharewaka o Poneke Charitable Trust
- Wharewaka o Poneke Enterprises Limited
- Te Wananga o Aotearoa
- Pipitea Marae Charitable Trust
- Te Runanganui o Taranaki Whanui ki Te Upoko o Te Ika a Maui Association Incorporated

#### (c) Transactions with related parties

Significant related party transactions included:

	<b>Group</b>		<b>Parent</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	\$	\$	\$	\$
Rents	46,500	42,432	-	-
Project Management	150,571	72,749	-	-
	<u>\$197,071</u>	<u>\$115,181</u>	<u>\$-</u>	<u>\$-</u>

## Notes to the Financial Statements for the year ended March 31, 2011

### (d) Related Party Outstanding Debts

The following related party debts were still outstanding at balance date:

	Group	
	2011	2010
	\$	\$
Wharewaka o Poneke Charitable Trust	1,000,000	-
	<u>\$1,000,000</u>	<u>\$-</u>

The loan to Wharewaka o Poneke Charitable Trust is interest only with the principal amount to be repaid at the expiry of the initial term of five years, if the term has not been renewed. The dates of draw down were October 19, 2010 (\$325,000) and November 19, 2010 (\$675,000). The interest rate used is the Kiwibank overdraft rate of 9.7%. Interest on the advance shall be capitalised to the Advance for the first six months of the initial term. Interest shall then be payable monthly in advance.

### NOTE 23. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or commitments as at March 31, 2011 (2010: Nil). The Trust is committed at balance date for painting and waterproofing work done on the Tramways building. This work totaled \$77,430 and was completed during May and June 2011.

### NOTE 24. SUBSEQUENT EVENTS

#### (a) 83 Waterloo Quay, Wellington

Port Nicholson Block Settlement Trust entered into a Sale and Purchase agreement for the purchase of land at 83 Waterloo Quay on November 5, 2010. A deposit of \$750,000 was paid by the Trust to the vendor at that time. Settlement is due on June 30, 2011. Subsequently the Trust entered into a Deed of Agreement for the Sale and Purchase of this property with Redwood Group Ltd on December 16, 2010 in which Redwood Group undertake to repay the \$750,000 deposit by June 30, 2011.

#### (b) 28 Buick Street, Petone

The Trust purchased the land and buildings at 28 Buick Street (known as the Petone Fire Station) on April 29, 2011.

#### (c) Wharewaka o Poneke Charitable Trust

Port Nicholson Block Settlement Trust has entered into an agreement with Kiwibank to act as guarantor to the \$3,000,000 loan entered into by the Wharewaka o Poneke Charitable Trust on April 21, 2011.

(d) The Trust instructed Legal Counsel on June 8, 2011 to prepare an evidential case to support the Wai 2235 claim lodged in the Waitangi Tribunal in December 2009, to ensure the protection of mana whenua rights within the Port Nicholson Block rohe.

### NOTE 25: LEASE COMMITMENTS

	Group		Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Not later than one year	64,365	63,676	-	-
Later than one year, not later than five years	25,311	7,098	-	-
Later than five years	-	-	-	-
	<u>\$89,676</u>	<u>\$70,774</u>	<u>\$-</u>	<u>\$-</u>

# Audit Opinion



Grant Thornton

## Independent Auditor's Report

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### **To the stakeholders of the Port Nicholson Block Settlement Trust and Group**

#### **Report on the Financial Statements**

We have audited the parent and group financial statements of Port Nicholson Block Settlement Trust (the "Parent") and its subsidiaries (the "Group") on pages 27 to 48, which comprise the statement of financial position as at 31 March 2011 and the statement of comprehensive income and statement of changes in trust capital for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Trustees' Responsibilities**

The Trustees are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibilities**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that fairly present the matters to which they relate 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.



An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, the Parent and Group.

**Opinion**

In our opinion, the financial statements on pages 27 to 48 fairly present, in all material respects, the financial position of the Parent and Group as at 31 March 2011, and its financial performance, for the year then ended in accordance with generally accepted accounting practice in New Zealand.



**Grant Thornton New Zealand Audit Partnership**  
**Wellington, New Zealand**  
**11 July 2011**



PORT NICHOLSON BLOCK  
SETTLEMENT TRUST

**Note:** No Trustee election occurs in 2011 as the entire board has rotated over the previous two years with Professor Sir Ngatata Love, Liz Mellish, June Jackson, Hon Mahara Okeroa and Hokiopera Ruakere being elected in 2009 for a term of three years. The remaining Trustees, Sir Paul Reeves, Neville Baker, Dr Catherine Love, Mark Te One, Peter Love and Teri Puketapu being elected in 2010.

## Elected Board of Trustees

Chairman:	Professor Sir Ngatata Love (elected Sept 09)
Deputy Chairman:	Sir Paul Reeves (elected Aug 10)
Trustees	Neville Baker (elected Aug 10)
	June Jackson (elected Sept 09)
	Dr Catherine Love (elected Aug 10)
	Peter Love (elected Aug 10)
	Liz Mellish (elected Sept 09)
	Hon Mahara Okeroa (elected Sept 09)
	Teri Puketapu (elected Aug 10)
	Hokiopera Ruakere (elected Sept 09)
	Mark Te One (elected Aug 10)

## Management Team

Kaumatua:	Sam Jackson
Trust Manager:	Aroha Thorpe
Office Solicitor:	Bruce Farquhar
Executive Assistant:	Pauline Ryan
Executive Administrator:	Tracey Betham
Receptionist:	Edie Monardez
Accounts Assistant:	Jane Dawson
Government Relations:	Mel Harrington
Rangatahi Coordinator:	Will Goldsmith
Liaison Officer:	Ben Ngaia
Liaison Officer:	Neavin Broughton

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PORT NICHOLSON BLOCK  
SETTLEMENT TRUST